Creating the Entrepreneurial University to Support Liberal Education

Samuel M. Hines Jr.
CREATING
THE ENTREPRENEURIAL UNIVERSITY
TO SUPPORT LIBERAL EDUCATION

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The universities of the world have entered a time of disquieting turmoil that has no end in sight. As the difficulties of universities mounted across the globe during the last quarter of the twentieth century, higher education lost whatever steady state it may have once possessed.

—Burton Clark, *Creating Entrepreneurial Universities: Organizational Pathways of Transformation*

It is precisely in the nature of knowledge as capital that the cultural contradictions of academe emerge. While corporate practices have the upper hand in running the university, the culture wars that exist in every institution remain a struggle between two major epistemes of academic power: commodity knowledge, that is knowledge that has a use for the world of work, professional and preprofessional training, policy development, inventions, and patents; and symbolic knowledge, knowledge that deals with value judgments, ethical, cultural, aesthetic, and philosophical argument, and speculative science. It is foolish to suggest, as some have, that the university is dedicated simply to one or the other kind of knowledge. It must accommodate both. But the tension between the rival knowledges is very real, and the modern episteme of academic and symbolic knowledge, particularly that represented by the liberal arts and humanities, has a much harder time proving its worth as market-driven universities scramble to establish the importance of knowledge that has value in the marketplace.

—Eric Gould, *The University in a Corporate Culture*
Public leaders are increasingly discarding public policy in favor of market forces to determine priorities for social investment. The shift toward high-tuition/high-aid funding models, from grants and loans to tax benefits as the mechanism for student financial aid, from state-supported to state-assisted public higher education, all reinforce the sense that higher education today is seen increasingly as an individual benefit rather than a social good. Public higher education can no longer assume that public policies and investment will shield it from market competition.

—James J. Duderstadt and Farris W. Womack, *Beyond the Crossroads*

A liberal arts education might be viewed as a metaphor for entrepreneurship. The humanities suggest that the entrepreneur is an artist. History might see entrepreneurs as the true revolutionaries of technological, economic, and social change. A liberal arts education is rich in metaphors that are capable of capturing the multifaceted life of an entrepreneur. A course in film or the theatre might suggest that the entrepreneur is a stage or film director, while a course in physical education might reveal the entrepreneur as a coach... Undergraduate entrepreneurship education should not be viewed as a narrow careerist pursuit, but as giving new life to the traditions of a liberal arts education.

—Dennis Ray, “Liberal Arts for Entrepreneurs”
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In November 2003, the College of Charleston hosted a Kauffman Foundation-sponsored conference on “Liberal Learning and Entrepreneurship.” In his welcoming message, President Leo Higdon provided a context for the meeting: “This is truly an exciting time for celebrating the spirit and vision of entrepreneurship . . . We are seeing more and better ways to support the liberal learning that is so crucial to developing the entrepreneurial mindset . . . The development of entrepreneurs is synonymous with the development of leaders.”

Drawing from the conference discussions, Samuel M. Hines Jr., then dean of the School of Humanities at the College of Charleston, crafted the following argument for the power and necessity of a liberal education as the foundation for the entrepreneurial culture and leadership that modern institutions of higher education require to survive in the twenty-first century. Hines advances the argument that, beyond teaching students the skills and values of being entrepreneurial, faculty and other campus leaders need to adopt entrepreneurial behaviors in order to sustain the financial and intellectual integrity of their institutions. A liberal education is the precise type of education to prepare individuals with the creative skills and abilities essential for adapting to changing environments that demand connections between the intellectual traditions of the academy and the practical skills of the professions. Indeed, the entrepreneurial model can help institutions prevent the undesirable aspects of a corporate model from overtaking them.

Opinions vary on whether the entrepreneurial university would actually enhance the operations and success of an institution, or would even be desirable. Four colleagues present brief comments from different perspectives. Daniel O. Bernstine writes as a university president who witnessed and supported a university that embraced entrepreneurial approaches to liberal learning and recognized the importance of faculty in guiding the institution. Tony Carnevale moves the argument a step further to suggest that the market economy and the commodification of knowledge actually advance liberal education, making it available to larger segments of the population and creating the need for liberally educated workers. Without the market, Carnevale argues, liberal education would not flourish. Eric Gould finds that Hines’s argument fails truly to address how the entrepreneurial model could advance “taking risks with intellectual capital for intellectual
profit” rather than engaging in innovative actions for market profit, the focus of most of Hines’s examples. Increasing intellectual capital is relegated to a tertiary role, Gould observes, rather than the central focus it should occupy. Finally, Elizabeth Minnich presents a critique of Hines’s ultimate confidence that, through enlightened leadership, campuses will safeguard their entrepreneurial engagements in ways that make the risks beneficial for liberal education, rather than building the university’s capacity “to win back public support for the essential democratic public good of education and a constantly renewing, wide-open commons of knowledge.”

Economic realities will continue to challenge many institutions of higher education and their ability to succeed as educational purveyors and keepers of knowledge. At least since the second half of the twentieth century, though, the privatization of higher education has been accompanied by democratization—that is, the expansion of access to broader segments of the population and the diversity of types of institutions providing postsecondary education. Also, there has been a slowly emerging recognition, within both the marketplace and the academy, of the essential nature of the skills, knowledge, and abilities fostered by a liberal education. What seemingly has not kept pace is an equal recognition of the need for curricular restructuring to address the changing student enrollment, the explosion in knowledge creation and synthesis, and the transformation of learning environments and boundaries. Hines and his colleagues articulate some of the fundamental issues facing institutions of higher education within a roiling political, economic, and social milieu that makes it difficult to find a compass that will keep strong institutions on a true heading to produce the liberally educated students needed for a creative economy, an informed citizenry, and a life of learning and engagement.

Terrel L. Rhodes
Vice President for Quality, Curriculum, and Assessment
Association of American Colleges and Universities
In today’s turbulent higher education environment, the situation of colleges and universities is becoming increasingly tenuous. In addition to the relatively obvious financial problems, institutions of higher education face new challenges posed by globalization, including competition from foreign universities, and by technological innovations that are transforming traditional pedagogies and views about student learning. Additional challenges are posed by changing demographic patterns, continuing demands for access and equity, the DNA revolution, competition for public sector resources, for-profit competitors, and shifting expectations for P–12 education. The combined effect of these several daunting challenges, which Clark Kerr (2002) describes as a “shock wave,” is to create a period of destabilization for higher education.

Perhaps the most telling indicator of the current state of affairs is the loss of the social compact that, until the 1970s, characterized the relationships among the states, colleges and universities, and the general public (Faulkner 2005). Gone is the overarching consensus that higher education is a public good; and as that consensus has broken down, competition among institutions has intensified. Colleges and universities now struggle to gain competitive edge in terms of students, faculty, programs, facilities, endowments, athletics, prestige, and public support. At the same time, they are hard-pressed to become more accountable to all of their constituencies (Burke 2005; Ewells 1998). Public institutions are called upon to justify decreasing levels of state support by demonstrating their accountability and by tailoring their...
To survive and prosper in today’s environment, the academy too must become more flexible and adaptable to change.

Missionsto suit agendas of economic development defined in state capitals and by the business community. Despite the longstanding public mission of state colleges and universities, the increased pressure to meet specific needs has raised expectations to a level not previously experienced by institutions of higher education. In this context, several observers have decried the “privatization” of public institutions and the “corporatization” of colleges and universities through their subjection to market forces (Aronowitz 2000; Bok 2003; Kirp 2004; Engell and Dangerfield 2005; Washburn 2005).

Today, colleges and universities are compelled both to advance the lofty goals of the academy and to serve the externally defined economic needs of society. In times of financial stress, however, it is altogether too easy for an institution to allow “mission drift” while pursuing potential sources of revenue that may actually jeopardize its commitment to its core values. Moreover, the temptation to compromise the intellectual goals associated with the distinctively American tradition of liberal education can be very strong. Not surprisingly, the Association of American Colleges and Universities and other supporters of liberal education are quick to point out the inherent practicality of a liberal education, stressing the many ways it prepares students to be adaptive lifelong learners and to bring their many intellectual skills to bear on a wide range of career and community challenges (AAC&U 2007; Gould 2003; Shapiro 2005). Indeed, the ability of liberally educated graduates to be intellectually flexible and adaptable to change—without losing their intellectual grounding or compromising their values—is especially important in the twenty-first century.

