

Historical Evolution of Educational Systems and Their Role in Shaping Entrepreneurial Development

Prof. (Dr.) Kanak Dwivedi^{1*}, Richa Dwivedi², Dr. Nidhi Mishra³, Dr. Anchal⁴,
Dr. Anuradha Pawar⁵, Dr. Vijo V. Vincent⁶

^{1*}Professor & Head, Department of School of Education, Specialization in Education, Babu Banarasi Das University, Lucknow, Email Id: kanak.c.dwivedi@gmail.com, Orcid Id: 0000-0003-2222-5553

²Assistant Professor, School of Education, BBD University, Lucknow, Uttar Pradesh, Email Id: richa.kamlakshidwivedi02@gmail.com

³Assistant professor, Department of History, Shaheed Bhagat Singh College (Evening), Specialisation in history, gender, disability, culture, education and related themes, University of Delhi, Delhi 110017, Email: nidhimishra26@gmail.com ORCID iD: 0009-0005-5221-3635

⁴Assistant Professor, Department of Political Science, Lakshmibai College, University of Delhi, anchaltanwar111@gmail.com

⁵Assistant Professor, Department of Humanities and Social Sciences, Specialization in Psychology and Communication, Teerthanker Mahaveer University, Moradabad. Email Id: anuradha.pharmacy@tmu.ac.in

⁶Assistant Professor, Department of School of Behavioural Forensics, Specialization in Criminology, National Forensic Sciences University, Gandhinagar, NFSU, Sector 9, Gandhinagar, Email Id: vijo.vincent@nfsu.ac.in, Orcid Id: 000-0003-3855-8977

HOW TO CITE:

Kanak Dwivedi, Richa Dwivedi, Nidhi Mishra, Anchal, Anuradha Pawar, Vijo V. Vincent (2026). Historical Evolution of Educational Systems and Their Role in Shaping Entrepreneurial Development
International Journal of Special Education, 41(22s), 779 - 792

ABSTRACT

Education systems have long played a critical role in shaping entrepreneurial capacity and influencing enterprise development across diverse socio-economic contexts. This review examines the historical evolution of educational systems and analyses their role in fostering entrepreneurial development, with particular emphasis on developing and emerging economies. The study adopts a thematic review approach to synthesize literature on education, entrepreneurship, financial literacy, and microfinance, highlighting how shifts from informal learning and apprenticeship models to formal, vocational, and digital education have transformed enterprise formation processes. The review identifies key conceptual linkages between education and entrepreneurship, including human capital development, entrepreneurial mindset formation, financial literacy, and inclusive access to learning opportunities. It further explores the role of education systems in enhancing enterprise formation through improved access to finance, microfinance participation, and SME development. Evidence from practice-oriented studies demonstrates that education alone is insufficient; effective enterprise development requires integrated support systems combining training, finance, and institutional frameworks. The findings emphasize that education systems must be aligned with market needs, incorporate experiential learning, and promote inclusivity to support sustainable entrepreneurship. Strengthening linkages between education, microfinance, and enterprise ecosystems can significantly enhance development outcomes, including poverty reduction, financial inclusion, and economic growth. The review contributes to bridging research and practice

COPYRIGHT STATEMENT:

Copyright: © 2026 Authors.
Open access publication under
the terms and conditions
of the Creative Commons Attribution (CC
BY)
license (<http://creativecommons.org/licenses/by/4.0/>).

by offering insights relevant for policymakers, educators, and development practitioners. experience them today.

Keywords: Entrepreneurial development; education systems; microfinance; financial literacy; SME development; inclusive economic development

Introduction

Education has been long known as a basis of economic growth, social mobility and creation of enterprises. Education in development contexts is not just a way of enhancing the employability of individual people, it enhances human capital, increases productive capacities, and it allows people to be better players in markets. The learning and development relationship is particularly vital to entrepreneurship, with the knowledge, skills, confidence, and opportunity recognition determining whether individuals can transition out of subsistence livelihoods and into sustainable enterprise activity. Productivity and poverty reduction, as well as inclusive economic transformation, have direct implication on the quality of the education systems, especially those economies whose microenterprises and small firms continue to be the key drivers of employment and household income security. The World Bank Group (2017) highlights the critical role of learning outcomes, as opposed to schooling alone, in achieving the development promise of education.

The history of education systems can also serve as a valuable point of view of the current development of entrepreneurship. Prior modes of learning such as apprenticeship, the family-based transmission of skills and craft-based training were immediately connected to livelihood and enterprise creation. As industrialization and formal schooling began to grow, education became more and more linked to labour-market training, administrative jobs and standardized knowledge. The emphasis on entrepreneurship education, vocational training, financial literacy, and innovation-oriented learning has been revived during the past decades due to globalization, technological change, and the knowledge economy. Knowledge capital and education continue to be closely linked to the economic growth, since they determine the productivity of

individuals and the development potential of a given country in general (Hanushek and Woessmann, 2020).

The quality of the ecosystem within which education is instituted is also important to entrepreneurial development. It takes not just motivated individuals but institutions, markets, finance, skills, and favorable policy environments to establish a healthy entrepreneurial ecosystem (Ács et al., 2018). But entrepreneurship models cannot be easily

replicated in developing economies based on the advanced innovation hubs. The shortcomings of excessive use of the Silicon Valley model point to the necessity of context-dependent solutions that take into account local markets, informal businesses, social requirements, and resource limitations (Audretsch, 2021).

