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# THE BUSINESS OF HIGHER EDUCATION

An OCUFA research report and commentary



## OCUFA

Ontario Confederation of University Faculty Associations  
Union des Associations des Professeurs des Universités de l'Ontario

# Introduction

The provincial government has established policies that obligate universities to produce skilled graduates and cutting-edge research that will contribute to Ontario's economic development. This "strategy for prosperity" seems innocuous. However, these market-based higher education policies and targeted research funding programs are narrowing the scope and function of our universities, and perpetuating the business model of higher education.

Undeniably, the business of higher education is a product of its time and reflects the most salient political and economic values in our province. However, by imposing an instrumentalist vision of higher education on our universities, the provincial government risks compromising longstanding traditional values of our institutions, namely institutional integrity, academic freedom and critical thought.

The simultaneous existence of the business of higher education and the traditional mission of the university brings to bear an inherent tension within the Ontario university sector. Any attempt to add more weight to one vision of the modern public university system over the other compromises the research and teaching capacity of our institutions.

On one hand, it is possible for universities to become too market-oriented, more elitist in knowledge production, overly exclusionary and more restrictive in the scope of disciplines it offers to its public. On the other hand, our universities also have a critical role in directing their intellectual resources toward the economic, social and cultural development of our communities, province and nation.

The Ontario government, corporate enterprise, as well as university administration, faculty and students must appreciate the value of supporting both visions of the modern public university system.

Government and institutional policies that facilitate increased levels of commercialization and technology transfer should be accompanied by a commitment to increase investments in basic research.

Efforts to build on the teaching and research capacity in science-based disciplines should be matched with efforts to strengthen other disciplines like the social sciences and humanities.

Given that students are increasingly more aware of the economic benefit of attaining a higher education, government and the university community should increase efforts at informing younger students in particular about the value of a liberal education.

The Ontario government must assume a leadership role to ensure that the business of higher education, with its tendency to narrow the scope and purpose of our universities, is significantly tempered by policies that reflect an appreciation for the broader, richer and more complex mission of our universities.

If not, higher education in Ontario will continue to be guided by the capricious ebb and flow of the market, and our universities will become nothing more than the handmaidens of industry.

# The Business of Higher Education

Twenty-first century universities are expected to follow the directives of the provincial government with less funding and under more stringent evaluative conditions. To remain relevant and competitive, these institutions have become leaner and increasingly committed to delivering the “highest quality products” at fair market value. However, this profit-driven logic has a considerable impact on our universities’ research initiatives, curriculum, faculty, administration and students.

## RESEARCH INITIATIVES

The business of higher education increases the potential for government to concentrate funding in specific “priority areas” in the name of making strategic investments in university research. When this happens, only the small cluster of universities that specialize in these areas become eligible for support. Without a comparable level of funding, research conducted in a number of the other universities is jeopardized. Research funding programs that reward universities for knowledge generation in government-designated focus areas, while allocating substantially less funding to important research advancements in other disciplines from other institutions, perpetuate differences in funding between our universities and threaten system-wide research diversity. Our universities have different research strengths, and these strengths should receive a fair share of government support.

The way that knowledge is produced in our universities has changed under the business model of higher education. Traditionally, academic research has been peer-reviewed and disseminated by way of publications, conferences and other open and accessible mediums. Today, knowledge production is “project-centered, shaped by various interests, and evaluated in terms of effectiveness by peers, non-peers and sponsors of projects.”<sup>1</sup> Furthermore, the circulation of research results is now highly contingent on whether corporate sponsors wish to have university research findings disclosed. Business decisions favouring limited disclosure are often based on the corporate sponsors’ efforts to maintain a comparative advantage over its competitors. When important information about a

product is withheld from the public, the public good is potentially put at risk and the university’s traditional responsibility of knowledge expansion is threatened.

The business of higher education limits the role and function of university researchers. Many university researchers are held captive to the interests of their corporate sponsors, given that an increased proportion of their research is funded by business. These researchers pursue research initiatives in specific disciplines if funding is guaranteed, rather than conduct research in equally important, but significantly less funded areas of study. When research proposals are intentionally tailored to align with funding eligibility, academic freedom is compromised.

The business of higher education also creates and/or intensifies tensions between corporate sponsors and researchers over the ownership of intellectual property. When the pursuit of knowledge is premised on a profit-driven ethos, there is potential for the partners in the knowledge transfer process to be at loggerheads over the patenting and licensing of the product.

