

Chapter 6

Academic Entrepreneurialism and Private Higher Education in Europe

6.1. Introduction

“Independent private institutions” and current conceptual frameworks

In this chapter we will focus on basic ideas and key concepts functioning in research on academic entrepreneurialism.²⁰⁸ The reference point here will be public institutions (the original focus of reflection both in Europe and the USA) and private institutions (under-researched from this particular analytical perspective both in Europe and in the USA). Apart from the discussion of the individual core elements of the “entrepreneurial university”, there will be discussions intended to see the difference in the sense of the term of academic entrepreneurialism related to the public and private sectors across Europe. An extended analysis will be devoted to differences in how academic entrepreneurialism operates in both sectors in practice. It seems 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 research literature on the subject and based on available case studies so far. The private sector in higher education in Europe, with a few exceptions only (such as e.g. Portugal and Spain, see especially Portugal as discussed in the last decade by the CIPES researchers in Neave and Amaral 2012, Teixeira 2012, Teixeira and Amaral 2007, Teixeira, Rosa and Amaral 2008, Correia, Amaral and Magalhães 2002, Teixeira and Amaral 2001) – from the point of view of both numbers of institutions, share of enrolments in the system, and study areas offered – has been an educational phenomenon of

208 I wish to express my gratitude to Professor Michael Shattock for the extended comments he made on the draft of the paper (Kwiek 2009a) from which parts of this chapter draw. All limitations are my sole responsibility, however.

the transition countries.²⁰⁹ In some countries (such as for example, Sweden, Belgium or the Netherlands), nominally private institutions are funded in practice with public money, in various forms and under different umbrellas but in this chapter we consider those private institutions which meet the definition of “independent private institutions” formulated by the OECD in its *Handbook for Internationally Comparative Education Statistics: Concepts, Standards, Definitions and Classifications*: these are the institutions that receive less than 50 percent of their core funding from government agencies and whose staff is not paid by such agencies (OECD 2004c, Santiago *et al.* 2008).²¹⁰

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

209 As Levy (2010: 10) points out: “one of the key trends in international higher education, the rapid expansion of the private sector now holds one-third of all global enrollments. However, the growth is not unbroken or inexorable and sometimes stalls and even reverses”. Private higher education in postwar Europe, before its phenomenal growth in postcommunist countries after 1989, emerged first in Spain (1973), Portugal (1979) and Turkey (1981). Then the transition countries followed the example (beginning in 1989-1991). Following Levy (2002a), the difference between elite provision and access provision can be used. In Western Europe (Austria, Germany, Italy, Portugal, France, Spain, as well as Russia) private higher education sectors align with elite-providing roles; in contrast, in most postcommunist transition countries those sectors align with access-providing roles (Albania, Bulgaria, Estonia, Poland, Romania, Russia, Ukraine, as well as Portugal (Russia and Portugal are included in both categories, Fried *et al.* 2007: 645-646). In Poland, the number of (Levy’s) semi-elite private providers is marginal: in all probability, in the range of 10-20 (or in the 3-6% range).

210 Therefore we do not analyze here those private higher education institutions which the OECD terms “government-dependent private institutions”: that is, by definition, those which receive from government agencies more than 50 percent of their core funding, or those whose staff are employed and paid by these agencies. In this sense, in this chapter we are interested in “independent-private” institutions operating in Central Europe, as well as those operating in Spain, Portugal and Italy – rather than in Sweden, Finland, the Netherlands and Belgium where they are financed largely through public funds.

Michigan at Ann Arbor, UCLA, North Carolina State University, and Georgia Institute of Technology, Clark 2004a: 133-166; Clark discusses also the private Catholic University of Chile, 2004a: 110-121). Clark's classic five case studies in *Creating Entrepreneurial Universities* (1998) are all of European public universities and the only one that stands out – The Chalmers University of Technology in Sweden – had indeed “opted-out” of the Swedish public education system but has remained funded by the state. In Europe, not only is the experience of private higher education very limited – but also the emergent concepts related to entrepreneurialism have derived from analytical frameworks elaborated in the analyses of the public sector; the concepts have rarely touched on the private sector at all. Shattock and Williams (in Shattock 2004a) for the first time applied the concept of “entrepreneurialism” to (somehow alien) universities in transition countries – in Russia. But again, they were public universities. Barbara Sporn, while analyzing “adaptive universities” (2001) focused on four public (the University of Michigan at Ann Arbor, University of California at Berkeley, St. Gallen Universität in Switzerland, and Wirtschaftsuniversität Wien in Austria) and two private institutions (one in the USA and one in Europe: New York University and a vocationally-oriented Università Bocconi in Milan).

This chapter is based, in theoretical terms, on the conceptual work on “entrepreneurial”, “innovative”, “enterprising”, “self-reliant”, and “proactive” universities by Clark (1996, 1998a, 2001, 2004a, 2004b, 2005), “self-reliant” and “enterprising” – as well as, more generally, “successful” – universities by Shattock (2000, 2003, 2004a, 2004b, 2005) and Williams (2004), and Sporn's notion of “adaptive” universities (1999a, 1999b, 2001). In empirical terms, as Chapter 4, it is based on case studies of entrepreneurialism in universities drawn from the EUERЕК study on entrepreneurialism in European universities within the context of what Clark, Shattock, and Williams suggest for the study of public entrepreneurial universities.²¹¹ For this reason, we need a theoretical context of academic

211 As Michael Shattock argued recently in his review paper (2010: 270), what Clark provided was “a starting gun for recapturing institutional self-reliance; his assertion of the importance of organisational structures and culture and the way in which they shaped academic work was original and set up a whole new collection of research questions. What he did do in a way that no one else in the field of higher education study has done was to set alight a flame of institutional independence which, perhaps for the first time in some European countries, has encouraged a serious challenge to

entrepreneurialism to analyze the institutional studies (thereby we will leave for another occasion the discussion on what “privateness” and “publicness” of academic institutions are).²¹²

The EUERЕК case studies of private institutions 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 and Catering Industry (Poland), and the University of Pereslavl (Russia). They are all relatively new institutions: almost all were founded in 1990s – in the UK (1976), Poland (1993), Russia (1993, transformed from a state-funded think tank founded in 1984), Sweden (1994, one of three “foundation” universities), Moldova (1993), and Spain (2000). Almost all are located outside of capital cities. The reasons for founding them varied from political/ideological (UK), an individual’s passion (Poland), political/regional considerations (Sweden, Russia) to religious interests (Spain). What seems crucial from the perspective of entrepreneurialism is that they represent, in general, a fundamental reliance on tuition fees as a source of income and a limited reliance on, and access to, external research funding (the exception is Sweden).²¹³ Small research groups seeking

the enveloping political and cultural traditions of the European nation state”. For a recent assessment of Clark’s most seminal works, see a recent issue of *London Review of Education* (November 2010), with contributions of Michael Shattock, William Locke, Guy Neave, Gareth Williams, John Brennan, Peter Scott, and Gareth Parry.

- 212 It is worth recalling the complex relationships between both sectors, especially in the context of (introduced or discussed) reforms in European systems for which (the idealized) American model is increasingly becoming a standard. As Levy recently argued, “the private higher education sector mostly fits broader higher education in regard to emerging trends and agendas, more than to traditional public patterns. Sometimes, private initiatives even lead the way for higher education reform. Certain salient characteristics of private higher education show tendencies that some reformers in the public sector would like to emulate, though with significant adaptations. Most of these measures are controversial. ... So the role of private institutions in the overall higher education landscape will also depend on how, and how much, the public sector changes” (Levy 2006b: 13). Combining the trajectory of public and private institutions is another dimension in the public/private dynamics in higher education today.
- 213 Throughout the chapter, and especially in its conclusions, two exceptional cases need to be born in mind: Pereslavl is not a standard teaching-oriented private university in Russia due to its historical origins in, and current affiliations with, the Russian Academy of Sciences; and Jönköping University has been a nominally non-state – foundation-based – Swedish university with equal access to public funding. Thus in

external research funding are formed in the UK and Spanish examples but no major financial impact attributable to them is actually reported. Also no endowment income is reported, and sometimes there is a strong reliance on bank loans (Poland, the UK). In almost all cases (especially in interviews), such characteristic expressions as “to survive”, “survival”, “uncertainty about the future” etc. occur. The Spanish EUERЕК case study confirms that private institutions can regards themselves as entrepreneurial but there are discrepancies between descriptions (and feelings) expressed by academic staff on the one hand and managers, rectors or deans on the other. With small exceptions, private institutions view themselves as less entrepreneurial than public ones. In Poland, Russia and Moldova, no feelings about being specifically entrepreneurial were reported – instead references to being “innovative”, “unique” etc. (especially in comparison with some old-style public institutions) were made. Another common feature of the EUERЕК private institutions is that they are very small or relatively small institutions within respective national higher education systems (of a size from a few hundred students in the UK, Russia – to a few thousand students in Moldova, Poland, Sweden, and Spain). In most of the EUERЕК case studies, they are vocationally-oriented and have small research ambitions (and, at the same time, small research funding opportunities). Often, they are born out of visions and ambitions of entrepreneurial individuals (academics and non-academics alike, as in Poland and Russia).²¹⁴

the majority of generalizations about EUERЕК private institutions, Jönköping University does not fit; thus unless otherwise stated, the Swedish case is separate – the most important difference is that Jönköping University does not charge student fees and has full access to public research and teaching funds which, from a funding-focused comparative perspective, makes it similar to public sector institutions. It has a similar status to the Chalmers University of Technology in Sweden as analyzed by Clark: nominally a private institution, with full access to public funding on equal terms with other public universities (Clark 1998a: 84-102 and Clark 2004a: 61-70).