Various types of entrepreneurship are also influenced by education. Human capital affects both commercial and social entrepreneurship by impacting the opportunity identification, organizational capacity, and mobilization of resources (Estrin et al., 2016). To poor and vulnerable populations, entrepreneurship can be intimately linked to livelihood resilience, but not to high-growth alone. In the presence of proper training, finance, institutions, and market access, entrepreneurship may help to reduce poverty (Sutter et al., 2019). In this regard, microenterprises and SMEs are particularly significant as they offer income opportunities, local services, and jobs both in the formal and informal economies. The skills, access to finance, capability to innovate, and inclusive participation are becoming key development issues considered in policy debates about SMEs (Cusmano et al., 2018).

Education-enterprise relationship is further promoted by financial inclusion. The availability of accounts, online payments, and financial

services have the ability to enhance resilience and promote enterprise activity, especially in times of crisis (Demirgüç-Kunt et al., 2021). However, financial access does not suffice without financial literacy as entrepreneurs need to know more about savings, credit, risk, and investment decisions (Klapper et al., 2015). The technological change further exerts the urgency because youth are becoming more in need of flexible skills to adapt to evolving labour markets and new types of work (Dasgupta et al., 2020). The bigger issues surrounding human development demonstrate that uncertainty, inequality, and social disruption are still impacting the ability of people to establish safe livelihoods (Times, 2021).

It is against this backdrop that this review will discuss the history of the evolution of educational systems and how it has influenced entrepreneurial development. It seeks to map significant changes in education, conceptual ways in which education relates to entrepreneurship, and evaluate their consequences on enterprise formation, microfinance, livelihoods, and inclusive development. The review is valuable as it relates historical change of educating to the modern concerns of practice-oriented enterprise development.

2. Historical Evolution of Education and Enterprise Formation

The interplay of education and the establishment of enterprises has gone through various historical stages, a period marked by the apprenticeship and informal learning systems. Prior to the growth of formal education, the skills of the enterprise were usually passed down within homes, craft institutions, guilds, networks of communities, and learning in the workplace. These systems were feasible, interpersonal and linked directly to the creation of livelihoods. The areas of production, trade, negotiation, resource management, and customer relations were all acquired by observation and participation but not in a classroom setting. Education in this sense was not isolated and distinct but rather integrated into the economic life of the day and in close contact with the local markets. These traditions are still applicable in most developing economies, where informal businesses still rely on experiential learning, intergenerational skills transfer, and

community based knowledge.

As industrialization set in, the systems of education slowly transformed to formal education and standardized workforce training. The development of factories, bureaucracies, and modern labour markets demanded disciplined labourers who possessed simple literacy and numeracy skills, technical skill, and the capacity to work in structured production systems. This stage increased the availability of education, but also reduced the goal of education to job preparation instead of the creation of independent enterprises. Education was also increasingly no longer a guarantee of secure jobs or upward mobility in a disruptive era, demonstrating that the schooling systems oriented towards wage employment might not be appropriate in economies where self-employment, microenterprise, and informal livelihoods continue to be prevalent (Brown et al., 2020).

The expansion of higher education further changed the connection between education and business. Universities emerged as the key organizations of production of knowledge, professional training and social mobility. Nevertheless, their role in entrepreneurship has frequently hinged on their possible only credentialing role or whether they also encourage innovation, problem-solving, and public value. Higher education must thus be seen as a pathway to individual income, but it is also a shared good which can produce broader social and economic value (Marginson, 2016). This translates to education in the sphere of enterprise development that must not only equip people with the skills to take up formal jobs but enhance their ability to generate livelihoods and address community and market demands.

Education in the post-colonial societies was closely related to nation building, development planning and modernization. Emerging states increased their education networks to graduate skilled citizens, administrators, teachers and professionals that are required to develop their economy. However, this growth tended to replicate scholarly networks which were loosely linked to local business communities. Massification of higher education has not necessarily generated social mobility or guaranteed

labour-market success, particularly in the period when there are few jobs available to graduates (Mok, 2016). It is especially true of the developing economies, where the unemployment and underemployment of graduates has led to a revival of interest in entrepreneurship, vocational education, and livelihood-focused learning.

Technical and vocational education and training have thus acquired a new relevance in connecting education and the formation of enterprises. Vocational systems are of particular significance in that they relate learning to practical skills, decent work and sustainable development. The Vocational education can reinforce decent work, life skills, and sustainable development, where it is not confined to technical training but tackles more social and economic needs (McGrath et al., 2018). In a similar vein, the ability to adapt to the evolving work conditions and remain employable throughout the life course is becoming more dependent on skills development and lifelong learning (Bridgford, 2020). These attitudes demonstrate that the formation of enterprises does not presuppose a single-time school training but constant renewal of skills.

Inclusion, sustainability, and digital transformation are also the factors influencing modern education systems. The need to have inclusive education is due to the uneven way entrepreneurial opportunities are distributed based on gender, class, region, disability and social identity. The education systems should thus accommodate all learners and not just the already advantaged learners (Antoninis et al., 2020). In the case of enterprise development, this would mean that entrepreneurship education needs to be disseminated among women, youth in the rural areas, informal workers, and the marginalized groups in the society in case it is to contribute towards poverty eradication and inclusive

development.

Meanwhile, the agendas of global education are becoming more and more interconnected, associating learning with sustainability. Sustainable development education is particularly relevant in the situations when the formation of enterprises needs to address the pressure on the environment, social vulnerability, and unequal distribution of resources. But sustainability education should be related to development priorities in the area, and not as a slogan of policy (Tikly, 2019). It matters because to develop enterprises in low- and middle-income settings, there are market-reliant and socially-sensitive skills needed.

