

The Revenue Generation Imperative: Challenges to Academic Capital, Values and Autonomy

by

Julia Antonia Eastman
University of Victoria, British Columbia, Canada

The greatest challenge for institutions of higher education in most OECD countries since the 1970s has been to cope with reduced public support. Many institutions responded to reductions in funding, first, by cutting costs and lobbying governments to reverse cutbacks, and then – when it became clear that funding levels would not be restored – by seeking out new sources of revenue. A common internal management reform was to decentralize resource allocation in order to encourage units to generate non-government revenue. Recent research into the revenue generation strategies of Canadian universities suggests, drawing upon the work of Pierre Bourdieu, that such measures, while potentially effective in stimulating resource acquisition – and beneficial in other important respects – change internal values and conditions in ways that may ultimately undermine universities' autonomy, public credibility and capacity to create knowledge. Can leaders and managers enable their institutions to secure vital revenue, without diluting the values and conditions that have made universities unique and valuable to society? Can decision-makers in government foster entrepreneurialism and responsiveness on the part of higher education institutions without compromising their raison d'être? This paper will shed light upon these questions.

The late twentieth century witnessed a decrease in public funding for higher education, relative to private funding, in most parts of the world (World Bank, 2002). In many OECD countries, the proportion of institutional funding received from the state declined; in some jurisdictions, this translated into reduced public funding per student (OECD, 2004). Many publicly funded universities responded, first, by cutting costs and, then – when it became clear that a return to the *status quo ante* was not in the cards – by seeking out new sources of revenue.

The flavour of universities' revenue generation strategies varied from country to country. Whereas short courses, overseas students and consultancy featured prominently in the revenue generation strategies of universities in the U.K. late in the 20th century, for example, fundraising and institutional marketing were central in the United States. In spite of these differences – largely attributable to differences in the regulatory regimes to which the universities were subject – there appear to have been commonalities in the internal management reforms introduced in order to survive in the new funding environment. One was to decentralize resource allocation – to move away from central line-item budgeting to arrangements (such as block, responsibility centre or break-even cost centre budgeting) that give faculties and other units greater incentive to control costs and/or generate revenue.

Recent research into the revenue generation strategies of four major Canadian universities suggests that decentralization of resource allocation in a context of scarcity also changes values and behaviour. Although such measures may be necessary for financial survival – and, in important respects, beneficial – if carried too far, they may jeopardize universities’ capacity to fulfill an independent role in society, the trust in which universities are held by the public, and their claim on the public purse.

The research

The research was a comparative case study of the revenue generation strategies of four major Canadian universities and their faculties of arts, business, dentistry and science. Conducted between 2002 and 2004, it involved semi-structured interviews with university leaders and deans, analysis of financial data, and extensive archival research. The results suggested that the revenue-generating behaviour of the universities and their faculties can in large part be explained by textbook strategic management. As the resource-based view of the firm would suggest, the institutions appeared to be capitalizing (to the extent permitted by government regulation) on resources that are valuable, rare and inimitable – such as reputation, land, location, dynamics amongst researchers, and authority to award sought-after degrees – in order to sustain themselves financially.

At the same time, the research suggested that a focus on revenue generation is too narrow. A better understanding of the interview results and other data emerged when it was recognized that, as Pierre Bourdieu suggested, there are multiple forms of capital, for which individuals and organizations compete. The value of a particular type of capital is a function of its scarcity. The first and most familiar form is economic capital – capital “which is immediately and directly convertible into money” (Bourdieu, 1986, p. 243). A second is cultural capital – capital based on knowledge or culture. The type of cultural capital most relevant here consists of the knowledge, skills and cultural attainments of individuals. Cultural capital can be converted – with varying degrees of ease, time and risk – into economic capital, but cannot be reduced to it. Indeed, cultural capital that is seen to be too economically motivated loses its legitimacy and, hence, value.

Fields of restricted and mass production

Bourdieu conceived of organizational fields (*e.g.* the literary community, the business community) as hierarchically structured networks of social relations. Fields differ in the forms of capital at stake within them. Individuals and organizations compete continuously for control of the capital at play in their fields, in their quests to get ahead.

