

THE CHALLENGES OF COMBINING SOCIAL AND COMMERCIAL ENTERPRISE

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University-Business Partnerships: An Assessment

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Readers of this journal, even avid fans of Norman Bowie's work, might be tempted to pass up his *University-Business Partnerships: An Assessment*, assuming that it addresses a specialized topic of interest only to a narrow audience of university administrators, corporate research directors, and public policy makers. This would be a mistake. To be sure, those most directly involved in these alliances should find this volume a valuable resource. It combines a lively, thought-provoking monograph by Bowie with an extensive set of readings that includes comments by prominent university officials, critical observers, and business participants. However, Bowie's book engages important issues beyond its specific brief and should interest a much broader audience.

By allowing us to compare the nonprofit organizations most of us work for to the corporations we study, *University-Business Partnerships* contains important insights about the norms that characterize these different institutions, their roles in society, and the feasibility of mixing commercial methods with social objectives. It provokes readers to ask: "What do the problems with these alliances say about the nature of business, the incentives it creates, and the values it embodies? What would be lost and what gained if universities adopted a more commercial structure? What limits should be set on the expanding domain of business practices?" These questions are especially important during a time in which the business is seen as *the* model of efficiency and innovation.

Bowie's book also should be studied for its method, since it provides an instructive example of what might be called "integrative applied ethics." Bowie effectively weaves together ethical issues, history, and economic analysis to construct a comprehensive and empirically grounded survey. Even in his selection of readings, Bowie has chosen accessible, practical materials rather than

philosophical tracts about the topics raised in his monograph. Bowie has made this book practitioner-friendly and by so doing, he effectively demonstrates the value of incorporating ethical considerations into the nuts and bolts of organizational strategy and structure. *University-Business Partnerships* easily avoids the oft-heard complaints that the work of business ethicists is too abstract.

In this essay, we first place this topic in the context of current efforts to “reinvent” social-purpose organizations. We then review the key steps in Bowie’s assessment. Finally, we present some suggestions and guidelines for further work. Our comments draw not only on Bowie’s analysis, but also on our own observations regarding efforts to bring commercial methods into social-purpose organizations.

Reinvention of the Social Sector

Universities belong to that group of nonprofit and public organizations called “the social sector” (Drucker 1994). Throughout history, social sector organizations have provided goods and services that, presumably, would not be adequately or appropriately provided if left up to the actions of private markets and profit-seeking firms. Though their specific goals vary, all “social enterprises” endeavor to enhance societal well-being in some way, driven more by their mission than the market or profit. Though the boundary between the social and commercial sectors varies over time and across nations, a substantial social sector exists in almost every developed society, typically including large segments of education, health care, social services, and the arts.

In recent years, both government agencies and nonprofit organizations are “reinventing” themselves to be more businesslike. Financial pressures on most social-purpose organizations have increased, and the situation is expected to get worse. In many areas of the social sector, costs have been rising much faster than general inflation. At the same time, government subsidies have decreased and private donations and grants have not made up the difference. Even where subsidies have not yet declined, they are under serious threat, as governments at all levels struggle to balance their budgets. This weakness in government and private funding, coupled with the proliferation of social sector organizations, has fueled intense competition. Accordingly, many social enterprises are searching for new ways to control costs, improve effectiveness, and increase revenues.

Accompanying this fiscal pressure is an apparent ideological shift. The power and resilience of commercial modes of operation has become a major theme in stories of everything from the fall of the Soviet Union to the rapid spread of technological innovation. Once perceived as part of the problem, business is increasingly (even if grudgingly) admired for its dynamism, its market-discipline, its incentives for efficiency and innovation, and its economically self-sustaining character. At the same time, the public has raised serious questions about the effectiveness of traditional social-sector organizations. These new attitudes toward business have made commercialization more palatable to many social-sector leaders.

As a result, old sector boundaries are being tested and discarded, and the character of the social sector is changing. We are witnessing, for instance, an unprecedented expansion of business into social-sector domains (e.g., investor-owned hospital chains), increased privatization of public services (from garbage to education), a proliferation of business initiatives in nonprofit organizations (from museum catalogues to insurance companies owned by the American Association of Retired People), and the creation of innovative social-purpose business organizations (e.g., for-profit community-development banks).

