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# OPINION

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## EDITORIAL

### Dropout rates show uni may not be best choice for some

It seems it is almost expected these days that most high school students aim to go on to further study at university.

But new figures last week showed the student dropout rate at WA universities had reached its highest point in a decade. Higher education student attrition data showed that 16.05 per cent of WA students who began an undergraduate course in 2015 did not return to university last year.

Edith Cowan University had the highest dropout rate compared with other WA institutions, with more than one in five, or 21.87 per cent, failing to return. Murdoch University also had an attrition rate higher than the State average, with 19.26 per cent.

Curtin University lost 16.34 per cent of students, Notre Dame University 10.63 per cent and the University of WA 7.23 per cent.

Federal Education Minister Simon Birmingham said the national attrition rate had crept up to about 15 per cent, with some universities reporting double that.

Universities Australia deputy chief executive Catriona Jackson said the share of students dropping out was similar to a decade ago, despite a dramatic growth in the number of students going to university.

ECU senior deputy vice-chancellor academic, Arshad Omari, said attrition was linked to a range of factors, including academic preparation, expectations and students' personal or financial circumstances. ECU had introduced a range of initiatives to better support students.

Murdoch deputy vice-chancellor education, Romy Lawson, said it had a high proportion of part-time, mature-age students, students from lower socio-economic backgrounds and from rural areas.

Improving student retention was a key priority for Murdoch and data indicated that measures to promote student success were having a positive impact.

The universities are no doubt taking all possible steps to improve their performance.

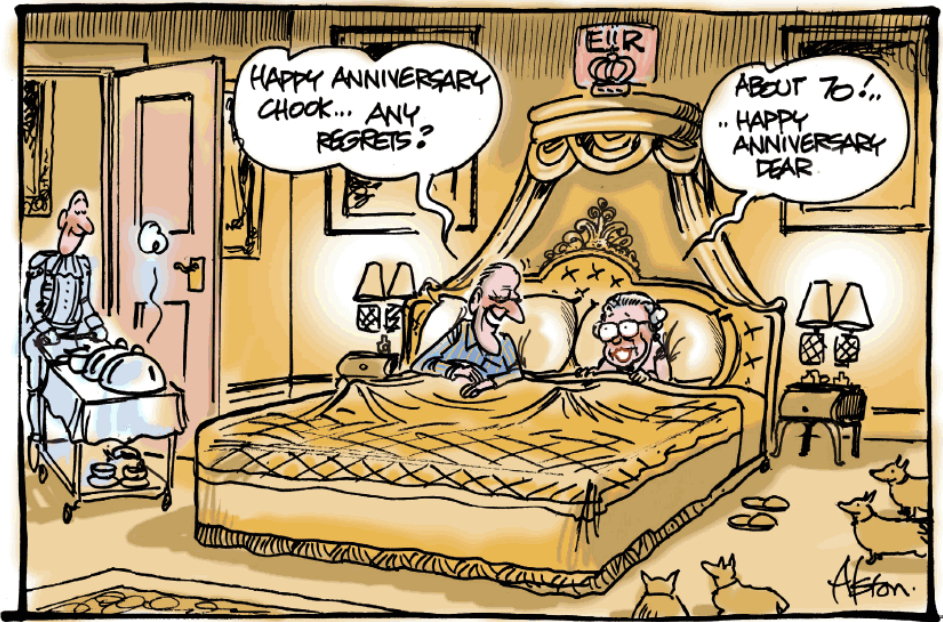
Yet there remains a suspicion that the modern focus on getting kids to university has not necessarily been the best outcome for all students.

All students should be encouraged and assisted to reach their potential. But there is no one-size-fits-all in education. Some students are better suited to a path other than tertiary education and do very well if and when they choose that option.

In the rush to boost the numbers who go to university, we must ensure the technical and training sector is not overlooked.

Sufficient resources and opportunities must be delivered to that sector.

It is a sector that can be best for the students concerned, the needs of employers and the economy, too.



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## Leadership key to small, medium business sector

■ Gary Martin

Think innovation and leadership and it is hard to go past Elon Musk. The driver behind the Tesla electric vehicle has demonstrated that if you think big and do your research, nothing is impossible.

"If you're trying to create a company, it's like baking a cake. You have to have all the ingredients in the right proportion," Musk has said.

In Tesla's case, Musk was able to combine an idea (the electric vehicle) with inspirational leadership and the right business and community settings.

For no one is Musk's cake analogy more apt than for leaders of WA's small to medium-sized businesses.

WA is home to about 6430 so-called SMEs, or 12.5 per cent of Australia's total — which compares favourably to this State's 10.5 per cent contribution to the country's 24.5 million-strong population.

WA's isolation is often cited as a key driver of business growth because it fosters — no, it demands — persistence, strength, intuition and initiative to survive.

It also opens opportunities because many of the traditional incumbents in other markets — on the east coast or overseas — don't always make the trek to WA. So there is scope and opportunity for a local entrepreneur or businessperson to fill or service a gap in the market.

The biggest concentration of SMEs in WA is in accommodation and food services, followed by retail trade, construction, manufacturing, and



All the ingredients in the right proportion.

Tesla chief Elon Musk

professional, scientific and technical services.

But while WA is battling above our average in terms of SME numbers, we lag the nation in business confidence.

Based on the most recent Bankwest Future of Business survey, SMEs in WA are much less optimistic about the future than their peers across the nation.

On a scale of minus 100 — meaning strong negative sentiment — to plus 100, the national SME average sits at 11.3. Queensland is the positive outlier at 20.4 but WA is a laggard at minus 2.4. These well-worn excuses apply:

- WA is still recovering from the hangover of the end of the China-fuelled, construction-heavy resources boom.
- Persistent commodity price weakness and the State's massive debt burden are impeding business growth.
- WA consumer confidence remains low.

WA may be out of the worst in terms of business conditions, but the recovery will be gradual.

It is widely acknowledged that in the natural cycle of a business, WA is in the consolidation and productivity-enhancement phase. That is, squeezing more out of revenue at a time when market growth is subdued and profit margins are under pressure.

In this environment, SMEs need two key leadership drivers for success:

- Innovate.
  - Identify a niche.
- Innovation is not just about technology — though technology often plays a massive part — but about strategic thinking and adapting to change.

Identifying a niche speaks both to identifying a market segment that is under-served as it does to identifying what customers want, and picking new trends.

A great advantage of an SME should be its ability to respond much better than a big corporation.

An SME may not have the scale, purchasing power or financial resources of a big corporate, but it should be able to read better and more easily adapt to changing market conditions.

The SME leader should enjoy a better read of their customers, enjoy a closer and more productive working relationship with customers, and may even be able to share some innovation and technology investment risk with customers.

This is where leadership can make a positive difference.

These are tough economic times in WA but that is where the value of leadership becomes even more important.

Musk is tasting success with his Tesla cake because the recipe included a healthy dose of leadership.

It is up to WA's SME sector to follow his recipe.

■ Professor Gary Martin is chief executive of the Australian Institute of Management WA