To survive and prosper in today’s environment, the academy too must become more flexible and adaptable to change. Through the creation of new institutional cultures of entrepreneurship, colleges and universities can deal effectively with the several challenges now confronting them. An entrepreneurial culture, consistent with the concept of faculty as “intellectual entrepreneurs” (Cherwitz and Sullivan 2002), can serve the goals of liberal education and create new opportunities for faculty in all areas—including the traditional arts and sciences disciplines—to retain their influence within the contemporary academy. Entrepreneurial leadership and an entrepreneurial culture are appropriate for all institutions of higher education, although the particular advantages of the entrepreneurial model may be
more applicable to some institutions than to others. Entrepreneurial leadership in support of liberal education can help ensure that the public mission of the academy, as well as the traditional goal of preparing students for responsible citizenship, is met by colleges and universities that have reestablished some degree of institutional autonomy. An entrepreneurial culture can nurture innovation and creativity throughout an institution and sustain academics as intellectual entrepreneurs.

**ENTREPRENEURIAL CULTURE**

An entrepreneurial culture is not the same thing as a corporate culture. The infusion of a corporate culture, which is distinctively “managerial” (Berquist 1992), and the intrusion of the market would clearly establish a new hierarchy of values for an institution of higher education and, as Bok (2003), Gould (2003), Kirp (2004), and others have shown, corrupt the traditional values of the academy. By contrast, an entrepreneurial culture—especially one that validates “social entrepreneurship”—emphasizes institutional commitment to innovation, creativity, collaboration, service, and civic engagement while also encouraging the pursuit of ventures that increase the resource base. It is important to recognize the difference between these two cultures. Entrepreneurship studies have not always been well received in schools of business precisely because entrepreneurs are very different from managers, and the knowledge, behavioral repertoire, and skill set for an entrepreneur are very different from the training and technical knowledge associated with business school curricula.

Entrepreneurship is inherently interdisciplinary and multidisciplinary. Entrepreneurs need business plans, of course, but they also need critical thinking skills, quantitative and analytical reasoning skills, holistic thinking, communication skills, and vision. These are the very skills brought to an organization by college graduates, regardless of their majors, who have received a liberal education. Entrepreneurs create organizations and thereby add value to the community—economic value to be sure, but also sociocultural value and sometimes aesthetic value as well. Managers, by contrast, play a functional role within complex organizations.

**An entrepreneurial culture is not the same thing as a corporate culture.**
# Table 1: Traditional and Entrepreneurial Organizations

<table>
<thead>
<tr>
<th>Organizational Characteristics</th>
<th>Traditional Organization</th>
<th>Entrepreneurial Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>■ Defensive</td>
<td>■ Actively seeks out new ventures</td>
</tr>
<tr>
<td></td>
<td>■ Protection of present niche is primary concern</td>
<td>■ Protects current niches worth saving through adaptation.</td>
</tr>
<tr>
<td></td>
<td>■ Variations through acquisitions and mergers</td>
<td></td>
</tr>
<tr>
<td>Environmental Scanning</td>
<td>■ Changes viewed as threats</td>
<td>■ Changes viewed as opportunities</td>
</tr>
<tr>
<td></td>
<td>■ Scan external environment to identify threats</td>
<td>■ Scan external and internal environment for new opportunities</td>
</tr>
<tr>
<td>Effectiveness and Control</td>
<td>■ Primarily short-term focus (quarterly and annual performance criteria)</td>
<td>■ Primarily long-term focus (adaptation and survival)</td>
</tr>
<tr>
<td>Risk</td>
<td>■ Something to be minimized</td>
<td>■ If approached intelligently, key to growth, adaptation, and survival</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>■ Objective and analytical</td>
<td>■ Affective components also important</td>
</tr>
<tr>
<td></td>
<td>■ Culture serves to protect status quo</td>
<td>■ Culture serves to nurture adaptation and innovation</td>
</tr>
<tr>
<td>Structure and Communication</td>
<td>■ Formal lines of authority and channels of communication are important</td>
<td>■ Informal structures and horizontal communication dominate actions</td>
</tr>
<tr>
<td>Decision Making</td>
<td>■ Top management sets narrow parameters for organization</td>
<td>■ Top management establishes mission and vision</td>
</tr>
<tr>
<td></td>
<td>■ May or may not allow input from below</td>
<td>■ Input from below is encouraged and utilized</td>
</tr>
<tr>
<td>People</td>
<td>■ Viewed as an abundant resource that is easily replaced</td>
<td>■ Viewed as key resource to be protected and used to its fullest</td>
</tr>
<tr>
<td>Creativity</td>
<td>■ Something to be tolerated</td>
<td>■ Something to be fostered, developed, and encouraged</td>
</tr>
</tbody>
</table>

Source: J. R. Cornwall and B. Perlman, Organizational entrepreneurship (Homewood, IL: Irwin, 1990), 18–19.
Table 1 shows the significant differences between the more traditional, hierarchical, bureaucratic, managerial organization and the more adaptive, innovative, creative, entrepreneurial organization.

Cornwall and Perlman (1990, 77) have described at length the attributes of organizational entrepreneurship, and they identify the following as defining elements of an entrepreneurial culture:

- risk taking at all levels of the organization
- earned respect for commitment to mission
- an ethics of integrity, trust, and credibility
- people viewed as the most valuable resource
- emotional commitment to the mission
- work should be fun
- leadership at all levels of the organization
- value wins—workers and customers must derive value from everything the organization does
- relentless attention to detail, people, structure, and process (the processes of planning, evaluation, and assessment are extremely important)
- effectiveness and efficiency

Within the academy, an entrepreneurial spirit encourages creativity and innovation. It also leads to the empowerment of faculty and staff who begin to recognize a responsibility to create new resources, not just to claim existing institutional resources. As evidenced by the large number of entrepreneurs who make generous gifts to colleges and universities, the affiliation of entrepreneurs with individual institutions represents a viable alternative to corporate gifts. However, an institution needs all three—corporate gifts, entrepreneurial benefactors, and its own entrepreneurial ventures—in order to generate the revenues needed to carry out its existing mission and to expand into new areas.

We have come a long way from the traditional idea of the college or university as a semiautonomous institution charged with transmitting knowledge from one generation to the next and creating knowledge for future generations based on internally set priorities. The reality is that the academy has seldom been isolated from its publics. American colleges and universities have always been responsive, in varying degrees, to the demands and needs of
The expectations for higher education in a capitalist democracy will continue to evolve. Local, regional, and national constituencies as well as to the capitalist economy (Fairweather 1988; Slaughter and Leslie 1997; Ewell 1998; Duderstadt 2000; Bok 2003; Newfield 2003; Zemsky, Wegner, and Massy 2005b; Scott 2006). The expectations for higher education in a capitalist democracy will continue to evolve. Those of us who are committed to liberal education must work to ensure that in an “age of money,” as Engell and Dangerfield (2005) describe the current era, colleges and universities do not stray down the worst of the potential evolutionary paths. I advocate combining one of the earliest and longest-standing elements of the American academy—liberal education—with the entrepreneurial leadership and culture that will enable institutions to maintain their autonomy. By following this path, colleges and universities can give students the opportunity to pursue a liberal education rather than to “follow the money.”

LIBERAL EDUCATION IN THE TWENTY-FIRST CENTURY

Today, liberal education is recognized as the best and most practical form of education (AAC&U 2007; Brint 2002). While its precise contours have evolved over time, a liberal education is empowering, liberating, and moral; a liberally educated graduate is free, principled, capable of independent thinking and learning, reflective, and guided by a set of values. In the twenty-first century, liberal education “looks beyond the campus to the issues of society and the workplace. It aims to produce global thinkers. A quality liberal education prepares students for active participation in the private and public sectors, in our diverse democracy, and in an even more diverse global community” (AAC&U 2002, 25). Through a liberal education, students develop oral, written, and nonverbal communication skills—including foreign language skills; facility with scientific methods and quantitative methodologies; research and technical capacities; ethical, critical, logical, analytic, and synthetic thinking and problem solving abilities; interpersonal and leadership capabilities; and an aesthetic sensibility. Additionally, students acquire substantive knowledge—historical, philosophical, mathematical, scientific, cultural, literary, political, social, and economic. By enabling them to acquire these competencies and this knowledge, a liberal education prepares students to deal successfully with change.
The surest way to safeguard the American tradition of liberal education is for the leadership of colleges and universities to grasp and act upon the potential of entrepreneurship to serve liberal education while remaining true to the core values of the academy. If they are to survive in today’s perilous higher education environment, if they are to retain some meaningful degree of autonomy, and certainly if they are to prosper in ways that are consistent with their missions, then the colleges and universities of the twenty-first century must become entrepreneurial.

The University of Michigan, for example, has been operating for some time as an entrepreneurial university. As former President James Duderstadt explains, the university “has become a highly adaptable knowledge conglomerate because of the interests and efforts of our faculty. . . . We might view the university of today as a loose federation of faculty entrepreneurs who drive the evolution of the university to fulfill their individual goals” (2000, 50). Duderstadt concludes by stressing the importance of the faculty.

