In this book we aim to discuss and reflect on how HEIs are coping with the demands placed on them and how the various dimensions of change are intertwined. In particular, we aim to discuss the following questions:

- How do governance regimes steer higher education institutions? This part of the book focuses its attention on how higher education and research institutions operate under different governance regimes at international, regional and national levels, and how that context shapes governance and management arrangements at institutional level.
- How are institutions managing their quality and performance? This part deals with the systems institutions are developing to manage their quality and their wider performance to cope with the internal and external forces pressing them to constantly improve their levels of quality and wider performance in teaching, research and third mission.
- How are higher education professionals responding to the transformations? This part is devoted to investigate the ways academic and non-academic professionals working in higher education and research institutions respond to the transformations occurring in their organisations, and changes in practices and functions performed by those working in higher education. It also explores the implication of higher education transformations on students.
Global Challenges, National Initiatives, and Institutional Responses
HIGHER EDUCATION RESEARCH IN THE 21ST CENTURY SERIES

Volume 9

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This series provides overviews about state of the art research in the field of higher education studies. It documents a selection of papers from the annual conferences of the Consortium of Higher Education Researchers (CHER), the world organisation of researchers in the field of higher education. This object and problem related field of studies is by nature interdisciplinary and theoretically as well as methodologically informed by disciplines such as sociology, political science, economics, history, philosophy, law and education. Each book includes an introduction by the editors explaining the thematic approach and criteria for selection as well as how the book can be used by its possible audience which might include graduate students, policy makers, researchers in the field, and practitioners in higher education administration, leadership and management.

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Global Challenges, National Initiatives, and Institutional Responses

The Transformation of Higher Education

Edited by

Cláudia Sarrico, Pedro Teixeira, António Magalhães, Amélia Veiga, Maria João Rosa and Teresa Carvalho

University of Porto, Portugal

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This book is dedicated to the memory of our colleague and friend Rui Santiago
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SETTING THE STAGE
1. INTRODUCTION

Higher education systems have changed significantly in recent years in response to rising global challenges and various national policy initiatives. One of the major forces fostering change in higher education over recent decades has been its persistent expansion. As higher education has continued to expand, governments’ responses have been to seek structural changes at system level (Taylor et al., 2008). The changes in the individual and social motivations regarding higher education have had a major impact on the external and internal regulation of higher education institutions, namely by stressing the economic dimension of higher education and the potential of institutions to contribute to individual and socio-economic goals (Teixeira, 2007; Aghion et al., 2010). This shifting view about institutions and their primary purposes has led to a need to rethink and adapt the contextual framework in which these organizations operate. Hence, we have seen a reconfiguration of the sector along market rules (Regini, 2011; Teixeira et al., 2004).

Higher education has now moved from an expanding sector to a mature industry (Teixeira & Dill, 2011) and governments and societies have become more demanding. This has had important consequences, notably through a much more explicit participation of external stakeholders in formal and informal mechanisms of governance. Another important implication of the pervasive managerial and economic dimensions of institutions has been the rising influence of academic management (Meek et al., 2010; Shattock, 2006). The rationale for many of these changes cannot be found exclusively within higher education alone (Magalhães & Amaral, 2009) and needs to combine an analysis of higher education specificities and the examination of wider transformations taking place in the public sector all over the Western world since mid-1980s (Pollitt & Bouckaert, 2009, 2011). The emergence of these new management ideas has contributed to put the focus on universities to change their ‘traditional’ nature (Amaral et al., 2003). Having to take into account, more and more, the interests of a variety of stakeholders, and to deal with growing international competition, higher education institutions had to rethink their traditional forms of organisation, governance and management, putting a new emphasis on the implementation of effective co-ordination and control systems, needed to improve organisational performance (Clark, 1998).

