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**Academic Entrepreneurialism
and Private Higher Education in Europe**

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Abstract

It seems very difficult to analyze private universities in Europe in the context of entrepreneurialism in the form the concept has emerged in the basic literature and available case studies. The private sector in higher education, in general, from the point of view of both numbers of institutions, share of enrolments in the sector, and study areas offered, has been a phenomenon of the transition/accession countries. At the same time, the conceptual framework currently used to analyze “entrepreneurialism” in higher education seems somehow restricted in use to public sector institutions. Very few scholars ever refer to private institutions in their discussions of entrepreneurship. On European grounds, not only experiences with private higher education have been very limited – but also the emergent concepts related to entrepreneurialism derived from analytical work on the public sector and rarely touched on the private sector. The present paper is based on the conceptual work on “entrepreneurial” and “proactive” universities (by Burton Clark), “self-reliant” and “enterprising” universities (by Michael Shattock and Gareth Williams) and Barbara Sporn’s notion of “adaptive” universities. In empirical terms, it is based on case studies of entrepreneurial universities, both from Western Europe and Central and Eastern Europe. We have a closer look at entrepreneurialism of private institutions studied within the EU 6th Framework Programme EUERЕК *European Universities for Entrepreneurship – Their Role in the Europe of Knowledge* project in the context of what Clark, Shattock, Williams and Sporn suggest mostly for the study of public institutions. Therefore a context of entrepreneurialism in the form of Clarks’ five elements: a strengthened steering core, an expanded developmental periphery, a diversified funding base, the stimulated academic heartland, and the integrated entrepreneurial culture is revisited, and referred to the private sector, followed by conclusions.

Marek Kwiek

Entrepreneurialism and Private Higher Education in Europe

Public and private institutions: the key features of “entrepreneurial” universities in a wider context

It seems very difficult to analyze private universities in Europe (including those selected to be analyzed as the EUERЕК case studies) in the context of entrepreneurialism in the form the concept has emerged in the basic literature and available case studies.¹ The private sector in higher education (with the exception of Portugal and Spain) from the point of view of both numbers of institutions, share of enrolments in the sector, and study areas offered, has been a phenomenon of the transition countries. In some countries (such as e.g. Sweden or the Netherlands), nominally “private” institutions are funded in practice with public money, in various forms, under different umbrellas and with different allocation models applied.²

At the same time, the conceptual framework currently used to analyze “entrepreneurialism” in higher education seems somehow restricted in use to public sector institutions, and rightly so. Very few scholars ever refer to private institutions in their discussions of entrepreneurship. And if they do, they often mean selected top US universities (as Burton Clark refers to Stanford in *Sustaining Change in Universities* – but in the context of public institutions briefly studied such as MIT, University of Michigan at Ann Arbor, UCLA, North Carolina

¹ The present working paper will be published in *Entrepreneurialism in Universities and the Knowledge Economy. Diversification and Organizational Change in European Higher Education* ed. by Michael Shattock, Maidenhead: Open University Press, McGraw Hill Education, 2008.

² The project “European Universities for Entrepreneurship – Their Role in the Europe of Knowledge”, 6th Framework Programme of the European Union (2004-2007) was coordinated by the Institute of Education, University of London (Michael Shattock, Gareth Williams, Paul Temple) and its results are publicly available from www.euerek.info. The author would like to express his gratitude to the whole EUERЕК research team; responsibility for all limitations of the present paper rests with him only, though.

State University and Georgia Institute of Technology, Clark 2004: 133-166). Clark's classical case studies in *Creating Entrepreneurial Universities* (1998) were all about European *public* universities and the only one that stood out – The Chalmers University of Technology in Sweden – had indeed “opted-out” of the Swedish public education system but remained funded by the state. On European grounds, not only experiences with private higher education have been very limited – but also the emergent concepts related to entrepreneurialism derived from analytical work on the public sector and rarely touched on the private sector. Shattock and Williams (in Shattock 2004) applied a concept of “entrepreneurialism” to (somehow alien) universities in transition countries – in Russia. But again they were public universities. Barbara Sporn, while analyzing “building adaptive universities” (2001) focused on four public (the University of Michigan at Ann Arbor, UC Berkeley, St. Gallen Universität in Switzerland and Wirtschaftsuniversität Wien in Austria) but also on two private institutions, including one vocationally-oriented in Europe (New York University and Università Bocconi in Milano, Italy).