While the natural evolution of a learning organization may still be the best model for adapting to a changing environment, it must be guided by a commitment to preserve our fundamental values and mission. We must find ways to allow our most creative people to drive the future of our institutions rather than simply reacting to the opportunities and challenges of the moment. Our challenge is to tap the great source of creativity and energy associated with our faculty’s entrepreneurial activity in a way that preserves our core missions, character, and values. (2000, 51–2)

The emphasis placed on faculty entrepreneurship raises two important questions. First, how does the intellectual entrepreneurship of the individual faculty member fit into the larger framework of institutional goals? Second, how does the institution ensure that the “common good” is served? The autonomy of individual faculty members is a characteristic of the academy as a haven for academic freedom. It also entails a challenge to the leadership of an institution to engage faculty in the pursuit of institutional goals first and foremost. When the leadership is constant in reinforcing collective responsibility for achieving the mission of the institution, and when expectations are clear, entrepreneurial faculty members (or departments, schools, etc.) are much more likely to follow the admonition to stay mission-centered in all of their activities.
ENABLING CONDITIONS

The adoption of an entrepreneurial model is an institutional response to a particular set of conditions affecting American higher education today. Importantly, it is a response that serves to support the goals of liberal education. In order for it to become necessary for a college or university to adopt the entrepreneurial model, the following conditions would have to exist. First, the traditional sources of financial and public support would have to be imperiled. The fact is that institutions of higher education are no longer insulated from the market; they are subject to market pressures in a variety of ways. State support has steadily declined, and federal support is increasingly difficult to obtain—requiring prodigious efforts at lobbying to secure “pork” or “earmarks” for the college or university.

Second, the existing institutional capacity to generate alternative resources would have to be inadequate. The difficulties encountered by colleges and universities relying on the old methods suggest this is already the case. Dramatic tuition increases, for example, can no longer be counted upon automatically to offset declining state revenues; nor are such increases likely to be feasible for the independent colleges, if they are to remain competitive. Third, there would need to be evidence that successful entrepreneurial strategies have created new sources of revenue and positioned colleges and universities to adapt more successfully to their turbulent environments. Research conducted by Clark (1998, 2004) and by Slaughter and Leslie (1997) provides numerous examples of successful entrepreneurial institutions.

FROM SOCIAL COMPACT TO PRIVATIZATION

Typically, colleges and universities operate on the assumption that students (read: consumers) will pursue their education at traditional institutions of higher education rather than through for-profit institutions. Yet as higher education becomes increasingly decentralized and similar in many respects to other economic sectors (for example, health care), colleges and universities are challenged by nontraditional, alternative providers that take a sharply contrasting approach to marketing. Duderstadt and Womack describe the market pressures.

Beyond competition among colleges and universities there are new educational providers entering the marketplace with the aim of providing cost-competitive, high-quality education to selected markets. Sophisticated for-profit entities such as the University of Phoenix (UOP) and
Unext.com are moving into markets throughout the United States, Europe, and Asia. Already more than a thousand virtual universities are listed in college directories with over one million students enrolled in their programs. It has been estimated that today there are over sixteen hundred corporate training schools in the United States providing both education and training to employees at the college level. Industry currently spends over $66 billion per year on corporate training. It is only a matter of time before some of these programs enter the marketplace to provide educational services more broadly. (2003, 80)

Duderstadt and Womack continue by noting that “the emerging for-profit, online education enterprise is like a tsunami, with colleges and universities sitting on the beach sunning themselves in the warm glow of a hot economy while believing that the gentle surf before them is simply the tide coming in. Little do they realize that out over the horizon is a swelling hundred-foot tsunami wave, bearing down upon them with little chance to outrun it” (2003, 88).

It is no longer safe for colleges and universities to assume that the funding essential for sustaining their traditional missions will be provided by the states. Indeed, the federal government now provides significantly more financial support for higher education ($90 billion) than the states provide ($75 billion) (Alexander 2006). And private-sector support for university research has grown threefold, while university expenditures have increased by one-third (Shapiro 2005, 16). As state governments are forced to meet escalating costs—largely associated with unfunded mandates in health care, prison systems, and P–12 education—higher education becomes an ever lower priority for policy makers. This trend will continue and may even accelerate—especially if economic growth and development slow down and America’s position in the world economy becomes more challenged, as it very well might (Freidman 2005; Stiglitz 2002).

Colleges and universities stand in a precarious position relative to their financial foundations. Virtually every institution has suffered through serious budget reductions and has taken steps to economize through force reductions, outsourcing, downsizing, mission reformulation in the context of strategic planning, and a variety of accountability measures. One ubiquitous trend creating very serious challenges within the academic culture of most colleges and universities today is the increased reliance on part-time faculty and staff as a way to reduce labor costs. These responses to market realities have led to a degree of commercialization never before experienced by higher education.
Commercialization typically begins when someone in the university finds an opportunity to make money: an offer of generous research funding in exchange for exclusive patent licensing rights; a chance to sell distance courses for a profit; or a lucrative contract with an apparel manufacturer offering cash and free athletic uniforms in return for having players display the corporate logo. University officials naturally welcome the prospect of new resources that can help them fund a promising program or close a looming deficit. They eagerly investigate the opportunity and calculate the returns it will bring. Only with these benefits in mind, do they start to give serious thought to whether the proposal raises serious risks to academic values. By this time, the dominant urge is to figure out how to organize the venture so as to contain the dangers, allow it to go forward and start the money flowing. (Bok 2003, 99)

Add to this the effects of globalization and increased competition from foreign universities—exemplified by the European Union’s Bologna Process, which is intended to position European universities more advantageously with respect to the competition for students from all over the world—and you begin to see just how pressured American higher education is to adapt. The challenges are formidable. And with the advent of new technology, which students are willing to use, alternative providers of undergraduate and graduate education are no longer constrained by the huge costs associated with campuses. Because many institutions have pursued outreach initiatives and continuing professional education to supplement their income, this challenge cannot be ignored.

Entrepreneurial initiatives involving business, engineering, computer science, and the life sciences represent a relatively easy adaptation by units with long-standing connections to the marketplace. Yet as engineering, computer science, and the life sciences gain influence within the academy due to their ability to generate new resources, faculty in those areas become increasingly connected to—and potentially compromised by—external funding sources. Moreover, the arts and humanities become increasingly marginalized. Countering this marginalization is among the most pressing tasks facing the entrepreneurial institution. (One possibility is to foster an entrepreneurial culture within the traditional liberal arts disciplines.)

In virtually every state, colleges and universities are called upon to serve as “economic drivers” for the state economy and are urged to demonstrate their value in terms of economic outcomes. In my own state, South Carolina, the last three governors have urged all state
universities to establish programs and engage in applied research leading to economic development. At least one, former Governor David Beasley, made derogatory comments about the liberal arts and specifically encouraged the development of more professional programs designed to meet state needs. The current governor, Mark Sanford, has invited the public universities to move toward private status. He also favors the creation of a board of regents as a way to gain greater control over expenditures in state colleges and universities.

In response to calls for colleges and universities to become “economic drivers” within the South Carolina economy, Clemson University has created a new “automotive campus” devoted to research in automotive engineering. To help compensate for the departure from the state of Johnson and Wales University (a culinary school), the College of Charleston, a public liberal arts college, received a special appropriation, including funding for two faculty positions, to develop a new program in hospitality and tourism management. The state legislature also made a direct appropriation to the local technical college in order to create a culinary arts program to support the local tourism industry. The state lottery is used to fund scholarships and technology in all state colleges and universities. Legislators view the lottery as a source of independent funding for higher education that puts education dollars directly into the pockets of their constituents—something that is preferential politically to funding institutions directly. A performance budgeting process was enacted several years ago to enforce greater accountability and redirect institutional priorities.

As desirable as many of these initiatives may be, the idea that they represent the most important kinds of economic contribution made by colleges and universities—and the only contributions that can garner new state funds—flies in the face of what business leaders say they need from higher education in an era of global competition. Recently, the Association of American Colleges and Universities reported the results of surveys conducted among business leaders and recent college graduates by Peter D. Hart Research Associates (2006). The report provides evidence that both groups “strongly support increased emphasis on key learning outcomes that are provided by a liberal education . . . and [recognize] the importance of this approach to learning in today’s rapidly changing economy” (2006, 1). In

One ubiquitous trend creating very serious challenges within the academic culture of most colleges and universities today is the increased reliance on part-time faculty and staff as a way to reduce labor costs.
addition, the report specifically notes that “both audiences reject a higher education approach that focuses narrowly on providing knowledge and skills in a specific field” (2006, 3). Thus, in addition to its importance to the intellectual development of students as intentional, engaged, and active lifelong learners, liberal education has real value from an economic perspective.

