Business schools and resources constraints: A task for deans or magicians?

Fernando A. D'Alessio
CENTRUM Católica Business School

Beatrice Avolio
CENTRUM Católica Business School
Pontificia Universidad Católica del Perú

ABSTRACT

One of the major challenges that face the deans of many business schools is obtaining funding for their academic operations and research to sustain world-class educational quality. Business schools raise resources in their own way, but ways of financing strongly vary when comparing educational institutions among world regions.

The purpose of this article is to provide some reflections on the challenges deans face for properly financing a business school. Its focus is on the non-profit business school due to the classic philosophical aspects of education compared to the still controversial for-profit school. Six models for business schools with differing methods of financing are categorized. These different models of business schools introduce some reflections and possible strategies to address the financial challenges proposed. A sample of 31business schools worldwide was used. The main sources and uses of funds for business schools are discussed and the different challenges faced by deans, in North America, Europe, Latin America, and Asia, contrasted.

Keywords: Business schools, fundraising, parent universities, donations, grants, resources.

INTRODUCTION

Business schools have existed for 100 years, but the institutional, national, and international crises the world has faced in recent years have given them a more important role today than ever before. Emblematic cases such as ENRON, Parmalat, World.com, and the collapse of other private sector companies, have brought attention to the grooming of professionals in MBA programs and its relevance to these fiascos.

The globalization of the economy following the fall of the Berlin Wall has led the trustees and deans of business schools to question: (a) whether the curricular structure of their MBA programs is sufficiently innovative for this global economy and whether their programs provide students with a proper balance between hard and soft skills; (b) the relevance of the costly and lengthy research being conducted; (c) the hiring of costly, and largely unproductive, faculty members seeking tenure; (d) the building of modern facilities required to deliver their programs; (e) the high maintenance costs of buildings for executive education programs; (f) the costly staff required to support academic and administrative activities; (g) the growing operational expenses and enormous fixed costs to be leveraged; and (h) the compliance with the Principles for Responsible Management Education (PRME) to craft global responsible leaders according to the UN Global Compact (2007).

The competitive arena generated by the global economy is obliging deans to be creative, especially by expanding their schools operations into new markets to make their growth sustainable. Business schools competition is becoming global; deans attempt to attract high-caliber students into their programs; accreditations are costly in resources to be allocated; obtaining accreditations is crucial to successfully compete; and rankings play sometimes a role in the applicants' decision-making process. There is a wide range of existing business schools to look over. A few questions are posed to develop this essay.

The first question is: What is a business school? AACSB International (2010) claimed that there are 12,087 business schools in the world, but they range from tiny, minuscule departments inside universities in developing countries to renowned schools such as Harvard Business School (Boston), IE (Madrid), LBS (London), INSEAD (France) and IMD (Lausanne), and increasingly competitive regional schools such as FDC (Nova Lima), IAE (Buenos Aires), Universidad del Desarrollo (Santiago), CENTRUM Católica (Lima), Insper (Rio de Janeiro), and INCAE (San José). These latter are rapidly becoming important players in this competitive global arena, many of which are financially independent schools.

The second question is: What are the major constituents of a high-quality business school? (a) Faculty is number one. The size of the faculty is related to the number of students. A combination of academically and professionally qualified, participating and supporting, and core and non-core faculty is required, as is a mix of full-time, part-time, affiliated, visiting and partner school professors. (b) Teaching quality. Professors possessing a combination of theoretical and practical business capabilities are required to enhance students' knowledge, skills, and attitudes during their formation. (c) Power to convene. This is crucial to attract academics and businesses, society and governmental leaders to their programs and activities such as conferences, symposia and forums. (d) Students. The number of students defined in the strategic objectives of different programs: degree and non-degree students, combining young, middle-aged and senior-experienced. How many and what type of students? These are related to the school's funding sources. (e) Research. Pure and applied research or both. Research aimed at gaining or maintaining accreditations, rankings and recognition. Contributions to knowledge and practice.

(f) Facilities. On-campus and off-campus accommodations; modest, good, or outstanding. A proper balance of physical and technological facilities is indispensible. These depend on the size of the student body and to the face-to-face or virtual programs delivered by the school. (g) Support services. For academic, administrative, placement, lodging, security, cleaning, food, as well as other services related to the size of the student body.

A third question that follows is: How do these schools finance their operations for growth? Reasonably, having sufficient financial resources can culminate in a high-quality business school being developed and becoming a place where future leaders are groomed to lead important and successful national and global organizations towards the *common good.* There are a broad range of types of business schools, from the stand-alone fully tuition-driven schools to those that are fully-dependent on a parent university.

A fourth question concerns the location of the business school: should it be a single location or a multi-location school? If it is multi-location, should it be within and/or outside the national borders and, if within, in one or in multiple locations? There are important differences among the world's different regional residencies of the schools' programs. Four regions are considered: North America (United States and Canada), Latin America (from Mexico south), Europe (Western Europe) and Asia (Asian business schools are relative newcomers).

A fifth question concerns the scope of the business school. Will it offer (a) degree programs (undergraduate and/or masters and/or doctoral programs); and/or (b) non-degree programs (executive education, certificate programs, in-company, and/or consulting). Business schools focus their academic operations on graduate education, mainly MBAs and executive educational programs. Doctoral programs are star programs, but they are costly to manage due to their academic complexity and the difficulty in financing them.

These questions pose the constraints in financing a business school. Business schools leaders require well-developed sources and uses of finances. The purpose of this article is to reflect on the challenges deans face in properly financing a business school so that they are competitive in the global arena and achieve recognized accreditation and favorable positions in reliable business school rankings. Provided the still controversial nature of for-profit education, non-profit business schools will be the primary focus of this article.

The search for financial resources to cover operational costs and support research efforts is an ongoing challenge for most business schools deans. The traditional model of accomplishing this task solely from student tuition is insufficient to meet today's global market demands and enables a school to become a global player. Sources of financing are not abundant, and it is not an easy task to access them. It is an especially complicated task for business schools deans in countries where there is no culture of giving and where there are few public incentives. This process is even more difficult for those schools that are attempting to compete with business schools with financing models such as those in the United States and Europe. For example, in the United States, in addition to the funds generated by the schools themselves, schools have access to donations; an important per cent of business school resources come from donations, whether from individuals, corporations or foundations. In Europe, in addition to donations, there is a culture of public funding for schools.

While the cultural factor is crucial to donations, no less important is the factor of taxation, which in some cases discourages philanthropic initiatives. In many countries, no legislation exists to promote donations, but rather, legislation may restrict donations.

How then can a business school dean diversify a school's sources of funding and achieve high international recognition via accreditations and rankings? All business schools in the world face challenges with respect to increasing their financial resources, however, some business schools have a greater disadvantage in obtaining the necessary resources to finance high-quality education and support exceptional research. Finally, what makes a business school great may be the *bottom line* for any dean and financial resources may be the most important means to achieve that goal.

SOURCES OF FUNDS AND THE FINANCING OF BUSINESS SCHOOLS

Business schools have a variety of ways to generate revenue and finance their operations. Revenue generation falls into five categories as shown in Figure 1 (Appendix): (a) resources generated by the business school's programs and services; (b) resources provided by the parent university; (c) resources granted by government or multilateral organizations; (d) resources provided by private donations, endowments, grants, and gifts; and (e) a combination of the previous categories.

Resources Generated by the Business School

Resources generated by a business school are those that it receives from students and other stakeholders through the provision of services. The resources consist primarily of tuition for educational services, as well as the sale of publications, patents, copyrights, advisory services, merchandising and, for some business schools, other services such as consulting or applied research. Traditionally, revenue generated by tuition payments for degree programs, executive education programs, or customized programs developed for the particular needs of companies have been the cornerstone and in many cases, the only sources of income, of business schools.

Although most business schools generate a significant proportion of their resources through student payments for degree and executive education programs, top-tier business schools, especially in the United States, have been able to diversify revenue generation in creative ways. These include the staggering sale of journals, case studies, books, magazines, newsletters, and other publications, in print or e-format, as well as the sale of the rights for the use of other publications.

Harvard Business School (HBS) is an icon and provides a benchmark in this sense. For example, the HBS financing model (HBS, 2009) has been to disseminate intellectual capital produced by the faculty through executive education programs through its Harvard Business School Publishing unit. In 2009, Harvard Business School generated 29% of its revenue from publications such as the *Harvard Business Review,* the sale of articles from its collection, and the sale of cases and books. Executive education programs generated 23% of HBS's revenues. The sale of these offerings typically generated more than 50% of the HBS's total annual revenue, enabling the HBS to advance the practice of management. Completing the cycle, contributions from Harvard Business School Publishing (HBSP) and executive education programs serve as the mainstay source of support for its faculty's research.

The MIT Sloan School of Management, which produces important revenue from the sale of publications such as the *MIT Sloan Management Review*, is another interesting example. Likewise, the Stanford Graduate School of Business generates revenues through the *Stanford Business Magazine*, and the London Business School publishes a business magazine called *Business Strategy Review,* purchased directly or by subscription through Blackwell Synergy.

Research is part of the knowledge-and-revenue productive chain for top-tier business schools. Research, often conducted in different foreign centers, has permitted the HBS to generate content for its journals, case studies, articles, and books. These publications act as an important engine for the generation of revenue from consulting. In general, research at universities and business schools in the United States has been strengthened by legislation such as the Bayh-Dole Act of 1980 (University and Small Business Patent Procedures Act), which permits universities to partake from the output of their research. The Bayh-Dole Act permits universities, academic research laboratories, and educational institutions to protect as intellectual property the research carried out by their own or with public funds through patents.

Royalties are collected by universities, and the new funds generated permit continued research, entering into a virtuous circle that underpins the research industry at universities in the United States (Council on Governmental Relations, 2010). Consulting and advisory services for public and/or private institutions and the sale of patents, copyrights, and technical reports are potential sources of revenue from which business schools can benefit if proper mechanisms and procedures are established, and if business schools achieve sufficient dynamism to sustain the generation of income.

Additional means of generating income include the sale of promotional merchandise from business schools, such as briefcases, agendas, T-shirts, sweatshirts, gift certificates, and so forth; the collection of funds coming from room and board facilities; and the rental of facilities for events, seminars, conventions, and conferences. The sale of merchandise also promotes the institution's brand and creates ties between business schools and the communities they serve.

Resources Provided by the Parent University

Some business schools are created as independent units of a university, and some opt for and are granted autonomy after sufficient income is generated. However, most business schools operate as strategic business units of the universities that initiated the business school and maintain relationships with the parent university. This is true of Harvard University and the HBS, the University of Navarra and the IESE, the Tecnológico de Monterrey and the EGADE, Oxford University and the Saïd Business School, Cornell University and the Samuel Curtis Johnson Graduate School of Management, Michigan University and the Stephen M. Ross School of Management. Similarly, New York University and the Stern School of Business are affiliated as are MIT and the Sloan School, Northwestern University and the Kellogg School, the University of Virginia and the Darden School of Business, Universidad Austral and IAE, and the Pontificia Universidad Católica del Perú and CENTRUM Católica. The university may provide funds for the establishment of a business school and support it until the school can generate the economic resources necessary to ensure its independent operations and future expansion. Most of these business schools have their facilities inside the university's main campus, while others have independent facilities that may be far away from the main campus.

Most often, resources are provided during the first years of operation, and the school uses the resources to buy assets or to finance the construction of a campus and other required buildings and facilities. They subsequently begin to pay a royalty to the university as retribution to its founder and for the use of its name. Thus, the establishment of a business school can be understood as the formation of a new strategic business unit that, in the medium- and long-run, will repay the financial resources provided by the university at its beginning.

The most common relationship of a business school to its parent university is that it is part of the university, either as a department of business administration or as a business school, with the same facilities in the university's main campus and financial dependence on the parent university. This is the case of the Facultad de Administración [Department of Business Administration] of the Universidad de los Andes in Bogota, the Department of Business Administration of the Universidad de Chile in Santiago, and the Department of Business Administration of the ITAM in Mexico D.F. Most of the business schools in the United States are a constituent part of the parent university and depend on the president and board of trustees for the allocation of financial resources to operate and conduct research. Business school deans are also fundraisers, but after funds are received, they are administered by the president of the parent university.