The present paper is based on the conceptual work on “entrepreneurial” and “proactive” universities by Clark (1998, 2000, 2001, 2004a, 2004b), “self-reliant” and “enterprising” universities (by Shattock 2000, 2004a, 2004b, 2005 and Williams 2004) and Sporn's notion of “adaptive” universities (1999a, 1999b, 2001). In empirical terms, it is based on case studies of entrepreneurial universities, largely from Western Europe (and Central and Eastern Europe), mostly but not only EUEREK case studies. We will have a closer look at entrepreneurialism of private institutions studied within the EUEREK project in the context of what Clark, Shattock, Williams and Sporn suggest mostly for the study of public institutions. Therefore we need a context of entrepreneurialism to view the EUEREK studies of private institutions (the discussion of what is “publicness” and “privateness” of academic institutions we have to leave for another occasion).³

³ The EUEREK case studies of private institutions have included: the University of Buckingham (UK), Jönköping University (Sweden), TCUM – Trade Cooperative University of Moldova (Moldova), UCH – the Cardinal Herrera University (Spain), WSHIG – the Academy of Hotel Management (Poland), and the University of Pereslavl (Russia). They are relatively young institutions: almost all were founded in 1990s – in the UK (1976), Poland (1993), Russia (1993), Sweden (1994), Moldova (1993), and Spain (2000). Almost all are located outside of capital cities. The reasons for founding them varied from political/ideological (UK), individual's passion (Poland, Russia), political/regional (Sweden), and religious/confessional (Spain).

The diversified funding base: possible sources of income

Barbara Sporn discusses five factors enhancing adaptation at specialized European universities which lead in five directions: externally focused mission, differentiated structure, collegial management, institutional autonomy, and diversified funding (Sporn 2001: 27). Michael Shattock discusses six key words highlighting the characteristics that successful universities have to demonstrate: they are competitiveness, opportunism, income generation and cost reduction, relevance, excellence, and reputation (Shattock 2000: 96-103). We could discuss the private sector represented in the EUERЕК case studies in the context of the two above sets of features, related to “adaptive” universities and “successful” universities (Shattock 2003). But we will base our further analysis this time on Clark’s “pathways to transformation”, revisiting his classical formulations. In brief, according to Clark in *Creating Entrepreneurial Universities* (1998), entrepreneurial universities are composed of five elements which form an irreducible minimum: a strengthened steering core, an expanded developmental periphery, a diversified funding base, the stimulated academic heartland, and the integrated entrepreneurial culture (Clark 1998: 8-10).

Let us begin with the diversified funding base of entrepreneurial universities. With reference to the financial underpinnings to the entrepreneurial university, there are three streams of income: mainline support from government, funds from governmental research councils; and all other sources lumped together by Clark as “third-stream income” (Clark 2004a: 77).

The global movement in the last twenty years has been toward the second and the third streams of income; in the specific case of private institutions, it is crucial to underlie the role of the third stream (all other, largely non-governmental, sources of income): also, much more importantly, private institutions would find it hard to be entrepreneurial as institutions and to have entrepreneurially-minded academics – without its faculty and academic units competing (globally and nationally) for outside research funding. The role of competition amongst others – institutions and individual academics alike – is fundamental for the entrepreneurial character of an academic institution. We mean here both *internal competition* (for research and other development funds) and *external competition* for other outside funds. At entrepreneurial universities, vast part of managerial practices is devoted to manage competing units and academics in terms of human resources, to manage non-core outside funding in

financial terms, and to manage resulting tensions between academic units, between the center and departments, through e.g. various “top-slicing” and “cross-subsidizing” techniques. With somehow always scarce research funding (as it always is at entrepreneurial universities, as most EUERЕК case studies confirm that there are no limits in academic financial expectations), inventing and re-inventing for departments and the center fair and transparent formulas seem crucial. If procedures are non-transparent, or unfair to some academic units, management loses a lot of time and energy in managing tensions which in other conditions should not appear.

A negative scenario of development of private institutions studied within the EUERЕК project, from the perspective of entrepreneurialism, would be their status of (merely) teaching institutions. To the extent possible, the research dimension should be present in the private sector, and made visible, to the academic world generally. Case studies of Polish and Russian (as well as Macedonian and Ukrainian) – private – entrepreneurially-minded universities show that the road to excellence in research for them is difficult to achieve, especially with scarce outside funding at the beginning, but prestige and reputation of an institution appears when significant research is being done, including especially internationally relevant research. Only few private institutions in Poland have reached that level – but they have top candidates and best graduates (in the Polish context, it also often means that these institutions are allowed to offer PhD studies in selected areas, in acknowledgement of their core staff employed and national categorization in research output; WSHIG studied for the EUERЕК project does not have research ambitions). Not surprisingly, investing in research brings more, and especially better, students to these institutions.

The access of EUERЕК private institutions to public subsidies is very limited and private R&D investments in private higher education institutions are marginal (again the Swedish case is exceptional and testifies to different senses of “privateness” of higher education – at the Jönköping University, the level of public subsidies is equal to public universities).