As a result of their precarious financial situation, colleges and universities often must respond positively to politically inspired initiatives or take risks in pursuit of new sources of revenue. While they frequently lie outside the normal range of academic activities, some of these risky new ventures are nonetheless reasonably consistent with traditional academic values. Others, however, place an excessive emphasis on applied research or stretch the mission of the academy too far. Of particular concern is the extent to which the internal culture of an institution is changed when resources are pursued without sufficient attention to the impact of these new ventures on the core values of the academy. A related concern is the extent to which institutional priorities may become misaligned as a consequence of the need to increase revenue and diversify revenue sources.

A NEW MODEL FOR HIGHER EDUCATION

In a landmark study of entrepreneurial universities in Europe, Burton Clark defines the entrepreneurial university as follows:

“Entrepreneurial” is taken in this study as a characteristic of social systems; that is, of entire universities and their internal departments, research centers, faculties, and schools. The concept carries the overtone of “enterprise”—a willful effort in institution-building that requires much special activity and energy. Taking risks when initiating new practices whose outcome is in doubt is a major factor. An entrepreneurial university, on its own, actively seeks to innovate in how it goes about its business. It seeks to work out a substantial shift in organizational character so as to arrive at a more promising posture for the future.Entrepreneurial universities seek to become “stand-up” universities that are significant actors on their own terms.

Institutional entrepreneurship can be seen as both a process and outcome. (1998, 3–4)
Clark’s definition underscores the fact that the decision to become “entrepreneurial” is made primarily for the purpose of regaining institutional autonomy. The desire for a greater degree of independence from external political and economic influence represents the “high road” for the entrepreneurial college or university. By becoming entrepreneurial, an institution maintains control over its mission and core values even as it fundamentally changes the way it operates. Rather than being “dependent” upon traditional funding sources, the entrepreneurial college or university charts its own course and generates more of its own resources. The goal is to become more financially independent in the face of declining state appropriations. Ideally, by helping institutions generate the reserve funds necessary to offset unanticipated declines in state revenue, an entrepreneurial culture removes the temptation to raise tuition. This, in turn, partially addresses the problems associated with achieving access and equity goals.

The entrepreneurial college or university is distinguished by a fundamental change in the role of individual faculty members, who become entrepreneurs, and by the institution’s support for them. “In most colleges and universities,” Duderstadt and Womack observe, “the professorate expects others to generate the resources necessary to support their teaching, research, and professional activities.”

Although faculty entrepreneurs are essential in generating the resources needed for quality education and scholarship, in many institutions these individuals are held in low regard by the rank and file. The awards of the academy most often go to those who behave in traditional roles, depending upon others for their existence and not seeing themselves as having a responsibility to bring resources to the institution. Yet it may very well be that the most vibrant universities of the future will be institutions with faculties who are deeply engaged in the economics of education. The most productive scholars would be rewarded for that effort, and those rewards would encourage other able colleagues to follow. (2003, 125)

In May 2006, Texas A&M University announced the introduction of a new criterion for evaluating faculty members for tenure: patents and the commercialization of research. Clearly, this represents a sea change in academic culture.

Cultural change does not come easily, however, and introducing the idea and practice of entrepreneurship into an institution of higher education may mean introducing an additional subculture to those already present. In The Four Cultures of the Academy, William H. Berquist
(1992) distinguishes among collegial culture, managerial culture, developmental culture, and negotiating culture. Dominated by the faculty and their pursuit and dissemination of knowledge through research and teaching, the culture of the academy has traditionally been a collegial one. Over time, however, a managerial culture has arisen to deal with the growth and complexity of colleges and universities as they evolve. In most institutions, a developmental culture attuned to personal and professional growth needs also has emerged, bringing with it a focus on faculty and student development. On unionized campuses and at institutions where the managerial culture has embraced a social agenda, a culture of negotiation has emerged to sustain equitable and egalitarian policies and to foster more “liberating social attitudes and structures” (Berquist 1992, 5).

An entrepreneurial culture places a high value on innovation and creativity and encourages the design and implementation of enterprises that generate revenue. Thus, within an entrepreneurial college or university, an increasing number of units become self-sustaining with regard to the resources needed to enhance their own teaching and research activities. Entrepreneurship does not fit neatly into Berquist’s typology, but it can—and, indeed, must—be adjusted to interact positively with the existing subcultures within an institution.

Some of the best examples of the entrepreneurial model are found in Europe. With funding from the Mellon Foundation and the Spencer Educational Foundation, Burton Clark (1998) examined best practices in innovation at five European universities that are engaged in risk-taking, entrepreneurial strategies to address the problems facing contemporary higher education. Warwick University in the United Kingdom is one example of an institution that has broken with tradition and embraced entrepreneurship. The university’s budget was cut to the quick, and as raising tuition was not an option, the leadership of Warwick University made a different choice.

What Warwick turned to instead was an earning scheme within which various parts of the university—some old, some new—could be permanently put in a posture of paying for themselves and generating an annual surplus that could be used by the entire university. The idea became “an earned income policy” . . . The idea of earned income was given organizational footing as it developed hand in hand with the creation and growth of a number of units at Warwick that were to compose an enlarged developmental periphery.

Foremost in its unusual nature as well as its contribution to earned income has been the
Warwick Manufacturing Group (WMG), set up in 1980 and directed ever since by a charismatic professor, Kumar Bhattacharyya, in the university’s engineering department . . . . (Clark 1998, 17)

Clark goes on to describe a hugely successful conference center and science park and to review the leadership and management practices that have led to the success of these ventures. He then discusses what may be the most interesting aspect of this “earned income policy”: the stimulated academic heartland.

Entrepreneurship has not been left to a few subject areas such as engineering and business, and only to a managerial group dedicated to earning income, but has come to characterize virtually all academic fields. Four features reveal much about the involvement of core academic units: the melding of periphery into the core; the extensive building of research centers under departments; the construction of a university-wide graduate school; and the introduction of an imaginative and highly attractive research fellowship scheme that reached across the campus. (1998, 27)

Clark also describes initiatives in the social sciences, humanities, and the arts.

The entrepreneurial spirit shows through in these departments and centers. For example: the head of theatre studies, professor David Thomas, reported in interview that he was a “happy opportunist” who came to Warwick because it “had an entrepreneurial feel about it.” He takes experimental performances—undergraduates may be included—out to international festivals and audiences, raising money as he goes, while training “cultural administrators” in advanced programs in a “research-led department.” With self-funding courses, the department is basically self-supporting: it “washes its own face.” (1998, 28)

Elsewhere, Clark identifies five key features or elements of an entrepreneurial university: “a strengthened steering core; an enhanced developmental periphery; a diversified income base; a stimulated academic heartland; and a wrap-around culture emphasizing entrepreneurial activity” (2002, 139–40). Essential to this evolving structure and these processes that nurture innovation and creativity is the concept of the “steering
core,” which is collegial and representative of key institutional stakeholders. Collective leadership is paramount to institutional success. The primary innovative component in Clark’s scheme is the “developmental periphery,” which includes a wide range of centers, institutes, and programs that connect the academic heartland (read: traditional departments) to external constituencies—largely through interdisciplinary applied research units. The glue that holds the whole enterprise together is the culture.

As Clark makes clear, the entrepreneurial model is totally different from a business or corporate model.

Business models are seriously flawed: they promote a conception of the university as largely a tool of economic utility. Reform becomes centered on hierarchical accountability, year-by-year assessment, and improved efficiency. A counter narrative stresses the long-term value of the autonomous university that uses a collegial form of entrepreneurial activity to become more flexible and adaptable and thereby is better equipped to face the open-ended challenges of the coming decades. (2002, 340)

In order to realize new ventures that are consistent with the broader responsibility of the academy to the larger society, the entrepreneurial institution extrapolates from the “academic heartland” those faculty interests that are compatible with administrators’ commitment to the pursuit of autonomy. Thus, “the new entrepreneurial autonomy supports a strong university-wide volition that builds upon encompassing interests and capacities. University achievement is then neither state-led nor market-dictated. It finds its propulsion in the agency of those inside the university whose actions decide what actually gets done” (Clark 2002, 341).

The key point is that all kinds of synergies emerge. The entrepreneurial spirit of students, faculty, and administrators leads to the development of innovative practices and an entrepreneurial culture for the entire institution. Such mutually beneficial reciprocities bring new possibilities for liberal and professional education simultaneously. Barriers to collaborative teaching, research, and community service are broken down as teams of students and faculty engage in risk-taking behaviors grounded in educational experiences that literally transform the institution (for examples, see Cherwitz and Darwin 2005).