There is a small group of business schools that do not belong to any university and are stand-alone educational units. This is the case of Fundação Dom Cabral (Nova Lima, Brazil), INCAE (San Jose, Costa Rica), EADA (Barcelona), IE (Madrid), Audencia (Nantes, France), INSEAD (Fontainebleu, France), IMD (Lausanne, Switzerland) and IESA (Caracas, Venezuela), among others.

Resources Granted by the Government and Multilateral Organizations

Some governments provide financial resources directly to universities and business schools as part of their policy to improve the quality of education. Government funds are most often directed to public business schools that use the resources to cover a significant portion of their annual budgets. Depending on the country, public funds may come from the central or federal government, the state government, and/or the local or municipal governments.

According to the U.S. Department of Education (2008), in the United States, the federal government provided US$19.8 billion in resources to public higher education institutions in 2000, 48% more than that given to private higher education institutions. The most significant difference, however, lies in the contributions given by the individual state governments that, in the same year, provided US$62.9 billion to public higher education institutions and US$1.15 billion to private schools.

In Europe the picture is more varied. Three groups of countries received different types and amounts of government aid, as indicated by Godenir, Delhaxhe, and Deutsch (1999). In the first group, which included Denmark, Greece, Luxembourg, Austria, Finland, and Sweden, both public and private educational institutions were funded in full with resources from public sector entities; they did not receive funds from tuition fees. In the second group, public and private institutions operated under the same conditions, receiving grants from the government, and also able to receive private funds by charging tuition fees. This was the situation in the United Kingdom (UK), where higher education institutions received significant private funds, some of which were generated by charging tuition fees; and in Belgium and The Netherlands, where fees were similar in both public-sector and private grant-aided institutions. The third group included Germany, Spain, France, Ireland, Italy, Portugal, Iceland, and Liechtenstein, in which public funds went mainly or entirely to publicly-administered institutions, while privately administered institutions were financed primarily through private funding. In France and Iceland, public institutions charged relatively low registration fees, whereas private institutions charged much higher tuition fees despite their receiving government grants. In Spain and Portugal, private institutions did not receive government funds directly, but were favored indirectly, but to a lesser extent, by subsidies given to students to cover their tuition payments. In Italy, the autonomy of institutions in financial matters has made possible a substantial increase in tuition fees at public institutions, but the student contribution to the budget of public universities could not exceed 20% of the funds provided by the government (Godenir et al., 1999).

These three groups do not operate the same way today. European Union countries finance their education expenses through two types of funding: public funding (87.5%) and private funding (12.5%). On average, these countries spend 1.1% of GDP for higher education, with Denmark (2.3%) and Norway (2.1%) being the countries that spend the most on research (Ranguelov et al., 2009).

The picture is more austere in Latin America in terms of state funding, Brazil being a special case. Educational institutions in Latin America attempt to follow the European model. Public funds, if available, go exclusively to publicly administered institutions, and privately administered institutions are financed exclusively through private funding. Isolated cases exist of government contributions in the form of scholarships, research grants to students, or support for research, but the amounts are small and have no major impact on the funding of the institutions. In terms of the percentage of gross domestic product (GDP) spent by government on education, Brazil (3.9%), Chile (6.4%), and Mexico (6.45%) are among the Latin American countries listed in *Education at a Glance* (Organisation for Economic Cooperation and Development [OECD], 2007). Only Chile and Mexico have private investment in education that is close to the percentage of GDP allocated to higher education (5.8% of GDP).

Brazil has developed a model that promotes research and postgraduate studies, supporting these activities with institutions such as the Coordination for the Improvement of Higher Education (CAPES) and the National Council for Scientific and Technological Development (CNPq), through which funds are awarded according to the productivity of the institutions that apply. CAPES plays a primary role in evaluating and certifying graduate programs, providing programs with resources based on the institution's performance in the evaluation of the quality of graduate academic programs, and it may shut down those programs that do not meet its standards (CAPES, 2010).

In Mexico, most resources are aimed at improving the quality of education. Institutions such as the Fund for the Modernization of Higher Education (FOMES) provide funds for research projects and seed capital to start-up Mexican educational programs, and the Program for the Improvement of Teaching Staff (PROMEP) is used to train teachers and develop skills to enhance teachers' performances. The amount of funding, however, is minimal when compared to the funding provided in the United States or Europe (Undersecretary for Higher Education in Mexico, 2010).

Some governments in developing countries receive contributions from bilateral international development agencies. Agencies such as the Japan International Cooperation Agency (JICA), the Spanish Agency for International Development Cooperation (AECID), the Canadian International Development Agency (CIDA), and the German Academic Exchange Service (DAAD), play limited but critical roles in promoting research in the countries where they operate. These agencies provide resources to business school students and researchers from their own budgets or channel resources through the scholarship programs of non-governmental organizations in their own countries. Other examples are the Carolina Foundation of Spain, Erasmusfriends from the Madrid Community in Spain, the Alexander Von Humboldt Foundation of Germany, and the Ford Foundation in the United States.

Financing by multilateral organizations refers to the resources provided by international lending institutions with a regional and/or global reach, such as the Inter-American Development Bank (IDB), the Andean Development Corporation (ADC), the International Monetary Fund (IMF), and the World Bank (WB). Funds are managed similarly to the bilateral international development agencies. Fellowships are given directly to researchers or students of a particular social or academic community to continue studying. Students choose the school, and the agencies finance their studies.

Resources Provided by Donations

Donations may take the form of grants, endowments or gifts, and are a way for business schools to attain resources. Each of these forms of donations has specific characteristics, from benefactors and beneficiaries to tax incentives. Donations are given to non-profit organizations to support ongoing work that meets the objectives and goals of the donor organization. Donations to business schools may be in the form of cash, goods, and other property given for reasons of altruism or a desire to collaborate with the institution. They permit business schools to recruit top faculty from around the world, conduct research, provide scholarships and fellowships for outstanding students, for remodeling and improving facilities, and for incorporating new technologies. Private entities include donations from non-profit institutions, foundations, and companies such as the Ford Foundation and the Konrad Adenauer Foundation, as well as companies such as the Banco Santander of Spain and the like.

Individual donations are an important source of revenue for most business schools in the United States, but are less so in other countries. In order for donations to constitute a steady source of funding, two elements must converge: culture and incentive. In this regard, Zúñiga (2005) noted the following:

> Donation is deeply rooted in American culture since the days of Andrew Carnegie, who with the 'gospel of wealth', laid the foundations of the philanthropic spirit that sustains donations to higher education in the United States: found a university, establish free libraries, create medical research laboratories or centers, create public parks, provide rooms for meetings and concerts, establish public swimming pools, and help churches, especially those in poor communities. Carnegie, Rockefeller, and others introduced what is now known as the philanthropic foundation, and professionalized it through the recruitment and training of personnel specialized in fund management. But it was not until the organization of events and campaigns to collect funds that improved results were obtained from the efficient use of volunteer efforts to procure funds. It was thus also attractive to private enterprise, which could now more easily link itself to its community, actively participating through its contributions, thus generating a positive image for the company in its environment. (p. 11)

Individual donors, including philanthropists, celebrities, notable and recognized individuals, provide grants to non-profit institutions, while donations are also provided by alumni and people who have some affiliation with the school. Some examples include Michael Bloomberg of Bloomberg L.P., an HBS alumnus, who in 1996 endowed US$3 million for the William Henry Bloomberg Professorship at HBS. Other examples include Eli and Edyth Broad, who provided Philanthropic donations to the Eli Broad College of Business and the Waltons of Wal-Mart Stores, Inc., who donated to the Sam Walton M. College of Business. A special case is that of W. P. Carey, who donated US$50 million in 2002 to Arizona State University and the same amount to Johns Hopkins University in 2006 to attach his name to these well-known business schools (Johns Hopkins University, 2006).

Individual giving in the United States is the largest component of charitable contributions and in 2008 was estimated at US$229.28 billion, or 75% of the total giving. In the same year, charitable bequests were estimated to be 7% of total giving, corporate giving was estimated to equal 5% of all charitable giving, and foundation grants were estimated to be 13% of the total (GivingUSA Foundation, 2009). The same source reported that total giving in the United States was US$307.65 billion in 2007, from which 13% (US$40.94 billion) went to education. Individual donations play an important part and are often the most widely publicized. Leovy (2000) gave an account of the donations made by Max Palevsky, a well-known art collector, investor, and director emeritus of Intel Corp., who gave US$20 million to the University of Chicago to raise the quality of life in the student's dormitories on the university campus. Central European University (2001) mentioned in its newsletter that George Soros, international financier and investor as well as philanthropist, spent US$200 million in 2005 on the creation of the Central European University in his native Hungary, and he is a regular donor to that university. Stanford University News Service (2006) reported the 2006 donation of US$105 million by Phil Knight, founder and CEO of Nike, who had already donated several times to the University of Oregon and to build the new campus of the Stanford Graduate School of Business. At that time, the latter was regarded as the largest individual donation ever to a business school in the United States. The campus is known as The Knight Management Center. Samuel S. Garvin, Thunderbird alumnus, donated US$60 million in 2004 so that the school would bear his name (Williams, 2004).

In Latin America, perhaps the most prevalent cases of donations have occurred in Argentina, where Luis Otero Monsegur, after selling his stake in the Banco Francés, pledged to donate US$12 million to construct a building of the University Torcuato di Tella that finally was not implemented, and the donation ended up with the Universidad de San Andrés. Similarly, Gregorio Pérez Companc, also in Argentina, donated US$50 million to build the campus of the Business School IAE and the hospital of the Universidad Austral (La Nación, 2000). Less publicized, but no less important, are donations made by alumni. In some cases, the amounts received can reach between 10-15% of the funds provided by foundations or private donors.

The importance of donations lies in social mobilization through campaigns that encourage contributions from private corporations. They receive publicity in compensation for funds while also enhancing their corporate images. For example, during the 2008-09 fiscal year, the University of California at Berkeley received 81,717 gifts and pledges from 56,706 alumni, parents and friends of the school, totaling US$306.2 million, to support students, faculty, and research.

Grants and Fellowships, Scholarships, and Corporate Programs

Grants are a form of donation. Amounts are provided for individual projects with specific goals that must be completed within a specified period of time and within a certain budget, and have no requirement for repayment. In the United States, government grants are offered to business schools to promote continual improvement and, under certain conditions, for student financial aid. They are allocated by government agencies or in partnership with educators, corporate entities and/or community organizations. Grants are used by the business school to revise syllabi, fund research, hold training programs, construct new buildings, renovate existing buildings, insure primary facilities, ensure efficient resources to cover the salaries of visiting professors and their expenses, and to conduct summer classes, research seminars, debates, and workshops for faculty members (Gluckman, 2010).

Many scholarships and fellowships in the United States are funded by private companies, such as the creation by GlaxoSmithKline of a US$500,000 fellowship fund at the Stanford Graduate School of Business in May 2008 (GlaxoSmithKline Media Centre, 2008). A fellowship is money granted for advanced study or research. A scholarship is an award given by an organization or institution to fund the education of a selected student for tuition, books, room and board, research, travel and/or other education-related expenses. Fellowships and scholarships are similar because both are grants (WiseGeek, 2010). Unlike scholarships, however, most fellowships are not based on need, but on merit, Grading Point Average (GPA), and/or qualifications to work in a particular field; fellowships also usually involve payment for some type of work, such as conducting research or teaching while obtaining a master's degree or a PhD. A final difference is that scholarships usually refer to grants in support of studies within university degree programs; in contrast, fellowships usually refer to grants in support of post-doctoral projects or research projects pursued outside the normal curriculum. In practice, the terms are often used interchangeably.

An interesting way to obtain incomes from the business sector is through corporate associate programs. In this instance, companies strategically align their strategies with those of the business schools to access a range of benefits. For example, HBS's corporate associate programs provide the possibility to recruit graduates or students for temporary summer employment programs, collaborate with faculty in case studies and research, access research in materials published by the HBS, participate in executive and focused educational management programs, refer prospective students to the MBA program, collaborate with the world's leading experts and build powerful networks.

