Chapter 9
Importance of Entrepreneurship in the Organizational Performance of Higher Education Institutions

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ABSTRACT

The traditional mission of higher education institutions (HEIs) are training, research, and the transfer of knowledge to society. Nowadays, the third mission has been gaining importance, considering the increasing relevance given to the creation of value by HEIs for society. Entrepreneurial activity is one of the components with more impacts that value creation, but it is still seen as an activity parallel to the main missions of HEIs, where training still takes on special importance. At the same time, the generalized movement of analysis of the organizational performance of HEIs, associated to its strategy but essentially associated with national agencies for accreditations and the rankings, have been direct impacts on its external image and the capacity to obtain students and financing. For the entrepreneurial activity to move from an activity parallel to a prominent activity within HEIs, it must firstly have a strategic framework, but also have measurement mechanisms, based on indicators, that allow to understand the evolution of performance in this area.

INTRODUCTION

The centrality of knowledge and innovation in today’s societies has placed major challenges to higher education and its institutions, both in terms of their competitiveness and their sustainability. The recruitment of more and better students, the evolution of new forms of teaching and learning, teachers with more and better qualifications, creation of highly relevant research structures, the innovative nature of

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the research developed, the capacity to transfer knowledge to society, the improvement of the quality and performance of the institution and the satisfaction of the needs of the stakeholders, are some of them (Rytmeiter, 2009).

For Nóvoa (2013) the most important challenge facing Higher Education Institutions (HEIs) lies in the link between universities and society in the way that education and science, training and knowledge can contribute to the development of societies of the 21st century. Jongbloed, Enders and Salerno (2008), in the article on the interconnections and interdependencies between the Higher Education (HE) and its communities (local, regional, national or international), understand that from HE is not only expected to have excellent education and excellent research. It is also expected to have mechanisms that allow this excellence to be relevant to the productive process and to the construction of the knowledge society, as the legitimacy, reputation and prestige of the HE will increasingly be determined by the nature, quality and evolution of the bonds with external stakeholders and not only according to internal rules and academic results.

The complexity of the missions of HEIs and the diversity of the information needs of the different stakeholders on the performance and effectiveness of the HEIs have, however, led to a huge difficulty in defining global indicators of performance measurement that can give a complete response (Evenbeck & Kahn, 2001; Bhatia, 2009). The role of HEIs in today’s society, shared between teaching, research and the third mission (Mano, 2015), implies that the evaluation and measurement of organizational performance must have the capacity to simultaneously contribute to a continuous improvement of HEIs in which each one has clearly differentiated characteristics and objectives (Cherchye, De Witte, Ooghe, & Nicaise, 2010), but also to contribute to meeting the needs of external stakeholders and to improving the economic and social well-being of the Societies where they are inserted (Alves, Mainardes, & Raposo, 2010).

Despite the numerous studies, there has been a huge difficulty in defining global indicators (Cherchye et al, 2010), particularly in the relation with society. Thus, leading authors and politicians to argue that performance measurement should be in line with the objectives set by the institutions themselves, in an internal logic, aligned with their mission, and not only on the basis of blind indicators, in an external logic (Johnes & Yu, 2008; Grilo, 2010).

The objective of this chapter is to analyse a set of indicators of organizational performance that allow to measure the contribution of HEI to entrepreneurship and to the creation of value for society. The development of this chapter was based on a study of indicators of organizational performance for HEIs, where was identify a reduced number of indicators that can measure the relationship between HEI and society. Thus, considering its importance of this relationship and capacity to create value, in particular through the entrepreneurship activity, an exploratory study was conducted to analyse a set of potential indicators that can measure that relationship, based on the characteristics associated to the performance indicators. The chapter is divided into 7 sections: introduction; organizational performance and importance of performance indicators; organizational performance in Higher Education Institutions; performance indicators in Higher Education Institutions; entrepreneurship as a variable of organizational performance in Higher Education Institutions; monitoring the entrepreneurial activity of Higher Education Institutions; and conclusions.