The interview data obtained in the course of this research confirmed that universities comprise a field, thus defined. Asked about the aspirations of their universities or faculties, most interviewees described the latter’s desired positions in a hierarchy (“to be in the first rank of public research universities in North America”, “to be in the top five faculties ...in the country”, to be “among the major research universities of the country”). In other words, the most common institutional aspiration was to move up or to maintain one’s position in one’s field. Such aspirations are typical of not-for-profit institutions. As Winston and many others have noted, such institutions typically seek to move up in their reputational hierarchies, to emulate top institutions, to be “Harvard-in-the-small” (Winston, 1999, p.10).

Bourdieu distinguished between fields of restricted cultural production and fields of large-scale or mass production. In the former, producers create cultural goods for other producers (*e.g.* poets write to be read by other poets). Such fields are governed by norms and sanctions specific to them. They are relatively self-contained communities, in which an individual’s position depends principally on the esteem in which he or she is held by peers (Bourdieu, 1993). They are gift economies, in which products are given away in return for recognition. Cultural capital is valued highly, relative to economic capital. Indeed, in fields that

are very far removed from the market, financial and commercial success are scorned and interpreted as evidence of lack of merit.

In contrast, fields of large-scale production feature production for “the public at large”. Investment is driven by the quest for markets and profits. Producers are subordinate to those who control the mechanisms of production and diffusion. Their work serves pre-existing external needs. Their performance is regulated by management control mechanisms and measured in terms of commercial success. Insofar as production is for existing market needs and demands, it is much less economically risky than restricted cultural production, which is driven by producers without reference to others’ interests or needs.

How does the distinction between restricted and mass production apply to higher education? Academic disciplines are fields of restricted cultural production, in which producers create goods for each other (*e.g.* professors write for scholarly audiences). An individual’s position within his or her discipline is a function of peer recognition and esteem. The value of an academic work is not reducible to its economic value or its public importance. To the extent that research is curiosity-driven, it is without reference to external needs or markets. The more autonomous the discipline, the more works derive value, not from readership or commercial success or public acclaim, but from conformity to what is regarded as legitimate and valuable in the field.

For the purposes of this paper, the cultural capital valued within academic disciplines will be referred to as academic capital. (Note that the term has a different meaning here than that given to it by Slaughter and Leslie, for example. They used “academic capital” to refer to a “commodity...which is no more than the particular human capital possessed by academics” (1997, p. 11) – in other words, to capital, the value of which is defined in economic terms. In contrast, academic capital as defined here derives its value from the discipline or profession in question.)

At the other end of the higher education spectrum, for-profit providers of higher education engage in mass production. Whether proprietary institutions or publicly-traded companies, their mission is not – as for public universities and private not-for-profits – to advance and disseminate knowledge, but rather to generate profit. Their governance structures and processes are corporate in nature. Faculty power is greatly diminished. Unlike their counterparts in the not-for-profit sector, faculty members in the for-profit sector lack tenure and control over the curriculum. “In a real sense”, Ruch observed, “faculty in the for-profits are viewed by the business side as being delivery people, as in delivery of the curriculum” (2001, p. 115).

For-profit providers are very responsive to student and employer demand. They take their cues from the market, rather than seeking to persuade the market of the value of what they offer. Unlike not-for-profit universities – notorious for their limitless ambitions, their tendency to add new activities onto existing ones, and their consequent inability to control costs – for-profits are focused, quick to move out of unprofitable activities, efficient in the use of faculty and space, and rigorous in cost accounting and control (Ruch, 2001; Tooley, 2001). In Ruch’s memorable words, “the academic side of the house becomes a tightly managed service operation” (2001, p. 17).

Insights from the Canadian context

Canada is a federation in which higher education is a matter of provincial jurisdiction and in which the university sector consists overwhelmingly of “public” institutions – more precisely, not-for-profit corporations, established by acts of provincial legislatures and sustained by a combination of provincial operating funding, federal research funding, fees and other private funding. The four universities studied were all of this type. They were also similar in offering degrees from the baccalaureate to the doctoral level in a wide range of fields including medicine and dentistry. Nevertheless, owing to differences in age, location, size, history and funding, they and their faculties occupied different positions in the university

hierarchy. The two largest were at or near the top and saw themselves as international players; the smaller universities were further down the hierarchy and sought to compete in the domestic realm.

