

Entrepreneurial and Innovative Leadership: Evolution towards a better Higher Institution of Learning

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Abstract

The development of mass higher education has forced the diversification of the traditional university model because the university, where research and teaching are accorded equal weight, is difficult for the modern state to finance at all institutions that teach at a higher education level. Diversification has been driven by competition between universities in research and by the effect of market forces on student choice and enrollment (Dill,2003). The growth of the private university is one indication of this, and a powerful indication of the forces of change; the pressure for universities to play a greater role in stimulating their local and regional economies is perhaps another. But the growth of university entrepreneurialism – of the institution and within the institution – represents a further element of diversification. If universities become more orientated to markets, more driven by individual initiative, more subject to risk taking, they are more entrepreneurial. The more entrepreneurial universities become, the more they also require entrepreneurial leadership.

Key words: Higher Institution of Learning, Leadership, Entrepreneurial Leadership, Entrepreneurialism, Creativity, Innovation

Introduction

From the early 1980s onwards, the policies and priorities of universities have been increasingly influenced both by the quest for nationally relevant university research and by pressure for accountability and cost reduction (Geuna, 2001). The search for new sources of finance to replace declining government funding for higher education is a strong imperative for universities in a number of economies to adopt “new managerialism” and “entrepreneurialism” (Deem, 2001). With fewer public resources available for higher education, many universities need to place a higher priority on being responsive to their local and regional communities’ needs and on being perceived as useful to society in order to receive public support (Shattock, 1997). In recent decades, while case studies and evidence of success factors in managing these relationships mostly at an institutional level are accumulating (Clark, 1998, Shattock, 2003), national governments are finding it difficult to relate these individual institutional experiences to their own policy concerns (OECD, 2005).

Reduced state funding leads to seeking external funding and is a strong incentive for entrepreneurial activity (Powers, 2003). When universities have to seek funding in cooperation with business, they need entrepreneurial and innovative leaders. Entrepreneurial and innovative leadership is the focus of this paper. This paper begins by presenting the

challenges of leadership in higher institution of learning. Second, the paper highlights the concept and characteristics of entrepreneurial leadership. The third part describes the motivators of entrepreneurial leadership. Fourth, the paper runs through fostering creativity and innovation through entrepreneurial leadership. The fifth part presents the barriers to entrepreneurial leadership. Finally, the paper draws conclusion and makes recommendation.

The challenges of leadership in higher institutions of learning

Higher institutions of learning face a number of challenges which include the following:

Continuous improvement

It has always been the main challenge of leaders of higher institution of learning to improve the quality of the products or services offered by their institutions. It has often been difficult to reach agreement on the core meaning of the term quality. Quality concept is usually reflected in the vision and mission statements. Higher institutions of learning have high sounding vision and mission with ambitious goals that are difficult to achieve once and for all. Leaders face a challenge in terms of leading their institutions in such a way that they constantly move towards realization of their missions and goals. It is here that continuous improvement comes into the picture. The task of leadership is to create conditions in which everyone within the institution contributes individually and corporately.

Learning within the institution or professional development

Continuous improvement naturally demands a continuous development of relevant professional skills amongst the parties involved especially the staff and students. In the ideal institution, staff and students are constantly learning more about how they can contribute to better learning process. An essential leadership task is thereby the building of a school in which a continuous learning process takes place, a professional development based both on personal experience and on research. The challenge for leaders in higher institutions of learning is creating a *learning organization*. It can be accepted that the most limited resources in higher institutions of learning is not money but professional skill.

Uncoordinated change in policies

Borrowing from innovation theory, concrete policies that are stable over a period are a prerequisite for continuous improvement. Politicians, Governing Councils and Top Management make frequent changes in laws, regulations and policies without proper coordination. This brings conflict of interest. These presumably make it difficult for leaders and staff in higher institutions of learning to maintain a steady course in their improvement work.

General barriers to change in higher institutions of learning

Other challenges arise from some barriers of both psychological and physical nature. In this connection, pressures of time as well as limited financial and academic resources can be mentioned as factors that prevent rapid improvement pose great challenge in the leadership of higher institutions of learning. Given all these challenges, this paper presents entrepreneurial leadership as useful alternative in the leadership of higher institution of learning.