- 214 In this chapter (as well as in the next chapter), we are trying to combine theory and practice, or higher education analytical frameworks and empirical material drawn from empirical research. The whole international EUERЕК team seemed to have followed in the latter part of our work Burton Clark’s suggestion (stated explicitly in “Introduction” to *Sustaining Change in Universities* (2004a: 2): “I stayed away from legislators, planners, ministers, and all other who claimed that they were in the business of defining broad policy in higher education. Instead, I spent my time with those who did the work inside universities. By means of in-depth interviews, extensive document analysis, and some observation of campus life, I took the opportunity on

The global private sector growth

Regarding the growth of the private sector generally, as Daniel C. Levy notes, the twentieth century norm and persisting public norm is state funding of public universities (and overwhelmingly private sources of funding for private institutions). State subsidies for private institutions are rare and the examples of India, Belgium and the Netherlands (as well as Swedish “foundation universities”) may call into question the designation of private (Levy 2006b: 10). The global demographics of private higher education is such that the major center of the sector is East Asia, with about 80 percent of all students enrolled in private universities in Japan, South Korea, Taiwan, and the Philippines; in the USA (perhaps surprisingly) – only 20 percent; in Western Europe – on average 10 percent or much less; in Latin America – over 50 percent in Brazil, Mexico, Colombia, Peru, and Venezuela, and finally in the transition countries, and some post-Soviet republics – where the most rapid growth took place after 1989 – up to 30 percent.²¹⁵ As Levy puts it, “where public budgets do not meet the still rapidly growing demand for higher education, students pay for alternatives” (Levy 2002: 4) – and this is what happened in several European transition countries following 1989. In most of them, both public and private higher education enrollments in general, and the share of the private sector in overall enrollments in particular, changed dramatically in the last 15 years. While Western Europe has not in general witnessed the emergence (or substantial strengthening, depending on the country) of the private sector in higher education, in several postcommunist transition countries in Europe, for a variety of reasons, the private sector emerged as a tough competitor to the most often traditional, elitist, faculty-centered and quite often inaccessible public sector. The differences between the transition countries are significant, though: while in Croatia and the Slovak Republic private institutions enroll as few as 3.0 to 4.6

field trips to stand beside ‘practitioners’ ... The work of higher education is highly localized: it is done in university base units ... The best way to find out how universities change the way they operate is to proceed in research from the bottom-up and the inside-out. ‘System’ analysis done top-down cannot do the job. It misses the organic flow of university internal development”. Then, certainly, the transformation “from cases to concepts” occurs (2004a: 73).

- 215 On the growth of the private sector in Europe, see especially two edited volumes: *The Rising Role and Relevance of Private Higher Education in Europe*, ed. by Wells, Sadlak and Vlasceanu, 2007, and *Private Higher Education in Post-Communist Europe. In Search of Legitimacy*, ed. by Slantcheva and Levy, 2007.

percent of the countries' student body – private sectors in Estonia, Poland, and Romania enroll almost one third of all students. Other countries such as Bulgaria, Hungary, and Russia have enrollments of about 15 percent (Slantcheva and Levy 2007: 3, OECD 2011c).²¹⁶

The structure of the chapter

This chapter is structured as follows: following this introduction, part two discusses the phenomenon of increasing diversification of the financial base and new sources of revenues of entrepreneurial universities, focusing on the fact that over the past two decades in OECD countries, increases in funding for higher education and research occurred in all sources other than the core, traditional and guaranteed government support (whose role has been decreasing gradually for several years now, see the data and analysis in CHEPS 2010b). Therefore, the principle of competition plays a key role in entrepreneurial educational institutions: even state funding is becoming more competitive than ever before but, most importantly, all other revenue sources are becoming almost fully competition-based. The third part examines the role of Burton Clark's "strengthened steering core" in entrepreneurial private institutions, and in the fourth part another feature of the entrepreneurial university is addressed, that is the "expanded developmental periphery" (i.e. new scientific and administrative units that attract to universities an increasing proportion of external funding). The fifth part on the "stimulated academic heartland" shows that academic entrepreneurialism can be found across all academic disciplines, while the sixth part discusses the critical role of emergent, institution-wide culture of

216 The public sector, to a large extent, has actually produced the private sector there (through academic faculty using parallel employment opportunities), to a large extent, at least initially, instead of reforming itself. The privatization of higher education often meant the creation of (new) private institutions by the faculty from the public sector (and Poland, Russia, and Moldova are here good EUERЕК examples, Romania and Bulgaria being other examples). Questions concerning the legitimacy of new arrivals to the educational arena have been raised from the very beginning, especially in those transition countries where private universities were born in a sort of post-1989 legal vacuum. But the common feature in most of those transition countries with substantial enrollments in the private sector is the interplay of cooperation and competition: even though private institutions themselves compete (to a limited degree, and almost never with prestigious public universities) with public ones, they most often share with their competitors the vast majority of their faculty.

entrepreneurialism. Finally, findings on the entrepreneurial nature of private institutions in the comparative context of public institutions to which the category has been traditionally referred are presented: paradoxically, the private sector in Europe (based on empirical research on Portuguese, Polish, Spanish and Italian private institutions) turns out to be far less entrepreneurial than could be expected. Conclusions are less paradoxical in the case of Central and Eastern Europe: small islands of academic entrepreneurialism – viewed by Burton Clark, Michael Shattock and Gareth Williams as institutions (or their parts) taking academic and financial risk in their research, in search of prestige and external funding – can be found almost exclusively in the public sector. The private sector, focused on teaching rather than research in an overwhelming number of institutions, funded in 90-95 percent by tuition fees paid by students, is not a sector where academic entrepreneurialism in a sense adopted so far in the research literature can be found. While traditional (research-based) academic entrepreneurialism is found across Western European systems, private institutions in Central and Eastern Europe tends to exhibit entrepreneurial features only in teaching-oriented activities (see Potter 2008).

6.2. The diversified funding base: possible sources of income

Clark's “entrepreneurial pathways to university transformation”

There are several ways in which the case studies can be considered: 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. But instead, we will base our analysis on Clark's “entrepreneurial pathways to university transformation”, revisiting his classic formulations. Clark analyzed five

(entrepreneurial, innovative, enterprising) European universities in action, transforming themselves over the period of 10 to 15 years, within a common conceptual structure. In brief, according to his *Creating Entrepreneurial Universities* (1998a) and *Sustaining Change in Universities* (2004a), the entrepreneurial universities studied – universities systematically seeking to transform themselves – show five elements which differ them from others and which form an “irreducible minimum”: a strengthened steering core, an expanded developmental periphery, a diversified funding base, the stimulated academic heartland, and an integrated entrepreneurial culture (Clark 1998a: 5).²¹⁷ Clark’s criteria are organizational characteristics rather than definitions. The five elements, or generalized pathways of university transformations, according to Clark

rise up from the realities of particular institutions to highlight features shared across a set of universities, but at the same time they still allow for local variation. ... Four elements are highly structural: we observe them in tangible offices, budgets, outreach centers, and departments. Only the more ephemeral element of institutional idea, floating in the intangible realm of intention, belief, and culture, is hard to pin down. Emphasizing manifest structures helps greatly in explaining the development of organized social systems. ... Significant change in universities has definite organizational footing (Clark 1998a: 128).