In more general terms, financial diversification of an institution is also healthy *academically*: the general rule is simple – as Clark put it, “it is better to have more money than less”, or elsewhere: “more income is always needed: universities are expensive and good universities are very expensive” (Clark 1998: 26). The diversified funding base of an entrepreneurial

university means a portfolio of patrons (national and international, private and public, long- and short-term) to share inevitably rising costs. Entrepreneurial universities aggressively seek third-stream sources, as testified by all European case studies, and it is a very powerful trend in the Netherlands, the UK, Sweden, Finland, as well as in several transition countries including Poland. Internal university reforms and restructuring, including closures and mergers of academic units, are increasingly “finance-driven” (rather than e.g. “equity-driven”). The third source of income is becoming crucial for public institutions; some components of them are also fundamental for the vitality (development or survival) of private institutions.

The case studies of Warwick University in the UK (outside of the EUEREK project but crucial for understanding the phenomenon of entrepreneurialism, Shattock’s “earned income policy” together with for example Twente University in the Netherlands) show the crucial role of all academic units being involved in seeking outside research (or other – consulting, fees from international students) funds. Separate units increasingly become separate small (academic and business) units, “rewarded” and “punished” for their entrepreneurialism (as Williams noted, “managers who take risks and are successful are rewarded. Failure and passivity are penalized, 2004: 87). The culture of entrepreneurialism, indicated as an irreducible element of entrepreneurial organizations, means that virtually all units are involved, including the usual laggards, social sciences and the humanities.

In Poland and other transition countries, by contrast, most entrepreneurial units, (unfortunately often with negative effects on the quality for teaching and subsequently research) were departments in the social sciences – especially political sciences, sociology, psychology and business-related (but not strictly economic) areas. The Warwick example of financial management shows that what is crucial is seeking possible outside opportunities and viewing academic units as small business units (see the presentation of Sir Brian Follett, Vice-Chancellor of the University of Warwick, at a 2000 OECD/IMHE conference in Paris “Beyond the Entrepreneurial University?”).

The possible new income sources for entrepreneurial universities in the context of the European case studies include: support from other public agencies, support from public agencies at other government levels, support from large business firms, engagement with small- and medium-sized firm, philanthropic foundations, professional associations,

university endowment income, university fund-raising from alumni and willing supporters, student tuition and fees, applied to foreign students, graduate students, continuing education students etc.

In the entrepreneurial set of academic thinking, customers-students of the emergent private sector are more happy to pay what is required and get what they want – than to pay less and get less. Private institutions as providers of services seem to have better reputation if they do not underprice and undercharge its services (as in some European case studies: renting conference centers, sports facilities etc; in the UK, the phenomenon is called the academic “low price culture”. It is prevalent at most public, even entrepreneurially-minded universities in Europe; on the other hand, many private universities charge full recovery costs plus substantial surplus, both in teaching students and renting its facilities to outsiders. The Polish case of 300 private universities of which only 3-5 went bankrupt in the last 15 years and which are aggressively developing their infrastructure and study offer confirms the absence of the phenomenon of underpricing in the private sector. In Russia, as Shattock stresses (Introduction to 2004a: 31), “an extremely important contribution to Russian university entrepreneurialism was the central government’s decision to allow universities to admit fee-paying students”; it is exactly the Polish case, with some differences (such as legal limitations in the number of part-time fee-paying students: up to 50 percent of all non-fee-paying regular students at an institution as a whole).

Other sources of new income for entrepreneurial universities include earned income from campus operations, academically driven activities plus spun-off, stand-alone, and self-financing activities and royalty income from patented and licensed invention and intellectual property.

As Clark stresses, *non-core sources often feed and encourage one another*. And the greatest gain in independence comes from having university-generated and directly controlled sources of income. The financial management of departments vis-à-vis the center is viewed as crucial. Most entrepreneurial institutions studied stress the role of cross-subsidizing of those departments or units which – at a given time – are not as financially successful as other departments or units. The idea is that perhaps they will be successful at some point, with new research directions or teaching offer. In the medium run, heavy cross-subsidizing of particular units is not possible. They have to be closed or, much more often, restructured and merged.

The University of Nottingham, one of the most entrepreneurial ones in the UK (together with Warwick) and the most entrepreneurial among the UK EUEREK case studies, stresses the role of fees from international students, including overseas graduate students. The Graduate School (opened in 1994 there) is market-driven and responsive to national and international resource allocation procedures. The financial management rule is clear: funding allocations from the center to particular schools are directly related to the earnings they bring to the center; consequently, the incentive is to generate more additional revenues to the school, and the university as a whole. At the same time, instead of somehow mechanistic top-slicing of additional revenues, the University is allowing schools to keep their income gross – but require them to pay the costs of central services they consume and a proportion of central strategic budgets. The UK gives a good example of changes in financial management of outside funding: the move towards a model of Full Economic Costing (FEC) and a Transparent Approach to Costing (TRAC) is in the same direction. No other European countries seem to go so far in this direction.