The proportions of the four universities' operating income derived from government had declined by 33%, 26%, 16% and 4%, respectively, between 1990/91 and 2001/02 (CAUBO, Annual). Three had decentralized resource allocation as the operating funding they received from government had declined, in order to encourage faculties and other units to engage in revenue-generating activities. Were they behaving like profit-seeking corporations? Far from it! All four continued to subsidize activities they deemed to be central to their missions. That which they subsidized varied with their conceptions of their missions, but all four subsidized grant-funded research. This was necessary because Canadian governments were not funding fully the indirect and overhead costs involved. Contrary to the suggestions of much of the literature on academic capitalism, these universities did not do research in order to obtain revenue; they scrambled to secure revenue in order to fund research. Three of the four also appeared to be increasing the extent to which graduate education was subsidized (*i.e.* increasing the ratio of operating funding to fee revenue and other private funding).

Nevertheless, it appeared that two universities and numerous faculties had moved to varying degrees toward the field of mass production. One indication of such movement was increased responsiveness to the interests of students and other clients. Senior officials at the university that had experienced the most dramatic percentage reduction in government funding during the 1990s – and had become correspondingly more dependent on fee revenue – reported that it had become significantly more attentive to students. One interviewee observed that the university was “gradually moving from what I would call a faculty-centred university... to a more student-centred university”. A leader of a second university said that its approach to students had changed a great deal as a result of its efforts to recruit international students:

“We were an old, traditional university. People came to us; we didn't have to go after them. There was a lot of that [attitude] throughout the whole university. That's changed dramatically!”

Increased attentiveness to student satisfaction was reported by deans, as well, particularly within professional schools. Many of the business and dental schools had or were in the process of increasing fees for some programmes dramatically. The dean of a dental school that had begun, several years previously, to charge many of the students in its first professional programme, full cost recovery fees, noted that students' expectations had risen with the fees they paid and that the faculty was having to change to meet them.

In order to continue to attract and retain full cost fee-paying students, the school was devoting much more attention to monitoring student satisfaction and responding to their feedback than it had in the past. The dean also wished to establish a career stream for individuals who were excellent teachers, but not active in research. In undertaking increasingly detailed evaluation of instruction and developing a teaching-only stream, the school was adopting some of the practices typical of for-profit higher educational organizations.

Rapid programme development and change appeared to be another characteristic of schools that were moving into mass production and charging fees approaching or exceeding costs for some programmes. Interviews with deans of business suggested that rapid change is the norm for executive development programmes and full cost recovery/premium fee degrees.

Research in some faculties appeared to be increasingly externally-driven, as well.

A dean of science, whose faculty's revenue generation strategy consisted principally, not of the provision of education at full cost, but of securing externally-funded research chairs, noted that the faculty's success in that endeavour had resulted in closer alignment of its research capacity with the needs and interests of industry. He remarked that "the areas of research the faculty engage in have become shifted towards things that are, sort of, imposed on us by outside".

A further indication of movement toward the field of mass production was that numerous deans reported increasing tension between teaching and research. This tension took various forms. Faculties, the financial survival of which depended on teaching large numbers of students, and which were constrained in the use of part-time and sessional faculty, struggled to protect faculty members' time for research. In several research-intensive faculties, deans described developments including: divergence between areas in which positions had been funded by external research sponsors and areas in which teaching capacity was needed; progressive separation of researchers from teaching and teachers – and disparity between the rewards accorded the two groups; and increasing reliance on practitioners and other part-time teachers to deliver instruction. Resurgence in federal funding for research and in rewards for top researchers was increasing the disparity between the salaries of researchers and those of teachers. Good teaching professors – people who "love the science and love teaching and love the university" – were said not to be well rewarded financially, nor to be receiving the praise and recognition that researchers got for their work.

