

The Variables and Dimensions of Entrepreneurial Orientation Perceived by Lecturers of Higher Education Institutions

by Any Meilani Ginta Ginting

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The Variables and Dimensions of Entrepreneurial Orientation Perceived by Lecturers of Higher Education Institutions

Any Meilani

Faculty of Economics, Universitas Terbuka – Indonesia

Ginta Ginting*

Faculty of Economics, Universitas Terbuka - Indonesia

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ABSTRACT

This study explored variables and dimensions of entrepreneurship practices executed by lecturers in universities as higher education institutions. This study was aimed at depicting the influence of variables and dimensions of entrepreneurial orientation combined with learning orientation on the performance of lecturers. Three quantitatively involved variables are entrepreneurial orientation (dependent) with three dimensions (risk-taking, innovativeness, and proactive), learning orientation (moderating) with three dimensions (commitment, vision/mission, and openness), and performance (independent) with three dimensions (research, teaching, and community services). Questionnaires and queries were developed for quantitative purposes. Respondents were randomly selected by distributing 200 questionnaires to lecturers from public and private universities, and 123 questionnaires were completed. The three hypotheses were analyzed using a structural equation model (SEM), and all hypotheses were validated. Result confirms that entrepreneurial orientation, as a strategic orientation of university lecturers that demonstrate risk-based, innovative, and proactive willingness for institutional development, can be reinforced by the learning orientation through university lecturers to new thinking by building networks, collaboration, partnership, and relationship. Subsequently, this orientation will strongly affect the performance, thereby fulfilling *Tri Dharma Perguruan Tinggi* (three pillars of tertiary education: research, teaching, and community service).

Keywords: Entrepreneurial Orientation, Higher Education Institution, Learning Orientation, Performance.

1. INTRODUCTION

Various studies on entrepreneurship can prove that entrepreneurship has a positive effect, especially on personal performance (success in business, proactive in searching new opportunities, open to challenges) and generally on the economic development of a country. The development of the role of entrepreneurship in higher education institutions is highly important in the business world. The element of faculty members (lecturers) plays a strategic role as a catalyst to encourage entrepreneurship in the environment. Evidently, an academican or a lecturer has a scientific background that is not only important for the exclusive development of science but also for its utilitarian importance to society through various community service activities. For example, a lecturer with management science

background can guide Small Medium Enterprises (SMEs) actors to acquire management abilities necessary for independent business operations. In addition to the growing entrepreneurial spirit regarding his/her interest as a lecturer, the latter is also required to be equipped with various knowledge and skills to perform his/her role as an entrepreneurial coach in each institution.

Lecturers at various universities should feel challenged to implement *entrepreneurship* to offer further benefits to the business world and society. The academe cannot be underestimated, where lecturers can be basically categorized as *corporate cooperation*. This concept denotes that the management can be principally applied in corporations as supported by the following statement: “..academician are perhaps more similar to entrepreneurs than might be first expected. Where they differ most is in their propensity to take risks, suggesting the need to create a secure environment in which is perceived to be minimized..” (Zhu, 2008). In particular, academicians may be possibly equated with *entrepreneurs*, whereas the main emphasis is to conduct beneficial activities for the environment and society. College graduates currently continue to experience problems in which they plunge directly into the society. This concern was proven from the high number of college graduates in Indonesia (20%) who remain jobless and from the continuing scarcity of programs that generate graduates who evolve into job creators (Kompas, 2016).

In the higher education context in Indonesia, encouraging an entrepreneurial spirit in higher education institution has prompted the government to launch several pilot projects, including 1) structured entrepreneurship lectures, 2) real work lecture that is applied to SME activities, 3) business consultation and job placement clinic to educate teaching staff to obtain practical experiences in the business world by providing consultation to SME actors, 4) entrepreneurial internship as an activity of students to obtain practical work experience in SMEs, and new entrepreneur incubation as a facility that is managed by higher education institutions and the State Ministry of Co-operatives and Small/Medium Enterprises by offering integrated programs to entrepreneurs at an affordable price. From the many pilot programs, the 2009 Directorate General of Higher Education developed a *student entrepreneur program* to bridge students to enter the real business world through the facility of a *start-up business*.

