

Creating an Entrepreneurial Faculty: Experience of the Faculty of Economics and Muamalat of Universiti Sains Islam Malaysia

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Abstract

A national blueprint was launched recently by the Malaysian government in transforming its higher education over the next 10 years. The local higher learning institutions are demanded to achieve global recognition in teaching, research, publication and institutional quality. However, as costs continue to rise, the aspiration comes with smaller funding for the public universities. This limitation has inspired a paradigm shift among universities' leaders and administrators. They need to transform their respected universities into world class higher learning institutions without depending too much on tax payers' money. The present chapter relates the experience of Faculty of Economics and Muamalat (FEM) of Universiti Sains Islam Malaysia (USIM) in responding to this challenge. It explains the detail process of re-activating the Graduate School of Business as the main driver in generating income as well as creating a value proposition for the university to gain prominence in niche areas.

1 Introduction and Background

Transformation of Malaysian Higher Education

The government of Malaysia continues to invest heavily in higher education, approximately 7.7 percent of its total annual expenditure per year. The figure is higher when compared to expenditure made by Hong Kong, Singapore, South Korea and Japan governments in similar sector. As a result of the persistent support, the Malaysian higher education sector has recorded some achievements. Five of Malaysian universities are ranked among the top 100 in Asia. International

students especially from the Organization of Islamic Cooperation (OIC) countries consider Malaysia as one of their 10 top destinations. The number of research articles published by local lecturers has increased threefold between 2007 and 2012, the highest increase in the world.

Despite these significant achievements, the government believes that there is still room for improvement. Thus, a blueprint that outlines the transformation roadmap at all levels of education (primary, post-secondary and tertiary) is formulated by leading Malaysian thinkers and various education stakeholders. The blueprint called Malaysian Education Blueprint (MEB) aims to prepare Malaysians youth for the challenges and opportunities in the rapidly evolving world. It outlines the journey of national education system for the next decade (2015–2025). The blueprint is build based on 10 principles that focuses on outcomes for key education stakeholders including students, academic community and the public who is participating in life-long learning. The MEB also is expected to generate major shifts in the way higher learning institutions currently operate. The critical components of higher education eco-system such as funding, governance, innovation, internationalization, online learning and delivery will adopt new approach and assessment (Malaysian Ministry of Education, 2015).

As far as we are concerned, the MEB brings two major challenges; funding and strategic positioning and branding of the university. The ministry will link government funding to performance and will require universities to diversify their funding resources. As any other public university, USIM is asked to generate 30 percent of its annual budget. This means beginning from 2015, the university needs to generate about USD 14.6 million.

In order to proactively respond to this direction, the Faculty of Economics and Muamalat (FEM) of Universiti Sains Islam Malaysia (USIM) decides to re-activate the setting up of the Graduate School of Business. The move is timely in order to increase additional income and to enhance the visibility of the Faculty in its niche areas. This chapter will relate the experience in making the plan workable. It explains the processes involved, the problems and challenges faced as well as share some success factors. Before we discuss further the matter, however, it will be useful to have a brief background about the University and the Faculty.

Universiti Sains Islam Malaysia (USIM): The 12th Public University

Universiti Sains Islam Malaysia (USIM) is an emerging Islamic university located on a serene hilltop overlooking the township of Nilai, Negeri Sembilan, Malaysia. Being the 12th Public Institution of Higher Education in Malaysia, it aims to spearhead knowledge and be the global reference centre for Islamic Sciences.

USIM adopts a balanced approach between the physical and spiritual aspects, in the academic programmes offered, and widely practised throughout the university including at administration and management levels. Against this backdrop, USIM embraces a holistic approach towards the delivery of knowledge, which unites revelation sciences (Naqli knowledge) and the contemporary sciences (Aqli knowledge).

USIM thus offers a unique progressive Islamic model to higher education, setting it apart from other universities which are based on Islamic principles worldwide. The integration of religious sciences together with the social and physical sciences in all its programmes provides a comprehensive understanding of current global problems and offers a fresh alternative in solving them (USIM, 2013).

