

Strategic Benefits of University Partnerships with the Small/Medium Enterprise Community: The Greater Western Sydney Example

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Abstract

The Small and Medium Enterprise (SME) sector is critically important to the economy of Greater Western Sydney. This paper explores the mutually beneficial outcomes emerging from the growing relationship between SMEs and the University of Western Sydney. The challenges and motivations for partnerships are discussed, and examples of interactions are described. The success of both sectors is dramatically enhanced by collaboration and growing interest in the scholarship of community engagement is facilitating greater interaction.

UWS needs to embrace a strategic approach to engagement with the Small/Medium Enterprise (SME) community of Greater Western Sydney (GWS). Given the growing global interest in the principles of the scholarship of community engagement, the UWS and SME communities need to enhance their relationship for the mutual benefit of all involved. In particular, necessary cultural changes empower partners to meet the challenges of the rapidly evolving global economic environment. The combination of the theoretical, research, and educative resources of UWS with the practical, entrepreneurial and business acumen of the SMEs will contribute to the economic, social, and cultural development of GWS. This paper will contribute to the growing understanding of both the practice and scholarship of community engagement within UWS by outlining the potential for mutual benefits through collaboration and partnership.

Motivations of UWS to Serve GWS

The UWS Strategic Plan is built upon the five key themes of:

- Learning and Teaching
- Research
- Regional and Community Development
- Business and Resources
- Student Experience

This paper, outlining a strategic approach for the engagement of the SME community, especially of Greater Western Sydney, is designed to complement all of these key theme areas. This strategy is meant to enhance the educational, cultural, social, and economic development of the regional, national, and international communities UWS serves. SMEs are a major contributor to cultural, social, and economic life of Greater Western Sydney, and by strategically engaging with this sector UWS will further contribute its resources of teaching, scholarship, students, and research to the region through “grass roots anchored community research” (Nyden) and “socially robust knowledge” (Nowotny, et al. 2001).

OECD research projects have identified the university-regional SME research network as crucial for development of innovation (UWS 2002). UWS has a role in contributing to a sustainable region in Greater Western Sydney by enhancing:

- Regional framework conditions
- Business development processes
- Interactive learning processes
- Redistributive processes
- Regional/cultural development
- Sustainability processes
- Human capital processes

This strategy will provide a vehicle for UWS to fulfil these roles by building a sustainable internal commitment to the scholarship of community engagement, as well as sustained commitment to external partnerships.

Taking a participatory and collaborative approach, the UWS Regional Council established a Business and Industry Advisory Panel to operate within UWS to develop links with industry. This panel of business and industry leaders are of invaluable assistance in furthering the goals of the strategy by providing guidance, establishing priorities, identifying opportunities, and championing this proposal for SME engagement.

Definitions of SMEs

The definition of SMEs is problematic as there are different definitions used by different government departments and organisations across different industry sectors. For example, in the manufacturing industry a SME is defined as having fewer than 100 staff while in other sectors it is defined as fewer than 20 staff. Other definitions are based upon business turnover. The Australian Technology Office has begun basing business numbers on Australian Business Numbers (ABNs), but because many businesses with ABNs are sole traders that do not employ any staff, this approach has led to an inflated measure of the number of small businesses.

There are also other definitions such as “micro businesses” that have fewer than five staff. UWS could contribute to a solution to this measurement problem by liaising with government and industry to establish methodology regarding SMEs. This would enable better understanding of SME needs, planning, and policies and support tracking of

impacts of engagement programs on SME performance.

The 2000 Survey of *Information Technology in Western Sydney* identified 72,000 businesses in Western Sydney (Ginige, et al. 2000) and determined that “most organisations (33.1%) had fewer than 5 full-time employees” with 38% having no full-time employees. 18.1% had between 5–19 employees, and 8.5% had between 20–99 full-time employees, with only 2.4% having over 100 full-time employees. (Ginige, et al. 2000:19)

Extrapolated over 72,000 businesses this would indicate that 1728 businesses have over 100 full-time (F/T) employees, 6,120 have between 20–99 F/T employees, 13,032 have between 5–19 F/T employees, 23,832 have fewer than five F/T employees and 27,360 have no F/T employees. This clearly indicates that “the majority of businesses in GWS are small to medium in terms of the number of employees” (Ginige, et al. 2000). There are over 42,000 SMEs in GWS that have the potential to be partners with UWS.

