Institutional and Academic Entrepreneurship: Implications for University Governance and Management

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The teaching of Entrepreneurship in universities, particularly in the German-speaking countries, began to take off in the 1990s. Once the idea was accepted, introduction of chairs and course programmes posed no particular difficulties. Some traditional academics have questioned the academic rigour of the subject, particularly when the teaching and practical training aspects of Entrepreneurship have been in greater demand than the research aspect. The author gives pointers as to how best to set up Entrepreneurship programmes in universities as per three models: the campus-based integrative model, the campus independent model, and the campus-based dual model. Two American examples of the latter model are presented.

HOW ENTREPRENEURSHIP ENTERED THE UNIVERSITY

This article deals with problems of implementing Entrepreneurship as a new subject of research and teaching in universities.

The implications for university government and management of establishing a new discipline are influenced by several factors specific to the political and academic constitution of the academic sector in given countries. Because these conditions may vary, it is difficult to make an accurate generalized statement. The information given below is based on the situation of the German-speaking countries. Whether or not the relationships existing in these countries can be transferred to other countries should be checked against the conditions in the countries in question.

An examination of the establishment of Entrepreneurship in the academic arena reveals two strands. Since Adam Smith wrote *The Wealth of Nations* in 1776 (1904, 5th ed.), nearly all prominent economists have paid tribute to the entrepreneur as the promoter of a capitalistic society. They have formulated definitions and typologies of the term "entrepreneur", and have linked it to the elaboration of theories relative to the impact of the different types of entrepreneurs on the functionality of a given economy. At a later date, philosophers, sociologists, psychologists, and representatives of other disciplines joined the community of scientific entrepreneurship. Thus, a great deal of theoretical knowledge about entrepreneurs has been produced from various points of view. But the knowledge produced has been of a kind that one can call "academically basic knowledge", having no profound effects on economic and social policy.

About thirty years ago, the focus in some universities in the United States shifted from the production of scientific knowledge about Entrepreneurship to the training and education of entrepreneurs themselves. The traditional academic objectives, basic research and the teaching of basic knowledge were challenged by new objectives such as education in Entrepreneurship and Entrepreneurship support. Subsequently, the number of American universities offering programmes in Entrepreneurship greatly increased. In the middle of the 1990s, a great wave of ideas about Entrepreneurship swept over to Europe.

One cause of that shift in academic orientation has been the efforts of universities to
transform scientific knowledge into productive ideas that can be commercialized. In some disciplines, Computer Sciences, for instance, scientific knowledge and applied knowledge are almost identical. Such a situation was judged as a good basis for spin-offs from given universities. At the same time, it became obvious that the people who plan spin-offs should be qualified as entrepreneurs in their universities and that they should be supported while undertaking the first steps of a start-up.

Another reason for the advent of Entrepreneurship as an academic subject is to be found in the political area. Facing the boom in the new economy and examining statistics about manpower employment in small and medium-sized enterprises, politicians in many countries have recognized Entrepreneurship as a powerful tool by which to solve serious economic and social problems. This undertaking has led to a demand for the extensive support of Entrepreneurship in universities. The establishment of more than thirty chairs in Entrepreneurship at German universities, most of them sponsored, was a consequence of this demand.

In addition to the economic and social motives cited above, some people view Entrepreneurship as a philosophy of life. According to this point of view, being independent should be a new educational objective: teachers and professors should have a “missionary” duty to preach a culture of Entrepreneurship at schools and universities.

Although this article will not develop the latter point, one’s philosophy of life not being a matter of university governance and management, it will first discuss the two different but basic orientations of research and academic education. Secondly, it will focus on questions concerning alternative structures of Entrepreneurship support by universities.

HORIZONS OF ACADEMIC ENTREPRENEURSHIP

General Conditions for Introducing Entrepreneurship in Universities: The Constitutional Framework

The question of whether Entrepreneurship should become a discipline in universities of given countries is determined by the constitutional framework and the structure of decision-making in these universities. A primary distinction is whether the governance of a given university is based on the principle of academic freedom and autonomy in decision-making or whether it is administered directly by the government. This distinction determines the role of the definition of the government in the governance of the given university.

In a system based on the “principle of freedom of research and teaching” and the autonomy of universities, the functions of central management are assumed by the faculties and the committees. All decisions concerning central management are assumed by the faculties, and the committees. All decisions concerning the profile of the university and scientific issues are made by the members of the academic/scientific community. In such a system, there is no hierarchical way to introduce new subjects like Entrepreneurship into given universities. Governance, represented by the rector or president and his or her council, may only refer to the decisions of the faculties in terms of their conformity to the profile of the university and to official regulations. The management functions of the central administration are subordinated to the decisions of the scientific committees. The main duties of central administration in such a situation are to control the budgets and to provide the resources. The terms, “governance” and “management”, must be viewed relative to this situation.

