








“Is the endowment fund a panacea for the financial autonomy of classical universities in Ukraine?”

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IS THE ENDOWMENT FUND A PANACEA FOR THE FINANCIAL AUTONOMY OF CLASSICAL UNIVERSITIES IN UKRAINE?

Abstract

The COVID-19 has put higher education institutions in a new situation and identified bottlenecks in the financial structure of institutions and education systems in general. However, for Ukrainian universities, this situation can be seen as an opportunity to achieve financial autonomy. This study is devoted to the consideration of a possible tool for the financial autonomy of Ukrainian classical universities, most of which are state-funded. The paper considers the methodology of a possible tool for the accumulation of external financing – the endowment fund. The case analysis and analytical consideration of world practice are applied. As a result, a model for financing the university in its transition to the innovation and entrepreneurship model is proposed as the chain “endowment fund – development of start-ups”. This example can become the basis of the road map for other national HEIs, as well as the practice of wider use in the field of higher education. However, despite most of the national classical universities have declared a course to an innovative development, which further raised the necessity of external funding, top management and general economic situation require more attention. As this transition to a new model of the university is taking place along with the financial stabilization and under economic and social upheavals, the formation of a new culture of online communication is necessary. Thus, the proposed model is the practical guideline of possible decisions but mostly the start-point for further discussion and research.

Keywords

model, start-ups, innovative university, entrepreneurial university

JEL Classification

G17, G23, I22, I23

INTRODUCTION

Classical universities felt deeply that under the global consequences of the COVID-19 pandemic there is the principal necessity in a scientific substantiation and development of methodical and applied recommendations on their financial stabilization through the interaction with public administration bodies and local communities (Basilaia et al., 2020; Borza & Park, 2020). The change in the format of classical universities required a rapid change in the operational planning of expenditures. There are several controversial costs like students, faculty, and researchers who work outside the university premises. However, during this pandemic, the operating costs are rising due to the need to sanitize the premises and maintain all functional units in order (Marshman & Larkins, 2020). Under such limitations, financing of the unfinished experiments and developments requires special decisions. Some scientific results have been lost due to disruptions in the supply of utilities. Therefore, there is a need to redistribute the costs to complete the experimental or applied research, for example, from sources assigned to business trips, etc. Some studies have been stopped ahead of schedule, so unused funds must be returned to donors. Significant disruptions occurred in tender procurement proce-

dures, a large amount of necessary equipment is not purchased. Some special issues (e.g. connected with orphans) required changes and immediate solutions. Previously this category of students received free meals in university canteens, but the lockdown put the requirement of compensation in the form of cash payments. Universities are also expecting late tuition fees due to declining incomes in student families (Thatcher et al., 2020).

On the other side, classical universities in Ukraine (e.g. Taras Shevchenko National University of Kyiv) met the COVID-19 period in their transformation to the entrepreneurial/innovative model of work. It is known that in those countries where funds are allocated to stimulate the innovation of universities, HEI act as a producer, distributor, and recipient of innovations. In this context, it is clear that an innovative university often stimulates students and research staff with funds and provides a stable financial cushion for the smooth creation of new ideas and inventions, and then acts as a distributor trying to transfer technology to the relevant market for the invention and the further practical application. In some cases, HEI may also become an entity that will use the technology obtained; then it can be called a vicious circle: the university itself sponsors students, scholars, etc., and uses their achievements to develop and improve the institution itself (Javanmardi & Abbaspour, 2021).

Thus, this paper faces the gap in the disclosure of a possible mechanism that would help a university (particularly Ukrainian HEIs) to meet financial stabilization with the simultaneous increase of its innovative activity and entrepreneurial ability. The main task of this study is to propose the financial model for the Ukrainian HEIs based on the economic nature of endowment funds (EF) of the world's most famous universities, the sources of their formation and management features in a cyclical economy, and the impact of the EF on the stability of the classical university in the long run.

1. LITERATURE REVIEW AND AIM

To reveal the gap, the impact of the COVID-19 on the sustainability (as well as the financial stability) of the universities should be considered. This pandemic as well as the quarantine restrictions that happened have shown the main narrow places of the whole education sphere. However, there is an assumption that the indicated milestones work out just for the classical universities. There is an assumption that the innovative or entrepreneurial universities are more resistant to such types of threats that happened because of pandemic restrictions. Thus, the paper attempts to deep into the nature of this kind of educational institution, mostly from the position of their possible financial sustainability. Then, having in mind the aim, to provide the clue for the financial stability of Ukrainian universities as the case while considering the endowment funds model.

