University marketization: the process and its limits

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The issue

The title of this volume makes clear that it focuses on two fundamental societal institutions, the university and the market, and, more particularly, on the interaction of the two. The issue is how the university, one of the oldest social institutions in Western societies, can cope with modern market mechanisms. Universities have been around for a long time, and apparently they continue to grow and prosper. We are witnessing a continuing worldwide expansion of the university as an institution, subsequent increases in enrolment, and almost an ‘explosion’ in the number of areas being studied [1].

If the persistence of the university is undoubted, so are the debates and the strong calls for change and reform of the university and its mission, activities and direction. The present time is no exception. We are overwhelmed by demands for university reform, particularly as research, education and ‘knowledge production’ are at the top of the agenda in both regional and global policy-making. The current general ambition to realize the plans to become an authentic ‘knowledge society’ have led to a somewhat paradoxical situation, where the university as an organization and the academics as its constituents are looked on with a certain degree of distrust, but at the same time, their achievements and importance are repeatedly stressed and highlighted. Increasing attention and a renewed focus on academic activity has thus followed, together with renewed calls for change and reform.

This time, it seems, it is the market that prescribes the guiding principle and role model for change. Demands for reform are couched in corporate- or enterprise-based rationalization, and we find arguments that the university needs to turn to the market or to adopt market ideals and market principles. Hence universities are supposed to reorganize in order to be able to meet market demand and to contribute to the development of the market and to our societies at large [2,3]. Universities are asked to adapt to, and to act in closer interaction with, the market. What is actually meant by ‘the market’, remains, however, in many ways unclear.

The meeting of science and the market can be described as a gradual process of ‘marketization’. This term does not describe a steady state of affairs; it rather depicts a process whereby a market is constituted. Marketization entails two important components: first, an increasing presence and acceptance of a market ideology, and secondly, market-oriented reforms with the expressed aim

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of developing markets as the prime institutional arrangement [4]. The process of marketization is thus highly consequential and means more than just a change in rhetoric or terminology. It entails also fundamental shifts in both ideologies and practices. Marketization is a far-reaching process currently running through many societal spheres, including the university sector, and involving a widespread and deep transformation of society with economic, social and political dimensions.

General features of the process

The links and relationships between the university and the market are complex and multifaceted, and the process of marketization takes many shapes and expressions in current university reform policies and practice. Some of the general features of the process which are discussed in this volume include:

- the social rationalization of university aims and missions;
- changes in regulations and assessments of universities and of academic work; and
- the increasing commercialization of universities and of the sciences.

The social rationalization of universities

Stepping away from what is perhaps a rather utopian image of the university and its researchers as the full independent protectors and seekers of good knowledge and ‘truth’, we now find the universities and the researchers arguing for their existence and their importance in a number of new ways and situations. Universities are formulating new missions and visions, which take account of and respond to the demands from society and from stakeholders outside the university. Reflecting on the historical role of the university as the ivory tower of truth, knowledge and good scholarship, Sir Brian Heap (Chapter 1) illustrates how the university mission today has been supplemented with other aims: most specifically with the obligation to produce ‘useful’ research, i.e. research that can be transferred and used for the public good. Research, he claims, has moved into the centre of governments and policy-making, marking the rationale shift from research for its own sake to research for the good of society and industry.

Research, and hence the university, has become a key feature of the knowledge society. Stephen Hagen (Chapter 10) specifically alerts us to the increasing role and interest that the EU (European Union) is currently showing in policy developments in higher education and research. As part of the EU’s expressed aim to become globally competitive in the future knowledge economy, the importance of higher education, research and learning/innovation are stressed. This is clearly visible in the Lisbon Agenda and in the Barcelona goals of spending 3% of GDP (gross domestic product) on research, where the commitment to the university as the main procurers of education and producers of research is clearly stated. These EU initiatives and almost constant rhetoric reflect a belief in the capacity of science and research to secure and enhance the well-being of our societies, including supporting social welfare and integration, creating competitive industries and companies, and enhancing the economic growth of nations and regions.
Regulation and control of universities

With changes in the rationalization of the university mission and the increasing political interest and debate on universities and university reform, we also find an increasing interest in regulation and control. Thus as part of marketization, regulatory changes occur in various national contexts, as well as a significant increase in transnational regulations and attempts to standardize and control education and research across national boundaries. New regulations are often built on the logic of the market, encompassing principles for voluntariness, competition and freedom of choice. Thereby they are distinguished from traditional, nationally delimited and governmentally decided regulatory forms [5].