Faculty of Economics and Muamalat (FEM)

A pioneer and leading faculty in the field of Muamalat (Islamic Business), the Faculty of Economics and Muamalat (FEM) was established in 2001 in order to widen the scope of the University's programmes.

Always striving for excellence, FEM offers broad-based programmes at both undergraduate and postgraduate levels that integrate Islamic foundations with contemporary knowledge and practices. Entrusted to uphold the principles of Islam, FEM created more opportunities for experts, intellects and scholars to research and investigate and eventually expand the knowledge of Islamic economics and business globally. Against this backdrop, the students are consistently engaged in a stimulating environment for learning and research. They are thereby equipped with knowledge and hands-on experience. They therefore can have a positive impact in both the business world and the wider society through Islamic perspective.

Strategically located within easy reach to Kuala Lumpur, our students have excellent opportunities to experience the vitality of many of the world's important emergent economies within a diverse national, cultural and ethnic background.

Vision

Support the intention to uphold knowledge and produce individuals with strong Islamic education base and able to contribute to the community, country and global society.

Mission

To be a faculty that is selected and referred in the field of Islamic economics and business through programmes that meet the requirement of the stakeholders and the production of academic work relevant to the needs of the community.

Goal

To produce graduates that are not only knowledgeable and competent in the field of Islamic Business (Muamalat) but also creative and trustworthy in discharging their duties as professionals.

Current Students in FEM

The total number of student in FEM stood at 1,619 in 2014 of which 1,380 are undergraduate students and 239 are postgraduate students. The undergraduate students enroll in four programmes namely Bachelor of Muamalat Administration, Bachelor of Accounting, Bachelor of Marketing (Financial Services) and Bachelor of Corporate Administration and Relation. Meanwhile, 57 percent of postgraduate students are pursuing a PhD programme. 27 percent of postgraduate students enrol in master programmes (by course work). Table 1 below shows the detail breakdown of the students in 2014.

No.	Programme	No. of Student
Undergraduate		
1.	Bachelor of Muamalat Administration	444
2.	Bachelor of Accounting	445
3.	Bachelor of Marketing (Financial Services)	253
4.	Bachelor Corporate Administration and Relation	238
	Total	1,380
Postgraduate		
5.	Master of Economics and Muamalat Administration (by research)	36
6.	Master of Muamalat Administration (by course work)	52
7.	Master of Muamalat Administration (Halal Product) by course work	13
8.	PhD (by research)	138
	Total	239
	Grand total	1,619

Table 1: Breakdown of students in 2014

Staff Strength in FEM

As of June 2015, FEM has a total of 54 academic staffs. 51 percent of them are senior lecturers who obtained PhD for about 3–4 years ago. There are 6 full professors, 2 associate professors, 9 lecturers and tutors respectively. The staff specialize in various areas including Islamic finance, Islamic banking, Islamic insurance (Takaful), corporate governance, investment, risk management, marketing, accounting, auditing and financial reporting, zakat, wakaf and baitulmal management and entrepreneurship.

2 Brief Literature Review

The higher education sector has witnessed a significant transformation in many countries over the past few years. The transformation is planned mainly by the ministry and government as a response to the challenges facing higher learning institutions. As pointed out by Salmi (2001) the challenges include economic globalization, revolution in communication and a growing role of knowledge in economic development. It is argued that, in facing these challenges, universities cannot remain operating in their traditional way. In particular, public universities are in a crucial need to become progressive and adopt risk-taking strategies in facing fading government funding. As government's priority diversifies, a high degree of dependence on a single source of income is no longer viable to run a university.

The concept of an “entrepreneurial university” was articulated by Clark in 1998 in an attempt to provide a solution to this problem. The characteristics of an entrepreneurial university are self-initiating, self-steering, self-regulating, self-reliant and progressive. In formulating the action plan to accomplish the entrepreneurial university, Clark proposed that universities diversify their funding based on three main sources; government, research funding and third stream income. The third stream income has been divided further into three sub-streams which are other governmental support, private organized sources and university-generated income (Clark, 2001). It is the university-generated income that we would like to focus on in this article.

