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ABSTRACT

This digest reviews the literature examining ways in which the academic world is shifting toward more entrepreneurial approaches for running an institution and examines some programs that have been developed both at the community college and the senior college level. Reasons cited for the shift toward entrepreneurial ways of operating include cuts in traditional sources of funding, government intervention in higher education, and the escalating costs of teaching and research. Also noted are some of the risks posed for colleges and universities when participating in entrepreneurial activities, including business risk, management risk, and image risks. The paper notes that community colleges, because of their traditional role in job training, have been successful in obtaining money from both government and industry to prepare workers for jobs. In contrast, universities and four-year colleges have tended to focus on generating revenue through research collaborations with private industry and the government, such as partnerships with licensing and patenting offices, small business development centers, research and technology centers, and business incubators. The paper concludes that entrepreneurial ventures performed in keeping with academic values can be worthwhile for institutions, students, and the public. (Contains 14 references.) (JM)

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The switch to a more entrepreneurial way of operating -- of being innovative, responsive to the market, and of finding new ways to make money -- began in the business world and is spreading to the non-profit sector, including academe. This transition is requiring college and university managers to examine the way they operate, to reconsider their many functions, and, even, to question some of their most cherished values such as academic freedom and access. As a result, some conflicts have arisen. But the trend is strong, and many higher education institutions, especially universities and community colleges, are experimenting with entrepreneurial programs and behavior. This digest will summarize the reasons behind the growth of entrepreneurship in higher education and list some of the programs that have been developed.

The pressure for higher education to change has increased recently. Government support is shrinking while the costs of teaching and research remain high. Student fees are rising, and budget cutbacks threaten non-revenue-producing departments. Employers complain that college and university graduates are not well trained, and students complain about the quality of teaching at their institutions (Daines, 1996). McWilliam (1990) cites three trends that are pushing educational institutions to be more market-oriented: a decrease in traditional sources of funding (especially government funding), government intervention (demands for accountability and pressure to prepare individuals and companies for global competition), and institutional initiatives. Clark (1998) frames the move to greater entrepreneurship as arising from "a demand-response imbalance in the environment-university relationship" (p. 5). Demands on the universities outrun their capacity to respond, and one way to reinstate the balance is for universities to become more entrepreneurial.

But an entrepreneurial mode of operating is often not welcome in higher education institutions. A commitment to tradition and a disdain of commerce, especially for thinking of students as clients or customers, often dominates the thinking of faculty members. Peter Drucker outlines some of the obstacles that public service institutions must overcome. These organizations function on the basis of budgets rather than results, they are forced to satisfy a multitude of constituencies, and they tend to see their missions in moral or ethical terms rather than in economic ones (Keast, 1995).

The president of the institution must set the groundwork for change. There must be an examination of the institution's mission and priorities (Slater & Doig, 1985), with a systematic process established for encouraging meaningful discussion and participation. Joint goal setting and a system of accountability are also necessary (Decker, 1989). The leaders should be "opportunity conscious" -- trying to anticipate change, identify opportunities, and retain flexibility (Peck, 1984) -- and should be trained in finance and budgeting, organizational analysis, and public relations (McWilliam, 1990). Clark (1998) describes entrepreneurial universities as having the following five characteristics: a "strengthened steering core" of faculty and administrators that works to find resources for the whole institution, an enhanced "developmental periphery" consisting of outreach administrative units that promote contract research and consultancy, a diversified funding base, a "stimulated academic heartland" (especially in the sciences, economics, and business) in which faculty members initiate entrepreneurial activity, and an entrepreneurial culture that develops over time.