As Bowie's historical sketch shows, university-business alliances fall squarely into this trend. In the early 1980s, universities saw federal funds for research stagnate at the same time costs were going up. By capitalizing on their research skills and facilities, universities thought they could use partnerships with business to augment declining revenue from their traditional sources. In short, universities found that, just as they market their educational capabilities to students, they can market their research capabilities to corporations. The commercialization of university research also struck a responsive chord with public policymakers since the partnerships promised to help universities "pay for themselves," reducing the need for government subsidy, and held the possibility of improving the economic fortunes of local communities, states, even the whole country.

By contrast, critics have charged that these cross-sector partnerships threaten to undermine the very core of the university's mission. Most of Bowie's monograph considers this critique, providing a counterpoint to the advocates of these partnerships and exposing some of the difficulties that emerge in the commercialization of any social enterprise.

Risks to Core Academic Values

Bowie's monograph is segmented into two major parts. Part One, which he titles "An Assessment," provides rich historical background and sets the contemporary context. It is in Part Two, "An Evaluation," that he begins to dissect the concerns that have been raised about university-business partnerships. Bowie takes an evenhanded approach to his subject. He closely examines the arguments of proponents and opponents, amending extreme claims when they clash with the facts. The resulting presentation effectively captures the conflict and the ambivalence that surround these alliances, while providing a fascinating comparison between commercial and academic enterprises.

At the heart of the debate lies the allegation that university-business partnerships undermine core academic values. Though Bowie entitles only one of his chapters "The Clash Between Academic Values and Business Values," this clash permeates his evaluation. We organize the normative questions Bowie raises around three central academic values.

Creating and Sharing Knowledge for the Public Good

Though both businesses and universities value the creation of knowledge, it is the values and norms surrounding its dissemination that differ. In business, knowledge is to be owned, controlled, and put to productive (profitable) use; its dissemination is a matter to be decided by considerations of competitive strategy and regulatory requirements, not something inherently desired. In contrast, universities call for the open dissemination of new research through publication. Critics worry that partnerships with businesses will lead to delays in publication, excessive secrecy, and harmful restriction on the use of the knowledge created.

Bowie shows that concerns about publication delays have been effectively quelled through contractual provisions between universities and their business partners (p. 51). However, another form of secrecy might be exacerbated by business involvement. Even without business ties, researchers vying for prominence have been known to be touchy about sharing details of their work. Bowie argues that the new partnerships might make this problem worse. He suggests that "little can be done except to rely on the conscience of the researcher. University-business partnerships do not create a new problem; rather they augment an old one" (p. 55).

Bowie seems more troubled by universities selling patent rights and exclusive licenses. Patents restrict the use of knowledge and confer a temporary monopoly position to the patent holder. The profitable exploitation of patents may put universities into a difficult position since this could involve pricing and production decisions that temporarily limit the benefits to the public. The university might even sell exclusive rights to businesses who wish to keep innovative products off the market so as not to cannibalize their existing product lines.

This concern flies in the face of the standard justification of patents, namely that the availability of patent protection provides an incentive for both innovation and for knowledge dissemination. Those who file for patents must disclose details of their innovation, making information available to others. Therefore, a patent can be much better for society than a trade secret developed in a private lab (Paine 1991). In addition, the availability of patent protection may attract incremental funding for university research that might not have been undertaken otherwise. It is better to have a new patented cancer therapy that is initially costly or restricted than not to have it at all. Eventually patents expire, making the technology widely available. In the meantime, because they are in the public record, they can inform and inspire other researchers.

Instead of getting entangled in the debate over whether the patent system provides optimal incentives for innovation, Bowie concentrates on ways universities might make patenting align with academic values. Even if it is socially beneficial to allow patenting, some uses of the patent system may conflict with important academic traditions. Bowie suggests that universities approach patents with multiple objectives in mind. Rather than awarding licenses to the highest bidder, they may want to stipulate conditions that help assure production and pricing decisions that the university can live with. This may well reduce the

revenue potential of the patent and, thus, the financial incentives for universities to engage in applied research, but it will preserve academic integrity.