As mentioned earlier, the re-activating Graduate School of Business in the Faculty of Economics and Muamalat is part of the plans to bring additional income for the survival and sustainability. The establishment of the Graduate School of Business has been successful in raising money, particularly in US universities. It is regarded

as 'cash cow' for the university. Most US Graduate Schools of Business have been successful in attracting students, donations from individual tycoons and funds from private companies. However, there is a serious concern about the future of business education in the country. The business schools face intense criticism for failing to meet the need of their students and industry for effective education and relevant knowledge. It is argued that the over-emphasis on career-enhancing and salary increasing aspects has commercialized business schools at the expense of education quality and achievement (Pfeffer & Fong, 2004).

In addition to that, the failure of business schools in producing quality graduates was linked with the adoption of a 'scientific' research orientation in teaching. Bennis and O'Toole correctly pointed out that: "Instead of measuring themselves in terms of the competence of their graduates, or by how well their faculties understand important drivers of business performance, they measure themselves almost solely by the rigor of scientific research." (O'Toole 2005).

The Graduate School of Business which emphasizes scientific research primarily exists to support scholars' own interest. The scholars are free to do whatever research they choose and leave practical implication to others. The problem with this approach is that it often fails to reflect the way business works in real life. The important skills for business executives are to make decision in the absence of clear facts and to make judgements based on multidisciplinary factors. But the skills could be less effective when they are taught by professors who are excellent in instruction on methodology and scientifically oriented research.

Another aspect that attracts considerable attention among professors who teach the graduate programmes is the lack of ethical dimension, cultural awareness and global perspectives in the current curricula (Datar et al. 2010). It is argued that adding an ethical subject in the programme structure will not answer to the unethical behaviour and business wrong doings practiced by corporate leaders. Rather the whole outcome of the programmes needs to be re-visited to produce a generation of business leaders who will not be driven solely by material factors (Giacalone, 2004). As a result of such awareness, most established business schools including Harvard, Stanford and INSEAD have embedded in their programmes and modules the teaching of values.

A brief review of literature above gives additional motivation and guidance in pursuing our plan. It is learned that the important factors to be successful are

the design of the academic programme, the incentive for academics to adopt an entrepreneurial style of work and the marketing strategy.

3 Action Plan in re-Activating the Graduate School of Business in Faculty of Economics and Muamalat

The Graduate School of Business in the Faculty of Economics and Muamalat, USIM was already launched in 2010. At that time, the vision was to develop a top business school in the country in the next 10 years. Two existing programmes were planned to be offered for business executives. However, the plan was not implemented successfully due to several limitations. The faculty was not fully prepared to offer such executives programmes. The majority of the lecturers were young and lacked teaching experience particularly in conducting courses for working adults and professionals. There were 3 professors in the faculty, but only one was active. The other two were holding Vice Chancellor and Deputy Vice Chancellor posts which limited their contribution. In addition to that, the faculty also lacked industry engagement which is critical not only to attract executives in joining the programmes but more importantly it is required to update the syllabus with the latest industry's development.

The idea to re-activate the Graduate Business School was proposed with careful consideration on previous limitations. The action is planned based on four main tasks; assessment of need, curriculum and modules development, administrative task and budgeting as well as promotion and advertising.

Task A: Assessment of Need

The Graduate Business School was set up in 2010 after receiving a directive from the top management of the University. Unlike the setting up, the idea to re-activate its existence is a bottom-up decision. It is the management of the Faculty that decided to re-activate the operations of the Graduate School of Business to improve the Faculty's visibility and to sustain its financial stability. As the Dean, I convinced the faculty about the idea. The whole faculty need to be prepared for different situation in the future. As mentioned earlier, the government's blueprint clearly requires public universities to diversify their funding resources in the near future. Therefore, it is hoped that the Graduate School of Business will become a catalyst for the Faculty to prepare itself in a more challenging higher education landscape.

In order to ensure its successful implementation, the idea needs to be articulated to all faculty members. Hence, a brainstorming session with faculty members was organized to obtain collective support from them. During the brainstorming session, they also assessed the strengths and identified the niche areas on which the Graduate School of Business can focus. A special task force was then formed to carry out a market survey. The project was viewed as viable by the special task force team. However, as there are more than 50 higher learning institutions which are offering Master of Business Administration (MBA) type programmes, the identification of the niche areas is vital.