The recent stage of this historical development is modern entrepreneurship education, vocational training and digital learning. Digital technologies are transforming the way individuals learn, work, trade, and get finance. The dynamism of work demands flexibility, lifelong learning, and novel blends of cognitive, technical, and socio-emotional capabilities (World Bank, 2019). Meanwhile, technology-enabled learning, evolving demands on skills, and emerging teaching models are transforming the nature of TVET systems (Subrahmanyam, 2020). Combined, these changes indicate that the future of enterprise formation relies on education systems that are practical, entrepreneurial, digitally competent, and inclusive. Therefore, the history of education demonstrates a shift in skills transmission within a community to formal education, planning the development, renewing vocation and entrepreneurship digitally empowered. Table 1 provides an overview of the key historical stages by which the education system has influenced the formation of enterprises, starting with the practice of transmitting skills through apprenticeship and the digitally facilitated entrepreneurship.

Table 1. Historical Evolution of Education Systems and Enterprise Linkages

Phase	Key Characteristics of Education	Link to Enterprise Formation	Limitations	Key References
-------	----------------------------------	------------------------------	-------------	----------------

Informal & Apprenticeship Era	Skill transmission through families, guilds, community learning	Direct linkage to livelihoods, trade, and microenterprise	Limited scalability, lack of formal recognition	(Brown et al., 2020); (Bridgford, 2020)
Industrial & Formal Schooling Era	Standardized curriculum, literacy, discipline, workforce preparation	Indirect support to enterprise via employability	Focus on wage employment over entrepreneurship	(Marginson, 2016); (Mok, 2016)
Post-colonial Expansion	Mass education, nation-building, public sector focus	Limited integration with local enterprise ecosystems	Graduate unemployment, weak skill-market alignment	(Tikly, 2019); (Antoninis et al., 2020)
Modern & Digital Era	Entrepreneurship education, TVET, digital learning	Stronger focus on innovation, SMEs, and entrepreneurship	Digital divide, uneven access, skill gaps	(World Bank, 2019); (Subrahmanyam, 2020)

3. Conceptual Linkages between Education and Entrepreneurial Development

The connection between education and entrepreneurial development is based on a complex of interdependent conceptual relationships which interrelate knowledge gain, skills formation, mindset formation and economic opportunity access. Education is an important factor in determining not only employability but also the ability to start, maintain and expand the businesses. These connections are also critical in developmental contexts where in most instances entrepreneurship can be a means of livelihood creation, economic inclusion, and resilience.

The basis of this relationship is the growth of human capital and employability skills. Education improves the cognitive skill of individuals, technical and problem solving skills, without which individuals will not be able to engage in labour markets or entrepreneurial ventures. Modern views however, highlight that employability goes beyond the official qualifications to encompass adaptability, creativity, communication and self-efficacy. Education in entrepreneurship, however, should not only be rooted in traditional teaching but should also be based on experiential, practical

and learner-centered teaching methods which enhance field competencies. This change in pedagogical practices in entrepreneurship education can be seen in the shift towards more interactive and competence-based learning models (Hägg & Gabrielsson, 2020). On the same note, more general entrepreneurship and management education trends underscore the necessity to match learning outcomes with market and enterprise needs that are constantly evolving (Ratten and Jones, 2021).

The formation of mindset, the ability to innovate, and the ability to see opportunities is also closely connected with the development of an entrepreneur. Education has the power to shape the perceptions of risk, determination of opportunities and reaction to uncertainty. Studies indicate that entrepreneurship education plays a crucial role in the development of entrepreneurial intentions and behaviors via the formation of attitudes, inspiration, and self-efficacy (Nabi et al., 2017). Entrepreneurial mindset is a process that teaches an employee to be creative, take initiatives, be resilient and be able to put ideas into practice. Such capabilities are best cultivated in education settings that focus on experiential education, project-based activities and real-world

activities. As an example, entrepreneurship education was found to have a positive impact on entrepreneurial attitude of students with mediating variables like inspiration and educational design (Cui et al., 2021). In this sense, education is a transmitter of knowledge as well as a driver of innovation and creation of enterprises.

This connection is further enhanced by a systematic knowledge of entrepreneurial capabilities. Models like the Entrepreneurship Competence Framework (EntreComp) present a list of core competencies, including opportunity recognition, resource mobilization, financial literacy, and value creation that are critical to entrepreneurial success (Margherita et al., 2016). The competencies combine knowledge, skills and attitudes, which supports the notion that entrepreneurship is a multidimensional competency as opposed to a single skill set. These are the structures that offer a platform to build education systems that are more goal-oriented towards enterprise development.

Another facet of education and entrepreneurial outcomes that is vital is financial literacy and access to finance. Entrepreneurs should be knowledgeable and skilled on how to handle financial resources, measure risks, and make sound investment decisions. Financial literacy is integrated into education to increase the capacity of individuals to participate in the microfinance systems and access credit and maintain business activities. It is especially significant in the case of microenterprises, where financial decision-making directly impacts on survival and expansion. Through enhanced incorporation of financial education within the wider education frameworks, education can reinforce the connection between learning and enterprise performance.