The shift from collegial governance to management concepts, structures and methods has enabled higher education institutions to act more strategically. However,
the emphasis on institutional autonomy does not correspond to the retraction of state regulatory power. The transformation of the regulation relationships between the state and institutions in Europe has replaced a priori control, via inputs (e.g., funding), by a posteriori control, referred to institutions’ output (Neave, 2012). This has induced the elaboration of policy instruments based on performance indicators that are spreading all over Europe and beyond. The institutional adaptation to this new context has been moulded by a change from a cycle of trust and confidence in institutions to a cycle of suspicion (Amaral & Rosa, 2010). This has been visible in the rise of a series of accountability instruments such as the movement towards accreditation that has been observed in recent years (Schwarz & Westerheijden, 2004). It may be argued that in this new context quality bears no longer a strong relation to higher education institutions’ core activities and that its processes are becoming bureaucratic and compliance structures, increasingly removed from the academic concerns that lie at the heart of quality in higher education (Westerheijden et al., 2006).

Increasingly, higher education institutions have to respond not just on the quality of their education provision, but also to a variety of aspects of their performance (Sarrico, 2010). There is no shortage of initiatives to collect data in order to classify institutions or rank them according to their performance, though the validity of a lot of these approaches is questionable, namely because of data comparability (Sarrico et al., 2008). Despite the fact that performance is increasingly measured, there is scarce evidence that it is leading to changes in behaviour and performance (Melo et al., 2010). Moreover, performance measurement is done as a collection of disjoint parallel systems that increase bureaucracy, workload and erode the goodwill of staff. This leads us to conclude that performance management in higher education institutions is something that is not just a technical problem, but increasingly an organisational one, where the issues of values and governance structures take prominence (Sarrico et al., 2010).

The question of how academics and non-academics are responding to this newly created environment is a matter requiring increasing attention. This interest is particularly evidenced in the reflection over the effects of the aforementioned changes in governance and in the assumption of a management culture over academics’ identities and professionalization processes (Santiago & Carvalho, 2008). Concerning administrative and management staff theoretical reflection and empirical analysis are yet to be developed, since this group tends to be interpreted as a residual category. The simple division between academics and non-academics oversimplifies the reality and is insufficient to incorporate all the complex dynamics that the introduction of a managerial culture in higher education institutions translates (Watson, 2009; Meek et al., 2010).

In this book we aim to analyse how higher education institutions and their staff are coping with the multiple challenges confronting higher educational globally and how the policy initiatives of the last decade have shaped those institutional responses. We will pay particular attention to four dimensions of change that seem to us as key elements in higher education transformation: governance, quality
assurance, performance and assessment, and the role of professionals. The chapters included in this volume contribute to illustrate that these various dimensions of change are significantly intertwined and that the effectiveness of policy initiatives regarding each of these aspects requires an integrated approach and needs to take into account the interplay of the dimensions of quality, performance, governance and the role of professionals within higher education institutions.

The chapters included in this volume constitute a selection of some of the best papers presented at the 28th annual conference of CHER – The Consortium of Higher Education Researchers. This conference took place at ISEG Lisbon School of Economics and Management, Universidade de Lisboa, between the 7th and 9th of September 2015 under the title “Global Challenges, National Initiatives, and Institutional Responses – The Transformation of Higher Education” and has counted upon the participation of almost 200 higher education researchers from multidisciplinary backgrounds and a large number of countries. After the conference, the Scientific Committee selected a small set of the papers given its relevance for the theme and the contribution they represented for the aforementioned strands of research. Each paper was reviewed by 2 anonymous referees and their comments were sent to the authors in order to help them preparing a revised version, namely that could strengthen the continuity and congruence of the whole volume. The result of this revision process is the backbone of this volume and represents what we consider to be a stimulating and careful set of analyses about those multiple and complex changes faced by higher education institutions worldwide. We will now proceed to a more detailed presentation of the specific contents of this volume.

The chapters in Part I, addressing the question of how governance regimes coordinate higher education institutions, identify systemic factors conditioning Nordic countries’ comparative advantage in the production of scientific capital and discuss the role that non-teaching structures play in higher education institutions in Portugal.

