

# A Journey Towards Entrepreneurial Support in Pakistan: IBA's Center for Entrepreneurial Development (CED)



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**Abstract** Entrepreneurship is a key to the economic development of a country as it leads to innovation and job creation. Pakistan with its factor-driven economy and a population of around 200 million, with a heavy youth bulge (60% of population less than 30 years of age), thousands of jobs need to be created every year. The rural youth have a tendency to move to main cities to pursue careers in often low paid and semi-skilled jobs. The Centre for Entrepreneurial Development (CED) at the Institute of Business Administration (IBA) Karachi was established in 2010 to play a key role in promoting entrepreneurship in the country. The objective was to train the urban and rural youth to pursue agriculture, technology and other low cost business opportunities in their own villages, towns and cities to spur innovation and growth. Starting from a single room CED now has a dedicated three story building and has helped hundreds of youth to develop an entrepreneurial mindset and start their businesses. The case describes the emergence of CED as a premier center and discusses the various challenges and issues as they arose during the journey. It provides valuable lessons and has implications for policy makers and university administrators confronted with similar situations.

**Keywords** Entrepreneurship · Effectuation principles · Poverty alleviation · Social entrepreneurship

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## 1 Introduction

Pakistan is endowed with a large population base approaching 200 million inhabitants. Interestingly more than 60% of this population is below 30 years of age. The rapid rise in population has created many challenges for the country as both the government and private sector feels helpless to provide job opportunities to this great youth bulge. Unemployment and purposelessness have created a great number of social and economic issues. At this juncture, the country needs to work on a national strategy to promote the entrepreneurial mindset in the country and facilitate the youth to proceed for new venture creation activities as it is happening in other countries such as US, Korea, China, Iran, Turkey and India etc. These countries are investing a lot of resources in the development of their entrepreneurial ecosystems. Many universities in these nations have developed entrepreneurial centers to help their university faculty and students to innovate, commercialize, and to work on new startup opportunities. These centers offer a wide array of services from teaching entrepreneurship, providing incubation facilities, mentorship, networking, soft loans, and a host of other support services. In many cases these centers have invested millions of dollars on research commercialization and new venture creation.

Pakistan has more than 200 universities and hundreds of polytechnics offering degrees and diplomas to thousands of students every year (Qureshi et al. 2016). If every major university or institute sets up an entrepreneurial center, it is hoped that thousands of students all across the country can be prepared to pursue entrepreneurial opportunities. This requires a lot of investment in infrastructure, staffing and launching support programs. The Higher Education Commission (HEC) of the country has given many grants to several major universities to start centers of research, innovation and commercialization programs. However the impact is far less than what is expected. One of the reasons for this setback is the lack of the entrepreneurial mindset in the university administration and their faculty. All of these efforts are generally based on the causation model where we start with a big vision, gather the means required to start a venture and then proceed. This journey never starts unless the required means are gathered. The entrepreneurial mindset is in contrast to the above. Successful entrepreneurs start with the means they have (who they are, what they know and whom they know) and then take a small step to pursue a small goal. As they keep on taking small steps, the ability to develop a larger vision is developed (Sarasvathy 2001). Moreover these entrepreneurs leverage any surprises during this journey and work in collaborative manner. They keep on taking smaller steps in a quick fashion which eventually develop into bigger goals. Sarasvathy (2006) has emphasized that the effectual mindset leads to phenomenal results in a new venture creation and the availability of resources does not matter.

The subject case study describes the process of setting up an entrepreneurial center at IBA Karachi. Initially it was decided to pursue a casual path by the university administration. A vision was developed and a leading foreign consultant was hired to develop a grand vision and strategy along with the means required to achieve this vision. The consultant report estimated that around 7.5 million was

required to achieve the vision of setting up a viable entrepreneurial center. The university approached various donors. One international donor agreed with the proposal and committed to the program but later backed out of the commitment. This was a big setback as IBA had been working on this proposal for a couple of years. The founders had no option left but to pursue the effectual approach. The case study describes the journey and explains how the events unfolded and a full-fledged entrepreneurial center came into being with a small amount of resources. It is hoped that other universities in similar situations will learn from this experience and follow the effectual approach in developing their centers.