Finally, under the business model of higher education, university researchers have become acutely sensitive to the commercial role they play in academia and consequently may be less in tune with the public-interest functions that their universities have traditionally served.

## CURRICULUM

Changes to the academic curriculum over time reveal the extent to which Ontario universities have been drawn into the business of higher education. University administration has increasingly “vocationized” the university curriculum in the hope of filling the “skills gap” in Ontario. In this effort, corporate sponsors are encouraged to become more actively involved in the development of university curricula. Industry scientists visit campuses as speakers in university classes, conferences and workshops, and more internships and co-op placements are being created. Overall, business studies and science-based disciplines are better positioned to forge partnerships with corporate enterprise

and tap into the private sector support that is offered in exchange for incorporating industry's advice into curriculum development. Without a comparable level of support, the humanities, social sciences and the fine arts are unlikely to receive reprieve from years of chronic underfunding. According to educational historian Paul Axelrod, this kind of "narrow vocationalism" reflects a short-sighted vision of higher education. A university curriculum based on this utilitarian rationale is culturally costly to the individual and society.

## FACULTY

The increased use of contingent faculty is another problem our universities face under the business model of higher education. Reliance on part-time faculty is a deliberate institutional strategy to lower costs in an effort to offset continued government underfunding. Because of fewer full-time and tenure track hires, full-time faculty must assume an increased administrative and service workload. Some opt out of their teaching responsibilities altogether, while others overload on responsibilities. The business of higher education not only jeopardizes the quality of education delivered to our university students, but it also adversely affects the working conditions of university teaching staff.

Universities that operate on a business model rely heavily on quantitative performance indicators for measuring faculty performance. The numbers of publications, citations and research grants earned as well as the amount of new invention disclosures, licenses, and spin-off companies have become key measures of academic performance and institutional productivity. This narrowing of the scope of faculty responsibilities underscores the adoption of the instrumentalist view of performance and "productivity" in our universities.

## ADMINISTRATION

University administrators are exerting a great deal of effort in securing more funding from the private sector, particularly for university research. For instance, at the end of the 2008 fiscal year, over one-third of the total

sponsored research income for Ontario universities was derived from non-government donations, grants and contracts; 15.9% (over \$387 million) of the total income was provided by business enterprise.<sup>2</sup> Since the McGuinty government came to power in 2003, investment from business enterprise has increased by about 64%.<sup>3</sup> This gradual privatization of university research is "legitimized" as the provincial government creates more policies and matching funding programs that support and encourage university administrators to pursue private funding. However, the unfortunate trade-off for increased private investment in university research has been a diminished level of control over our university research agendas.

In the business of higher education in Ontario, senior administration has seemingly assumed the role of acquiescent partner to the provincial government: they have become slower at pointing out some of the more blatant flaws in higher education policy, and quicker at making concessions that are not necessarily in the interest of students, or in maintaining accessible, high quality postsecondary education in the province. For example, university administration has supported an increase in tuition rates for Ontario students as a means to compensate for the provincial government's funding shortfall.

## STUDENTS

The shift in the scope and purpose of Ontario universities has an effect on Ontario students and parents. Their assessment of the value of higher education as well as their choice of institution and area of study are increasingly influenced by the values of the marketplace, government, employers and the media. As such, for many parents and students, higher education is perceived merely as a means to secure a well-paid job preferably in a high-demand sector. While ensuring one's financial economic well-being is of critical importance, it is of concern that more and more Ontario students view higher education as primarily – or solely – an economic investment.

When students view higher education as a means to an end, rather than an end in itself, they are more predisposed to reject the option of exploring different fields of study outside those characterized as “economically valuable.” However, it is important to acknowledge certain unavoidable constraints that lead to these education decisions. The pursuit of education for the sake of education is less of a viable option to students that have excessively high loans to repay as a result of annual tuition inflation. As with consumers, our students must conduct a cost-benefit analysis to determine the economic practicality of enrolling in one program over another. Under the assumption that a degree in the fine arts, humanities or social sciences would have less use-value and provide a lower dollar-value return, students confine their selection to a few disciplines that are believed to be in higher market demand. In turn, the opportunity of attaining a liberal education is jeopardized. This is an unfortunate trend among Ontario university students given that liberal education in the university would expose our students to:

activities that are designed to cultivate intellectual creativity, autonomy, and resilience; critical thinking; a combination of intellectual breadth and specialized knowledge; the comprehension and tolerance of diverse ideas and experiences; informal participation in community life; and effective communication skills.<sup>4</sup>

Ironically, students who embrace a very narrow market-oriented view of higher education fail to appreciate that there is economic value in a liberal education. In a global economy, employers are seeking persons who are knowledgeable about the histories and cultures of different societies. They want employees who are able to integrate knowledge from a variety of disciplines and apply it to real-world settings. Proficiency in a narrow field is not enough. A liberal education cultivates the well-rounded leaders that are most attractive to many employers. Nonetheless, our students are being conditioned to believe that specialization in a particular field

is a more practical educational trajectory. In turn, they are prevented from developing an appreciation of the true value of higher education.