On the basis of the theory of academic capitalism (Münch, 2014) the chapter by Olivier Bégin-Caouette argues that the achievements of comparatively high results of Nordic higher education institutions are associated with systemic factors conditioning Nordic countries’ comparative advantage in the production of scientific capital. Academic traditions and internationalization emerged as relevant factors in the Nordic context when discussing how governance regimes coordinate institutions, buffer organizations, and the State. The chapter also contributes to understand how varieties of academic capitalism (VoAC) approach (Hall & Skoskice, 2001, 2004) is useful to apprehend how countries’ political-economy influence academics’ comparative advantage in the global struggle for academic production and prestige.

The chapter by Rui Santiago and Teresa Carvalho focuses on the non-teaching units devoted to knowledge and technology transfer and to the promotion of
innovation and entrepreneurialism emerging in a sample of public Portuguese universities. They underline their importance and their relation with the established teaching and research units and they argue that these units are contributing to reshape governance regimes of higher education institutions. The non-teaching units are used by the sampled universities in strategic actions oriented to their internal and external environment. The analysis showed that in spite of their relevance, they are not recognized as influential in the institutional governance structures and processes making the case for their configuration as the a “dark side of moon”.

The following chapters in Part II look at how institutions are managing their quality and wider performance, in an attempt to act more strategically regarding their future development. New missions are being added to the traditional teaching & learning and research & scholarship, usually put together under the designation of Third Mission. Moreover, new variables seem to come into the ‘game’, acting as explanatory factors for institutions’ success (or not), as well as there is more and more a huge pressure from external rankings, making institutions working in order to look good in these national and/or international comparing schemes. Managing performance, then, implies defining the institution’s purpose and goals – its desired strategic positioning, identifying measures and indicators related to all its activities that will allow it to implement monitoring mechanisms, and take corrective actions when the desired strategic position is not achieved.

Quality, although not new, seems to be treated differently from before. One of the ideas that have come into play recently is that managing quality should be part of the institutions’ overall management and governance systems. Furthermore, quality assurance is not only related to teaching & learning, but it encompasses the other institutions’ processes, namely research & scholarship and third mission. Knowing more about the pros and cons of mechanisms and systems designed to address quality issues, be them directed at one particular process or the overall organisation, has become mandatory for all actors with responsibility in making quality assurance systems as effective as possible.

In their chapter Hachmeister, Duong and Roessler discuss the possibilities of making these new missions possible for German UAS, by presenting the main results of a research project conducted with the goal (among others) of identifying the factors inhibiting and promoting research and third mission activities at these institutions. Universities of Applied Sciences (UAS) were introduced in Germany in the late 60s/70s with a mission centred solely on teaching and learning. Nevertheless, in the 80s new legislation included applied research as an additional mission for these institutions. As such, and as it happens in many other European countries, UAS have the right and the obligation to perform (applied) research, the main question being now how they will manage to build a distinct profile for their research activities. Furthermore, besides research, these institutions are also expected to do related activities, like development and technology transfer, which are usually put under the umbrella of “third mission”.

Starting with interviews to rectors and professors of UAS, the authors were able to identify a set of 8 factors inhibiting research and third mission, as well as a set of 17 factors promoting these missions in UAS. These two sets of factors were then used in three surveys addressed to UAS rectors, higher education institutions’ research managers and UAS professors in order to get their opinion on the degree of inhibition and the degree of benefit of each set of factors, respectively.

Overall, the authors were able to identify and evaluate a list of inhibiting and promoting factors of research and third mission in UAS that is in line with other studies on the same topic, although some interesting differences have emerged. Missing time budget and missing staff seem to be, according to the authors, “the most striking” factors inhibiting the two missions, “presumably because they have the most direct effect: If there is no extra time and no extra staff available, all resources go into teaching and not research or third mission”. The 17 promoting factors for research and third mission were considered to be “beneficial” or “very beneficial” by the vast majority of respondents, leading the authors to conclude that “it is not a single instrument that needs to be used to promote research and third mission but rather an “orchestra” of measures that need to be taken to in order to make the new missions (...) possible for the UAS.”

Kolster and Kaiser argue that study success is an important measure of the effectiveness of higher education systems. A closer look at study success outcomes suggests there are noticeable differences between male and female students: in terms of enrolment, study choices, drop-out rates, retention rates and completion rates. In general, on study success indicators female students are outperforming male students. Through a literature review, insights from European experts, and case studies at seven Dutch higher education institutions, they look into the extent of the problem, suggested explanations, and the policy instruments implemented to bridge the gender gap in study success. The effectiveness of policy instruments is still largely unknown, which is seen as a strong reason supporting further research on the possible effects on the gender gap of higher education policy reforms.

