

Cuts in government funding in Europe and the US have left public universities scrambling for solutions. While broad cost-cutting measures have been adopted, the most significant reaction has been to raise tuition fees. But protests from students, legislators and others about affordability and access limit the ability of universities to charge a tuition fee that is high enough to cover the loss of government funding. While the solution so far seems elusive, perhaps the answer for universities lies in following the path of their business schools. Business schools have for many years charged a premium for their programmes with little protest from students. Why? Business schools have adapted rapidly to their environment and they offer their students a perceived value beyond the cost of their education. The need for a market orientation, efficiency and entrepreneurial activities has never been greater for universities; much of what needs to be done can be found in business schools. Many business schools practise what they teach. They apply Michael Porter's well-known paradigm to understand their environment and react strategically. They understand how to add value in a way that captures market share. They ask tough questions: What are we really good at? Where can we be distinctive? Are there new programmes that we could offer to students? What should we not do? Why would a student choose to enrol in our school rather than our competitor? Should we extend our placing no value on the activity and it cannot be sustained. The traditional rationale for subsidy to higher education in America no longer makes sense. More than a century ago states took the responsibility to pay to develop talent and educate the population to promote state growth. By subsidizing education, students would become productive citizens and their taxes would help repay the cost of education. This was a plausible ideology when the labour force was not as mobile as it is today. Today's public university is a different entity; it is global and sees no boundaries with respect to research, the students it attracts, or where they go once they graduate. Understandably, state taxpayers are now more reluctant to fund higher education. Public universities have been adapting. Compared with 25 years ago, there has been a natural progression to a businesslike approach. Dorms and food services, and in some cases athletics, have become more financially self-reliant. This trend will expand to the academic core of the university, because it must. The best public universities today will not be public 10 years from now. They will follow the path already taken by business schools to be financially self-reliant with little subsidy. They will be entrepreneurial, marketfocused, more effective and more efficient. Will society be better served by public no-more universities? That remains to be seen. (Fonte: A. Policano, [Financial Times](#) 07-05-2012)