

Business, Higher Education and Innovation: Institutions for Engagement in a Mode 2 Society

PhD Abstract

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This thesis explores the nature and extent of interactions between higher education institutions and industry in the production and utilisation of industrially relevant knowledge. These relationships are explored in the context of the institutional development of the higher education sector as it goes through a process of industrialisation, and in the changing way in which businesses access, acquire, and utilise knowledge in the management of their innovation processes.

It is argued that the relationships between higher education institutions and business are best understood in terms of *engagement*, and the form of engagement can be based on community, organisational or market relationships. Under these forms of engagement, knowledge can be shared, managed or traded between institutions.

The concept of engagement is closely related to the concept of mode 2 knowledge production, where knowledge is created in the context of its application. Mode 2 knowledge, which is trans-disciplinary in orientation and directed towards the resolution of problems, differs from mode 1 knowledge which is dominated by academic and disciplinary agendas and is focussed on explanation of phenomena.

Over the last five years the concept of a mode 2 society has been used to support the notion of a convergence between the institutions of higher education, industry and state, with each taking on the characteristics of the other (the “triple helix” view). The argument of this thesis is that the idea of convergence not only suffers from a conceptual weakness, it is also inappropriate in that it compromises the ability of institutions to achieve high levels of performance in relation to their foundation purposes.

In fact, the efforts of higher education institutions to operate as businesses in a commercial environment have been largely unsuccessful and major problems have emerged in relation to the integrity of their missions relating to teaching and research when this has been attempted. Similarly, businesses have not embraced unconditionally the contribution of higher education institutions to industrial innovation.

There have, however, been substantial developments in the way in which higher education institutions *engage* with businesses. These changes reflect institutional developments *within* higher education and industry in terms of the way in which academic knowledge is created and business innovation is managed.

The thesis argues that relationships between higher education and industry are themselves institutionally driven, and the concept of a mode 2 society can be best understood in this institutional context. These institutions are evidenced in *organisations* that are formed at the interface between higher education institutions and businesses, and in *markets* for knowledge. The way in which knowledge is shared in a *community* setting is, it is argued, also institutionally driven and reflected in knowledge communities.

It is the development and operation of these institutions of engagement that give effect to the emergence and development of a mode 2 society. A focus on institutions of engagement also identifies the importance of capacity and capability building in the management of knowledge organisations (for example, centres and institutes for research and teaching), intermediaries in the market for knowledge (for example, early stage venture capital investors) and leadership in knowledge communities. These issues also suggest new directions and approaches to public policy in promotion and support for the knowledge economy.