1.1. Covid-19 impact on universities

Quarantine restrictions related to the COVID-19 pandemic have radically changed the conditions

of the classical universities functioning and necessitated strengthening of financial stabilization measures both in Ukraine and around the world. Thus, it is necessary to consider the most problematic places of the system one by one.

Termination of classroom training. In the early spring of 2020, most universities in the world stopped classroom education as part of a package of measures aimed at combating the rapid spread of coronavirus, but there was no rapid return to normal learning. Instead, the change in the education format in classical universities has become the most unpredictable event and exacerbated several financial problems, forcing to respond quickly to new challenges and adapt to new conditions, changing the organization of the educational process and the functioning and interaction of all departments (Al-Okaily et al., 2020).

Distance and blended learning. Forms of distance and blended learning have become relevant. As a result, the burden on all subjects of the educational process – teachers and students – increased and required the rapid introduction of new technologies, digitalization of the educational process and

all courses. These factors determine the additional funding for material support for the implementation of distance learning, namely: Internet access, the availability of appropriate technical means, software, etc. This situation has created problems namely for the universities, as the main actors, as well as for individual students who are at a distance learning (Burns et al., 2020).

Digitization of educational processes and research.

The global pandemic and economic crisis determine the need to take into account the dynamics of processes, the simultaneous digitization of educational processes, and assessment of the quality of education and research. Classical universities proved to be the most prepared for the transition to distance and blended learning. Some universities have their platforms for distance learning, some quickly had to implement such systems, which created an additional burden on all participants in the learning process. At the same time, universities need significant funding to provide remote work for all their areas of activity. The high level of bureaucracy in the procedures for obtaining grant support for research requires some institutional decisions and rapid coordination of procedures between universities, public and private grant providers for signing contracts, reporting, reviewing, etc. (Skulmowski & Rey, 2020; Zalite & Zvirbule, 2020).

Financial losses in the field of student life support.

Industries related to student services at universities, such as catering establishments, student dormitories and hotels, related shops, souvenir boutiques, printing service centers, tourist services centers for students and teachers, etc., suffered significant losses (Marshman & Larkins, 2020).

Internationalization of education, mobility, and logistics.

Modern classical universities under pandemic also faced problems of international activity in the organization of international students' education, academic mobility of students and teachers, the organization and holding international conferences. The sudden suspension of studies and the departure of international students, visiting teachers, and researchers to their homeland necessitated the rapid search for new forms of cooperation and logistics. There is a need to review a large number of training activities related to edu-

cation, intermediate and final certification, internships, defense of Bachelor's, Master's, and Ph.D. theses. Many procedures still need methodological improvement. A large number of conferences, symposia, and seminars were initially postponed, later canceled, or transferred to the online format. All these challenges changed the need for funding and required budget reviews (Altbach & de Wit, 2020; Rizvi, 2020).

Thus, it is crucial to estimate and understand the influence of the COVID-19 on the financial stability of universities. This can help to create an efficient package of measures aimed at mitigating these negative effects that can be of long-term nature (Jones et al., 2021). There is the undoubted approach that universities are supposed to be ready with the countermeasures like any equity funds under the Financial stability 4.0 paradigm (Boot et al., 2020).

1.2. The models of innovative university

To launch the funding (e.g. endowment) to work for the benefit of the university's development and realization of its mission (thus ensuring its stabilization, including financial sustainability), the accumulated funds should go to some transparent and effective activity (Kawamorita et al., 2020). Ukrainian classical HEIs mostly see this activity through the development of innovations and entrepreneurship, which is written in the law of Ukraine.

Initially, the question arises of how to define the "innovative university". Reuters presented a list of most innovative Asian universities and identified it as the institution that "does the most to develop science, invent new technologies, and provide new markets and industries" (Christensen & Eyring, 2011). Indicators that assess the innovativeness of any institution were identified (Van Vught, 1999). Entrepreneurial universities are at the center of innovation ecosystems, and play a critical role in their improvement (Röpke, 2000).

Over the last ten years, a sufficient amount of research has been conducted on academic entrepreneurship and technology transfer from universities and other HEIs to economics (Bramwell

& Wolfe, 2008; Klofsten et al., 2019; Fernández-Nogueira et al., 2018). All key studies indicated the positive side and impact of the entrepreneurial university based on the innovations and R&Ds on the regional and state economy.