One of the most promising aspects of introducing the spirit of entrepreneurship into
higher education is the potential for connectivity between the long-standing social goals of the academy and “social entrepreneurship.” J. Gregory Dees (2001) explains:

Social entrepreneurs play the role of change agents in the social sector by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand,
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

An exemplary venture of this kind—one with which I am personally involved—centers on the goal of making Charleston, South Carolina, a literary center. In this effort, representatives from a variety of nonprofit organizations have joined with representatives from the College of Charleston and from the cultural affairs office of the City of Charleston. We envision an entrepreneurial venture that uses a property provided by the city to house a writing center, literary coffee shop, and a bookshop specializing in autographed copies of works by local authors. The College of Charleston, the City of Charleston, and the various nonprofits involved all would support the venture. Writers could rent apartments and loft studios at highly competitive rates and provide readings in the coffee shop. A local restaurant group would donate their resources and experience to design a business plan for the coffee shop, and students in English and business from the College of Charleston would manage and staff the shop. The city would derive rent, the college would derive a revenue stream, and the nonprofit groups would have a vibrant meeting place. If successful, this venture could eventually result in the establishment of a Master of Fine Arts degree program at the College of Charleston.

Through social entrepreneurship, liberal education and civic engagement come together with an entrepreneurial culture to add new value to communities. Interdisciplinary and interinstitutional collaborations between the academy and the larger community can lead to solutions to pressing social problems and create opportunities for cultural enrichment (Ehrlich 2000). When colleges and universities engage faculty and students in social entrepreneurship, they are actually being true to their traditional values.
MAXIMIZING REWARDS, MINIMIZING RISKS

There are potential rewards and risks inherent in the entrepreneurial model (see sidebar). It is, therefore, vital for the leadership of an institution adopting the model to understand the combination of rewards and risks and to work to maximize the former and minimize the latter (Fisher and Kochs 2004). Such leadership must be collective. To borrow the fundamental recommendation of Jim Collins (2003) in his highly regarded book, *Good to Great*, leadership is never about “I” and always about “we.” That “we” includes all of the major stakeholders in an institution. Governing boards must exercise great care in the selection of leaders, ensuring both that they are capable of creating a true leadership team and that they understand the potential risks associated with making the institution more responsive to environmental demands and opportunities.

Zemsky, Wegner, and Massy (2005a, 2005b) urge higher education leaders to recognize the necessity of cross-subsidies. Consider the following reflection by their hypothetical provost:

> Every program produces two “goods”—mission attainment and revenue from the marketplace. One might say these represent “love” and “money.” I’ll expand a program if the extra love plus the extra money exceeds the variable cost of expansion, and visa-versa; and I’ll continue expanding or contracting until the sum of love and money just balances the cost of expansion. By doing this I’ll produce more value overall than if I considered either love or money alone. (2006, 63)

It should not be surprising that presidents and provosts would allocate resources received from revenue producing programs to other non-revenue-producing programs that are essential to the mission. However, as Engell and Dangerfield (2005) convincingly argue, this is all too often not the case. Moreover, the long-term effects on some areas—particularly the humanities and some of the social sciences—can be devastating.

In terms of revenue generated through student enrollment patterns, which make some programs more popular than others, reallocation within institutions has been the normal course of events. If each degree program had only the student tuition and fees produced by its own enrollments, some of the programs that are central to the goals of liberal education would have
THE REWARDS

Entrepreneurial colleges and universities

- are better positioned to chart their own course by virtue of their greater financial independence;
- are able to be more responsive to opportunities in the environment;
- are able to show how they have become more accountable to their stakeholders;
- are able to become “learning institutions”;
- can empower all faculty and staff, potentially, to be more responsible for meeting their own needs;
- can create unique opportunities for students in all disciplines and professions to prepare themselves for employment upon graduation;
- may further the agenda of “social entrepreneurship,” thus contributing to the public good;
- may reveal a clear entrepreneurial alternative organizational culture that helps them avoid the more hierarchical, bureaucratic, managerial model of organizational culture and decision making.

THE RISKS

Entrepreneurial colleges and universities

- may privilege certain elements in the institution (e.g., schools of engineering and business) for which an entrepreneurial culture comes more readily;
- may lose sight of core values while vigorously pursuing the value of financial independence and responding to “market demand”;
- may be so successful that they encourage further erosion of state support;
- may jeopardize the possibility of serendipity in basic research in favor of applied research;
- may create an enhanced and empowered “managerial culture” instead of a pervasive entrepreneurial culture;
- may succeed at creating traditional entrepreneurial ventures and fail to stimulate “social entrepreneurship”;
- may create an underclass of faculty in the arts and humanities who find far fewer opportunities to engage in entrepreneurial initiatives.
been eliminated long ago. The natural and physical sciences, for example, would have been crippled. Typically, most institutions have policies that accrue centrally some portion of the overhead from grants, which accrual can then be reallocated to meet financial needs elsewhere in the institution. A similar policy could be established for the distribution of “profits” generated through successful entrepreneurial ventures. Furthermore, given proper leadership, an institution could institute policies that reward entrepreneurial activity while also setting limits on differential salary structures—thus protecting the parts of the academy that are less successful in generating additional income and profits.

There is no reason to assume that entrepreneurial behavior is only self-serving or that an entrepreneurial culture will reward only programs that are already closely tied to the marketplace. Leadership is key; but so too is service to the full institutional mission through a combination of the traditional, nonutilitarian goals of creating and disseminating knowledge and providing public service with the goal of contributing in a utilitarian way to economic development. Engell and Dangerfield call this the “higher utility.”

In other words, the response cannot be simply a pragmatic compromise brokered between the missions; it must include a strong streak of idealism. It should champion the essential purposes of higher education as advancing the life of the mind and the long-term good of society, not just certain segments of it, in a way that no other institutions or organizations can, a way that has been, is, and will remain invaluable to society. This is the higher utility. (2005, 211)

LEADERSHIP AND COMMUNICATION

One theme consistently emerges from the literature on the academy and markets, capitalism, and corporations: faculty are largely ignorant of financial realities. Whether they choose not to be well-informed, or whether they have been paternalistically protected from the tremendous challenges facing colleges and universities, the downside is that faculty are far less well-informed than they should be and accept very little responsibility for initiating changes to strengthen the institution. If higher education is to flourish over the coming decades, we cannot afford to have faculty mounting resistance to what, based on a lack of understanding, they perceive to be a fundamental challenge to their time-honored ways. Given the very real potential for the academy to abandon its mission, to lapse into “mission-creep” in order to meet
its financial needs, or to embrace harmful strategies—such as increasing the use of adjuncts, cutting financially nonproductive programs, or rushing willy-nilly into new ventures that redirect the institution from its mission—it is essential for all of the core stakeholders to be aware of both the challenges and the choices confronting the academy today.

Faculties need to be educated about the realities of operating an institution of higher education in the twenty-first century. They must be involved in strategic planning and budgeting, and they must become fully engaged with the administration and the governing board in deciding how the institution manages its scarce resources. As demands for accountability and shrinking financial support further reduce the ability of colleges and universities to “stay the course” with regard to missions defined in the 1970s, faculty members must understand that, to some degree, it may no longer be possible for the institution to accommodate their values and preferences. As William F. Massy notes (2004, 32), “to discharge their public obligations embedded in their value functions, universities must have enough financial strength to balance mission with market. While competition spurs institutions toward production efficiencies, too much of it drives mission out of their decision-making entirely.”

One of the major responsibilities of the faculty as a collective body must be to maintain focus on the mission and on their responsibility to govern curricula that reflect the best combination of general education, study-in-depth (the major), and electives designed to meet the needs of students in these turbulent and troubled times. Higher education must guard against those forces—principally market forces—that have the potential to polarize the faculty and create a strict hierarchy based on the ability to garner resources. Each college or university needs an internal “social compact” rooted in the mission served by all components of the institution. The pervasive use of a utilitarian calculus for decision making within the academy invites serious conflicts of interest. One of the most important consequences of a strong commitment to providing a liberal education is that, as a mission-based goal, it creates a “tie that binds” and empowers the collective leadership of an institution to engage everyone around the mission. As Massy (2004) reminds us, there is a new golden rule: “Those with the gold rule.” If that rule takes hold in an institution, then some faculties—especially in the arts, humanities, and many of the social sciences—will become politically marginalized, and the undergraduate curriculum will suffer accordingly (Gould 2003; Slaughter and Leslie 1997; Duderstadt and Womack 2003).
Faculty in the arts, humanities, and social sciences have the most to lose at this critical juncture in American higher education. They must, therefore, begin to think creatively about how to maximize their value and reduce their dependence on other academic areas that can adapt more readily to market and financial pressures. Becoming entrepreneurial about their work is one way they can begin to increase their capacity to create new resources and to leverage institutional resources. Whether through increased grant activity, innovative pedagogy and rededicated attention to undergraduate education, active leadership in faculty governance, or any other means at their disposal, they must become fully engaged in determining their own fate within the academy.

