

## Letter from Academia

### Why is the Entrepreneurial University Important?

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**Abstract.** Entrepreneurship in higher education is now recognized as important as a major driver to underpin innovation. It is also viewed as an appropriate response to succeeding in highly turbulent and unpredictable environments. However confusion remains over its conceptualization, meaning and value as institutional leaders seek ways to understand where this strategically fits within the organization and educational leaders seek to understand how best to embed entrepreneurship within its education and learning opportunities. This paper highlights the challenges faced by universities in becoming entrepreneurial and in creating environments within which entrepreneurial mindsets and behaviors are developed. The author builds on work undertaken in his previous role as CEO of the National Centre for Entrepreneurship in Education in the UK, current work with the European Commission and highlights practices undertaken in his new role to build an entrepreneurial university.

**Keywords.** Knowledge economy, entrepreneurship, higher education, university, teaching curriculum, innovation.

## 1 The Entrepreneurial University

The concept of the entrepreneurial university is not new. However it does have many meanings and identities including, inter alia, notions of enterprise, innovation, commercialisation, new venture creation, employability and others. It can also reflect organisational leadership and governance structures. It can be seen as an organisational response to external challenges and pressures (Gibb and Hannon, 2006).

Within an academic context and environment, entrepreneurialism can be perceived as the development of a set of individual behaviors, skills and attitudes as characterised by the entrepreneur (Gibb and Hannon, 2006). The same characteristics can be applied to the intrapreneur, the social entrepreneur, the technopreneur and across many other contexts.

But why is this important? Why is entrepreneurship important in higher education? Why are these concepts of relevance to higher education institutions? What role should an HEI play in stimulating entrepreneurship across its campus? Why does a university need to be entrepreneurial?

Clearly change is not new to the higher education sector. For decades institutions have been adapting to reflect the changing environments in which they operate and seek to succeed. Across the globe the pressure on institutions to change is increasing: globalisation, social mobility, online technology developments, competing nation states and geopolitics, demographics and of course economic pressures on governments to re-evaluate their investments in state funded services have all contributed to a highly uncertain and unpredictable environment for higher education (Gibb et al., 2012).

It is when faced with precisely these types of environments that entrepreneurial responses are appropriate responses for organisations to tackle and exploit the challenges and opportunities that emerge. When the future is predictable and you know what is likely to happen and how organisations and individuals behave and respond, then you do not need to be entrepreneurial in what you do, how you do it and who you do it with.

In his seminal work 'Innovation and Entrepreneurship' Drucker stated 'Entrepreneurs innovate' (Drucker, 1985). Taking this further, it is entrepreneurial individuals that drive innovation. Innovation is enhanced by those who can think, behave and act in an entrepreneurial manner. In other words, innovation is underpinned by entrepreneurship.

There is a significant imperative to develop entrepreneurial capacities across a broad spectrum of students/graduates and those employed in small and innovative firms if we are seeking to enhance innovation. There is then a clear role for education and training and an educational imperative for universities in designing learning environments and providing learning opportunities that stimulate entrepreneurial mindsets, thinking and action.

We know that graduate entrepreneurs make an immense contribution to the economy. An assessment undertaken by the National Council for Graduate Entrepreneurship (NCGE) in the UK showed that, through an analysis of Top 100 listed firms, over 80% of Top 100 high-growth firms and Top 100 high-tech firms were founded and/or managed by university graduates.

Who are these university graduates? When an analysis of graduate start-ups was undertaken by the Kauffman Foundation in the USA, it was found that 89% of these start-ups did not emanate from university business studies and management programmes but from across a broad range of non-business disciplines.

This clearly has implications for how universities position entrepreneurship across their campus structures. In the UK the NCGE, (now the National Centre for Entrepreneurship in Education), has been conducting national surveys of the provision and engagement in enterprise and entrepreneurship offerings at British HEIs (see for example, Hannon et al., 2006; Hannon, 2007; Rae et al., 2010). Over a number of surveys the entrepreneurship provision offered by universities has hovered at around 60%+ from business and management schools. In recent surveys there has been a slight upward trend from non-business areas but there is clearly an opportunity for much higher levels of provision from the sciences, applied sciences, arts and humanities and other non-business subject areas.