## 2 Organized Support for Entrepreneurship in the Region

The entrepreneurial center phenomena surfaced in the 1970s, when the University of Southern California launched graduate and undergraduate programs with concentration on entrepreneurship (Katz 2003). These small activities later led to the development of entrepreneurial centers in universities. These centers played an important role in promoting entrepreneurship throughout the university. Bert Twaalfhoven reports the role of entrepreneurial centers (three US, four Europe, and one Russia) which are acting as a hub in promoting entrepreneurship in their universities. These role models were then emulated at other places throughout the world. Morris et al. (2013) describe the key learnings of building world class entrepreneurship programs in universities.

Audretsch (2012) points out that the creation of patents, startups and spinoff ventures is not the real role of the university, and rather the university has to play an important role in developing entrepreneurial mindset, thinking, actions and institutions. Guerrero et al. (2016) describe the role of entrepreneurial universities as drivers of innovation and entrepreneurial activities. Audretsch and Keilbach (2004) introduced a new factor, entrepreneurial activity which contributes as a conduit to knowledge spillovers, healthy competition, and diversity. These activities further lead to the creation of institutions which facilitate these entrepreneurial activities and serve as the driving force for economic growth (Audretsch 2007).

The entrepreneurial centers as an institution are playing a focal role in promoting entrepreneurship in many parts of the world including South Asia. Once such pioneering center i.e. Centre for Innovation, Incubation and Entrepreneurship (CIIE) was developed at IIM in India and is playing an important role in promoting entrepreneurship throughout the country.

This phenomena also started taking place in Pakistan during the 2010s as many universities decided to create entrepreneurial centers in Pakistan. Qureshi et al. (2016) conducted an exploratory study of entrepreneurial centers in Pakistan. According to the study some of the leading entrepreneurial centers in Pakistan are working at IBA Karachi, IBA Sukkur, Lahore University of Management Sciences (LUMS), Baluchistan University of Information Technology and Management Sciences (BITUMS) Quetta, University of Engineering and Technology Peshawar

among others. However the large amount of funding required for the infrastructure and other resources is an impediment to start and launch these entrepreneurial centers. This case study depicts the entrepreneurial journey of launching an entrepreneurial center in a resource parsimonious manner using bootstrapping, creative and innovative approaches.

### 3 The CED Case Study

It was a sunny and shining morning of Sept 2016, in Karachi. The program director of the Center for Entrepreneurial Development (CED) was preparing his slides for presentation to the CED advisory board along with his team members. The annual advisory board meeting was scheduled to take place in a week. As he was discussing the contents of the presentation with the CED team, he stuck upon a 10 year old document. The 150 page document was a proposal made by J E. Austin Associates (an international consulting firm) to set up an Entrepreneurial Center at IBA Karachi. The consultants had requested for an amount of US\$7.5 million to be submitted to a foreign donor in March 2010 to help build and grow the CED in the next 5 years. As he went through the various pages he stuck at a page where the consultants had written the goals for the next 5 years for CED. The document described as follows:

In 5 years the CED will be having a total of 44 employees and will be contributing in the following ways.

- CED would be affiliated with Babson College, USA
- CED Would be part of the GEM global entrepreneurship monitor consortium
- CED would have a dedicated three story building for the entrepreneurial center
- CED would establish provincial centers in various parts of the country
- CED would train more than 1200 people by year 5
- CED would conduct an international conference in entrepreneurship
- CED would have sent faculty to Babson College for training and invite faculty from Babson

As the team looked at the 5 year goals, they went into a mood of jubilation. The team members simultaneously shouted “Thanks God, we have achieved not only all of these objectives but went much beyond”. See Table 1 for the comparison of the two strategies.