Then, a meeting to formalize a new set-up team of the Graduate School of Business was held to obtain faculty’s approval. There was debate whether the Graduate School of Business should be separated from the faculty or it should be operated under the same roof. After considering the problems experienced by other universities in Malaysia which operate on the separation model, it was decided that the Graduate Business School will not be detached from the faculty management. This means the faculty and the Graduate Business School will be supervised by the Dean. The new administrative structure of the faculty is shown in table II below:

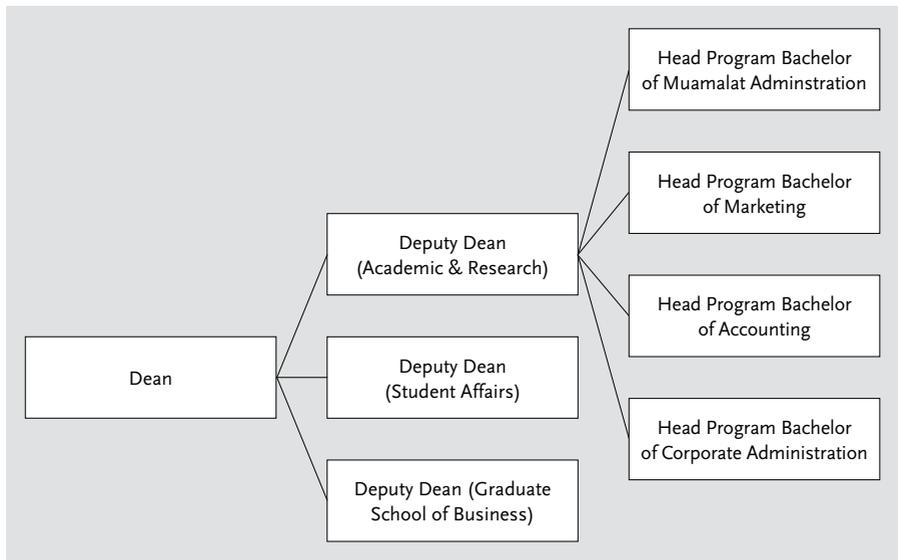


Table 2: Graduate Business School Governance Structure

Task B: Curriculum and Module Development

The Graduate Business School will concentrate on offering master degrees by coursework programmes. There are two existing programmes which are already offered by the Faculty namely Master in Muamalat Administration and Master in Muamalat Administration (Halal Product). In line with the plan to re-activate the Graduate Business School, three more new programmes would be introduced. The new programmes are the Master in Islamic Finance, the Master in Islamic Banking and the Master in Accounting and Shariah Audit. As required by Malaysian Ministry of Education, all the new programmes need to obtain the approval from the Malaysian Qualification Agency (MQA). Thus, one of the important tasks with regard to re-activating the Graduate Business School is to ensure that the new programmes are approved by the MQA.

In addition to that, the faculty organized a series of workshops to review the curricula of both the existing and the new programmes. The main objective of these workshops is to develop academic programmes which meet industry's expectation. We encounter a few problems in finalizing the content of academic programmes. The program structure and syllabus were changed three times during the process. There were two schools of thoughts with regard to the overall programmes outcomes. Do our Graduate School of Business intend to produce generalist or specialist in the area of Islamic Finance and Islamic Business? The former will require the students to learn general subjects such as Managerial Economics, Managerial Accounting, Corporate Finance, Strategic Management and Management of Marketing in the first semester. These subjects will provide basic knowledge and skills for leaders and managers in any business organizations. In contrast, if the programmes aim to produce specialists, the subjects taught will become very specific and related only with the chosen area of study.