These reports suggest that education and research are pulled in different directions as universities move into mass production in either or both realms. This is unsurprising insofar as "clients" for the two types of activity have different areas of interest and types of need. The complexity of the activities necessary to meet their needs – and the roles of regular faculty, sessional faculty and staff in carrying out those activities – differ, as well. The evidence of divergence in demand, conditions and rewards for education and research also makes sense in light of the fact that for-profit providers of higher education do not do research. A big difference between not-for-profit universities, public and private, and for-profits is that the latter eschew research (other than curriculum- or instructional technology-related R&D). That in part explains for-profits' capacity to keep costs below prices, even though they compete with institutions that are subsidized by governments and/or private sources and that in turn subsidize their students' education (Ortmann, 2001). The absence of research from their missions also explains why for-profits are able to manage their faculty and their costs tightly, dispensing with the less orderly, more expensive arrangements typical of creative organizations, including universities. Research-intensive universities have traditionally favoured creativity and innovation over coordination and focus to a great degree. But that is possible only in organizations that do not need to meet clients' needs in order to survive. Serving clients requires coordination and focus, which is why management hierarchy and controls are pronounced in institutions of higher education and/or research engaged in mass production.

The universities involved in this study were far from behaving like commercial laboratories, on one hand, and educational companies, on the other. (Indeed, owing to federal reinvestment in university research, it appeared that, overall, they were moving toward mass production in education, while backing away from it in research.) It nevertheless appeared that teaching and research were bifurcating and that the teacher-scholar model was under great stress.

A final indication that some of the faculties studied were moving toward mass production lay in the economic philosophies espoused by their deans. The views expressed by one dental dean exemplified those of the leadership of a faculty engaged in restricted cultural production. The assumptions were that: good academic work deserves to be funded adequately; it is the responsibility of government to fund universities adequately and of universities, in turn, to fund their faculties properly; when funding is insufficient to meet the university's needs, resources should be allocated on the basis of academic priorities. This dean thus expressed concern about mechanisms whereby universities match private donations, the result of which is to direct university resources to activities favoured by external donors or funders, *i.e.* to skew the allocation

of resources from that which is academically- to that which is externally-valued. He also argued that it is wrong for a faculty to do things for money, even if the money is needed for worthy academic or public ends.

Most of the fourteen deans interviewed were less insistent that academic, rather than financial, considerations should drive resource allocation and activity. Their view appeared to be that it is legitimate – indeed, necessary – to generate revenue by meeting external needs in order to sustain one’s faculty’s activities – *i.e.* to subsidize restricted cultural production by means of mass production. A dean who held this view explained that, in designing your revenue generation strategy, you start with your school’s mission and vision and develop a business plan for generating the revenue required from sources including “tuition, [other fees], entrepreneurial activities, intellectual property spin-offs, and so on and so forth”.

An even more radical perspective – for an academic leader at a publicly-supported university – was voiced by two deans of business. In this view, there is no such thing as generating revenue; it’s all about delivering value. One dean explained that universities and faculties can no longer look to governments to meet their financial needs, because governments are relinquishing responsibility for paying for post-secondary education. Henceforth, “the needs will have to be financed by where you[r faculty] add[s] value”. The real question is therefore:

[W]here do you deliver value and how do you fund delivering that value? [Y]ou need to share in the value that you deliver. So, that would be my point: identify the points where you’re adding value, where you should add value, and understand how some of that value is to be shared in order to fund your operation for delivering that value.

Whereas university leaders and members engaged in restricted cultural production, such as the dental dean quoted above, feared the corrupting effect of revenue generation, those engaged in “delivering value” reported that the quest for revenue forces one to improve quality. The business dean quoted above explained that revenue generation is not separate from a business school’s mission, it is part of that mission. One’s success in generating revenue is thus a reflection of one’s success as a school. In this view, there is no such thing as autonomous academic capital; economic capital is the measure of value within and outside the university.

