The Cooperation Solution for Universities

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INTRODUCTION

E-learning gained a significant foothold in the field of higher education in the US and Europe during the last decade of the 20th Century. For the last couple of years, media-based teaching has increasingly supplemented university lessons. However, the production and further development of e-learning materials have significant cost potentials, which are much higher than face-to-face lectures (Seibt, 2001). Due to the lack of financial resources, state-run universities, in particular, need to find ways to finance the development and maintenance of such expensive, high-quality e-learning materials. Charging tuition fees is one commonly used method of financing higher education throughout Europe and the US (Eicher & Chevaillier, 2002b). In Germany, however, students do not have to pay tuition fees for their primary academic education at state-run universities. Only further education comes at a cost. Given the high demand for further education, we assume that we can potentially cross-subsidize the primary academic education with proceeds from further educational products and study programs.[1] However, when considering intensified activities in the further education sector, one needs to verify whether the existing university structures are able to meet the challenges involved. This introduction leads to a number of major questions that will be discussed in this article:

- Which organisational and financial challenges will state-run universities have to face if they want to gain a foothold in the further education market?
- How can state-run universities fund the development and maintenance of e-learning despite the scarce financial resources?

- To what extent are inter-university cooperations or cooperations with the private sector able to reduce these difficulties?

These questions are discussed particularly with regard to German state-run universities. The discussion can, however, be applied to state-run universities in Europe and the US, because they all face the same challenge—being able to develop e-learning materials despite of the lack of financial resources and thus being able to compete with private universities.

PROBLEM AREAS

Theory

Universities that want to sell chargeable educational products or study programs must act like enterprises; that is, the "education services" have to be adapted to the needs of the customers (Anz, 2003). In this case, the customers are both private persons and enterprises. On the one hand, the customers demand a high degree of flexibility with respect to the time and place of education. On the other hand, the customers expect a positive cost-benefit ratio, for example, when comparing the amount of tuition fees to the performance of the university (Scherm, Suess & Wanka, 2003). In the following, we will list some exemplary requirements universities should fulfil to meet the needs of their customers (Dohmen, 2003):

- The educational products and study programs should contain elements of e-learning so that the customers' demands for high flexibility are fulfilled (financial aspect).
- The university's facilities or departments must be able to market their further educational

offerings independently and autonomously (structural and organizational aspects).

- The further education should be of high quality and high practical relevance. Universities should be able to redesign their further educational products or study programs quickly and flexibly to suit the special needs of their customers (factual aspect).
- Universities should re-arrange their internal structures so that operative and non-scientific routine work (for example, the organisation of study programs) is taken over by specialists (task-oriented aspect).

Comparing these requirements with the predominant structures of state-run universities, we found that the existing university structures are not able to deal with these requirements adequately. There are five major problem areas, which are: financial, structural, factual, organizational, and task-oriented problems.

The lack of *financial* resources is a major problem not only in Germany (Eicher & Chevaillier, 2002a; Koenig, 2001; Oechsler & Reichwald, 1997). Personnel costs[2] must be kept as low as possible. This can only be realised through learning-curve effects (Hagenhoff, 2002). This leads to *structural* problems. Due to the usually high turnover rate of research associates,[3] the realisation of learning-curve effects during the production processes of e-learning materials is not sufficiently supported. The lack of personnel stability leads to a gap in competence. New research associates need to start further down the learning curve because most knowledge gets lost when their predecessors leave (Hagenhoff, 2002). The competition with private suppliers of further educational products and study programs results in *factual* problems. Private suppliers are much better able to focus on the customer benefit because of their flat hierarchies and high flexibility[4] (Frankfurter Institut, 1993; Peisert & Framheim, 1994). Even though reforms of public administrations have already been started, the prevailing structures within the *organisation* of state-run universities endanger these fast and flexible reactions to market requirements. Decisions of bodies of the university and its instances take long, and there is rather no management orientation (Budaeus, 1995; Forschung & Lehre, 1997; Oechsler &

Reichwald, 1997). The *task-oriented* problems are caused by the large number of non-scientific tasks that cannot be handled by a scientific organization in the long run. These problems were already outlined on the financial and structural level.

Case Study: Educational Network WINFOLine

The Master of Science in Information Systems (M.Sc.IS) program has evolved from the works of the education network WINFOLine, which is an inter-university cooperation between four German universities.

Students receive the academic degree "Master of Science." Admission criteria include a university degree and a minimum of one year of job experience. Students have to pay tuition fees for this study program. The surplus money is used to cross-finance the primary education at the participating universities in the long run. The M.Sc.IS is designed as a correspondence course, which means that there are only very few occasions when students have to be physically present—only one or two days on weekends—so that they do not necessarily have to quit their jobs in order to receive this degree.

The study program includes Web-based trainings, computer-based training, or "authoring on the fly" lectures. When we created this study program, we put a strong focus on independent study and neglected the "blended learning" in order to enable part-time students to most efficiently combine their studies with their professional careers and their private lives.

With the M.Sc.IS, the educational network WINFOLine entered a market segment in which it competes with private education providers. The five areas of conflict mentioned before are therefore explained using the example of the M.Sc.IS:

- **Financial problems:** Since there is no governmental support, it was necessary to levy tuition fees of USD 15,500 for the complete study program. Due to these relatively high tuition fees, the customers have high expectations with regard to the quality and flexibility of the program.
- **Structural problems:** This program of further education is one of the first developed by

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