Partner companies are generally required to deliver an annual gift, such as a membership, in order to access the benefits described and participate in the research. Companies that want to sponsor research at HBS may do so by affiliating with the program for a price of US$10,000 or more. Funds are allocated for different purposes, including funding for scholarships, research, and the development of case studies, student activities, and so forth. It is a mutually beneficial relationship between the school and the private enterprise (HBS, 2010).

Corporate universities are a relatively new type of joint venture or strategic alliances between a business school and a corporation. The business school faculty becomes familiar with the operational activities of the corporation to fulfill the academic and consultancy needs of the corporation as a means of vertical integration.

Endowments

Endowments are transfers of funds donated to an institution under certain conditions, normally related to the fact that the money will be invested and only the interest generated by the investment will be made available, leaving the fund itself intact perpetually or for an extended period of time.

The use of endowments has recently become more extensive because of the professionalization of fundraising and fund administration. Normally, endowment funds are classified under three headings: (a) those in which the donor has specified that the fund be permanently invested to generate an income stream for the general purposes of the institution, which is classified as an unrestricted permanent endowment; (b) those in which the donor has specified that the fund be invested permanently to generate an income stream to be applied for a restricted purpose, classified as a restricted permanent endowment; and finally (c) those in which the donor has specified a particular objective other than the acquisition or construction of tangible fixed assets, classified as a restricted expendable endowment (The Robert Gordon University, 2008). It is quite common for universities and business schools to have several endowment funds, each of which is usually restricted to funding a very specific activity of the business school, such as endowed professorships that finance the permanent presence of one or more teacher/researcher(s) that meet certain requirements. Harvard University has a record 10,800 separate endowments (Hobohm, 2010).

Endowment funds for fellowships and scholarships are intended to finance the studies and other expenses of students, who may be chosen on merit or on need. Many of these funds exist, and business schools in the United States and Europe often have several endowment funds. An example is the David Rockefeller Center for Latin American Studies at Harvard University (2010), founded with a donation from David Rockefeller, and has received many other subsequent donations and grants. The Center promotes research and learning of diverse Latin American cultures and manages professorship endowments for the study of Latin America.

A 2007 study of 785 colleges and universities found that endowment funds in the United States totaled over US$411 billion (National Association of College and University Business Officers [NACUBO], 2009). The 20 most important endowments ranged from Harvard University with US$ 25 billion to the University of Virginia with US$ 3.58 billion. Recent instability in the international financial system has affected the market value of endowments, which has become a cause for concern for many business schools. Endowments are not a common practice in the rest of the world.

Gifts

Gifts are financial support given voluntarily by a third party with nothing received in exchange (Texas A&M University, 2010). Gifts may be non-cash gifts, which include non-monetary items such as property, books, equipment, vehicles, inventory, livestock, or other physical assets or materials; or cash gifts, which include cash, coins, currency, checks, and other negotiable instruments that are easily convertible to cash. Gifts may be restricted or unrestricted. Restricted gifts are those that include any condition or limitation that restricts the use of the gift or involves an income or remainder interest in a trust, such as specifying a gift for scholarships, academic excellence, equipment, library resources, and academic program support (The University of Arizona, 2010). These kinds of donations surpassed £2,700 million in the United Kingdom and £21,000 million in the United States (Pharoah, 2008).

Named gifts are very common important donations covered by the press. The donor’s choice brings prestige to the school as well as economic resources. Murray (2008) indicated that in the United States, it has been common that faculty chairs as well as business schools and buildings are named for an important donor, who gains the associated prestige in exchange for his donation. Some of the best-known business schools and buildings have not escaped this phenomenon. As described on the Website of Duke University (2006), J. B. Fuqua, former chair of Fuqua Industries Inc., donated US$10 million in 1980 to strengthen the school of business at Duke University. The business school was renamed the Fuqua School of Business in his honor. The total of his donations to the business school reached nearly US$40 million, which established him as one of the largest benefactors in the history of Duke.

Joseph Wharton (McCrea, 1913) was a businessperson who made a fortune in the second half of the 19th century by introducing the production of nickel and cobalt in the United States through the Bethlehem Steel Company. In 1881, he donated US$100,000 to the University of Pennsylvania to found the school of finance and economics, which today bears the name The Wharton School of the University of Pennsylvania.

The Kellogg School of Management (2010) has a similar history. In 1979, in honor of a generous contribution by John L. Kellogg, the former president of The Kellogg Company, the school was renamed the J. L. Kellogg Graduate School of Management. In 2001, as a simplification, the name was changed to The Kellogg School of Management.

The Stephen M. Ross School of Business at the University of Michigan (2010) gives an account of the renaming of the school, with the University of Michigan Business School being renamed The Stephen M. Ross School of Business in 2004 in recognition of a US$100 million donation to the university by Stephen M. Ross. At the time, it was the largest donation ever made to a business school.

The Massachusetts Institute of Technology Sloan Fellows Program was created in 1931 under the auspices of Alfred P. Sloan, then the chair and CEO of General Motors. A grant from the Sloan Foundation established the MIT School of Industrial Management in 1952, and the school was renamed the Alfred P. Sloan School of Management in his honor (MIT Sloan School of Management, 2010a).

Bouman and Frey (1998) pointed out that the business school of the University of California at Berkeley changed its name to the Haas School of Business in honor of Walter A. Haas, the former president of Levi Strauss & Co. who was a habitual donor of the university. The Wisconsin School of Business (2008) recounted an unprecedented event. A small group of alumni of the school donated nearly US$85 million for the business school on the condition that the name of their alma mater was not changed. Their rationale was that when the money provided is used to immortalize the donor’s name by the business school that receives the funding, a question is raised about how much of the donation is philanthropy and how much is reflective of the donor’s ego.

Tax Incentives for Donations

The laws of each country regulate donations, but some countries do little to promote or encourage donations as a source of funds for educational institutions. Hence tax incentives are tools that should promote initiatives, but in some cases, the legislation is unclear or designed to restrict these sources of financing. The most widespread modes of tax incentives are tax credits, tax deductions, and tax rebates (Irarrázaval & Guzmán, 2000).

Tax credits are awarded when part of or the entire donation becomes a tax credit against taxes to be paid during a given period, thus reducing the amount of tax that the taxpayer must pay. *Tax deductions* consider the donation, or part of it, as an expense that permits the lowering of taxable income, thus leading to lower taxation. This option is quite advantageous for companies or institutions with high tax obligations. *Tax rebates* consist on the designation by the taxpayer of a particular nonprofit institution to receive part of the tax it has paid (Irarrázaval & Guzmán, 2000).

The legal framework and tax incentives for donations are aspects that require analysis as either a motivating or a limiting factor for donations to business schools. Different countries have different legal frameworks with respect to tax incentives for donations to universities, business schools, and other nonprofit organizations.

In the case of the United States, donations decrease the tax-base and are generally limited to 50% of gross income, but in some cases, limits of 20% and 30% apply. This is true for both individual and corporate contributions. In the United States, to receive "tax-deductible contributions," the receiving organization must qualify as such with the Internal Revenue Service (Internal Revenue Service [IRS], 2010). The procedure is very easy for private universities and other nonprofit organizations because educational organizations are considered by the IRS as qualified organizations. Individuals can even receive tax deductions for donations outside the United States. For example, U.S. donors are entitled to an income tax deduction for contributions to Canadian universities if the donor or a family member is or was enrolled at the university (The University of British Columbia, 2010).

In Canada, the tax system encourages gifts to charities by granting tax credits to individual donors and corporations. Charitable donations in Canada may be claimed for up to 75% of net annual income. Donors receive a tax credit of about 22 cents per dollar for annual donations under 200 Canadian dollars; for donations exceeding 200 Canadian dollars, donors receive a credit of about 43 cents per dollar (The University of British Columbia, 2010).

In the Philippines, public and private universities are permitted to accept donations. Corporations and individuals who receive income from a trade, business, or profession may deduct gifts, donations, or contributions to accredited non-stock, nonprofit corporations of up to 5% of taxable income for corporate donors and 10% for individual donors. Donations to accredited nonprofit corporations organized for scientific, research, educational, and/or sports purposes can be deducted in full (Philippine Council for NGO Certification, 2010). In the Philippines, it is easier for private universities to receive donations because business schools in the Philippines rely on donations and endowments to supplement income from tuition fees and other services. Most private universities and business schools in the Philippines are registered as non-stock, nonprofit organizations and as such, pay no income taxes to the government.

In India, private business schools are registered under the Societies Registration Act of 1860, which enables them to apply for income tax exemptions for conducting research and related activities (The Societies Registration Act, 1860). In India, private educational societies/universities are prohibited from making profit; if there is profit, they must be able to demonstrate that they spend it on research activities. In India, a donor can receive a tax benefit if the donation is for research purposes. Authorities may ask for hard copies of the research output (Jhingan & Mohanty, 2010).

In Peru and Chile, as examples from Latin America, there are also tax benefits for companies making donations to eligible institutions. In Chile, the tax credit cannot be more than 4.5% of taxable income for individuals; 50% of the amount donated reduces the tax to be paid, and the other 50% lowers the taxable amount (Law 19.885/03, 2003). In Peru, donations are considered deductible expenses for income tax purposes if they are made to an accepted recipient entity and if the deduction does not exceed 10% of the taxable amount (National Tax Administration Office, 2010).

In Australia, the tax system works similar to that of Chile. Donations reduce the tax base for all government educational institutions and nonprofit, private educational institutions that are approved by the Australian Tax Office (2010). For-profit private institutions do not receive any tax reduction for donations in Australia.

The legal framework in the different countries is apparently similar. However, the key difference between incentives for donations in countries like the United States, Canada, the Philippines, and other countries is in the type of institutions that can be considered qualified to receive tax-deductable donations. In the United States, it is quite simple for a business school to be considered a qualified organization. Elsewhere, the list of entities approved for receiving donations is limited to charities or public entities, but it is almost impossible to gain government approval for private institutions and especially, private business schools, to receive tax-deductable donations. In Australia, for example, most private business schools are considered for-profit organizations, so they are not qualified recipients of tax-deductible donations (Australian Tax Office, 2010).

SOME MODELS OF BUSINESS SCHOOLS

Each business school has its particular way of generating and obtaining resources. Table V presents a summary of the main sources of income for a sample of 31 business schools worldwide. Those main sources of income may be the same for most business schools and universities. The information provided in Table I is based on public information, although it was not possible to obtain more information because many schools do not publish financial results. Schools reported income sources under different names and groups; nonetheless, the information offers a comprehensive idea of the various situations faced by different educational institutions in the world. The for-profit business school model is not considered in this review because of its special operational and philosophical constitution.

The analysis concerned the 31 business schools selected and the authors' knowledge of this global business schools industry helped to identify six models of business schools with differing means of financing, which are presented in Figure 2 (Appendix). These are explained as follows:

- *Model 1:* business schools that operate as a unit of a university, lack a brand that is distinct from the parent university, share the same campus, and are usually financed by the parent university. Most business schools in the United States belong to this model and sometimes are provided with a building for the business school within the university campus. Examples include the University of Chile and ITAM in Mexico.
- *Model 2:* business schools that are recognized by their own brand as academic institutions and are owned by a parent university; they operate on the same campus as the university to which they belong, but their operations are financed, to some degree, with resources from the parent university. Examples include Rotman School of Management in Canada (University of Toronto), and Columbia Business School (Columbia University), Amos Tuck School of Business (Dartmouth College), Stephen M. Ross School of Business (University of Michigan), and Vanderbilt Owen Graduate School of Management in the United States (Vanderbilt University).
- *Model 3:* business schools that are recognized by their own brand as academic institutions; they are owned by a parent university and operate on a campus that is independent from the university to which they belong, but their different operations are financed to some degree with resources from the parent university. Examples include EGADE of the Tecnológico of Monterrey in several cities of Mexico, Sloan School of Management (MIT), Stern (NYU), Kellogg (Northwestern University) and Wharton (University of Pennsylvania).

- *Model 4:* business schools that are recognized by their own brand as academic institutions and are owned by a parent university; they operate on campuses that are independent from the university to which they belong, and fully finance their operations independently. This is the case of London Business School in England and CENTRUM Católica in Peru.
- *Model 5:* business schools that are not related to a parent university. This is the case of Audencia and INSEAD in France, INCAE in Costa Rica, IESA in Venezuela, Maastricht School of Management MSM (The Netherlands), and Fundação Dom Cabral (FDC) in Brazil.
- *Model 6:* business schools that are independent schools and have promoted the creation of a university mainly for purposes of awarding degrees. ESADE, IQS, and La Salle are now under the umbrella of Universidad Ramón Llull in Barcelona, Spain. World-known IE business school in Madrid created IE University in Segovia to expand academic quality worldwide. Other graduate business schools in developing countries have created undergraduate business programs or are becoming universities, mainly for purposes of attaining financial support.