Streams of income and transformations in funding in public universities

The structure of the following sections of this chapter is based on Clark's analytical framework proposal, beginning with the diversified funding base

217 Earlier Clark’s theoretical approaches based on his huge European empirical material, his “work in progress”, referred to “innovative universities” and its four essential elements: “an innovative self-defining idea”, “an integrated administrative core”, “a discretionary funding base”, and “an innovative developmental periphery” (1996: 52-61). They are “an ambitious idea, or self-concept; a change-oriented and integrated administrative core; a funding base that enables new orientations and programmes; and a developmental periphery. The elements are interconnected and interactive. The self-concept provides a justification for the other three elements and urges them onward. The three structural components are key means for implementing the institutional idea, and, as an expression of it, become virtually a part of it” (Clark 1996: 60). It is fascinating to see Clark conceptual hesitations, and choices made, in the 1996-2004 period, at least until the publication of the sequel book, *Sustaining Change in Universities. Continuities to Case Studies and Concepts* (Clark 2004a).

of entrepreneurial universities. There are three streams of income: first, mainline support from government, second, funds from governmental research councils; and third, all other sources lumped together by Clark as “third-stream income” (Clark 2004a: 77).

Transformations in funding in public universities in the last twenty years have been towards the second and the third streams of income. In the specific case of European private institutions, it is crucial to underscore the role of the third stream (all other, largely non-governmental, sources of income), as most of them in Europe (in OECD’s typology: “independent private”) are either legally, or practically, or both, cut-off from major forms of governmental funding. Private institutions in Europe find it hard to be entrepreneurial, and to have entrepreneurially-minded academics in their ranks – because their faculty and academic units tend not to compete (globally and nationally) for outside research funding. And the role of competition with others – institutions and individual academics alike – is fundamental to the entrepreneurial character of an academic institution. We mean here both internal competition (for research and other development funds) and external competition for external funds. As an LSHTM case study stresses, external pressures and competition are key to its institutional success:

There was an almost universal response by the persons interviewed that external pressures were dominant and that the School was operating in a research or student market in which if it was to survive, it had to succeed. There was also a recognition of the competitive nature of this market and the extent to which competition could be beneficial. One academic interviewee said: “The competitive nature of grant funding has a very positive effect on the quality of research work. In applying for research grants you are more forced to really think about your hypothesis and possible outcomes, including possible publications that can come out of it, which is a positive thing. I think that scientific breakthroughs are going faster today partly because of the competitive nature of funding (EUERЕК case studies: LSHTM, the UK, 18).

At entrepreneurial universities, a considerable element of managerial practice is devoted to managing competing units (and managing competing academics in terms of human resources management), managing non-core external funding, and the resulting tensions between academics, academic units, the center and departments, through resource allocation which utilizes, for example, various “top-slicing” and “cross-subsidizing” techniques, as discussed in Chapter 5. With competitive research funding available in entrepreneurial universities, as most EUERЕК studies confirm, there are no

limits to academic financial expectations, and inventing and re-inventing fair and transparent funding formulas for departments and the center are critical. If procedures are non-transparent, or unfair to some academic units, management may lose a lot of time and energy in managing tensions which in other conditions should not appear.

Teaching-focused, “reputational-based” institutions and their limitations

From the perspective of entrepreneurialism, a negative scenario of development of private institutions studied within the EUERЕК project towards entrepreneurialism originates from their status of being teaching-focused institutions (or being neither “prestigious”, nor “prestige-seeking” – but rather “reputation-based”, to refer again to the Brewer, Gates, and Goldman’s typology, 2002; the Russian and Swedish case study institutions are exceptions to this rule as already explained). But the research dimension in the activities of the private sector should exist and be visible at least to some extent, to be able to differentiate itself from the corporate for-profit education sector²¹⁸ that is aggressively promoting itself in various parts of the world, or to be able to refer to the long tradition of European (research) universities, and thus try to gain additional social legitimacy. Case studies of Polish and Russian (as well as Macedonian and Ukrainian, outside of the EUERЕК project) private entrepreneurially-minded universities show that the road to excellence in research and national or international research visibility is long, especially with external funding being scarce at the beginning, but the prestige and reputation of an institution accumulates when internationally visible research is being done. Today, the social prestige (and often, consequently, social legitimacy) of private universities increases when they conduct important research, especially research on an

218 In the last decade, several excellent books were written on the emergent for-profit higher education sector (none of them in Europe, though). These are William G. Tierney and Guilbert C. Hentschke, *New Players, Different Game. Understanding the Rise of For-Profit Colleges and Universities*, 2007, David W. Breneman, Brian E. Pusser and Sarah Turner, *Earnings from Learning. The Rise of For-Profit Universities*, 2006, and a book with broader research intentions, linking the privates for-profit sector with globalization and demographic changes: *The Future of Higher Education. Rhetoric, Reality, and the Risks of the Market* by Frank Newman, Lara Couturier and Jamie Scurry 2004. See also Kinser and Levy 2006, and Levy 2002b).

international scale, and acquire the right to confer (research-focused by their very nature in most European systems) doctoral degrees to their graduates (which in itself is part of the academic drift – i.e. academically weak institutions usually unnecessarily copying the institutional behavior of best universities, often under the influence of current laws).

Only several private institutions in Poland (out of 328 in 2011) have reached the academic level which allows them by law to confer doctoral degrees (Levy's "semi-elite" or, in Brewer, Gates, and Goldman's terms, "prestige-seeking") – but today they have the best graduates and the top PhD students (in the Polish context, these institutions are allowed to offer PhD studies in selected areas, in acknowledgement of the quality of the core staff they employ and the high national rating of their research output; the EUERЕК case study institution, WSHIG, being a vocational institution, does not have research ambitions and never intended to offer the third cycle of studies). Not surprisingly, investing in research brings more, and especially better, students to these institutions. However, when we take into account costs of research, private sector investments in research from their own funds in practice are extremely difficult to realize, and the only solution is the use of Clark's third, additional, external funding stream. The access of EUERЕК private institutions to public subsidies is very limited (3.2 percent of research funding in Poland in 2010 went to private institutions, and 96.8 percent to public ones, GUS 2011: 350) and private research and development 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 research subsidies is equal to their level at public universities; in the Russian case of Pereslavl, public research funding is provided for its research part, Institute of Programming Systems of the Russian Academy of Sciences).

In more general terms, the 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 1998a: 26; see "science" as traditionally a "growth industry" in Ziman 1994). 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 (Johnstone 2009, Johnstone 2012). Entrepreneurial universities aggressively seek third-stream

sources, and it has become a very powerful trend in the Netherlands, the UK, Sweden, Finland, as well as in several transition countries including Poland (see detailed data from the last 15 years in a recent report on funding reforms in Europe by CHEPS, CHEPS 2010b). Internal university reforms and restructuring, including closures and mergers of academic units, are increasingly “finance-driven” (rather than “equity-driven” or “competitiveness-driven”, to refer to Martin Carnoy’s typology of key ideas behind educational reforms, Carnoy 1999). Third stream income is becoming crucial for public institutions;²¹⁹ some components are also fundamental for the vitality (either development or survival) of private institutions, especially when we take into account the expected demographic scenarios for Poland, particularly a sharp decline in the number of young people aged 19-24 years, the potential candidates for studies (for implications of demographic changes, see Kwiek 2012a, Kwiek 2012b).

The spread of entrepreneurialism across institutions

The case studies of the University of Warwick in the UK (outside of the EUERЕК project but crucial for understanding the phenomenon of entrepreneurialism, “earned income policy” etc.) and Twente University in the Netherlands demonstrate the crucial role of all academic units being involved in seeking external research revenues (from consulting or from fees from international students, Clark 1998a). 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”, Williams 2004: 87). The culture of entrepreneurialism, an irreducible element of entrepreneurial organizations according to Clark, means that virtually all units are involved in entrepreneurial activities, including social sciences and the humanities (see especially two recent

219 In the Polish case of specific entrepreneurialism of public universities, limited – except for small “islands of entrepreneurialism” based on research – thus far mainly to paid teaching in the part-time mode of studies, revenues from tuition fees charged for part-time studies were substantial (over 20 percent) in the 1995-2005 period, then they have been gradually declining as a source of funding for public universities. In 2010, they still accounted for 13.7 percent of total operating budgets of public universities (GUS 2011: 339-344).

studies: Pilegaard, Moroz, and Neergaard 2010 and Benneworth and Jongbloed 2007). In Poland and other transition countries, by contrast, units found to be most entrepreneurial were social science departments – especially political sciences, sociology, psychology and business-related academic disciplines (but not strictly economic ones, the number of private institutions increased from 3 in 1991 to 250 in 2002, 301 in 2005 and 328 in 2010, GUS 2011: 27). Since the beginning in the 1990s, the private sector has changed the educational landscape in Poland beyond recognition: in 2010 almost one third of the 1.8 million student body (31.5 percent) were enrolled in private higher education institutions (GUS 2011: 55).²²⁰

