

# a UNIVERSITY IS NOT A BUSINESS (and Other Fantasies)

By Milton Greenberg

**A**cademe emerges from—and largely remains within—a culture that sees only a remote and sometimes hostile relationship between its activities and the economic system. This view takes the form of an often-heard campus expression: “A university is not a business.”

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This spirit was captured when the *Washington Post* columnist Steven Pearlstein wrote about a business founded on the idea that the academy should end its practice of having thousands of professors of varying skills teach the same course on every campus across the country. Instead, colleges and universities could use simple technology (i.e., a CD) to provide students with presentations by truly outstanding lecturers of regularly taught courses, with on-campus faculty serving as tutors and discussion leaders. This would promote both excellence and economies of scale. But Pearlstein found that this idea “was not exactly welcomed by an establishment that prides itself on remaining a quaint cottage industry.” After conducting a live online discussion of his column and receiving numerous e-mails, Pearlstein subsequently reported a general hostility from the higher education establishment—which, he noted, considers learning “too special to be run like a crass business enterprise.”<sup>1</sup>

Although these words would likely not surprise readers of *EDUCAUSE Review*, it was surprising to find them on the front page of the business section of a major national newspaper. Pearlstein had challenged the basic faith of the academy—the belief that higher education is not a business. Presumably, a “business” involves the hierarchical and orderly management of people, property, productivity, and finance for profit. The “not a business” mantra arises on a campus whenever an administrator expresses concern over a program that is losing money or whenever a governing board suggests that the faculty be better managed or supervised in their work. Any mention of such matters will call forth the faculty judgment that the administration has a corporate mentality and is treating the university like a business, the ultimate sin.

Some confusion on this issue lies in the fact that the *substance* of teaching, research, and learning—protected by academic freedom and professional standards—is not ordinarily subject to profit-and-loss analysis. Conflict arises because the academy also presumes that the *process* by which its practices and customs are carried out should be cloaked in the same doctrine of faith. The underlying premise is that the application of



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managerial practices (i.e., personnel and fiscal controls, known as “administration”) in the conduct of the academic enterprise will infiltrate faculty prerogatives and restrict the freedom to teach and learn. Faculty are the protectors and explicators of the true faith, which must be defended against potential infidels, including their own administrators, who “think about nothing but money.” *Management* is a four-letter word on campus, a strange posture for one of the largest and costliest enterprises in the United States.

Yet numerous realities define the business nature of higher education. Consider the attention paid to the ratings game (best exemplified by the competitive hysteria regarding the annual rankings published in *U.S. News & World Report*), the close ties between research universities and the business and industrial community, the semi-professional athletic programs and the accompanying Taj Mahal physical plants, faculty and graduate student labor unions and strikes, the corporate-like salaries of college and university executives, and the huge competition among all schools, public and private, to recruit students. Is there any other state-tax-supported function that competes for customers from other states? (“Come to our state for better welfare benefits?”)

One sure-fire indicator of the commercial value of higher education is the rise of accredited for-profit institutions, offering both on-site and distance education degrees. These institutions eschew the academic myths of faculty prerogatives and the fears of business-like operations. For-profit enrollments and successful returns on the stock market indicate that higher education can be quite lucrative. Congress, in its 2004 review of the Higher Education Act, is devoting increasing attention to how for-profit schools fit into national needs and can be accommodated with easier access to student financial aid. And a university is not a business?

Once largely small and private, higher education now manifests itself as huge, multifaceted universities, creatures of and dependent on the state. About 80 percent of higher education enrollments are in publicly

funded institutions, and almost all so-called private colleges and universities are equally dependent on governmental largess for student aid and research grants. Is it any wonder that legislative monitoring of educational and managerial practices in colleges and universities is steadily increasing? Congress, state legislatures, and public regulatory agencies are watching, more carefully than ever, the operating procedures of higher education institutions. They seek accountability for funds spent, students served, learning achieved, and research produced, and they look for results in terms of students graduated, jobs secured, and public benefits earned. A startled and resistant academy’s cries of “We are not a business!” are predictable and deafening.

State and national political leaders and boards of trustees, public and private, are growing impatient with the seemingly insatiable demands for public investment in higher education and with the acad-

emy's resistance to change or to supervision of its practices and outcomes. In the new reality of state-sponsored universal higher education, claims that education is not a business are seen as cloaks for behaviors and expenditures that violate reasonable expectations of responsibility and accountability. It is not surprising that in state after state, public funding has moderated or decreased precipitously and tuitions in state and private colleges and universities have risen steadily over the years irrespective of the economy. In 2003, this phenomenon achieved high recognition when tuitions in public institutions jumped as high as 30–40 percent in one year.