The concept of entrepreneurial leadership

The *entrepreneurial leadership* has many definitions but generally it means entrepreneurial action, structures and attitude in a university leadership (Skogen, 2010). In all countries of the world universities have shifted, over the past 20 years, from being relatively protected public

sector institutions to greater financial autonomy, which means taking more financial responsibility for the consequences of their actions, and this has meant much greater uncertainty. Uncertainty creates the climate that promotes entrepreneurship and uncertainty and the risk that accompanies it have increased nearly everywhere in the past decade.

“Marketisation” of higher education and university “entrepreneurialism” are sometimes treated as being nearly synonymous. Any activity that generates income to supplement or replace inadequate core income from public funds is often described as entrepreneurial – recruitment of fee paying students, contract research, letting out university buildings for external conferences and hiring other facilities. Thus it is used to describe almost any positive or proactive academic response to the challenges of a rapidly changing knowledge society. For universities to remain entrepreneurial, they require entrepreneurial leadership. The next section highlights the characteristics of such leadership.

Characteristics of Entrepreneurial Leadership

Emphasis on creating a better world (making a difference)

The most important feature of an entrepreneur is that he or she is always seeking to make things better than they were before, perhaps creating a new practice. It is this attitude that the US President Obama describes as the desire to ‘make a difference’. To put it briefly, it can be said that an entrepreneur wishes to make the world a better place, and Fullan (2003) describes this as the morale imperative of entrepreneurial leadership. An entrepreneurial leader is constantly striving for improvement. An entrepreneurial leader will always direct his or her attention towards the overall goals and concentrate on continuous improvement, identify and follow-up on opportunities and exploit his or her creativity to the full.

Emphasis on innovation and leadership for change

Continuous improvement is a much-used concept ... it can be said that an entrepreneurial university leader is a leader of innovation processes that are working towards long-term goals. Long-term innovative thinking is a feature of entrepreneurial approach and thereby the characteristic of entrepreneurial leadership. The entrepreneurial leader accepts that his or her primary duty is to be the leader of a process of continuous improvement – to be a leader of innovation – and not the *administrator or manager of a set of rules*.

Emphasis on perceiving opportunities and not focusing on impossibilities

McGrath and MacMillan (2000) highlight three characteristics of the entrepreneurial mindset which are concerned with possibilities. First, entrepreneurs seek out possibilities with great enthusiasm. Second, they choose the best possibilities on the basis of realistic assessments. Third, they pursue their chosen possibilities with enormous discipline. The last two characteristics concern action and the realization of ideas. On the other hand, they invest much energy in exploiting opportunities to realize their ideas. They also engage and activate other people in this work. Drucker (2004) views the appreciation of opportunities possessed by entrepreneurs as one of the most characteristic features. While many university leaders view any unexpected event as a disturbance, an entrepreneurial leader will see opportunities. If conversations about educational matters and the work of the university are characterised by worries along the lines of having too much to do, too few resources, incomprehensible requirements and expectations, difficult students and staff, then one is in a traditional university without an entrepreneurial mindset and probably without entrepreneurial leadership.

Emphasis on creativity and new thinking

Apart from innovation, the emphasis on creativity is perhaps the most important characteristic of an entrepreneur. Creativity is characterized both by newness and usefulness. This applies equally to whether the entrepreneurship concept places emphasis on the foundational activity of creating and establishing something new or whether the definition places emphasis on a continual improvement of an existing activity. In the context of this paper, the emphasis will be primarily directed towards the continual improvement of the institution in question, seen in relation to overall educational policy guidelines as laid down by law and other regulatory bodies.

Motivators of Entrepreneurial Leadership in Higher Institutions of Learning

There are five motivators of entrepreneurial leadership and they are:

- Ideology.
- Expansion.
- The “knowledge society”.
- Globalisation.
- Financial stringency.

Ideology

There have been huge changes in the ideology and political thinking about the role of the state in the provision of public services. It is important to remember that the changed political climate has not affected higher education alone but all public services. Liberalization of higher education is taking many forms, such as joint programmes, courses and diplomas, presence of foreign universities offering studies in foreign countries, student mobility and research consortia.