However, various programs that have been launched by the government are expected to lack optimal implementation in practice. The actual data confirm that the performance of university lecturers who should be able to apply the *Tri Dharma Perguruan Tinggi* (three pillars of tertiary education: research, teaching, and community service) is still not optimal; this finding is indicated by the research results of universities in Indonesia; these studies, which comprised only approximately 5,600 publications, have been published internationally in 2015 (Kompas, January 2016). This number remains because Indonesia has over 4,000 universities. Moreover, the role of higher education as an innovation agency in Indonesia remains limited. Colleges must still be encouraged to improve research by generating innovation toward achieving progress and prosperity of the nation.

Based on the above various facts and study results, the performance of university lecturers in conducting entrepreneurship activities has been predicted to be non-optimal. The entrepreneurial orientation of lecturers is assumed to remain the real problem in Indonesia. Entrepreneurial orientation reflects the courage in facing risks, innovatively and proactively, and the ability to compete aggressively, which is crucial for improving the growth and performance of an organization (Fairoz et al., 2010). An organization wherein actors have a

high level of entrepreneurial orientation demonstrates risk-taking, innovative, proactive, aggressively competitive, and independent behaviors to seek new opportunities and enhance competitive advantage and performance (Chen et al., 2011). University lecturers should possess an entrepreneurial orientation that is proactive, innovative, and daring in terms of risk-taking (Fairoz, 2010; Lee & Lim, 2009; Kropp et al., 2008; Moreno & Casillas, 2008; Li et al., 2008; Wiklund & Shepherd, 2005; Lumpkin & Dess, 1996).

In contrast to the private sector, institutions that operate in the public sector have constantly faced the challenge of rapid development because they still strongly maintain the classical, value, and traditional aspects; Kirby (2006:599) stated that “public sector often faces sort of barriers to entrepreneurial activity in the private sector.” Many higher education institutions are typically public sectors, which still survive the status quo because they are concerned about a possible failure (Durtino, 2014). Allegedly, the *traditional box* still adopted by many public sectors who wish to be in the “comfort zone,” causes low entrepreneurial and limited learning orientations. The important values that shape learning orientation are organizational commitment, togetherness in learning vision, and openness to embrace new thinking (Alipour, 2006; Marsick & Watkins, 2003; Skerlavaj Miha et al., 2007). Learning orientation that is still not optimal will cause difficulties for an entrepreneurial university to obtain its mission and vision; according to Zhou (2008:5), “an entrepreneurial university must have three missions: teaching, research and service the economy through entrepreneurship activity and continually participating in society’s technological innovation.” The facts on the field confirm that the concept of the triple helix, which is a college, university, and government collaboration, has failed to encourage new innovations. Based on this explanation, the learning orientation that supports the entrepreneurial orientation in universities is suspected to remain low. Therefore, predicting the influence of the condition of the entrepreneurial orientation of the faculty on their performance is a crucial task.

2. CONCEPTUAL AND OPERATIONAL FRAMEWORKS

This study proposes a modeling with three variables, including entrepreneurial orientation, learning orientation, and performance (Figure 1). Modeling proposes to accommodate the demands of the community to make the college an innovation agent, that is, a challenge that has to be satisfied among others by improving research quality and quantity. College lecturers should have an entrepreneurial spirit that is proactive, innovative, and risk-taking (Fairoz, 2010; Lee & Lim, 2009; Wiklund & Shepherd, 2005; Kropp et al., 2008; Li et al., 2008; and Lumpkin & Dess, 1996). The entrepreneurial orientation of university lecturers can be enhanced if the learning orientation can be implemented well. Universities, whose lecturers are learning oriented, can develop new knowledge and understanding that will potentially affect entrepreneurial behavior. Universities with learning-oriented lecturers will create a conducive environment that allows transfer of knowledge and optimization of a favorable learning process among lecturers and between lecturers and students.

