

■ PETER T. ITTIG, Feature Editor

Higher Education Decisions

by Peter T. Ittig

The final report of the Commission on the Future of Higher Education was released earlier this year (2007) by the U.S. Government (a draft was issued last Fall). The Commission was appointed by the Bush Administration (Secretary of Education Margaret Spellings), but it would be a mistake to dismiss the findings as mere partisan politics. The Commission has prestigious members and the report is quite important in setting forth U.S. Government long-term objectives for higher education. Many of the recommendations represent a consensus of opinion across the political spectrum about what are viewed as serious problems in American higher education that must be addressed. Some recommendations

are beginning to be implemented now, including the demands for learning assessment and outcome assessment. Pressure for reform in American higher education is likely to continue regardless of which party wins the elections in 2008. Particularly, pressures for greater accountability, more evidence of student learning and greater efficiency are likely to continue and to become more insistent. Government has become a major source of funds for higher education and would like to see some return on this investment. The report is available free in pdf format at

<http://www.ed.gov/about/bdscomm/list/hiedfuture/index.html>

It may also be ordered online at <http://www.edpubs.org>.

Standards, Costs and Disclosure

In recent years, there has been considerable criticism of American higher education for declining academic standards and grade inflation. The Commission is similarly critical of the effectiveness of American higher education. They express particular concern with inadequate learning outcomes and low literacy rates of graduates. The report cites the National Assessment of Adult Literacy as showing that "the percentage of college graduates deemed proficient in prose literacy has actually declined from 40 to 31 percent in the past decade." They also express concern about low graduation rates, reporting that only 66 percent of full-time four-year college students graduate within six years. This standard graduation rate for four-year colleges is much lower in some institutions and is an embarrassment for many. The standard graduation rate for community colleges reaches single digit levels in some cases. Colleges have been required to report

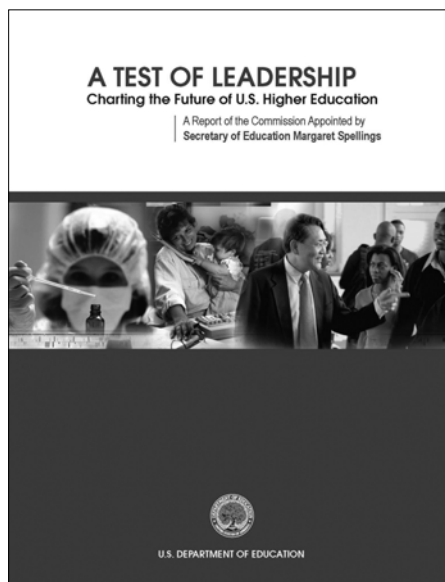


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A Test of Leadership: Charting the Future of U.S. Higher Education
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<http://www.ed.gov/>

standardized graduation rates to the Government since the 1990s. To see how your institution is doing, see your Department of Education listing at

<http://nces.ed.gov/collegenavigator/>

A major target of the Commission is the "lack of clear, reliable information about the cost and quality of postsecondary institutions, along with a remarkable absence of accountability mechanisms to ensure that colleges succeed in educating students." The Commission wants colleges to collect and release data in a timely manner that would help parents and students make decisions about the value of the education provided at various institutions. This issue has several aspects. In part, this is simply a demand for disclosure of costs and outcomes in a manner that allows comparisons between institutions. This type of consumer disclosure was a continuing theme of the consumer movement from the 1960s and 1970s, in order to promote informed competition. However, the report is also a demand for performance improvements reflecting concerns about declining standards, grade inflation, rapid cost increases, low graduation rates and lack of accountability. The Commission demands that "Colleges and universities must become more transparent about cost, price, and student success outcomes" and demands that "This information should be made available to students, and reported publicly . . . to provide consumers and policymakers an accessible, understandable way to measure the relative effectiveness of different colleges and universities." The Commission further demands that "Student achievement . . . must be measured by institutions on a 'value-added' basis that takes into account students' academic baseline . . ."

The cost issue alone has several aspects. One concerns the lack of availability of information about the true price of college education since "most students don't pay the official sticker price," especially at private institutions. In Decision Sciences, such pricing schemes are described as "yield management," or "price discrimination."

These schemes have become quite popular in services management in recent years. Colleges were early adopters! In higher education, this is implemented through student "financial aid" schemes. Prospective students don't discover the real price until they submit an application (with an application fee) and provide an extensive disclosure of their family financial condition in a financial aid application. Students typically don't know the real price until the last semester of their senior year in high school. The "financial aid" process may be described as: tell us how much you have, and we will then tell you how much you may keep! The standard financial aid form (FAFSA) is criticized by the Commission for being "longer and more complicated than the federal tax return." This is partly due to the required disclosure of assets as well as income for both students and their parents. The Commission would like the true cost to be disclosed much earlier and in a simpler process. The Commission is also critical of the rapid rise in the costs of higher education, "which have outpaced inflation for the past two decades." It argues that "too many students are either discouraged from attending college by rising costs, or take on worrisome debt burdens in order to do so." They report that private college costs have risen by 36 percent since 1995, adjusted for inflation, and public college costs have risen by 51 percent in real terms over this period.