Therefore, Fernández-Nogueira et al. (2018) considered different training activities, programs, and methodologies that have impacted positively society, stakeholders, students, and the university community. The following criteria of good practices were concluded: innovation, transferability, transversality, sustainability, usefulness, efficiency, and impact.

Bodunkova and Chernaya (2012) examined characteristics of entrepreneurial universities under reforming and modernization of a vocational training system. It was concluded that entrepreneurial universities could be considered as agents of innovations with efficient tools of their innovations capitalization.

However, Hannon (2013) highlighted the challenges faced by universities in becoming entrepreneurial and in their attempts to create environments within which entrepreneurial mindsets and behaviors are developed. It was stated that the role of the entrepreneurial university is increasingly being seen as important for finding new ways to compete and succeed in uncertain and unpredictable environments and for finding new solutions to the multiple challenges that need to be addressed for the public good, whether local or global.

Al-Youbi et al. (2021) noted that universities have become a source of power in the knowledge-based economy, as they are an integral part of the production chain of innovation and skills and pass them on to businesses and society.

Many universities have a variety of programs, curricula, workshops, and other mechanisms designed to encourage students to be creative and innovative and to improve their cognitive functions. Meanwhile, HEIs faced some difficulties connected to the transformation of their missions. Unfortunately, no information is found on quantitative methods used for budgeting or strategic development of HEIs transforming to the new model. It is also not possible to find data on sta-

tistical indicators that could be used to assess the activities of the university to address the issue of funding and allocation of certain amounts from the state budget. Creating a single principle or criterion for sponsoring innovative/entrepreneurial universities would be another incentive for universities to develop in the direction of R&D and innovative technologies because mostly there is a lack of funding sources information. There is also no universal chain of generating technologies and their transfer into practical application. Of course, there are common patents cases, but the issues vary greatly depending on the overall development of the country, its technological development, territorial segment, protection of intellectual property rights, etc.

There are two technology transfer chains (Petlenko & Schehlyuk, 2014). The first is used, for example, in the United States: it is the existence of government procurement and close cooperation between the country's leadership, companies established or operating in the market of this country, and HEIs. This creates both technology parks and research institutes that work for specific companies (such as the Ennova Institute of Biological Sciences and Technologies), and other similar startups.

The second chain, which is more common for Ukraine, is to create so-called internships for students. In practice, this means that some companies are willing to allow university students to do internships. But the problem is that it leads to anything (to the development of students themselves, gaining useful knowledge and skills in the future, profitable cooperation of companies, university image improving), but not to the development of innovation in the country as a whole and technology transfer. The internship will not allow a student to create a new technology or find a solution to a global problem.

As numerous studies show, start-ups could be seen as the solution as they can give impetus to innovation activity and spillover effects in the economy (O'Reilly et al., 2019). However, innovation and startups should not be confused as the same. One needs to distinguish between these two terms. Innovation is the new and latest change or invention; new technology or product that is qualitatively ahead of the previous ones or significantly