The means by which business schools obtain resources are very different in North America, Europe, Latin America, and Asia, and the differences rely on whether they are public or private institutions.

North America

In North America, one of the main sources of funds for business schools is tuition payments from both degree programs and executive education programs. In addition, one can see a great deal of creativity in the generation of revenue through the sale of patents from intellectual production at the school through publishing or related services such as merchandising. Many business schools have subsidiary companies that are responsible for marketing their intellectual production and publications, such as books, journals, even seminars and courses, as well as innovative products such as services for international assessment.

The second source of funds, possibly more important in the United States than in other countries, consists on donations, whether in the form of grants, endowments, or gifts, which constitute an important part of the school's budget. As suggested by Hawawini (2005), "A significant portion of U.S. Business Schools' operating budgets (up to 40% in some business schools) is covered by donations from their alumni and, to a lesser extent, support from the corporate sector, as well as income from endowment" (p. 777). In the United States and Canada, many schools organize regular events at which alumni from the various MBA classes convene to strengthen ties with the school. The level of allegiance gained consolidates the sense of belonging by the former students to their alma mater, so it is easier to obtain donations at annual events. While each individual contribution is marginal amount, together the donations form an important source of funds and, in many cases, provide a catalyst for further support and strengthen the link to private enterprise, which becomes an additional source of funding.

Moreover, in North America, not only donations, but also government contributions are important sources of funds, especially for public schools. For example, 63% of West Virginia University College of Business and Economics funds come from State appropriations and only 18% of funding comes from tuition and fees (West Virginia University, 2008). This combination of funding from different sources generates a virtuous circle in business schools: the donations and government funds enables investments in research, the research permits increased intellectual production, and the intellectual production, in turn, produces more funds and enables the creation of additional income through the publication of research or through the sale of intellectual production. Therefore, research attracts more applicants to their programs, creating loyalty in corporations for collaboration, whether in academic matters or in practice.

Europe

In Europe, sources of revenues vary from one country to another. There are countries where the only source of funds for either private or public schools is the government and obtaining private funds is prohibited. This is the case of business schools in countries such as Denmark, Greece, Luxembourg, Austria, Finland and Sweden. For instance, the Aalto University School of Economics (formerly Helsinki School of Economics) has been mainly financed by the Finnish government (€500 million towards the basic capital of the University), while the remnant comes from private sector funding (€200 million) and donations of at least €700 million (Ahonen, 2008).

In other countries, business schools receive governmental support, and may also receive direct income from students. An example of this second group is the University of Cambridge. It obtains funds from nearly all the sources that have been mentioned: (a) The government, through the Higher Education Funding Council, provides a block grant for teaching and another grant determined by the quality and volume of research; (b) fees are charged to students for instruction and facilities; (c) research income is gained from publicly-funded research councils, charitable foundations, and collaboration from the private sector; (d) donations from benefactors; (e) investment income is obtained from endowments; (f) income is generated from services provided to external customers such as the Cambridge Assessment and Cambridge University Press; and (g) income is generated by the commercialization of intellectual property (Cambridge Judge Business School, 2010).

In a third group of European countries, governmental funds are allocated only to public schools, while private schools are expected to generate their own incomes through tuition or other sources such as donations. In Spain, for example, schools usually finance themselves with tuition fees, which provide more than any other source of income. However, in countries like Sweden, funds are obtained from tuition fees, government, and donations in roughly equal proportions. Carlos Losada, the Director General of ESADE, in Spain, remarked as follows,

> The European Schools of Business have public support, while American Business Schools are basically supported by corporate and non-corporate donations…the main weakness of the Spanish Business Schools is their financing…with the financing model we have, it is difficult to compete with the United States, where between 10 and 40% of the resources come from donations, or with the rest of Europe, where there is public financing. (Invertia, 2007, p. 2)

A review of the situation of public and private schools demonstrates that their situations are also different. According to Hawawini (2005), "Most public business schools receive some form of government support to complement income from tuition, while private business schools rely primarily on revenues from program fees to fund their activities" (p. 776). Public or state universities receive more federal or government funds than private universities because governments seek to improve the educational level in their respective countries. However, some

European business schools have access to endowment funds that offset the lack of government support and, depending on the prestige of the school, may be more or less able to solicit funds from private companies.

Nonetheless, the situation for European schools that receive public funds is not simple, given that the government is an ever-smaller source of financing. As stated by John Hegarty, provost of Trinity College, Dublin (2008):

> Similar to other Irish Universities, the College is facing funding difficulties. The overall level of public funding for higher education in Ireland is low in comparison to international levels, and it is a challenge to provide high-quality research, teaching and infrastructural support to staff and students. A major challenge relates to the economic outlook, along with the level and uncertainty in relation to future funding, particularly with the recent indications from the Higher Education Authority of further real reduction in core State funding in the coming year due to the deterioration of the public finances and the ongoing implementation of the HEA Recurrent Funding Model. (p. i)

Latin America

While donations are an important source of income for North American business schools, the situation is quite different in Latin America, where business schools have yet to be more creative with respect to financing their activities. In Latin America, the culture of philanthropy or corporate support is almost nonexistent compared to North America and Europe. Even the legal aspects that should promote donations are inadequate and discourage gifts or endowments.

In Latin America, the main source of revenue is the business schools themselves, which produce resources mostly through tuition for MBA, executive education and in-house programs. In general, there is little tradition in Latin America of philanthropic donations to educational institutions. Hiring highly qualified faculty and financing their research through lighter teaching loads and economic incentives is onerous and must be financed with their own resources. This situation generates a need for increasing the size of the student population. Government support is also limited for public institutions in Latin America and non-existent for private schools. Research funds, whether from governmental contributions or other sources, are scarce, and the only way to generate additional resources is through launching new programs, increasing the number of students admitted to the different programs and increasing tuition fees for the most popular programs.

An exceptional case in Latin America is Argentina. The donations granted by the Perez Companc Foundation to the Austral University, which included 70 hectares of land and other resources for the creation of the business school (IAE) and the hospital, have been of major significance to its development. Donations made to the Austral University during the years 2000-2005 reached 15% of the total resources managed by the institution (Barsky & Del Bello, 2007). In the specific case of the IAE business school (Austral University), endowments, gifts, and grants, which came mainly from corporate businesses, financed 12% of its operations in 2009. In the case of the University of San Andrés, in 1999, donations for scholarships represented more than 10% of the total revenues from tuition fees, and donations for investments represented more than the 50% of the operational expenses of that year (Barsky & Del Bello, 2007).

Brazil is another special case in Latin America. The Brazilian model, which supports outstanding teacher and students researchers, is interesting. In Brazil, the best educational institutions are usually public because this country's government covers a large part of their expenses. The model for providing funding to support intellectual production seems to work in Brazil, because not only does the state, but also public and private businesses provide funds and receive the fruits of the research and the education. Two of the largest government agencies that fund higher education and its improvement in Brazil are the Coordination for the Improvement of Higher Education (CAPES) and the National Council of Scientific and Technological Development (CNPq). These institutions support postgraduate studies through grants, scholarships, and fellowships (CAPES, 2010).

The CAPES plays an essential role in training and preparing graduate students. It manages both governmental and non-governmental funds, and provides 55% of all grants. It is the agency of the Brazilian Ministry of Education that is responsible for coordinating several master's and doctoral programs and establishing performance standards for those programs. It is also responsible for evaluating and approving proposals for new programs. Schools can also receive direct funding from the CAPES, with the amount depending on the scientific or academic production obtained. The CNPq is also a state agency that promotes research at the postgraduate level. The CNPq does not approve master's and doctoral programs, but rather provides resources based on an evaluation similar to the CAPES (CNPq, 2010).

Asia

In the case of Asia, it was not possible to obtain public information regarding the sources and uses of business school funds. Nevertheless, according to the available information, a culture of donation seems to be a common practice of private institutions. One case of support is offered to students of HKUST Business School, where Jebsen & Co. Ltd award scholarships for up to HK 100,000 to full-time MBA students who are permanent residents in China; it also offers scholarships of up to HK 200,000 to Japanese students who want to study in Hong Kong. In addition, companies and private organizations support outstanding students with prizes and scholarships of from HK 10,000 to HK 50,000. Governmental support is also provided in Asia; for instance, residents of Hong Kong have access to economic support through the Government Student Financial Assistance Agency (HKUST Business School, 2010).

Donations are also frequently made by the private sector. The National University of Singapore Business School, founded in 1965, received a gift of US$21 million from the Indonesian business conglomerate, Lippo Group. The sum included a US$15 million gift for the development of the School's new flagship building, as well as a US$6 million endowed gift to fund two distinguished professorships at the School (National University of Singapore Business School, 2010). Another example of donations in Asia is the case of the University of Hong Kong School of Business. The Poon Kam Kai Institute of Management of the Said Business School was founded through a generous donation by Mr. Dickson Poon. The institute's mission is to bring businesses and government agencies into the Asia Pacific region to offer cutting-edge management knowledge from major centers of learning around the world (The University of Hong Kong, 2010).

There are several prestigious business schools in the world that have developed operations in Asia. Among the business schools with an independent campus in Asia are the ESSEC Asian Center, the Institute of Higher Learning of James Cook Australia, IESE's China Europe International Business School (CEIBS), the Institut Européen d'Administration des Affaires (INSEAD) in Singapore, and the Kuwait-Maastricht Business School (KMBS) in Dasma, Kuwait. All of them offer MBA programs, other graduate and doctoral programs and have been in operation for less than a decade. The Instituto de Empresa (IE) has offices in China, Japan, India, Singapore and South Korea, where it seeks to recruit students from different countries for its programs.

There are also facilities that have been established in conjunction with several Asian universities, such as the Hopkins—Nanjing Center (Johns Hopkins University and Nanjing University) and the Harvard Shanghai Center (Harvard Business School and Harvard China Fund), both operating in China; and the Center of Business Administration (Maastricht School of Management and Sana'a University) in Yemen. In addition, there are sites devoted entirely to research, which include the Asia-Pacific Research Center (APRC), the India Research Center (IRC), and the Japan Research Center (JRC) from Harvard Business School; and INSEAD Israel Research Centre, INSEAD Center for Human Resources in Asia (ICHRA), and INSEAD Asia Pacific Institute Finance. The last two operate in Singapore.

Other business schools such as IESE, the Maastricht School of Management, Tulane University, Harvard Business School, the University of Western Australia, Bond University, ESADE, HEC Paris, and the Kellogg Graduate School of Management have MBA programs (including Global MBA and MBA Double Degrees), specialized Master's, executive programs (including special programs for the study of the culture and market research in China and India), doctoral programs, student exchange, research, case studies and other projects, that use the campuses of their partners in Asia.

USES OF FUNDS

It is interesting to analyze, not only how funding sources are acquired, but also how business schools use those funds. Every business school has its own accounts of expenses that can be divided into five principal groups: Wages and Benefits (Faculty and Staff), Academic Support (Research and Intellectual Production), Capital Expenditures in Facilities and Systems (Investment), Maintenance of Facilities and Systems, and General Operational Expenses. In some special cases, Scholarships and Fellowships are also included. In some special cases, Scholarships and Fellowships are also included. Table II shows a summary of the expenses of a sampling of business schools worldwide, while Figure 1 (Appendix) presents a summary of the sources and uses of funds.

Comparing information is tricky because each school has a different method of reporting its use of funds, it can be estimated that between 40 and 65% of revenues are used to pay salaries, incentives, and benefits to the faculty and staff, being the principal use of funds in most business schools. It is also interesting to note that only schools that receive donations are able to provide fellowships and scholarships, this being either not possible or very difficult for schools that do not receive donations. Operating expenses are estimated at between 15 and 25% of total expenses of business schools. Some organizations report their investment in research separately, which is an interesting aspect for analysis, but most do not report their investment in research separately.

