

INNOVATION FOR INNOVATION (Establishment of a University as a Public Limited Company)

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Abstract

This research was conducted to explore the new dimensions aimed at the 21st century expectations to the higher education sector and accelerate its pace of development to meet the needs and requirements of the society at large. The main purpose of this research was to search out a workable frame work for the establishment of university in context of public limited company. The results obtained were analyzed through mean variance analysis. The reliability values for the variables were obtained by using Cronbach's Alpha which was more than 0.7 which shows that the variables are internally consistent. Findings show that the sustainability in the growth of higher education sector can be maintained by adopting the option of establishment of Higher Education Institution as a public limited company. This has been considered as a most suitable option.

Keywords: Higher education, public sector, private sector, public limited company, globalization.

1. Introduction & Background

For the economic and social development of a country, universities hold vital importance for economic growth of the country. Higher Education Sector is currently constrained by financial and other resources. It has helped the society in the form of large scale economies, creativity and innovations (Hill, Hoffman, and Rex 2005). However, the budgetary limitations are now demanding to search out some innovative ideas to protect the social sectors and other priority areas. This research is, therefore, conducted to provide new dimensions aimed at the 21st century expectations to the higher education sector and accelerate its pace of development to meet the needs and requirements of the society at large.

2. Literature Review

Traditionally provision of education is considered to be a not for profit business under strict government control. According to Iona Genevois, (2008) it is supposed to be the responsibility of the government to provide equal opportunity to all. However, the capacity of public sector systems are most of the time limited and are burdened with the bureaucratic hurdles; although, it has been believed that the physical and administrative infrastructure should strictly remained under the control of public sector but, the ever increasing development

challenges for the higher education are constantly demanding improvements.

Knowledge is getting greater importance in the national competitiveness. As reported by the UK's Department of Innovation, Universities and Skills (2008) that universities are important because they unearth the hidden talents of students; work for local and national economic development; develop highly skilled manpower; promote innovation in products and services; generate jobs; and support communities.

Vincent and Wu, (2000) provided the factors that motivate the universities to develop industry university relations. They cited the work of Atlan (1990) and Peters and Fufeld (1982) for industry university co-operations and find following reasons for industry's interest in universities

- Universities produced well trained and skill full man power;
- Universities are the production houses for the basic and applied research which will help in evolution of new processes and products;
- Universities have the professional expertise which normally the individual firm do not have, which is necessary for the solution of any problem;
- With the development of university-industry relations, companies can access the facilities available at the university;
- Universities continuously assist companies for training and education;

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- University's image is used to enhance the image of the company; and
- These relations are also used to develop the image as a society friendly company.

Peters and Fusfeld (1982) have also identified the following reasons for university interest in the industry

- Industries are considered to be the new source of fund generating entities for university
- Industrial funding has less bureaucratic hurdles
- Industrial sponsorship in research activities gives real life problem exposure
- Researchers got the chance to do some intellectually challenging work
- Sometimes government offer funds for university industry joint efforts for applied research.

Universities, now a day, are more actively involved to market their innovations which have opened the new doors for the higher education institutes to start entrepreneurial activities especially with reference to the economic growth. Slaughter and Leslie (1997) described them as a new age of academic capitalism leading to what Etzkowitz (1983) termed as entrepreneurial universities. The financial constraints along with the high speed technological changes have highlighted the demand to combine technology based knowledge and skills and thus has changed the role of the universities from knowledge production to knowledge capitalization, with the objective of improving regional or national economic performance along with the university's and its faculty's financial benefit (Etzkowitz et al., 2000).

The involvement of industry in university research has introduced the idea of research commercialization. Universities have adopted the concept rapidly while considering it as a remedial measure for budgetary constraints. The academic capitalism theory which was developed by Slaughter and Rhoades (2004) while discussing the political, social and economic forces in action, explains the

emergence of economic-competitiveness alliance that highlighted the importance of commercialization of academic research. Slaughter and Rhoades (2004) also defined academic capitalism as the engagement of faculty members, colleges and universities in market focused activities. However, D'Este and Patel (2007) in their research showed that the engagement of academic researcher into the commercialization activities is his individual characteristics rather than the structural or departmental support.

The review of the literature helped us in identifying the fact that the governments, in the current highly volatile economic environment, have to come up with new role, where innovation is considered as a development process that helps in creating new institutional infrastructure which in turn helps in the creation of new and growing industrial sector. This "innovation in innovation" leads towards the process of producing innovative products or service (Penksa, 2010). In order to keep the tasks on the right track, the governments are required to change the traditional ways and needed to develop new skills, and work as a promoter of the initiatives taken by other players of economic development (Etzkowitz and Roest, 2008).

The commercialization of research activities is a complex and heterogeneous phenomenon which require a complex interaction between research providers (the university), research exploiters (the industry) and the investor (the shareholder) (Commonwealth Information Services, 2002). This complexity has, thus, demanded to search out a workable frame work in context of public limited company as a possible option which in general considered as;

1. A multidimensional approach which can be used for provision of better professional services, management of resources, financing issues, innovative solutions, and accountability.
2. A remedial measure for issues linked to access of Higher Education, cost of training, internationalization and other issues like quality, technology advancement etc.

This research has, therefore, been conducted to provide new dimensions aimed at the 21st

century expectations and to accelerate the pace of development to meet the needs and requirements of the society at large.

3. Research Methodology

The results in the research were obtained by using survey questionnaire from private and public sector, civil society and students of institutes of higher learning.

4. Population & Sampling

By using table developed by Krejcie & Morgan (1970), a sample of 384 respondents was selected. It was proposed to carry out study by using semi structured Questionnaires.