### 4 The Beginning: A Big Dream

In response to a shrinking job market and thousands of jobless young people, the management of IBA, decided to open a center for entrepreneurial development to promote entrepreneurship in the country. It was decided by the top management to hire some consultants to help in the creation of an entrepreneurial center. In 2006, a

**Table 1** Comparison of two strategies

Strategy 1: Big Bang US\$7.5 million	Strategy 2: Start small with what you can do with the least amount
Collaboration with Babson College	Collaboration with Babson college on a short duration basis
Faculty training from Babson College	Faculty training from Babson for shorter duration
Team size of 38 employees and 6 faculty	Team size of 15. Mostly contract-based and visiting faculty
Outreach programs women entrepreneurship, technology and agricultural entrepreneurship	Outreach programs to be started on an experiment basis (by 2016 300 women entrepreneurs trained, 2000 youth trained)
Training of 1300 people in 5 years	More than 10,000 people trained in 6 years all over Pakistan
One international conference	Three international conferences and symposia conducted
One cycle of global entrepreneurship monitoring research	Three cycles of global entrepreneurship monitoring research conducted

feasibility study to set up a center for entrepreneurial development was conducted by J.E Austin Associates. The feasibility study proposed to raise around US\$10 million for the construction of a state of the art infrastructure and the operational expenditures for the next 5 years. It was projected that the center will be self-sustainable by the fifth year. In the meanwhile a director for the center was hired. Despite many hopes and efforts the hope to raise this huge amount faded as some of the international donors declined to provide financial assistance. The feasibility and the proposed plan lay dormant for a few years. The IBA Dean also approached Babson College through one of IBAs alumni who was working as faculty member at Babson College to get support. This further led to an MOU to train IBA faculty to teach entrepreneurship and lay the foundation of an Entrepreneurial center.

## 5 Small Steps

In the fall of 2010, Mr. K who had recently finished his PhD in entrepreneurship from the Technical University of Berlin and was working as faculty member had a chance meeting with the Pakistani ambassador in Germany. During the meeting the ambassador persuaded Mr. K to join IBA and contribute in the development of the entrepreneurial center. The ambassador was a close friend of the then IBA Dean and was helping him to find international faculty for IBA.

After a series of interviews and discussions, Mr. K joined as an Associate Director of the center to look after the academic side. As the funding had been declined it was decided to take small steps and keep things moving. As a first step it was decided to start teaching entrepreneurship in the BBA program. The international exposure of Mr. K and his passion to teach helped him to develop a lot of

interest in the students. One full time and some visiting faculty started offering entrepreneurship courses and started inviting guest speakers in the classes. The students were given assignments to interview an entrepreneur. The interview assignments were used to write small case studies on entrepreneurship and invite guest speakers to interact with students. In a short period of two semesters the center had more than 50 mini case studies and a list of guest speakers.

In the year 2011, IBA was able to raise a huge amount for the construction of the dedicated CED building with the generous support of AMAN foundation (PKR 200 million i.e. US\$2.4 million) and an amount of US\$360,000 was allocated for training of faculty from Babson College. The construction of the building started in the year 2012 and in the meanwhile six faculty members from various departments were selected for training at Babson. Upon their return a BBA in Entrepreneurship was initiated. The first batch of the BBA entrepreneurship was started with the induction of around 25 students in 2012. Three to four courses in entrepreneurship were offered. The FME (Foundation for Management and Entrepreneurship) course offered in the first year was mandatory and the students had to start a small functional business with an interest free loan up to US\$1000 from CED. The students were asked to develop a business plan in a group of 6–8 and then apply for funding from CED. Most of the businesses failed in the beginning, thus the CED management changed the policy of giving loans and proposed the change in the structure of the FME course. This idea came from studying the effectuation theory of entrepreneurship. According to effectuation theory the successful entrepreneurs start with their means i.e. who they are, what they know and whom they know instead of borrowing resources. According to the new model the students were asked to come up with an idea based on their bird in hand and then to develop a team on their own and then to start executing the business with the resources the team had. This model had a very positive impact and almost all of the teams started making some money from their business ideas. As the time passed on the CED team's observations had to indigenize the Babson learnings. This indigenization process led to the development of an indigenous Entrepreneurship teaching model called Entrepreneurship Plus model. The entrepreneurship plus model based on developing a strong faith and spiritual orientation (Neubert 2013). Qureshi posits that a spiritual orientation leads to strong entrepreneurial orientation and helps launch ventures which are environmentally, socially and ethically sustainable.

The CED building was completed in 2013. The center which started from a single room in 2010, eventually expanded into a full fledged building by 2013. The three story building, three big seminar rooms, small class rooms, a space for incubation, cafeteria and a lounge. The small steps taken in the past 2 years had grown big enough to ensure space utilization.

