WHAT 'BEING ENTREPRENEURIAL' MEANS FOR AUSTRALIAN UNIVERSITIES – LEARNING TO LOCATE ENTREPRENEURSHIP WITHIN UNIVERSITY

Barbara J Cargill, Trinity College, University of Melbourne, Royal Parade, Parkville, Victoria, 3052, Australia, +61 3 9348 7132, bcargill@trinity.unimelb.edu.au

ABSTRACT

This paper examines how Australian universities have embarked on the process of becoming entrepreneurial. It looks at what they aim to achieve, how and *why*. Key drivers are explored, along with implications for how they might become more successfully entrepreneurial. A data segment from a larger study about the capabilities required for the entrepreneurial university is then examined exploring *why* Australian universities are seeking to become more entrepreneurial. Results indicate that many Australian university leaders choose not to use the term 'entrepreneurial', instead seeing the more comprehensive concept of being engaged with the total community as enveloping the entrepreneurial agenda. Struggling with formulating clear, focused institutional strategy, the university leaders appear unsure about how to consider entrepreneurial activity within a strategic framework.

THE TURBULENT AUSTRALIAN UNIVERSITY SCENE

Many higher education systems in developed countries (including Australia) with market-driven economies are experiencing some degree of turbulence [15]. Governments are choosing to spend less on their higher education systems, whilst also asking more of them. Universities are expected to contribute to the economic development of knowledge economies and to educate significantly greater proportions of populations to take their place in those economies [15]. Such policy inevitably encourages institutions in developed countries to seek closer relationships with government, community and industry to help generate revenue and to better meet national needs. The intertwined relationships between higher education, business and government have been described as a *triple helix*[7], a genomic image of interdependence and synergy. Additionally, in Australia, universities are faced with diminishing public funding. Government policy, seeking efficiency and excellence in the system, has generated fiercely competitive dynamics between and even within institutions [15][12]. This shifts the once fully publicly funded system of Australia towards one that is more privatised, more intentionally exposed to national and international market forces [3][4][15]. Government is seeking outcomes including higher quality of higher education, greater resource efficiency, and a degree of self-sufficiency in Australian universities. Consequently, the Australian Government is expressly urging universities to become *more entrepreneurial*, largely so that each institution can self-fund to a far greater degree [3][4][8][12].

WHAT DOES BEING ENTREPRENEURIAL MEAN?

One landmark synthesis of the definitional literature surrounding entrepreneurship defines *entrepreneurship* as "..acts of organizational creation, renewal or innovation that occur within or outside an existing organization" [14]. Entrepreneurship may create new organisations, but in the current Australian university context, it is possibly more likely to relate to the renewal or innovation elements of the definition than to organisation creation *per se*. Use of the term 'entrepreneurial' in this university context has alluded to what is more usually known as *corporate entrepreneurship* (CE), essentially a

positive, pro-active, enterprising, self-sufficient culture. CE adds value to the university and to the society by being innovative, creating organisations, making money, looking for self-sufficiency and positive interaction with the broader society. Covin & Miles [6, p48] suggest that there are three main phenomena that can present as facets of CE. These are where an established organisation enters a new business, where an individual or group champions new products and ideas within an existing organization, and where a more general entrepreneurial philosophy or mindset permeates a whole organisation's operations and style. These all imply that an innovation has been involved, but innovation alone, in Covin & Miles' eyes, would not be sufficient to be true CE. They suggest that a major 'shake-up' effect needs to have taken place which truly "..revitalizes, reinvigorates and reinvents" the organisation [6, p50]. By contrast, Lyon, Lumpkin & Dess [11, p1056] are more focused on the holistic *entrepreneurial orientation* of a firm which consists of "..processes, structures and/or behaviours that can be described as aggressive, innovative, proactive, risk taking, or autonomy seeking". Much of the literature recognises that CE outcomes and 'pay off' may actually take years to become evident, and it is always embedded in many complex variables and contexts which make it hard to see what has exactly caused or resulted in what (see for example [11][16]. However, given that *wealth creation* is a potential consequence of CE, even if a little slow to become apparent, Australian universities are naturally interested in it in their current circumstances, as are the universities of most developed nations.