The role of the college or university president and his or her leadership team is central to the future of the academy. The creation of strong leadership teams that engage the faculty, administration, governing board, and other key stakeholders and constituencies is absolutely essential if the academy is to maintain its core values, fulfill its educational mission for the public good, and attain a new financial vitality.

In order for the academy to reap the rewards and avoid the major risks of becoming more entrepreneurial, institutional leadership must maintain an absolute commitment in three fundamental areas. First and foremost, the principle of academic freedom must be reasserted and sustained through consistent decisions by the leadership. Second, the system of shared governance must be refined, and an informed faculty—fully cognizant of the realities of higher education today—must embrace both the need for timely decision making and a leadership role in making key strategic decisions (Association of Governing Boards of Universities and Colleges 1996). Finally, the time-honored goals of stewardship and civic responsibility must be redefined to include—and thereby shape—the extent of the academy’s responsiveness to the new demands for applied research and service in support of economic growth and development and the common good (see Lind 2006).

Leaders must be capable of articulating the ways in which the more traditional functions and values of the academy can and do serve a wide range of societal needs. Liberal education remains key to what Harold Shapiro eloquently describes as the “soul of the university” (2005, 88–119), and the surest way for an institution of higher education to evolve during this turbulent time with its “soul” intact is to become more entrepreneurial.
while remaining steadfastly mission-centered. But institutions of higher education must also reflect a determination not to become merely another type of corporation, driven by a utilitarian calculus. It is the responsibility of academic leaders at all levels to sustain the overarching goal of providing a twenty-first-century liberal education so that our students can achieve all that we wish for them as they become the next generation of leaders for our communities, our states, our country, and the world. ■
Samuel Hines offers an important challenge to college and university leaders, policymakers, and faculty about the nature of higher education in the twenty-first century. Following Zemsky, Wagner, and Massey (2005b), he makes a compelling case that institutions of higher education must be “market smart and mission centered” in order to survive in today’s competitive and demanding environment. He also discusses pressures that may imperil the liberal arts, and argues that an entrepreneurial college or university committed to its core values is best able to preserve the tenets of liberal education. When a college or university focuses on the professional preparation of students at the expense of the liberal arts, Hines cautions, liberal education is at risk.

I want to offer another view of the importance of liberal education, one that has been affirmed in the recent overhaul of University Studies, the undergraduate general education curriculum at Portland State University. When we began to develop our new approach to general education, employers were very clear about their need for graduates who are prepared to work in high-performance environments. Specific job-related skills can be learned on the job, they told us. Employers want to hire employees with the proven abilities that are developed through a liberal education: critical thinking skills, a passion for lifelong learning, strong communication skills, cultural competency, and global understanding. The revised University Studies takes an interdisciplinary approach to helping students develop these abilities, and through service learning experiences, students at Portland State University have “real-world” opportunities to test and apply their knowledge. Our experience has shown that it is not necessary to sacrifice the liberal arts in order to produce a ready-for-work employee. Many other colleges and universities have also adopted general education curricula that are steeped in the liberal arts and focused on engaged learning.

Hines cites Cornwall and Perlman (1990) in defining the entrepreneurial organization as one that focuses on new ventures, seizes opportunities, is oriented toward the long term, fosters creativity, is mission-driven, and supports risk taking throughout the organization. He distinguishes the entrepreneurial college or university from one that is traditional and resistant to change, and he suggests that too many are tempted to adopt a corporate model of operation that is oriented toward financial gain rather than focused on mission-oriented results. I concur. Today, in order to be effective, colleges and universities must be mission-driven, focused on the long term,
open to reform, and respectful of risk taking. Yet, many college and university presidents have lost their posts due to a lack of attention to fiscal accountability.

What I call the “innovative” college or university is one that combines the best of the entrepreneurial and corporate models. It has all the characteristics Hines attributes to the entrepreneurial institution, along with an added emphasis on fiscal accountability. Today, all college and university leaders—at both public and private institutions—must be aware of the need for financial transparency, keep an eye on managing in the black, and show real results for public and private investments. A college or university that is mission-driven and accountable to taxpayers, public leaders, and donors is one that is able not only to offer an excellent education but also to survive in tight fiscal times. I do not accept the notion that one is a trade-off for the other. Rather, both must be present in an administration’s strategic vision if the school is to offer students an excellent place to learn; faculty an excellent place to teach, research, and engage in service; and the community an institution to call its own.

Finally, Hines’s conclusion that faculty must be engaged in both the life and the governance of the college or university is on point. Faculty must own the mission, and they must be in charge of the curriculum. Efforts to adopt an innovative model of leadership are most successful when they are led by the faculty—preferably a representative and interdisciplinary team that includes faculty members, both tenured and nontenured, from the liberal arts, the sciences, the humanities, and the professions. Through their involvement in financial and budgeting processes, faculty can ensure that, when times are tough and dollars are tight, decision making remains consistent with academic priorities and institutional mission. Faculty also know firsthand that in some cases, when choices are made, there are winners and losers. These choices are tough to make, but they must be accepted across the institution. Through involvement in budgeting processes, faculty are also able to help guide decisions about investments and program priorities when resources are available. After all, faculty are the heart and soul of an effective and innovative institution.
The epigraph taken from Eric Gould’s *The University in a Corporate Culture* says it all: “It is precisely in the nature of knowledge as capital that the cultural contradictions of academe emerge.” The contradictions between the intrinsic value of the liberal arts, on the one hand, and the uses of knowledge as economic capital, on the other, are very real. But my own sense is that liberal education and market systems are inextricably bound in very pragmatic ways at the core of democratic capitalism. At the most superficial commercial level, liberal education and the “nature of knowledge as capital” thrive together in the Western democracies. Market systems drive the long revolution in human capital requirements and the attendant demand for education. Moreover, markets create the wealth necessary to afford the education and other public services and infrastructure necessary for human flourishing.

At a deeper level, liberal education also thrives as part of the practical solution to the inherent conflict between the equality implicit in the ideal of democratic citizenship and the inequality necessary for functioning markets. Democratic citizenship and market-induced inequality are natural antagonists. Education, along with public social services, is the glue that has held these odd bedfellows together since they joined forces to fight feudalism in the eighteenth century. Ever since then, the apparent inconsistency between the aims of liberal education and the aims of markets, in theory, has been a source of strength and stability, in fact.

The seminal statement of the compromise that offered education as part of the social contract between citizenship and markets was formulated by Alfred Marshall in a speech delivered at the Cambridge Reform Club in 1873. Marshall squared the equality in citizenship with the inequalities in markets by arguing that markets would become the paymaster for a constant expansion in publicly funded liberal education and social services. Market economies would generate the taxable wealth necessary to fund enough liberal learning and social services to guarantee citizens full membership in society, while also preserving free markets and legitimizing the economic differences markets always bring (at least for men). “The question,” Marshall said (1925, 38), “is not whether all men will ultimately be equal—that they certainly will not—but whether progress may not go on steadily, if slowly, till, by occupation at least, every man is a gentleman” who values education and leisure more than the “mere increase in wages and material comfort.”
In 1949, T. H. Marshall (no relation to Alfred) updated the concept in a speech he delivered in commemoration of Alfred Marshall’s classic formulation. He endorsed the massive expansion in the welfare state and the mass education system that was coming on like a runaway train—in Britain and on the continent as well as in the United States, though in a more muted form—and he asserted that the equality implicit in citizenship implied “a modicum of economic welfare and security” sufficient “to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society.” He went on to explain that the institutions most closely connected with this notion of citizen equality “are the education system and the social services” (1992, 8).

Unlike Alfred Marshall, who lived in a time when the use of education as capital was largely unrecognized, T. H. Marshall ruminated over the growing strain between liberal education and the value of education as an economic commodity that inspires Samuel Hines’s essay. Marshall worried that the role of liberal education in mediating between citizenship and markets was increasingly compromised by the growing relationship between education and occupational preparation. Education had become both a means and a barrier to the equality of citizens because it conferred enormous economic and personal empowerment to those who had the most of it. His concern that postsecondary education was becoming the personnel office and research department for corporate interests was prescient; in 2004, for example, only 42,106 of the 1,399,542 bachelor’s degrees conferred were in the liberal arts and sciences, general studies, and the humanities (2008, 26). All the rest were in occupational, industrial, or professional majors.