Second, it is necessary to distinguish among three general conditions: (i) a fully financed state university; (ii) a partly financed state university; (iii) and a private university. In state
universities like those of Germany, there are three ways for a new subject, like Entrepreneurship, to be accorded academic relevance:

(i) If the government wishes to establish a new subject at a given university, it can provide a new chair, or the university may be asked to determine a corresponding chair. Since the widening of scientific subjects and the determination of chairs are fundamental matters for faculties, the request of the government will be answered by the faculty in question. The decision of the faculty will be influenced by considerations concerning the suitability of the new subject in regard to the structure of the given disciplines, the scientific quality of the new subject, the market for qualified graduates, and provision of financial and other relevant prerequisites.

(ii) A chair is sponsored and defined by a private or by a public institution. Since the faculty is not obliged to accept the offer, the process of faculty decision-making occurs as in the case cited above. But here an additional parameter will be the influence of the sponsor, i.e., whether or not the sponsor is altruistic or whether or not he or she wishes to influence the activities of the chairholder.

(iii) A third way for Entrepreneurship to come to a university is for it to follow something like an “Indian” trail. Because of the principle of freedom of research and teaching, each professor at a German university is allowed to engage in research and teaching in every scientific subject in addition to his or her regular duties. For this reason, many professors who do not have a chair of Entrepreneurship are engaged in issues of Entrepreneurship. If they do not require additional resources, no decision by the faculty is required.

A private university may generally have increased flexibility in decision-making, but if it wishes to earn for itself a superior academic reputation, its decision to teach new subjects will be subject to the same rules as in the case of public higher education institutions.

Basic Orientations of Research and Academic Education

The establishment of Entrepreneurship in universities as a subject of academic research and teaching depends on basic decisions regarding the aims of academic education, the kind of research to be undertaken, the subjects of teaching, the recipients, and so on. As investigations have shown, these basic decisions shape two general orientations: a research orientation and an educational orientation. Decisions taken about the establishment of Entrepreneurship as an academic subject must deal with certain important differences between research and educational orientations (see Figure 1 below).

Implications of the Different Orientations for University Governance and Management

The distinction between research orientation and educational orientation corresponds to the descriptions, in the academic literature, of two schools of Entrepreneurship education. These schools are described as “[an] old school of Entrepreneurship education” and as “[a] new school of Entrepreneurship education” (Walterscheid, 1998). A research orientation is identical to the traditional view of a university. It is the hallmark of the “old school”, and the question is whether or not it is obsolete. The basic decisions, presented above, give strong support to the answer that research orientation in Entrepreneurship is a very important base for gaining a broad knowledge of several aspects of Entrepreneurship. The focus on research leads to the view of Entrepreneurship as a multi-perspective subject (for
example, Entrepreneurship in society, in non-profit areas, and in regional development; economic barriers and the support of Entrepreneurship, etc.). The subjects of teaching are the following:

—General knowledge and academic literacy in the areas of scientific subjects;
—Problem-solving abilities.

The recipients are people of various disciplines and interests who require scientific knowledge on Entrepreneurship. These include academics, politicians, counselors, sponsors, members of public institutions, and so on.

The benefit of the research approach to an individual entrepreneur may be more indirect since scientific knowledge is general and cannot be directly transferred to specific problem situations, like those typical of start-ups. From the point of view of research orientation, the education of entrepreneurs is a separate subject. A research orientation does not imply particular services by the university administration and management, for such an orientation is the “normal” life of a university.

If one looks at the Entrepreneurship literature and the papers that have been presented at various meetings, one concludes that currently the education orientation is very prominent. The causes for its popularity are varied. As indicated above, an increase in the numbers of start-ups is viewed as a universal solution for a number of economic and social problems. The political and social interventions and the sponsoring of Entrepreneurship chairs are the results of this assumption. Another reason may be found in the idea that universities can participate in the success of research in Technology and the Natural Sciences by marketing the resulting knowledge and technology and thus gaining financial benefits. The most concrete realizations of this idea are campus-linked start-ups.¹

¹ Most of the assumptions underlying these ideas rest on plausibility rather than on tested hypotheses. But a discussion of this problem is beyond the scope of this article. The question here is what are the implications of the different orientations for university governance and management.
A decision to adopt a teaching orientation implies the vocational education of “the successful entrepreneur” with priority of educational aims. The subjects of teaching are the following:

—Decision-making and action-knowledge
—Start-up management skills.