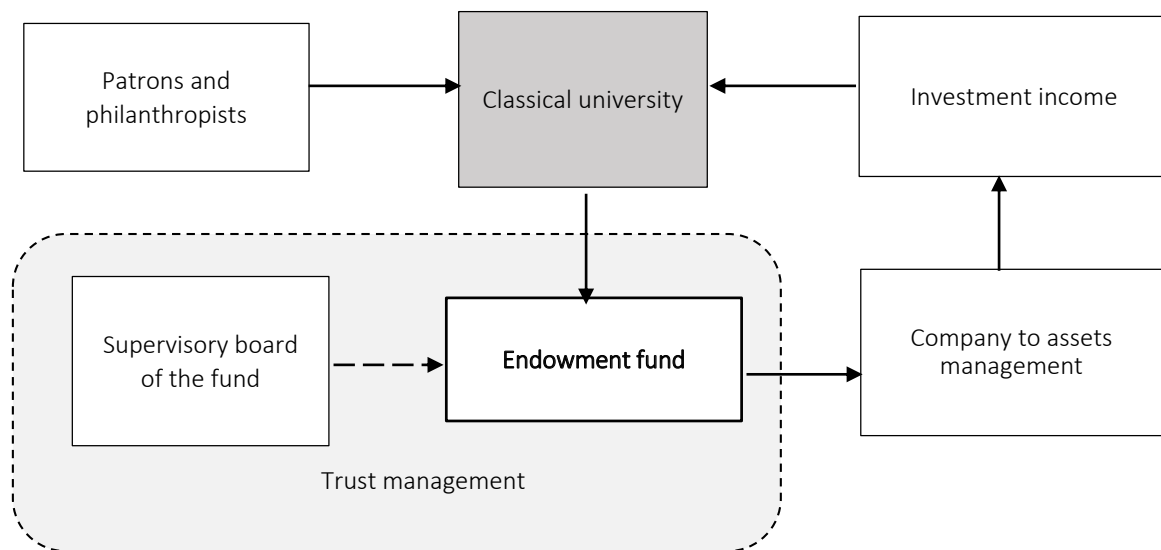


Figure 1. Cash flow in the endowment fund of a classical university

different from them; activities aimed at creating fundamentally new, improved, or more appropriate technologies, products, etc. (Centobelli et al., 2019). A startup is a newly started business (Mok & Jiang, 2017). The fundamental difference is that startups do not have to create new technologies or ideas; they just invent fresh new approaches to solving problems with existing technologies.

In any case, to make a “quantum leap” to the innovation-entrepreneurial model, rather than to catch up, universities need additional resources (Stavytskyy et al., 2019). Thus, for the case of Ukraine, it is seen as necessary to turn to external additional resources, rather than expecting that government allocations will be enough to launch new funding models. One of the options for attracting external funds for universities in terms of their law-abiding behavior and within the framework of financial autonomy can be considered as endowment funding.

Based on the literature review (TBS Staff, 2021; Goetzmann et al., 2010; Heng, 2021; Vaccaro, 2014; Vilensky, 2014; Vorobyova, 2017; Kozarezenko, 2014; Kushnir, 2012; Mokin & Honcharuk, 2012; Oseckiy & Tatomyr, 2016; Riabkov & Pokidina, 2015; Shevchenko, 2015), endowment funds are trust funds for non-commercial accumulation of capital through voluntary contributions and donations for the development of the university.

Traditionally, such contributions and donations are made by former university graduates as a sign of gratitude for the contribution to their personal development by the university community and to maintain a high level of university status for future generations of students. At the same time, contributions can be made by all interested philanthropists and patrons.

Thus, a critical review of the existing literary heritage allowed the question to be put: for most classical Ukrainian HEIs, can the financial stabilization with the corresponding provision of their movement towards the entrepreneurial-innovative component be seen through endowment funds? Is this practice not new in the world?

The development of financial autonomy of classical universities of Ukraine is inextricably linked with the need to diversify sources of funding. In conditions of limited budget funding, the most promising source of fixed capital formation of the university, as shown by foreign experience (TBS Staff, 2021; Goetzmann et al., 2010; Heng, 2021; Vaccaro, 2014; Vilensky, 2014), should be the endowment fund. The scheme of formation of the endowment fund of the classical university is presented in Figure 1.

The movement of the endowment fund (EF) is as follows. Charitable contributions are trans-

ferred to the endowment fund of the university. The fund itself is transferred to the trust management of a professional asset management company. Revenues from trust management are returned to the university and used for the development of educational and research programs, updating the material and technical base, which contributes to the innovative development of the university. The funds of the EF itself are inviolable and cannot be used to finance the current activities of the university.

The institutional basis for the formation of the EF was the adoption of the new Law of Ukraine "On Higher Education" where paragraph 3 of Article 70 provides the possibility of a permanent fund establishing (endowment). The peculiarity of the Ukrainian approach is a significant difference in the formation of the endowment fund in comparison with countries that have significant experience in the formation of this fund.

In particular, this applies to the possibility of forming this fund not only in the form of cash contributions but also to receive charitable contributions in the form of property and other tangible assets, such as houses, buildings, equipment, and vehicles. At the same time, the circle of philanthropists also has a specific feature, as they include state bodies and local governments. Ukrainian legislation has created the basis for the possible non-transparent treatment of property owned by the state and local governments when transferring it to the fund, due to the complexity of the procedure for assessing the value, quality, and quantity of property that could potentially become part of the endowment fund.

