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HIGHER EDUCATION: SOCIAL INSTITUTION OR BUSINESS?

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ABSTRACT: American higher education has been undergoing significant changes in recent years. These changes affect students, faculty, and administrators and involve interlocking contingencies and meta-contingencies that constitute a great part of higher education but also involve issues of social justice. Changing practices (e.g., distance learning, posttenure review) are sources of controversy and instability in contemporary American academe (Lamal, Rakos, & Greenspoon, 2000; Willis, 2001). A fundamental transformation underlying, and responsible for, many of the changing practices is the movement toward the "corporatization" of higher education. On this view, the model for higher education should be the business world, specifically the corporate world. The rationale is that by adopting the structure and practices of the corporate world, higher education will be better able to meet its current challenges. These challenges include: (a) the need to serve a wide range of students, (b) mounting costs, (c) questions regarding the occupational status and role of faculty, and (d) institutional governance.

Among those who have addressed the move to the corporatization of academe are Robert Birnbaum (2000) and Charles W. Smith (2000). Birnbaum is professor of higher education at the University of Maryland, College Park and a former higher education administrator.[2] Smith is chair of sociology at Queens College, CUNY and also a former administrator. The view common to these two books is distilled in Birnbaum's statement: "The idea of higher education as a social institution has been displaced by higher education as an industry" (2000, p. 226).

According to Birnbaum, the attempt to make colleges and universities more like businesses is the motivation for higher education's adoption of fads from business and government. Birnbaum chronicles the adoption, peak, and disappearance of seven higher education management fads.

As can be seen from Table 1, only one of the fads has not yet disappeared, a

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[2] A reviewer of an earlier version of this article pointed out that the designation of a current chair as a "former administrator" highlights a systemic problem in higher education today. Department chairs are often seen by faculty and by themselves as part faculty/part administrator. But in fact they are full-time administrators, contrary to the myth that is perpetrated.

Table 1. Higher Education Management Fads

Name	Time Span
Planning Programming Budgeting System (PPBS)	1960 – 1974
Management by Objectives (MBO)	1965 – 1980
Zero – Base Budgeting (ZBB)	1970 – 1985
Strategic Planning	1972 – 1994
Benchmarking	1979 –
Total Quality Management (TQM)	1985 – 1996
Business Process Reengineering (BPR)	1990 – 1996

Note. From Birnbaum, 2000.

fact that should prompt skepticism upon learning about the next highly touted panacea for higher education. The years listed also provide evidence that at least some in higher education have been concerned with increasing efficiency ("more bang for the buck") for some time, but the managerial revolution of recent years seems much more salient, at least to this observer.

Although these fads differed in their details, they shared a number of serious problems. They usually lacked an agreed-upon definition, the result being that different institutions were establishing different contingencies and practices but calling them the same thing. Thus, for example, the practices called Strategic Planning at one institution may have differed markedly from those called Strategic Planning at another. Any positive changes at institutions using "Strategic Planning" thus could not be attributed to an agreed-upon set of practices. Another problem with many fads (e.g., Zero-Based Budgeting) is that they required the investment of huge amounts of time of many people. And the evidence of the fads' (e.g., MBO, PPBS, ZBB, Benchmarking) efficacy was either very weak or nonexistent.

Birnbaum says that "it is difficult to state authoritatively why MBO died because there were few serious attempts to study the phenomenon or its demise" (p. 50). And this was also the case with the other fads.

Birnbaum adduces a number of reasons why higher education fads borrowed from business and government fail. One is that business (and government) "is bureaucratized, formalized, hierarchical, and tightly coupled… In contrast, colleges and universities are professional organizations – loosely coupled systems in which managers with limited authority provide support for relatively autonomous specialists" (p. 150). Thus, in business, effective control can be maintained by detailed rules and clear contingencies, whereas in academe many important behaviors are governed by informal, sometimes tacit rules, and contingencies are often not clear. At the same time, however, the corporatization of higher education (Carr, 2000; Lamal et al., 2000) is changing its contingencies to resemble those of business. In addition, higher education institutions are subject to control by external forces, such as legislatures, that may mandate or proscribe certain practices.