Expansion

In all the countries offering higher education, massive expansion of student numbers has led to vastly bigger and more diverse higher education systems. Some courses, such as business, economics and development studies attract large and increasing numbers of students whereas the demand is stagnant or decreasing for many courses in the physical sciences and engineering. This is changing the internal culture and management of many universities and they are finding it necessary to adopt special measures to support faculties and departments in science and engineering even when their total student numbers are buoyant. It is diversification, rather than the expansion in itself that has stimulated entrepreneurialism. The diversification takes many different forms. In the former centrally planned economies private education did not exist before the 1990s. In Uganda, like other countries, there has been a substantial growth of private higher education set up to exploit the increasing demand for particular curricula, courses and disciplines, and to circumvent some of the bureaucratic rigidities in the public higher education system. In Uganda the public universities are now allowed to admit fee-paying students and this encourages entrepreneurial approaches to recruitment.

In Uganda and the East African region the scope of higher education has broadened considerably, as new subjects and professions are brought within its ambit. The scramble for students can also encourage innovative and entrepreneurial approaches to the provision of new programmes of study.

There is a paradox about the relationship between expansion and some aspects of diversification that bears upon the entrepreneurial leadership of universities. Presumably the increased numbers of students want higher education because they think it offers something that will be worthwhile to them. But when the new students arrive some universities become persuaded that they must diversify to meet their needs. In other words, some institutions at least believe they need to offer new courses and to teach in different ways. They may seek to recruit additional students to increase their income, or their market share, and since some potential additional students are not attracted by traditional higher education services the universities need to offer an ever increasing range of higher education brands if they want to maintain or expand their market. Thus paradoxically it may be overcapacity in traditional higher education that is at least partly responsible for expansion of student numbers, diversification and entrepreneurialism.

It is also possible that it is the complexity of the knowledge society that requires universities to offer many more types and dimensions of knowledge than was conventional in the 19th and most of the 20th centuries. If students are willing to pay substantial fees to gain access to universities and colleges it is hardly surprising that higher education institutions and members of their staff are encouraged to act like business organizations to take advantage of the demand, when they are legally allowed to do so.

Knowledge and society

A third possible motivator of entrepreneurialism in higher institution of learning is the knowledge society. In the 21st century knowledge has economic value as never before and governments are keen for their states to take advantage of this. Lack of knowledge, and inability to keep pace with rapidly changing knowledge is penalized more than ever before. Research studies by various institutions (the OECD, IIEP/UNESCO and others) shows a strong correlation between the duration of initial education and type of employment and personal income (OECD, 2004; Hernes and Martin, 2001). This underpins the recognition given to universities as creators, interpreters, disseminators, guardians and repositories of knowledge. Among the European countries this is absolutely explicit in Finland, Spain, Sweden and the United Kingdom. In Sweden, for example, one of the reasons for growing interest in universities that are “entrepreneurial, innovative and adaptive” is “the increased focus on economic growth in society, where higher education and research are expected to play an important role” (Delanty, 2001). This dimension will need to be treated with considerable sophistication in the empirical case studies of higher education institutions. It will be necessary to try to discern how governments’ aspirations to harness universities to the service of a knowledge society are operating in practice. Is it a matter of throwing money at universities to do certain things (in which case why are universities complaining about a chronic shortage of funds) or are there other forces at work, linked to the ideological shifts in perception about the nature and purposes of higher education?

In the “late-consumerist” culture reached by many people in Western Europe and being fast approached by the transitional economies knowledge is acquiring more value than material goods and it is the knowledge incorporated in goods and services that is forming an increasing proportion of their value to consumers. The effect is that simple “commodities” are being replaced by more complex products and every technological breakthrough unleashes a new wave of knowledge embodiment in goods and services. Long established university programmes sometimes experience more difficulties in adapting to the highly

competitive environment than newer, more specialised smaller institutions and activities, which are able to update their profiles and knowledge bases faster.