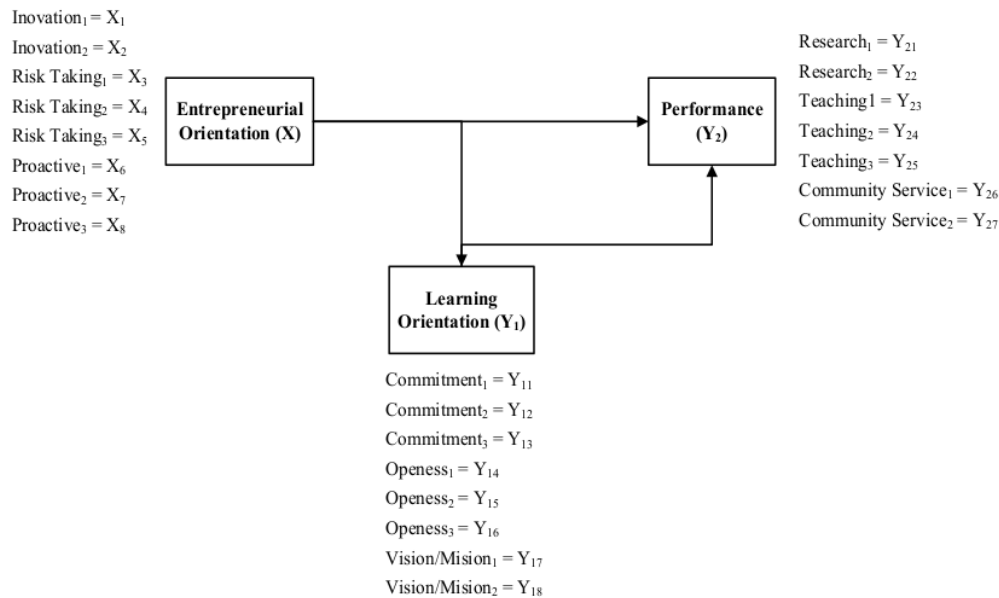


Figure 1. An Initial Operational Framework and Hypotheses

Learning orientation is important to achieve goals and improve performance in an institution. In the context of higher education, implementing learning orientation will encourage a positive situation, such as the commitment to study, be open to new thinking, and a shared vision. This ideal scenario will impact the performance of universities positively, particularly in satisfying the *Tri Dharma Perguruan Tinggi* in terms of 1) research that can lead to innovation to become the center of cooperation; 2) education (teaching) aspect, that is, the capacity to generate qualified human resources (producing graduates who are prepared to work); and 3) active participation in community services that will impact the community positively (Albretch, 2011; Wood et al., 2001).

3. RESEARCH DESIGN AND METHODOLOGY

This study utilizes a verification method (Cooper and Schindler, 2011), and was conducted using a survey method by gathering samples from a population, that is, teaching staff among several universities in Indonesia. Samples were collected using the convenience random sampling method online and offline. An analysis method used is SEM-partial least square (SEM-PLS). The sample number was used with a recommendation from Hair et al. (2013), in which the sample size is determined on the basis of the maximum number of arrows pointing at a construct (Hair et al., 2013:21). Hence, the sample number of this study is 5. The minimum number of samples is 80 respondents with a significance level of 5%. The distribution was conducted based on proportional allocation, that is, the distribution is comparable in different regions.

4. RESULTS AND DISCUSSION

A total of 123 people from various public and private higher education institutions scattered in various regions in Indonesia participated in this study. Most of the respondents were from private universities (60.98%) followed by public universities (39.02%), with male respondents comprising 57.7%. The rest were female. Respondents who were teaching staff from various regions of higher education dominantly came from Central Java (24.4%), followed by Special Capital City District of Jakarta (22.8%), West Java (14.6%), and other regions. In terms of age, most respondents were 30–44 years old (67.39%). The rest were between 25–29 years old.

Figure 2 illustrates the structural model that can explain the result of hypotheses test and loading factor after explaining the profile of the respondents.

