M-2009

INTRODUCTION AND CONCEPTUAL FOUNDATIONS OF ENTREPRENEURIAL UNIVERSITY

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Summary

This paper addresses transformational strategies towards becoming an entrepreneurial open university based on the experience of Universitas Terbuka (UT), Indonesia. Open universities have been confronted with the challenge to adopt entrepreneurial values to respond to concerns of stakeholders for improved performance and quality. The entrepreneurial open university must have the capability in dissemination of knowledge and creation of added values to the society, perform teaching a large number of students, meet the needs for lifelong learning, and maintain capacity in research and community services. UT strategies towards becoming an entrepreneurial open university have been built upon its strategic and operational plans focusing on three areas of development, namely academic quality and relevance, student access and participation, and internal management. Recent government policy and legal reform have required UT to transform itself to become legal entity with greater academic and managerial autonomy. The UT operational strategies to become an entrepreneurial open university include accommodating stakeholders' needs, networking and partnership, diversifying programs and fees, revenue generating programs, improved student learning support, good and corporate governance, systematic planning and open management, quality assurance, and learning organisation. It is important to note that entrepreneurialism is not commercialism.

Universities throughout the world are under increasing internal and external pressures to change and adapt themselves to be effective and relevant to labour market and diverse needs of stakeholders. For a long time universities have preserved the traditional functions of teaching, research, and community services. While these functions remain the same, there are challenges ahead confronted by universities in complex environment to sustain these roles and explore new ways of doing things that make themselves sustainable and relevant to changing needs of the society.

Pressures are mounting for universities to adopt entrepreneurial values and transform themselves to become entrepreneurial institutions in different fashion. Some universities

have attempted and contextualised the transformation into entrepreneurial institutions through meeting the needs for regional economic development (Bramwell & Wolfe, 2005), exploring new venture creation (Vickers, Salamo, Loewer & Ahlen, 2001), commercialisation of research activity through the spin-off of new companies (O'Shea, Allen & Morse, 2005), and the promotion of the spirit of entrepreneurship education (Gibb, 2005).

The ideas and transformation into entrepreneurial universities have become important trends to anticipate changing scenarios of higher education (Clark, 2001; 2004). Clark (2001) has analysed how European universities go about transforming themselves by means of entrepreneurial action involving five major elements: "a strengthened steering core, an expanded developmental periphery, a diversified funding base, a stimulated academic heartland, and an integrated entrepreneurial culture". The character of entrepreneurial universities is further delineated, addressing the questions of how such universities are initially formed and how they sustain themselves (Clark, 2004).

There is no doubt that entrepreneurial universities of all kinds, face-to-face and distance teaching, adhere to the adoption and application of entrepreneurial values. However, the notion of entrepreneurial open university is somewhat different from that applied in campus-based university. The traditional entrepreneurial universities rely on research and development as its core functions and thus its generating revenues. The entrepreneurial open university have to balance itself on teaching a large number of students, generating revenues from students' fees to sustain operations, and empowering research capacity.

Background and context of Universitas Terbuka

Established on the 4th of September 1984 as the 45th state university in Indonesia, Universitas Terbuka (UT) is the only single-mode distance teaching university exclusively uses distance education system to cater for the needs of distance students. Its main missions have been to upgrade the qualifications of in-service teachers and to provide improved access to quality higher education to working adults and recent high school graduates. In 2009, UT has an enrolment of over 550,000 students, and so far it has produced over 700,000 alumni, working in various fields of the profession. UT has four Faculties and a Graduate School, i.e., Faculty of Teacher Training and Educational Science, Faculty of mathematics and Natural Science, Faculty of Social and Political Science, and Faculty of Economics. The Graduate School has growing number of graduate students, and it currently offers Masters programs in Management, Public Administration, and Fishery Management.

UT has been designed as an open university with extensive internal and external networking arrangement. Internally, UT has 37 Regional Offices located almost in every province of the country, with planning, control and operational management is based in its headquarters located in Jakarta. The UT human resources include a total of 1,834, distributed almost evenly in Head Office and its 37 Regional Offices, all of which including 769 academic staff. UT further employs course authors, test item writers, tutors, and supervisors on contractual basis in partnership with local public and private universities as well other educational institutions.

Externally, it has developed extensive networking with various organisations for operational as well as entrepreneurial purposes. UT external networking include state and private universities for course and test item development, the Post Office and cargo companies for the delivery of learning materials, with television and radio network for broadcasting its programs, local governments and offices for securing students' sponsorship, and other organisation for various purposes.