Putting Academic Duties and the Public Interest First

The roles society ascribes to businesses and universities differ, and this may lead to conflicts of interest and commitment. Businesses are primarily expected to create economic value for their investors, exchange value for customers, and, thereby, prosperity for society. By contrast, universities are expected to provide a high quality education that equips their graduates to be well-functioning members of society and, in their research endeavors, to be a source of new knowledge and unbiased information for the benefit of the public. Accordingly, members of the university community are expected to display a greater degree of commitment to the public good.

Bowie notes that mixing these roles and expectations in university-business partnerships may create both actual and perceived conflicts of interest. Actual conflicts occur when the potential financial benefits to an individual researcher or to the university bias the research results. Perceived conflicts occur when confusion over a university scientist's role in carrying out sponsored research leads to public suspicion of bias that is not easy to dispel, potentially undermining the credibility of university-based research.

As in the case of research secrecy, Bowie recognizes that "disinterestedness" is a quality that is only partially achieved by academic researchers even in the absence of business partnerships. If a professor has staked her career on a particular theory or methodology, her self-interest might bias results. However, Bowie worries that financial incentives are even more "corrupting" (p. 88) than the drive for academic prestige. He notes that university policies can help (and he includes examples in the readings that accompany his monograph), but he seems to question whether such policies can sufficiently mitigate the conflicts, either real or perceived.

In addition to conflicts of interest, Bowie introduces the idea of "conflicts of commitment" to describe the danger that faculty will come to change their priorities to devote more attention to their ties with businesses than their academic duties. Faculty responsibilities toward teaching, basic research, administration, peer review, and public service, are not clearly defined. As Bowie notes, faculty find that each function is "greedy"—there is always more to do than time allows. Something must give, and the presence of financial incentives could distort the process of setting priorities at the individual, departmental, and university levels. However, the presence of conflicting pressures has been common throughout the history of research universities. Some analysts have even suggested that the success of the U.S. research university stems precisely from an aggregation of commitments (Elias 1995). Again on this point, Bowie comments: "The important question is whether the existence of university-business partnerships makes the traditional problem substantially worse" (p. 76). He suggests that it does, thereby creating a difficult contracting problem for universities.

Distributing Power and Resources to Serve the Social Mission

Rules for the appropriate distribution of resources differ for the business and academic worlds. Theoretically, in business, resources should flow to their most economically productive uses. This is facilitated by a competitive, market-based selection process in which value-creating enterprises thrive while those that fail to produce sufficient economic value wither and die. Thus, businesses generally are reconciled to the "creative-destructive" process of capitalism. Alternatively, while departments and universities can compete aggressively for students and funding, it can be argued that the distribution of resources in the sphere of higher education should not be governed primarily by market forces, but by the ideal of providing a well-rounded education to as many members of society as feasible. According to this view, it is healthy for a diversity of disciplines and perspectives to be maintained, even if these disciplines and perspectives are not economically self-sustaining.

When universities ally themselves with businesses, Bowie fears that resources and power will be skewed towards those who are most attractive to commercial interests. He worries about the distribution of outcomes:

Who are the winners and the losers? I contend that the winners are the large research universities while the losers are the liberal arts colleges and the non-research-based universities. Within the large research universities the winners are the biological sciences, engineering, the medical school, and to a lesser extent information sciences. (p. 91)

Though Bowie integrates these topics, we find it useful to separate the distributive effects *between* institutions of higher education from those *within* universities, since concerns about the former carry less weight. Even if one sympathizes with the plight of small liberal arts colleges who do not have commercial research opportunities, this seems to be a perverse reason to object to university-business partnerships. The economic gains created through business partnerships are not directly taken away from small liberal arts colleges, but represent incremental income to universities that presumably will be used to further socially-beneficial education and research. The concern over the distributive effects between universities would have more force if it were only the elite and exclusive schools that were commercially attractive. However, many of the "winners" are large state schools that are already much more accessible to disadvantaged students than many of the small liberal arts colleges that are the "losers." If they work as planned, research partnerships could help keep the costs of university education down, making it even more accessible to those of limited means. Perhaps our society should regard liberal arts colleges as an "endangered species" to be protected. Even if we do, constraining university-business partnerships would not go very far in keeping endangered colleges alive. The problems facing small liberal arts colleges are much deeper and more systemic.