There are actually some interesting similarities between the economic structures of higher education and health care (see earlier review on this subject in the January 2006 *Decision Line* at:

http://www.decisionsciences.org/DecisionLine/Vol37/37_1/37_1books.pdf

Particularly, both industries rely heavily on "third-party payments" (especially government funds and contributions); both rely primarily on non-profit organizations that are exempt from taxation; both industries have rapidly rising costs far exceeding the general rate of inflation; both industries use posted prices that most cus-

tomers don't pay; and both have perverse economic incentives. Further, in both industries it is difficult to judge quality and value, and it is very difficult to do comparison shopping. In both industries, government has become more concerned with containing cost increases as the government share of those costs has risen.

Accreditation and Learning Assessment

One aspect of the Commission report contains sharp criticism of the accrediting agencies, citing "significant shortcomings" in accreditation and calling for a "transformation" of the accreditation process. Secretary Spellings has complained that accrediting bodies are "largely focused on inputs, more on how many books are in a college library than whether students can actually understand them." The Commission demands that "accreditation agencies should make performance outcomes, including completion rates and student learning, the core of their assessment as a priority over inputs or processes." Because the U.S. Government essentially licenses the accrediting bodies, this criticism must be taken seriously. It is likely that the Government will use the accrediting bodies as levers to push for change in colleges. In a recent display of this power, the U.S. Department of Education suspended the accreditation authority of the American Academy of Liberal Education for six months for failing to measure student learning. See the related article in the *Chronicle of Higher Education* (v53, n17, Dec. 15, 2006), "Fears of Possible Federal Learning Standards Grow as Liberal-Arts Accreditor Is Penalized." The *Chronicle* reported that, "Accreditors say they have growing concerns as Education Secretary Margaret Spellings begins doing what she said she would: using the advisory committee to require them to make greater use of measurements of what students learn." *Chronicle* articles are available online in the ProQuest database service, if your library subscribes.

For an excellent discussion of some of the pressures on the accrediting body

for business schools, the AACSB, see the article by John Fernandes (president of the AACSB) on "Setting Standards for Assessment" in the October 2005 *Decision Line*:

http://www.decisionsciences.org/decisionline/Vol36/36_5/36_5dean1.pdf

Some of Fernandes' comments about learning assessment are entertaining, including his comment that "some of our deans are scared to death of it," and that "some faculty members saw it as an evil force to be resisted at all costs." The AACSB, together with the Association for Institutional Research (AIR), issued a book on this subject in 2005, *Assessment of Student Learning in Business Schools: Best Practices Each Step of the Way*, to assist with this process. For more information, see:

<http://www.aacsb.edu/arc/Book/flyer2.pdf>

There is particular faculty resistance to the possible imposition of standardized tests, as is now being mandated in lower schools, and as promoted by the Commission for colleges. The Commission specifically suggests the Collegiate Learning Assessment (CLA) exam as an example of the kind of "evidence-based assessment" that they would like to see in higher education. That exam, administered to freshmen and seniors, "allows for comparability to national norms and measurement of value added . . ." A number of colleges use the CLA now (the Commission reports that 134 colleges have done so since 2002), but those colleges usually keep the results secret from the public.

Colleges have generally resisted learning assessment, preferring to measure teaching effectiveness solely through anonymous student "course evaluations," which may measure teaching style and the popularity of the instructor. That kind of assessment is not discussed or promoted in the Commission Report. The reliance on student ratings as the **sole** method of evaluating teaching and learning may have done great damage to the educational

process. It has become common for colleges to pressure professors to obtain high scores on student evaluations. It has also become common for students and faculty to use only the top two categories (A's & B's) for their respective evaluations. These developments appear to be related. On learning of a new high in the average scores on student evaluations for the business school, one of my colleagues asked, "Are we so fearful of negative evaluations that we don't challenge our students?" Another colleague wrote, "I am also convinced, like many others, that using course evaluation scores as the only basis for decision-making is not only misleading, but also dangerous . . . I strongly believe that what we need is a different evaluation system and a different way of thinking." For an excellent analysis of some of the issues concerning student ratings from a business school perspective see: "Are Student Ratings of Instruction Useful?", by J. Scott Armstrong (Wharton School, U.Penn.), *American Psychologist* (v53, 1998). Armstrong states that, "Teacher ratings have been shown to be unrelated to traditional learning measures. It seems likely that they are detrimental to the learning of skills. Direct measures of learning should be used, not those based on liking the teacher." The article is available online at

<http://www-marketing.wharton.upenn.edu/ideas/pdf/Armstrong/Student%20Ratings.pdf>

The grade inflation issue has reached extremes in some cases. An award winning series of articles in the Boston Globe in 2001-2002 reported that over 90% of seniors at Harvard were graduating with honors (summa, magna, or cum laude) and that 50 percent of undergraduate grades were in the "A" range! "Undergraduate honors increased from 32 percent in 1946 to 91 percent in 2001, with the greatest growth in the 1960s and early '70s, and then again during the last 15 years." Many institutions have essentially replaced the A to F grading range with an A to B range. However, even though fail-

ing grades are now rare, graduation rates are very low in many colleges. It seems likely that some reaction is now occurring, resulting in demands for higher standards and greater accountability.