Strategies and requirements for an entrepreneurial Universitas Terbuka

UT has preserved its main original missions to open up access to quality higher education for in-service teachers and working adults through distance learning. As a university, UT performs its traditional functions of teaching, research and community services. UT conceptualises and implements the idea of entrepreneurial university in somewhat different fashion using distinctive approaches as a distance teaching university through adoption of new ideas, putting innovations in action, and transforming itself to become autonomous in nature and entrepreneurial in character. Description about earlier development of UT as an entrepreneurial open university has been presented elsewhere (Damajanti & Zuhairi, 2008), and this paper addresses further analysis and synthesis of UT strategies, requirements, and added values as an entrepreneurial open university.

Putting strategic and operational plans in action. UT strategic and operational plans focus on three areas of development and improvement, i.e., academic quality and relevance, student access and participation, and internal management (UT, 2004; 2004a). As a state national open university UT has the moral obligation to teach and reach a large number of students. UT has implemented operational strategies to achieve its vision and missions effectively. These long-term and medium plans have been further translated into elaborate annual plans, and its implementation involves continual monitoring and evaluation of measurable objectives and targets.

Adhering to legal reform of higher education institution as a legal entity. The government has recently introduced legal reforms, one of which of significance importance to higher education is the introduction of Law on Educational Institution as Legal Entity in January 2009. This new Law has required higher education institutions, public and private, using face-to-face and distance learning modes, to transform their legal status to become independent legal entities. Higher education institutions have been allocated up to a maximum of four years to transform themselves from the traditional form of government-owned or community-owned to become autonomous legal entity.

Accommodating stakeholders' needs. Meeting stakeholders' needs are important to ensure that programs are relevant to the job market. Dialogs and consultation with stakeholders are conducted through various means to ensure that their needs for programs are met and relevant to regional conditions. Stakeholders include central and local governments, relevant ministries, business and industries, and employers of the graduates. These dialogs and consultation provide the UT with the opportunity to precisely identify their needs and develop programs to suit their needs.

Diversifying programs and fees. Fees are an important component of UT financial resources, to which it relies about 90% of revenues on student fees, while the government contributes only about 10%. Despite significant contribution from students' fees, UT maintains its "popular" status as a higher education institution which charges the lowest fees in the country. This status can be achieved through employing different fee structures for different programs with different kinds of services, capitalising on its massive students' enrolment and large scale operations. Higher fees are charged for programs with more delicate services. For example, for graduate programs and in-service primary teacher training programs, higher fees charged to students, who in return get more variety of services, such as provision of face-to-face and online tutorials, practicum and practical activity supervision, and thesis writing supervision.

Focusing on revenue generating programs. One important strategy of UT is focus on revenue generating program. UT is taking advantage of the introduction of the New Law on Teacher and Lecturer 2005, which regulates the teaching profession with university degree requirement. Strategic enrolment planning and market research have been developed to ensure the sustainability of students in various programs with sound economic

considerations. Enrolment in the in-service teacher education program is significantly higher than in all other programs combined, and the student teacher population contributes up to about 80% to the total student body. This trend of enrolment in teacher education program is projected to last until 2015, when all teachers are expected to have completed their university degrees. UT has started to develop strategic market research to anticipate changes in enrolment trends, seeking market opportunities in the areas of business and management studies and continuing education programs.

Improving student learning support. Improvement of student learning support is critical in distance education. Developing a systematic learning support system for a large number of distance students with different needs is essential to ensure students' independent and autonomous learning process effectively. UT student learning support system includes a variety of services such as tutorial, academic advising and counselling, study group activity, academic administration services for students, and organisation of student activities. Policies for learning support services are developed in the Head Office for implementation at frontline level in Regional Offices in collaboration and networking with local partners. The provision of learning support in distance education is intended to facilitate quality student learning process to suit students' learning needs and allow flexible access to various means of learning support (Zuhairi, Adnan & Thaib, 2007).

Implementing good and corporate governance. Effective entrepreneurial university is governed under good and corporate government principles. Implementation of good and corporate governance can be observed through UT rigorous planning, management system, and quality assurance to ensure quality provision, transparency and accountability. UT governance system is designed in such a way that it effectively meets the requirements of a large open university and serves stakeholders' expectations. Implementation of good and corporate governance has helped achieve UT missions through active participation of the university community in decision making and execution of programs and activities.