However, the potential further expansion of the private sector in Poland must be considered in the context of at least two processes: reforms of public higher education and broad demographic changes.²²¹ (Poland, about to be hit by severe demographic shifts, and the fastest-aging society in the OECD area by 2025, needs thoughtful policy responses which might use more market mechanisms, more competition and more private funding in both public and private sectors. Depending on policy choices, different scenarios are possible. A healthy system which may emerge within a decade might be dominated by the public sector, with the private sector in gradual decay; therefore, perhaps, the balance between the two should be maintained

220 In Poland, both public and private sectors rely heavily on student fees; from a comparative perspective, fees in the 2000-2010 constituted between about 14 and 20 percent of the overall operating budget of the public sector institutions and between about 90 and 95 percent of the overall operating budget of the private sector institutions (90.2% in 2010, GUS 2011: 342). For the public sector, other sources of income include state subsidies for teaching, research subsidies, competitive research grants and other. Consequently, private institutions from the very beginning, and especially in the 1990s, have been almost totally dependent on student fees. In the last five years, the dependence has been decreasing, mostly due to revenues from EU structural funds (categorized as “other” revenue sources).

221 And the question of the future of private higher education in the region is much larger, and requires a longer time-span to research into; as Peter Scott notes: are higher education systems in the region “trendsetters” for Europe (providing models for other European systems), or is the significance of private institutions in this part of Europe “a passing phase attributable to the special circumstances surrounding the transition from communist to postcommunist regimes”, a response to particular political circumstances i.e. an “internal phenomenon” (Scott 2007: 309)? No final answers are possible today; both demographics and politics will play their substantial roles in the next decade. The role of demographics is predictable – but the role of politics is certainly not (Kwiek 2012a, Kwiek 2012b).

to avoid the re-monopolization of the system by public institutions in the next decade. Perhaps the dramatically shrinking demand might be accompanied by shrinking supply of vacancies in both sectors rather than ever increasing supply in the public sector only. A continuous increase of vacancies in the public sector, combined with the lack of fees charged to full-time students in it, may lead to the ultimate demise of the private sector, after a quarter of a century of its existence in Poland. Institutional “strategies for survival” (Teixeira and Amaral 2007) no longer suffice. But certainly a thorough, fair assessment of the role of the private sector in the last two decades would be necessary, see Kwiek 2012b for its role in the processes of the deinstitutionalization of the research mission in Polish universities).²²²

The next wave of reforms may lead to the introduction of fees for full time studies in the public sector (the 2008-2011 wave did not introduce

222 Major conclusions from Portuguese higher education research about the expansion of private higher education in the last decade fit perfectly the Polish private sector. Major mechanisms of the emergence, growth, and public/private dynamics, seem similar. One argument is about the cheap solution to the expansion issue in its beginnings: “expansion based on private sources has made possible an increase in enrolment rates at minor cost to public finances. As higher education systems have attained levels of enrolment no longer compatible with the financial stringency of public budgets, the private dimension has come to appear as a cheap and effective way of supporting massification and any foreseeable growth in the future” (Teixeira and Amaral 2001: 363). Another argument is about limited intersectoral competition and profit-making motives of the private sector: “the main public institutions ... compete among themselves for the best students, for research funds, and even for academic staff. ... The failure to create a serious rival to public institutions has to be blamed both on the State on the short-term perspective of most private institutions in higher education. In general, these initiatives have been designed for short-term profit making rather than as sound academic and financial projects” (Teixeira and Amaral 2001: 370). Still another argument is about the legal ambience and what we have termed elsewhere “the policy of non-policy” (Kwiek 2008b): “for the new developing private sector, resources have not been scarce because demand has largely exceeded the available provision. This has meant that private institutions could do what they liked: and this they certainly did. However, short-sighted managerial co-ordination in general has prevailed over academic co-ordination. Institutions have preferred to offer low-quality, low-cost product in order to maximize short-term profits instead of aiming at a better product that in the long run would offer them better prospects of survival” (Teixeira and Amaral 2001: 390-391). “Costly or risky activities” were left to public institutions – and this is where academic entrepreneurialism was originating in Poland. For parallel discussions of Polish private higher education, see Kwiek 2012a, Kwiek 2012b, and Kwiek 2012d.

them, despite large-scale and long-term public and academic debates on the subject); demographic processes lead to the inexorable reduction in the number of young people who can undertake studies. The Warwick lesson from its financial management shows that for Polish public and private institutions alike it is crucial in the coming hard times to look outside their walls for financial opportunities and to regard academic units (from a financial, as well as an academic perspective) as if they were small business units. Hard times may lead to new career patterns and reward structures in the systems affected.

New income sources and access to public research funds

The possible new income sources for entrepreneurial universities in Europe include support from other public agencies, support from large business firms, engagement with small- and medium-sized firms, philanthropic foundations, professional associations, university endowment income, university fund-raising from alumni and willing supporters, student tuition and fees for foreign students, fees from graduate students, continuing education students, etc. In various EU countries, these sources are different, but structurally they are not much different from U.S. sources (the most important exception is the crucial share of private foundations and philanthropy in the financing of higher education and research in the United States, which are absent in Europe, see models of use of philanthropy to fund researches in Europe in EC 2008a, and very low or no fees charged to students in the majority of European systems, with a major exception of the UK and Central European systems where part-time or second-track students tend to pay fees).²²³

223 One of the major differences between the American system of financing higher education and European systems (almost everywhere, apart from Sweden and the UK) is the existence of financing research through philanthropy in the former, which leads us directly to Shattock's division of funds: "received" vs. "earned". In 2008, the work of the European Commission expert group on the use of philanthropy for research funding was published and its conclusions are not encouraging. The low level of revenues from philanthropic sources in Europe is closely linked to European institutional contexts (high taxes and a tradition of public funding for education and academic research). When the long-term viability of universities, and especially their research activities, becomes more and more a challenge, philanthropy could be one of the additional sources of funding – but its implementation in Europe (including

In the entrepreneurial framework, 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 (see Clarke, Newman, Smith, Vidler and Westmarland 2007, Simmons, Powell and Greener 2009, as well as Molesworth, Scullion and Nixon 2011). Private institutions as providers of services seem to have a better reputation if they do not underprice and undercharge for their services, for example in renting conference centers, sports facilities etc. (which is known as the academic “low price culture” in the UK). This attitude is prevalent in most public, even entrepreneurially-minded, universities in Europe; on the other hand, many private universities charge full recovery costs plus a substantial surplus, both for teaching students and for renting their facilities to outsiders. The Polish case of 328 private universities in 2010, of which less than 10 went bankrupt in the last 15 years, which are aggressively developing their infrastructure and study offers, confirms the absence of the phenomenon of underpricing in the private sector. In Russia, as Shattock stresses, “an extremely important contribution to Russian university entrepreneurialism was the central government’s decision to allow universities to admit fee-paying students” (Shattock 2004a: 31); 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 a given public institution as a whole).

Other sources of new income for Clark’s entrepreneurial universities included earned income from campus operations, academically-driven research activities plus spin-offs and spin-outs (Graham 2009, Wright 2007, Wright, Clarysse, Mustar and Lockett 2007, Zomer, Jongbloed and Enders 2010), and self-financing activities and royalty income from patented and licensed inventions and intellectual property. Incentives for staff and academic units to be entrepreneurial rather than to be traditionalist are crucial – and this is confirmed by numerous examples from European case studies. Incentives do not have to be financial only; they can be reputational (individual distinction), academic career-related and time-related (e.g.

Central Europe) is a long way to go. The report points out that all four proposed American models of philanthropy are present in Europe but their range is small (at the one end of the spectrum there is the *Major Gift Model*, and on the other end, there is the *Alumni Model*; the *Foundation Research Model* and the *Multi-mode Model* are in the middle of the spectrum and they include traditional external grants funded by foundations and corporations, see EC 2008a: 53-66).

smaller teaching loads for those successful in research; just like motivations for technology transfer activities can be “puzzle”, “ribbon” or “gold”, or a combination of them, as Lam 2011 shows).²²⁴ Certainly, too heavy top-slicing of additional external income is an inhibitor to entrepreneurialism of both academic units and academics. As Williams and Kitaev highlight, there is a balance between individual’s gains and institution’s gains, both in financial and reputational terms (Williams and Kitaev 2005: 139; reputational gains through research achievements being critical for academic careers, Altbach 2012, Altbach 2007a, Clark 1983a, Clark 1995a).