There are a number of government policies and programs that draw university students, faculty, researchers and administration into this new model of higher education and redirect our universities’ intellectual energies towards addressing the province’s economic development agenda.



# Provincial Policy Support for the Business of Higher Education

The establishment of the *Ministry of Research and Innovation* (MRI), *MRI's suite of research funding programs*, the *Ontario Innovation Agenda* (OIA), and the development of the *Ontario Commercialization Network* (OCN) are among the range of policies that reflect the McGuinty government's commitment to encourage an instrumentalist approach to higher education and bolster a market-oriented university research strategy.

According to the Ontario government, MRI is focused on

...activities which support a skilled workforce and a prosperous and competitive business environment by: developing and leading an integrated and coherent innovation agenda to deliver excellence, performance and results; aligning and co-ordinating the Ontario government's investments to deliver the agenda; and fostering a culture of innovation and showcasing Ontario, nationally and internationally, as an innovation-based economy and society.<sup>5</sup>

MRI has initiated a number of measures that draw on Ontario universities' talents and expertise in an effort to create a culture of innovation.

*MRI's suite of research funding programs* offers Ontario institutions funding to carry out cutting-edge research. However, eligibility in many of these programs is based on a commitment to conduct research in specific government-designated fields. For instance, the Ontario government has committed \$730 million over four years in the Ontario Research Fund (ORF) in support of research that "can be developed into innovative goods and services that will boost Ontario's economy."<sup>6</sup> Higher education institutions may apply separately or as a partner in consortia with private partners, and though proposals are accepted from a spectrum of disciplines, applicants are encouraged to submit research proposals in specific "focus areas."<sup>7</sup> It is important to note that this concentration of research money in a fund that encourages university-corporate partnerships within specific focus areas is an indication of government priorities and clearly signals which

university research initiatives are deemed to be the most valuable to the Ontario government at a given point in time.

The Ministry of Research and Innovation also plays a central role in linking university research with business interests through its collaboration with the *Ontario Centres of Excellence* (OCE) and *MaRS*. For instance, in 2006, the McGuinty government announced the creation of the 4-year \$46 million Market Readiness Program (MRP). The MRP will receive funding from the Ministry, and is comprised of two components: the Investment Accelerator Fund (administered by OCE) and the Business Mentorship and Entrepreneurship Program (administered by MaRS). Overall, the MRP is providing business with financial support, training and management expertise, while supporting the development of commercial applications for technology created within Ontario's universities, colleges and research hospitals.

The Ministry's *Ontario Innovation Agenda* (OIA), supported by close to \$3 billion in spending over eight years, aims to deliver "a high and sustainable level of prosperity and healthy communities that provide high-quality jobs and better lives for people in Ontario."<sup>8</sup> According to the OIA, higher education institutions have a pivotal role to play in innovation:

They form the highly qualified people in the sciences, engineering, technology and health, as well as in commerce, law and economics, that an innovative economy needs. Their graduates represent the transfer of knowledge in its broadest sense because they are the people whose actions and decisions will help determine the success of companies in the global marketplace.<sup>9</sup>

As such, human capital development in our universities is being steered by the demands of the market place as determined by the Ontario government.

As part of the implementation of the Ontario Innovation Agenda, the government commissioned a review of the *Ontario Commercialization Network* (OCN) in 2008. The goal of the review was to provide recommendations for the creation of a renewed OCN in an effort “to ensure that Ontario establishes the kind of policy, program and service environment needed to support our world-class scientists and innovators in their efforts to turn research excellence and best-in-class technologies into new industries, new jobs, and future social and economic prosperity.”<sup>10</sup> In 2008, a steering committee comprised of industry, academia and finance leaders was assembled and submitted its final report to MRI in February 2009. Among the list of recommendations, it was suggested that:

- Sector based expertise can be derived from “provincial industry networks which include academia.”
- Support should be offered for leading edge research “where applicants can demonstrate significant provincial business opportunity and appropriate customer/supplier engagement.”
- Support should be offered for “the capture of intellectual property and technology transfer to Ontario companies.”