Incentives for staff and academic units to be entrepreneurial rather than to be traditionalist are crucial – this is confirmed by numerous case studies in Europe. Incentives do not have to be financial only; they can be reputational (distinction), academic career-related and time-related (e.g. smaller teaching loads for those successful in research). Certainly, too heavy top-slicing of additional outside income is an inhibitor to entrepreneurialism of both units and academics. As stressed by Williams (the author of the notion of “the enterprising university”) and Kitaev, there is a balance between individual’s gains and institution’s gains, both in financial and reputational terms (see Williams and Kitaev 2005: 139).

Thus, in general, the fundamental dimension of an entrepreneurial university – having a diversified funding base – does not seem to work for the EUEREK private institutions studied. Their abilities (and opportunities) to use the “third source” of income, especially (perhaps most welcome) “university-generated” income, are very limited, as confirmed by detailed statistical data in each of the relevant EUEREK case studies. Their high degree of financial dependence on a single source of income (namely, student fees) makes them easily prone for financial problems. In general, they are able to compete for public or private research funds in a very limited degree; being largely teaching institutions, even if allowed by

national laws to be state-subsidized in research, they are not able in practice to compete with public universities. Separate units are rarely rewarded (or punished) for their entrepreneurialism and rarely act as separate business units, as is often the case with most successful public entrepreneurial universities.

The strengthening steering core⁴

The role of the “strengthened steering core” in entrepreneurialism of the private institutions studied: there does not seem to be the need of balancing influences across multiple levels of these institutions, there does not seem to exist the need to keep a constant balance between particular departments through the intervention of the center. In contrast to public entrepreneurial institutions (and even more, in contrast to the whole public sector in higher education), the role of faculty participation in central councils is severely reduced. Collegial management is unheard of, and connections between academics and administrators/management/founders/owners are limited. The center is constantly dealing with risk the management and understanding of which is crucial; and *the* risk, to manage on a daily basis, is the financial one. The role of bringing resources (through keeping or increasing the number of students) seems more important than the role of bringing reputation to private institutions studied. In terms of management structures, as in public entrepreneurial universities, private institutions have powerful centers, strong management groups, usually comprising very few administrators. In decision-making, the role of collegial bodies seems, in most cases, marginal (most often, if they nominally exist, their formal approval is sought). Most private institutions do not use resource allocation procedures to make strategic choices about their future direction. Also no major impact of a new bureaucracy is reported: both the number, and the role, of development officers, technology transfer experts, special staff managers, fundraising officers, is small. The role of strategic committees, so fundamental for managing entrepreneurial universities studied in this section (especially at Warwick and Nottingham), seems minimal. In transition countries, a unique features is that management in the private sector is dealing, to a large extent, with academics working (in a parallel manner) in the public sector. Consequently, the fusion of managerial and academic values is both more and less feasible: more, because academics bring in the traditional collegial attitude prevalent

in public institutions; less as most of them come to the private sector not for (research and teaching) satisfaction – but in order to make more money, and they can quit any time. In other countries studied, this could not happen (the UK, Spain). The management structures are nominally three-level arrangements (center – faculties – departments) but in practice they seem to be flat (center – departments, as at Buckingham), and in smaller institutions, even center – academics, with no intermediaries (WSHIG in Poland).

The extended developmental periphery

The third element of entrepreneurial universities in Clark's formulation is their extended developmental periphery (which seems quite limited in scope, operations and importance at traditional universities). In the private sector studied within the EUEREK, academic peripheries also play a very limited role: most case studies do not mention their existence at all.

In general term, there is an increasing number of operating units that are not traditional, discipline-centered departments. These units particularly take the form of interdisciplinary and transdisciplinary research centers (or research institutes in the US and the UK) focused on a wide range of societal problems. The extended periphery can also be units of teaching outreach, under such labels as continuing education, lifelong education, distance education, and professional development. These research and teaching instruments cross old university boundaries to bring in new students and new kinds of research. Such base units have natural allies in the steering core – among agents of change located in the center.

These new entrepreneurial units fundamentally change the character of the university, adding new dimensions to traditional (departments – faculties – the center) or newer, flatter structures (departments and the center). They require different managing styles as they are often non-permanent, contract-funded units, staffed most often by non-tenured contracted academics. These styles are more flexible, relationships between the center and peripheral units become much less formal and less bureaucratic – one of the reasons is that these peripheries are the units where outside research funds are being invested.

⁴ The role of the “strengthened steering core” in entrepreneurialism of European universities has been dealt with separately in an accompanying working paper, “Academic Entrepreneurship vs. Changing Governance and Institutional Structures at European Universities”.

The crucial role of new research centers in the case studies of European entrepreneurial universities (not in the private sector, though) is overwhelming – and universally reported. Research centers increasingly attract more outside funding in the form of grants and contracts. Their existence confirms a dual structure of most entrepreneurial institutions: traditional academic departments (and disciplines of teaching and research) and transdisciplinary and non-traditional research centers (and transdisciplinary research; sometimes teaching – but then mostly postgraduate programs and short courses). These academic peripheries can come under the structure of departments, or be accountable directly to the center (as is the case in Poland where most new research centers are accountable academically and financially directly to vice-rectors for research, avoiding any hierarchies of departments and faculties, and deans and heads of departments, as the AMU case study shows).