Following the EU discourse on the knowledge economy, a set of initiatives has been implemented at various levels to regulate and govern universities. Best known is the inter-governmental Bologna Process in higher education. Other important initiatives are the establishment of a ERC (European Research Council), formally established in 2007 [6], and the creation of a European Institute of Technology, to be launched during 2008. It is striking that these initiatives are characterized by the use of, and reliance on, market mechanisms for the control and regulation of universities and, most particularly, the idea of competition. For instance, when the ERC was established, the expressed aim was to create European-wide competition among researchers and research groups and to promote ‘excellence’ in research, thereby improving the competitiveness of European research and, ultimately, also the competitiveness of Europe as a knowledge society.

With the decreasing role of national governments in regulating and governing various societal areas, including higher education, one can also detect clear tendencies towards increased production and supply of ‘softer’ and more voluntary forms of rules and regulations, such as policy statements and standard operating procedures [7,8]. These are not always controlled by national governments and often are shaped at the transnational level [9]. The EU has set up standards and recommendations, such as those articulated in the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers [10], which influence university recruitment. In addition, ‘market mechanisms’, such as quality- and performance-measurement schemes, assessment exercises and evaluation practices, are introduced. Together, these initiatives constitute new ways of working and regulating universities, which, in turn, imply new means and modes of control of academic practice [11,12]. One crucial early example in European higher education, mainly developed in management education during the late 1990s, was the introduction of accreditation procedures and rankings [12,13].

Commercialization of universities

A related development is the commercialization of universities and their activities. It can be defined as ‘the ambition of the universities to make money from their educational and research activities’ [14]. It involves the practice of profitable deployment of research, where universities more-or-less systematically not only use patents, spin-outs, industrial applications etc., but also market themselves through other activities such as sports, IT (information technology) education and tailor-made high-profile executive education for companies. They do so with the
aim of making money. Making a profit has become, as Eddie Holt (Chapter 12) claims, a near obsession in universities and has supplanted, or at least supplemented, the traditional aims of ‘truth-seeking’ in the academic world. In order to secure financial support through major donations, some institutions, notably among the business schools, have even been prepared to change the name of the school itself [14,15]. These tendencies are related to changes in the funding of universities, with a decrease in public governmental spending in most countries, and an increasing need to rely on external (often private) sources for money. As a result, both in education and research, we now find a mixture of funding: public money, tuition fees, sponsored research, private donations and other means of non-government funding.

Specific developments

While the previous remarks are general reflections on the changing role and character of relations between university and market, the authors of the present volume also describe two specific developments characterizing the process of marketization of universities, each representing a slightly different understanding of the market:

- a closing of the gap, and intensified relations between the university and the market as a distinct entity and counterpart in the wider social context of the university; and
- the development of the university as a strategic actor and entity, acting on and constituting a particular form of university market.

Closing the gap between universities and the market

One part of the Conference discussion concerned the role of research and universities as participants in what we can characterize as the knowledge market. Many of the contributors discussed and presented examples of increasing demands for closer interaction with industry, and for making research results available and applicable outside of universities; in short, a general drive for commoditization of scientific discoveries. Marketization, in this case, describes a process whereby universities are changing to become more closely engaged with the business and industry sectors of society, working in new ways and in new constellations to meet demands from the public and from society.

Sir Brian Heap noted that we have supplemented ‘curiosity-driven research’ not only with useful research, but also with the notion of commodified research, or the expectations and demands of making scientific research results commercial and applicable in industrial and commercial settings. It follows also that research is organized and conducted differently; for instance through contract research or even joint research ventures with industry. Thus universities are re-organized to facilitate and promote closer interaction and relationships between the two spheres. This, in turn, also means that research is increasingly being assessed and rewarded according to its ‘market value’, for instance through the number of patents and spin-offs generated, making issues of IPRs (intellectual
property rights) increasingly important. There is a parallel development in education, which allegedly has to become better adapted to the short-term needs and demands of the market. This is, for instance, evinced by demands for 'employability' of graduates, as suggested by Ulrich Teichler (Chapter 4).

As an example of the process, Günter Stock (Chapter 8) reminds us that there are many ways in which universities and industries today compete but also produce knowledge and research together. The borderline between the two is not always very clear and distinct. He identifies the need to find new and better ways to increase the exchange and interaction between the university and industry, and to develop new forms of co-operation in the production of knowledge and research. This might, for instance, take the form of an increasing use of public–private research partnerships, joint research projects, contract research, sponsoring and donations for research. This challenges the traditional linear conception of invention, where basic research, mainly done in universities, is followed by application and innovation, mostly conducted by industry. With increasing interactions and joint research activities, this model does not hold true, both Stephen Hagen and Yrjö Neuvo (Chapter 11) claim. They suggest instead that it is more relevant to talk about knowledge exchange. Rather than regarding knowledge transfer or knowledge creation as separate processes, one should talk about the co-creation of knowledge taking place in the interface between industry and universities.