Conditions for mass production

When Bourdieu first wrote about the different types of cultural production, the exemplar of mass production in higher education – the publicly-traded higher education company – did not yet exist. Bourdieu nevertheless witnessed and noted, decades ago, elements of mass production within state-sponsored higher education. He observed in *Homo Academicus* that the research-oriented social scientific groups and institutes that emerged in France in the 1960s behaved much like firms. Their heads represented “a new kind of cultural producer, whose presence in the academic field ...constitutes a decisive break with the fundamental principles of academic autonomy, and with the values of disinterestedness, magnanimity and indifference to the sanctions and demands of practice. These academic managers [were] busy seeking funds for their ‘laboratories’, frequenting committees and commissions to pick up the contracts, information and subsidies necessary for the good running of their enterprise, and organizing symposia designed to publicize their productions...” (p.124). In the intervening decades, entrepreneurial activities of many kinds have been undertaken by institutes, centres, schools of continuing education and other bodies, located upon the peripheries of universities. As noted above, such structures are much better equipped to respond to clients and markets than are faculties and departments. Marginson and Considine have indeed suggested that the development of centres and cross-disciplinary schools was fostered within Australian higher education during the late 20th century in order to circumvent academic departments and weaken the power of academic disciplines (2000, p. 10).

This research suggests that, as this century dawned, mass production was taking place in Canada, not only within peripheral bodies, but also at the core of some universities. Although only deans of business articulated economic philosophies consistent with mass production – *i.e.* argued that value is as determined by the customer, rather than in the academy – signs of mass production, such as increased service orientation and tension between teaching and research, were seen in other types of faculty, as well.

Canadian universities are obviously not alone in moving toward mass production in higher education. What factors account for this? Derek Bok, reflecting on the American scene, suggested that two major developments have led universities to become more engaged in the marketplace – financial cutbacks and the “rapid growth of opportunities to supply education, expert advice, and scientific knowledge in return for handsome sums of money” associated with the rise of the knowledge economy (2003, p. 10). In other words, scarcity of economic capital, coupled with opportunities to transform academic capital into economic capital.

What happened to universities in most OECD countries late in the 20th century was that academic capital depreciated relative to economic capital, as a result of cutbacks in public funding. The relative economic value of academic capital in different fields of study also changed with the advent of the “knowledge economy”, as revolutions in information technology and biotechnology increased the economic value of academic capital in these and related fields. In the 1960s and early 1970s, large-scale public investment in higher education had meant that academic capital was scarce relative to economic capital and, indeed, physical capital. There was great competition amongst universities for faculty members. For a short period, funding for education and research was plentiful. A “good department” (*i.e.* one with a lot of academic capital) had no difficulty securing resources from its university. By the 1980s, however, universities’ administrations were handing out cuts. Academic capital no longer commanded resources. Although a reputation for excellence would probably stave off closure, it would not enable a faculty or department to expand its activities. Economic capital was necessary for that – and its scarcity raised its value, to differing extents within different fields of study, relative to academic capital.

As Bok suggests, financial scarcity is necessary, but not in itself sufficient to engender mass production: there must also be opportunities and incentives for serving markets. Universities must be able to charge tuition fees, negotiate contracts and reap financial benefits from serving clients in other ways. They in turn must decentralize resource allocation sufficiently to enable – indeed, to require – faculties and other units to provide services and goods that are valued by clients and to share in that value. As Massy observed with respect to responsibility-centre budgeting, such decentralization “extends the sensitivity to market forces down through the institution” (2001, p. 455). In its absence, faculties are likely to respond to academic over economic considerations. The vice-president finance of one of the universities involved in this research explained that the dire financial predicament in which it had found itself during the 1980s had been caused in part by the absence of incentives for enrolment growth:

‘I have a fixed piece of revenue’, each dean and each faculty said, ‘and that won’t change if I take less students’. So enrolments actually declined [during the 1980s]. And, if you think about it, that was totally logical behaviour... [If my unit will] continue [getting its] cheque every month, [and] I can do less teaching for it, and therefore have more time to do my scholarly work. Any sane person would do that! They acted appropriately, given the structures they were presented with. So we had to change the structures and change the behaviour.