Moreover, the conceptual connection between education and entrepreneurship needs to be perceived in larger institutional and contextual perspectives. Entrepreneurship is not an independent phenomenon but it is determined by social, cultural and institutional settings. The adoption of context-specific or indigenous

approaches emphasizes that it is essential to adjust the entrepreneurial theories and educational practices to the local context instead of implementing universal models (Bruton et al., 2022). It is especially so in developing economies where informal institutions, community networks, and local knowledge systems have a great influence in determining entrepreneurial behavior.

Education can also be instrumental in ensuring inclusive entrepreneurship especially among women, youth and marginalized groups. Structural barriers can be minimized through access to quality education and training to increase the participation in economic activities. As a case in point, social entrepreneurship learning incorporates both knowledge exploitation and exploration procedures to solve social issues and generate economic value (Ndou, 2021). Moreover, it was found that the education of entrepreneurship can affect the attitudes, and self-efficacy of the learners, thus increasing their willingness to participate in enterprise activities (Wardana et al., 2020). These dimensions emphasize the need to create education systems that are both inclusive, context-sensitive and responsive to the needs of different learners.

In general, the conceptual connections between education and the entrepreneurial development show that education is not a preparative period towards employment but a process that evolves capabilities, attitudes, and opportunities. Integrating human capital building, entrepreneurial skills, financial literacy, and inclusive strategies, education systems can be transformative in developing sustainable enterprises. Table 2 shows the main conceptual connections between education and entrepreneurial development, and how skills, mindset, competencies, financial literacy, and inclusion drive enterprise outcomes. Figure 1 shows the general conceptual map of the relationship between education systems and entrepreneurial development and enterprise outcomes.

Table 2. Conceptual Linkages between Education and Entrepreneurial Development

Dimension	Role of Education	Impact on Enterprise Development	Key References
Human Capital & Skills	Develops cognitive, technical, and employability skills	Enhances productivity and business sustainability	(Hägg & Gabrielsson, 2020); (Ratten & Jones, 2021)
Entrepreneurial Mindset	Builds creativity, risk-taking, and opportunity recognition	Increases entrepreneurial intention and innovation	(Nabi et al., 2017); (Cui et al., 2021)
Entrepreneurial Competencies	Structured frameworks for skills, attitudes, and knowledge	Supports enterprise creation and value generation	(Margherita et al., 2016)
Financial Literacy	Improves financial decision-making and resource management	Enhances access to finance and enterprise growth	(Lusardi, 2019); (Hussain et al., 2018)
Institutional & Contextual Factors	Aligns education with socio-economic and cultural contexts	Strengthens local enterprise ecosystems	(Bruton et al., 2022)
Inclusive Entrepreneurship	Expands access for women, youth, marginalized groups	Promotes inclusive growth and poverty reduction	(Ndou, 2021); (Wardana et al., 2020)

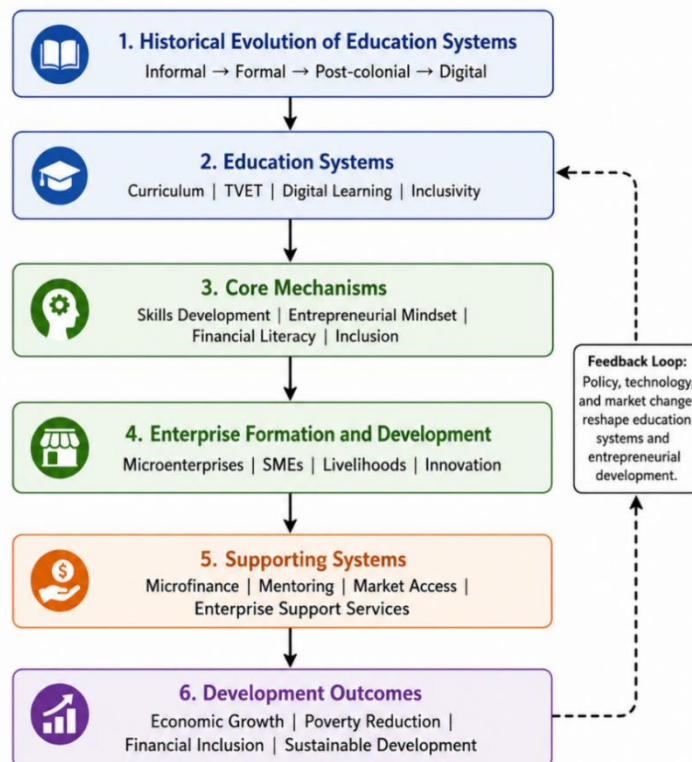


Figure 1. Conceptual framework linking education systems and entrepreneurial development

4. Educational Systems, Enterprise Formation, and Microfinance

Educational systems are important as they impact on the enterprise formation not only in the development of skills but also on the financial behavior, access to resources and survival of the business. The connection between education, financial literacy and access to finance is especially important in developing and emerging economies where micro, small, and medium enterprises (MSMEs) are the major drivers of economic activity. Having education systems that include monetary knowledge, technological awareness and entrepreneurial training can improve the capacity of people to start and maintain business venture.

Financial literacy is one of the most significant connections between education and the establishment of enterprises. Financial literacy provides individuals with the knowledge needed to manage resources, risk assessment, assess risks, and make informed decisions on savings, investment and credit. There is evidence that financial literacy plays a key role in mediating the interplay between access to finance and SME growth, which means that the financial resources available are effectively used when the entrepreneur has financial literacy (Bongomin et al., 2017). Equally, managers of the SMEs who have greater financial literacy can handle business operations and make strategic financial decisions that enhance the performance of the firms (Eniola & Entebang, 2017).