There are a number of specific efforts to increase the interaction between universities and industry, and, in essence, ambitions to close the gap between them. At the Conference, Carlos Ferreira used the development of a science park in Lisbon, the Taguspark, to illustrate how these demands are driving large-scale restructuring and reorganizing projects, involving both local and central governments, universities, industries and other organizations. Another example of restructuring initiatives to bridge the gap to the market now found at universities all over the world is the technology-transfer office, as discussed by Kevin Cullen (Chapter 9). He emphasizes the need to be specific about what tasks these intermediary agents actually are expected to perform. Are we primarily going after revenues or do we want to interact in order to make positive contributions to the surrounding community/local business environment? These aims are sometimes contradictory and they require different means of assessing the success of university–industry interfaces.

A particular issue for universities to address in order to overcome or reduce the gap between the university and industry, and particularly in making research an important promoter of innovation and industrial development, is IP (intellectual property). This is a problematic area where it is often difficult for universities to play the intricate and costly patenting game. It is perceived as both time-consuming and costly, and very often there is no or very limited expected revenue. As Joseph Straus (Chapter 6) points out, it is also problematic partly because there is an inherent contradiction between patenting and academic freedom. His comparison of the U.S.A. and European patent laws, however, illustrates that there are many ways to make these legal systems more compatible, and to make changes in the patent law, which would protect rather than threaten the academic freedom of university researchers and scientists.
Another problem with patenting, addressed by Eoin O’Neill (Chapter 7), is to find the proper motivations for researchers to take part in this process and also to create adequate reward systems. He claims that rather than turning this into a matter of cash flow for the universities, it is far more important that this activity is beneficial for the individual professor and researcher. In order to decide what is to be rewarded and how, he also stresses that the system needs professionally trained ‘judges’ to evaluate the scientific work and the outcome of research.

**Universities developing capacities as strategic actors and the forming of a university market**

A second specific aspect of the marketization of universities is the changing role and character of the university as a competitive entity, and the transformation of the university sector into a market of its own. Here, marketization describes a process whereby the logic and means of competition within the academic sphere is changing, increasing the need for universities to position themselves and act strategically to gain status and reputation in a competitive academic field. This is related to, and partly driven by, many of the developments described above, but is also a distinct feature of this development. It regards and describes universities as competitive entities, competing with each other as well as with other ‘knowledge organizations’ for resources, reputation, students and status. This reflects a change whereby universities are becoming strategic actors, driven and regulated in part by their competition for external support and resources. Thus there are tendencies for universities to become organized as market actors and act more strategically in relation to their environment.

These tendencies drive what can be described as a managerialization of universities. Both Lars Engwall (Chapter 2) and Richard Whitley (Chapter 3) note how universities have taken on more formal organizational structures, managerial principles and strategies, making them gradually look more like conventional firms and corporations than they used to. They have, for instance, established firm-like PR (public relations), media departments and strategies. They are also heavily engaged in strategic planning, mission-statement production and implementing marketing procedures. In so doing, they are more and more referring to, and relying on, modern management ideas. Increasingly, they are also competing with each other, not only for research funding, students, faculty and other resources, but also for reputation and status, both within and outside the academic domain. As Lars Engwall also points out, international developments and an increasing internationalization of universities push competition between institutions of higher education and research even further.