Why the SME Community?

The statistics given above highlight the significance of SMEs to the GWS economy and reinforces the importance for UWS to engage with this sector. The potential for research, consultancy, graduate employment, further education, and scholarship opportunities within this sector is considerable. With the long-term strategy of “roots in the region,” this is clearly a sector with which UWS needs to effectively collaborate.

The needs for engagement with the SME community are many fold. “The importance of SMEs to socio-economic development is today widely recognised at all levels of government...SMEs are at the core of any regional development and innovation strategy” (Ca’Zorzi and Capriati 2001). The Federal Department of Education, Science & Training’s *Varieties of Excellence* (DEST 2002) paragraphs 358–364 makes particular reference to the circumstances of SMEs—their importance to economic development and the regional role.

Distribution of SMEs

The distribution of SMEs across GWS by size, location, and industry is important to consider when developing a strategic approach to engagement. With 72,000 enterprises it is tactically imperative to identify those industry clusters or sectors with the highest potential for growth and expansion, as these will be the industries that will have the greatest motivation for utilising UWS resources and strengthening the GWS economy.

Areas that have been identified for growth potential in GWS are the health and biotechnology, information technology, financial and business services, tourism and hospitality services, while the environmental, horticultural, and manufacturing industries also continue to contribute significantly. It is logical for UWS to focus on these sectors, especially where there is an alignment of academic strength with regional needs. The Nanotechnology Project in the Campbelltown–Camden region is

an example of how UWS, utilising its academic strength and industry liaison experience, contributes to the development of emerging industries and the region.

In addition, a focus on geographical areas where there are clusters of industry would increase impact of our collaborative efforts. UWS can be influential in encouraging development of industry clusters “to facilitate greater cooperative activity amongst stakeholders,” thus contributing to ongoing growth opportunities while maximising resources through efficiency (Marceau, et al. 1997).

Why Would SMEs Engage with UWS?

To become and remain competitive in an increasingly global marketplace for products and services it is vital for the SMEs in Greater Western Sydney to be innovative, entrepreneurial, and flexible; key elements of the learning economy. UWS is the source of much intellectual capital in GWS, including the education of the workforce, reservoirs of information and knowledge generation, together with the capacity to forge strong international links. UWS can be a conduit between the SMEs of GWS and the broader international community and marketplace. The multicultural nature and potential of UWS academics and students provides GWS SMEs access to global markets through expertise, such as language skills, cultural understanding, and international business practices and sensitivities.

There is a strong identification within GWS businesses that UWS is “their university,” and they increasingly look to UWS for leadership, support, and representation. As the labour force of GWS grows and becomes more sophisticated and educated there will be increasing demand upon UWS to provide a highly educated and adaptable workforce. To be more effective in fulfilling this need UWS will be continually required to develop and offer more courses and opportunities for people to be educated in emerging areas of knowledge and scholarship.

For UWS to be responsive to these changing demands it is imperative for GWS SMEs to have input and influence within UWS. A most effective means of ensuring this is by encouraging conversation and interaction between UWS academics and the SME community. By narrowing the gap between academics and industry, both UWS and SMEs can benefit from improved information exchange. As Gibbons, et al. argue (2001), “The working world’s demands to take our engagement with our economies as a core value commits academics to a dialogue with employers about the nature of the future world of work and the demands it is likely to make on graduates.”

From this enhanced communication many opportunities will arise that will be beneficial to the SME community. Greater involvement with UWS and increased understanding of resources will help SMEs recognize opportunities for joint consultancies and research partnerships leading to innovation and ongoing business competitiveness.

The Partnership Relationship

A critical element in working with SMEs is the capacity to build and develop trust over time. This paper calls for a long-term strategic approach to develop, coordinate, and maintain engagement with the SME sector for the mutual benefit of all participants over a long period time. As UWS graduates gain employment and advance within the sector, their ongoing alumni loyalty to and relationship with UWS will sustain a highly developed interaction between UWS and SMEs.

