

# Market vs. Academic Models

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In recent years much has been written on the link between distance learning and the commercialization of higher education (Berg, 2002). Particularly in the United States, this debate has been described as a conflict between open and traditional academic-market models. As various government, nonprofit, and for-profit ownership of these nontraditional universities are present worldwide, it is important to understand the market-model issues and how they influence university mission and implementation of educational programs.

Although it may seem like a recent trend in higher education, commercialization fears did not begin in the 1980s. In fact, one might argue that the commercialization fear in American higher education has its roots in early efforts to make the curriculum more practical, and in the so-called Yale Report of 1828, which was a reaction to the trend toward a more applied curriculum and instead promoted a return to a course of study based on the classics. In modern times, Veblen (1954) argued in *The Higher Learning in America* that the university president is the main channel whereby business values enter the university. His book is a critique of pragmatism and vocationalism, and a criticism of the president's role in leading America down this path. Veblen sees the principles of business organization—the focus on control and achievement—applied increasingly to learning. The motivation is that universities seek utilitarian management to pursue endowments, and this approach works because practical knowledge is valued most in society. In contrast to this trend, Veblen argued that the two primary university purposes are scholarly inquiry and the instruction of students. In more recent times, the debate can be traced to Robert Nisbet's 1971 book *The Degradation of the Academic Dogma*, a criticism of how government-sponsored research was affecting the university.

While much has been written recently about university-business partnerships, Bowie (1994) points out that the two cultures developed together in

America. Changes in university patent policies in the 1970s helped pave the way for cooperative relationships, and universities had a clear economic incentive to establish partnerships with businesses. Bowie claims that in the 1990s, there was both financial trouble for universities and increased public scrutiny. Additionally, there was the perception that the United States had lost technological advantage on a global scale. Partnerships with businesses were seen as an opportunity to meet these challenges.

In *The Monster Under the Bed*, Davis and Botkin (1995) argue that we are seeing a transition of higher education from government control to business control (specifically in America) as a result of the changing needs of students and the role of education moving increasingly toward job preparation. On local, state, national, and international scales, the demand for higher education is pushing universities to become more productive and efficient. Consequently, public policy makers are looking increasingly toward business for answers.

While much of the focus of concern has been on the commercialization of research activities within the university, increasingly, the basic teaching-learning function is also being transformed by commercial forces. John Sperling, the founder of the University of Phoenix, sees a nontraditional graduate-student population of 880,000 as a primary reason for the development of proprietary educational models. This group is described as over 25 years old, working full-time, and seeking a professional master's or doctoral degree. Furthermore, these students comprise an especially good market because 42% of employers put no dollar limit on tuition reimbursement (Sperling & Tucker, 1997). Sperling and Tucker argue that because American taxpayers heavily subsidize not only public but independent higher education institutions, both of these types of institutions are often subject to criticisms of poor productivity and inefficiency. They argue that for-profit, adult-centered institutions' advantages are that they use less federal and state taxes, provide access to private capital

for start-up funds and expansion, operate from leased commercial office space, quickly respond to the market, have a more focused product, relate well to for-profit businesses, are close to the customer, and have a service orientation. Furthermore, they are well managed, the faculty are working professionals and consequently are constructive agents of change, and they offer a year-round schedule and faster graduation for students. Sperling and Tucker hold that the corporate structure allows the University of Phoenix model to maintain and enhance the curriculum. Additionally, the market model encourages innovation and the discipline that for-profit aims demand.

The respected UCLA scholar Burton Clark (1998) perceives more and different types of students looking for a growing array of subjects at universities. The government expects universities to do much more for society and at the same time is becoming an “unreliable patron” (Clark, 1998, p. xiii). Clark sees a deepening asymmetry between environmental demand and institutional capability. In his 1998 book, which profiles a group of entrepreneurial European universities, Clark identifies what he believes are characteristics of innovative universities. The five elements of how universities transform themselves into entrepreneurial institutions are a strengthened leadership core, an expanded developmental periphery, a diversified funding base, a stimulated academic base, and an integrated entrepreneurial culture.

In turning to distance learning and computer-based learning specifically, this larger criticism of both the dehumanizing influence of technology and the commercialization of higher education is led by the Canadian scholar David Noble. Noble (1998) argues that the trend is a battle between students and professors on one side, and university administrations and companies with “educational products” on the other. Noble sees a pattern over the last 20 years toward the commodification of first research, and now through distance learning, teaching and learning. He claims that university administrators are motivated to use distance learning in order to gain revenue for their institutions and themselves.

Since distance learning can involve partnerships with for-profit organizations, can be viewed as a route to increased revenue, and potentially can be used to reduce labor expenses, it is naturally tied to

what Slaughter and Leslie (1997) term “academic capitalism.” Slaughter and Leslie identify the changing economics of higher education defined by a decrease in unrestricted funding and subsequent increased dependence on external funding sources for universities. Although Slaughter and Leslie focus primarily on the applied sciences in their critique, the overall trend certainly is not limited to those disciplines. Case studies in their work show that academic capitalism is not confined to science and engineering, but cuts across other units.

Overall, Slaughter (1990) sees the higher education policy literature as undertheorized. A more class-conscious analysis of the development of market models of higher education would see unentitled groups pressing for the expansion of higher education as a way of improving their class position. Because of the corporate community’s greater organization and effort, as well as the United States’ position in the global market, the voice of the corporate community is heard more in the higher education policy-making process. Slaughter warns that privatization of higher education transfers what was once part of the public domain to the private. She sees corporate-university partnerships as inherently antidemocratic.

Derek Bok (2003) expresses concern that if the university is perceived as a commercial enterprise, then its stakeholders may change the nature of their relationship to the university for the worse. He is troubled that in the public’s eyes, the traditional university desire to seek the truth and disseminate knowledge might be supplanted by the profit motive. Bok argues that as universities grow more aggressive in seeking funding, their image changes, thus making it harder to appear to be a nonprofit institution. Additionally, there is a danger that academic departments will be viewed as profit centers in a business model. As a result, there is the fear that research centers undercut university governance through moving power away from departments.

On the other hand, Bowie (1994) claims that the biggest problem may be that such partnerships do not work. University-business partnerships cannot be counted on to provide funding for universities. In fact, they may end up costing universities money. Bowie cites information that only one in 10 patented discoveries recover the money spent on filing the patent, one in 100 make between \$20,000 to \$50,000,

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