Mahat starts her chapter by acknowledging that key forces shaping higher education drive institutions to make strategic choices to locate themselves in niches where they can make use of their resources effectively and efficiently. However, she also concedes that the concepts of strategy in higher education are highly contested issues due to the nature and complexity of the sector and the university. Her chapter contributes to the discussion on strategic positioning of academic organizations in a regulated environment by presenting six case studies of Australian medical schools. Drawing on data from qualitative semi-structured interviews and quantitative analysis of performance data, the findings provide evidence of strategic positioning and niche-finding behaviour of medical schools despite the highly structured and regulated field. In all case study institutions, she finds empirical evidence to show that there are concrete attempts at creating organizational coherence through strategic positioning. Additionally, the findings of the study support the contention that within
the regulated environment, medical schools are indeed able to formulate coherent strategies in order to pursue improved performance.

In their chapter, Manatos, Sarrico and Rosa debate the integration of quality management in Portuguese universities based on the analysis of the quality policy statements of three paradigmatic case studies, which correspond to the first three universities that had their internal quality management systems certified by the Portuguese agency for assessment and accreditation of higher education (A3ES). Assuming integration as the development of quality management practices within organisations which are part of their global management systems, covering different processes, organisational levels and quality management principles, the authors discuss whether the quality management policies of universities approach their different processes in an integrated way, if the quality management policies integrate the different organisational levels, as well as whether universities integrate in their quality management policies the different QM principles. Furthermore, a focus is put on the extent to which quality management is integrated in the broader management and governance framework of universities, namely if it is part of the global strategy of the universities, if those responsible for the quality management structures are articulated with the top management and governance bodies of the universities and how far it is a tool for strategic management.

Starting with a literature review on the topics of quality management integration in higher education and the role of national quality agencies in the promotion of quality management systems within universities, the chapter follows with the presentation of the methodology followed, namely the documents analysed and the category grid used for their content analysis. Results are then presented for each level of analysis.

From the empirical work undertaken, authors conclude that overall the universities under study have an integrative policy for quality management, which follows to a large extent the trend for integration of quality management in higher education emphasised by the literature. However, there are levels and particular dimensions still in partial or even insufficient stage of development. The authors expect that the experience of the studied three paradigmatic cases can inform the development of quality policies in those universities where quality management might be less developed.

In her chapter, Deem compares the methods, cultural and social processes, responses, controversies, ‘gaming’ and consequences for universities and higher education systems of the recent public-funded national research evaluation exercises conducted in the UK and Portugal. The author starts by setting out the theoretical framework for the comparison, which focuses on the idea of system-wide research evaluation as a ‘game’, the intricacies of the processes at evaluation panel meetings and the notion of unintended consequences. Then, the main characteristics of the two evaluation exercises are put forward, namely through a comparison of them. Acknowledging the existent differences in the two exercises, namely in terms of
INTRODUCTION

detail, scope and process, Deem explains the cultural, economic and social context of the evaluations.

Some of the features of both exercises are addressed, namely the processes and types of discussions that evaluation panels have had to deal with (e.g. number of face-to-face meetings and their benefits for the whole exercise, or the mono vs. multi-disciplinary nature of the panels). Responses to the evaluation outcomes are discussed, namely the possibility of appeals and rebuttals existent in the Portuguese exercise and the benefits and drawbacks emerging from them. The possibilities of ‘gaming’ are also put forward, being noticed that when evaluations are aimed at higher education institutions (as it is the case in the UK; in Portugal the evaluation focuses on research centres) there is more scope for ‘gaming’. Finally, the unintended consequences resulting from both exercises, both for evaluators and the academic units being evaluated, are put in evidence and some speculation is made on how they might have come about.