It should also be noted that there is no special legislation to regulate the endowment fund that complicates the procedures of administration, placement, and refunding of it (e.g. the case of the endowment fund at the Institute of International Relations of Taras Shevchenko National University of Kyiv). Ultimately, the fund itself suffers from impairment due to systemic risks, inflation, and current transaction losses. The fund also suffers significant losses due to unresolved issues of taxation of charitable contributions and income received from the trust management of the fund.

2. RESULTS

The paper is developed via a desk-based approach to research (literature review and meta-analysis), crowdsourcing, online interviews, and discussions with experts on financial stabilization under the COVID-19 global pandemic. The paper is mostly in the practical and descriptive area; thus, the methodological base is chosen as general scientific research methods like historical method, comparative analysis, analysis and synthesis, system approach and logical generalization, financial management, and calculative statistics.

The models of funds for financing startups are considered. The main model assumptions are the following:

1. The fund starts its work, but during the first three years, there are only accumulate funds that come unevenly from different companies and organizations. The practice of periodic transfers to the fund is gradually being formed.
2. From the 4th period, the fund finances startups of the university on the principle of Islamic banking, i.e. it is a direct shareholder of startups.
3. All startups focus on achieving a certain level of operating profit, and then go to the IPO or redeem the share of the fund.
4. The selection of startups for funding is based on a competitive procedure, taking into account the restrictions:
 - a) The selection of startups for funding is made at the beginning of the new financial year.
 - b) Adherence to the minimum level of expected profitability of the project.
 - c) Extensive use of interdisciplinary research.
 - d) The total amount of funding for all projects may not exceed the amount of the fund's income for the previous financial year.
 - e) Funding for one project may not exceed 15% of the fund's income for the previous financial year.

- f) The fund's shareholding in one startup cannot exceed 30%.
- 7. Every startup with the probability p_1 becomes very successful, p_2 – payback, p_3 – unprofitable, and $1-p_1-p_2-p_3$ – goes to bankruptcy.
- 8. The macroeconomic situation in the country does not change significantly, interest rates on deposits exceed the NBU base rate by k_1 , and the NBU base rate is a benchmark for measuring inflation in the country. Banking institutions where deposits can be kept are reliable.
- 9. Kriss (2020) shows the average cost of a startup to be around $S = \$ 30,000$, and costs tend to increase each year. There is the assumption that the amount of funds required for one startup fluctuates around this amount in the normal distribution.

From the model's assumptions, funding for an average of n projects per year will require the funding of $S \cdot n$, where S is the average startup funding. Accordingly, this amount should be generated by the fund for 1 year. It should consist of three parts:

- New revenues. Assume that the fund will be able to accumulate each year the number A from enterprises and organizations.
- Interest on deposits. All payments are considered at constant prices in early 2021 to offset the impact of inflation. According to statistics, the inflation rate in Ukraine is usually 1–1.5% higher than the NBU base rate, but the maximum rate on deposits in banks is at least UAH 1 billion. Savings exceeds the base rate of the NBU by about 2–2.25%. Thus, under today's conditions, the net savings rate will not exceed 1.5%. It is possible to proceed from such a rate l that equals 1.5% per annum.
- Income from profits of previous startups. Such receipts can be expected only from the 5th year of the fund's existence. Each startup will make a payment only once before the buy-out. On average, one can expect the amount of income

$$D1 \cdot p_1 + D2 \cdot p_2 + D3 \cdot p_3 + 0 \cdot (1 - p_1 - p_2 - p_3),$$

where $D1$ is the expected income from the startup and its sale under conditions of favorable development; $D2$ – expected income from the startup and its sale under conditions of normal development; $D3$ – expected income from the startup and its sale under normal development.

The volume available in the EF will bring in interest $F \cdot l$. Revenues from startups of previous years, starting with 5, will bring

$$D1 \cdot p_1 + D2 \cdot p_2 + D3 \cdot p_3 + 0 \cdot (1 - p_1 - p_2 - p_3).$$

Finally, income from firms – A . It is possible to calculate the income of the fund by year (Table 1).