## **2 The Need for the Entrepreneurial University**

As well as arguing that Universities need to create environments conducive for the development of entrepreneurial mindsets and behaviors it is further important that universities can themselves think and behave in a more entrepreneurial strategic mode for addressing the multiple pressures they face (Gibb et al., 2012), such as:

- Governments wanting more from less; wanting solutions now to current economic crises; wanting new sources of employment to counter losses in the public and corporate sectors; and seeking solutions to combating growing youth and graduate unemployment;
- Employers wanting more than knowledge and basic skills from the graduate recruits as they seek new ways to enhance innovation and competitiveness;
- HEIs being perceived as engines of innovation and technological progress;

hence, HEIs are seen as driving forces for economic growth;

- Parents wanting the best opportunities for their children as they strive to find meaningful opportunities in an uncertain future;
- Students wanting value for money and expecting a good job and salary to pay off their education debt; believing that university education offers them a route to better (and guaranteed) employment opportunities;
- The potential impacts and opportunities arising from the substantial growth in the provision and take-up of MOOCs (Massive Online Open Courses);
- The competitive threats and opportunities as a result of the growth in private sector providers and to a much lesser degree, corporate providers;
- Knowledge no longer being the unique domain of universities. Kweik (2012) cites Williams (2012) highlighting that:  
*'... as the emerging economies, particularly in Asia, build up their higher education systems, "knowledge" in itself is unlikely to ensure the earnings premium it enjoyed during the 20th Century.'*
- Kweik (2012) further argues that institutions are becoming more 'socially embedded' as they respond to ever growing expectations:  
*'The consequence is that both the higher education institutions and national governments are facing a growing multitude of expectations. As knowledge is sought for as the solution for everything, demands of the environment are penetrating higher education. Typically, the institutions respond by additive solutions. They are appending new layers of academic specialties, study programmes, services, and administrative units to the organization in order to meet the challenges.'* (citing Arbo and Benneworth, 2006)

Universities are continuing to change and need to change, and some would argue at a faster pace. Kweik (2012) proposes that institutional change can take different courses – incremental; radical; accidental:

- For some institutions, change happens to them; it is accidental and can reflect a close symbiosis with their stakeholder environment;
- For other institutions, change is incremental where fundamental principles remain in place; a strong sense of purpose and identity is maintained; and new innovations and change management processes are introduced as part of a longer-term 5 or 10 year strategic plan;
- For a few institutions, change can be radical, a point of complete renewal in purpose and identity, in organisational governance and structures, in strategic relationships and in how the institution contributes to social and economic development on a local and global stage. Mergers and acquisitions are another example of radical change;
- Kweik (2012) refers to these approaches as an 'academic revolution'.

And what is the concept of the entrepreneurial university? This can firstly be presented in its simplest form through two key dimensions:

1. As an organisation taking an entrepreneurial response to addressing the pressures and challenges it faces as described above; an organisation that renews itself to better align with its environment; an institution that inculcates entrepreneurial thinking through its governance structures and managerial policies and practices.
2. An institution that creates an environment, within which the development of entrepreneurial mindsets and behaviors are embedded, encouraged, supported,

incentivised and rewarded.