Thus, in general, the fundamental dimension of an entrepreneurial university – that is, having a diversified funding base studied in this section – does not seem to work at all in the case of the EUEREK private institutions studied. Their abilities (and opportunities) to use the “third source” of income, especially (perhaps most welcome) “research-generated” income, are very limited, as confirmed by detailed statistical data in the relevant case studies (see data for the last 10 years in Shattock 2009a: 13). Their high degree of financial dependence on a single source of income (namely, student fees) makes them easily prone to financial problems (Buckingham University differs in this respect from other private institutions studied and is closer to public universities: while its income from fees in 2004 was 70 percent, its income from research reached a substantial level of 11 percent; for Polish private institutions, the share of income from research in 2010 was merely 2.8 percent, GUS 2011: 342). At the same time, it is critical to note the dependence on fees of public institutions in transition countries as well: from among the EUEREK case study institutions, in Poland fees were between 18 percent of income for Poznań University and 41 percent for Poznań University of Economics, while in Moldova, the structure of funding of public universities make them quite similar to private institutions (and makes the very public/private distinction fundamentally blurred if funding is taken as one of the major characteristics of the distinction): the percentage of income from fees in the three public institutions in Moldova is between 71 and 83 percent. Not

224 See comparison of American and European universities (here: Italian) in *The Future of Europe. Reform or Decline* by Alberto Alesina and Francesco Giavazzi: “The difference lies in the structure of incentives. There is no ex ante uncertainty in Italy, and therefore there is no incentive to work hard. In the United States, on the contrary, the ex ante uncertainty is large and so are the incentives. In Italy once you are in you are in forever” (Alesina and Giavazzi 2006: 72). It has not been different in Poland so far.

surprisingly, a high or very high reliance of private institutions on fees is inversely proportional to their reliance on research funds. While they lead the list for the highest percentage of income from fees in both public and private institutions (in 2004, the share for UCH in Spain was 99 percent, for WSHIG in Poland was 94 percent, for Moldova State University was 83 percent, for AESM in Moldova was 77 percent, for Balti in Moldova was 71 percent, for Buckingham in the UK was 70 percent, and for PUE in Poland was 42 percent), they are also lowest on the list for external research income (between 0 and 1 percent for Polish private, Moldavian public and private and all other private case studies except for Buckingham with 11 percent). This income structure determines the mission of institutions studied: teaching, in real rather than declarative terms, is fundamentally more important than research (except for career ladder reasons in the public sector where all promotions are based fully on research achievements, in accordance with traditional account of the academic profession, as in Clark 1983a and Clark 1995a).²²⁵

In general, private institutions are able to compete for public or private research funds to a very limited degree; being largely teaching-focused institutions (except for the two unique cases of Jönköping and Pereslavl), even if they are legally allowed in national laws to be state-subsidized in research, they are not able in practice to compete for grants-based public research funding with public universities. Separate units in the private sector

225 To explain the public intra-sectoral differentiation in the Polish example: the proportion of income by source of income is highly diversified according to the type of public institution. In 2010, in public technical institutions, the proportion of income from teaching was 68.7 percent and from research – 26.2 percent, for universities it was 81.3 percent and 13.9 percent, and for universities of economics – 91.3 percent and 5.1 percent (GUS 2011: 342). Public institutions are much more deeply involved in research activities than private institutions, for which (except for several “semi-elite” institutions) research is a fully side activity, both in terms of academic mission and in terms of institutional funding. The structure of income from teaching activities (rather than from all activities) according to sources of funding shows that the main source of funding in public institutions is from the state budget (72 percent), followed by tuition fees (17.4 percent) and other sources (10.1 percent). In private institutions, the main source of income from teaching activities is tuition fees (86.6 percent). Generally, over 80 percent of all income from teaching goes to public institutions (82.2 percent); also almost all state subsidies (98.1 percent) go to public institutions and additionally, almost a half (48.1 percent) of all income from student fees go to public institutions as well (GUS 2011: 344-347).

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.

6.3. The strengthened steering core

The role of the “strengthened steering core” in entrepreneurialism of the private institutions studied, not surprisingly, is very important. Clark’s “notoriously weak capacity to steer themselves”, exhibited by traditional European universities (Clark 1998a: 5, see also Aghion *et al.* 2008, and Mazza, Quattrone and Riccaboni 2008) is not observable in the private sector studied. There does not seem to be the need for balancing influences across multiple levels of these institutions nor 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 (here again Buckingham is an exception). But in general, collegial management is non-existent, and relationships between academics on the one hand, and administrators/ management/ founders/ owners on the other hands are very limited. As Clark observed about ambitious universities concerned about their “marginality”, and even “survivability”, they “cannot depend on old habits of weak steering”. They need to become “quicker, more flexible, and especially more focused in reactions to expanding and changing demands”. A strengthened steering core is a necessity – and it is prevalent in the private sector. It is also becoming widespread in various parts of public higher education across Europe (as a consequence of the spread of the New Public Management ideas and public sector reforms, see conceptualization by Jan-Erik Lane, Lane 1990, Lane 1997, Lane 2000, and Ferlie, Musselin and Andresani 2009).

The university center is constantly dealing with risk, the management and understanding of which is crucial; and the risk, to be managed on a daily basis, is the financial one (as the rector in the Russian case study of the University of Pereslavl put it, “the university constantly encounters difficulties securing basic daily needs ... which demoralises staff and distracts it from its mission”, EUERЕК case studies: Pereslavl, Russia, 17). The role of obtaining resources (through retaining or increasing the number

of students) seems more important than the role of building prestige or reputation for the private institutions studied. In terms of management structures, as in public entrepreneurially-minded universities, private institutions have powerful centers, strong management groups, usually comprising only a few administrators. In decision-making, the role of collegial bodies seems, in most cases, marginal (most often, even if they nominally exist, only their formal approval of decisions taken by top administrators is sought). Most private institutions do not use resource allocation procedures to make strategic choices about their future direction. Also no major impact of what Clark termed “new bureaucracy” is reported: both the number, and the role, of development officers, technology transfer officers, grant managers, fundraising officers, etc. is small. The role of strategic committees, so fundamental for managing public entrepreneurial universities studied (especially at Warwick and Nottingham), seems also minimal. In transition countries, a unique feature is that the management in the private sector is dealing, to a large extent, with academics who are also working (in a parallel manner, “moonlighting”) in the public sector (and the Russian case of the small, regional, and private University of Pereslavl is a counter-example to this trend as most academics working there are full-time professors – but this institution was born out of a former state-funded think tank of the Russian Academy of Sciences). Consequently, the fusion of managerial and academic values is both more and, at the same time, less feasible: more, because academics bring with them the traditional collegial attitudes prevalent in public institutions where they keep being employed; and less, because most of them come to the private sector not for research- or teaching-related satisfaction – but for largely financial reasons, and they can quit their additional private posts at any time. The management structures are nominally three-level arrangements (center – faculties – departments) but in practice they tend to be flat (center – departments, as at Buckingham), and in smaller institutions, even center – academics, with no intermediaries such as faculties or departments (WSHIG in Poland).

Simplified governance and management structures

In small private institutions, which have sometimes appeared virtually out of nowhere (Kwiek 2011b), with no international investments or public subsidies involved, and which in their first years of operation had been constantly in danger of a financial collapse (WSHIG in Poznań being a

perfect example), both governance and management structures and procedures may be often simplified to the extreme. The “culture of financial survival”, as reported in Spain, Russia, Moldova, and Poland, has been very strong in these institutions. The implications of the culture still unknown in European public sectors for management styles and institutional managerial practices are significant: most often, decisions are taken by a small group of managers (often by one to five people), there is almost no spirit of collegiality and all major (and sometimes even most minor) decisions are actually taken by rectors/owners/founders (often the same person);²²⁶ sometimes, as reported in the Russian case of Pereslavl, some collegiality is still reported, combined with what its rector calls:

The overall management ineffectiveness ... in its purest sense, to connote weakness in organization of university activities. The development of effectively operating offices is in process, while ill-prepared documents, inability to effectively process data and chaotic scheduling still chronically undermines the effectiveness of university management (EUEREK case studies: Pereslavl, Russia).