The issue is important to be resolved as it will shape the future undertaking of Graduate School of Business. As the Dean, I lead the serious discussion on this matter and tried to make all faculty members participate as much as possible. Eventually, faculty members agree to focus on producing managers and business leaders who encompassed with Islamic perspective. Besides, 10 short courses are also developed in Case Study writing, Entrepreneurship and Management and will be promoted as training and consultancy to government agency and companies. It takes about one and half years before the new programmes can be officially offered to students. This is because the offering of new academic programme in Malaysia needs to go through various steps and processes at the university' level, MQA and

the Ministry of Education. Nevertheless, the Graduate School of Business will commence its operation in September 2015 with the five programmes as described below (GS-M, 2015):

→ **Master of Muamalat Administration (MMA)**

- The Master in Muamalat Administration is designed for graduate students interested in progressing their career in Islamic management but who wish to study a broad range of topics and at the same time wish not to be restricted to one specific functional area. Throughout the course of study, there is an emphasis upon leadership and strategic change and implementation within an Islamic perspective.
- This programme provides graduates with a strong foundation in the concepts, principles and techniques of modern business management through the convergence of religious ethics and business management knowledge.

→ **Master of Muamalat Administration (Halal Product) (MMA HP)**

- With a growing Muslim consumer market force, close to 3 billion across the globe, annual trade in Halal products and services is a multi-trillion dollar industry. To address this, the Graduate School of Business has structured a Master programme targeted towards increasing the number of knowledgeable competent personnel in sharia compliance, industry and science to service companies investing in the Halal industry.
- Graduates will have developed knowledge on various aspects of business and management of halal products (food and non-food products and services) and gained critical understanding of essential components of Islamic principles and its application.

→ **Master of Islamic Finance (MIF)**

- Our cutting edge programme will train graduates to develop a critical understanding of vital components of Islamic finance theory and associated current research, and develop the capability of applying both general and Islamic financial concepts and principles to the analysis of corporate circumstances
- The Master of Islamic Finance is for students wishing to have their course tailored from an Islamic financial and accounting perspective. All MIF students commence with a generic common core but in the following semester students will then specialize by studying relevant financial, accounting and investment issues from a managerial perspective.

→ **Master of Islamic Banking (MIB)**

- This course has been designed to provide students with necessary skills and in-depth knowledge required to work in this growing and sophisticated Islamic banking sector. It offers a comprehensive curriculum encompassing both classic and more recent areas of the principal functions of Islamic banking. Students will cover basic fundamentals such as the differences between Islamic and traditional banks, as well as how bank accounts work under Sharia principles.
- The core units equip students with an in-depth understanding of the structures and functioning of financial institutions, and issues related to Islamic banking in a contemporary, globalized economy. As well as providing the necessary knowledge of bank management, risk management and risk assessment, the Islamic Banking specialisation offers intermediate corporate finance, equipping graduates with a qualification that is modern, in-depth and competitive but grounded in Shariah laws.

→ **Master of Accounting and Shariah Audit**

- The Islamic banking industry in Malaysia has emerged in the global banking system and has continued to show strong growth for the past years. Demand for graduates able to conduct Shariah audit arose mainly to ensure that the activities and operations of an IFI are in adherence to Shariah thereby enhancing IFIs integrity.
- Our latest offering, Master in Accounting and Shariah Audit is a ground breaking programme and first in the world, aligned to cater to demands by Muslim governments and institutions that want ethical graduates able to audit companies and ensure that their operations are in accordance to Islamic jurisprudence and commercial law

In addition to the content of the curriculum and modules, the Graduate School of Business gives emphasis on the delivery and teaching methods. 30 lecturers were trained in conducting classes and modules for working adults. The training is certified by the Human Resource Development Fund (HRDF). By having certified lecturers for conducting the courses, students could claim certain portion of fees from the HRDF. This would assist them to pursue their study. Besides, the lecturers also attended a series of trainings in writing and using the case studies method. It is hoped that by adopting both relevant contents and effective teaching method, the programmes offered will really add value to the students' learning experience.

Task C: Administrative Task and Budgeting

Another important task is related to the administration procedures and budgeting. The re-activating of the Graduate School of Business involves quite a long bureaucratic process due to USIM's status as a public university. The first step is to seek approval from the top university management. The support is vital not only for administrative purpose but also for getting an additional budget. There were three series of meetings held to convince the university management about the plan. Finally, the plan was approved with an additional budget of approximately USD130.000 as seed-money paid over a period of three years.