Birnbaum also asserts that the difficulty, if not impossibility, of measuring higher education's most critical goals makes it impossible to determine whether a given fad had been helpful. Here, he can expect little support from behavior analysts, who stress the importance of measurable phenomena. Fads also fail because the higher education culture makes it easier than in the nonacademic world to publicly adopt a fad but not actually implement it. This "virtual adoption" (Birnbaum, 2000, p. 137) of fads is possible because of the dual governance structure and loosely coupled processes of academic institutions that "buffer educational from administrative procedures and permit subgroups to operate with significant autonomy" (Birnbaum, 2000, p. 137). It will be interesting to see to what extent the separation of educational and administrative procedures and practices is preserved if the corporatization of higher education continues.

Fads are adopted in response to claims that higher education faces a crisis or that institutions are stagnating. Sometimes government mandates them. Ineffective fads continue to spread because their proponents and administrators who adopted them are reluctant to publicize their failures, probably because of the negative consequences that might ensue. There are also biases that may influence a manager to continue to support a fad in the absence of supporting evidence, for example, "The Illusion of Control". Administrators need to believe they are effective and have influence. "If they cannot exercise real control, it is important at least that there be the illusion of control" (Birnbaum, 2000, p. 182). It is reasonable to assume that this illusion is reinforcing for the administrators and is also reinforced by those who control many of their powerful reinforcers, although evidence supportive of this assumption is lacking.

But, says Birnbaum, not all fads are bad. They almost always are based on a good idea containing a kernel of truth, and each of the values at the core of the seven fads he presents, Birnbaum says, has merit. Among the positive results of fads is attention being paid to important organizational values that had been overlooked. As environments change, institutions must also, and fads introduce new practices that may help organizations succeed in changing environments. The adoption of a fad, and the behaviors of administrators in implementing the fad strengthen the myth that rationality is important and that what administrators do has influence. "Belief in the myth encourages managers to initiate and persist in potentially effective behavior, even if the probabilities of success are low" (Birnbaum, 2000, p. 210). The introduction of a fad often changes long-established institutional structures and processes in positive ways. A fad may supplement or replace existing channels of communication; it may create new groupings of people who otherwise might have never interacted. Administrators who adopt fads may have been reinforced in the past for bringing about change ("doing something") irrespective of the details of such change. Their behavior may be superstitious, in that fad adoption in the past may have been reinforced by contiguous, but not contingent, consequences. Administrators may also observe that those at other institutions who have adopted a fad have been reinforced for doing so, this observed contingency serving as a discriminative stimulus for adoption of the fad. Avoidance is another possible factor contributing to fad adoption. Administrators may adopt a fad to avoid not being seen as "innovative", "on the cutting edge", or being able "to think outside the box."

On balance, however, it is clear to Birnbaum that fads adopted by colleges and universities from the worlds of business and government fail to improve the academy. The structures, practices, and contingencies of higher education and business are antithetical. But, "[I]t is safe to assume that another fad, similar in many ways to the ones we have seen over the past forty years, is around the corner" (Birnbaum, 2000, p. 141).

Smith's (2000) thesis is that market principles continue to be misapplied to American higher education, causing an undermining of the educational process. He argues that criticism of higher education's traditional way of doing business as constituting fiscal and personnel mismanagement is wrongheaded. Further, almost all of the remedial measures taken to correct these assumed inefficiencies have proven counterproductive. We must, instead, attend to the central problem confronting American higher education, which is "trying to do too much with too little…we need to determine what we are willing to pay and how these costs are to be allocated" (Smith, 2000, p. 133). According to Smith, real economic efficiencies require building on traditional academic management and governance structures, which have proven to be highly market sensitive. Smith (2000) says that the unspoken assumption underlying many criticisms about higher education is that it is overpriced and that any business person could run it much more efficiently and economically. But, says Smith, "They couldn't and wouldn't because most academic institutions have historically been run in a highly efficient, if organizationally unorthodox manner" (2000, p.3). That unorthodox manner underscores the differences between business and higher education. Unlike businesses, colleges and universities do not have owners and their goal is not to maximize profits. All of their "customers" are subsidized and the "product" is sold at less than the cost to produce it. In contrast to businesses, colleges and universities have multiple and conflicting goals and intangible outcomes.