Typically, the academic bureaucracy responded to the tuition crisis by calling for more student aid, with barely a word uttered about doing things differently on campus. In an op-ed piece in the *Washington Post*, two academic economists, Robert Archibald and David Feldman, asserted: "Our universities are not inefficient institutions built on a bad business plan." Rather, they argued, colleges and universities are the victims of lack of adequate public political and financial support.<sup>2</sup>

So, what things *should* colleges and universities be doing differently? It borders on trite to say that higher education is in the midst of an information technology revolution, but one would hardly know it from observing the dominant practices that characterize mainstream higher education. Carole Barone, vice-president of EDUCAUSE, summarizes this lag by noting the slow adaptation to technology and to an understanding of the new paradigm of the central teaching/learning function: "The course is not the container; teaching 'space' is not a physical place; and 'personal' does not mean 'in person.'"<sup>3</sup>

Considerable adaptation to technology has taken place, of course. Numerous colleges and universities—public and private, nonprofit and for-profit—operate virtual campus programs, with courses and degrees offered completely online. Much is also happening in the use of technology in individual courses on most campuses. And students have little difficulty with the concept. Still, the major higher education institutions are caught in a time warp. Teaching and learning

tend to be served up in the same old containers, in the same old spaces, using the same old concept of face-to-face interpersonal relationships.

The central organizing principle of this "same old" academic life takes the form of an academic calendar attuned more to an agrarian society than to an urban culture, much less to an environment of information technology available twenty-four hours per day, every day, anywhere. The academic year consists of two semesters of 15 weeks each, with courses meeting for 150 minutes a week, at 50- or 75-minute intervals, spaced on Monday-Wednesday-Friday or Tuesday-Thursday. Faculty assignments and everything else on campus are geared to this model. Faculty teaching loads are generally two or three courses per semester. It is also assumed that students can and ought to take about five (usually unrelated) three-credit courses per semester so that a bachelor's degree can be earned in four years—which rounds out nicely to about 120 credit hours in 120 weeks. Yet with less than half the students graduating in that time (and many not finishing at all) and with perhaps half pursuing their degrees at two or more institutions (including credits earned online from separate institutions), even the dominant academic calendar appears to be a meaningless fiction. One can't help seeing the appeal, to students and prospective faculty alike, of the very successful and accredited online universities and programs, which advertise that their virtual classroom and degree programs are available twenty-four hours a day anywhere in the world and that courses start every week.

Few people have any idea how the semester and credit-hour pattern came about. Nor has any serious effort been made to assess how learning is related to those time patterns or credits, much less to the place or space in which learning is presumed to take place.<sup>4</sup> Until the 1960s, the academic year consisted of two eighteen-week semesters for a total of thirty-six weeks, and faculty teaching loads of four or five courses per semester were not unusual. So, with the surge in enrollments and an explosion in information, why were the semester lengths and the teaching loads reduced? I suggest

that in light of the demographic and technological changes in academe, the academic calendar is irrelevant, the credit hour on which higher education values learning at fifty minutes per credit per week for fifteen weeks is irrelevant, and the personnel policies, the administrative structures, and even the physical plants—which rest on the calendar and the credit hour—are irrelevant. Whatever purposes these systems serve, there is certainly no demonstrable relationship to what and how people learn.

Relying on the higher education establishment to recognize this reality won't work. Consider, for example, its slow adaptation to a long-standing and growing public demand for assessment of learning and for some demonstration of outcomes. This is not a case of malfeasance so much as it is confusion among faculty and administrative leaders who are constrained by a natural resistance to change, a resistance buttressed by an institutional governance structure that makes alterations difficult.

Before significant change can take place, colleges and universities must shed the mythology of a perceived romantic age of higher education. Before World War II, colleges were mainly small, elite, rural, private, religious undertakings, graduating each year in the United States about 160,000 students, mostly white males, eighteen to twenty-two years old, educated in liberal arts for careers in the learned professions. After WWII, the golden age of the GI Bill (1944–55) stimulated growth in enrollments. But it was not until the late 1950s and 1960s that huge, publicly funded, urban, multicultural institutions emerged. Large numbers of contemporary faculty began their service during the 1960s and 1970s and perceived the growth as merely an extension of what had always been. That faculty generation, now dominant in the academy, has emulated the teaching and research patterns and the faculty governance concepts of their graduate schools irrespective of the student bodies or the missions of their present institutions. Today, more than 15 million undergraduate and graduate students (including more women than men and increasing numbers of minority or foreign students) are enrolled in higher education institutions in the United

States, and that number is projected to grow above 17 million within the decade. About 1.3 million bachelor's degrees are awarded annually, plus an equal amount of associate, graduate, and professional degrees combined. Large numbers of undergraduate students are twenty-five years of age or older. One consequence of this enormous "invasion" of higher education is that the academy has lost its mystery as a distinct cultural enclave open to only a few. To put it another way, students today see higher education as a means to an end and are less apt to buy into academic beliefs regarding knowledge for its own sake and other romantic educational traditions.