These simplified management structures in most institutions studied seem to be possible only in relatively small institutions, with limited or no research ambitions and which are relatively non-competitive work places for their staff. With research funding becoming ever more competitive across European systems (Geuna 1999a, Geuna 2001, Geuna, Salter and Steinmueller 2003, CHEPS 2010b), there are virtually no research funds practically available to these institutions (either from private and public sources), and consequently most academic decisions are relatively non-controversial and teaching-related. There is no need to ease tensions prevalent in research-oriented institutions where the procedures of top-slicing the profits of most successful academic units need to be constantly negotiated, through senates or central strategic committees. As the Polish case of WSHIG shows:

The Academy has a very stable organizational and management structure: the founder and the owner (Professor Roman Dawid Tauber) has been its rector in the whole period. All key decisions concerning WSHIG are taken by the rector.

226 Most private institutions in Central Europe in this respect (despite their *non-profit* character) resemble the American *for-profit* type institutions (which, of course, have nothing in common with private universities such as Harvard, Stanford or Columbia). See friendly analyses of the sector by William G. Tierney and Guilbert C. Hentschke in *New Players, Different Games* (2007).

There is no Senate as the Academy is too small – but key academic decisions are confirmed by WSHIG's Scientific Board, meeting 3-4 times a year. ... The management team is small and very effective; it comprises rector and the three vice-rectors. All senior administrative staff, including vice-rectors, has been working for WSHIG for a decade or more. The key for the success of WSHIG is the loyalty of its staff, both administrative and academic. ... In a small-size academic institution like WSHIG it is still possible for its rector to make all major decisions; and to make many minor decisions (EUEREK case studies: WSHIG, Poland).

The role of strong core administrators – accompanied by strong strategic committees – is emphasized in many EUEREK (and other) case studies of European universities. Managing structures and decision-making processes at a small private university (University of Buckingham) are substantially different from those at bigger institutions (such as Warwick and Nottingham Universities in the UK or Twente University in the Netherlands). For example, each of the three schools at Buckingham is treated as a separate business division, and each is responsible for maximizing its financial returns (derived largely from teaching). The decision-making process at Buckingham is quick but there is also considerable space for collegiality – which makes it different from other private institutions studies: as the director of finance puts it:

Buckingham has three academic Schools, and we look at them as three business divisions. Each is responsible for making the maximum financial return and growing their business. “The decision-making process at the University is quick and comprises five people: the VC, his deputy and the three Deans. We meet every week for two to three hours, so we do make good progress and good academic decisions in that sense. We get on very well (EUEREK case studies: University of Buckingham, the UK).

Academic entrepreneurialism, as discussed in the preceding chapter, involves risk-taking (Shattock 2003; Williams 2007: 19); in most of the EUEREK case studies of private institutions, institutions have to deal with a high level of risks on a daily basis. The major risk is a financial one, related to student number figures (and student fees). But as Shattock points out, in universities “risks may be academic or reputational as well as financial” (Shattock 2005: 19). The Polish case study of a small-sized, vocationally-oriented private institution (WSHIG – Academy of Hotel Management and Catering Industry in Poznań) stresses the risk factor:

WSHIG has been operating under constant risk in recent years. The major risk has been financial – will the income from student fees cover the expenditures,

especially debt installments to the banks. WSHIG has been investing heavily in its infrastructure. As other private institutions, only from its own sources, with no state subsidies. WSHIG's rector was doing wonders to be able to pay back the bank loans in time (also using his private assets). The second risk has been student enrolments (EUERЕК case studies: WSHIG, Poland).

At Buckingham, in a similar vein, what is meant by risk is exactly the financial risk:

The most important risk to the University is financial. With a small research portfolio, academic risk is restricted to the student take up of degree programmes. In that sense the University is operating on a knife edge of risk (EUERЕК case studies: University of Buckingham, the UK).

There are also other forms of risks: competition in the areas of studies with tax-based public institutions; changing state regulations, and prestige (and reputation, difficult to gain, and easy to lose). As reported in Russia, the most important risk at Pereslavl is the possible future shortage of qualified professors, followed by the possibility of losing existing public funding for its research center run by the Russian Academy of Sciences (the university itself as a whole lost its public funding in 2001). As the case study highlights, "the university is in constant talks with the local administration and enterprises for extra funding but their support normally comes in kind" (EUERЕК case studies: Pereslavl). Finally, the risk for both public and private institutions can also refer directly to annual national league tables published in influential magazines and their impact on new student intakes.

6.4. The extended developmental periphery

The third element of entrepreneurial universities in Clark's formulation is their extended developmental periphery, that is units that "more readily than traditional academic departments reach across university boundaries to link up with outside organizations and groups" (Clark 1998a: 6). The presence of this element seems quite limited in scope and importance at most traditional universities. In the private sector studied, academic peripheries also play a very limited role: most case studies do not mention their existence at all.

Change agents supporting new academic and new administrative units

In entrepreneurial universities generally, there emerge 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 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 (peripheries consist of a combination of academics and administrators, contributing further to what Gordon and Whitchurch 2010 termed an increasingly “diversifying workforce” in academia). These research and teaching instruments cross old university boundaries to bring in new students and new kinds of research. Clark (2004a) suggests that such base units have natural allies in the steering core – among agents of change located in the center. These new entrepreneurial units may 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 management styles as they are often non-permanent, contract-funded units, staffed by non-tenured contracted academics. These styles are more flexible and relationships between the center and peripheral units become much less formal and less bureaucratic – one of the reasons is that these units at the peripheries are often where external research funds are being invested.

The crucial role of these new research centers is overwhelming – and universally reported.²²⁷ Research centers increasingly attract more outside

227 Not surprisingly, a considerable proportion of centers for higher education research in Europe could be classified as academic peripheries: often located between faculties of social sciences, education, and economics; financially unstable and funded through competitive (often European-level) research grants, with non-tenured, contracted staff funded via projects and working on their PhD dissertations; often with disciplinary problems in terms of academic promotion etc. As Patricia Gumport gloomily notes in an American context (2012: 18-19), “for all its promise, the study of organizations faces the same challenges as our larger field for the precarious position of higher education research and researchers in today’s academy. Stated simply and starkly, neither the scholarly nor practical legitimacy of higher education research is assured. ... the limited reach of our field beyond our own community remind us that we need to reconsider our intended goals and audiences – not only in writing up our research but

funding in the form of competitive grants and research contracts. Their existence confirms a dual structure of most entrepreneurial institutions: traditional academic departments (and traditional 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 hierarchies of departments and faculties, and deans and heads of departments, as reported for example in the AMU case study about AMU research centers).

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 being undertaken and unknown to the institution in its traditional structures and funding opportunities. New peripheries are focused on Clark's third stream of funding – that is, in fact, on any non-basic sources – state and non-state (regardless of the level of their separation – governmental, ministerial or regional and local). And they are also focused on the second stream of funding, that is, on competitively acquired funding, mostly through state grants for research.²²⁸ New offices (and posts) include: grants and contracts

also in terms of the questions we consider worthy of study and how we frame them". Gone are the times when "we had permission to explore ideas that were illuminating. Instead of having to take problems from practice, we were encouraged to identify problems that were just plain interesting" (Gumport 2012: 23). So to speak, *de nobis fabula narratur*, also in the case of the present book, as well as several previous ones... See in particular in this context such foundational books about the academic and disciplinary status of higher education research as Sadlak and Altbach 1997, Schwarz and Teichler 2000a, Teichler and Sadlak 2000, and Begg 2003, all related to the issues of higher education research and practice, its relationship to policy and practice, its institutional basis, and its social legitimacy.

- 228 In systems increasingly based on competition, there is an increasing concentration of resources in ever fewer number of top research institutions. The race for external funding includes only research universities which are often choosing in their institutional strategies specific fields of science in which they excel. In those selected fields, they can count on achieving excellence (for any university, choosing certain strategic areas always means not choosing other areas; on a national plane, see *Initiative for Excellence in Germany, Centre of Excellence Programme in Japan, 21st*

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 (2004a: 86) include the office of industrial relations, the alumni offices, the retail services office, the conference and special events office, the continuing education office, and the capital projects office. They all make sense at entrepreneurial universities where they are closely related to the third stream of university funding discussed above. Clark calls them “new bureaucrats of change” – who increasingly replace old traditional civil servants in transforming public universities (“just as there are seemingly no limits to the possibilities of extra sources of income, there is virtually no limit on the addition of bureaucratic units and hence on the constant need to reorder and concentrate them”, as Clark 2004a argues). New funding opportunities contribute to the emergence of new peripheral supporting units. 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 often opposed to the traditional, disciplinary-centered departments. The relationships between academic peripheries and their environments tend to be easier for a combination of administrative, financial, and (institutional) culture-related reasons.