Another key determinant of development in enterprises is access to finance especially in situations where business development is constrained by access to capital. Access to banking services, digital payments, and credit systems through financial inclusion initiatives have opened the opportunities of businesses and entrepreneurs (particularly in underserved areas). Access to finance and financial literacy interaction is hence key to enterprise development. Research indicates that financial literacy increases the capacity of the entrepreneur to get external funding and the capacity of entrepreneurs to interact with financial institutions (Hussain et al.,

2018). In addition, financial literacy helps in making improved financial planning, risk management, and investment choices, which are critical in the continuity of growth in the enterprise (Lusardi, 2019). Formal financial education can be transformational in the context of informal financial practices in the developing economies, where enterprises are typically part of the informal systems.

This relationship is enhanced by technology that increases access to financial services and enhances business operations. Digital tools should be integrated with financial literacy to help entrepreneurs move to more efficient business models, control transactions, and reach new markets. The interplay of technological adoption and financial literacy has been revealed to enhance SME performance and efficiency in operations, especially under resource-constrained environments (Mabula & Han, 2018). With the development of digital financial ecosystems, education systems need to keep pace and integrate the digital financial skills and technological awareness into the educational programs.

Recent studies also focus on combined interventions on financial literacy integrating education, policy and institutional support. Financial literacy is a complex concept that involves knowledge, attitudes, behavior, and the skills to put financial knowledge into practice (Daskalakis et al., 2023). These integrated strategies are critical in enhancing the connection between education and enterprise performance, especially in the context of MSMEs that conduct operations in a challenging and unpredictable environment.

The other significant aspect of financial literacy is that it affects the entrepreneurial decision-making and risk behavior. More financially savvy entrepreneurs can make better risk assessments and make informed decisions, thereby mitigating over-risk aversion and driving business growth (Riepe et al., 2022). This is specifically important to microenterprises, where conservative financial practices can restrict growth potentials. The education systems can increase the confidence

and readiness of the entrepreneurs to take calculated risk by means of financial literacy.

Financial literacy also helps in making enterprises sustainable through enhanced financial management practices. It helps in long-term planning, effective resource mobilization, and embracing sustainable business strategies. Financial literacy has been found to have a positive impact on SME sustainability in the context of developing countries, where entrepreneurs are able to overcome financial difficulties and respond to market changes due to financial literacy (Ye and Kulathunga, 2019). On a larger scale, structural and socio-economic factors such as education, income levels, and institutional access influence financial inclusion, as they define the capacity of people to engage in financial

systems (Zins & Weill, 2016).

Overall, the connection between educational systems, enterprise creation, and microfinance is highly intertwined. Education promotes financial literacy which by extension promotes access and effective utilization of financial resources which promote the growth and sustainability of the enterprises. Education systems can assume a transformative role by incorporating financial education, digital skills and entrepreneurial training into their programs that can enhance microenterprise development, increase financial inclusion and inclusive economic growth. Table 3 presents the practical connections between financial literacy and education systems, microfinance, and enterprise development outcomes of SMEs and microenterprises.

Table 3. Education Systems, Enterprise Development, and Microfinance Linkages

Component	Role in Enterprise Development	Outcomes for SMEs/Microenterprises	Key References
Financial Literacy	Enhances knowledge of savings, credit, and investment	Improved financial management and business performance	(Bongomin et al., 2017); (Eniola & Entebang, 2017)
Access to Finance	Provides capital for business creation and expansion	Increased enterprise growth and sustainability	(Demirgüç-Kunt et al., 2018); (Zins & Weill, 2016)
Technology Integration	Enables digital payments, e-commerce, and efficiency	Improved productivity and market access	(Mabula & Han, 2018)
Risk Behavior & Decision-making	Improves financial confidence and reduces risk aversion	Encourages business expansion and innovation	(Riepe et al., 2022)
Integrated Financial Education	Combines knowledge, behavior, and institutional support	Strengthens long-term enterprise sustainability	(Daskalakis et al., 2023); (Ye & Kulathunga, 2019)

5. Education Systems and Enterprise Development in Practice

The most apparent practical connection between education and the development of enterprise is observed in the interventions involving training, financial access, and institutional support. In developing and emerging economies, there has been a broad spectrum of programmes - including entrepreneurship education and vocational training, and microfinance programmes - aimed at

enhancing enterprise creation and expansion. Nevertheless, there is evidence to indicate that the effectiveness of these interventions is not only related to availability of resources but it also relies on the quality, design and contextual relevancy of education and training systems.

Training and education in entrepreneurship has emerged as a key instrument in the encouraging of

enterprises. The programs are designed to empower them with business knowledge, managerial skills, and confidence to establish businesses and expand. The evidence of programs all around the globe shows that the most successful programs are more likely to incorporate practical learning, mentorship, and content-specific aspects than theoretical training (Valerio et al., 2014). Training programs that emphasize problem solving in real-life situations, business planning, and market interaction have higher chances of achieving significant entrepreneurial results. The effectiveness of such programs however, is

highly dependent on the characteristics of participants, the economic conditions of the place and the availability of other support systems.

Experimental results also emphasize the role of program design in building up high-growth entrepreneurship. As an example, business plan competitions and specific sets of training have been demonstrated to identify and nurture high potential entrepreneurs, thus causing a certain positive change in the performance and innovation of firms (McKenzie, 2017). The implications of these findings are that the education systems can be a catalyst system when they go beyond the development of general skills and concentrate on recognizing, developing, and developing entrepreneurial talent.