The chapter ends with a set of lessons to be learned from both exercises and that should probably be taken into consideration by these or other higher education systems when setting up research assessments, especially if they have funding implications. As the author refers “research evaluation is a key part of contemporary academic life and is not likely to disappear; therefore, we all have the responsibility to make evaluation systems as good as possible and to learn from past mistakes”.

Pavlyutkin and Yudkevich discuss how the institutional culture of an academic system affects a university’s response to the pressure of global rankings. They show how global rankings, as strong public measures of university performance, affect the process of organizational change at the university level. At the same time, the nature and degree of change depends on whether the university is driven by a market-based or state-based logic of accountability. Rankings derive their power from a competitive environment but few attempts were made before to investigate a university’s response to rankings in a state-dominated academic system. The authors attempt to answer the following question: How does a university with a ‘blunted feeling of competition’ organize changes in order to enter the world-class league? through a case study of a Russian university which has recently entered the race for global academic excellence. The authors conclude that academic culture and leadership are driving forces for both radical internal change, on the one hand, but also for coping with the symptoms of “global ranking fever”, on the other.

The chapters included in Part III related to the analysis of the way higher education professionals respond to transformations include two issues that have started recently to be subject of debate in higher education studies: the transformations in the career trajectories of PhD holders and the distinct institutional logics in academics and administrative staff.

Lucio Morettini, Emilia Priemer, Emanuela Reale and Antonio Zinilli in the chapter ‘Career trajectories of PhD holders in the SSH: drivers of career moves’
discuss the transformations that holders of a doctoral degree face in the present context. Traditionally, holding a PhD was just an introduction to an academic career. However, currently, PhD holders are increasingly facing less linear and predictable careers. In the European context, as a result of the attempt to create a European labour market for research and researchers (Musselin, 2004), the evidence of the precariousness of researchers’ working conditions led to the creation of the European Researcher’s Charter. Nevertheless, this is not a European issue but instead a problem with an international dimensions (Auriol, Misu, & Freeman, 2013). Until now empirical studies related to the transformations in PhD holders’ careers tended to be mainly focused in the STEM field. The authors of this chapter offer an innovative approach since they present and discuss data from an European project (POCARIM project, involving 13 European countries) aiming to collect information about the patterns of mobility in the careers of PhD holders in the Social Sciences and Humanities (SSH). Looking at step by step moves along their professional lives, the authors identified as factors which are likely to affect PhD holders’ employment choices: the time of transition to work, the unemployment duration, the type of contract, mobility, and personal variables such as age at the time of PhD graduation, gender and family status. The authors confirm that higher education in the public sector still represents the prime choice for PhDS holders, but the doctor degree is no longer a passport towards an academic career, since there are also fragmented working and non-academic careers. More than academia, the personal characteristics of PhD holders are the main determinants both on career moves and on employment sector choices.

The emergence of distinct institutional logics within academia is also a current issue in debate in Higher Education. The emergence of New Public Management and managerialism introduced different institutional logics in Higher Education Institutions (HEIs) leading to a reconfiguration of academia and administration and to the appearance of new professional roles and areas of activities, blurring the boundaries between academic and management fields. Taking the University of Applied Sciences Upper Austria as a case study, Silke Preymann, Stefanie Sterrer, Barbara Ehrenstorfer, Martina Gaisch and Regina Aichinger analyse the presence of the two institutional logics in this hybrid organisation and propose possible ways to align and harmonise them. Based on a qualitative analysis, the authors conclude for the presence of the two different institutional logics, even if the corporative administrative logic is more present than the professional academic logic. According to administrators’ views, which are aligned with the corporative administrative logic, the two logics have a conflicting nature leading to organisational inefficiency. The authors propose three ways to overcome this conflict, namely: the commitment of top managers to support a culture of cooperation; the key role of manager-academics as users of both logics; and the existence of hybrid project teams able to implement collaborative relationships in the field.
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NOTE

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2. THAT “MOST REAL GIFT FROM ONE GENERATION TO THE NEXT”