Are business schools an important source of income for the parent university, or do parent universities finance their business schools with income from other sources? The second seems to commonly be the case for business schools that operate according to models 1, 2, and 3, and the first is the case for model 4. Models 5 and 6 are for schools not belonging to a university.

Although information is not available for all schools included in the analysis, consideration of the operating margins of some United States business schools reveals that, with the exception of Harvard and Stanford business school, business schools barely generate profits. Profits do not exceed 3% of total revenues at best, excluding investment in new infrastructure; otherwise, those schools would present a deficit. The cases of the London Business School and Columbia Business School are interesting, neither having profits during the reporting periods. Other cases that stand out are the IESE in Spain, which reported an operating margin of more than 9% in 2008; Rotman Business School (Canada) and IPADE of Mexico reported a 9% operating margin; CENTRUM Católica had 13% margin, and Maastricht School of Management cited a 5% operating margin in 2008. It seems that business schools are an important source of income for many universities, while for others, the economic contribution to the parent university is insignificant.

SOME REFLECTIONS

A great business school, which is the main goal of any dean, is the result of building a strong brand through a proper combination of resources: faculty, teaching quality, students, research, programs (degree and non-degree), convening power, facilities, support services, locations and autonomy, and balancing financial resources will play a crucial role in achieving that goal. The best way to know that this has been accomplished is through accreditations. Those are very lengthy and serious processes. The three most important ones are AACSB International, EFMD/EQUIS, and AMBA. The three most important ones are shown in Table III: AACSB International, EFMD/EQUIS, and AMBA. Very few schools have been awarded them. Serious rankings and ratings are also important, such as those of The Financial Times, Business Week, and The Wall Street Journal, but they do not play the same role to that of accreditations.

Business school deans have tried to be creative by diversifying their sources of income and creating links with their communities. However, they must be even more creative today in order to generate new ways of raising funds to finance their operations, research, and to improve their educational quality. Not many options exist. Business school deans must be capable, not only of maximizing the effective use of existing resources, but also in identifying creative solutions that will diversify their income. This is a challenge for all deans throughout the world. Perhaps the challenge to obtain and diversify funding is relatively simpler for schools in the United States, where the model for raising funds through donations, endowments, grants, and gifts is more common and serves to develop a virtuous cycle of income generation. Donations and government funds permit investment in research, research permits increased intellectual production, and increased intellectual production, in turn, generates more funds and the creation of additional income through the publication of research or through the commercialization of intellectual production delivered through courses.

In countries outside the United States, the supply of philanthropic funds to educational institutions is limited. The lack of a “culture of giving” appears to be the main obstacle to donations and grants, so another challenge involves educating potential donors on the importance of offering financial support to business schools. Changing the tax regime so that donations are considered to be tax-deductible expenses, thus lowering the cost of giving, is another possible solution. However, one must ask whether the culture of giving is promoted through improved tax benefits or if donations ultimately have little to do with altruism and more to do with the ego of the donor who sees his or her name immortalized in an important entity.

In Europe, business schools that formerly received public funds are now receiving much less as a result of the economic crisis in several countries. These schools are now facing the need to seek new models of revenue generation. Private business schools in Europe and in Latin America may face greater challenges diversifying their incomes because of the lack of public revenues and donations. The challenge for these schools is how to become leaders in educational training and in research while having a scarcity of resources and being funded solely through the generations of their own resources. The question is: Is it possible for a business school to confirm its position as one of the world's leading schools, generating research and having a high level of educational quality, while relying on its own resources? Perhaps the answer is that the only alternative for the deans of these business schools is to be creative and innovative in generating more income resources through their own facilities and the capabilities of their faculty.

There is no single model or size for business schools, nor is there a single way to finance them; schools run the gamut from the stand-alone model to the almost fully financially-university-parented school model. Financial dependence of business schools on external sources forces deans to focus their efforts on seeking donors, endowments, and gifts. Moreover they must continually request their presidents to allocate the necessary funds for their operations and the maintenance of high-quality teachers and research activities in order to be well-positioned in rankings, maintain or attain accreditation, and to increase the numbers and the quality of applicants to their programs.

For most Latin American tuition-driven business schools, this is a major challenge due to the fact that they have to cover their full operational expenses, allocate funds to support research, cover the faculty and staff payroll and, at the end of the year, give their surpluses to the parent university to support other departments and activities or reinvest them in new or improved facilities so more students may be admitted into their programs. These schools are obliged to expand their operations into new markets and to attract new sources of income and to maintain their quality of teaching in all locations. It is well-known that the culture of giving in Latin America does not exist.

Many business schools' deans don't *walk the talk* by operating their schools as CEOs or real businesspersons. Instead of creating wealth as a result of their operations, they focus on getting external sources of funds, including government support, to maintain their high-quality teaching and research and permit them to continue as strong world players (Invertia, 2007).

It is quite difficult to support expensive, renowned faculty members who may not be productive as they should be. Some act as though having their names attached to the school will make it profitable and sustainable. Furthermore, having faculty with low teaching loads who are not fully engaged with the schools despite being full-time professors complicates the dean's ability to manage the most important asset of a business school. Expensive faculty and staff payrolls create a difficult situation for business school deans. Moreover, schools that target a few *crème de la crème* students, the majority of which may not be able to afford high tuitions and so, require financial assistance find that this situation places further strains on their financial situation. The need to maintain modern physical and technological infrastructures also tends to worsen the situation.

Financing business schools is a huge and difficult task for deans. Doing this endeavor properly and timely is critical to their academic success. Different regions of the world pose diverse challenges for deans, forcing them to be creative and innovative in this competitive, global knowledge-based industry. At the same time, they shall attempt to reach the high academic standards that may culminate in their being recognized by the most important accreditation organizations such as AACSB, EFMD (EQUIS), and AMBA. Serious rankings such as those of The Wall Street Journal, Business Week, and The Economist are also important to deans for excellence. There are very fine business schools in the different regions of the world. Focusing on financing their academic and administrative processes is crucial, but showing the quality of their finished products - their doctoral and master's graduates - is critical.

REFERENCES

AACSB International. (2010). *Business School Data Trends and 2010 List of Accredited Schools.* Retrieved from http://www.aacsb.edu/publications/businesseducation/2010-Data-Trends.pdf

Ahonen, E. (2010). *Financial and business aspects of mergers: Helsinki case creating new Aalto University.* Seminar conducted at the Humane WSAN-Seminar of the École Normal Supérieure, Paris, France. Retrieved from http://www.humane.eu/fileadmin/humane_docs/SEM_2009/Paris/HUMANE_Paris_PPP_Ahonen.pdf

Alumni give US$85 million to name Wisconsin School of Business. (2008). *Wisconsin School of Business*. Retrieved from http://www.bus.wisc.edu/wng/about.asp.

Arbor A. (2010). New York City real estate developer Stephen M. Ross gives US$100 Million to University of Michigan Business School. *Michigan Ross School of Business*. Retrieved from http://www.bus.umich.edu/communitycreation/story_1.htm

Asian Institute of Technology. (2005). *Annual report 2005.* Retrieved from http://www.ait.ac.th/news-and-events/Annual-Reports/Annual_Report_2005.pdf

Asian Institute of Technology. (2006). *Annual report 2006.* Retrieved from http://www.ait.ac.th/news-and-events/Annual-Reports/Annual_Report_2006.pdf

Australian Tax Office. (2010). *Gifts or donations.* Retrieved from http://www.ato.gov.au/individuals/content.asp?doc=/content/00216832.htm&pc=001/002/068/001/002&mnu=&mfp=&st=&cy=1

Barsky, O. & Del Bello, J.C. (2007). *La universidad privada argentina*. Retrieved from http://books.google.com.pe/books?id=UbjsD0g_ynMC&printsec=frontcover&dq=la+universidad+privada+argentina&source=bl&ots=RYq6QXRfZr&sig=FbeWCRo7-0wPZqP-otDJjgpaQZM&hl=es&ei=Q6soTJfYEYT6lwfQg9X_Bw&sa=X&oi=book_result&ct=result&resnum=3&ved=0CCIQ6AEwAg#v=onepage&q&f=false

Berkeley, University of California. (2010). *Facts at a glance.* Retrieved from http://berkeley.edu/about/fact.shtml

Bouman, A., Frey, U. (1998). *Haas School of Business: A brief centennial history 1898-1998.* Retrieved from http://www.haas.berkeley.edu/haas/centennial.pdf

Cambridge Judge Business School. (2010). *Cambridge Judge Business School, facts and figures*. Retrieved from http://www.jbs.cam.ac.uk/aboutus/downloads/cam_facts_figures_interactive.pdf

Central European University. (2001). University report: Establishment of a permanent endowment. *Gazette, the Chronicle of Central European University, 11*(2), 1-16. Retrieved from http://www.hc.ceu.hu/downloads/CEU_Gazette_vol11_no2.pdf

Chang, A. (2008). Report on giving message. *Simon Business*. Retrieved from http://www.simon.rochester.edu/alumni/giving-to-simon/download.aspx?id=78

Charles Sturt University. (2008). *2008 Annual report to the parliament and community.* Retrieved from http://www.csu.edu.au/division/marketing/annualreports/pdf/AR08-v2.pdf

Columbia Business School. (2010). *2009-2010 Report to investors.* Retrieved from http://www7.gsb.columbia.edu/donors/financials

Concordia University Wisconsin. (2010). *Endowment.* Retrieved from http://www.cuw.edu/Friends/endowment/index.html

Coordination of the Improvement of Higher Education [CAPES]. (2010). *History and Mission*. Retrieved from http://www.capes.gov.br/sobre-a-capes/historia-e-missao

Council on Governmental Relations. (2010). *The Bayh-Dole Act.* Retrieved from http://www.cogr.edu/links.cfm#RelevantStatutes

Darden School of Business. (2008). *Annual report 2007-2008,* Retrieved from http://www.darden.virginia.edu/uploadedFiles/Navigate_Darden/Darden_Administration/Communication_and_Marketing/2007-08-DardenSchoolAnnualReport_2008-12-11.pdf

David Rockefeller Center for Latin American Studies. (2010). *About DRCLAS.* Retrieved from http://www.drclas.harvard.edu/about/drclas

Duke University, Office of News & Communications. (2006). Duke Benefactor J. B. Fuqua dies. *News & Communications.* Retrieved from http://www.dukenews.duke.edu/2006/04/fuqua_obit.html

FT.com Financial Times. (2010). *Business schools rankings.* Retrieved from http://rankings.ft.com/businessschoolrankings/global-mba-rankings-2009

GlaxoSmithKline announces US$500,000 in fellowships at Stanford Graduate School of Business. *GlaxoSmithKline Media Centre*. (2008). Retrieved from http://www.gsk.com/media/pressreleases/2008/2008_pressrelease_10052.htm

Gluckman, J. (2010). *Business Schools' Grants.* Retrieved from http://ezinearticles.com/?Business-School-Grants&id=410602

Godenir, A., Delhaxhe, A., and Deutsch, L. (1999). Key topics in education: Financial support for students in higher education in Europe. *Trends and Debates, 1*, 13-15. Retrieved from http://www.eric.ed.gov/PDFS/ED442314.pdf

Harvard Business School [HBS]. (2009). *Annual Report 2009,* Retrieved from http://www.hbs.edu/about/annualreport/2009/financials/statements/

Harvard Business School [HBS]. (2010). *Giving to HBS.* Retrieved from http://www.alumni.hbs.edu/giving/corporate.html

Harvard University. (2007). *Tax reporting of fellowship income.* Retrieved from http://vpf-web.harvard.edu/ofs/tax_services/pdf/fell_hand.pdf

Hawawini, G. (2005). The future of business schools. *Journal of Management Development, 24*(9), 770-781.

HKUST Business School. (2010). *Financial Aid*. Retrieved from http://www.mba.ust.hk/ftmba/financing/aid.html

Hobohm, D. (2010). *Investors in Private Equity Funds: Theory, preferences and performances.* Wiesbaden, Germany: Glaber.