Collaboration will also create improved opportunities for SMEs to take advantage of placements of UWS students in cooperative programs, service learning, practicums, etc. within local industry and will subsequently lead to more SMEs realising the benefits of employing for UWS graduates.

The partnership relationship may also lead to undergraduate, postgraduate, or continuing education courses being undertaken by SME business people or their staff, thus enhancing skills of the current workforce. SMEs may also see the benefits from the opportunity to offer scholarships to UWS to attract more students from the GWS region to SME-related careers.

UWS Capacity to Respond to SME Demands

In implementing this strategy it is of utmost importance that UWS does not raise expectations of the SME community by suggesting that UWS has an answer to all or their problems or that UWS is the driver of regional development. UWS cannot be everything to everyone in this sector and it is imperative that UWS maintain its focus on the five key themes of:

- Learning and Teaching
- Research
- Regional and Community Development
- Business and Resources
- Student Experience

UWS must also be very clear, consistent, and concise in articulating these themes to the SME sector. These are the strengths of UWS and it is these attributes that we can bring to the partnership with the SME community. As Holland (2002) argues, “Effective community engagement requires an alignment of university expertise and capacity with external needs.” The core of the relationship must be seated in mutual benefit and reciprocity that is expressed and understood by all parties.

Occasionally, there may be situations when the priorities of the partners run counter to one another. For example, UWS may support a higher tax regime on business profits, as the university is a public service dependent on government funding, while many SME operators prefer lower business taxes. This is where the relationship and mutual benefit may be challenged and calls for an understanding of areas of difference as well as areas of collaboration. Through ongoing conversation and the development of greater understanding of one another’s needs and priorities, through the practice of

effective community engagement, the mutual benefit can be realised. Partnerships between UWS and SMEs should be specifically focused on areas of knowledge, education, and research where our interaction is clearly reciprocal and of mutual benefit.

Issues of Policy and Practice

Partnerships will require UWS and SMEs to agree on specific courses, academic subjects, and resources that are relevant to the particular issue or need being addressed. Clarity in the expectations and responsibilities of both partners is essential to ensure effectiveness, accountability, and increased understanding of both UWS and SME capacity and limitations. UWS cannot become solely a vocational trainer for SMEs and not all aspects of UWS research or teaching will be directed towards SMEs. This is already apparent with large numbers of UWS graduates being teachers, nurses, engineers, and accountants who, while they may become employed within SMEs, are educated to meet broader social needs than those of the SME community specifically.

Long term collaboration between UWS and SMEs will be affected by federal funding and policies, and that UWS must be strategic in ensuring it fulfils its basic mission and obligations while also engaging in partnerships that may strengthen and diversify its intellectual and financial resource base. Ultimately, federal interest in funding university-business partnerships will affect UWS's capacity to meet the needs of the SMEs as funding becomes more critical, resources become directed and choices have to be made between competing priorities. There is a significant motivator for UWS, through enhanced community engagement with the SME community, to become less dependent on government funding.

Partnerships between campus and industry require understanding of their considerable cultural differences. As Sharp (2002) states, "Universities are multi-structured, complex organizations...there are numerous subcultures of decision-making styles, time constraints, priorities and experiences that exist within the university organization and varying degrees of differentiation between schools and also between students, administration and faculty within schools." This is clearly in contrast to the majority of SMEs in GWS and militates against there being a simple, single method by which UWS can engage with SMEs. Each partnership will call for a specific design and plan to ensure its effective implementation.

By adopting a strategic approach to engagement with SMEs that recognizes and encompasses the diversity of relationships that may exist, UWS will be demonstrating willingness to build upon existing strengths and linkages. UWS already has a number of significant programs that are directed towards SMEs. By building upon and enhancing these existing programs, by responding to feedback from the SME partners in these programs, UWS will be laying the foundations for satisfying and mutually beneficial relationships while also contributing to the economic, social, and cultural well being of the GWS region.

Current Examples of “SMEngagement”

There are a number of successful programs operating within UWS that service the SME community of GWS. This is not intended to be a complete description of all forms of interaction between UWS and the SME community but to provide examples.