As with the proposed renewed OCN model, if funding is contingent on whether a university researcher can prove that her work will be of significant benefit to business interests, questions arise regarding the university researcher’s control over her research objectives and findings as well as the publication of those findings. University researchers involved in initiatives funded by this proposed OCN must be aware of the constraints they place themselves by entering into a consortia that is based on a business model of knowledge production.

The development of a renewed OCN reflects the Ontario government’s commitment to further involve our universities, on both sides of the consultation table, in the creation of policy that would fuel the business of higher education. Ontario university researchers and senior administrative staff were advised to provide feedback on how intellectual capacity can be used to

increase the number of university-industry partnerships, R&D intensity and commercialization. In turn, the suggested scope and function of academia in knowledge transfer have been outlined – notably favoring the interests of corporate partners.

Additionally, the McGuinty government’s *5-point Economic Plan* sets out a distinct role for Ontario universities vis-à-vis “stimulating the economy”.<sup>11</sup> Universities are expected to train Ontario college and university students to become tomorrow’s workforce. The government has also enlisted the cooperation of Ontario universities in realizing its commitment to “strengthening the environment for innovation.” Ontario Budget 2008 proposed the creation of the *Ontario Tax Exemption for Commercialization* (OTEC) – a 10-year refund of corporate income tax for new businesses that commercialize ideas developed at qualifying Canadian universities, colleges or research institutions in “priority areas such as, but not limited to, bio-economy/clean technologies, advanced health technologies, and telecommunications, computer and digital technologies.”<sup>12</sup> Since that announcement, Ontario university senior administration and researchers were consulted on the development of OTEC. They have been encouraged to work with corporate sponsors on the roll-out of this initiative that is intended to build on existing university-private sector partnerships and accelerate the commercialization of university-based research.

Overall, the provincial government has exerted a substantial effort in transforming our universities into knowledge factories. However, government’s policies are not created in a vacuum. They are hybridizations of a global trend that perpetuates the business of higher education.

# The Business of Higher Education: A Global Trend

There are many ways international governments corral universities into their economic development agendas.

As governments continue to fine-tune their innovation strategies, higher education institutions are consulted on how intellectual capacity can be used to ensure a sizable return on government investment in R&D.

Many governments are intensifying efforts at linking new knowledge from university classrooms and laboratories with development goals. For instance, governments continue to establish policy and (funding) programs that encourage the proliferation of university-industry collaborations. One of the reasons for the rise in the number of university-industry partnerships is the push for greater returns from government support for R&D (e.g. via the commercialization and diffusion of publicly funded research.)

Other governments have made major funding investments in specific university disciplines that are believed to provide the specialized knowledge and skills needed to meet current and future market demand.

Some governments have restructured the way they operate in order to establish a direct policy link between higher education and free enterprise. For example, in June 2009, the British government merged the departments for universities and business to create a new “super-ministry” called the Department for Business, Innovation and Skills (BIS), aimed at tackling the recession. The move places higher education institutions “at the heart of the government’s plan for economic recovery.”<sup>13</sup> However, this strategy has spurred criticism that these institutions’ cultural and educational roles would be sidelined.

Historically, higher education institutions around the world have been sensitive to the needs and political culture of their time; in Canada and the United States, universities continue to play an important role in advancing the values of a liberal democracy. For decades, North American universities have promoted knowledge creation in a wide scope of disciplines,

fostered the development of an engaged and empathetic citizenry, encouraged the pursuit of informed and critical inquiry and cultivated an environment of accessibility and inclusion.

However, twenty-first century national and local governments are instituting policies that place greater pressure on our institutions to contribute to the economy. In turn, the traditional roles of teaching, research and outreach/community service have been overtaken by greater emphasis on universities proving their “economic relevance.”

Scholars Roger Geiger and Creso Sá point out that “the American university today harbors a latent antagonism between its intrinsic commitment to learning and its purported embrace of economic relevance, an ideological tension combined with practical coexistence.”<sup>14</sup> Like the American universities, higher education institutions world-wide are enmeshed in the same challenge. These institutions must commit to maintaining a balance between the traditional priorities of the university and the business of higher education. This commitment needs to be supported by their respective governments.



# Conclusion

Our universities' contribution to society should not be measured by the number of start-ups initiated, spin-off companies created, international partnerships forged, nor the dollar-value return on knowledge transfer; these are insufficient indicators of the total value of Ontario university scholarship.