The more serious issue is distributive justice within major research universities, and this is where Bowie places the bulk of his attention. Even here,

the problem is not obvious at first pass. In theory, business partnerships were designed to bring incremental funds into the university. If they are successful, it should help and (at least) not hurt other university departments; the rising tide of university revenue should lift all boats. The problem, Bowie suggests, is largely an issue of governance and control. As he analyzes the situation:

There are at least three major areas of concern. First, the creation of [business-funded research] centers will undercut the power of the departments and fragment governance; second, those faculty who engage in patentable research may obtain positions of power and undue influence; and third, the traditional peer review system could be weakened or undermined. (p. 94)

Together these effects could lead to a distortion in resource allocation and undermine the culture and mission of the university. If power and resources shift to revenue-generating areas, universities may not be as effective in their basic educational mission. The creation of a public good (a well-rounded education) may be threatened by the economic benefits associated with the production of a private good (commercially valuable research).

Economic Uncertainty

Many defenders of university-business partnerships assume that commercialization's risks to the mission and values of a social enterprise are offset by the economic rewards of businesslike behavior. Bowie wisely questions this assumption and examines whether these partnerships deliver the payoffs to universities, businesses, and the U.S. economy that advocates anticipate. His conclusion is that the economic rewards for any group are far from certain. He argues that most of these partnerships are "risky long-term ventures rather than short-term money-generating machines" (p. 99) for universities; that perhaps "a more effective strategy for business would be for it to increase its research and development expenditure for in-house work" (p. 100); and that policies promoting these cross-sector alliances "have failed as an ersatz industrial policy" (p. 100). While Bowie does not support these conclusions with a comprehensive cost-benefit analysis (such an analysis would be well beyond the scope of his brief monograph), he does recount a sufficient number of prominent failures to warrant suspicion of rosy forecasts, "overestimating the opportunities for financial gain and underestimating the financial risks" (p. 57).

Bowie suggests that universities engaged in these partnerships seem to be straying beyond their realm of distinctive competence. Even though proponents argue that university-business alliances provide universities with a new source of "sustainable" revenue, Bowie rightly notes that just because the income comes from contracts and fees does not make it any more sustainable than grants, donations, or tuition. According to Bowie's analysis, the likelihood of any individual patent generating royalties in excess of the costs of gaining and protecting the patent are very small; joint research endeavors could be unstable since they are often marginal investments for corporations and are the first to be

eliminated in an economic downturn; and investments in faculty-run start-ups can produce escalating commitments to highly uncertain ventures. It is one thing for businesses to pursue such risky ventures, but universities have, according to Bowie, a different implicit contract with their financial supporters. "A stockholder in a private firm has a different purpose in mind for her investment than a person has when making a contribution to the endowment. Taking risks for a larger return is not an accepted norm of investment behavior for a university" (p. 62).

Even from the business point of view, university-business partnerships may not be as attractive as they first appear. Bowie identifies several examples of commercial disappointments among these alliances, with at least one major player (Monsanto) viewing its partnerships in terms of a "charitable donation" (p. 65). He also cites a study by the Government-University-Industry Research Roundtable in which industry executives questioned the value of these partnerships as a vehicle for the production of commercially viable technologies. The study is included in the readings section of Bowie's book.

Finally, public policymakers may experience disappointment with the returns of university-business partnerships. Bowie notes that even when successful technologies are produced in university labs, the economic benefits can be appropriated by states and countries quite removed from their place of origin. Just because a process or product came from the lab of a local "gown" does not mean that the "town" will benefit. This realization, Bowie predicts, may be the single most important factor in raising questions about these new partnerships and limiting public support for them.