## 6 Providing Incubation Support

An interesting development in the CED took place when the Director General of the provincial government's Sind Board of Investment (SBI) requested the CED to issue a certificate in entrepreneurship for the unemployed urban and rural youth of Pakistan. A 6 month program called EDP (Entrepreneurship Development Program) was designed. The government was willing to offer soft loans for startups as well. The program was eventually approved and around 120 students were trained in a year. In the first few weeks the focus of the course was on developing the entrepreneurial mindset. Initially the material and resources from Babson College were used to teach the various aspects of entrepreneurship. However after a few months the team discovered that they needed more indigenous material to make the curriculum relevant and easy to learn.

The search for local and indigenous material led the team to find local case studies and invite guest speakers from business and industry Segments. The faculty also looked at the various models being used in other developing countries. The application of the use of the effectuation theory in the BBA, FME course had shown positive results, therefore the faculty decided to use it in the EDP course.

The introduction of the effectuation theory led to the creation of many small startups with the least amount of money. This gave a lot of motivation to the CED team and the faculty from the Computers Science and Accounting started taking interests in the program. Effectuation theory proved to be powerful in terms of developing an action oriented mindset in the students. The faculty noticed a marked difference in the enthusiasm among entrepreneurship students when compared to the regular BBA/MBA students.

As more and more students underwent this training many of them started with small ventures within their affordable loss and without asking for any loans or financial support. That was a great discovery. Soon some of them asked for an incubation space. A few rooms were made available for a minimal rent of US\$50 for a month. Around five companies were incubated and as the word spread many others came. A small hatchery was added where each company got a table. In the meanwhile, a Business Accelerator program was started to help the new businesses grow. Some of the incubatees joined the Accelerator and got access to the mentors who helped them grow. One of the students from the very first batch of the BBA program started a small courier company with US\$100. The fledgling company started with one table and was initially offering courier delivery services in the city. They had one borrowed motorcycle and one rider. The business started growing and expanded into a large company offering services throughout the country.

## **7 CED Goes International**

During his third year the same student went to the Babson College under a student exchange program. With a fire in his belly he was advised by the CED team to deliver his best in the summer program and build networks. He performed well in his studies and was able to connect some of the Babson faculty to the CED team. A couple of these faculties later visited CED and volunteered to help the Center.

Gradually, CED started becoming visible throughout the country and many local universities started contacting for training on how to start an entrepreneurial center and to learn the entrepreneurship pedagogy. With the support of a British Council grant the CED team conducted two national workshops on teaching entrepreneurship in Karachi and Islamabad. International faculty from the UK visited IBA and jointly conducted workshop with IBA faculty. This practice was continued on a yearly basis and more than 1000 local faculty members have gone through this training.

## **8 CED's Flagship Women Entrepreneurship Program**

By the beginning of 2013, the World Bank approached CED to start a program on women entrepreneurship to help women to start and grow businesses. After looking into the success of the EDP program, CED was selected as the implementation partner of the Women X program. Almost 300 women who had already started small ventures were selected to undergo a 4 month rigorous training program on the weekends. Seven batches of women entrepreneurs underwent this training from 2013 to 2016. As all of the women participants had already gained hands-on experience, they brought a lot of experience in the class and the networking and mentoring opportunity at the CED provided them a great learning opportunity. This program became a feather in the crown as it won the prestigious Outstanding Specialty Entrepreneurship Award at the annual USASBE (United States Association for Small Business and Entrepreneurship) conference in Philadelphia in January, 2017. The Outstanding Specialty Entrepreneurship Program Award is given to a college or university that has developed and still offers a high quality and innovative program the purpose of which is to educate and train future generations of entrepreneurs in a niche or specialty area. This award is given each year for an exemplary program that reflects innovation, quality, comprehensiveness, sustainability, depth of support, and impact. IBA Karachi representing Pakistan was competing with international universities in the quest for this award.