Yet, while the role of education has certainly been complicated by the growing economic value of knowledge, I think Alfred Marshall’s original insight still holds true: markets ultimately beget liberal learning. Markets are still the paymaster for colleges. And market forces led by their warhorses, technology and employers, have demanded quantum increases in access to college-level education as the threshold requirement for economic inclusion, especially in the United States where inclusion is predicated on work and the welfare state is relatively weak. The rising tide of collegegoing has raised all the boats in academe, including liberal arts and humanities degrees as well as the increasing numbers of liberal arts courses taken to fill distributional requirements and electives. I doubt, for example, that there were
forty-two thousand liberal arts degrees conferred in 1940. And I doubt there were more courses taken in the liberal arts, sciences, general studies, and humanities in the 1940s than in 2008.

At an even deeper level, an increase in the extrinsic value of knowledge leads inevitably to an increase in the time and financial resources necessary for promoting the intrinsic value of learning for its own sake or in the constant human striving for meaning. Learning is an innate and seductive human urge. The innate desire to learn is pursued for meaning and pleasure as well as for profit, and we will always use some of our profit to afford the intrinsic value of learning.

Moreover, in the long term, the commodification at the core of the emerging mass system of higher education is the engine of its democratization. It extends the reach of postsecondary education and the attendant increase in liberal learning to an increasing share of the population, many of whom have never had any real exposure to the intrinsic pleasure of learning centered on their own search for meaning, understanding, and identity. While they enrolled in college for job training, they are likely to be seduced to take advantage of other opportunities to learn akin to their interests and values or just because the opportunities are close by.

In general, my own sense is that the dualism in the tension between liberal education and the economic value of learning tends to be overstated. There is considerable overlap between the learning goals of the liberal arts and those of more applied curricula. If “commodification” means investing in narrow occupational training in postsecondary curricula, then it is just bad economics. In the postindustrial service economy, the economic value of general knowledge, skills, and abilities exceeds and is growing much faster than the value of job-specific competencies. General competencies like problem solving and critical thinking are the patient capital in most occupations nowadays. Moreover, the broad competencies required for success in modern service occupations include some kind of applied knowledge and an associated set of skill and abilities as well as key values and interests associated with the occupation or occupational cluster. The complex mix of knowledge, skills, abilities, values, and interests associated with particular occupational clusters provide ample range for broad forms of human development well beyond the traditional notions of job training. Moreover, the general competencies that make good citizens, good neighbors, good workers, and lifelong learners can be taught in applied contexts as well as in academic disciplines characterized by a hierarchy of increasing abstraction. Consequently, there are many opportunities for cross-fertilization between liberal education and more applied curricula.

Public education should do more than provide new technology and foot soldiers for the American economy.
Of course, as the economic value of education continues to increase, we will need to remember that education and research are about more than dollars and cents. Public education should do more than provide new technology and foot soldiers for the American economy. Educators in both secondary and postsecondary institutions have a cultural and political mission to ensure an educated citizenry that can continue to defend and promote our democratic ideals.

Ultimately, however, the economic role of postsecondary education is central, especially in the United States. In our individualistic culture, education is preferred over the welfare state as the arbiter of economic outcomes because, in theory, education allocates opportunity without surrendering individual responsibility. In addition, global competition limits the fiscal ability of governments to provide for the general welfare through publicly funded social services, making education the default strategy for social inclusion.

The inescapable reality is that ours is a society based on work. Those who are not equipped with the knowledge and skills necessary to get and keep good jobs are denied the genuine social inclusion that is the real test of full citizenship. Those denied the education required for good jobs tend to drop out of the mainstream culture, polity, and economy. In the worst cases, they are drawn into alternative cultures, political movements, and economic activities that threaten mainstream American life. Hence, if secondary and postsecondary educators cannot fulfill their economic mission to help grow the economy by preparing youths and adults to become successful workers, then they also will fail in their cultural and political mission to create good neighbors, good citizens, and lifelong learners. Increasing the economic relevance of education should, if done properly, extend the ability of educators to empower Americans to work in the world, rather than retreat from it.

Contradictions among citizenship, liberal education, and markets are rooted in equally cherished but opposing societal priorities that need to be balanced in the interests of social stability and progress. While the contradictions cannot be resolved in theory, they can be mixed variously to mutual advantage in practice. Samuel Hines’s call for colleges and universities to be “mission-centered and market-smart” represents the kind of commonsense solution that has allowed citizenship, liberal education, and markets to continue to flourish together. And as T. H. Marshall put it (1949, 49), “human society is not governed by logic, and a human society can make a square meal out of a stew of paradox without getting indigestion.”
A Response from Eric Gould

Eric Gould is professor of English at the University of Denver.

I first heard the term “entrepreneurial university” in the early 1980s, when it was used by a business school colleague to describe how the academy should adopt corporate-style marketing and public relations techniques, should be more flexible with the curriculum in response to students’ vocational needs, and should try to calm public unrest over spiraling tuition costs by offering extracurricular “added value.” While noting that business schools were poised to do this, my colleague also claimed that the humanities were not. We were “dead” as the prime mover of liberal education, which now needed a strong shot of pragmatism—and he was not thinking of Richard Rorty. Humanists, he advised, should seek greater relevance in a world of knowledge now driven by science, technology, and management experts, not philosophers. Progress is propelled by many forms of specialized, entrepreneurial knowledge that have proven useful in the marketplace.

Who can doubt that this variety of pragmatism has won? This is the worldview that shapes American higher education today—as much for ideological reasons as for financial survival and marketing allure. Whether academic entrepreneurship is simply commercial or really concerned to solve social problems, its reliance on creativity, innovation, and service to the “knowledge economy” is most often presented as terms of corporate endearment: rhetorically enabled, product-centered, consumer-oriented, and market-driven.

So it is useful to encounter Samuel Hines’s tactful prose, humanistic inspiration, and confident argument that entrepreneurship can be a way of working with the market for the public good, without giving in to the forces of mere profit-seeking. Hines’s solution clearly accepts the realities of college or university managerial life, but also keeps central the importance of liberal education and civic engagement. Nonetheless, it is perhaps a little disingenuous for him to suggest that entrepreneurship need not have anything to do with market thinking. The two are inseparable. Examples of entrepreneurial service to the public good offered by academe are decidedly commercial, ranging from business incubators to research parks, cable television networks, partnerships with corporations for patent development, outsourcing, academic retirement communities, hotel/conference centers, and literary coffee shops.
Obviously American colleges and universities have learned well over the past hundred years how to be both corporate and academic at once. But it is hard not to escape the ironies of the academic economic model that has evolved, with multimillion/billion-dollar college endowments; the protectionism of federal subsidies and tax-free status; the absence of endowment-spending rules (which govern other nonprofits); student access issues and financial aid scandals; changes in the status of academic work and the loss of some freedoms through outsourced and adjunct labor; and the remarkably high tuition inflation of the past twenty years, a time of serious inequality in private income and a declining dollar. To offset this, it is time that academic entrepreneurship focuses as much on genuine risk taking in the curriculum—the heart of the college experience—and on innovative liberal learning, regardless of exchange value, as it does on ways to make money on the side.

Yet we are advised to be “mission-centered and market-smart.” Mission and market, though—unless the former simply accedes to the latter, which it often does—tend to create tensions that make our academic culture more and more contradictory. The typical college or university mission is a utopian mix of comfortably democratic commitments to the good life, along with promises to the consumer of individual empowerment and happiness. That, after all, reflects the mission of life as it is lived under liberal capitalism. But the problem with the call to be “mission-centered” is that the academic mission itself is rarely, if ever, centered or even prioritized. There is no “idea of the university” anymore, and there probably never will be again. Every school wants to be everything to American society at large and now, apparently, to an international civil society, a sustainable environment, and the development of the global brains business. The concern for the “public good” is far too vague a moral attempt at focusing all this, since it covers everything from increasing personal wealth to growing a civil society, often leaving educational reform a largely rhetorical exercise that aims to establish primarily the appearance of value through branding.

This is not exactly a fresh insight; it is, in fact, a very weary one. But it is quite clear that we have all but lost the talent for telling the difference between knowledge and
wisdom in the university, and we rarely promote the life of the mind as something that is a terrible thing to waste. Being market smart, therefore, is as unlikely to focus the mission as it is to provide a sustainable campus.

But there is a form of academic entrepreneurism that could prioritize taking risks with intellectual capital for intellectual profit. An old-fashioned idea, but it can and has been given exciting new twists. There are ways of doing this today that do not involve staring at the wall of the Cave or reviving the humanities as a new religion. There is no uniquely appropriate description of the entrepreneurial intellect, but it is often said that courses and scholarship that try to integrate multidisciplinary perspectives (ethical, empirical, and interpretative) with applied learning, that have a strong sense of social and intellectual history, that are argumentative but not biased, that analyze power and its aesthetics, and that develop knowledge that closely relates to life as it might be lived in hybrid cultures, have a greater chance of achieving something for the public good than those that focus simply on disciplinary epistemologies and skills-based learning. The humanities, as the great contextualizing disciplines of academe, have an essential part to play in all this. A concern for Knowledge, and not just lots of little knowledges, is what really drives the mission in a truly entrepreneurial university, and this is shaped by the tantalizing and perennial question of what it means to be wise as well as good.