IESE Business School. (2008). *2007-2008 Annual Report.* Retrieved from http://www.iese.edu/en/files/Memoria%20Alumni%2007-08%20E_tcm4-31802.pdf

Instituto Panamericano de Alta Dirección de Empresa [IPADE]. (2008). *Annual report academic term 2007/2008.* Retrieved from http://www.ipade.mx/prensa/Documents/Comunicados%20Agosto%202009/annual-report-2007-2008-IPADE-business-school-english.pdf

Internal Revenue Service [IRS], Department of the Treasury. (2010). *Charitable contributions for use in preparing 2007 returns (Publication No. 526).* Retrieved from http://www.irs.gov/pub/irs-pdf/p526.pdf

IESE and ESADE request public support in order to continue competing in the first world league [Online]. (2007). *Invertia.com.* Retrieved from http://www.invertia.com/noticias/noticia.asp?idnoticia=1741760

Irarrázaval, I., & Guzmán, J. (2000). *Tax incentives for non-profit institutions: An analysis of the international experience.* Retrieved from www.cepchile.cl/dms/archivo_1503_832/rev77_irarraz_guzman.pdf

Jhingan, S., & Mohanty, D. (2010). India's education sector—Back to school. *Ezine @rticles.* Retrieved from http://ezinearticles.com/?Indias-Education-Sector---Back-to-School&id=1654398

Johns Hopkins launches new Schools of Business. (2006). *Headlines @ Hopkins*. Retrieved from http://www.jhu.edu/news/univ06/dec06/schools.html

Kellogg School of Management. (2008). *Investors report 2007-2008.* Retrieved from https://europealumni.kellogg.northwestern.edu/Support/~/media/Files/Corporate%20Support/IR2008-2.ashx

Kellogg School of Management. (2010). *Kellogg School of Management corporate website.* Retrieved from http://www.kellogg.northwestern.edu/

Forty companies support Argentinean education. (2000). *La Nación*. Retrieved from http://www.lanacion.com.ar/nota.asp?nota_id=9861

Lahore University of Management Sciences [LUMS]. (2009). *Financial Statements for the year ended June 30, 2009*. Retrieved from http://www.lums.edu.pk/docs/year_2009.pdf

Ley 19.885. Norma el buen uso de donaciones de personas jurídicas que dan origen a beneficios tributarios y los extiende a otros fines sociales y públicos (2003). Retrieved from http://www.mideplan.cl/cgi-bin/btca/WXIS?IsisScript=./xis/plus.xis&mfn=006702&base=Biblo

Leonard N. Stern School of Business. (2009). *Annual report to the alumni community 2008-2009.* Retrieved from http://w4.stern.nyu.edu/alumni/ECommunications/FY10/annualreport/annualreport_fy09.pdf

Leovy, J. (2000). Pledge of US$20 million from Max Pavlevsky to enhance residential life. *The University of Chicago Chronicle, 19*(19), 1. Retrieved from http://chronicle.uchicago.edu/000713/palevsky.shtml

London Business School. (2009). *Annual review 2008 - 2009. London Experience. World Impact*. Retrieved from http://www.london.edu/assets/documents/publications/LB201_AnnualReview09.pdf

Maastricht School of Management. (2008). *Annual report 2008.* Retrieved from http://www.msm.nl//components/msm/root/files/jaarverslag_2008_%28web%29.pdf

McCrea, R. (1913). The work of the Wharton School of Finance and Commerce. *The Journal of Political Economy, 21*(2), 2-3. Retrieved from http://www.journals.uchicago.edu/doi/abs/10.1086/252164

MIT Sloan School of Management. (2010a). *Background.* Retrieved from http://mitsloan.mit.edu/about/background.php

MIT Sloan School of Management. (2010b). *Annual report on philanthropy MIT Sloan 2007.* Retrieved from http://mitsloan.mit.edu/pdf/AnnualReport_2008.pdf

Murray, S. (2008). Alumni pay a debt of gratitude. *FT.com Financial Times.* Retrieved from http://www.ft.com/cms/s/0/e802c3bc-14ba-11dd-a741-0000779fd2ac.html?nclick_check=1

Nanyang Technological University. (2009). *Financial statements 2009.* Retrieved from http://www.ntu.edu.sg/AboutNTU/Documents/NTU_Financial_Statements_Yr_ended_31_Mar_09.pdf

National Association of College and University Business Officers [NACUBO]. (2009). *Endowment study result.* Retrieved from http://www.nacubo.org/Documents/research/2009_NCSE_Public_Tables_Endowment_Market_Values.pdf

National Council for Scientific and Technological Development [CNPq]. (2010). *Presentation.* Retrieved from http://www.cnpq.br/espanol/cnpq/index.htm

National Tax Administration Office. (2010). *The Donation.* Retrieved from http://www.sunat.gob.pe/orientacion/DonacionesIR/findice.html

National University of Singapore Business School. (2010). *News and events.* Retrieved from http://bschool.nus.edu.sg/tabid/184/NewsID/166/Default.aspx

Nike founder Phil Knight to give US$105 million to Stanford Business School. (2006). *Stanford University News Service.* Retrieved from http://news-service.stanford.edu/pr/2006/pr-knightgift-080906.html

Oklahoma University. (2008). *Scholarship and fellowship payments.* Retrieved from http://www.ou.edu/controller/fss/procedures/scholar.html

Organisation for Economic Cooperation and Development [OECD]. (2007). *Education at a glance 2007: OECD indicators.* Retrieved from http://www.oecd.org/dataoecd/36/4/40701218.pdf

Pharoah, C. (2008). *Family foundation philanthropy: Report on charitable family foundations giving 2008.* Cass Business School's Centre for Charity Effectiveness website. Retrieved from http://www.cass.city.ac.uk/cce/pdf_files/famfoundationphil.pdf

Philippine Council for NGO Certification. (2010). *Donations to accredited non-stock, non-profit corporations/NGOs*. Retrieved from http://www.pcnc.com.ph/revenue-regulations-no-13-98.html#sec3

Ranguelov, S., De Coster, I., Forsthuber, B., Noorani, S., & Ruffio, P. (2009). *Key data on Education in Europe 2009.* Retrieved from http://eacea.ec.europa.eu/education/eurydice/documents/key_data_series/105EN.pdf

Richard Ivey School of Business. (2008). *2008 annual report.* Retrieved from http://www.ivey.uwo.ca/about/annual_report_complete.pdf

Rotman School of Management. (2006). *Investors' report 2005/06.* Retrieved from http://www.rotman.utoronto.ca/supportrotman/investorsreport_06.pdf

Stanford Graduate School of Business. (2009). *2009 report to investors.* Retrieved from http://content.yudu.com/A1iqtd/2009Report/resources/index.htm?referrerUrl=http%3A%2F%2Fwww.gsb.stanford.edu%2Fgiving%2F2009report%2F

Stephen M. Ross School of Business at the University of Michigan. (2010). *Investors' report 2008-2009 Michigan Ross Schools of Business.* Retrieved from http://translate.google.com.pe/translate?hl=es&langpair=en%7Ces&u=http://bus.umich.edu/

Subsecretaría de Educación Superior de México [Undersecretary's Officer for Higher Education in Mexico]. (2010). *Financing of higher education in Mexico.* Retrieved from http://www.mineducacion.gov.co/cvn/1665/articles-218346_archivo_pdf2.pdf

Texas A&M University. (2008). *Gifts, donations, grants and endowments.* Retrieved from http://tamus.edu/offices/policy/policies/pdf/21-05.pdf

The Johnson School. (2008). *Annual report 2007-2008.* Retrieved from http://www.johnson.cornell.edu/alumni/giving/annual_report.pdf

The Robert Gordon University. (2008). *Financial statements for the year ended 31 July 2008.* Retrieved from http://www4.rgu.ac.uk/files/Financial%20Statements%2020081.pdf

The Societies Registration Act, XXI of 1860. Indian Parliament. 1860 (enacted). Retrieved from http://india.gov.in/outerwin.php?id=http://industries.delhigovt.nic.in/functions/registration.html

The University of Arizona. (2010). *Gifts,* Retrieved from http://www.fso.arizona.edu/fso/deptman/8/812gifts.html

The University of British Columbia. (2010). *Tax benefits of giving.* Retrieved from http://www.supporting.ubc.ca/why-make-a-gift/tax-benefits-of-giving/

The University of Hong Kong. (2010). *Programmes.* Retrieved from http://www.business.hku.hk/programmes/index.asp?doc=executive.programmes

The University of North Dakota School of Medicine and Health Sciences. (2010). *Grant vs. donation: Definition of grant, contract, or cooperative agreement.* Retrieved from http://www.med.und.edu/researchadmin/grantdonation.html

Trinity College Dublin. (2008). *Annual report 2007-2008.* Retrieved from http://www.tcd.ie/about/content/pdf/tcd-annual-report-0708-english.pdf

U.S. Department of Education. (2008). *Digest of education statistics 2007.* Retrieved from http://nces.ed.gov/pubs2008/2008022.pdf

U.S. charitable giving reaches US$307.65 billion in 2008. (2009). *GivingUSA Foundation.* Retrieved from http://www.philanthropy.iupui.edu/News/2009/docs/GivingReaches300billion_06102009.pdf

United Nations Global Compact, PRME Task Force. (2007). *Principles for Responsible Management Education* [PRME]. Retrieved from http://www.unprme.org/the-6-principles/index.php

Universitá Commerciale Luigi Bocconi. (2006). *Bocconi today, facts & figures.* Retrieved from http://www.virtualbocconi.com/media/pdf/bocconitoday.pdf

Vanderbilt Owen Graduate School of Business. (2009). *Annual report/academic year 2008-09, challenges and choices.* Retrieved from http://www.editionduo.com/publication/?i=24192

Vlerick Leuvent Gent Management School. (2008). *Official figures of 2008.* Retrieved from http://www.vlerick.com/en/681-VLK/version/live/part/AttachmentData/data/Vlerick%20Highlights%202008

Williams J., A. (2004). Business School Gets US$60-Million Donation. *The Chronicle of Higher Education*. Retrieved from http://chronicle.com/article/Business-School-Gets/30646/

West Virginia University College of Business & Economics. (2008). *Financial report 2008.* Retrieved from http://www.be.wvu.edu/communications/B_E_Report.pdf

Worcester Polytechnic Institute. (2010). *Fellowship and scholarship.* Retrieved from http://www.wpi.edu/Academics/FS/faq.html

Zúñiga V. (2005). *The United States philanthropic model as an alternative to create a culture of altruism in Mexico* (International Relations Degree Thesis, Universidad de las Américas, Puebla, México). Retrieved from http://catarina.udlap.mx/u_dl_a/tales/documentos/lri/zuniga_p_v/indice.html

Figure 1. Financing a business school sources and uses of funds.