Concluding Bowie's Case for Caution

Readers expecting a ringing condemnation or endorsement of these partnerships will be disappointed. While Bowie identifies a number of dangers to the core values of universities from these partnerships, he also recognizes that some of the potential value conflicts can be managed effectively through contractual arrangement and university policy. While he highlights cases in which partnerships have failed economically, he does not claim that these partnerships are never financially successful, only that they have not been the panacea that many university administrators, business executives, and public policymakers hoped they would be. Bowie's intent seems to have been to counter those who argued that partnerships are automatic "win-win" affairs and in this he succeeds. He writes, "We are entering an era where new and more penetrating questions must be asked of university-business partnerships. Suddenly old friends [of which Bowie was one] have joined past critics in urging caution. I conclude that such advice is well taken" (p. 103).

As a realist, Bowie knows that many aspects of university life are already commercialized and that scientific research is deviled with ethical problems even without business intervention. In contrast to business where the market test provides the most important evaluation, the university administrator ultimately depends on the assessments of a tenuous coalition of stakeholders held together

by a variety of motives (Kanter and Summer 1987). Echoing a worry of Derek Bok, Bowie notes "If [the university] is perceived as a commercial enterprise, then its stakeholders may change the nature of their relationship to the university to the university's detriment (p. 79)." Bowie rightfully (in our judgment) characterizes the issue as one of where to draw the line on commercialization. He warns:

[W]e must also be aware of the dangers that come from the accumulation of small effects. In my initial study of university-industry partnerships, I was struck by the fact that the criticisms leveled against university-industry partnerships were identical to those being leveled at other aspects of the commercialization of the university. However, as this current study progressed, I became concerned that we are approaching a threshold where further commercialization of the university would transform the university into an institution very different in terms of its values and purpose than it has traditionally been. (p. 89)

Further Study of Commercialization

Bowie's analysis provides an excellent starting point for further research, on both the theoretical and practical dimensions of this topic. The financial pressures on universities and other social-sector organizations will not go away, and commercialization remains a tempting option for relieving these pressures. It would be helpful to have a well-developed, empirically-grounded theory that defines the appropriate boundaries on commercialization in the social sector and that serves as a guide to social-sector managers as they search for new modes of operation.

In the spirit of Bowie's integrative work, we believe that any sound theoretical investigation must be empirically supported. Philosophical arguments about the character of and limits to commercialization may help us frame the empirical work, but they are no substitute for fact-finding. The challenges of combining social and commercial enterprise require frameworks sensitive to the actual organizational practices; *a priori* conceptualizations have created simplistic and stereotypical models that do not correspond to reality. In our experience, the viable domain of commercialization is contingent on organizational structures and arrangements that allow a social enterprise to find an economically attractive strategy that does not undermine its mission or its organizational integrity. Success or failure depends on the details, and only by exploring these details can investigators develop sound theories that help practitioners. In the section below, we make suggestions that might guide further investigation. The first two deal generally with issue of commercialization in the social sector, and the last one specifically concerns university-business alliances.

The Continuum from Charity to Commerce

Many investigators begin their analysis with the assumption of a dichotomous world, predicated on a sharp divide between the social and commercial sectors. However, our work with private, social-purpose organizations argues that while there are significant cultural and structural differences between social and commercial enterprises, it would be a mistake to exaggerate or oversimplify the gap. The differences are not as deep, and modes of operation are not as distinct as common rhetoric would lead one to believe.

Specifically, we have found it useful to portray private enterprises not as a dichotomy of two types, but as a *continuum between* two ideal types (See Dees and Backman 1994 for more detail). At one end of the continuum, we place the *purely charitable organization* that takes some form of social betterment as its explicit objective, relies exclusively on donations for both operating expenses and capital, uses only volunteer labor, and gives away its product or service. In acquiring inputs and distributing outputs, this idealized organization taps into other-regarding motives that can be variously described in terms of goodwill, altruism, or affiliation. Money is not the primary medium of exchange nor the primary measure of value creation.