Another way in which the knowledge society directly affects higher education institutions is through the encouragement of curriculum change. As “knowledge” expands and diversifies and becomes more accessible across the globe national higher education systems must be responsive to the need to keep pace with change. In many countries there have been big increases in the proportions of students studying Business and Management but in some cases higher education institutions are, in addition, encouraged to produce graduates who are infused with the ethos of entrepreneurialism. In Uganda for example, higher education institutions are persuaded to promote entrepreneurial thinking across a range of courses. In Finland “it has been suggested that the universities should be able to use professionals in business management and administration to increase their efficiency; as well as to improve the enterprising spirit in the universities and to pass it to the students” Sjovell (2010).. In England “employability” is a pervasive aim of a very wide range of higher education courses and the inculcation of entrepreneurial attitudes is often considered to be an important constituent of this.

Globalization

The knowledge society as a motivator of entrepreneurial attitudes in higher education can also manifest itself through a concern about globalisation. An aspiration to have universities that are able to compete with any other in the world has been an explicit driver of higher education policy in many countries. “From the turn of the millennium the debate has been focused almost exclusively on globalisation, competitiveness and educational markets”. More generally, the growing opportunities for student mobility across the globe have created a lucrative market in foreign student fees, in particular for universities that are able and willing to use the English language as the medium of instruction. Students from foreign countries bring considerable income to universities. Individual higher education institutions and systems are both proactive and reactive in their responses to the global challenges. They are keen to take advantage of the opportunities offered but they are also anxious to be strong enough to be able to resist incursions from universities in other countries.

Financial stringency

The fifth, and most obvious, motivator of entrepreneurial leadership is economic survival. Most countries report sharp reductions in public funding per student since 1990. Universities in all countries have found it essential to supplement their income from public funds by generating substantial third stream income. As a contribution to the financial needs of universities tuition fees for private students were introduced. Universities claim that to withstand increasing global competition, they need extra funding. In Sweden “at least 50% of all research at universities is financed from external sources, and comes from the research councils, foundations, industry and business, etc”. In the United Kingdom in the past two decades “the proportion of income from state grants for teaching and research has declined and universities’ income from other sources has increased OECD (2005). However, this overall picture hides a wide variation between institutions in the source of income, both in the total amount of funding available to universities and in its distribution between different sources”. Competition between universities is one of the main drivers of university entrepreneurialism in most countries including Uganda.

However, there is another paradox here. Many governments have policies to expand higher education for reasons connected directly or indirectly with the knowledge society. But in most cases they have not been willing to expand expenditure sufficiently to keep pace with the expansion. Governments claim that the communities they represent need the knowledge that universities create and disseminate, but at the same time they are expecting HEIs to generate growing proportions of their incomes from other sources (such as student fees, selling research and consultancy). This apparent inconsistency is the reason for entrepreneurial activities and entrepreneurial leadership in universities (Enders, 2002).

How Entrepreneurial Leaders Set Up a Creative Work Space to Foster Innovation

Employee creativity and innovation are essential for the success of any business, particularly in times of economic turmoil. There is a clear connection between employee engagement and innovation according to a 2006 Gallup poll. Engaged employees are more creative and more willing to accept innovative ideas from others. Most CEOs value creativity and employees who are allowed to be creative are more engaged with their current positions. A company's culture can either foster or stifle innovation. Fortunately, academic leaders are able to shape a more creative work environment if they follow a few basic guidelines. However, establishing a creative environment takes more than just turning your employees loose and giving them free reign in the hope they will hit on something valuable. As with any other system, the process of creativity requires the proper framework to operate effectively, which also enables management to evaluate the profitability of the results. Popular approaches to fostering innovation through creativity include:

- ***Maintain an open dialogue between staff and top management***

Dialogue will effectively motivate and engage employees. Always allow employees to present their ideas before important decisions are made. Provide feedback to staff, even when their ideas are not used, so that they know that they are not being dismissed. Encourage communication between departments: Collaboration between members of different departments often results in creative solutions for problems. Interdepartmental communication facilitates trust and prevents conflict. Departments that do not communicate are more likely to blame each other when problems arise. In addition, structuring the work area by removing physical barriers between people will improve communication and promote creative interaction.

- ***Engage staff by encouraging them to share creative ideas***

Do not limit creativity to special occasions/faculty/ department. Staff should be encouraged to continually share their ideas with supervisors and each other. Give your employees regular opportunities to bounce ideas off each other through a brain storming session. Find the most effective method of communication for your organization. You may want to create a type of suggestion box or schedule time at the end of meetings for people to share their ideas.