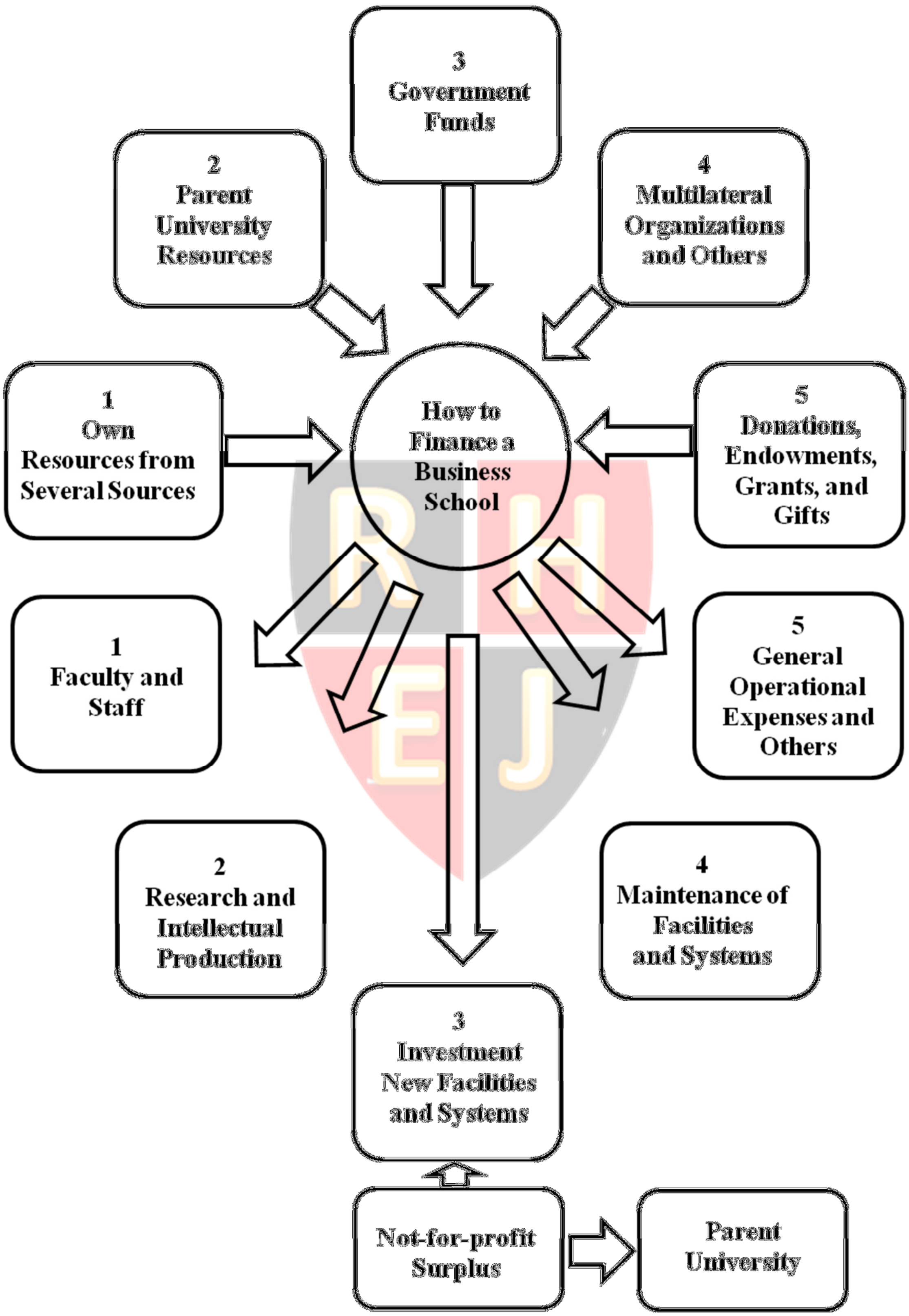

Figure 2. Models of financing business schools.

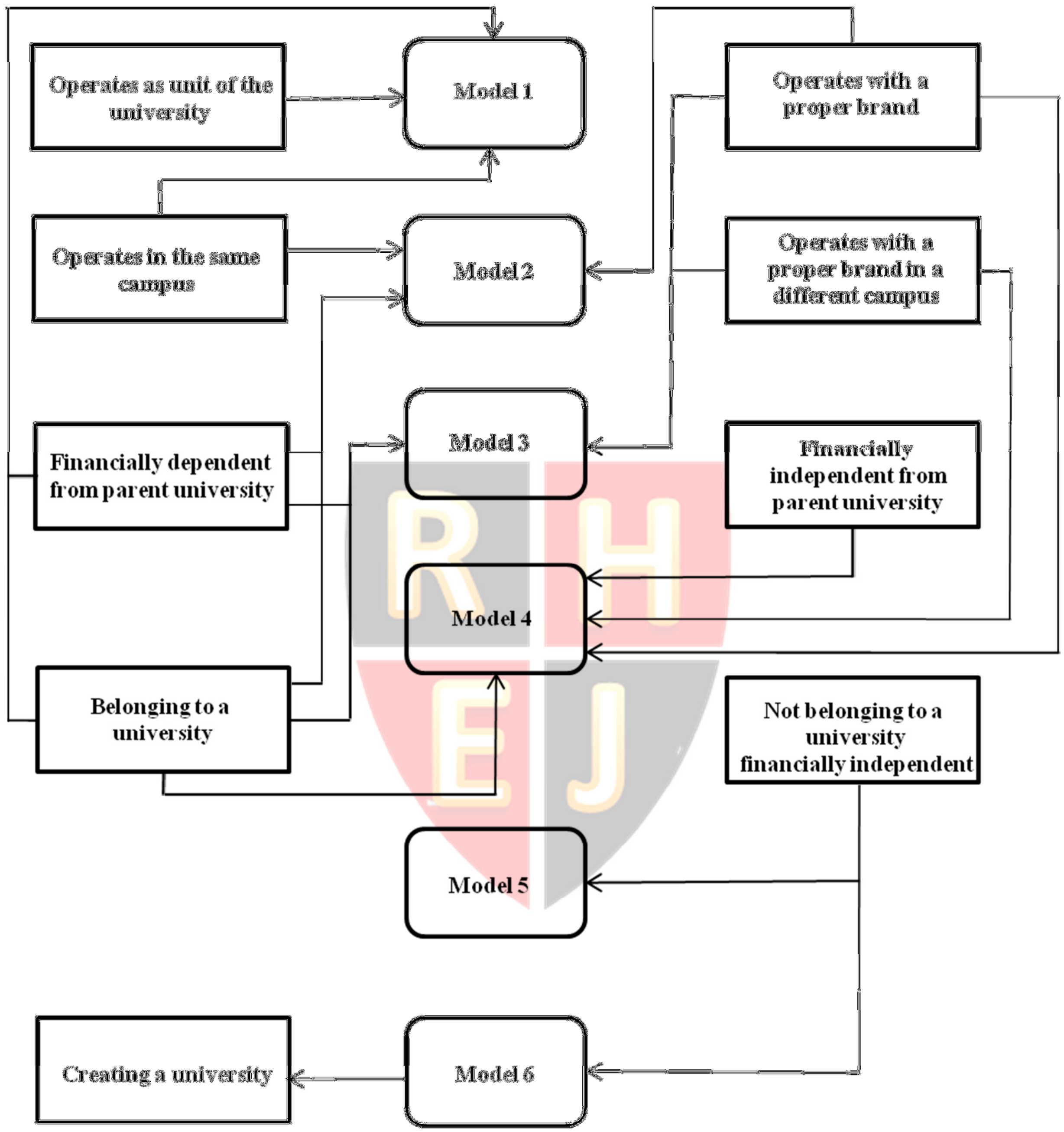

Table I
Sources of Funding for Business Schools

Name	Parent University	Country	Source	Description	Year	1 Own Resources from Several Resources: Tuition and Fees (MBA, Ph.D. M.Sc. Programs)	1 Own Resources from Several Resources: Executive Education	1 Own Resources from Several Resources: Publishing	2 Parent University Resources: University Allocation	3 Government Funds: Government or State Appropiations	4 Multilateral Organizations and Others: Other	5 Donations, Endowments, Grants, and Gifts: Endowment Distribution or Investment Income	5 Donations, Endowments, Grants, and Gifts: Unrestricted gifts	5 Donations, Endowments, Grants, and Gifts: External Grants, Corporate and Donor Relations	Total
IAE Business School	Universidad Austral	Argentina	*Provided by the institution*	Established as the business school of the Universidad Austral in Buenos Aires	2009	28%	53%				7%	1%	8%	3%	100.0%
Charles Sturt University		Australia	*2008 Annual Report to the Parliament and Community*	Australian multi-campus university located in New South Wales, Victoria, and the Australian Capital Territory. It has campuses at Bathurst, Canberra, Albury-Wodonga, Dubbo, Goulburn, Orange, Wagga Wagga, and Ontario (Canada)	2008	0.1%				71.8%	28.0%				100.0%
Vlerick Leuvent Gent Management School	University of Gent	Belgium	*Official Figures of 2008*	Founded in 1953 by André Vlerick, it is the autonomous management school of the University of Gent and the Katholieke Universiteit of Leuven	2008	66.0%				6.0%	21.0%			7.0%	100.0%
Fundação Dom Cabral	None	Brasil	*Provided by the institution*	FDC is a center to develop executives, businessmen and companies and is focused on forming teams to interact critically and strategically in companies. FDC's genesis dates back to 1976, when it started as a spin-off of the Extension Center of the Minas Gerais Catholic University	2009	19.4%	72.7%					3.5%		4.4%	100.0%
Richard Ivey School of Business	The University of West Ontario	Canada	*2008 Annual Report*	Established in 1950 as a separate faculty at the Western Ontario University	2008	48.6%	16.2%	5.0%			14.7%	1.5%		13.9%	100.0%
Rotman School of Management	University of Toronto	Canada	*Investors' Reportt 2005/06*	Founded in 1951 as the Institute of Business Administration, the School was renamed the Joseph L Rotman School of Management in honor of Sandra and Joseph L. Rotman, who donated US$15 million to the school	2005 2006	34.4%	25.7%		17.5%	4.3%	6.9%	5.6%		5.5%	100.0%
Universidad del Desarrollo		Chile	*Provided by the institution*	Founded in 1990 in Concepcion, Chile, as a private institution	2009	64.0%	36.0%		-	-	-				100.0%.
IESE Business School	Universidad de Navarra	España	*2007-2008 Annual Report*	The school launched its MBA program in 1964, under the guidance of an advisory committee set up by Harvard Business School	2007 2008	88.5%					5.2%			6.3%	100.0%

Table I - continued

Trinity College Dublin	University of Dublin	Ireland	***Annual Report 2007 - 2008***	Formally known as the College of the Holy and Undivided Trinity of Queen Elizabeth near Dublin, the college was founded in 1592 by letter patent from Queen Elizabeth and is the only constituent college of the University of Dublin. Located in Dublin, Ireland, it is Ireland's oldest university	2007 2008	29.5%				36.8%	8.3%				74.6%
SDA Bocconi School of Management	Università Commerciale Luigi Bocconi	Italy	***Bocconi Today, Facts & Figures***	Founded in 1902 in Milan as a private university	2006	64.0%	13.0%			12.0%	11.0%				100.0%
Instituto Panamericano de Alta Dirección de Empresa (IPADE)	Universidad Panamericana	Mexico	***Annual Report Academic Term 2007/2008***	IPADE is the business school of Panamericana University, which is a private university in México. The institute was founded in 1967 by a group of businessmen in México City	2007 2008	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lahore University of Management Sciences (LUMS)		Pakistan	***Financial Statements for the Year Ended June 30, 2009***	LUMS was established in 1984 by a group of industrialists and people belonging to Pakistan's leading private and public sector corporations.	2008 2009	30.9%	4.7%				44.6%	1.3%		18.4%	100.0%
CENTRUM Católica	Pontificia Universidad Católica del Perú	Peru	***Provided by the institution***	Established in 2000 as the graduate school of the Pontificia Universidad Católica del Perú in an independent campus and with full autonomy	2009	80.2%	19.8%								100.0%
Nanyang Business School	Nanyang Technological University	Singapore	***Financial Statements 2009***	Founded by the Ministry of Education with government grants. In 2006, it was incorporated as a company limited by guarantee	2008 2009	27.9%				33.4%	11.3%			27.5%	100.0%
AIT School of Management	Asian Institute of Technology (AIT)	Thailand	***Annual Report 2005 and Annual Report 2006***	Established in Bangkok in 1959 as an international institution for higher education in management, planning, and engineering	2006	60.8%					3.4%			35.7%	100.0%
Maastricht School of Management	None	The Netherlands	***Annual Report 2008***	Founded as a Research Institute of Management Studies, it moved to Maastricht in 1989 and changed its name	2007 2008	65.4%				20.5%	14.1%				100.0%
Cambridge Judge Business School	University of Cambridge	United Kingdom	***Cambridge Judge Business School, Facts and Figures***	Founded in 1990, it is a business school in Cambridge, UK, and part of the Faculty of Business & Management at the University of Cambridge	2007 2008	11.4%					16.2%	6.2%		66.2%	100.0%
London Business School	University of London	United Kingdom	***Annual Review 2008 - 2009. London Experience. World Impact***	Established in 1965 as a part of the University of London, Her Majesty Queen Elizabeth II opened the school in 1970	2008 2009	42.8%	32.3%				6.0%	1.0%	6.0%	12.0%	100.0%
Haas School of Business	University of California at Berkeley	United States	***Facts at a Glance***	A public research university located in Berkeley, California. Berkeley is the oldest of the 10 major campuses affiliated with the University of California	2007 2008	20.0%				47.0%				18.0%	16.0%
Columbia Business School	Columbia University	United States	***The Power of Community 2008-2009 Report to Investors***	Founded in 1916 as the business school of Columbia University in Manhattan, New York City	2009	69.0%	10.0%		0.8%		2.5%	11.1%	6.6%		100.0%