Preparation and Change

A section of the Commission Report concerns "inadequate preparation" in public high schools with only 17 percent of seniors considered proficient in mathematics and just 36 percent of seniors proficient in reading! As a result, "40 percent of all college students end up taking at least one remedial course." They also note that "Close to 25% of all students in public high schools do not graduate." That proportion is **much** higher in some localities.

Finally, the Commission encourages colleges to "embrace a culture of continuous innovation," and in a recommendation of interest to many in DSI, states that "we urge institutions to explore emerging interdisciplinary fields such as services sciences, management and engineering and to implement new models of curriculum development and delivery."

Government Interference in Higher Education

For a country that tends to favor free-market solutions, the U.S. has had a surprisingly long history of government efforts to finance and mold higher education to suit public purposes. Prior to the U.S. Civil War, a number of southern states started state universities. Thomas Jefferson was quite proud of his responsibility for founding the University of Virginia in 1819 as a secular state university with professional schools where "all the useful sciences should be taught." The Virginia General Assembly actually supported higher education as early as 1693 in the College of William and Mary. After the Civil War, northern states started state universities as a consequence of the Federal Land Grant College Act (Morrill Act) of

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- Encourage and reward networking, external and internal, across the university.
- Respect academic values and discuss potential commercial conflicts.

My invitation to you is to run your eye over the lists of capabilities and estimate to what extent your own faculty is well set up for truly entrepreneurial modes of operation. My study suggested that many institutions and parts of universities were well prepared on the main enabling mechanisms. Many had some great people and outstanding intellectual property from which to leverage enterprising activities, and to use in engaged ways with the various elements of the outside world who would find the ideas and knowledge valuable. What was often very undeveloped in my Australian study was the strategic commitment to university entrepreneurship, the strategic capacity to place entrepreneurship clearly in the strategic framework of the university or faculty and to the strategic management ability to then *implement*.

I observed that university entrepreneurship is much more likely to emerge when it emanates from, or is triggered by an opportunity in the outside environment, and so it pays to invest a great deal of effort in building that external engagement capability.

Australian universities have been strategically sluggish over many decades of stability. They now face a highly competitive, market-driven, resource-starved environment, and so strategic management skills that have not been much required are now in deep demand. Learning to read a complex and volatile environment for both threats and opportunities is a distinct organisational capability. In fact, there was some evidence in the study that some success with entrepreneurial efforts on the international education front has possibly lulled many Aussie universities into thinking they are strategically 'savvy.' But it could be argued that much of the success in attracting international students into Australia (where it is the fourth biggest 'export' business in the country) was simply due

to picking 'low-hanging fruit,' not really testing sophisticated strategy-making and management.

In fact, my finding was that most universities do more or less know how to be more entrepreneurial but many lack the key leadership to drive it. That is, they are low on managerial capability of an enabling, empowering kind, especially in middle/upper middle ranks—just about the place most deans sit!

Strategic entrepreneurship is the key and entrepreneurship is a means, not an end in itself. Clearly this requires leaders to, first, see the real ends and then second, enable the strategic thrust. There is little room for excessively controlling styles or for what one of the participants in my study called strategic muddle when he said: "Muddled strategic thinking equals mediocre outcomes." Deans have to be clear about what the ends might be, the purposes, the reasons why one would want an entrepreneurial faculty. In my mind, it is of course about the money. It must be about that, but *more* than that. It is also about the pursuit of reputation, image, being valued by the community and 'loved' enough to be supported, getting the research funds and ready partnerships and value-adding to society at large. If we get really clear about what we want to achieve and why, then perhaps that capability spiral can be activated and fully functioning. Deans are in the critical 'driving seat' here. You can either be the primary enabler, or the primary blocker.

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1862. That act, signed by President Abraham Lincoln, sponsored the creation of universities with remarkably practical missions including required programs in agriculture and engineering ("mechanic arts"). This was at a time when Europe often sent its best and brightest students into programs of study in Latin and Greek! The American land grant colleges later added other professional programs including medicine, law and business. European universities were generally much slower to adopt professional schools, perhaps considering the professions to be beneath the dignity of true aristocrats. For example, Oxford University (U.K.) did not establish a business school until 1996! The U.S. also sent a much larger fraction of the population to college than was common in Europe. Rather than educating aristocrats, American universities were pushed by government to become engines of social mobility, meritocracy and economic development.

The report of the Commission may be seen as a continuation of a long process of government efforts to cause higher education to serve democratic and economic goals. The recommendations of the Commission are important and are likely to influence relations between colleges and government for some time. The Commission report should be read by all in academia. ■

DSI members are invited to suggest books that should be reviewed in this column and reviewers to review them. Responses, suggestions or letters to the Feature Editor may be sent to: Peter T. Ittig, Feature Editor, Peter.Ittig@umb.edu.