The new peripheries take two basic forms: (a) new administrative offices, and (b) new academic units. The appearance of new specialized administrative offices is closely related to new tasks of the institution, unknown to the institution in its traditional structures and funding opportunities. New offices (and posts) include: grants and contracts office; research and innovation offices, various offices related to new academic programs, such as “entrepreneurship support programs” as described below. Other new units mentioned by Clark (2004: 86) include the office of industrial relations, the alumni offices, the retail services office, the conference and special events office, the continuing education office, the capital projects office. They all make sense at entrepreneurial universities, they are all closely related to the third stream of university funding discussed above, and they are all needed. Clark calls them “new bureaucrats of change” – who increasingly replace old traditional civil servants at transforming public universities. New funding opportunities contribute to the emergence of new peripheral supporting units.

Similarly, the role of (new peripheral) offices dealing with intellectual property issues and academics’ consulting activities is discussed below in a box based on the University of Nottingham case study. Interestingly, these issues were reported as very difficult to deal with, and as often creating considerable tensions. Sometimes ethical codes, or codes of good practices, were reported in case studied as either being in process or badly needed by the management.

The academic structure as reported by case studies on entrepreneurial universities is changing substantially owing to these new peripheries, both academic and administrative. New boundary-spanning academic units (research centers and institutes) link themselves much more easily to the outside world (and outside funding) – as opposed to the traditional, disciplinary-centered departments. A clear example of research policy aimed at keeping research institutes, as separate from departments and faculties, at the forefront, is given by Twente University (see Arnold et al, 2006: 42).

To sum up: the role of extended developmental peripheries in the private institutions studied is marginal; new transdisciplinary research centers are sometimes reported but they do not change the character of these institutions and their (rare as it is) existence do not lead to introducing new management styles or new internal resource allocation procedures. They do not form parallel, increasingly powerful university structure. They do not seem to attract new sources of funding; they are not engaged in aggressive seeking new research areas, as in the public sector. Also the role of new administrative units, so crucial to public entrepreneurial institutions studied, by comparison, is marginal. Most of new posts and new units in the public sector are related to new opportunities of research funding, or the exploitation of research results, innovation, or international off-campus teaching, or royalty rights. In private institutions studied, the need for these units is still very small, although they do sometimes appear (offices for EU structural funds in Poland, EU research or Tempus officers in Russia and Ukraine). The balance of power in management is not changed by new peripheral research (or teaching) units. There are few people working on research grants, without employment contracts, and there is no need to have bridging policies ready for this staff category. They do not have major (or in most case – any) problems with managing intellectual property issues or consultancies. There do not seem to be clear research targets and funding for particular units does not seem to be based on meeting the targets or bringing additional research-related revenue to the institution. Consequently, at the moment, the extended developmental periphery seems almost absent from the picture of the private sector in Europe, at least as studied in the EUEREK case studies.

The stimulated academic heartland

The fourth element of Clark's entrepreneurial universities recognizes that strong universities

are built on strong departments. Entrepreneurial universities become based on entrepreneurial departments – places attractive to faculty, students, and resource providers. Research centers and institutes proliferate and may change the balance of power at an institution – they have most often many more opportunities for outside funding, and are directly related to the university management center (also owing to their successes in attracting funding; this proximity to the center, as reported by case studies, is most often informal). But apart from academic peripheries, traditional departments do count, and this is where most teaching and research is reported to be taking place.

The issues of developing new knowledge from entrepreneurial activities, the dissemination of (new) knowledge and knowledge exploitation and technology transfer mechanisms look quite similar in most of the EUEREK private institutions studied. Except for the Swedish case of Jönköping, none of the institutions have science parks or significant (either public or private) research funds. Interviewees mention teaching, seminars and books as their contribution to the knowledge transfer. There is no *major* difference in this context between Buckingham, WSHIG in Poland, UCH in Spain or the TCUM university in Moldova: they are mostly teaching institutions, with strong vocational component of studies. In the Spanish case, though, there is an idea to set up an Office for the Transfer of Research Results – and there are already two institutes where the dissemination of research work is located. As the Polish case study explains the role of research and teaching,

WSHIG is a special case of fully professionally-oriented educational institution. Being both a private institution, and an almost completely teaching (as opposed to teaching and research) institution, WSHIG does not intend – by its mission – to develop or disseminate new knowledge or intend to get involved in knowledge transfer. ... If any knowledge transfer could be mentioned, it would be the knowledge provided through short-term courses to professionals already working in the areas of studies represented by WSHIG. The role of research at WSHIG, both according to its mission and in practice, is marginal. But nevertheless WSHIG has published a few dozens books and collective volumes in its areas of interest. As a vocationally-oriented teaching institution, WSHIG does not see the reason to get involved in research not related to its major areas (EUEREK case study: WSHIG - Poland).