Furthermore, it is difficult to place a dollar value on the serendipitous discoveries that have been made in Canadian universities over the years, including the discovery of insulin and treatments for diabetes; the development of polymethyl methacrylate, the base material for Plexiglas; the creation of UV-degradable Plastics; the creation of a prototype that extends the battery life of portable gadgets such as the iPhone and BlackBerry.

Beyond increased support for basic research in the science-based disciplines, it is also imperative to enhance research support in the humanities and social sciences. Scholarship in these disciplines, for example, conveys how our history has shaped provincial, federal and international relations and reflects our collective understanding of national and regional identity. Overall, support for research must extend beyond the parameters of the business model of higher education. There is great benefit in sustaining a university system in Ontario where diversity of purpose and diversity of scope thrive.

If this alternate vision to the business of higher education is to materialize, we need to question the propriety in employing universities' intellectual leadership simply to advance industry's profit-based goals.

It is important to continue the debate on how government policy facilitates the development of a profit-driven ethos in academia.

We must seriously consider whether university teaching and inquiry should be guided by the traditional mission of the university – the pursuit of knowledge for the sake of knowledge – or the development of human capital and applied research in government-designated focus areas based on present and projected market demand.

If a balance between these priorities is desirable, Ontario universities should assume a more active role in communicating that balance to the provincial government so as to ensure that government policy does not mitigate our institutions' vision of their intrinsic scope and purpose.

This is the challenge our universities face vis-à-vis the business of higher education.

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- <sup>1</sup> Carlito Pablo, "Commercializing Stirs a New Academic Culture," Georgia Straight, Vancouver, British Columbia, February 9, 2009, Accessed September 2, 2009: <http://www.straight.com/article-201872/commercializing-stirs-new-academic-culture>
- <sup>2</sup> Canadian Association of Business Officers, "Financial Information of Universities and Colleges," 2007-08, Tables 2.1A and 2.1B, Sponsored Research – Total.
- <sup>3</sup> Canadian Association of Business Officers, "Financial Information of Universities and Colleges," 2007-08, 2002-2003, Table 2.1A, Sponsored Research – Total.
- <sup>4</sup> Paul Axelrod, *Values in Conflict: The University, the Marketplace and the Trials of Liberal Education* (Montreal and Kingston: McGill-Queen's University Press), 2002, pgs. 34-35.
- <sup>5</sup> Government of Ontario, "Ministry of Research and Innovation – The Estimates, 2006-07 – Summary," Ministry of Finance, Accessed: September 2, 2009: <http://www.fin.gov.on.ca/english/budget/estimates/2006-07/volume1/mri.html>
- <sup>6</sup> Government of Ontario, "Ontario Research Fund," Ministry of Research and Innovation, Accessed: September 2, 2009, <http://www.mri.gov.on.ca/english/programs/ResearchFund.asp>
- <sup>7</sup> For ORF-RE Round 4, MRI has identified the following focus areas: bio-economy and clean technologies; advanced health technologies; and, digital media and information & communications technologies. See Ministry of Research and Innovation website, Accessed: September 2, 2009: <http://www.mri.gov.on.ca/english/programs/orf/re/program.asp>
- <sup>8</sup> Government of Ontario, Ontario Innovation Agenda, Ministry of Research and Innovation, Toronto: Queen's Printer, p. 1.
- <sup>9</sup> OIA, p. 18.
- <sup>10</sup> Government of Ontario, "Ontario Commercialization Review: From Good to Great," OCN Review, Ministry of Research and Innovation, Accessed: September 2, 2009, <http://www.mri.gov.on.ca/english/ocnreview/default.asp>
- <sup>11</sup> Government of Ontario, "2008 Ontario Economic Outlook and Fiscal Review," Ministry of Finance, 22 October, 2008, Accessed: September 2, 2009, <http://www.fin.gov.on.ca/english/budget/fallstatement/2008/factsheet/index.html>
- <sup>12</sup> Government of Ontario, "Highlights from the 2008 Ontario Budget – Corporation Tax Act, Taxation Act 2007," March 2008, Ministry of Revenue, Accessed September 2, 2009: <http://www.rev.gov.on.ca/english/notices/ct/6027.html>
- <sup>13</sup> Polly Curtis, "Mandelson to set out role for universities in business super-ministry," The Guardian, London, England, June 15, 2009.
- <sup>14</sup> Roger L. Geiger and Creso Sá, *Tapping the Riches of Science: Universities and the Promise of Economic Growth*, (Cambridge: Harvard Printing Press), 2008, p. 1.
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