Shattock (2009) provides a similar viewpoint:

*'entrepreneurialism in a university setting is not simply about generating resources – although it is an important element – it is also about generating activities, which may have to be funded in innovative ways either in response to anticipated and/or particular market needs or driven by the energy and imagination of individualism, which cumulatively establish a distinctive institutional profile. Entrepreneurialism is a reflection both of institutional adaptiveness to a changing environment and of the capacity of universities to produce innovation through research and new ideas.'*

*'We should not see entrepreneurialism simply or even necessarily in relation to research, or in the exploitation of research findings ..... entrepreneurialism involving innovation and academic and financial risk can be found in regional outreach programmes, in economic regeneration activities, and in distance learning ventures, as well as in investment in spin out companies, the investment of overseas campuses and the creation of holding companies to house different sets of income-generating activities. For many universities, entrepreneurialism can be found in various innovative forms of teaching either to new clientele at home or embodied in programmes of internationalization (themselves often involving both financial and reputational academic risks).'*

### **3 Challenges in Becoming an Entrepreneurial University**

Universities face numerous challenges and obstacles on the journey to becoming more entrepreneurial, (for a detailed discussion see, for example, Clark, 1998; Etzkowitz, 2004; Thorpe and Goldstein, 2010; Gibb et al., 2012; Kweik, 2012), inter alia:

- Perceptions of relevance and meaning of entrepreneurship for higher education; and hence developing a shared institutional vision, identity and consensus
- Organisational transformation and re-organisation of knowledge and people and opportunity
- Ideological threats, notions of capitalist tendencies and the demise of academic autonomy through utilitarian approaches to modern university education
- Curricula controls on content and assessment through internal structures, external agencies and professional bodies
- Lack of academic career pathways for those pursuing entrepreneurship in higher education institutions, especially research-intensive institutions and hence perceptions of personal risk
- Perceptions of weak academic rigor against other more established disciplines
- Strong links with commercialisation and income generation rather than with education and learning
- Positioning within an institutional structure either inside or outside or academic faculties or colleges and the associated flows of income and related kudos.

For over two decades academics have been exploring this concept identifying key factors, developing a rationale and key arguments, assessing policy and practice and

creating frameworks and tools to aid institutional leaders and academic staff to build successful entrepreneurial universities and address the types of challenges and obstacles highlighted above.

Although there are challenges in understanding the why and what of the entrepreneurial university, more and more universities recognise both its importance for a 21st Century higher education institution and the need to enhance organisational flexibility and adaptability. However the greatest challenge remains in 'how' universities become entrepreneurial institutions and how they create effective environments for developing entrepreneurial capacities in their staff and students.

In the UK this has been approached initially through the creation of exemplars and role models in the sector. NCGE (now the National Centre for Entrepreneurship in Education, NCEE) has been running annual 'Entrepreneurial University of the Year' Awards with the Times Higher. Each year one university is selected from six finalists that best exemplify achievements during the past year in growing entrepreneurship. The framework behind this award emphasises the importance of an entrepreneurial environment, an entrepreneurial and innovative faculty, an engaged student community, and a resulting impact on the institution, its stakeholders and its environs.

#### **4 An European Model**

In Europe, the European Commission working with OECD have built an online self-assessment tool, HEInnovate (access at [www.heinnovate.eu](http://www.heinnovate.eu)), as a guiding framework for the entrepreneurial university. This framework focuses on 7 key pillars identified through a thorough review of existing research and thinking and with a group of experts from across Europe. The tool aims to provide higher education institutions with the opportunity to reflect on their perceptions of strengths and weaknesses in each key area thereby helping to identify institutional development needs. The 7 pillars are:

- Leadership and governance
- Organisational Capacity, People and Incentives
- Entrepreneurship Development in Teaching and Learning
- University-Business/External Relationships for Knowledge Exchange
- The Entrepreneurial HEI as an Internationalised Institution
- Pathways for Entrepreneurs
- Measuring the Impact

Creating an environment for the enhancement of entrepreneurial thinking and behaviors across all subject areas also creates challenges. The UK has been investigating this and the Quality Assurance Agency published a guidance note (QAA, 2012) for embedding enterprise and entrepreneurship in higher education. This document aims to provide examples of how entrepreneurial learning opportunities can be provided within formalised curricula and through extra-curricula provision. The framework also proposes a learner journey that begins with raising awareness, progressing to the development of entrepreneurial mindsets, on to enhancing entrepreneurial capacities and finally to enhancing entrepreneurial effectiveness.