This orientation raises the question as to whether the education of entrepreneurs should be the central goal of all academic activities within a university or the faculty, or if it should be a secondary objective and have a separate status. Some of the Entrepreneurship literature favours the option of the first alternative. Some authors even demand that universities be reorganized according to the needs of entrepreneurship education and qualifications (i.e., what some have called the “fiction” of the entrepreneurial university) (Grant, 1998; Luytjes and Clarke, 1994; Schoen, 1987).

A decision in favour of a teaching orientation has both structural as well as practical consequences. From the structural point of view, discussions about the legitimacy of the people who argue in favour of that goal and about the validity and reliability of the assumptions underlying these claims would be very interesting but are beyond the scope of this paper. However, apart from that discussion, there are some serious reservations in the literature regarding decisions that Entrepreneurship education be the central goal.

One perceived problem is the low scientific level of Entrepreneurship. The results of a recently published investigation by Robert Hisrich (2003) on the extent and quality of articles about entrepreneurship and small businesses in European countries may serve as an indicator. Only a “small number” of 641 articles published in eighteen journals “were built on grounded theory” (p. 245 ff.). As Hisrich sums up the question:

Overall, the research was predominantly normative and directed at practitioners or policy-makers; the majority of researchers used exploratory approaches based on inductive, non-hypotheses testing research approaches. The articles were qualitative and descriptive in their very nature and most often appeared outside mainstream journals and the proceedings of conferences (p. 248).

This observation is confirmed by another investigation whereby the proportion of articles on Entrepreneurship in highly ranked reviewed journals was found to be only about 2 percent. Other sources indicate the fear of scientific communities of a clerus minor attempting to enter the universities (Achleitner, 2003).

The decision-making of a university must take into account the signal effects of this condition on the market for junior faculty. It might lead to a bias. If young professors of Entrepreneurship have problems being fully accepted in the academic community, the good ones will not wish to propose a scientific career in this discipline.

A teaching orientation would have certain consequences regarding the incidences of practical experience. Would it imply the offering of practice-oriented teaching and services? Should the students in Entrepreneurship obtain direct information from practice? Are there faculty members having the competencies required for the teaching of practical knowledge and accompanying start-ups?

The usual “practical experience” of an Entrepreneurship scientist is the undertaking of research, not practical experience in terms of Engineering start-ups. The delivery of lectures by counselors or by successful entrepreneurs to students may open certain windows to practice, but are these sufficient to induce successful learning? It must additionally be

\footnote{“Texas knows that successful, practicing business leaders make the best entrepreneur teachers”, at <http://mba.mccombs.utexas.edu/admissions/program/entre.asp> .}
determined whether or not the support of start-ups should be a task of universities or should be outsourced to other institutions.

These questions will be discussed with reference to three models of organization of educationally-oriented structures of entrepreneurship within a university. Ways of avoiding the problems evoked will be proposed.

THE ESTABLISHMENT OF AN ORIENTATION TOWARDS ENTREPRENEURSHIP EDUCATION IN UNIVERSITIES

Three Organizational Models

The training and qualification of entrepreneurs has two strands. One belongs to the academic area and is defined by the teaching of theoretical subjects aligned to practical use, for example, business plans, networking, financing, and so on. The second strand is directed at offering practical experiences to potential entrepreneurs and at assisting start-ups. Both strands may be integrated and offered by a university, or they may be dealt with separately and offered by different institutions.

The Campus-Based Integrative Model. The campus-based integrative model is defined by the integration of both strands and by the supply of additional education and practical support for entrepreneurs. Academic teaching, practice training, coaching, counseling, the provision of resources, etc., should be organized by the university. The university has formal responsibility for all parts. Management is undertaken by people and committees of the university.

A German example is the Entrepreneurship Programme of the University of Wuppertal. It has many of the characteristics of the new school of Entrepreneurship education. Here, the complete curriculum of courses of the Faculty of Economics and Social Sciences has been identified as Entrepreneurship education. Most of the actual responsibility for the programme is that of the two professors who hold the Entrepreneurship chairs. One of the chairs offers a special education programme to motivate potential entrepreneurs. The academic offerings are combined with an Entrepreneurship workshop, with counseling, and with training in behaviour and performance.

The University of Wuppertal does not have special institutions for Entrepreneurship support, like incubators or a technology center, in addition to the chairs. Some tasks may be delegated to a network, called Bizeps. Regular resources are linked to the employment contracts of both of the professors of Entrepreneurship.