An illustration and a case in point as to how competitive features of a university market are being built into the academic systems, is the contribution by Matthias Kleiner (Chapter 5) on the ongoing German Excellence Initiative. In this framework, international competitiveness and performance indicators have been built into the evaluation and funding systems. The Excellence Initiative is a research-driven strategy to evaluate and assess universities and research organizations in Germany, and it is an attempt, despite all problems, to assess success and international excellence in research. It also includes assessments of the ‘institutional strategy’ of universities, rewarding what are considered to be the ‘most promising’ overall institutional strategies.
Another distinct feature of the increasing competition for students and external support, legitimacy and reputation are the steadily growing number of institutional ranking lists and league tables, both national and international. Eddie Holt, in his contribution, reminds us of the fact that regardless of how crude and imprecise such measures are, they nevertheless are influential in shaping the perceptions of universities and of research among students and other external constituents. The introduction and use of ranking lists, such as the Academic Ranking of World Universities by Shanghai Jiao Tong University and the World University Rankings by the Times Higher Education Supplement, represents a general growth in audit practices and technologies, a process that some researchers have even labelled the ‘audit explosion’ [16]. As the idea and practice of audit and accountability have entered the academic context and become embedded in evaluation and assessment practices, it has become associated with a cohort of terms relating to the market and to market ideals, such as performance, value-for-money, efficiency and benchmarking, to name but a few [17]. Thus through rankings tables and media attention, universities are constructed as market actors, and as constituting a market of their own. As these gain attention and increasing interest, not just among students and external constituents, but increasingly also among universities and university managers, they are important for shaping competition among universities and institutions. Rankings have become visible measures of ‘success’ in this competition and are prominently used to advance and advertise university brands, profiles and positions in the ‘market for universities’ [13].

**Interrelated processes**

While the two processes described here represent two different conceptualizations of the ongoing marketization process, each holding a different view of the market and of the drivers for further marketization, they are, in reality, closely interrelated. Marketization in the first case appears to be driven by external demands for money, resources and legitimacy in the public sphere, whereas in the second case, there is a striving for status and reputation in the increasingly competitive university field. Money and status are, in many ways, closely related. Money and legitimacy in the public sphere are prerequisites for gaining reputation and status as a university, while an increasing reputation and status makes it easier to attract money and resources from external sources.

Together, these two processes contribute to an increasing marketization of universities and of academic work in the sense that they, first, help to promote and consolidate a market ideology in academia and, secondly, result in market-oriented reforms that change the character and work of academic institutions and its participants. As has been noted above, both processes drive changes in the organizing and structuring of academic work as well as university management, in the motivation and rationalization of universities, as well as of researchers and teachers, and in the assessment and evaluations of academic activity. They are both also clearly couched in, and driving a consolidation of, a market terminology and ideology in academic work and university management.
Some issues for debate

The observed tendencies for increasing marketization of universities and constituent parts leave a lot of questions open for debate. Some of the questions and issues raised in relation to these developments are:

- What drives the development we are describing and experiencing?
- How far can this process of marketization go?
- What are the potential problems of this development?

What drives the development we are describing and experiencing?

We can find many interrelated driving forces behind the observed developments. Political demands and regulatory changes are often assumed to be the prime movers in marketization processes, as we have described. As stated in the Introduction, a host of regulatory and policy changes in national settings, but also in transnational settings, has driven demands for market ideals and principles and spurred market-oriented reforms. Many of the authors we have mentioned have noted, however, that there are certainly other driving forces behind these developments. Entrepreneurial researchers, professional organizations and interests, and highly motivated individual ‘knowledge workers’ are important, as are universities and their representatives, in shaping both the demands and the markets of which they are a part.

The examples provided suggest that there are professional and scientific forces behind this increased interaction between universities and industry. Thus many of the initiatives are started and pushed forward by entrepreneurial researchers and institutes who willingly and gladly take on the role of market actors. Stephen Hagen provides us with numerous examples from the Universities of Twente in The Netherlands, Aalborg in Denmark and Warwick in the U.K., for instance, showing how ‘entrepreneurial’ universities have pushed ideas of the marketization of science forward by incorporating ideas and practices of knowledge exchange into their core missions and strategies. Furthermore, specific organizational motives and drives for money, reputation and status among universities contribute to the construction of universities as strategic market actors. As a particular case in point, the Conference offered insights by Hans Wigzell, the former president of the KI (Karolinska Institute) in Stockholm, and his work to reform the KI into a competitive institution. These efforts included: creating strategic funds to decrease the dependence on government funding, introducing activity- and performance-related pay for scientists, restructuring of academic departments and creating strategic alliances with other universities and institutions. In responding to pressures and changes by introducing new market ideals and principles, such as technology-transfer offices, PR departments etc., universities are, in turn, strengthening and consolidating the market ideology and ideal even further.

