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ABSTRACT

This digest examines some of the literature on entrepreneurial arrangements within academic institutions--arrangements that often mirror the conflicted town/gown attitude between small cities and the institutions of higher education located within their limits. The main reason cited for the involvement of higher education institutions in commercial endeavors is decreasing financing for higher education, but the report notes Derek Bok's caution that efforts to turn university activities into revenue may change the institution's image and force it to sacrifice its most essential academic values. The report notes two studies of Australian universities where the success of the entrepreneurial arrangement led to status bifurcation within academic units. Also noted is a study conducted of a Canadian project to accelerate college entrepreneurship which resulted in the ideas of competition becoming more firmly embedded in the thinking of Canadian governmental and educational leaders. Other studies note the need for a balance between business demands and academic values and the concern that university-corporate ties may diminish the objectivity of university research. In summarizing a study of European entrepreneurial universities, the report notes that while entrepreneurial activity can increase institutional autonomy, diversify income, and reduce dependence on government, it may also lead to fragmentation of academic goals and institutional purpose. (Contains 7 references.) (JM)

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Digest

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Most people who are familiar with small cities that host some form of higher education keenly recognize the dichotomy commonly identified as the town/gown syndrome. Although aware of the prestige and perks offered by the university or college, frequently the townspeople are annoyed by students who may be boisterous, incensed about building sites that contribute nothing to the city's tax base, and aggravated by increased traffic gluts created by large bodies of students and faculty. Conversely, people in the higher education institutions may feel that the townspeople exhibit antagonism, do not appreciate their efforts to educate the populace, frequently do not support the college's events and athletic offerings, and do not offer students and faculty special services.

In a very real sense, the situations posed by entrepreneurial academic arrangements mirror this town/gown position, with many universities moving toward outside sources in entrepreneurial relations even though such activities may reflect conflicting issues. This paper discusses the reasons for engaging in academic/entrepreneurial arrangements, some efforts at universities and a community college, and the effects, both positive and negative, of such liaisons.

Decreasing finances present the most salient reason for the involvement of higher educational institutions in commercial endeavors. Because of burgeoning demands for student access along with reduced finances, a number of

colleges and universities are adopting more aggressive approaches to resource development. Yet, as "universities become more like businesses, they risk squandering the academic loyalty and the public support on which they depend." (Anderson, 1990, p. 9). This stance is supported by Derek Bok's final report to the trustees of Harvard University when he cautioned that efforts to turn university activities into revenue may change the institution's image, forcing it to sacrifice its most essential academic values (Bok 1991).

How can a balance be created between the need for greater financial resources and the intellectual and ethical values of the higher education enterprise? Because of its unique identity and its competitive products, a college or university can pursue alternative revenue sources. It can add value to certain products or services because it is an institution of higher learning. Its competitive advantages include a supply of intellectual property, the charitable inclination of alumni and friends, access to the institution's markets, certain tax advantages, and investor credibility. At the same time, caution must be exercised in terms of both the soundness of investments and the institution's missions.

Arguments for and against academic/entrepreneurial interventions also allude to their rationale and to the concern for educational values. Reporting results of interviews with faculty and non-tenured academic staffs in Australia, Slaughter and Leslie

employed the theory of resource dependency to base their inquiries, a theory suggesting that, "organizations deprived of critical revenues will seek new resources" (1997, p. 113). The taxonomy developed in their research project revealed critical benefits as perceived by the respondents: financial, certainly, but also elements of prestige and status conferred by their research/cooperative/corporate ventures. "By working on commercial projects, faculty strengthened their ties with government agencies and client groups, thereby enhancing their credibility as relevant social actors concerned with meeting national policy objectives aimed at benefiting the public. These faculty were eager to alleviate the disruptions caused by changes in resource patterns, at least in part because they were able to do so while maximizing status and prestige." (Ibid p. 137).

In the two Australian universities that were studied, individuals who were successful in academic capitalism had greater prestige than their non-entrepreneurial colleagues. However, their success often led to status bifurcation within academic units. Success might breed success for the involved faculty, may give departments some added credibility, and may stimulate business or government-sponsored fellowships for postgraduate students. At the same time, commercial projects may consume university and department resources not covered by the contracts (e.g., space, secretarial help, and communication costs).

Further, time invested in external relations may diminish time devoted to teaching and other university responsibilities. And, if commercial clients restrict or delay scholarly publications because they are not ready to announce new products, another negative consequence of academic capitalism may occur. In the institutions about which Slaughter and Leslie reported, the money generated by academic/entrepreneurial efforts represented about 12 percent of the total institutional income. Some faculty were concerned that competition altered the ethos of departments and even, the entire university.

In the 1980s, a new Ministry of Skills Development, created in Canada to administer funds for federal training, accelerated a push toward college entrepreneurship. Because the new ministry received training funds from external sources, the colleges were forced to compete with the private sector for provincial support. Ontario's Innovation Centre Program represented the first direct government incentive for innovation and entrepreneurship by colleges. While the program was terminated in 1988, the ideas of competition and entrepreneurship became more firmly embedded in the thinking of Canadian governmental and educational leaders. Indeed, the University of British Columbia has lucrative arrangements with Canadian Airlines, the Royal Bank, and Coca Cola. McMillen argues that if "innovation and entrepreneurship are to be successfully pursued, structural-functional impediments associated with bureaucracy and with organizational politics must be addressed" (1991, p.99).

The definition of intrapreneurs as entrepreneurs working inside corporate environments suggests both proaction and innovation. These intrapreneurs understand that educators should be market oriented, take risks, and accept responsibility for their decisions. Intrapreneurial activity has increased in postsecondary

institutions and in Canadian community colleges, but it must have both the structural and administrative framework to support a market orientation that is less dependent on government funding. (McWilliam, 1990).

Always there is a need for balance between business demands and competing forces, between academic values and the needs of the marketplace. (Michael and Holdaway, 1992). Concerns about this balance-or lack of balance-is well put by Bourke and Weissman (1990) who are concerned that university-corporate ties may diminish the objectivity with which research is conducted. In their discussion of the role of biomedical research conducted by intrapreneurial faculty who ultimately may acquire financial interests in the biomedical industry, these authors report that financial emphasis often interferes with the institution's function of exploring technical matters, critiquing social policies, and performing research for goals that are publicly desirable. According to Bourke and Weissman, "the most familiar model for the university-industry connection is corporate sponsorship of research, with the ultimate objective of transferring the products of federally funded research to the hand of private industry" (1990, p.15). However, the public may become increasingly concerned that university-corporate ties will diminish the number of independent scientists. The independence of universities and their ability to provide objective social commentary are valuable; they should not be sacrificed for potential profit or for institutional leadership in biotechnology.

Summarizing an intensive study of European entrepreneurial universities, Clark suggests that entrepreneurialism offers a formula for institutional development that can increase autonomy, diversify income, produce discretionary money, and reduce governmental dependency. Although entrepreneurial pathways may build cohesion, they may also lead to the

fragmentation of academic goals as well as the purpose of the institution or program.

Whether in Europe, Australia, or in America, there are problems that must be addressed when we consider the relation of the "town"-the community/corporate world-and the "gown"-the academic institution. The various negative outcomes must be considered as well as the more positive, project-oriented perceptions.

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