CE has the potential to provide benefit on four different but associated fronts [6]. These are described as *sustained regeneration* emerging in the form of a stream of new products, programs and services that give broader market presence and attract new clientele. Secondly, comes *organisational rejuvenation* coming in the form of new and improved internal processes and structures that enable greater innovation to surface. Thirdly, CE can enable *strategic renewal* in the form of fundamentally altering the university's relationship with its environment, markets and competitors. CE of this sort is tightly linked with the university's strategy generally, and might see it, for example, opening new campuses, operating in new markets, with new programs, in new modes, such as on-line, which would introduce it to completely new customers. Fourthly, CE could provide complete *domain redefinition* that lifts the organisation out of its current area of competition to another arena altogether. It ceases competing head-on with its normal rivals. Australian universities would find this latter approach more difficult than private firms, because they are normally established by Parliamentary Acts that define the educational mission and core activities and constrain the domain to a significant extent. Nonetheless, all four general thrusts of CE could work for a university, and most especially the first of these three [6] which are fundamentally about securing or reinforcing a competitive position.

Ireland *et al.,* [11,p49-51] argue that the improved organisational performance will only emerge where CE activities are clearly *integrated* with the mainstream strategic management thrust of the organisation, as distinct from being peripheral activity that is considered as an optional 'extra'. CE also '..represents an effective strategic response to environmental turbulence' [13, p72]. Given the level of turbulence that Australian universities currently face, it is clear that senior university managers need to develop strategic management regimes that fully incorporate CE now. Even if modern universities really have no strategic choice other than to be decisively entrepreneurial as an imperative, it is not entirely clear what they hope to gain, *why*, and whether they are yet fully capable of making the necessary changes.

CLARK'S FIVE ELEMENTS OF THE ENTREPRENEURIAL UNIVERSITY

Clark's [3][4][5] seminal work describes five elements of an entrepreneurial university which should interlock and interact. All five have managerial and leadership practice implications, making a picture of what should happen in universities to make them entrepreneurial, what senior managers should do,

and *why*. The five elements are:

-the *diversified funding base*, aimed at freedom from dependence on government block grants. Senior university managers must hold a clear concept of the primary mission of the educational institution in order to remain ethical.

-*strengthening the steering core*. Universities must be pro-actively, intentionally and wilfully entrepreneurial, rather than passively waiting for it to happen or simply hoping it will. This requires a talented and decisive management capability at all levels and a *large amount of devolution* that empowers rather than causing non-collegial autocracy.

-*expanding the developmental periphery* causing blurring of boundaries between disciplines, academic units, and the university and the organisations that it spawns, or works with in joint venture relationship.

-*stimulated academic heartland*, keeping academic departments vibrant, dynamic and motivated, involved in participative ways whenever possible, encouraged and 'incentivated' to generate revenues and passionate in their commitment to achieving world class quality in their work.

-creating *an integrated entrepreneurial culture*. This involves a widespread commitment to entrepreneurial change and development by everyone in the institution, eventually creating its own perpetual momentum or dynamism as an entrepreneurial university.

The basic assumption that universities would seek to be entrepreneurial for the primary strategic purpose of raising their own revenues, has largely stayed intact. However, many universities simply do not have a clear and differentiated enough strategic plan within which to locate entrepreneurial activities, so that entrepreneurship is struggling to find a meaningful place and the question *'why do it?'* a clear answer.