To sum up this section: the role of extended developmental peripheries in the private institutions studied is marginal. New transdisciplinary research centers are sometimes reported to exist but they do not change the character of these institutions and their (rare as it is) existence does not lead to the introduction of new management styles or new internal resource allocation procedures. They do not form – as is the case in the entrepreneurial part of the public sector – parallel, increasingly powerful, both administratively and financially, university structures. They do not seem to attract new sources of funding and they are not engaged in an aggressive search for new research areas, as is often the case in the entrepreneurial parts of the public sector. Also the role of new administrative units, so crucial to public entrepreneurial institutions studied, by comparison, is marginal. Most new posts and new

Century Competitiveness Act in the USA or recent KNOWs (National Leading Research Centers) initiative in Poland, started in 2012. The prize for winning the competitive race is significant in terms of both funding and academic prestige.

units in the public sector are related to new opportunities for research funding, or the exploitation of research results, innovation, or international and off-campus teaching, or royalty rights. In the private institutions studied, the need for these units is still very small and it is difficult to say whether it will increase in the near future – considering that they are associated primarily with funding for research that in private universities in Europe is generally conducted on a small scale (or at a very mediocre level). Thus, it is extremely difficult to obtain additional funding through competition with specialized units of the most entrepreneurial public universities (in these systems, where it is legally allowed to do so in the private sector).

The balance of power in management in the private sector is not changed by new peripheral research (or teaching) units. There are few academics employed through research grants, without teaching-based employment contracts, and there is no need to have bridging policies ready for this staff category (for the periods when they have no research grants but keep working on grant proposals). They do not have major (or in most cases – they do not have any) problems with managing intellectual property issues or research-based 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 (or, alternatively, research-related prestige) 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 analyzed through the empirical material available in the EUEREK case studies.

6.5. The stimulated academic heartland

The fourth element of Clark's entrepreneurial universities recognizes that strong universities are built on strong academic departments. The acceptance of change by departments is critical in the change process. As Clark (1998a: 7) argues, "for change to take hold, one department and faculty after another needs itself to become an entrepreneurial unit, reaching more strongly to the outside with new programs and relationships and promoting third-stream income". Entrepreneurial universities become based on entrepreneurial departments. 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 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 and this is where the vast majority of public funding is going.

Knowledge transfer and knowledge exploitation

The issues of developing new knowledge from entrepreneurial activities, of the dissemination of new knowledge and knowledge exploitation and technology transfer mechanisms look quite similar in most of the private institution case studies. Except for the Swedish case of Jönköping (which uses the same funding as public Swedish universities, and which was created by changing the legal status of a university which previously was state-owned), none of the private institutions have science parks or statistically significant (either public or private) research funds. Interviewees in these institutions mention teaching, seminars and textbooks as their contribution to knowledge transfer. There is no major difference in this context between WSHIG in Poland, UCH in Spain or the TCUM university in Moldova: they are mostly teaching institutions, with a strong vocational component of studies. In the Russian case, the strong research inclination of the Pereslavl faculty are emphasized, following its origins in the fundamental research of the local branch of the Russian Academy of Sciences. As the Polish case study argues about the role of research and teaching:

WSHIG is a special case of a 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 its 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 studies: WSHIG, Poland, 12).

Consequently, the private institutions studied tend not have a strong “academic heartland” as they are predominantly teaching-focused.

In more general terms, and with respect to the public sector, entrepreneurialism is reported not to belong to a few academic disciplines – it has come to characterize virtually all academic fields (and such 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 intensive building of research centers under the auspices of departments; the construction of a university-wide graduate school; and the introduction of an imaginative and highly attractive research fellowship scheme (Clark 1998a: 27).

Entrepreneurialism across academic units

Both Clark's case studies (from Clark 1998a and Clark 2004a) and other European case studies of entrepreneurial universities show that there is uneven spread of entrepreneurialism within an institution, with various rates of change, most often depending on external opportunities. While in Western Europe and the USA, apparently the most enterprising parts of traditional academia ("academic heartland") are in the science and technology areas, in most transition countries, as confirmed by the case studies available, the most entrepreneurially minded units, departments and institutions, as well as academics, are those in "soft" areas. These are areas in which the largest part of private sector institutions operate, and in which public sector runs its most enterprising study programs for fee-paying part-time students. Also the availability of research grants, including international research grants, in these areas until recently seemed considerable, compared with "hard" areas. In transition economies, "soft" disciplines, including especially economics and business and social sciences, tended to be more easily externally fundable ("hard" disciplines having a much more secure funding base from recurrent core public funding), and consequently tended to be more powerful agents of entrepreneurial changes in academic institutions (with one reservation, though: academic entrepreneurialism in "soft" disciplines is fundamentally teaching-related, while academic entrepreneurialism in "entrepreneurial islands" in "hard" disciplines is clearly research-related, and therefore closer to the traditional sense of the term as derived from Clark).

In the private institutions studied a variety of modes of studies are available (full-time, part-time, weekends); despite, at least in some countries, the institutional flexibility in opening new programs wherever useful, there seems to have been a relatively stable study offer over the last 10 years, despite the frequently publicly expressed need to expand their institutional profiles. No major changes in governance and organizational structures in the last 10 years were reported in the majority of the institutions studied. The institutions provide wide opportunities for on-the-job-training and for work experience for a large proportion of their students (especially in Poland, the UK, Russia, and Spain). There are often people with high professional prestige (non-academics) among their part-time staff. The feeling of being disadvantaged compared to public institutions is often reported in interviews (especially with respect to access to research funding). They have a record of appointing their own graduates to staff or faculty positions. Institutions are most often ineligible for public funding: Poland (ineligible for teaching and research subsidies, eligible for research grants schemes), UK (ineligible for teaching subsidies), Russia (both for teaching and research), and Spain (for teaching). Jönköping University is again exceptional in being eligible for public funds both for its teaching and research activities. Often the eligibility for public research grants in theory does not mean that research grants are awarded to private institutions in practice because of losing out in competition with elite public research universities.

6.6. The institution-wide, integrated entrepreneurial culture

Culture and change

The last element of the entrepreneurial university within Clark's analytical framework is the "entrepreneurial culture". "Enterprising universities ... develop a work culture that embraces change", as Clark argues (1998a: 7). 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 may start as a (relatively simple) institutional idea which is later elaborated into a set of beliefs, and finally becomes the culture of the institution (the role of norms, values and beliefs in

transformations of universities has been stressed throughout the last three decades by normative institutionalism in organizational theory, especially as developed by James G. March and Johan P. Olsen, see Brunsson and Olsen 1998a, March and Olsen 1989, March and Olsen 1995, Cohen and March 1986, Egberg and Lægveid 1999, March and Olsen 2006a, March and Olsen 2006b, Maassen and Olsen 2007, Olsen 2007 – for whom institutions, including universities, are collections of rules and practices).²²⁹

It is very hard to develop research-based entrepreneurialism in non-research intensive universities, for many reasons, including those related to academic infrastructure and those related directly to academic culture. As Shattock (2009b: 41) notes,

In research-intensive universities, research is driven by organizational culture and by internal competition and is facilitated by external reputation. Research-intensive universities have a research infrastructure that speeds up research outcomes and attracts large numbers of doctoral students and research manpower that can be deployed to create research teams. ... These advantages are not so likely to be available at non-research-intensive universities, thereby making it more difficult for individual academics to get research off the ground and to sustain it. Another inhibition may be the constraints, financial and otherwise, imposed in non-research-active academic departments on individuals who want to be “intrapreneurs” but who need support outside the usual conventions or regulations to progress their projects. Such individuals may want to engage in a mix of activities – research, consultancy, and short courses – which do not fit into standard financial arrangements and which appear to conflict with bureaucratic procedures.

Entrepreneurial culture is a crucial component for entrepreneurial transformations, the first four elements being merely the means. Also in research on entrepreneurship in a broad sense – not only in the sense of “academic entrepreneurialism” – the role of “enterprise culture” or “positive entrepreneurial climate” is crucial, alongside two other important factors – favorable regulatory conditions and well-designed government programs:

229 As Olsen (2007: 27) defines an institution, it is “a relatively enduring collection of rules and organized practices, embedded in structures of meaning and resources that are relatively invariant in the face of turnover of individuals and relatively resilient to the idiosyncratic preferences and expectations of individuals and changing external circumstances”. See Maassen and Olsen 2007, Olsen and Maassen 2007, and Kwiek 2012a for the application to the Polish case: from the deinstitutionalization to the reinstitutionalization of the research mission in Polish universities in the 1990-2010 period.

Entrepreneurship is the result of three dimensions working together: conducive framework conditions, well-designed government programmes and supportive cultural attitudes. ... Supportive cultural attitudes also complement framework conditions. For instance, other things being equal, an environment in which entrepreneurship is esteemed, and in which stigma does not attach to business failure resulting from reasonable risk-taking, will almost certainly be conducive to entrepreneurship (OECD 1998a: 12-13).