5. Analysis

A semi-structured questionnaire has been adapted and it was used as a tool. The questionnaire¹ designed by Dr. Bing Li and Prof Akintola Akintoye (2003) was adapted for the study. Data was analyzed using frequency distribution. The internal consistency was determined by Cronbach's alpha coefficient. Values for the variables were more than 0.7 which illustrate that the variables are internally consistent.

Reliability Statistics			
Cronbach's Alpha	Part I	Value	0.715
		No of Items	25
	Part II	Value	0.788
		No of Items	24
	Total No. of Items		49
Correlation between forms			0.303
Spearman-Brown Coefficient	Equal Length		0.465
	Un equal Length		0.465
Guttman Split-Half Coefficient			0.465

Total 312 recipients responded and out of total response 303 respondents provided complete

¹ Value has already been recognized by the industry and reinvention of already invented work was an insignificant job.

information. This showed that about 79% of the enquiries were got a complete response which is quite a success.

The main objective of the study was to explore and search the possibility to develop a workable frame work in context of public limited company. The percentage result of the statements were based on a likert scales from 1-5, where 1= not agreed, and 5=highly agreed. The selected survey participants were all stake holders that were directly linked with higher education in some way or other. Therefore, their responses were assumed to be important as those respondents were directly related with the initiation of such projects. Therefore, the significance and reliability of the findings was authenticated.

The questionnaire consists of five parts. 1st part have total 15 questions which were asked to review the attractive factors/reasons for adopting the idea of establishment of public sector university as a limited company in partnership with private sector. It was observed that at average 80% of the respondents agreed with the option 4 and 5 which confirms that the respondents thought limited company option as the most appropriate option in the current business scenario.

In the 2nd part total 12 questions were asked in order to find out the negative factors that can affect the decision. During the survey it was observed that 70% of the respondents give importance to factors like accountability, risk, political interference, employment, and cost. and agreed that the option of establishment of university as a limited company have greater accountability, lesser political interference better employability, with better service quality and is a cost effective solution.

The 3rd section discussed the possible attractions /privileges for private sector in the project and it was observed that more than 72% of the respondents agreed with the fact that the financing support, guarantees, and relaxation or reduction in tax obligation etc. by the government are the major attractions for the private sector to enter into such agreements.

In order to rate the success factor of the project total 13 questions were asked in the 4th section of the questionnaire. The response to these questions showed that the economic conditions,

legal frame work, sound economic policies, mutual benefits, good governance, political and social support are the key areas which play role in the success of these agreements.

In the 5th and final section the overall agreement or disagreement for the option of the establishment of university under limited company arrangement was asked. The reply of more than 74% respondents showed that in the current economic conditions establishment of university under public limited company arrangement is the most appropriate option.

6. Discussion & Conclusion

Globalization affects the overall business sector and society. Sustainable growth of a country is reliant on the innovative system which is necessary to renew the business sector while addressing economic, social and environmental challenges simultaneously. Within the knowledge society, the man, powered with suitable education, skills and mindset is a key to economic accomplishment, growth and social prosperity. ("Higher Education in Pakistan: Towards a reform agenda" A Task Force Report 2001)

The collaboration of government with other sectors like civil society, private industry, communities etc. has shown great success in education. This success has been achieved by pooling of resources, expertise and capacities of different sectors, which they may not achieve acting alone. The approach was developed on the idea that different sectors have expertise in different fields and these core competencies and resources, if joined appropriately, will result in positive development of advanced goods and services. (George, Annabatette, Bidemi and Felicity, 2006)

The restructuring of universities, especially, the public sector universities demand modifications in the governance structure, the specialized and expanded revenue generation activities, greater university-Industry linkage, need based R&D activities and the adoption of corporate managerial practices. This expansion and diversification has generated a need to work more closely with the market. Government's role will then be changed from provider to a regulator and protector of higher education sector.

Despite of all the prepositions mentioned, it is also a well-known fact that the establishment of university as a limited company may create a conflict of objective i.e. welfare and profit. The success of the project is dependent on both, provision of qualitative services to the society and allows the partner to make profit. However, success for the project can be measured by adopting the following criteria:

- Acceptance by the civil society.
- Effective utilization of state resources.
- Effective monitoring and evaluation of the project.
- Identification of risk and its clear distribution between the working parties.

As supported by the respondents and in view of the current financial situation all over the world, the option of establishment of Higher Education Institution as a public limited company can be considered as a most suitable option, especially, in the developing countries where government funding to universities is an unresolved issue.

The ownership in the proposed case rests with all the shareholders and thus the principle given by Adam Smith (1937) looks applicable here.

- Higher the image and output greater will be the share value. This will, therefore, make the decision making process more of quality and image oriented.
- Proper statutory regulation, publishing of accounts and disclosure of financial affairs affirms proper accountability.

In higher education sector, this transformation will create opportunity for every citizen to become involved in HEI governance and decision making. If those plans are translated into action, we would see the evidences of reforms at higher learning level. This research was conducted to provide new dimensions aimed at the 21st century expectations to the higher education sector and accelerate its pace of development to meet the needs and requirements of the society at large. It is hoped that this research will on the one hand leads to the development of new ideas, and on the other hand develop awareness in finding alternate solutions to sector needs.

7. Limitations and Future Research

This study is limited to the higher education sector of Pakistan. Future research can be done in the other regions as well in order to get generalized results. Moreover, the idea provided in the research is a very initial and raw idea, and an in-depth study can be conducted to check all the pros and cons. For this purpose a new and detailed research is proposed to be conducted.

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