Smith says the notion that higher education is overpriced results from its being purchased on an irregular basis. Several decades of inflation occur between purchases of higher education. But for over 30 years the cost increase for higher education has been quite consistent with the inflation rate.

Smith also argues that "false cures" involving cutting costs and raising revenues are at the root of most fiscal and managerial problems confronting colleges and universities today. Further exacerbating the problem is the administrative revolution that has spawned "a new managerial class" constituting larger, better paid and more powerful (at the expense of the faculty) college and university administrations. What we get for this enlarged, more expensive administration, asserts Smith, is "primarily more red tape and other hindrances" (2000, p.80). Although Smith explicitly acknowledges the great variation among higher education institutions, he is here painting with too broad a brush. It is not at all clear that all colleges and universities have indefensibly larger and more expensive administrations. It can be argued that at many institutions larger and more expensive administrations are a necessary response to changes in American society. State and federal mandates required increased number of staff and administrators to oversee such activities as affirmative action and diversity programs. There is also a recognition that many institutions admit students who are not well-prepared, alternatives to traditional on-campus courses must be seriously explored, and external funding sources must more than ever be found and cultivated. These are the kinds of factors that require larger administrations.

But if traditional academic management and governance structures have been highly market sensitive, how do we account for the success of such for-profit institutions as the University of Phoenix (Ruch, 2001) as well as the appearance of virtual institutions such as Western Governors University?[32] Western Governors does not teach its own courses, but instead has partnerships with other institutions throughout the United States to provide instruction through distance education (Carnevale, 2000).

Smith also claims that universities have historically been run in a very efficient manner. But much of what he describes he acknowledges to be inefficient, counterproductive structures and practices. The goals for many in higher education have changed. Many students and administrators are now influenced by market contingencies and faculty are faced with significant technological developments and erosion, if not elimination, of job security (Carr, 2000; Kirschenheiter, 2001; Lamal et al. 2000; Palatella, 2001; Taylor, 2001).

The four challenges facing higher education listed above will not be successfully met by fads or ill-considered "market" approaches. Rather, faculty and administrators must work together in the context of changing practices and contingencies (Alexander, 2000; Burbules & Callister, 2000). Demands for increased accountability and efficiency can be expected to continue. And one response to these demands has been the development of online education. Burbules and Callister (2000) argue that this is a development with which colleges and universities must be proactively involved; if they are not, others will control the development. They acknowledge the tension between the corporatization of higher education and its traditional norms of academic freedom, tenure, and faculty self-governance. But, "for faculty to opt out of reforms entirely is to put their institutions, their students and their long-term employment viability in jeopardy" (Burbules & Callister, 2000, p. 274). Burbules and Callister maintain that online education may be beneficial to many students, such as those who cannot afford a

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[3] The market appeal of the University of Phoenix is exemplified in a sign along a highway leading into New Orleans: "New Courses Starting Monthly."

traditional on-campus experience. The cost-effectiveness of online education could be particularly helpful for low-income students (Hebel, 2001; "Qualified Low-Income Students," 2001)

CONCLUSION

Lamal et al. (2000) have offered some suggestions as to how faculty and administrators can work together to effectively deal with some of the challenges facing higher education today. A great deal more needs to be done; otherwise some chilling possibilities (Taylor, 2001) may well become realities. A fundamental decision facing faculty and administrators at the nonprofit institutions is the extent to which they will adopt the practices and contingencies that characterize the for-profit institutions (Ruch, 2001). Many nonprofits may adopt some, but not all, of the for-profits' practices. In general, one can easily envision the evolution of an even greater variation among American institutions of higher education than presently exists.

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