The EUEREK private institutions studied do not have strong “academic heartland” as they are predominantly teaching institutions.

In more general terms, and with respect to the public sector, entrepreneurship is reported not to belong to a few disciplines or subject areas – it has come to characterize virtually all academic fields (and such big universities as Twente and Warwick are best examples here, even though they represent two extreme poles in management structures: decentralization and centralization). The following features from academic departments are reported to reveal their growing entrepreneurialism (the Warwick case): the melding of periphery into the core; the extensive building of research centers under departments; the construction of a university-wide graduate school; and the introduction of an imaginative and highly attractive research fellowship scheme (Clark 1998: 27).

The most frequent mistake made in attempts to transform universities is for a management team to proceed on its own without involving faculty and their departments from the outset, Clark claims (2004b). Some departments can and will move faster than others in understanding the benefits of entrepreneurial actions, their own as well as those located elsewhere in the university. Most social science and humanities departments may underestimate the role of new peripheral supporting units, and criticize their running costs (for example, technology transfer or contracts and grants offices). Generally, science and technology departments lead the change at entrepreneurial universities; at the same time, they are in the majority of cases absent from the privates.

Both Clark’s case studies and other European case studies of entrepreneurial universities show that there is uneven spread of entrepreneurialism within an institution, with various speed of change, most often depending on external opportunities. While in Western Europe and the US, apparently the most enterprising parts of the traditional academia (Clark’s “academic heartland”) are in the science and technology areas, in most transition countries as confirmed by case studies available the most entrepreneurially-minded units, departments, institutions, as well as academics, are those “soft” areas: economics, law and business, management, marketing, sociology, political sciences. These are the areas in which the largest part of private sector operates, and in which public sector runs its most enterprising study programs for fee-paying students (all Polish, Russian, and Moldavian case studies confirm this tendency). Also the availability of grants, including international research grants, in these

areas seems considerable.

As evident from EUERЕК case studies, in transition economies “soft” disciplines, including especially economics and business and social sciences, are much more easily fundable, and consequently are much more agents of entrepreneurial changes in academic institutions. Managing resource allocation in entrepreneurial universities studied is most often operationalized through committees: small and medium sized (see Sharma 2004: 117-118).

Certainly, almost all of these institutions are not involved in research more than marginally, so the Swedish-like cooperation in the area of research is rather unlikely to occur, as confirmed by the case studies. The competition with public institutions, in the context of the general lack of access (in theory or in practice) to public research funds, means the competition for students and their fees. It is very clear in the Polish case of WSHIG and the Spanish case of UCH.

What is reported in public institutions: despite internal competition, entrepreneurial universities report a high degree of internal cooperation, especially in grants applications, cannot be confirmed in EUERЕК private institutions. Because the access to research funds is very limited, so is both internal and external competition. Cooperation seems to concern teaching rather than any other activities. The role of competition at entrepreneurial universities is widely reported to be crucial. The competition is mostly for research funds, especially outside sources of income. The overall effect of growing competition in sciences and the humanities alike is reported in case studies as extremely positive, even though the picture of institutions most successful in this competition differs substantially from that of traditional, non-competitive academic places. There is a strong implication coming from the vast majority of case studies that without competition for funds, entrepreneurial universities would not become entrepreneurial, even though they could be top in their respective disciplines and excellent in research done and teaching provided. Implicitly, the abundance of funds (a rather theoretical case) or non-availability of outside research funds may substantially block university transformations. Somehow “fortunately” (for the growing entrepreneurialism of best universities in Europe and the US), (research and other) funding is always inadequate; and best universities cost most.

In the EUERЕК private institutions studied a variety of modes of studies are available (full-time, part-time, weekends); despite, at least in some countries, flexibility in opening new programs wherever necessary, there seems to have been a stable study offer in the last 10 years, despite oft-raised need to expand the institutional profile. No major changes in governance and organizational structures in the last 10 years were reported in most institutions studied. They provide wide opportunities for on-the-job-training, work experience for a large proportion of students (especially in Poland, UK, Russia, and Spain). There are often people with professional prestige (non-academics) among part-time staff. The feeling of being disadvantaged compared to public institutions is reported in interviews (especially with respect to research funding). Graduates are sometimes reported to become institution's staff (Poland, Russia). Institutions are most often non-eligible for public funding: Poland (both for teaching and research), UK (for teaching), Russia (both for teaching and research) and Spain (for teaching). The Swedish case shows full availability of public funds for both teaching and research. Often the eligibility for public research grants in theory does not mean that research grants are awarded to them in practice (because the competition with elite public research universities is most often lost). The same resource allocation as in public institutions is reported only in Sweden. As in other countries of Central and Eastern Europe, keeping several academic posts by the staff of the private sector is reported (Poland, Russia, and Moldova).