Liberal arts, the staple of bygone years and part of the romantic tradition, now serve mainly as handmaidens to undefined "general education" components of technical or professional degrees. Liberal arts are merely one of many available college and university majors covering almost every line of work, to such an extent that no one knows what is meant by a college education or what public good is being served. Jobs, not cultural and personal development, are now the goals stated by college students in repeated surveys. This is a climactic shift and explains, in large measure, why questions are being raised regarding the balance between the public good and the individual benefits served by higher education and why reliance on tuition rather than public subsidy is becoming the norm. Who indeed should be paying for the business of higher education? This is an important question, since higher education has traditionally been considered a public good to be paid for by taxation from all people, most of whom do not partake in its benefits.

As new demands for service develop in terms of numbers of students and subject matters, how do academic leaders respond? They call for more public financial support so that they can offer more courses on more campuses, build more buildings including larger libraries, hire more faculty, and develop more student service facilities, most of which are fitting for a bygone era. Residence halls, student centers, dining areas, and especially sports-related facilities are now some of the fanciest and costliest places on campus—all needed, it is claimed, to attract

students. Even though almost half of all students are mature adults for whom most of these facilities are of dubious need or value, they are expected to support the facilities with tuition and fees.

We hear regular cries about the need for more scientists, mathematicians, language specialists, and engineers to meet our national and international interests. College and university leaders predictably ask Congress for more money to accomplish that goal. What we do not ever hear is colleges and universities saying that they will transfer resources from under-enrolled arcane subject matters, or from over-enrolled graduate degrees for which jobs are not available, to programs that will better serve the public interest. Nor are we likely to see a shifting of funds from mushrooming and overdone physical plants or from clearly overblown athletic programs.

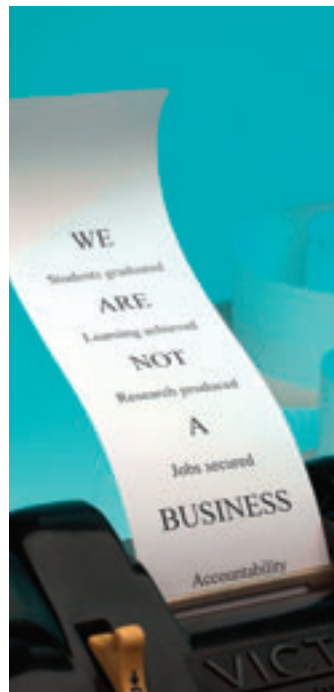
One might expect that an institution that is not meeting admitted national needs and is claiming financial problems, an institution that was presumably established to serve the public good, would seek to reinvent itself, modify its practices and products, and review its use of personnel, space, technology, and other resources—in other words, would take a look at its business practices. Academic institutions are neither in-

clined nor structured to take such actions. The governance patterns of higher education are rooted in the academy's commitment to dreams of academic life isolated from such mundane concerns and have resulted in highly honed passive resistance to change. Each institution, in cottage-industry style, thoroughly decentralized, insists on doing what every other institution does: ignoring specialization or cooperation and ignoring technological applications to learning and other potential economies of scale. The mere mention of eliminating some academic or co-curricular programs or establishing cooperative inter-institutional programs is tantamount to a declaration of war.

Central to the doctrine of the university as a non-business and to its independent cottage-industry format is the tenure system, which rejects the notion of the faculty

as employees subject to managerial control, presumes faculty primacy in program matters and shared governance, and virtually ensures lifelong employment for faculty. It is not surprising that tenure is viewed by reformers as an impediment to reform irrespective of changes in the purposes or methods of higher education. In the tenure system, there is no compulsion on the part of the faculty to change. Nor is there any method available to administrators or legislators to compel change, short of creating enormous transactional costs in terms of morale, lawsuits, and campus conflict. Although it is argued that tenure is essential for academic freedom, the result is job security, essentially free of supervision, for a select few in society. It is no accident that during the past decade, since the advent of the widespread use of technology for on-campus and distance education, more than half of the new faculty appointments have gone to part-time or other non-

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tenurable, fixed-contract slots and the number of full-time tenure-line positions has declined even more rapidly. The technology revolution may indeed spell the end of the tenure system as it is presently administered.