At the other end of the continuum, the *purely commercial enterprise* has economic value creation as its primary objective and mediates all its transactions through markets. Funds are raised in capital markets; employees are hired through labor markets; supplies are purchased and goods are sold in product markets. In this ideal-type (a favorite abstraction among economists), transactions occur at arms length and rely primarily on the rational self-interest of the parties. Money is the central medium for exchange and the most commonly used measure of value creation.

Not surprisingly, we find that most private social enterprises fall into the vast middle of the charitable-to-commercial continuum, exhibiting various degrees of commercialization. Many social enterprises charge fees for their services, collect some contract revenues, employ paid staff and professionals, and raise capital from banks or through bond issues. The range of commercialization in the social sector is wide and complex. A rape crisis center may be run very much as a charity while a large nonprofit hospital may operate nearly identically to its for-profit counterparts. With the expansion of state contracting and corporate benefit programs, many services (such as alcohol abuse treatment and family crisis counseling) that were once delivered on a charitable basis have shifted to more commercial third-party payment schemes. The boundary between the social and commercial sectors is much more fuzzy and complicated than it might appear at first glance.

In this regard, research universities have never been purely charitable enterprises. Their quasi-commercial character is revealed in the fact that they issue bonds, rely on short-term credit arrangements, manage substantial endowments, create sophisticated marketing plans to attract students, and accept government research contracts. They also control publishing houses, bookstores,

real estate management firms, and other highly commercial operations. As Bowie recognizes, university-business partnerships are controversial, not because they would be the first commercial stain on a pristine charitable operation, but because they may pass a threshold that threatens the organization's ability to serve its mission and alienates stakeholders that do contribute to the university out of altruism or affiliation.

The continuum alerts investigators to the fact that there is considerable heterogeneity among universities themselves. Some are already more commercial than others, and some have missions that fit more neatly with the commercialization of research. The founders of public land-grant schools, private universities, and religious colleges may well have envisioned different audiences and needs to be addressed by their organizations. Each school has developed along its own path. Investigations could be conducted on the effect these differences have on any given university's predilections and ability to absorb commercial opportunities. A strategy that is appropriate for M.I.T. may not serve Harvard or the University of Massachusetts equally well.

In general, we believe that the continuum provides a useful starting point towards a more accurate and useful examination of the structure of social enterprise. Empirical investigation of governance mechanisms, management practices, and leadership style may show how these features of organizational life are correlated with an enterprise's mission and its position on the continuum. On a practical level, the continuum allows social enterprise managers to learn from others who are (or were) at a similar position on the continuum. For example, some university administrators might find much value from examining the practices of not-for-profit hospitals who are further along in managing their own dilemmas with commercialization.

Commercialization and the Structure of Social Enterprises

Just as social enterprises vary as to their degree of overall commercialization, they also differ as to the methods they employ to incorporate commercial operations and market-sensitivity. For example, there are significant social, ethical, and economic differences between accepting industry payments for early access to information from existing labs, spinning off start-up companies founded by university faculty, licensing of patent rights resulting from the university's normal course of research work, and creating labs specifically to pursue directed commercial research. Each of these commercial devices has a distinctive set of opportunities and challenges, and different strategies should be utilized to manage the risks of each. Empirical studies could determine the consequences of each option in the larger context of an university's mission, financial situation, and technology development strategy.

Besides the need for studies of specific devices, theoretical and practical insights might be garnered from identifying generic strategies for building commercial practices into the structure of social enterprises. For example, many social enterprises draw internal boundaries to segregate market-oriented

enterprises from their core operations, *loosely coupling* (Weick 1976) the more commercialized operation to the rest of the organization. In doing so, the social enterprise as a whole becomes a complex, "mixed" structure with sub-units that sit at different points on the continuum. Universities commonly exhibit this mixed character. For instance, university real estate and publishing divisions are typically given autonomy to pursue more commercial objectives than those pursued in the university's core research and teaching divisions. Auxiliary enterprises may have their own boards of directors and control systems. In general, loose coupling can be accomplished through varying reporting structures, incentive systems, staffing patterns, governance mechanisms, even geographic locations, providing social enterprises with many ways to buffer their core operations from more commercial ventures.