## 9 Other Related Initiatives

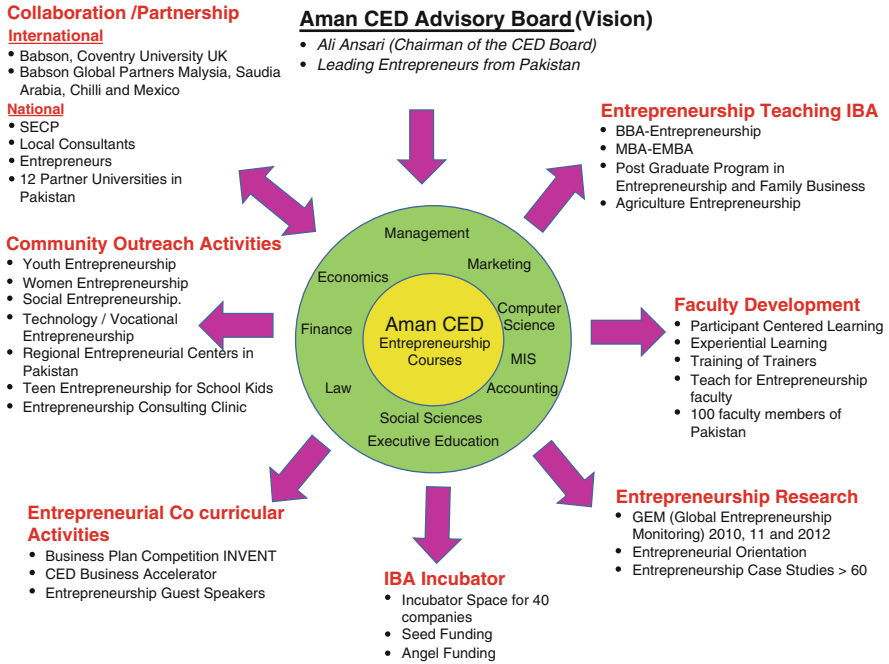
Another chance of meeting with the vice chancellor of the neighboring engineering university in 2014 led to the start of the technology entrepreneurship program. NED University of Engineering and Technology is one the largest universities of Karachi. A certificate course on technology entrepreneurship with a very subsidized fee of Pakistani rupee 5000 was offered to the NED students. The purpose was to inculcate the entrepreneurial mindset in the students and enable them to start small ventures and try to commercialize their final year projects. This program enhanced the CED program offerings and helped to bring the technical universities come closer. This program has become a regular feature and engineering students from all over the city attend this certificate program. Many students develop prototypes and start small businesses.

Another initiative called Kids Entrepreneurship was introduced in 2014. During summer vacations the high school students were offered a 4 week course to help the young kids to help their family businesses along with their studies. Later on this became a regular feature of the CED.

From 2011 to 2014, CED conducted national level business plan competitions to promote entrepreneurship in the country. This used to be a 6-month long activity which culminated in a final event where the top 50 ideas were presented in front of experts and angel investors. This activity made Entrepreneurship a buzz word in the country. The CED team conducted dozens of workshops throughout the country. After three rounds of the national level business plan competition, the CED team decided to use the effectuation theory and changed the structure of the competition. The entry was based on a viable product/service and some sales/customers. This process filtered the non-serious participants and made the competition more credible and useful.

By the end of year 2013, the CED had around 30 student companies in the incubator, another 10–15 availed virtual incubation support and dozens more students had started small ventures in their homes and localities. In January 2014 CED was selected in the top three best entrepreneurial centers category in the USASBE 2014 conference. This brought more visibility to the program and brought CED on the international map.

In 2015 and 2016 CED faculty members attended the Academy of Management (AOM) annual conferences and presented their own Entrepreneurship Plus model which had worked well at IBA. This brought more visibility to CED and helped in networking. Based on these networks the CED was able to make new friends and invite them to Pakistan. Many others showed interest and later visited and participated in various programs of the CED. In 2016 two international workshops were conducted. The first one was held in Karachi and was sponsored by the World Bank. Key note speakers came from the US, Europe and Pakistan and more than 200 local faculty members attended the workshop and benefitted on how to teach entrepreneurship. A similar international workshop was conducted in August in Islamabad which was sponsored by the National ICT R&D fund. More than 300 international



**Fig 1** Various activities being carried out at IBA CED

and national faculty members underwent a 2-day workshop on entrepreneurship teaching and mindset development. At the same time the first international summer school was conducted at IBA. More than 60 participants and faculty came from all over the world to attend this 20 days summer school. This school was conducted in four cities i.e. Karachi, Islamabad, Abbottabad and Lahore enabling the participants to experience the Pakistani landscape and meet various Pakistani entrepreneurs. Two of these visiting international professors taught three entrepreneurship courses at CED.