High levels of entrepreneurial activity are often ascribed to “cultural attributes”: a near unanimous view held by analysts of entrepreneurship is that “culture plays a critical role in determining the level of entrepreneurship. It is also a common view among practitioners and analysts dealing with entrepreneurship that cultural factors are important” (OECD 1998a: 50). What happens when institutional culture is not favorable to academic entrepreneurialism, or legal frameworks are too restrictive, or university traditions do not encourage entrepreneurialism? Mora and Vieira (2009: 98-99), based on EUERЕК case studies, highlight two responses on the part of universities which they term entrepreneurialism “through satellites” and entrepreneurialism “through individuals”. The former refers to universities which do not change their core but create satellites around it (and the Technical University of Valencia is a good example); the latter refers to entrepreneurialism at the level of academics and small research units they create.

Self-defining ideas in reform processes

In the case studies analyzed, there were several founding ideas (or “innovative self-defining ideas”, Clark 1996: 53-54) which subsequently led to the development of institution-wide entrepreneurial cultures.²³⁰ Examples include “the earned income” idea as conceived at the University of Warwick after the Thatcher financial cuts over 20 years ago (conceptualized in particular by Michael Shattock, its registrar at that time). Another example

230 As Clark (1996: 54) explains the role of innovative self-defining ideas in reform processes, “at the level of visions or ideas, we can speak of deliberately constructing a ‘climate for change’, or of generating ‘aspirations beyond current capability’, or of stimulating ‘enthusiasm for change’, or of creating a change-oriented ‘mythology’. ... My choice ... is to conceptualize change-oriented purpose as an innovative self-referring idea – an idea of the institution offering a distinctive self that is change-oriented. The idea is a claim upon distinction”.

are the ideas of “the valorization of research results” which originated at first in an unclear form more than twenty years ago at Twente University in Enschede in the Netherlands, when its rector was Frans van Vught. Such a founding idea was also the idea of the institutional commitment to “innovation” going back to the 1980s at the Chalmers University of Technology in Sweden (and its decision to opt-out of the Swedish state system in 1994). Another examples are the idea of following “Northern issues” at Lapland University in Finland, at a typical regional university located in the far north of the country, as reported in the University of Lapland EUERЕК case study and the idea of rejecting state funds (and state bureaucracy) at the foundation of Buckingham University in the seventies in England. Sometimes the emergent culture stems from individual visions, as reported in many institutions in transitions countries. 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:

The School does not have the money-making entrepreneurialism, but the School is very academically entrepreneurial in constantly looking for new sources of funding and keeping that going. 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 (EUERЕК case studies: LSHTM, the UK).

The role of a vision of creative, often charismatic individuals in transforming public universities (examples of University of Warwick and Twente University), or in the creation of private universities (example of WSHIG), is fundamental. This new culture of entrepreneurialism is also usually accompanied by a strong regional dimension (in England, Sweden, Finland and the Netherlands) which becomes as important as traditional teaching and research dimensions (and becomes part of a variety of so-called third missions of the university or an important component of “third mission activities”, as discussed in more detail in Chapter 4).

But also often in the case study institutions there was uncertainty about labeling them “entrepreneurial” as a whole; ongoing transformation processes were being reported, with some units and some individuals being more entrepreneurial than others. As a case study of Lund University in Sweden points out,

Few of our informants claim that Lund University as a whole is characterized by an entrepreneurial culture. Equally few say, with conviction, that the university by no means could be considered as entrepreneurial. Instead, most of our interview persons say that there has been a marked shift toward encouraging and supporting entrepreneurial activities at the university and point out some units and some individuals that could be labeled as particularly entrepreneurial. The many mechanisms created by the university, supporting entrepreneurship and innovation, are an indication of an ongoing transformation process. However, a culture resting on old traditions with a focus on academic excellence has its own incentives and rewards, not always with the same goals as those that characterize enterprises. It is a question of mind-set, according to several interviewees (EUEREK case studies: Lund University, Sweden).

6.7. Conclusions

Let us summarize the conclusions about the academic entrepreneurialism of private higher education institutions point by point (according to the conceptual scheme proposed by Burton Clark):

1. The case study private institutions generally view themselves as less entrepreneurial than public ones. Their access to research funds (especially public) – which most often determines the appearance of the entrepreneurial culture in public universities – is very limited. But they are often very successful teaching institutions. Their major concern is to survive financially as they are heavily dependent on student fees and they may experience heavy fluctuations in enrollments. Their mission and strategy are self-determined rather than influenced by state policies;²³¹ and it is usually difficult to embark on institutional transformations. 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 (Buckingham is exceptional here because of its higher level of research funding, and recent

231 Examples of such state policy influence could be the introduction of tuition fees in the public sector and the idea of state contracts for teaching in both sectors, both under public consideration currently in Poland – which we understand as an indirect attempt to rescue the private sector in the face of the worsening demographic situation. The later example represents an exaggerated belief in the possibility of central planning of supply and demand for graduates, not practiced in mature higher education systems in Europe (see Kwiek and Arnholt 2010).

focus on third mission activities). No major academic risks associated with research (such as frontier research, known from the best public sector institutions) 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; it is also quite difficult to change them as institutions – hardened institutional structures can last for years in almost unchanged forms. Apart from teaching, few examples of other major kinds of dissemination of knowledge are reported. Also only a limited number of mechanisms of knowledge transfer/knowledge exploitation are 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, national funding regimes and national laws on higher education).

2. In general, diversified funding bases do not seem to work for the private institutions studied. Their abilities (and opportunities) to use the “third source” of income, especially (perhaps most welcome) “university-generated” income, are very limited (and these characteristics bring them close to public institutions in transition countries). Their high degree of financial dependence on a single source of income (namely, student fees) makes them easily prone to 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 top public universities where national and international research funds are being increasingly concentrated. Separate academic 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 – 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 or to 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, endowments or earned income from

campus operations is negligible, in most cases not even marginal. There is no mutual feeding and encouragement between various types of 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 basic 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 a lower dependence on this currently single most important source (in the studied cases, such dependence often exceeds 90-95 percent of revenues).

3. The role of the “strengthened steering core” in entrepreneurialism in private institutions is significant but there does not seem to be the need for balancing influences across multiple levels of these institutions and there does not seem to be 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 links 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 be managed on a daily basis, is the financial one. The role of attracting resources (through retaining or increasing the number of students) seems more important than the role of building reputation for the private institutions studied. In terms of management structures, as in public entrepreneurial universities, private institutions have powerful centers, strong management groups, usually comprising a small group of 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 feature is that management in the private sector is concerned, 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 often 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 and are not engaged in aggressively searching for new research areas. Also the role of new administrative units, so crucial to public entrepreneurial institutions studied, by comparison, is marginal. Most new posts and new units in the public sector are related to new opportunities for research funding, or the exploitation of research results, innovation, or international off-campus teaching, or royalty rights etc. In the private institutions studied, the need for these units is still very small. The balance of power in management is not changed by new peripheral research (or teaching) units. There are few people employed through research grants, without employment contracts, and there is no need to have bridging policies to let academics be funded in periods between subsequent grant agreements (as, for example, at LSHTM) 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.

5. Almost all private institutions studied are involved only marginally in research. Competition with public institutions, in the context of the general lack of access (in theory or in practice, or both) to public research funds, means competition for students and their fees. The second factor relevant for the mission and strategy of the private institutions 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 grant applications, does not seem to work in 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 external 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 universities most successful in this competition differs substantially from that of traditional, non-competitive academic institutions. 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 and teaching. Private institutions do not take part in this race for external funding. Paradoxically, the culture of competition (and cooperation), usually with the strong market, financial and prestige foundations increasingly dominant in Western European public institutions, is alien to private institutions.

6. Finally, the use of the concept of “academic 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, two (or 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. Theoretical and empirical work on the broader concept of the “public-private dynamics” in European higher education could open new interesting possibilities. This dynamics would include at once – for both sectors – issues of academic entrepreneurialism and cost-sharing, and could refer to far more diversified educational systems of Europe than those studied. These studies would be especially interesting in the future if several conditions have been met: if the share of tuition fees in revenues of European systems has become radically increased; or if the participation rate in the private sector in Western European systems has grown to levels known in Europe currently only in Central European systems; or, finally, if the private sector has been able to dramatically increase its research output, marginal at the moment. None of these conditions, and especially the first two ones, can be ruled out in the perspective of the next decade.

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Marek Kwiek

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