Institution-wide, integrated entrepreneurial culture

The last element of the entrepreneurial university within Clark's framework is the "entrepreneurial culture". Organizational culture, seen as the realm of ideas, beliefs, and asserted values, is the symbolic side of the material components featured in the first four elements, Clark claims. It is the work culture that embraces change. It may start as a (relatively simple) institutional idea which later one gets elaborated into set of beliefs and finally becomes a culture of an institution. It is a crucial component for entrepreneurial transformations, the first four elements being merely means. In the case studies analyzed, the founding idea was "the earned income" idea as conceived after the Thatcher financial cuts at Warwick University (and especially by its Registrar at that time, Michael Shattock) over 20 years ago; the idea of "the entrepreneurial university" as conceived vaguely at Twente; the idea of commitment to "innovation" back in the 1980s at the Chalmers Institute of

Technology in Sweden (and opting-out of the Swedish state system in 1994); the idea of following “northern issues” at Lapland University; or the idea of delinking from state funds and state bureaucracy, as reported to be at the foundations of the creation of Buckingham University. Sometimes the emergent culture stems from individual visions, as reported in many institutions in transition countries. WSHIG in Poland, whose founder and owner wished the education in catering industry, culinary arts and hospitality management to be made available at a higher education level (which was not available when he was getting his education in Poland), is a good example of how individual’s idea can be transformed into whole institutional culture within a decade and a half. The importance of sharing a vision for an institution is reported in case studies available as very important. The role of sharing a vision is confirmed at LSHTM at London University: “Many people in this School are very altruistic; they are interested in the School’s mission, *improvement of health worldwide. They really believe in it, that’s what motivates them.* You have to be creative and inventive to be able to do that, you have to keep your research and funding going. If that is entrepreneurialism, then we are good at that” (EUEREK case study: LSHTM, 18, emphasis mine).

Or as a Polish case study of WSHIG confirms, private academic institutions can be run by a single motive of their founders and owners, as part of the realization of their dreams (the transition countries in particular): WSHIG’s opening and development has been driven by a single motive of its founder: to provide affordable higher education in the area for which there was no education available a few decades ago: tourism, hospitality, and culinary arts. There has been a vision of its founder, implemented over 13 years now, with huge organizational and financial success, against the odds (EUEREK case study: WSHIG). The role of a single, overarching vision in transforming (most case studies) or creating (WSHIG) a university is most fundamental. It needs to be complemented by a strong regional dimension which is very important for most entrepreneurial universities studied; in Sweden or the Netherlands, it is as crucial as teaching and research.

Conclusions

Let us try to summarize the conclusions about the entrepreneurialism of private higher education institutions point by point.

1. The EUEREK private institutions studied view themselves less entrepreneurial than public ones. Their access to research funds (especially public) – which most often determines the appearance of the entrepreneurial culture – is very limited. But they are often very successful teaching institutions. Their major concern is to survive as they are heavily dependent on student fees and they experience fluctuations in enrolments. Their mission and strategy is self-determined rather than influenced by state policies; and it is usually difficult to transform. No major relationships between changes in governance and organizational structures and the emergence of the entrepreneurial behavior were reported. The major sources of non-core/non-state funding in almost all cases are student fees; no major changes in income structures were reported in recent years. No major academic risks are being taken by staff and institutions, but often financial risks are taken by institutions. Compared with the public sector, few examples of the development of new knowledge from entrepreneurial activities are reported. Apart from teaching, few examples of other major kinds of dissemination of knowledge are reported. Also a limited number of mechanisms of knowledge transfer/knowledge exploitation is reported. Generally, there is a non-supportive climate for developing knowledge exploitation (additionally, they are mostly teaching institutions). There is competition with other institutions mostly for students (and for their fees) and not in research. Financial incentives or award systems for staff are generally marginal. Inhibitors to entrepreneurialism have clearly national dimensions (different history and tradition, reasons to found an institution, funding regimes, tax regulations etc).

2. In general, having a diversified funding base does not seem to work for the EUEREK private institutions studied. Their abilities (and opportunities) to use the “third source” of income, especially (perhaps most welcome) “university-generated” income, are very limited. Their high degree of financial dependence on a single source of income (namely, student fees) makes them easily prone for financial problems. In general, they are able to compete for public or private research funds in a very limited degree; being largely teaching institutions, they are not able in practice to compete with public universities. Separate units are rarely rewarded (or punished) for their entrepreneurialism and rarely act as separate business units, as is often the case with most successful public entrepreneurial universities. They do not seem to have incentive policies to support their staff in seeking non-core source of income – the income other than student fees. They do not have access to government funds – but also most

often do not have access to government agencies as sources of third-stream income, private organized sources (such as business firms, philanthropic foundations etc) and do not use policies to support university-generated income. The share of their income from alumni fundraising, research contracts, patents, endowment or earned income from campus operations is negligible, in most cases not even marginal. There is no mutual feeding and encouragement between non-core sources of income. There is also no major need to keep complicated resource allocation formulas in funding particular departments, or the need to keep a fair balance between the center and the units through elaborate top-slicing and cross-subsidizing techniques. In the context of a diversified funding base, if entrepreneurialism is to be taken seriously in the private sector, the non-core income would be the income from any other sources than student fees, leading to smaller dependence on this currently single most important source.