Another initiative undertaken in 2016 was to start the ITVP (IBA Technology Ventures Program) which is designed for “C” and Java programmers to enable them to set up small companies.

This journey is still going on. A committed team of over a dozen IBA faculty and staff is working 6 days a week in various programs. The CED has an advisory board which facilitates them in the visioning process. The portfolio of programs has made CED as a melting pot where people from agriculture, technology, service sector, IT and of various ages and gender interact. This interaction is very unique and leads to new opportunities. Figure 1 describes the various activities being carried out at AMAN CED.

## 10 Spreading the Message and Sharing It with Others

IBA has helped over dozens of Pakistani universities to setup entrepreneurial programs including incubation facilities throughout the country, for this purpose CED offers 2–3 day to 2-week long courses on and off site. Like other initiatives, this also started small and then later grew into a larger program. More than a dozen workshops have been conducted in this regard since 2010.

Another interesting event was the selection of IBA CED by the Sri Lankan Chamber of Commerce as a consultant to help them build an entrepreneurial center in Colombo. As a first step, the CED team conducted a 2-day workshop in Colombo. The mentoring process is going on till to date.

The details of all of these activities are available at the CED website. <http://ced.iba.edu.pk/>.

## 11 Salient Features of the Programmatic Elements at CED

- Several entrepreneurship courses have been developed and taught over the last 16 years
- National business plan competition is an ongoing activity and so far 6000 participants have benefitted
- Largest pool of foreign trained entrepreneurship faculty in the region at the CED
- Training more than 1000 faculty members across Pakistan in Entrepreneurship
- First BBA Entrepreneurship program in the country
- First Kids Entrepreneurship program in the country
- First Agricultural Entrepreneurship Program in the country
- Developing a new Entrepreneurship Teaching Model called (E+ Model)
- Approaching 100 case studies and research papers on Entrepreneurship. These are being used in teaching
- Largest Entrepreneurship research activity in the country i.e. GEM research for three consecutive years
- First program on Entrepreneurship for Engineers
- New program called ITVP has started
- More than 10,000 people have benefited from the CED programs in the past 10 years
- CED has expanded internationally and is now active in Sri Lanka

## 12 Research Initiatives

In 2011 the CED launched the GEM (Global Entrepreneurship Monitoring) project which was repeated in 2012 and 2013. The project was initiated with the help of a Professor of Pakistani origin working at the State University of New York. That project brought CED into the International limelight. The center faculty was also engaged in the Iran–Pakistan, Turkey women entrepreneurship study, and the MENA Networking research activity.

In addition the faculty started writing local case studies which became a part of the curriculum of the various courses. A repository of about 100 case studies is available and is being used in teaching at various places.

## 13 Conclusion

The sequence of events and as they are unfolded in the case study lead to the conclusions that entrepreneurial mindset is the most important aspect of pursuing any entrepreneurial venture. The development of CED was a new venture creation activity with the following lessons:

- Start with who you are, what you know and whom you know. Do not try to copy someone else. Focus on your bird in hand and keep on developing it. This can be as simple as inviting entrepreneurs as guest speakers in the class, offering a course in entrepreneurship, labelling a room as an entrepreneurial center/incubator.
- The founding teams needs to be engaged in teaching entrepreneurship in the effectual way. The more they teach, the more they will embrace it and the more they will be able to convince the young participants.
- Take small steps based on the affordable loss principle. This will give courage and initiative. These small failures provide valuable lessons and you keep on improving based on these learnings.
- Be flexible in terms of your goals and leverage the surprises as they come in your way and consider them an opportunity.
- Collaborative mindset is the best way to proceed. Engage other people and work with an altruistic mindset of giving others. You will soon find self-selected partners ready to work with you.
- Team building is important. The golden principle is treating others as you like to be treated. Help them grow intellectually, emotionally and spiritually. The more you give the more you get in return.
- Believe in sharing of knowledge and learnings and more knowledge and wisdom return to you.

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