We need to feed into something both the informed media and the contemporary arts and sciences at their best still manage to give us: down-to-earth explanations of how the world works and why, and what we are doing in it. Within these space constraints, I cannot think of a better way of explaining the inquisitiveness that drives all this than noting recent book titles that reflect the kind of questioning that goes on at the entrepreneurial college or university: Simon Blackburn’s trilogy Think, Truth, Being Good; Peter Atkins’s Four Laws That Drive the Universe; Arthur Danto’s Unnatural Wonders: Essays From the Gap Between Art and Life; Nermeen Shaikh’s The Present as History: Critical Perspectives on Global Power; David Lee’s Nature’s Palette: The Science of Plant Color; Roland Barthes’s What is Sport?; Ben Kiernan’s Blood and Soil: A World History of Genocide and Extermination from Sparta to Darfur; and Steven Pinker’s The Blank Slate: The Modern
Denial of Human Nature. One of the ironies of academic life is that many faculty know well how to make productive forays into the world of knowledge-for-profit. Yet the liberal education curriculum often remains stagnant and uninspired because it simply is not a scholarly priority with a high return. Entrepreneurism in the interests of increasing general intellectual capital is poorly promoted and rewarded in higher education. Teaching the art of democracy is often a truly dismal science. The humanities, like Flaubert’s parrot, still offer gigantic promise of the heavens opening up to us, but too easily remain in the end a stuffed and somewhat tattered totem of blind faith. ■
A Response from Elizabeth K. Minnich

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Samuel Hines wants us to embrace entrepreneurship not just as an occasional, useful jolt of profit-oriented risk taking in conservation-minded, non- and even anti-market-directed academe, but as an aspirational end, an *ethos* and a *modus operandi* for the whole college or university. This is a huge proposal, unavoidably recalling Ayn Rand’s efforts to persuade us that hyper-individualistic business competitiveness is the very essence of human superiority in all things.

To recruit us to his romanticized vision, Hines creates an ideal type of the entrepreneurial college or university, which he contrasts to a similarly abstract, singular but negatively defined traditional college or university. All the best qualities on one side, all the worst on the other: this is not so much unfair as an indicator that we are dealing with an ideology rather than the messy stuff of reality. It is not surprising then that, when his pitch turns to the supposed practical necessity for entrepreneurship to become *the* academic virtue, Hines exaggerates the successes, thence the threat, of the “tsunami” forces he sees arrayed against the “autonomy” of liberal education, as well as the successes, thence the promise of salvation, of real entrepreneurial projects.

Obviously, I am not convinced. Questions such as these haunt me: Do we want any one vision for all of our institutions of higher education? Do we believe that market competitiveness for profits provides *the*, or even *a*, standard appropriate for scholarship, for teaching? Do we want to devalue the historical role of education in preserving and conserving as well as critiquing and creating knowledge and cultures? Is risk taking really a major virtue for academe, up there with intellectual honesty, for example? Do we no longer value contemplative lives, reflection, research for the sheer joy and beauty of it? Do we no longer believe that education is an essential public good for a democracy, one that—along with such things as national galleries, park lands, and space exploration—should be provided for from our shared treasure for our shared, equal use and benefit? Do we all want to join those who ride the roller coasters of risky financial ventures in scorning those who choose the slow and steady way? Is that safe even economically? Have we really come to see those who give their lives to the critique and creativity of intellectual work for its own sake as parasites or, at best, a sort of luxury to be shown off now and then like the court artists of old?
Entrepreneurship is, by definition, risky—and risky, let us not forget, really does mean you are at the very least as likely to lose big as to win big.

These and other questions follow from a reading of Hines that sees him trying to tempt academic institutions to take up entrepreneurship as the overarching end and ethos, yes, but also as the way to deal with academic economic dependency on both public and philanthropic funds that, in Hines’s terms, keeps it from being “autonomous.” I will return to the “autonomous” bit, but first: today, who has not had such a fantasy? It reminds me of kids dreaming of becoming superstars in sports or music, of investors looking for the next Bill Gates. For most people, most institutions, most of the time, such fantasies ought to make us anxious on both practical and ideal counts. There really are not a whole lot of those monstrously rich superstars, and that is as true of entrepreneurs as anything else. Remember the dot-com bubble? Entrepreneurship is, by definition, risky—and risky, let us not forget, really does mean you are at the very least as likely to lose big as to win big.

Consider the biotechs that have so glittered in the dreams of research universities. Last year, Genetech CEO Arthur D. Levinson admitted that “biotechnology has been ‘one of the biggest money-losing industries in the history of mankind.’” Levinson’s estimate is that this industry “as a whole has lost nearly $100 billion since Genentech, the industry pioneer and one of its most successful companies, opened its doors in 1976.” More: “only 54 of 342 publicly traded American biotech companies were profitable in 2006, according to Ernst & Young” (Pollack 2007).

The public’s stake in providing, via our colleges and universities, for a growing commons of knowledge—publicly funded and publicly available, like the vaccine for polio that has saved an untold number of lives—was once recognized. There were controls on patenting and licensing publicly funded research. With the 1980 passage of the Bayh–Dole Act, which removed those restrictions, however, the gold rush took off.

Some of the effects of technology transfer, as it is called, can now be considered. There is increased secrecy imposed on researchers, lest potential money-making products get poached (so much for peer review). Research agendas are set by considerations quite other than the pursuit of knowledge wherever it may lead. Projects are halted by managerial fiat. Research that casts doubts on successful products has been suppressed.

And it does turn out that most of the total profits from entrepreneurial ventures are the result of a very few products developed at a very few universities. Apparently, about half
actually lost money. This is a crucial point: the resources required for potentially high-profit entrepreneurship are significant. One cannot just wake up, put on a Silicon Valley outfit, and have at it. Universities invest heavily in technology transfer offices; laboratories; teams of scientists; offices of lawyers to deal with contracts, suits, and patents; and, perhaps least mentioned, the courting of corporate “partners.”

Universities need money and so make financial decisions, of course. The question is what the priorities are that guide those decisions. The firm that goes under because it confuses its identity with being a maker of trolleys rather than of profits and so will not change when trolleys go out of style is a business school staple. Educational institutions should be flexible and creative as well, but not first and foremost in quest of profit. We should not stop teaching evolution when popular opinion, but not scientific research, turns against it. We should not stop teaching well and making efforts to know our students because it is not cost-effective to do so. We should not stop studying poetry because it does not turn a profit. We should not fire good scholars for failing to write bestsellers, or rush to hire anyone who does.

I said I would return to the issue of financial “autonomy.” Hines indicates that he would like us to be independently wealthy so that, among other things, we indeed could continue to support such nonprofitable efforts as, say, studying philosophy. But is it really the case that institutions competing in the riskiest of financial dealings—entrepreneurial dealings—are safe to depend upon? Take a look sometime at the percentage of small businesses that fail (and remember all the work and resources and heart likely to have been poured into every one of them). The National Federation of Independent Businesses estimates give us a prettier picture than popular wisdom’s familiar 90 percent failure rate, but with the best will in the world to make the entrepreneurial picture look good, it still reports that, even among those that make it past the winnowing of the first few years, 39 percent are profitable, 30 percent break even, and 30 percent lose money. Counting on entrepreneurial success for support is not the way to become securely independent. And I do have to note that Hines is not proposing that we gamble and then quit when we’re ahead. He is advising us to renew liberal education throughout by making entrepreneurship—risky dealings—our end, our ethos, our method.

Public education should do more than provide new technology and foot soldiers for the American economy.
Hines does say that serving the proper ends of liberal education is important, and (sort of) recognizes that taking ongoing risks for profit can work against those ends. What, then, to do? He suggests that the right leader—someone with “a strong streak of idealism” who will “champion the essential purposes of higher education” while also “advancing the life of the mind and the long-term good of society”—can be selected by governing boards if they “exercise great care.” It is, though, unrealistic to rest maintenance of an institution’s defining purpose on the shoulders of any one person or office. Preaching is not as effective as creating systems that throughout support and reward actions that are coherent with institutional purposes and values.

Hines argues for the systemic centrality of risk taking and (largely managerial) flexibility in quest of profits. Do we, then, give up or put at severe risk systemic academic provisions and protections for intellectual freedom; academic judgments by scholars; basic fairness to those who work as scholar/teachers; curricula devised by principles and interests other than consumer demand; assessments of student needs in addition to that for job preparation?

Do we want to give up and quite literally sell out, rather than get out there and try to win back public support for the essential democratic public good of education and a constantly renewing, wide-open commons of knowledge?
References


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