Information technology experts can play a leading role in calling attention to self-defeating practices. The sheer number of students seeking higher education out of desire for academic achievement or absolute economic need demands a new approach. How can we in higher education continue to believe (as we apparently do) that all students require the same time and space patterns for learning? How can we define what such a diverse population should study in order to be called “college graduates”? How can we serve so many people studying so many subjects in so many institutions without a dramatic shift in how we organize and deliver services? Do we just keep building more facilities and hiring more people? Such an approach would be akin to handling the increase in demands on the Social Security and Medicare systems by buying more pencils, paper, and filing cabinets and constructing more buildings and hiring more clerks to fill them. Examples abound of new models for learning and for granting degrees, but these tend to be viewed as isolated sidebars of the “real academy.” The information technology community should actively promote these successful new learning arrangements.

Romantic notions of the student-faculty relationship, with the student sitting on one end of a log and the faculty member on the other end, are a vital part of the academic myth—in spite of universities enrolling tens of thousands of students, lecture halls containing hundreds of seats, graduate students teaching key classes, and students of all ages and interests moving in and out of the academy. Today’s youth—and increasingly, today’s adults—communicate regularly via e-mail, instant messaging, and cell phones via voice- and text-messaging and gather information from the Internet and digital libraries with ease and without any personal contact. Indeed, most have never known any other way. Students with instant communication tools expect their faculty to be available instantly. This

opens fantastic opportunities for new forms of interpersonal relationships and for collaborative learning on campus, off campus, among faculty and students on several campuses, and anywhere in the world. Clearly, the future of higher education is outside the traditional campus and classroom.

The change from an industrial to an information-based economy has put worldwide higher education in the mid-

dle of a new paradigm of global competition; most advanced nations view higher education as a key player in international business competition. The growth of higher education as a valuable commodity, along with the enormous public investment in it, places the academy in the category of what political scientists call “a business affected with a public interest.” Thus higher education becomes similar to a public utility, subject to political

forces and regulatory control. Cottage industries do not fare well under such powerful forces, which look for efficiency and clear results. Will higher education become part of that engagement and help determine its own future, or will it leave its future precisely where institutions should fear most to have their future—in political hands? The reauthorization of the Higher Education Act in 2004 is clearly shaping up as just such a contest.

Does it matter whether the academy thinks of itself as a business? Yes, it matters. How we in higher education perceive of ourselves conditions our behavior. Clearly, substantial numbers of academics either fail to see the global significance of information technology or believe that the features characterizing higher education for six centuries, since the Gutenberg Bible, are sufficient to meet their obligations. Continuing claims by the mainstream higher education community that “education is not a business” and is not susceptible to market forces will increasingly be viewed as a Luddite fantasy. Imagine if we had

claimed that the invention of the automobile and the airplane would not require further action, such as the building of highways or airports, or if after the car and the plane were produced, we had remained content to leave things as they were—with the Model T Ford and the open-cockpit, propeller plane.

A twentieth-century print, lecture, and discussion educational system, serving a well-defined and small demographic group, can operate with a decentralized, independent site-based organizational structure. A twenty-first-century system with multimedia information resources, available on demand anywhere and sought by a multifarious worldwide audience, will require different collaborative organizational properties, in which the individual student or scholar is the focal point and the organizational units are rendered secondary. Yes, how the academy perceives itself matters. If higher education is to lead its own renewal, it *must* think about its people, its property, and its productivity in business terms. *e*

#### Notes

1. Steven Pearlstein, “The Lesson Colleges Need to Learn,” *Washington Post*, December 17, 2003; Steven Pearlstein, “An Educating Use of Business Practices,” *Washington Post*, December 19, 2003.
2. Robert B. Archibald and David H. Feldman, “When States Pay Less, Guess Who Pays More?” *Washington Post*, October 26, 2003.
3. Carole A. Barone, “The Changing Landscape and the New Academy,” *EDUCAUSE Review*, vol. 38, no. 5 (September/October 2003): 42, <<http://www.educause.edu/ir/library/pdf/erm0353.pdf>> (accessed January 14, 2004).
4. See Jane V. Wellman and Thomas Ehrlich, eds., *How the Student Credit Hour Shapes Higher Education: The Tie That Binds*, New Directions for Higher Education, no. 122 (San Francisco: Jossey-Bass, 2003).

#### RELATED RESOURCE



The EDUCAUSE Current Issues page “Return on Investments in Learning and Administration” (<http://www.educause.edu/issues/issue.asp?issue=roi>) offers a collection of resources (papers, presentations, and Web sites) regarding ROI in the areas of technology, e-learning, faculty, and administrative computing systems.