Education for and about the Common Good

INTRODUCTION

The system of higher education in the United States is both remarkably resilient and elastic. There is no denying, however, that those of us in higher education have faced and will continue to face tough challenges, as we seek to improve access and navigate a rapidly altering technological and fiscal landscape. I am presently an administrator at a remarkably well endowed non-profit (private) four year institution, a nationally ranked liberal arts university. Within the University of Richmond, I lead an unusual School, devoted to Leadership Studies. I am a historian of economics; my observations in what follows consequently also draw upon the work of eighteenth and nineteenth century political economists who thought deeply about the common good. It is perhaps helpful to remind the reader at the outset that economics at that time was far more accessible than it is today; and economists then were deeply engaged in topics of interest to the general public. In particular, they were at the forefront of efforts to achieve equity, human rights, and dignity for all; and they were convinced that equal access to educational opportunities would do much to mitigate existing, substantial inequities.

Before I proceed, I wish to recognize and, indeed, celebrate the significance of the Consortium on Higher Education Researchers (CHER). Whatever success we obtain in achieving economic and social progress going forward is in large measure because of research such as that encouraged within CHER.

In 1867, John Stuart Mill addressed the Inaugural class at St. Andrew’s University with these words to its professors:

You are to be a part of the public who are to welcome, encourage, and help forward the future intellectual benefactors of humanity; and you are, if possible, to furnish your contingent to the number of those benefactors. Nor let anyone be discouraged by what may seem, in moments of despondency, the lack of time and of opportunity. Those who know how to employ opportunities will often find that they can create them: and what we achieve depends less on the amount of time we possess, than on the use we make of our time. You and your like are the hope and resource of your country in the coming generation.

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I fully agree with Mill (and I will return to this magnificent address more than once throughout the essay).

My main theme in what follows is optimistic: while we can do better (more on this in the substance of the essay), our system of higher education, with all its variety and variability, has performed remarkably well over its relatively short history (ours does not hark back many centuries as it does in Europe, where the Scholastics were largely responsible for establishing universities). But I will also stress some cautionary notes that in my view must temper the optimism: first, supposing the democratic ideal of equal access to advanced learning, we are failing to live up to that promise; and secondly the financial model for higher education is under severe strain. My main argument, that post-secondary education offers our greatest hope for the commonweal, provides the urgent appeal for why we must resolve these challenges and “offer the most real of gifts” to the next generation – equality of access to extraordinary educational opportunities.

The essay begins and ends with optimistic notes. In between, I provide a more detailed treatment of the very real challenges in higher education. I close with a defense of why, in my view, we must overcome those challenges – first, a strictly economic (and thus instrumental) rationale for equity in higher education, and then and perhaps more importantly, a defense of post-secondary education from the perspective of the “common” or public good.

WHY IS THERE CAUSE FOR OPTIMISM? WHAT DO WE DO RIGHT?

The system of higher education in the United States educates a remarkable number and proportion of students between the ages of 18 and 24 (and many more who return to higher learning at a more advanced age). Over the last forty-five years (so, in two generations), the percentage of 18–24 year olds attending a post-secondary education institution has increased by about 61%, moving from about a quarter of the eligible population to 41% in 2102. That constitutes a substantial achievement in a fairly short period of time.3

It is also the case that, compared to a European system or that in my home country of Canada, the American system of higher education has remarkable variety both in terms of cost of attendance, size of institution, and groups served. There remain some all-women or all-men’s colleges, which tend to be rather small. So, too, are HBCU’s, historically black colleges and universities. Large universities are sometimes research powerhouses, such as Ohio State or Michigan State; but sometimes they are religiously affiliated, as Liberty University is.

Private universities and colleges make up the bulk of the institutions of higher learning and tend also to be quite small, sometimes serving an incoming class of 300 students. The country is populated by a large number of such small colleges. Many readers will know that small colleges, especially, have faced extraordinary economic challenges over the last few years. Such, for instance, was the difficult situation at Sweet Briar College, a women’s college founded in 1901 in Virginia.
THAT “MOST REAL GIFT FROM ONE GENERATION TO THE NEXT”

Sweet Briar’s former president, acting in what he believed was the best interest of all concerned, announced that the institution would close at the end of academic year 2014–15. Alumni forced a review of the situation and the Attorney General of Virginia intervened to prevent the closure. Sweet Briar alumni raised money and a new president and Board have now been appointed. Some students and faculty had already found new situations; some, but not all of those are now returning to Sweet Briar College. The story has yet to fully unfold.