The challenge is for universities to review what they do and how and the effects on the enhancement or inhibition of the development of entrepreneurial capacities that will underpin innovation capacity. How often are the institution's structures and policies, all curricula, business and industry collaborations, internationalisation

activities reviewed? There is much that can be changed in an institution: conceptualisations of entrepreneurship; strategies for embedding entrepreneurship across the campus; opportunities for entrepreneurial learning; new combinations of multidisciplinary knowledge (Gibb, 2005).

Travelling the journey towards an entrepreneurial university is not a lone activity. There needs to be a number of actors stimulating change, for example: visionary and transformative leaders at all levels in the organisation; entrepreneurial staff acting as inspiring role models; students empowered to act and take risks; mentors and coaches who can inspire and support entrepreneurial development opportunities; education activists and critical friends who will lead innovation in the curricula and learning; learning technologists; dynamic and effective entrepreneurial ecosystems; a diversity of stakeholders from all key communities of practice; celebrators of learning from failure.

## **5 A Multi-layered Approach to Becoming an Entrepreneurial University**

I have recently joined Swansea University to help stimulate more entrepreneurship across the institution. The university has already been on its own journey toward becoming an entrepreneurial university for a couple of years and much has been achieved. For example, below are highlights of a number of activities and initiatives that are stimulating entrepreneurship across the campus. This demonstrates the multi-layered approach necessary in creating a dynamic entrepreneurial institution.

- The creation of Swansea Employability Academy and associated Entrepreneurial University Development Group at a strategic level under the guidance of a Pro-Vice Chancellor
- The creation of the Institute for Entrepreneurial Leadership to enhance culture change and build institutional capacity
- New cross-campus entrepreneurship courses and modules to increase access to entrepreneurial learning opportunities
- Employment Directors established in all Colleges on the campus as champions and change agents in their own disciplinary areas
- Dedicated entrepreneurship webpages to coordinate all opportunities and activities and provide a coherent and cohesive approach
- Student enterprise suite within the School of Management as a hub for action
- A dynamic student entrepreneurship club as a peer-to-peer model
- A new 'Donate a day' scheme to engage local small firms in supporting students and provide real-life experiences of entrepreneurship in action
- A new staff CPD programme working with 150 staff to implement the QAA guidance and build institutional capability and confidence
- The first global start-up market and week-end in Wales to enhance the profile of Swansea as an active start-up environment
- £250 challenge to stimulate student team projects to engage in risk-taking behavior
- Canadian challenge to support students to work with Sir Terry Matthews, a high-profile Welsh multi-millionaire
- Senior university staff attending national leadership programmes to embed deeper understanding at a strategic level in the institution
- Entrepreneurial research group and Working Paper Series to provide research

interests across disciplines

- Student and staff start-ups and spin outs supported through the Dept of Research and Innovation
- Engagement with SMEs through LEAD Wales, a national leadership and business development programme to stimulate growth
- New Swansea Bay campus development focused on science and innovation and underpinned by entrepreneurship, as a significant flagship and major institutional commitment to becoming a leading entrepreneurial and innovative university

## 6 Summary

In summary, the role of the entrepreneurial university is increasingly being seen as important for finding new ways to compete and succeed in uncertain and unpredictable environments and for finding new solutions to the multiple challenges that need to be addressed for the public good, whether local or global.

How universities create the pathways and strategies for successfully travelling this journey are contingent on many factors. However, 'HEInnovate' and other such frameworks and tools enable universities in all contexts and across all countries to explore where they have opportunities to further develop. The most challenging change, as in many complex organisations, is the realignment of organisational values and culture and changing the mindsets of individuals.

The journey has begun in many universities across Europe and beyond and is likely to increase in pace during the current decade as institutions reflect and respond entrepreneurially to their changing environments.

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