Obviously, for the stability of the fund, it is necessary to ensure that the balance of the fund at the end of the 5th year will be not less than the balance of the 4th year, i.e.

$$\begin{aligned} & (1 + 1)^4 \cdot A - F + (1 + 1)^4 \cdot AF \cdot 1 + \\ & + D1 \cdot p_1 + D2 \cdot p_2 + D3 \cdot p_3 + \\ & + 0 \cdot (1 - p_1 - p_2 - p_3) - F \geq \\ & = (1 + 1)^4 \cdot AF, \end{aligned} \tag{1}$$

or

$$\begin{aligned} & ((1 + l)^4 \cdot A - F) \cdot l + D1 \cdot p_1 + \\ & + D2 \cdot p_2 + D3 \cdot p_3 + \\ & + 0 \cdot (1 - p_1 - p_2 - p_3) - F \geq 0. \end{aligned} \tag{2}$$

This means that each HEI must estimate for itself possible probabilities of p_1 , p_2 , p_3 , which will be specific to a particular investment object, as well as the expected amounts of A , F , $D1$, $D2$, $D3$, which will express the possible inflows. It is impossible to estimate these indicators at the maximum accuracy, but in the process of launching the relevant projects, the ranges of changes will become clear, which will lead to a more or less stable size of the EF. In the first stages, errors in determining the

Table 1. The income of the endowment fund by year

Source: Authors' elaboration.

Year	New inwards	% on deposits	The inwards of the previous startups' profits	Costs	Fund sum
1	A	$l \cdot A$	0	0	$(1+l) \cdot A$
2	A	$l \cdot A + (1+l) \cdot A \cdot l$	0	0	$(1+l)^2 \cdot A$
3	A	$(1+l) \cdot A + (1+l)^2 \cdot A + l \cdot A$	0	0	$(1+l)^3 \cdot A$
4	A	$(1+l)^3 \cdot A \cdot l$	0	F	$(1+l)^4 \cdot A - F$
5	A	$((1+l)^4 \cdot A - F) \cdot l$	$D1 \cdot p1 + D2 \cdot p2 + D3 \cdot p3 +$ $+0 \cdot (1 - p1 - p2 - p3)$	F	$(1+l)^4 \cdot A - F +$ $+((1+l)^4 \cdot A - F) \cdot l +$ $+ D1 \cdot p1 + D2 \cdot p2 + D3 \cdot p3 +$ $+0 \cdot (1 - p1 - p2 - p3) - F$

parameters can be leveled by manual changing of the indicators to finance new projects.

To consider a realistic example, the following values of parameters can be assumed based on international and domestic experience:

- the number of projects for funding per year – 10,
- the average amount of a startup is 30,000 dollars. When financing 30% of a startup, it is necessary to accumulate about 90,000 dollars.
- The income of a successful project equals to 2 funds accumulations, i.e. $D1 = 18,000$ dollars, and $D2 = 11,000$ dollars, $D3 = 5,000$ dollars, $D4 = 0$. At the same time, the corresponding probabilities are: $p1 = 0.1$, $p2 = 0.2$; $p3 = 0.2$; $p4 = 0.5$. Thus, on average, one can expect to return annually, starting from 5th years, the amount of $0.1 \cdot 18 + 0.2 \cdot 11 + 0.2 \cdot 5 + 0 = 5$ thousand dollars. At the same time, the fund's expenses amount to 90,000, i.e. 85,000 should provide external financing and interest on deposits. Given that the rate is chosen at 1.5%, the fund will have to raise about 81.3 thousand dollars annually.

To consider separately short-term and long-term periods, it can be noted that the first three years it is planned only to accumulate capital of the fund, after which the investment process begins. Thus, in the short term up to 3 years, there will be an increase in the fund for majestic donations and ac-

rued interest. Starting from the 4th year, savings will be inhibited due to the beginning of investment activity. Then from the 5th year, one should expect a stabilization of the size of the fund, which will be consistent with its long-term equilibrium. In the long run, the owners of a fund of volume K will choose such volumes of investment F that the value

$$(1+l) \cdot KF \cdot l + D1 \cdot p1 + D2 \cdot p2 + D3 \cdot p3 + 0 \cdot (1 - p1 - p2 - p3) - F$$

was as close as possible to 0. In other words,

$$F = \frac{\left((1+l) \cdot l \cdot K + D1 \cdot p1 + D2 \cdot p2 + D3 \cdot p3 + 0 \cdot (1 - p1 - p2 - p3) \right)}{1+l} \quad (3)$$

It should be noted that the specific result will significantly depend on the selected parameters for a particular HEI. This means that it is necessary to develop appropriate methods for analyzing startups, to study the probabilities of their survival and profit. For universities, this will be a matter of maintaining the stability of the endowment fund.

