

Typology of endowment funds in modern practice of financing academic entrepreneurship in the EU

Leonid Leis*

PhD student, Kyiv National Economic University named Vadym Hetman, 54/1 Prospect Peremogy 03057 Kyiv Ukraine

*Corresponding author's e-mail: lbgbmh@t-online.de



Abstract

The article is classified endowment funds according to the criterion of profit distribution from its functioning. Specific features of the functioning to different kinds and types of endowment funds in European universities. Disclosed the advantages to different types of endowment funds.

Keywords: endowment fund, academic entrepreneurship, financing, universities

Modern needs of European universities in financing their own education programs are constantly increasing. At the same time, there is a general trend towards a reduction in state financing of the education sector and creation of more competitive conditions for the development of various forms of university activity. Since the academic entrepreneurship is not explicitly provided for most of the university statutes, the management of the higher educational institution is looking for alternative sources for its financing. Endowment fund is one of such sources.

The economic essence of the endowment fund is that it accumulates charitable contributions and donations which provided targeted to the university, but initially without the donors definition of the purpose of their use. Subsequently, these funds are used by the university itself as their owner, but under the management of a third entity - usually a management company - in order to obtain a profit. In Europe, the largest experience with endowment funds has been accumulated in the universities of Great Britain. For example, Oxford University is actively working towards replenishment of the endowment fund, and in the Institution of the fund management employs more than 100 people, and branches are open even in the USA and Canada. The purpose of the fund is an annual allocation of 250 million pounds to support students, faculty and innovative research [1, c. 50].

The key of general characteristics of the practice of endowment funds in European universities can be

considered in the following ways. First, endowment funds in the practice of European universities are created mainly through donations and the own assets of universities, usually those that are difficult to alienate (land, fixed assets, etc.). At the same time, such funds are managed by means of specially established departments and directorates, and by invited third-party organizations (asset management companies). An important common feature of endowments is that most of the proceeds from the capitalization of such funds are sent by universities to the payment of fellowship and financing of innovative activities.

Secondly, the endowments are developing as external sources of financing the activities of the universities and in fact they are a competing direction of investment. In contrast to investments endowments are formed as charitable funds, and the profit from their involvement in market processes is distributed among third parties for their needs, in particular for the needs of the educational process.

In conclusion, the scientific value of the allocation of different kinds and types of endowment funds is to determine the features and characteristics of different types of endowments. This allows developing methodologically effective mechanisms for managing them. To sum up, the classification of endowment funds open new opportunities to search for the most optimal model for each specific subject of academic entrepreneurship, for each individual university.

References

[1] Davydenko T M 2014 Fund for Management of Targeted Capital and Association of Graduates of VSU - Instruments of Economic

Sustainability of Universities / T.M. Davydenko, O.P. Kamshilina
Vestnik VSU 1 48-51