Benefits and costs of moving into mass production

So, what are the pros and cons of decentralizing resource allocation to expose faculties to the conditions of scarcity and opportunity that will “change the behaviour”?

The first and most obvious benefit is increased non-government revenue. The number of universities studied in the course of this research was small. Higher education being a provincial responsibility in Canada, the institutions were also subject to different constraints. That said, it may be noted that the university that had decentralized its budget earliest and to the greatest degree had achieved an increase in non-government operating income of 335% between 1990/91 and 2001/02, compared to between 197% and 80% for the other three institutions (CAUBO, Annual).

A second benefit of decentralizing resource allocation appeared to be that it empowers faculties, which are no longer as dependent on institutional decisions, and thus fosters a sense – if not the reality – of self-reliance.

A third benefit is simplicity. For a university, making decisions and allocating resources based on a faculty or programme’s capacity to generate revenue is liberatingly easy, compared to doing so on an academic basis. As one dean said about attempts to close faculties on other than financial grounds, academic decision-making is “very messy [; politics] gets involved and there is no right or wrong at the end of the day”. In a university in which academic capital prevails, all intellectual pursuits are equally worthy. It is very difficult to discriminate amongst disciplines and professions. That is fundamentally why universities engaged in restricted cultural production tend to have myriad goals, to be unable to set priorities and to be beset by academic “property rights”. Owing to the catholic character of the academic outlook, decisions about priorities are much more readily made when market or other external considerations are brought to bear.

Fourth, the research suggested that decentralization of resource allocation may reduce some forms of internal conflict. In centralized budget systems, a faculty’s leaders and members tend to assume that if their budget is inadequate, it is because the university does not fully appreciate them and what they do. In other words, the budget a faculty receives tends to be seen as a reflection of its perceived academic value. When resource allocation is decentralized, deans and other faculty leaders appear to accept at least partial responsibility for the adequacy of the resources available to them. Those deans who regarded their universities as sources of investment capital naturally appeared to be more positively disposed toward institutional leaders than those who expected their universities to be sources of adequate operating funding.

A final, very important benefit of moving toward mass production is, as noted above, that it increases institutional responsiveness to students, clients, donors and other sources of funding.

There are, of course, also important costs. One is, naturally, that as faculties gain autonomy from universities and lose autonomy from the various markets they serve, administrators, faculty and staff identify less with the university as a whole. A vice-president of the university that had moved furthest toward mass production said:

I think that a consequence of decentralization and every-ship-on-its-own-bottom is that there’s less sense of [this university] and of being part of a university than there used to be, even when I came here...It’s not like we’re all one institution and we’re proud of the one institution and we’re all willing to pull together. [It’s more,] ‘I’ll pull with you, if you can help me with this joint programme, and we can both make money on it’ sort of thing.

This and other suggestions that budgetary decentralization unleashes centrifugal forces and focuses attention on the bottom line at the expense of institutional and academic considerations echo much literature on responsibility-centre budgeting (see, for examples: Lang, 2001; Strauss *et. al.*, 2001).

A second major cost of moving into mass production is separation of teaching from research. As noted above, the extent and nature of this development varied from university to university and faculty to faculty. In some faculties, it appeared that research was being squeezed out by the demands of instruction; in others, separate classes of researchers and of teachers were emerging; in yet others, some departments were becoming more research-oriented while others were increasingly preoccupied with instruction.

Although bifurcation of teaching and research is listed here as a cost of mass production, it can also be seen as an opportunity. The five-year plan of one of the business schools featured in this research anticipated that:

[O]ver the next decade, market evolution and segmentation will reduce the number of internationally successful schools and relegate others to niche roles or less distinctive status. In the past, there have been numerous ‘players’ and few ‘winners’. Going forward, there will continue to be opportunities to ‘win’, but those who just stay to ‘play’ will end up losing....Losers, unable to produce new content and integrative thinkers, will be relegated to the position of ‘licensees’, focused primarily on providing delivery mechanisms for the content the winners create. (University of Toronto, Rotman School of Management, 2000, pp. 10 - 11)

The school’s dean predicted that top business faculties will license entire curricula to other schools, earning royalties that will enable them “to pay more and more money and to provide better and better environments for real content-creating professors. They are going to congregate at fewer and fewer schools and those schools are going to aggressively market their content.” The dean stressed during the interview for this research that “*the* goal of [this s]chool is to be one of those end-game players”. In other words, rather than bemoaning increasing separation of teaching from research, the school anticipated it and was preparing to be a creator of content, the delivery of which would be licensed to others.