THE STUDY METHOD AND SAMPLE

To better understand the *'why?'*, a segment of data from a larger study is discussed here. The study sought to understand the organisational and managerial capabilities that Australian universities need to develop to become more systematically entrepreneurial. A conceptual model of entrepreneurial capability was developed, fusing Clark's [3][4][5] five elements of university operation, the four corporate entrepreneurship thrusts outlined by Covin & Miles [6] and some contributing points from the wider CE literature. The study presented this fusion of conceptual enquiry to a sample of 17 experienced Australian university leaders, managers and commentators for dialogical exploration and co-operative refinement, an interpretive and qualitative study. The sample comprised seven current vice chancellors (equivalent to presidents), two recent former vice chancellors, four senior technology transfer and commercialisation managers from major universities, and four higher education sector government policy makers and commentators with excellent overview of the Australian university system. This sample had considerable experience and authority to offer views on 'what it takes' for an Australian university to be successfully entrepreneurial. The study design involved two iterative rounds of dialogic interviews, a model building activity that generated a clear set of five clusters of capabilities that the senior practitioners understood to be of high relevance to the entrepreneurial mission. These five clusters were broadly categorised as *Context, Strategy, People, Enabling Mechanisms, and Culture and Politics*. Participants indicated that the capabilities with which they were least confident were the first two of these 5 clusters. The literature had also provided least practical capability advice in these two domains.

One of the questions of most relevance to this paper asked participants *why most Australian universities have embarked on a path towards 'being entrepreneurial?'* to elicit the subjects' understanding of universities' motives in pursuing entrepreneurial strategies. Is it mostly about 'diversifying the funding base', all about the money? Alternatively, is it more related to other desired outcomes that will enhance competitiveness or strategic advantage as one might expect from the corporate entrepreneurship literature? Several themes emerged to suggest that senior university managers within the Australian

university sector were struggling to come to grips with their very complex environments and were uncertain about whether they already were highly entrepreneurial, or wanted to be, knew how to be or how to connect it with their stated university strategy.

FINDINGS and CONCLUSIONS

In this study, the overwhelming majority of respondents believed that Australian universities had embraced the entrepreneurial agenda initially, vigorously and quite crudely in response to reduced government funding. Most described the urgency with which institutions had sought to find new markets for the most readily saleable intellectual property they held, their teaching 'courseware'. They believed that this had mainly been effective, some universities better than others, in generating substantial new streams of revenue for the system. Arguably, the successes in international education had been 'low hanging fruit' that did not require great strategic sophistication. Diversifying and enhancing the funding base had been linked unequivocally to institutional survival but there was a near-consensus view that Australian universities (and quite probably their counterparts in other developed nations) were really now seeking a more generally outward facing mode of operation that can be termed as 'engaged' with their respective local, regional, national and international communities- both business and civic- so that knowledge generation is also clearly linked with knowledge transfer and dissemination in ways beyond classical academic publication. Partly driven by government policy and incentives, but also by a desire to be more relevant and useful to their broader society, just as the 'triple helix' [7] concept would indicate. The subjects used the language of 'engagement' and 'connectedness', especially regarding attempts by universities to form links with business, government, industry and the general community, many displaying uneasiness with the term 'entrepreneurial'. Several crystallised the new relationship they sought as being *more about reputation, prestige and image than about revenue.*

All respondents thought that Clark's five elements of the entrepreneurial university [3][4][5] would need some greater development and elaboration to give clearer signposts to university leaders about the internal transformations required for strategic success. Strategic focus and a true diversification within the sector was seen as the only way forward. Thus participants in this study were clear that they needed to develop a better capability at 'looking outwards' and forming mutually productive value-adding relationships with the external world. However, they also recognised that, in line with the resource based view of strategy [1][2] and its dynamic capability extensions [9][17], they would need to develop a better strategic sense of what their own particular internal capabilities and strengths are, to build on some of these platforms, and to develop capabilities where there are none in some aspects of management and organisation in particular. One of the recurring messages from the data was that strategic management skills and strategy-making generally are very underdeveloped skills in many Australian university executives. An undifferentiated strategy that tries to do 'mainly everything', leads to an undifferentiated non-competitive university. Participants conceded they did not yet fully know how entrepreneurial efforts fitted with their strategic plan, thus tending to lead the university into 'scatter-gun' efforts at entrepreneurship. The key challenge is to develop a strategic management capability and plan for a future into which entrepreneurship can be subsumed. Otherwise, they risk a frenzied series of grabs for short-term revenues that is not true strategic entrepreneurship but simply 'all about the money'.

REFERENCES
Contact author for a full reference list or a copy of the full unabridged paper.