A number of authors point out downsides that may be encountered by colleges and universities that participate in entrepreneurial activities. Anderson (1990) lists three types of potential risks. First, colleges and universities expose themselves to business risks: commercial ventures can lose money. Second is a set of management risks. Whereas in commercial enterprises, evaluation and control are conceptually simple because outcomes are measured in dollars, colleges and universities are much more complex because the goals are multitudinous and necessarily involve value judgments. In addition, managerial time demands can be significant, and the payoff may not be worth the investment of the administrators' time. Finally, there are image risks. There is a possibility of squandering the existing support for the institution's culture and goals. The pursuit of commercial profit is likely to divide faculty members into haves (scientists) and have-nots (those in the humanities and social sciences). Additionally, public support for colleges and universities could be undermined if the image of a "service-oriented" organization is replaced by that of a commercial, money-making enterprise. This could be especially off-putting in light of tuition hikes. Similar to the last point, Keast (1995) points out that institutions must also consider the inherent conflict that exists between a purely entrepreneurial venture and an educational institution. Is it appropriate to require an economic justification to teach Shakespeare and Plato? Isn't there a conflict between the academic tradition of open debate and sharing new knowledge, and the secrecy requirements of private research and development? In becoming more entrepreneurial, universities must be sure to respect the value of higher education.

Despite these reservations, many

higher education institutions have moved into entrepreneurial ventures. Most of the literature reflects entrepreneurial activity in two sectors, the community colleges and the universities. Because of their traditional role in job training, community colleges have been very successful in obtaining money from both government and industry to prepare workers for jobs. Examples abound. Spence and Oliver (1989) describe the experience of Florida Community College at Jacksonville with performance contracting for job training and employment. They are outcome-oriented contracts that have specific, quantifiable objectives, with the evidence of completion and time frames identified. If the objectives are not met, exactly as specified in the contract, no payment will be made and the college will have to absorb the cost of training. Payment is made after the objective is completed, and if there are excess funds after the contract is fulfilled, the college may retain the funds to reinvest in the program. Triton College in Illinois offers three types of business training: the contract or "workplace" model, the cosponsorship/coprovidership model (partnership formed with other agencies or groups of interested professionals to defray costs), and a distance learning model, using cable network, instructional television fixed service, and satellite video teleconferencing (Kooi, 1989; Lestina & Curry, 1989).

Some colleges have found other ways to bring in revenue. Red Deer College brings in artisans for a Fine Arts summer camp for adults. The latter program fills up the dorms for five weeks and contributes to the general revenue of the college (McWilliam, 1990). Belmont Technical College in Ohio reclaimed land abandoned by a coal mining company in order to transform it into a recreational area. The project served as a learning laboratory for students in the mining program, and yielded a profit of $75,000 when coal was discovered on the property, extracted, and sold. Edison State Community College, also in Ohio, rented vacant property to local farmers (Maradian, 1989). Other colleges have launched for-profit businesses on campus, including retail stores and catering services (Brightman, 1989).

The approach taken by universities generally focuses on generating revenue through research collaborations with government and industry. Dill (1995) conducted a national survey of American universities to determine the extent of what he called technology transfer. University technology transfer "is defined as formal efforts to capitalize upon university research by bringing research outcomes to fruition as commercial ventures" (p. 370). The types of organizations that existed for this purpose included: (1) licensing and patenting offices, to assist faculty members and the universities in obtaining patents, selling licenses, and seeking commercial outlets for research; (2) small business development centers, to provide technical assistance for new business start-ups or technical support in management, new product development, and process innovation to existing companies; (3) research and technology centers, which stimulate research and technology transfer in a particular area of technology, usually under joint university-industry support; (4) business incubators, which provide facilities and/or services to multiple businesses in a related field of technology; and (5) investment/ endowment offices, which invest the university's financial resources in start-up companies or spin-off enterprises based upon university technology.

As exemplified by the organizations Dill identified, entrepreneurial opportunities are open to both faculty members and the broader institutional community. While patent offices and research and technology centers are generally dependent on the output of high-powered science or engineering professors, small business development centers and business incubators tap into a wider pool of talent. These initiatives are often connected to a community relations or business development office, and utilize the skills of both staff members and local business people to support the creation and growth of small businesses in the surrounding community.

The launching of entrepreneurial ventures, when done in keeping with the values of academe, can bring very positive results to the institutions, the students, and the tax-paying public.

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