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DOES ENTREPRENEURSHIP EDUCATION HAVE A LASTING EFFECT? A STUDY OF THE CAREERS OF 3,894 BUSINESS SCHOOL ALUMNI (INTERACTIVE PAPER)

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We examine the careers of 3,894 Babson College alumni to see if their entrepreneurship education had a lasting effect.

There has been very little research into the effectiveness of entrepreneurship education (Charney and Libecap, 2003). Evaluation of entrepreneurship education should assess both the individual student and the program as a whole (Solomon et al., 2002). The fundamental measure of effectiveness of entrepreneurial education should be measured by the socioeconomic impact produced (McMullan and Long, 1987; Block and Stumpf, 1992). Articles on long-term effects of entrepreneurship education are extremely rare and studies of their overall socioeconomic impact are non-existent. Charney and Libecap’s (2003) study of University of Arizona alumni who graduated between 1985 and 1998 found that entrepreneurship education made a difference. A study of business plan education (Lange et al., 2007) produced mixed results: it found that alumni who had written business plans as students were twice as likely to start a new venture but that businesses started with written business plans performed no better than those without one.

Method

We surveyed all Babson alumni who graduated between 1960 and 2009 for whom the college has email addresses. We received 3,894 completed surveys (26% response rate) from alumni; 939 of them have founded or co-founded at least one full-time business and 2,955 have not. First we compare alumni who have started at least one full-time business with those who have not. Then we compare alumni who took specialized entrepreneurship courses as students with those who did not. For those who started at least one full-time venture we use regression analyses to examine if the following performance measures, revenue, income, and number of employees, correlate with entrepreneurship courses taken as a student.

Results and Implications

Our analyses answer the following questions: (1) Does Babson’s undergraduate or graduate education increase the likelihood that alumni will start new ventures? (2) Does Babson’s entrepreneurship education improve performance both when founding and when operating a new venture? (3) Do some components of Babson’s entrepreneurship curriculum have a more lasting effect than others? Our findings have important implications for entrepreneurship pedagogy.

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