

# Chapter 24

## Entrepreneurial Incentives, Obstacles, and Management in University–Business Co–Operation: The Case of Indonesia

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### ABSTRACT

*The study in this chapter aimed to explore the perception of university managers and academics towards incentives and obstacles of university-business co-operation. For this purpose, case studies were conducted in a public and a private university in Indonesia. Data was collected through semi-structured interviews with university managers: University Vice President and the Head of Research and Community Service Office; and with academics at the department of electrical engineering and computer science. The results suggest that both organizational actors at both universities share a common perception that industrial funding; organizational and individual reputation; trust from industries and applied research are the incentives in the creation of university-business co-operation; whilst bureaucracy, industrial commitment, different in vision and orientation, teaching obligation and basic research have been considered as the obstacles. This study proposes a managerial implication. University managers should ‘recognize’ the ‘skills’ of individual academics in business before engaging them in university-business co-operation. Furthermore, individual academics should be able to manage the different vision and orientation with the business world.*

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## **INTRODUCTION**

Creating university-business co-operation has become a necessity and a challenging task for universities worldwide. Although scholars have paid wide attention to identifying factors related to the incentives and the obstacles of such co-operation (Bruneel et al., 2011; D'Este and Patel, 2007; Arvanitis et al., 2008; D'Este and Perkmann, 2011); however, organizational actors such as university managers and academics may pose these factors differently in their efforts to manage relationships with the business world. University managers and academics may experience different difficulties and may require a different set of incentives to support university-business co-operation. For example, Freitas et al., (2013) argue that co-operation mediated by the university managers mostly involves large enterprises, whilst co-operation that is initiated by academics mostly involves small firms. Addressing the perception on incentives and obstacles in university-business co-operation is important, especially in recent attempts to organize university-business co-operation in a more efficient and effective way (Cyert and Goodman, 1997; Barnes et al., 2002; Siegel et al., 2003). Therefore, investigating the factors perceived by university managers and academics is relevant, as better 'interaction' between these levels may lead to a more efficient management of university-business co-operation (Geisler and Rubenstein, 1989; Campbell and Slaughter, 1999; Siegel et al., 2003; Glenna et al., 2007; Geuna and Muscio, 2009; Barbolla and Corredera, 2009).

The study presented in this chapter aims to contribute to understanding such 'interaction'. This study undertakes an exploratory qualitative case study analysis at two Indonesian universities and inquires about these perceptions to both academics and university managers. Indonesian universities are useful in this study because university-business co-operation in Indonesia remains problematic (Van der Sijde et al., 2014; David and van der Sijde, 2015); suggesting various efforts to create co-operation still rely on the initiative of the higher education institutions. This chapter starts with an overview of relevant literature discussing the important factors identified in the initiation of the co-operation projects. Subsequently, the section describes selected universities in which the data was collected followed by the methodology. The final part of the paper summarizes the findings and provides implications for future studies.

## **BACKGROUND**

University-business co-operation has been discussed in a variety of channels and models (Rossi, 2010; Freitas et al, 2013). Such co-operation has been driven by personal or informal interaction (Link et al. 2007; Ponomarev and Boardman, 2008; Grimpe and Fier, 2010; Franco and Haase, 2015); and the formal ways including patents and licensing (e.g., Thune and Gulbrandsen, 2011). In conjunction with these channels in which university-business co-operation is driven, scholars have identified the incentives and obstacles of this collaboration. These can be summarized under three main categories:

1. Resources and facilities,
2. Personal relationship and institutional issues, and
3. Research and teaching.

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