Applying systematic planning and open management. With over 550,000 students, systematic planning and open management are crucial in a large-scale open or mega-university. UT has taken bold steps to decentralise its planning system and employs participative management. Strategic and operational plans have been drawn up collaboratively involving all units. Then units are requested to draw and implement their annual plans. Resources are allocated to units with careful monitoring and evaluation to ensure that plans can be effectively implemented and targets can be achieved.

Assuring quality. Quality assurance system can be effective management strategy for continual improvement. Quality is a top priority and concrete actions in quality assurance has been taken since 2001, and then a Quality Assurance Centre has been operated since 2003. UT quality assurance system has been designed as a systematic and comprehensive approach to improve quality continually, and it has involved both internal and external assessment. As an internal mechanism, UT quality assurance system requires periodic monitoring, evaluation and internal quality audit. External assessment has been conducted by accrediting bodies, such as the International Council for Open and Distance Education (ICDE) Standards Agency (ICDE/ISA) and National Accreditation Board of Higher Education (BAN-PT). Since 2005, UT has implemented the ISO 9001:2000 quality management system for its core business processes. Some of these core business processes that have been awarded with ISO 9001:2000 include learning materials distribution (2006), development of learning and examination materials (2007), academic administration services (2007), promotion and partnership (2008), and distance learning services of 24 out of 37 Regional Offices (since 2007). The aim of quality assurance is to ensure the provision of the best services to students.

Establishing learning organisation culture. Establishing a learning organisation and learning culture among people within an organisation is important. As a learning organisation, UT has attempted to promote learning culture, in which there is "a process that unfolds over time and link it with knowledge acquisition and improved performance" (Garvin, 1993). UT strategic plans clearly state one of its objectives to establish a learning organisation based on the principles of good and corporate governance. This particular objective can be achieved through involving all management and staff, and effective uses of software, hardware and expertise, development of UT core competence as an open university, and provision of infrastructures, facilities, and resources to ensure provision of quality services to students.

Added values of an entrepreneurial Universitas Terbuka

Added values for UT as an entrepreneurial open university are embraced in its good practices in terms of networking and partnership, image building, and adoption of principle that entrepreneurialism is not commercialism.

Networking and partnership. Networking and partnership are major driving force for the sustainability of an entrepreneurial open university. To ensure revenues from users' contributions, effective networking and partnership must be established with local and central governments, business and industries, and other institutions sponsoring students to attend higher education via distance learning. In the decentralised local government system, in which many decision making capacities rest with local government, UT has to work individually with both provincial and district governments. These networking and partnerships are developed to support UT distance learning services, such as curriculum and course development, test item development, face-to-face and online tutorial services, and student supervision for practicum, internship, and thesis writing. Good networking and partnership have significant added values for generation of revenues, sponsorship for students, non-materials and material support and other forms of contributions critically needed to support the sustainability of operations.

Image building. Image building is an important aspect which has to be built up through good partnership and networking with stakeholders. UT partners are effective social marketer and image builders. UT has established trust with partners, maintain and enhance this trust in order to ensure that UT services can be delivered and provided to benefit learners. UT operations involve such a wide network with stakeholders at national, provincial and district levels so that image building can be enhanced and improved continuously. For example, UT courses are developed by professors from prestigious universities in Indonesia.

Entrepreneurialism is not commercialism. It is important for an entrepreneurial open university to have the principle that entrepreneurialism is not simply commercialism, which implies making profits and financial benefits. Entrepreneurialism also embraces those effort and initiatives that result in sharing of resources that allow UT services to be provided at affordable level by students at acceptable level of quality. UT has been dependent on significant contributions to support its operational activities from partners and stakeholders, such as local universities for provision of tutors and supervisors, school and educational institutions for administration of semester examination and tutorial locations, the Department of National Education and its associated Offices for provision of physical facilities, and information and communication technology infrastructure, such as *Jaringan Pendidikan Nasional (Jardiknas)* and *Information for Higher Education and Research (INHERENT)* networks.

Conclusions

For UT, transforming a state open university to becoming an open university with entrepreneurial characters has been a gradual process in response to internal and external

pressures. Internally, there has been strong drive from within UT to improve performance and ensure sustainability. Externally, there are pressures from stakeholders to improve quality, transparency, and accountability. As a distance teaching university, UT has been disadvantaged from the government in terms of funding, as it has been granted lower and lower proportion of government funding than other state universities. Disadvantaged circumstances can be transformed into opportunities, in which UT has attempted more entrepreneurial spirit, approaches, and characters to ensure its sustainability as a major distance teaching institution with less and less dependence on government funding.

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