Concurrently, finances have been a key limitation to most businesses, especially the micro and small ones. Although there has been a rise in financial inclusion, there still exists a huge financing gap which makes it difficult to invest and grow businesses and maintain them. The MSME finance gap indicates structural impediments, including the absence of collateral, a poor credit history, and information asymmetries, which are disproportionately present among small businesses in the developing-world economies (Bruhn et al., 2017). Financial literacy and business

management training can be integrated into education systems to enable entrepreneurs to deal more effectively with these limitations, but financial access has to be considered alongside education to make any significant impact.

Microfinance has become a popular tool to finance the growth of enterprises especially with low-income earners. But randomized assessments have shown that the effect of microcredit on business expansion, incomes, and poverty alleviation is smaller and context-specific than anticipated (Banerjee et al., 2015). Although microfinance has the potential to enhance access to capital and offer short-term financial relief, it may not necessarily result in permanent enterprise growth and high-level productivity growth. This illustrates the necessity of the combination of interventions such as education, training, and market linkages in order to improve the quality of financial services.

Equally, general analyses of enterprise development interventions show varied results in the creation of jobs and firm growth. A systematic review of interventions aimed at improving micro-entrepreneurs and SMEs reveals that some of the interventions result in better business practices and better productivity, although their effects on job creation are usually small (Grimm & Paffhausen, 2015). These results highlight the intricacy of the development of enterprises, in which various factors, including market demand, infrastructure, institutional quality, and access to finance, interact with education and training.

Another aspect emphasized in policy-oriented evidence is the need to employ integrated solutions in supporting SMEs and entrepreneurs. The frameworks of financing, institutional support and regulatory environments are very important in determining the outcome of an enterprise. Current evaluations stress that access to finance should be enhanced with capacity-building efforts, support of innovation, and market development to reinforce the overall entrepreneurial ecosystem (OECD, 2022). In this regard, the best education systems are those that are integrated into larger development plans where learning is related to finance, policy and enterprise support systems.

In general, real-life experience shows that education is not a sufficient factor to achieve the development of the enterprise but it is an important enabling factor. Combination of education, finance and institutional support in a coordinated way are the most effective

interventions. By streamlining education systems to be in line with actual enterprise requirements and combining them with financial and policy regimes, the effects of enterprise development efforts can be amplified and provide more sustainable and inclusive economic results.

6. Challenges and Future Directions

Educational systems are still struggling to support the development of the enterprise particularly in the developing and emerging economies. One of the biggest problems is that the results of education do not match with the market demands since most systems continue to focus on theoretical education and qualifications rather than on practical skills that are enterprise based. This restricts the capacity of graduates to generate or maintain businesses and is a cause of underemployment.

The other weakness is that experiential learning is not well integrated. Entrepreneurship involves problem-solving, flexibility, innovation, and risk-management, which cannot be simply nurtured in the classroom. The low connection between learning institutions, businesses, and local business markets decrease the exposure of learners to real business. Lack of equality in access to good education, money, and online resources also limit the entrepreneurial involvement of women, rural residents, informal employees, and disadvantaged groups. The fast technological pace has created even greater gaps in skills, with a number of learners being digitally and financially incompetent in the modern enterprise activity.

Flexible and inclusive education systems should be developed in the future that encourages lifelong learning with particular attention to the workers in the informal sector (ILO, 2022). Learners should also be equipped to make green and digital transitions by equipping them with technical, entrepreneurial, and adaptive skills (OECD, 2023). Technology has the potential to widen the access to learning, but it has to be applied in an inclusive and contextual way instead of a replacement of meaningful learning (UNESCO, 2023). With the digital transformation redefining markets, finance, and enterprise activities, the learning process in educational systems must incorporate digital literacy,

awareness of financial technology, and learning that is future-oriented (World Bank, 2023). Overall, future education systems must become more practical, inclusive, digitally responsive, and closely connected to enterprise ecosystems.

7. Policy Implications

The review emphasizes the necessity of concerted policies that link education, skills building, enterprise assistance, and financial inclusion. Based on core skills problem-solving, communication, adaptability, digital literacy, and entrepreneurial thinking, education systems ought to match labour-market and enterprise demands to include to the curriculum. These are the skills needed to be employable and create enterprises in transforming economic times (Aggarwal, 2021). Technical and vocational education and training must also be enhanced to aid practical education, apprenticeship and industry related skill building. Inclusive and flexible TVET systems can assist learners to develop competencies that are relevant to the market and enhance their ability to engage in both formal and informal enterprise activity (UNESCO, 2022).

The policy should also tackle the issue of funding of SMEs and microenterprises. Financial literacy and mentoring have to be supplemented with access to credit, digital finance, and business development support to ensure that entrepreneurs can effectively use financial services (OECD, 2024). The digital financial inclusion is particularly necessary to open opportunities of enterprises among underserved populations (World Bank, 2022).

Lastly, education and enterprise policy design and evaluation can be enhanced by data-driven governance. An improved utilisation of data may assist in revealing deficiencies in skills, tracking the results of the programmes, and focusing the assistance on the most needy groups (World Bank, 2021). In general, the policy frameworks must facilitate open education-enterprise opportunities to bridge learning, finance, technology, and market involvement.