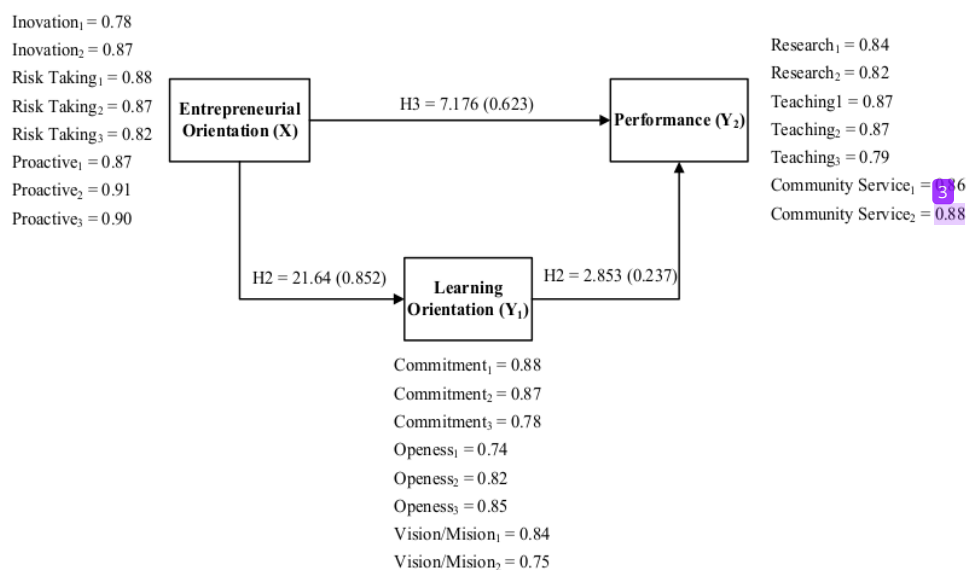


Figure 2: Hypotheses and the Loading Factors Result

Figure 2 demonstrates the loading factors of the model. Overall, all indicators exhibit a favorable reliability (>0.70). Generally, the proposed model can be verified (Figure 2), thereby suggesting that the proposed hypotheses are confirmed to exert a significant effect as follows: 1) the effect of entrepreneurial orientation toward learning orientation with very strong influence (0.852), 2) the effect of entrepreneurial orientation toward performance with strong influence (0.623), and 3) the effect of entrepreneurial orientation toward performance through moderate influence of learning orientation (0.237). The findings on the field confirm that the entrepreneurial orientation variable plays a crucial role in learning orientation and performance. Thus, entrepreneurial orientation, as a strategic orientation of university lecturers who are risk-takers, innovative, and proactive in developing institutions, can enhance entrepreneurial orientation. Moreover, university lecturers display a willingness to embrace new thinking by building a network, collaboration, partnership, and relationship that

strongly impact performance, that is, to be able to fulfill the *Tri Dharma Perguruan Tinggi* (research, education/teaching, and community service).

This finding is accurately supported by the descriptive analysis in which average respondents rated high toward the indicator of entrepreneurial orientation with mean value >3.9. The latter indicates that university lecturers have entrepreneurial orientation primarily in the following several matters: prioritizing quality service, addressing technology as a means to improve professionalism, innovating, and addressing competition as a challenge. Furthermore, if the opinion of respondents on the learning orientation is explored further, then the result shows a high value >4, thereby confirming that university lecturers are already learning oriented primarily in the following several matters: high commitment toward institution to promote the reputation of an institution and expose environmental changes, particularly via information technology. Then, in terms of performance, the findings on the field agree with value >3.6. This value confirms that university lecturers have performed reasonably primarily in the following several matters: increasing quality toward students by utilizing information technology, building a comprehensive academic atmosphere, organizing community services with a positive impact for the community, publishing articles in scientific journals, and building a network of professional and academic associations.

An interesting finding that supports the abovementioned research finding is the assessment range on a scale from 1–10. Apparently, the value remains greater in learning orientation (7.4) than in entrepreneurial orientation (6.8). Individually, the teaching staff still prioritizes learning orientation. If learning orientation is optimized to support the creation of entrepreneurial orientation, then university performance will continue improving.

5. CONCLUSION

Facts on the field can prove the modeling of entrepreneurial orientation. That is, entrepreneurial and learning orientations influence the improvement of the performance of university lecturers positively. In the future, higher education institutions must be able to create an environment and facilitate the creation of entrepreneurship among lecturers who adhere to the *Tridharma Perguruan Tinggi* (Three Pillar of Tertiary Education). To complete this study result, further study must be conducted with the following suggestions: 1) a wide-ranging study that proportionally represents the stigma of university lecturers from various Indonesian universities, must be conducted, particularly research one that relates to clustering based on several situations, including status (public and private universities), the size of universities, and university regions; 2) explore factors that significantly affect the creation of entrepreneurial orientation that can influence performance.

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