3. The role of the “strengthened steering core” in entrepreneurialism of the EUEREK private institutions studied: there does not seem to be the need of balancing influences across multiple levels of these institutions, there does not seem to exist the need to keep a constant balance between particular departments through the intervention of the center. In contrast to public entrepreneurial institutions, the role of faculty participation in central councils is severely reduced. Collegial management is rare, and connections between academics and administrators/ management/founders/owners are limited. The center is constantly dealing with risk the management and understanding of which is crucial; and *the* risk, to manage on a daily basis, is the financial one. The role of bringing resources (through keeping or increasing the number of students) seems more important than the role of bringing reputation to private institutions studied. In terms of management structures, as in public entrepreneurial universities, private institutions have powerful centers, strong management groups, usually comprising very few administrators. In decision-making, the role of collegial bodies seems, in most cases, marginal. Most private institutions do not use resource allocation procedures to make strategic choices about their future direction. Also no major impact of a new bureaucracy is reported: both the number, and the role, of development officers, technology transfer experts, special staff managers, fundraising officers, is small. The role of strategic committees, so fundamental for managing entrepreneurial universities seems minimal. In transition countries, a unique features is that management in the private sector is dealing, to a large extent, with academics working (in a parallel manner) in the public sector. The

management structures are nominally three-level arrangements (center – faculties – departments) but in practice they seem to be flat (center – departments), and in smaller institutions, even center – academics, with no intermediaries.

4. The role of “extended developmental peripheries” in the EUEREK private institutions studied is marginal; new transdisciplinary research centers are sometimes reported but they do not change the character of these institutions and their existence does not lead to introducing new management styles or new internal resource allocation procedures. They do not form parallel, increasingly powerful university structures. They do not seem to attract new sources of funding, they are not engaged in aggressive seeking new research areas. Also the role of new administrative units, so crucial to public entrepreneurial institutions studied, by comparison, is marginal. Most of new posts and new units in the public sector are related to new opportunities of research funding, or the exploitation of research results, innovation, or international off-campus teaching, or royalty rights etc. In private institutions studied, the need for these units is still very small, although they do sometimes. The balance of power in management is not changed by new peripheral research (or teaching) units. There are few people working on research grants, without employment contracts, and there is no need to have bridging policies ready for this staff category. They do not have major (or in most case – any) problems with managing intellectual property issues or consultancies. There do not seem to exist clear research targets and funding for particular units does not seem to be based on meeting the targets, or bringing additional research-related revenue to the institution. Consequently, at the moment, the extended developmental periphery seems almost absent from the picture of the private sector in Europe, at least as studied in the EUEREK case studies.

5. Almost all private institutions studied are involved in research only marginally. The competition with public institutions, in the context of the general lack of access (in theory or in practice) to public research funds, means the competition for students and their fees. The second factor relevant for the mission and strategy of private institution studied is the uncertainty about student enrolments – as enrollments may be going down or be fluctuating. What is reported in public institutions: despite internal competition, entrepreneurial universities report a high degree of internal cooperation, especially in grants applications, cannot be confirmed in EUEREK private institutions. Because the access to research funds is

very limited, so is both internal and external competition. Cooperation seems to concern teaching rather than any other activities. The role of competition at public entrepreneurial universities is widely reported to be crucial. The competition is mostly for research funds, especially outside sources of income. The overall effect of growing competition in sciences and the humanities alike is reported in case studies as extremely positive, even though the picture of institutions most successful in this competition differs substantially from that of traditional, non-competitive academic places. There is a strong implication coming from the vast majority of case studies that without competition for funds, entrepreneurial universities would not become entrepreneurial, even though they could be top in their respective disciplines and excellent in research done and teaching provided. Private institutions do not take part in this race for external funding, though.

6. The use of the concept of “entrepreneurialism” for the studies of private institutions requires further adaptations. In the case studies analyzed, out of (Clark’s) five constitutive elements of the entrepreneurial university, perhaps two-three could be confirmed to exist: the strengthened steering core, the integrated entrepreneurial culture (and perhaps, in some cases only, the stimulated academic heartland). No diversified funding seems to be reported, and no extended peripheries seem to be observed. Further conceptual analyses, and corresponding case studies of private institutions in other countries, would be useful for further clarifications.

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