8. Conclusion

The review indicates that education systems have been at the forefront in determining the entrepreneurial capacity in various historical

stages. Since informal learning in form of apprenticeship, formal school education and now digital technology education, each level has contributed to how people learn, access opportunities and participate in business endeavors. These changes are indicative of the fact that education is not a fixed organization but a dynamic process that is continually changing with the economical and social shifts. The development of entrepreneurial skills and acquisition is becoming increasingly reliant on education systems that are no longer based on theoretical teaching but on practical, skill-based and experiential learning. Technical, financial, and socio-emotional skills are needed to recognize opportunities, be able to manage resources, and adjust to evolving market conditions. Such education should also be accessible to all, and the provision of more opportunities to women, youth, and marginalized groups can play a critical

role in boosting their engagement in enterprise development and help curb poverty. The review also highlights the need to enhance the connection between education, microfinance as well as the general support systems of enterprises. Access to finance coupled with financial literacy and business training can enhance sustainability and growth of enterprises. On the same note, a better method of business entrepreneurship can be established by ensuring that education is aligned with market demands and by incorporating it within institutional and policy support. All in all, to promote entrepreneurship, education systems must be pragmatic, inclusive, and in touch with the real-life economic settings. Through strengthening of such linkages, education can become an effective force of enterprise development, financial inclusion and sustainable economic development.

References

- Ács, Z. J., Szerb, L., Lafuente, E., & Lloyd, A. (2018). Enhancing Countries' Productivity Through A Healthy Entrepreneurial Ecosystem. In *Global Entrepreneurship And Development Index 2018* (pp. 39-53). Cham: Springer International Publishing.
- Aggarwal, A. (2021). *Global Framework On Core Skills For Life And Work In The 21st Century*. ILO.
- Antoninis, M., April, D., Barakat, B., Bella, N., D'Addio, A. C., Eck, M., ... & Zekrya, L. (2020). All Means All: An Introduction To The 2020 Global Education Monitoring Report On Inclusion. *Prospects*, 49(3), 103-109.
- Audretsch, D. B. (2021). Have We Oversold The Silicon Valley Model Of Entrepreneurship? *Small Business Economics*, 56(2), 849-856.
- Banerjee, A., Karlan, D., & Zinman, J. (2015). Six Randomized Evaluations Of Microcredit: Introduction And Further Steps. *American Economic Journal: Applied Economics*, 7(1), 1-21.
- Bongomin, G., Mpeera Ntayi, J., Munene, J. C., & Akol Malinga, C. (2017). The Relationship Between Access To Finance And Growth Of SMEs In Developing Economies: Financial Literacy As A Moderator. *Review Of International Business And Strategy*, 27(4), 520-538.
- Bridgford, J. (2020). *Skills Development And Lifelong Learning: Resource Guide For Workers' Organizations*.
- Brown, P., Lauder, H., & Cheung, S. Y. (2020). *The Death Of Human Capital?: Its Failed Promise And How To Renew It In An Age Of Disruption*. Oxford University Press.
- Bruhn, M., Hommes, M., Khanna, M., Singh, S., Sorokina, A., & Wimpey, J. S. (2017). *MSME Finance Gap: Assessment Of The Shortfalls And Opportunities In Financing Micro, Small, And Medium Enterprises In Emerging Markets*. International Finance Corporation, 1-80.
- Bruton, G. D., Zahra, S. A., Van de Ven, A. H., & Hitt, M. A. (2022). Indigenous Theory Uses, Abuses, And Future. *Journal Of Management Studies*, 59(4), 1057-1073.
- Cui, J., Sun, J., & Bell, R. (2021). The Impact Of Entrepreneurship Education On The Entrepreneurial Mindset Of College Students In China: The Mediating Role Of Inspiration And The Role Of Educational Attributes. *The International Journal Of Management Education*, 19(1), 100296.
- Cusmano, L., Koreen, M., & Pissareva, L. (2018). 2018 OECD Ministerial Conference On SMEs: Key Issues Paper.