Perhaps the greatest risk associated with movement toward mass production is that devaluation of academic capital will lessen universities’ autonomy – and, hence, their value to society and claim upon public support. Society has traditionally looked to universities for knowledge that is not only current, but disinterested. Why such confidence in academics’ independence? Not because professors are more ethical than others, but because they have ascribed to values other than those that prevail within society and the economy at large – values reflecting the traditional primacy of academic capital. Furthermore, professors enjoy freedoms and powers within their institutions that enable them to speak their minds. If academic capital becomes devalued, universities will behave much more like corporations – those who teach will no longer subscribe to autonomous academic values and/or management hierarchy will have developed to the point that faculty members are constrained in expressing views contrary to the institutional interest. Universities’ capacity to provide disinterested information and perspectives on issues and events would wither and, along with it, the repute in which they are held and, hence, their claim on society’s resources.

Implications for policy and practice

What are the implications for the way university leaders manage issues involving values and ethics? University leaders should be aware that, in decentralizing resource allocation to promote revenue generation, they themselves may change internal values, roles, and control systems in ways that increase institutional responsiveness to students and clients but ultimately lessen universities’ capacities to play unique and autonomous roles in society.

Can this be avoided? That is not at all clear. The revenue generation strategies studied in the course of this research were prompted by funding cuts. The great majority of those interviewed had encouraged their institutions or faculties to generate revenue, not because they were enamored by the private sector, but because their institutions had first responded to cuts in public funding by cutting budgets and it had ended up crippling them. The alternative to revenue generation was, as one interviewee put it, a “death spiral”. If the impetus for revenue generation is beyond their control, what insights can university leaders glean from this research about how to encourage it while sustaining the academic core?

First, although the generosity or scarcity of public financing is largely beyond university leaders’ control – as are ebbs and flows in the economic capital of disciplines and professions – insofar as university leaders allocate unrestricted public funding to units and decide whether and how to share other revenues, they influence that which is valued within faculties and the extent to which the latter engage in mass production. This research suggests that those decisions are best informed by understanding of the portfolios of capital the university and each of its faculties possesses and can exchange with individuals and other organizations. The extent to which a faculty will move into mass production in response to a given budgetary requirement or incentive is a function of its market opportunities, its academic, reputational and other forms of capital, and its internal flexibility. As noted above, different faculties have different opportunities. Dental education in Canada had many of the features of oligopoly – a small number of producers with a highly sought after, relatively homogeneous good. Dental schools in provinces where professional tuition fees were unregulated therefore had much greater capacity to raise fees in response to budget cuts than did faculties of arts or science, for example. In response to budget pressure, the latter were more likely to increase enrolments, thereby running down their academic capital, particularly if constrained in the use of part-time and sessional faculty and unable to substantially attract private funding. Taking into account all the forms of capital faculties possess will sensitize university leaders to the broader consequences of the latter’s quests for revenue. It will enable them to assess and compare the consequences of alternative strategies, not only for the bottom line, but also for the university’s academic, reputational and physical assets.

A second suggestion is to maintain boundaries between not-for-profit higher education and the for-profit realm. One of the features of social and cultural capital identified by Bourdieu is that they risk evaporating if those who possess them are perceived to be economically motivated. Thus, for example, a university that permits an academic or other unit to compete with local business is likely to lose far more in reputation and future donations than it gains from the exchange. One of the universities involved in this study had encountered some “rough spots” in its fundraising endeavours, as a result of which it had developed guidelines to ensure that all donations were consistent with its commitment to academic freedom and its academic policies and priorities. In doing so, it shored up its reputational capital and its capacity to attract resources and faculty. A more subtle example of boundary maintenance was provided by the academic vice-president of a university, the revenue generation strategy of which consisted largely of enrolment growth. Asked if he perceived that the university’s mission had been or might be skewed in any way by the need to generate revenue, he said:

I don’t see it as mission-skewing in any particular way. At the moment, I think we’re able to attend to this as much as an educational question as a financial question. The goal here is not revenue generation. And, as long as we can avoid the goal being revenue generation – I mean, clearly, one of the outcomes is revenue generation. But the goal fundamentally is to maintain and enhance a first-rate educational institution.