It has to be pointed out that marketization is not an automatic and autonomous process, but one that requires the active involvement of universities, as well as researchers themselves. Marketization does not mean a passive adaptation to market principles and ideals; it is an active process to construct markets and
market actors. The introduction of ranking tables for business schools serves as an example. The introduction of these market mechanisms is itself a sign of, and one part of, marketization. It is a response to demands from students, businesses and others for information and for guidance on the quality and evaluation of academic work. But the introduction of these mechanisms has been important in shaping this market and in constructing market actors and relationships. In responding to these mechanisms, business schools have set up external-relations departments, increased PR and branding activities etc., and are beginning to act like market actors. Students also use rankings to argue that they are ‘customers’, demanding more and better services of various kinds: career services, recruitment activities etc. This activity also drives the process of marketization of these organizations further [13]. Thus we can describe marketization as a ‘spiral’, a process that gains power and momentum through different mechanisms and reforms, and through the reactions and responses to these. In this way, the changes brought about by the processes of marketization can be assumed to be both deeper and more inclusive than they would otherwise have been.

**How far can this process of marketization go?**

If we think of the development in focus here as a marketization process that gains increasing momentum and power as we respond to and meet the demands of the perceived markets, we begin to ask where all this is heading and where it will end. How far can this process of increasing orientation to markets and the strategic orientation of universities and the sciences go? Both Lars Engwall and Richard Whitley note that there are clear limitations to how much universities as organizations can become market-oriented and strategic actors in the same sense that we consider corporations and multinational companies to be. Specific features of science and research, including the inherent uncertainty of research processes and results, as well as specific characteristics of universities as organizations, such as strong professional control and relatively weak management control over financial resources, limit the ability of universities to become ‘autonomous strategic actors’ and to take on a fully ‘marketized’ character.

The specific character and logic of the university and the scientific community that restricts the process of marketization is a recurring topic of this volume. There are examples of implemented changes in organizational structures and work procedures, but the key question is whether these changes also are connected to fundamental cultural changes in the way the research system works and how researchers are rewarded. In many instances, it seems, the answer is no. Changes in culture are much more difficult to fabricate and ‘design’, and they take a long time to implement. Academic research remains a specific form of activity, and the scientific community keeps its dominant influence on research priorities, work procedures, evaluation standards and reward systems. These fundamental cultural forces reduce at least the immediate effects of the marketization process.

There is also the question as to what extent it is desirable that the culture and spirit of research should change, and how much they can change before research loses its distinctive character and basic value. The core issue is perhaps the striking of a balance between market orientation, on the one hand, and the protection of basic academic culture and values, on the other. Or is it, as Eddie Holt claims, already too late? Have market values already colonized the culture of
the university and the minds of its members to the extent that it is too late to save the university as a distinctive societal institution? This remains, perhaps, an issue for further debate.

**What are the potential problems of this development?**

While most contributors are positive to the idea of universities interacting and contributing to society and ask for closer relations and better communication between universities and their constituents, there remain a number of potential problems in this development. They ultimately concern the legitimacy and perhaps even the survival of the university as an institution and its role in society. What role are the universities and academic research going to play in the future? One particular concern is the crucial role of universities in the critical assessment of the ongoing economic, political and industrial development in our societies.

This particular role of universities is perhaps more difficult to preserve in the presence of an increasing interaction between universities and the market, together with an increasing influence of political and market ideals and ideas in the formulation of research problems, joint research projects and other activities. Furthermore, doubts have been raised about whether an increasing marketization process is the right way to ensure the future capacity of the university to solve important problems in, for instance, health, energy and global warming, as suggested by Günter Stock. This process would perhaps require research and science that are less geared to be immediately applicable or patentable, and instead more focused on finding long-term solutions and alternatives to current markets and market demands. Other questions relate to the role of academic freedom, the creative spirit and culture of the university and research, the motivation of researchers and the status of science and the research profession. What happens to these as the market takes hold of the university? What are the effects on public trust in the university as an independent critical institution? If and when that trust is lost, then why should anyone care about the survival of the university?

**Implications**

Marketization of universities is a complex and multifaceted process that is not easily captured in a few stories from the field, as this volume illustrates. Processes of marketization comprise many elements, from ideological and cultural elements, via models and practices of academic work and university management, to very tangible and explicit work procedures and evaluation mechanisms. Marketization is also a very active process, having many drivers and motives both inside academia and in society at large, and is continuously being carried forward both by ourselves and through our relations with society. Attempting to understand this process is thus a daunting but important task.

An issue that deserves our attention, which we have only briefly touched on in this volume, is the limits of marketization. In what instances and situations is marketization not a characteristic of and driving force for change? Are there counter-movements and parallel developments that are equally powerful in shaping the university and the academic fields that we are missing? Can marketization go
on forever, and if not, what follows then? Perhaps it is time, also, to consider the alternatives of marketization and to look for examples and models where marketization has not yet come to dominate. This is important, not least in order for us to better understand, and continue to discuss, the implications of these developments and to help formulate our strategies for the future.

References