In 2014 there were about 4,000 non-profit institutions of higher education, divided almost equally between privately funded and those that receive a share (sometimes quite small) of public funds. There are almost as many for profit institutions, too. In 2014 over 24 million students were enrolled at four year post-secondary institutions in the United States. As a comparison, that is about two thirds as many students as there are people in Canada!

WHY SOUND A NOTE OF CAUTION?

Disparities

The increase in the number of students at universities and colleges mentioned above hides variations that indicate it is premature to celebrate our achievements. For men in the 18–24 year old age group, the increase during the last 45 years has been only 14%, from 33.1 per cent to 37.6 per cent. Most of the gains in this period, then, have been for women. Given they started at much lower attendance rates, that makes sense. More troubling, while the gains in percentage terms have been very large for African Americans, Hispanics and Asians, African Americans and Hispanics attend at less than the average rate, 36.4% and 37.5% respectively. So, there is work to be done. In addition, attendance is not graduation and graduation rates provide even more evidence that the playing field is not level by race. Faring worst of all, are Native Americans.

All of this presents challenges not only to colleges and universities but also to the elementary and secondary schools that prepare (or fail to prepare) our students for college. If a system of education has extremely low high school graduation rates, and those schools tend to be clustered in areas that serve racial minorities, then the problem of educational attainment reaches beyond the college and university system to include pre-college schooling.

Campus Climate – Sexual Assault

To this, I would add that campuses are now challenged in a very serious way in terms of student safety concerns and how colleges respond to sexual assault allegations. The recent Rolling Stone article in fall, 2014, in some ways reflected both a campus (and this is a problem for all campuses, not simply University of Virginia) climate in which not enough attention has been devoted to sexual assault in the
past and the heightened attention that is now being granted by the public and the Federal government to these very real problems. The article was largely discredited and Rolling Stone commissioned the Dean of Columbia’s School of Journalism, an outsider, to investigate how the magazine had “gotten the story wrong.” The entire episode and many similar ones highlight the challenges that are presently being faced on college campuses as staff and students attempt to improve training, awareness, and prevention of sexual violence; while also striking a balance between protecting the rights of the accused and investigating cases efficaciously and with the attention they deserve.

Disruptive Technological Change

“Technology”, as people say when they refer to the ability to deliver course material electronically, is a disruptive force and an additional challenge these days. It opens up exciting possibilities for access and affordability in the United States but also for those who are impoverished irrespective of their location. At that same time, such disruptive change has many professors and administrators at odds. The former assert the need for face-to-face learning; while the latter see some real cost savings that might emerge from combining lower cost delivery of knowledge and material with on campus, in person elaborations. For small campuses, especially, the significance of the cost saving may be what enables them to survive going forward. In the for-profit sector—which is under increasing scrutiny from the federal government—technology has been widely embraced. So, too, have several very well-known public intellectuals, such as Michael Sandel, embraced massive open online courses (MOOCs), to the chagrin of faculty who see this as a betrayal of their academic mission and livelihood.6

Sports

I would add that sports, as conducted on American college campuses (especially Division 1 sports), complicate matters in higher education enormously. The United States is unusual in its model which mixes support for educational opportunity and athletic prowess at the Division 1 level. I write this as a strong supporter of sports: I am the daughter of a former professional hockey and football player whose son is now running track in NCAA’s Division 1. Yet I know that the Division 1 model complicates our ability to focus on delivering education for and about the common good; and I worry greatly about the ethics associated with placing young men and women in harm’s way as they partake in concussion-intensive sports.7

Recent calls for player compensation in football; scandals at the University of North Carolina at Chapel Hill related to made-up courses and fake credit for athletes;8 and the intense and warranted scrutiny over concussions in college sports, have all drawn increasing attention to the American model where sports and academics seem to be conflated. Whether the Division 1 model, in which players in
some cases are essentially first players and, unfortunately, are only distantly behind that students, will continue as it is or evolve into something quite different remains an open question. My hope is that we very carefully examine the ethics associated with this model, but most especially with D1 football.