Just as Oakes *et. al.* (1998) found that the introduction of business planning in a public service context transformed a field of restricted cultural production into one of mass production, it may be possible to avoid or delay that transformation by keeping the focus on education, research or public service.

Finally, university leaders should resist the temptation to circumvent bodies and structures through which academic capital is built and sustained. As noted above, academic departments, rooted as they are in the disciplines, are less than optimally equipped for responsiveness to students and research clients. A university in financial duress might be inclined, as Marginson and Considine suggest happened in Australia, to weaken departments' power in order to improve service and generate revenue. Whereas some structures dedicated to mass production (*e.g.* continuing education units) can, by insulating departments and schools from such activity, protect them and their academic capital, others can weaken them, potentially jeopardizing a university's capacity to make decisions on other than an economic basis in the longer run.

Asked whether he perceived any risk to his university's mission from the need to generate revenue, one provost said:

I think it's a risk all the time. And I think you have to keep coming back to the fundamental values of the university. It's absolutely essential that you ask yourself, 'what are we here for?' We're here to educate and to advance knowledge – and we're here to do that in a way that's not hampered, not restricted and not tied to anybody's special interests. ...[O]ur whole credibility, our whole position in society, our position in the larger community, is built upon trust that we are the independent brokers, that we are that group which can look at things – not necessarily dispassionately – but in a way that looks at all sides of the issue. That's a fundamental principle and we've got to be there. And, that's where senates are important. It can be easy to get carried away with something. And you need to be brought back and answer those questions.

If reductions in public relative to private funding of higher education continue to require universities to move into mass production, conflicts between academic values and commercial considerations are inevitable. University leaders might be forgiven for preferring to avoid forums in which tough questions are asked. That said, how they respond when, for example, a corporate partner takes objection to a research finding, confirms or subverts espoused values. The weight carried by academic capital in departmental, faculty and university governance forums may account in large part for universities' inability to set priorities, but it is also the source of their independence.

What, if any, insights emerge for decision-makers in government? First, if public financing were to fall to such an extent that universities were forced wholly into mass production, they would be unable to fulfill their traditional functions in society. Responsiveness to clients and markets can, if taken to extremes, be inconsistent with responsiveness to the interests of society. Responsiveness in this larger sense requires some autonomy from clients and markets. Academic capital is the source of universities' autonomy and capacity to provide disinterested knowledge, information and comment. Continued devaluation of that capital would reduce their ability to serve society in this way, as well as their capacity to create knowledge.

Mass production of education is by no means a bad thing. Privately-funded mass production fills needs that the publicly-funded sector does not. Furthermore, it extends access to tertiary education in countries in which the public purse cannot afford to do so.

For-profit providers of higher education are not, however, universities. University education is intimately connected to the disciplines and professions, as well as to students' needs and market demands. For-profit providers have important roles to play in many countries, but allowing them to describe themselves as universities obscures the fact that their missions are fundamentally different. In doing so, it does a disservice to universities and to the public.

The appropriate mix of not-for-profit and for-profit institutions – and of public and private funding for the former – will vary from country to country. That said, an appropriate public policy goal for most societies is to foster universities that are entrepreneurial and responsive, but not so much so as to lose their essence. Achieving that goal merits and requires sustained public block funding. What if the demands upon government and the size of the publicly-funded higher education sector are such that government cannot afford to enable universities to remain autonomous? Decision-makers may wish to consider shrinking the size of the public sector, rather than forcing all its member institutions to submit to the demands of the market.

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