Since the re-activating involves changes in curricula and fees, the matters were brought into two separate meetings. First, the Senate university members needed to be informed and explained about the new updated curricula. Secondly, the increase of the fee from USD55 to USD110 per credit hour needed approval from a special committee at the treasury department. Then, a series of meeting were held with the university post graduate department which handles all matters including application, admission, course registration and graduation of Masters by coursework students. Similarly, the coordination is done with the Information Technology (IT) department as most of the student's management processes are conducted via IT system. The main purpose of the coordination is to ensure the smooth-running operation of the Graduate School of Business in the coming semester. In this regard, the Dean plays important role in communicating with the other heads of department. As for our case, several meetings chaired by the Deputy Vice Chancellor (Academic) were held between related Deans and heads of department to 'buy in' their support.

The Faculty also recruited four senior academics to strengthen its capacity. Two of them are professors and the other two are associate professors. In addition to that, the Faculty recruits a fellow who has vast experience in industry.

Task D: Promotion and Advertising

Advertising and promotional activities are given priority in this plan. As mentioned earlier, there are many higher learning institutions in Malaysia which offer similar types of executive programmes and they are therefore in competition. Thus, the need to plan and carry out an effective marketing strategy is obvious for the Graduate School of Business. In order to accomplish this important task, the Faculty hires a marketing executive on contract basis. The executive is given a target to bring USD300.000 revenues in terms of students' fees and income from trainings in his first year.

The Graduate School of Business marketing team chooses to market the programmes to targeted institutions. Hence, roadshows for selected government-linked companies and Islamic financial institutions are planned for May to December 2015. So far, Majlis Amanah Rakyat (MARA) a government institution that develops and provides assistance to indigenous Malays has already agreed to send a group of executives to pursue Master in Muamalat Administration (Halal Product). In addition to that, the Graduate School of Business will promote its programmes in a postgraduate exhibition which will be held in August 2015. Advertisements about the new programmes are put in the local newspaper to publicize our existence nationwide. The promotion activities bring another milestone for the Faculty. The activities demonstrate to the public and the academia in particular that the Faculty is now catching up with the others established Graduate School of Business in nurturing future corporate leaders.

In addition to the local market, the team makes a plan to promote our programmes to international students. In 2015, two roadshows are planned to be conducted in Sri Lanka and Indonesia. The Faculty will also strengthen its collaboration with a few partners such as with College of Banking and Financial Studies in Oman, University Islam Indonesia, University Muhammadiyah Jogjakarta and University of Serangjaya of Indonesia. As a Dean, my main role is to maintain the positivity of team members in running the project. Indeed, the project will gradually transform the way faculty members used to work. After we conduct some promotional activities, we could see huge opportunities in front of us. The demand for Islamic finance and halal niche areas is great. However, support and commitment from the faculty members is critical in fulfilling the demand. For instance, the lecturers need to be ready to teach during weekend, to teach out of campus and develop online modules. When these opportunities are presented to all faculty members, I can see that 50 percent of the lecturers are bit reluctant to participate and contribute for various reasons. The monetary incentives promised for working extra-ordinary time seem unable to appeal some of them.

4 Conclusion

The higher education landscape in Malaysia will witness significant changes over the next 10 years. The demand to become an excellent higher learning institution at the international level is getting stronger from the Ministry especially to the public-funded universities. Universities are also expected to diversify their sources

of income. They can no longer rely on “the golden goose to lay more golden eggs”. Anticipating such challenges, the Faculty of Economics and Muamalat, USIM re-activated its Graduate School of Business. The Graduate School aspires to train future corporate leaders in Islamic finance industry. Hence, a comprehensive action plan was prepared and carried out to turn this ambition into a reality. The plan includes preparing relevant course contents, enhancing lecturers’ skill in teaching professional students, coordinating with various internal departments within the university and strategizing marketing and promotion activities. It is hoped that the re-activating of the Graduate School of Business will provide financial sustainability as well as increase the Faculty’s visibility in the future.

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