- ***Do not force staff to be innovative***

Creativity can be encouraged but not compelled. Forcing people to present creative ideas at certain times will not bring true innovation. Rather, create a number of different incentives to draw out creativity. Innovative ideas could be rewarded financially, with opportunities for advancement or any other incentive you have found effective for your staff base.

- ***Remain flexible and forgiving***

Inflexible environments discourage creativity and innovation. Creativity and innovation often involves taking risks. Encourage staff to think outside the box and implement ideas without interference. Additionally, do not punish staff if ideas are unsuccessful. Staff who are punished for taking risks serve as a warning to others against being creative or innovative.

- ***Keep track of institution innovations***
Many leaders in top management lose interest in supporting creativity and innovation because they do not bother to keep track of past innovations. Knowing how many staff innovations have been implemented and how successful they are, presents a clear picture of the financial benefits of staff creativity. Keeping track of innovations will also indicate whether any alterations need to be made to recently implemented programs or the institution culture.
- ***Reward efforts through positive psychological reinforcement.***
Encourage your staff to take risks, rewarding them for creative ideas and not penalizing them when they fail. In doing so, you will enable people to more readily take on assignments that stretch their potential (and that of your organization), discussing in advance any foreseeable risks and creating the necessary contingency plan. Encourage employees at all levels to contribute suggestions for improving current *institution operations*.
- ***Foster different points of view through outside perspectives.*** Innovation can often spring from a review of how your customers/ clients view and use your products and services. Soliciting their opinions can provide valuable insight into potential areas for improvement as well as areas where you are succeeding (essential knowledge for positioning against competitors). Other perspectives might include: vendors, speakers from other industries or consumers using a competitor's products or services.

Barriers to Entrepreneurial Leadership

According to Hay *et al.* (2002: 140), barriers to the development of an entrepreneurial culture in universities include the collegial, professional and bureaucratic nature of universities. Shattock (2003) has mentioned as barriers the actions of the state and funding system, organisational culture and traditions of government, too many layers of authority, as well as the lack of strong central steering mechanism. Some of the distinctive characteristics of academic and entrepreneurial professions and culture may, however, be quite similar: the possibility of being creative, the need for autonomy, the desire to achieve goals, and internal control. The difference is that the academics do not have profit-making as a goal. Indeed, Scott (2003a) states that with the advent of entrepreneurial changes, it may become more difficult to distinguish the role and the culture of academic actors from that of "other" actors. The unification of educational and market values in the university world may lead to the genesis of a whole new professional culture (Johnson, 2002: 153).

Audretsch (2002) quotes some important findings about the barriers to innovation in industry. For example Beise and Licht (1996) after Acs and Audretsch (2005), showed that the major constraint on innovation for small and medium sized enterprises in Germany quoted in surveys in 1992 and 1994 was the length of the gestation period between the birth of the idea and its commercial exploitation. Audretsch (1991) argued that in large firms "The decision to innovate must survive layers of bureaucratic resistance, where an inertia regarding risk results in a bias against undertaking new projects". This reinforces the view that internal organisational structures can influence creativity and the total amount of innovative activity. There are many parallels between these findings and the position in universities. Shattock (2003) and Clark (2004) show how internal bureaucracy and mechanisms of financial control designed for conventional financial reporting can stifle intrapreneurial activity. Delays in

purchasing equipment and putting it into service together with extended approval mechanisms can severely affect the gestation period of research.

Conclusion

Leadership is increasingly being recognised as central to any education system. Leadership policy is evolving as part of the overall and on-going changes in the education system. Governance structures are complex and policy respects the past traditions, current trends and future expectations of schooling. Leadership does not reside with one person at the top, but, rather is part of every staff's work. Future policy might recognise this in a more formal way and provide the training and support required for entrepreneurial leadership to be developed throughout the education system. To support creativity, to be able to identify opportunities and to set a course for the work of higher institutions of learning, entrepreneurial leaders must cultivate a creative collaboration by, amongst other means, ensuring that the following requirements are present: both expertise and new perspectives must be available in the work place, both academic and personal diversity must be present in the institution of higher learning, innovative opportunities must be identified and/ or put into practice, time must be made available for reflection (incubation period) and creativity must be followed up by convergent thinking through priorities and choices.

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