Alternatively, some commercial practices are directly woven into the core operations of a social enterprise, creating a commercial-charitable *hybrid*. The central academic operations of a university often exhibit this hybrid character. For example, universities may set their tuition to reflect "whatever the market will bear" and then rebate some of the tuition dollars back to needy students through financial aid. Hybridization can be a matter of degree: some universities subsidize tuition more heavily than others. Social enterprises find that integrating commercial methods into core operations makes them more directly sensitive to market forces and this can have advantages and disadvantages depending on the social mission of the organization and the form of integration.

Much work remains to be done in classifying various "hybridization" and "loose coupling" strategies, identifying the likely consequences of each variation, and determining the factors that contribute to success or failure. Different commercialization strategies will have different implications for an organization's mission, its ability to achieve its goals and its relations with its key stakeholders. Investigations of these generic commercialization strategies should prove useful for both theoreticians and practitioners. Work in this area should help academics develop a more sophisticated understanding of what constitutes viable commercialization, and it should help social enterprise managers decide whether and how to pursue various modes of commercialization.

The Business Perspective and Economic Scorecard

While it might be expected that a book in a series on university ethics frames its presentation by defining the "most pressing question" as "whether greater involvement with business will make higher education better or worse" (p. 2), a more qualitative and quantitative assessment of these partnerships from the business and local economic development perspective would also be useful. The problems faced by businesses in these partnerships are as ethically important and practically challenging as those faced by universities.

Since the social sector often projects a moral superiority over the commercial sector, there is a danger that observers will define ethical problems entirely in terms of the potential for business corrupting academia (after all, we have our

own “scamps and scoundrels”). Yet, these partnerships also present ethical challenges for business. For example, what of the conflicts of interests that stem from corporate scientists getting caught up in the academic prestige game, utilizing corporate resources to pursue their personal scientific agendas? What are the implications of “out-sourcing” research to the cheaper academic labor market? What obligations does a company have to scientists not in its employ but in its direction? What obligations does a company have for issues related to safety and security with this off-site research? Indeed, businesses and universities may also share ethical concerns. For instance, policies calling for disclosure of ties between researchers and various competitors would seem to help both university and business executives safeguard the quality and credibility of research.

There are also numerous practical problems to consider from the business side. For example, how do businesses decide a fair price to pay for the research? Should payment be made contingent upon results? Should universities be treated as any other subcontractor? In general, it would be helpful to get further clarification of business interests in these partnerships. For example in the chapter on economic risks, Bowie seems to focus on direct economic benefits from exclusive licenses and patents. However, in the chapter before, he presents a business spokesman identifying a number of other benefits from their partnerships with university (e.g., testing sites, personnel flows, the latest data, etc.). Businesses must justify partnerships with universities in terms of their own missions and stakeholders. Interested scholars might try to construct the range of considerations that could be involved in a businesses assessment of a potential university partnership. As noted earlier, some companies view university partnerships not as “investments” but as “charitable donations” (p. 65). Indeed, these partnerships might be more accurately thought of as a form of “strategic philanthropy,” rather than a business contract. These practical concerns feed into a general ethical question for business: Is this a responsible use of company resources?

Finally, with Bowie’s more qualitative assessment as a backdrop, it would be helpful to take the next step toward more quantitative assessments of the resources expended and the outcomes achieved in these efforts. As Bowie notes, the economic results may be *the* crucial variable for determining whether these alliances justify the risks associated with increased commercialization of the university, and those results are vaguely defined at best. A quantitative study may not be easy, but it would be helpful to have more systematic data about these partnerships, rather than relying on various success or failure stories.

Concluding Remarks

Bowie packs much into his brief monograph and supports it richly with the accompanying readings. His assessment provides a case study of a general trend in social enterprises, explores taken-for-granted assumptions that underlie both business and university operating procedures and goals, and lays a foundation for further investigations. Commercialization of social-sector organizations promises to be a fertile field for investigation far into the future, raising important

theoretical questions for interested academics, and promising practical insights to social enterprise managers looking to cope with the financial strains of doing more with less. For those interested in this general topic, Bowie's book provides a stimulating starting point.

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