- Dasgupta, S., de Mattos, F. B., Kim, K. B., Mwasikakata, M., O'Higgins, N., Caro, L. P., ... & Cuautle, M. (2020). Global Employment Trends For Youth 2020: Technology And The Future Of Jobs.
- Daskalakis, N., Karpouzis, E., & Giakoulas, D. (2023). An Integrated Approach On MSMEs Financial Literacy. *International Journal Of Business And Economic Sciences Applied Research (IJBESAR)*, 16(2), 7-17.
- Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2021). Financial Inclusion, Digital Payments, And Resilience In The Age Of COVID-19. World Bank Report.
- Eniola, A. A., & Entebang, H. (2017). SME Managers And Financial Literacy. *Global Business Review*, 18(3), 559-576.
- Estrin, S., Mickiewicz, T., & Stephan, U. (2016). Human Capital In Social And Commercial Entrepreneurship. *Journal Of Business Venturing*, 31(4), 449-467.
- Grimm, M., & Paffhausen, A. L. (2015). Do Interventions Targeted At Micro-Entrepreneurs And Small And Medium-Sized Firms Create Jobs? A Systematic Review Of The Evidence For Low And Middle Income Countries. *Labour Economics*, 32, 67-85.
- Hägg, G., & Gabrielsson, J. (2020). A Systematic Literature Review Of The Evolution Of Pedagogy In Entrepreneurial Education Research. *International Journal Of Entrepreneurial Behavior & Research*, 26(5), 829-861.
- Hanushek, E. A., & Woessmann, L. (2020). Education, Knowledge Capital, And Economic Growth. *The Economics Of Education*, 171-182.
- Hussain, J., Salia, S., & Karim, A. (2018). Is Knowledge That Powerful? Financial Literacy And Access To Finance: An Analysis Of Enterprises In The UK. *Journal Of Small Business And Enterprise Development*, 25(6), 985-1003.
- ILO. (2022). Skills Development And Lifelong Learning For Workers In The Informal Economy. International Labour Organization.
- Klapper, L. F., Lusardi, A., & Van Oudheusden, P. (2015). Financial Literacy Around The World: Insights From The Standard & Poor's Ratings Services Global Financial Literacy Survey.
- Lusardi, A. (2019). Financial Literacy And The Need For Financial Education: Evidence And Implications. *Swiss Journal Of Economics And Statistics*, 155(1), 1.
- Mabula, J. B., & Han, D. P. (2018). Use Of Technology And Financial Literacy On SMEs Practices And Performance In Developing Economies. *International Journal Of Advanced Computer Science And Applications*, 9(6).
- Margherita, B., Panagiotis, K., Yves, P., & Lieve, V. D. B. (2016). *EntreComp: The Entrepreneurship Competence Framework*.
- Marginson, S. (2016). *Higher Education And The Common Good*. Melbourne Univ. Publishing.
- McGrath, S., Alla-Mensah, J., & Langthaler, M. (2018). Skills For Decent Work, Life And Sustainable Development: Vocational Education And The Sustainable Development Goals (No. 18). *ÖFSE Briefing Paper*.
- McKenzie, D. (2017). Identifying And Spurring High-Growth Entrepreneurship: Experimental Evidence From A Business Plan Competition. *American Economic Review*, 107(8), 2278-2307.
- Mok, K. H. (2016). Massification Of Higher Education, Graduate Employment And Social Mobility In The Greater China Region. *British Journal Of Sociology Of Education*, 37(1), 51-71.
- Nabi, G., Liñán, F., Fayolle, A., Krueger, N., & Walmsley, A. (2017). The Impact Of Entrepreneurship Education In Higher Education: A Systematic Review And Research Agenda. *Academy Of Management Learning & Education*, 16(2), 277-299.
- Ndou, V. (2021). Social Entrepreneurship Education: A Combination Of Knowledge Exploitation And Exploration Processes. *Administrative Sciences*, 11(4), 112.
- OECD. (2022). *Financing SMEs And Entrepreneurs 2022: An OECD Scoreboard*. OECD Publishing, Paris. <https://doi.org/10.1787/e9073a0f-en>
- OECD. (2023). *OECD Skills Outlook 2023: Skills For A Resilient Green And Digital Transition*. OECD Publishing.

- OECD. (2024). *Financing SMEs And Entrepreneurs 2024: An OECD Scoreboard*. OECD Publishing, Paris. <https://doi.org/10.1787/fa521246-en>
- Ratten, V., & Jones, P. (2021). *Entrepreneurship And Management Education: Exploring Trends And Gaps*. *The International Journal Of Management Education*, 19(1), 100431.
- Riepe, J., Rudeloff, M., & Veer, T. (2022). *Financial Literacy And Entrepreneurial Risk Aversion*. *Journal Of Small Business Management*, 60(2), 289-308.
- Subrahmanyam, G. (2020). *UNESCO-UNEVOC Study On The Trends Shaping The Future Of TVET Teaching*. UNESCO-UNEVOC International Centre For Technical And Vocational Education And Training.
- Sutter, C., Bruton, G. D., & Chen, J. (2019). *Entrepreneurship As A Solution To Extreme Poverty: A Review And Future Research Directions*. *Journal Of Business Venturing*, 34(1), 197-214.
- Tikly, L. (2019). *Education For Sustainable Development In Africa: A Critique Of Regional Agendas*. *Asia Pacific Education Review*, 20(2), 223-237.
- Times, U. (2022). *Unsettled Lives: Shaping Our Future In A Transforming World*. Human Development Report, 2022.
- UNESCO. (2022). *Strategy For Technical And Vocational Education And Training 2022–2029*. UNESCO.
- UNESCO. (2023). *Global Education Monitoring Report 2023: Technology In Education—A Tool On Whose Terms?* UNESCO.
- Valerio, A., Parton, B., & Robb, A. (2014). *Entrepreneurship Education And Training Programs Around The World: Dimensions For Success*. World Bank Publications.
- Wardana, L. W., Narmaditya, B. S., Wibowo, A., Mahendra, A. M., Wibowo, N. A., Harwida, G., & Rohman, A. N. (2020). *The Impact Of Entrepreneurship Education And Students' Entrepreneurial Mindset: The Mediating Role Of Attitude And Self-Efficacy*. *Heliyon*, 6(9).
- World Bank Group. (2017). *World Development Report 2018: Learning To Realize Education's Promise*. World Bank Publications.
- World Bank. (2019). *World Development Report 2019: The Changing Nature Of Work*. World Bank.
- World Bank. (2021). *World Development Report 2021: Data For Better Lives*. World Bank.
- World Bank. (2022). *The Global Findex Database 2021: Financial Inclusion, Digital Payments, And Resilience In The Age Of COVID-19*. World Bank.
- World Bank. (2023). *Digital Progress And Trends Report 2023*. World Bank.
- Ye, J., & Kulathunga, K. M. M. C. B. (2019). *How Does Financial Literacy Promote Sustainability In SMEs? A Developing Country Perspective*. *Sustainability*, 11(10), 2990.
- Zins, A., & Weill, L. (2016). *The Determinants Of Financial Inclusion In Africa*. *Review Of Development Finance*, 6(1), 46-57.