3. DISCUSSION

There are still many unresolved issues. The first is the introduction of legislative changes to the Tax and Budget Codes of Ukraine. They should ensure the standardization of tax regulation processes for all operations on trust management of endowment

funds. On the other hand, they should encourage large and medium-sized businesses to finance such endowment funds in universities. It is obvious that today, most business structures are not interested in providing financial support to educational and research institutions. The only exception is the support of those institutions that are in some way related to each other or owners, or personal contacts (Kyiv Media, 2021; Interfax-Ukraine, 2021). At the same time, large companies are not interested in similar contributions to other universities.

The second component is formation of a new culture in the university environment, in which graduates make constant charitable contributions to their home institutions, especially if they become leaders of large firms. This process cannot be fast, it needs to develop a certain concept so that graduates understand why their contributions lead to the development of society as a whole and their well-being in particular. This approach will offer a model of systemic transformation of the financial structure of the classical university to a new model of financial autonomy, which provides for the development of the innovative business university in the chain “endowment fund – development of start-ups – obtaining stable financing from entrepreneurship”. This example can serve as a roadmap for the development of financial autonomy of other higher education institutions in Ukraine and ensuring financial and stabilization of the higher education system in general.

Third, it is the detection of a sufficient number of HEIs in Ukraine that will receive state support and appropriate funding. This process will increase competition between them, lead to internal

transformations, change the role of universities, and, consequently, their economic activity.

This paper allowed establishing that financial stabilization of classical universities is achieved via managing the level of demand for its services based on regulating the cost of educational services and research. Among the main parameters of financial stabilization, the dominant role is played by internal stabilization instruments, which allow managing the liquidity and solvency of the university in the short term without external intervention.

It should be noted that currently, the Ukrainian HEIs are not ready for full financial autonomy. Moreover, this primarily concerns the internal culture of institutions, the lack in most cases of real academic freedom, which can lead to a complete dictatorship of the HEIs leaders. There is a need for clear regulations, according to which management of HEIs funding and academic activities should be carried out by different persons.

Ukrainian enterprises and organizations are nowadays also not ready to move to the formation of endowment funds. This is due to some reasons: lack of fiscal and other incentives to finance educational and research projects, distrust in the effectiveness of HEIs in Ukraine, fear of corruption in fund management, and significant bureaucratization of all funding processes.

Thus, changes will take place gradually, they must be implemented in the regulatory and administrative dimensions, otherwise, the approach to the University of Entrepreneurship in Ukraine will be unviable.

CONCLUSION

This paper aimed to highlight the directions and tools for implementing financial autonomy for classical universities in Ukraine, which are non-profit government institutions, the activities of which, in the vast majority, significantly depend on public funding. That is why ensuring financial autonomy is becoming an extremely important issue for classical universities in Ukraine, as most of them in their development strategies have already declared a course to move to an innovative and entrepreneurial model of the university. All this requires a significant revision and diversification of the model of accumulation of financial resources to ensure financial stability of classical universities in the short, medium, and long term.

The paper demonstrated one case of a model for creating such an endowment fund for a Ukrainian university that is ready to move to innovation and entrepreneurship. The results received are the

start-point discourse on how this fund should be formed and filled in, and how it is possible to guarantee its stability.

Of course, it is easier to develop a model of endowment fund than to implement it. An attempt to implement such a model in Ukrainian higher education institutions will face a lot of obstacles and pitfalls. Among them, first of all, there is a lack of desire of the administration to change the situation on the ground. Public funding is much more stable and important than any risky investment. It should be remarked that this assumption can be confirmed by the fact that almost all HEIs keep free funds on deposits in banks, but do not make any investments. Thus, the first problem will be the formation of active leadership of the HEIs. Secondly, it should be noted that the economic situation in the country is rather unstable, which does not allow projected investments. The third problem is related to the legal protection of investments, which, unfortunately, is a serious problem in Ukrainian society due to the low efficiency of the courts.

It should also be borne in mind that the availability of an endowment fund cannot be an end in itself for the university. If it focuses strongly only on startups, then real projects and processes will remain without support. Thus, the paper only presents a model of how universities can strengthen their financial autonomy, expand the entrepreneurial skills of staff and students, promote innovation. However, as was already emphasized, the specific model which cannot be copied by other players in the market should be developed for each HEI.

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