The Wuppertal experiment is at a developmental stage. At this point, one cannot be certain as to how successful it will be in recruiting new entrepreneurs—its explicit aim. The problem of academic disregard is eliminated by the double qualification of both of the professors of Entrepreneurship.

The Campus Independent Model. A counterpart to the campus-based integrative model is the so-called campus independent organization with decentralized structures that are elaborated as a network. This network might have the status of a non-profit organization based on sponsoring or it might be set up as a commercial enterprise. The German Ministry of Education has favoured this model by means of its programme called EXIST—Existenzgründer aus Hochschulen [Spin-offs from universities]. The philosophy of this model is that academic institutions as well as institutions outside the academic area bring together their specific professional competencies and resources and form an effective association. Outstand-
ing examples of this model are the EXIST-projects “KEIM” at Karlsruhe and “PUSH” at Stuttgart, whereby several universities are co-operating with institutions involved in practice.

As the central management of the network is independent, no university or private institution can dominate. The links between the partners of the network are based on contracts that define the inputs of the different institutions. Each partner is responsible for its contribution. Supervision is undertaken by an advisory board. The competence-based inputs should yield an optimum of professionalism.

Because the EXIST-projects are also in a development stage, evaluation of their lasting effects is not available; however, the decentralized structure and the contractual bases of the EXIST Projects shield them from the fate of the public academic institutions.

The Campus-Based Dual Model. A model which is currently favoured by certain universities in the United States may be defined as the “campus-based dual model”. Although a teaching orientation remains an important, but not the dominating guideline, for dealing with academic Entrepreneurship in these universities, they have outsourced all activities of practical relevance, including provision of needed supplies and services, to separate “daughter” institutions, thus relieving their administrations of such responsibilities. Those daughter institutions are either economically independent or are non-profit organizations and based on sponsorship.

The overall responsibility is held by the given university. But support for potential entrepreneurs is based on the principle of the division of labour. All academic “supply” is the duty of the staff of the university. The teaching of practice-oriented knowledge and training in entrepreneurial skills is undertaken by the professional staff of the daughter enterprises of the university. Students are offered opportunities for internships in new enterprises. Entrepreneurs coming from a variety of faculties may receive additional practical knowledge or counseling, and they may enter an incubator within the institution or outside of it. The management of the daughter enterprises is relatively independent of that of the university, but the university places some of its officers onto an advisory board.

The campus-based dual model has the advantage of, on the one hand, a narrow connection for entrepreneurial issues with the university, and on the other hand, the competency-based division of academic and practical support to entrepreneurs. It avoids the problem of academic disregard.

TWO AMERICAN EXAMPLES

The Entrepreneurship Programme at the Case Western Reserve University in Cleveland, Ohio

The Entrepreneurship Programme at Case Western Reserve University in Cleveland, Ohio, is part of the Wheatherhead School of Management. It is split into an area of research and academic education and an area of Entrepreneurship support. In the academic area, entrepreneurship may be one focus within several study programmes.

The bulk of practice support is delivered by Enterprise Development Inc. (EDI), a non-profit organization with its own management. The primary objective of EDI is to support start-ups. It offers all forms of support from training to the advancement of incubators. EDI co-operates with a number of institutions outside the university with the aim of promoting processes of regional development.
The Entrepreneurship Programme of the State University of Texas in Austin is similar to the programme at Cleveland. The leading role is played by the IC²-Institute ("IC²" representing Innovation, Creativity, and Capital). This institute offers academic teaching in the postgraduate area, and it co-ordinates various connections to institutions outside the university. A strong partner of IC² is the Austin Technology Incubator that offers a large range of training, counseling, and other services. The focus is on the commercialization of scientific results and technology.

SUMMARY

The subject of this article, “Institutional and Academic Entrepreneurship: Implications for University Governance and Management”, touches several basic constellations, which may be divergent not only among different countries but also within the universities of a single country, because, in this case, of the federal constitutions of educational systems. The quality and extent of the implications of the establishment of Entrepreneurship training and education for the governance and the management of given universities will depend closely on these constellations.

The establishment of Entrepreneurship training and education at a university may follow two different orientations. A research orientation is identical to the usual academic approach in other subjects. There are no particular constellations for government and management or for administration. If an educational orientation is preferred, an extra structure may have to be enlarged or created for a relatively small audience. Should academic education be combined with practical training and Entrepreneurship support, the university will have to manage a number of activities that are not academic.

A popular way to establish Entrepreneurship in a university context is to base it on a dual construction having scientific and practice-directed strands with many connections. In this way, many of the problems cited above can be avoided.

REFERENCES