UWS Cooperative Programs—This highly successful program that places students in research projects within industry is not directed exclusively at SMEs but has the potential to be greatly expanded in that sector. This would require appropriate resources to service the market while maintaining the high standards of excellence in meeting partners’ needs and achieving successful outcomes for students.

Innovative Technology Network (ITN)—The ITN program has been a successful model that has led to the development and maintenance of valuable links between UWS and industry. There is potential for this network to evolve and be more directed at connecting the intellectual resources of UWS to the SME community as an interface between academia and industry. This would in part be dependent on clarity of direction being provided through the strategic approach and a commitment from academics to make themselves available for suitable forums.

The new *High Performance Computer* located at UWS Penrith Campus (Kingswood) provides UWS with specialist research facilities. This new facility will enhance the Ph.D. programs in Advanced Systems Engineering and will foster new collaborative links between the University and local industry. Western Sydney is now one of the few areas in Australia to host a cluster-based high performance computer. The new supercomputer is the equivalent of 50–60 standard laptops, has around 40 gigabytes of memory, and 800 gigabytes of fixed disk storage. This is potentially a significant resource for SMEs in GWS, especially those in innovative and information-intense industries.

E-transforming Western Sydney—This project aims to transform Western Sydney region SMEs into e-businesses. Already seven companies are undergoing e-transformation with the help of teams of academic staff, and research and coursework students. An additional outcome of this will be a methodology and associated tools for this transformation. The plan is to expand to 40 SMEs by 2004, eventually leading to hundreds of flourishing global enterprises making the Western Sydney region a thriving economic powerhouse with a global perspective.

Online Directory of UWS Research Relevant to Small/Medium Enterprises
<http://www.uws.edu.au/ord/researchsme>—This website operates as a portal enabling SMEs to identify UWS research and researchers that maybe relevant to their enterprises. It also provides links to the Australian Research Council, Ausindustry, and other research funding opportunities as well as the UWS Office of Research Services, UWS Cooperative Programs, and UWS Office of Business Development. There is potential for significant expansion of this site and its greater visibility across the SME sector as an entry point to UWS for their possible research needs.

Nanotechnology Project—This project is an example of how UWS, utilising its academic strength and industry liaison experience, can work with the SME community for mutual benefit. Through a process of community education, information sharing, networking, cluster development, industry visits, seminars, and the application of UWS intellectual property to industry needs it is expected that new enterprises and industries will be developed. This ground-up approach to industrial development is an example of UWS/SME engagement that may provide a model for other similar projects.

Conclusion

The purpose of this discussion paper is to stimulate discourse within UWS and the SME sector of GWS to encourage a mutually beneficial, strategic approach of engagement between the sectors. It is argued that there exist extensive benefits for UWS and the SME community from this engagement that will contribute to the ongoing economic, social, educational, and cultural well being of GWS. That this is a difficult and complex issue that reflects the sheer number and diversity of SMEs together with the geographic distances contained within GWS and the multi-campus and complex nature of UWS is acknowledged. That necessary cultural change is required for partners to embrace the challenge is recognised. The critical importance of collaboration, partnerships, and reciprocity for the effective development of sustainable long-term mutually beneficial relationships is identified. The centrality of students, their learning experience, education, and career paths to the interaction between the sectors is highlighted. Some existing programs offered by UWS that are of benefit to SMEs are explored. The extensive relationships that already exist between UWS through academics and students and the SME community have been discussed. That each partnership will call for a specific design and plan to ensure its effective implementation is paramount for the success of the strategy.

Another way to bring focus to this discussion is to explore the flipside of this approach. That is, what will be the outcomes in GWS if UWS and the SME community fail to effectively engage? The loss of this opportunity may affect the ability and potential of the SME community to adapt to the changes in the global marketplace. UWS may become a supplier of graduates to some other market that will constitute a loss for GWS while UWS researchers may become isolated and disconnected from their community. This is obviously not an outcome that UWS, the SME community, or GWS can countenance and provides all of us motivation to move, with scholarship, towards greater mutually beneficial community engagement.

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