Table I - continued

Darden School of Business,	University of Virginia	United States	*Annual Report 2007-2008*	Founded in 1955 as one of the graduate schools of the University of Virginia	2007 2008	37.0%	32.0%					22.0%	5.0%	4.0%	100.0%
Harvard Business School	Harvard University	United States	*Annual Report 2009*	Founded in 1908 as the graduate school of Harvard University	2009	17.8%	22.7%	29.0%			4.0%	23.9%	2.5%		100.0%
Kellogg School of Management	Northwestern University	United States	*Investors' Report 2007-2008*	Established in 1908 as the graduate business school of tNorthwestern University	2007 2008	75.0%						14.0%	11.0%		100.0%
Stephen M. Ross School of Business	University of Michigan	United States	*Investors' Report 2008-2009 Michigan Ross Schools of Business*	Founded in 1924, the school was renamed in honor Stephen M. Ross, who donated US$ 100 million to the school	2008 2009	71.4%	9.4%		0.5%		2.8%	11.2%	4.7%		100.0%
Simon Graduate School of Management	University of Rochester	United States	*Report On Giving Message from Andrew Chang '07*	Business school of the University of Rochester, located on the University's River Campus in Rochester, New York	2005 2006	65.0%						29.0%		6.0%	100.0%
Sloan School of Management	Massachusetts Institute of Technology	United States	*Annual Report on Philanthropy MIT Sloan 2007*	Established in 1914 as a unit of the MIT Department of Economics and Statistics, the school was renamed in 1952 in honor of Alfred P. Sloan	2007 2009	60.0%	9.0%				3.0%	17.0%		11.0%	100.0%
Stanford Graduate School of Business	Stanford University	United States	*2009 Report to Investors*	One of the professional schools of Stanford University in Palo Alto, California	2009	42.0%						37.0%	17.0%	4.0%	100.0%
Leonard N. Stern School of Business	New York University	United States	*Annual Report to the Alumni Community 2008-2009*	The business school of New York University (NYU). It was named after Leonard N. Stern, an alumnus and benefactor of the school	2008 2009	83.0%					4.0%	5.0%	8.0%		100.0%
Samuel Curtis Johnson Graduate School of Management	Cornell University	United States	*Annual Report 2007-2008*	Founded in 1946 as the graduate school of Cornell University	2007 2008	71.0%	2.0%				3.0%	13.0%	11.0%		100.0%
Vanderbilt Owen Graduate School of Business	Vanderbilt University	United States	*Annual Report/Academic year 2008-09, Challenges and choices*	Founded in 1969 as the graduate business school of Vanderbilt University in Nashville, Tennessee	2008 2009	58.0%	4.0%		3.0%			29.0%	6.0%		100.0%
West Virginia University College of Business & Economics	West Virginia University	United States	*Financial Report 2008*	Founded by order of the state higher education board on November 1951 and has been known as the college of business and economics since 1971	2008	18.0%				63.0%	15.0%	3.0%		1.0%	100.0%

Note. n.a. = not available. The sources of information are public or provided by the business school. Data provided by business schools have different ways of presenting the sources of income. The data open to public were obtained from annual reports and have been tabulated according to the presentation of each report. In the case of Europe and Asia, universities have been included because there is no public information about the respective business schools, except in the case of the Maastricht School of Management. In Latin America, business schools do not publish their financial information; information was provided by the Director General or Dean of the institutions.

Table II

Uses of Funds in Business Schools

Name	Parent University	Country	Source	Year	1 Faculty and Staff	2 Research and Intellectual Production	3 Investment New Facilities and Systems	4 Maintenance of Facilities and Systems		5 General Operational Expenses and Others				
					Salaries and Benefits Faculty and Staff	Research	Facilities and capital Expenditures	Academic Support & Student Services (Library, Information Technology, others)	External Relations and Alumni	General Operational Expenses	Others	Fellowships and Scholarships	University Overhead / Assessment	Total
IAE Business School	Universidad Austral	Argentina	***Provided by the institution***	2009	46%	3%	12%	20%	4%	10%			5%	100.0%
Charles Sturt University		Australia	***2008 Annual Report to the Parliament and Community***	2008	61.0%						39.0%			100.0%
Vlerick Leuvent Gent Management School	University of Gent	Belgium	***Official Figures 2008***	2008	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fundação Dom Cabral	None	Brazil	***Provided by the institution***	2008	23.2%	9.4%	3.3%	1%	0.3%	60.1%	1.8%	0.9%	0.0%	100.0%
Richard Ivey School of Business	The University of West Ontario	Canada	***2008 Annual Report***	2008, exchange rate of 1.2 Canadian dollars / US$	71.2%[a]					13.3%	1.5%	4.9%	9.1%	100.0%
Rotman School of Management	University of Toronto	Canada	***Investors' Report 2005/06***	2005-2006, exchange rate of 1.2 Canadian dollars / US$	63%	3%	2%			16%	5%	7%	4%	100.0%
Universidad del Desarrollo		Chile	***Provided by the institution***	2009	40.6%	19.2%		0.3%		7.6%	0.5%		31.7%	100.0%
IESE Business School	Universidad de Navarra	Spain	***2007-2008 Annual Report***	2007-2008, exchange rate of 1.4 US$/euro	46.3%			8.8%		28.4%	16.5%			100.0%

Table II - continued

Trinity College Dublin	University of Dublin	Ireland	***Annual Report 2007 - 2008***	2007-2008, exchange rate of 1.4 US$/euro	48.5%	24.2%	3.4%	5.4%		5.8%	12.9%			100.0%
SDA Bocconi School of Management	Universitá Commerciale Luigi Bocconi	Italy	***Bocconi Today, Facts & Figures***	2006	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Instituto Panamericano de Alta Dirección de Empresa (IPADE)	Universidad Panamericana	Mexico	***Annual Report Academic Term 2007/2008***	2007/2008	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lahore University of Management Sciences (LUMS)		Pakistan	***Financial Statements for the Year Ended June 30, 2009***	2008-2009, exchange rate of 0.0119 US$/rupees	46.8%	0.4%				39.6%	1.2%	12.0%		100.0%
CENTRUM Católica	Pontificia Universidad Católica del Perú	Peru	***Provided by the institution***	2009	33.7%	11.8%	8.5%	1.1%		39.9%			5.0%	100.0%
Nanyang Business School	Nanyang Technological University	Singapore	***Financial Statements 2009***	March 2009	61.1%	12.6%		0.9%		18.7%	6.7%			100.0%
Asian Institute of Technology		Thailand	***Annual Report 2005 and Annual Report 2006***	2006, exchange rate 0.03 US$/Bath	56.4%					38.5%		5.1%		100.0%
Maastricht School of Management	None	The Netherlands	***Annual Report 2008***	2007-2008, exchange rate of 1.4 US$/euro	38.1%					40.2%	21.7%			100.0%
Cambridge Judge Business School	University of Cambridge	United Kingdom	***Cambridge Judge Business School, Facts and Figures***	2007-2008, exchange rate of 1.5 US$/sterling pound	34.9%	30.8%		10.2%			18.7%		5.4%	100.0%
London Business School	University of London	United Kingdom	***Annual Review 2008 - 2009. London Experience. World Impact***	2008-2009, exchange rate of 1.5 US$/sterling pound	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Table II - continued

Haas School of Business	University of California at Berkeley	United States	*Facts at a Glance*	2007-2008	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Columbia Business School	Columbia University	United States	*The Power of Community 2008-2009 Report to Investors*	2009	33.6% [a]		24.3%	8.4%	7.2%	21.4%		5.1%		100.0%
Darden School of Business	University of Virginia	United States	*Annual Report 2007-2008*	2007-2008	62.0% [c]	12.0%	12.0%			10.0%	4.0%			100.0%
Harvard Business School	Harvard University	United States	*Annual Report 2009*	2009	48.4%					31.3%	9.8%	7.5%	3.0%	100.0%
Kellogg School of Management	Northwestern University	United States	*Investors Report 2007-2008*	2007-2008	36.0%	5.0%	25.0%	30.0%				4.0%		100.0%
Stephen M. Ross School of Business	University of Michigan	United States	*Investors' Report 2008-2009 Michigan Ross Schools of Business*	2008-2009	40.8%	2.6%	6.1%	11.2%	3.7%	9.3% [b]		13.5%	12.8%	100.0%
Simon Graduate School of Management	University of Rochester	United States	*Report On Giving Message from Andrew Chang '07*	2005-2006	62.0%					17.0%			21.0%	100.0%
MIT Sloan School of Management	Massachusetts Institute of Technology	United States	*Annual Report on Philanthropy MIT Sloan 2007*	2007-2008	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Stanford Graduate School of Business	Stanford University	United States	*2009 Report to Investors*	2009	37.0% [a]	7.0%		12.0%	6.0%	24.0%		11.0%	3.0%	100.0%
Leonard N. Stern School of Business	New York University	United States	*Annual Report to the Alumni Community 2008-2009*	2008-2009	43.0%		9.0%			13.0%	2.0%	12.0%	21.0%	100.0%

Table II – Continued

Samuel Curtis Johnson Graduate School of Management	Cornell University	United States	***Annual Report 2007-2008***	2007-2008	48.0%				29.0%	-1.0%	13.0%	11.0%	100.0%
Vanderbilt Owen Graduate School of Business	Vanderbilt University	United States	***Annual Report / Academic year 2008-09, Challenges and choices***	2008-2009	54.0%		7.0%		12.0%		15.0%	12.0%	100.0%
West Virginia University College of Business & Economics	West Virginia University	United States	***Financial Report 2008***	2008	82.0%				16.0%	2.0%			100.0%

Note. n.a. = not available.
[a] Includes faculty, teaching, and research.
[b] Executive education.
[c] Include MBA programs and executive education.
[d] Direct fixed expenses + administration expenses.

Table III

Main Business School Accreditation Organizations

	AACSB International[a]	EQUIS[b]	AMBA[c]
	Association to Advanced Collegiate School of Business	European Quality Improvement System	Association of MBAs
Origin	United States	Belgium	United Kingdom
Year of inception	1916	1997	1967
No. of Schools accredited (total)	612 schools / 38 countries	129 schools / 36 countries	173 schools / 42 countries
Africa	2	4	7
Asia	37	16	10
Europe	50	79	117
North America	499	12	3
Latin America	12	10	28
Oceania	12	8	8
Scope	Institution, department or unit regarding the degree programs (undergraduate, master and doctoral programs in business and accounting)	All programs (first degree up to doctoral degree), assesses institution as a whole. Including Executive Education	MBA, DBA and MBM programs (all the portfolio, non the institution)
Criteria	1. Mission Statement 2. Intellectual Contribution 3. Students Mission 4. Continuous Improvement Objectives 5. Financial Strategies 6. Executive Education 7. Student Retention 8. Staff Sufficiency - Student Support 9. Faculty Sufficiency 10. Faculty Qualifications 11. Faculty Management and Support 12. Aggregate Faculty and Staff Educational Responsibility 13. Individual Faculty Educational Responsibility 14. Student Educational Responsibility 15. Management of Curricula 16. Undergraduate Learning Goals 17. Undergraduate Educational Level 18. Master's Level General Management Learning Goals 19. Specialized Master's Degree Learning Goals 20. Master's Educational Level 21. Doctoral Learning Goals	1. Context, Governance and Strategy 2. Programs 3. Students 4. Purpose and Outcomes 5. Curriculum 6. Mode and Duration 7. Contribution to the Community 8. Resources and Administration 9. Internationalization 10. Corporate Connections	1. The institution 2. Faculty 3. Students

Note. Information provided in the official Web pages of the accreditation organizations.
[a] Adapted from AACSB Web page, Member Listings, 2011. Retrieved from http://www.aacsb.edu/membership/MemberListings/educational.asp
[b] Adapted from EQUIS-EFMD Web page, EQUIS Accredited Schools, 2011. Retrieved from http://www.efmd.org/index.php/accreditation-/equis/accredited-schools
[c] Adapted from AMBA Web page, Association of MBA's Worldwide, 2011. Retrieved from http://www.mbaworld.com/index.php?option=com_content&view=article&id=566&Itemid=495