FINANCES

To all of these very real challenges for higher education, one must add another very serious challenge that affects colleges differently depending on their size and wealth: the fiscal situation of many colleges and universities. The financial model of colleges and universities is one in which there are only a few levers (or so it seems) and many rigidities. Colleges charge tuition. They obtain funds from the federal and state governments. Endowments and philanthropy—a key difference between the American and many other systems—provide additional sources of revenue. On the cost side, personnel forms the bulk of their obligations but facilities, buildings, and grounds also constitute key costs.

As is well known, this framework has been stretched rather thin recently, with, as noted above, several institutions closing their doors or planning to do so. This is in part because tuition rates seem to have hit some sort of almost unimaginable plateau, breaking through the sixty thousand dollar mark for full tuition and room and board at select private institutions. At public institutions rates of increase seem to have become unsustainable, too.

And then there are discount rates. According to a 25 August, 2015, Chronicle of Higher Education article, tuition discount rates, the rate at which actual tuition is reduced relative to its posted price, at private colleges again hit an all-time high this year and net revenues are basically flat for the incoming class. Average discount rates are 48% for first time full time students; and close to 42% for all undergraduates.9

On the expense side, expenses at public institutions in the United States were $311 billion dollars in 2012–13 and $166 billion at private nonprofits. So, the industry is enormous. The bulk of those expenses was instruction (27 and 33 percent at public and private nonprofit) and student services (20 and 65%) respectively. (Student services have increased at very high rates over the last decade as e.g., counseling, dining hall and recreation center have all escalated.) Expenses per full time student were much higher at private, nonprofit postsecondary institutions ($50 thousand) than at public institutions ($30 thousand) or private, for-profit (almost $16 thousand).

Endowments provide relief for the very fortunate schools that can rely on them. They range in value from almost 31 billion dollars (in Fiscal Year 2012) at Harvard University to the twentieth largest endowment of 3.8 billion at Cornell University. Endowments decrease fairly steeply beyond the top tier: only the very elite colleges are able to rely on endowments for significant cost relief.10

There are two sides to the problems that result. On the supplier side (colleges and universities) are the very real concerns about the continued viability of this fiscal
model. Some colleges have been forced to take the very drastic step of closure; I anticipate that we will observe more of that in the future. Some colleges have responded by relying on more adjuncts and attempting to move to online delivery – which creates other problems. We may also see more consolidation and consortia in the future. Along with the former head of the Spencer Foundation, the economist Michael McPherson, who mentioned the possibility in a presentation at the University of Richmond years ago, I place a great deal of hope in this possibility.

On the demand side, there are also real concerns about whether the education is delivering what it promises. Alumni and parents focus on the seemingly all important job. While I agree that we need to keep those concerns in mind, I maintain that we should re-orient the conversation to a life well-lived. I will make that case in more detail in Section 5 below. In the light of growing costs, a major source of stress is also the growing problem of student debt. Some have argued that we are heading into a higher education bubble as we did with the housing industry early in the 2000’s. Certainly student debt loads have increased dramatically in the last decade. The worry is especially significant for low income students who have less access to funding or information about student debt. Thus these concerns particularly press upon the population already at risk for not achieving their full potential.

WHY DOES IT MATTER?

There are two major reasons to care. Both have to do with well-being; so in my view both are economic (but I take a capacious view of economics). First, despite misgivings amongst the public alluded to above about ‘whether college is worth it’, the evidence strongly supports the conclusion that income increases with years of schooling and, even more, that the financial benefits associated with a postsecondary degree well exceeds the cost, notwithstanding significant recent increases in the real cost of tuition. Thus, from the perspective of equity of opportunity, financial well-being and income equality, improving access to postsecondary degrees is of paramount importance. More than this, education in America educates students from all walks of life, enabling them to grow as individuals who then serve the greater good as engaged citizens. Education enables people to live well for themselves and for others.

And so I turn now to my main theme.

EDUCATION FOR AND ABOUT THE COMMON GOOD

In the last portion of this essay I hope to provide the broader reasons why we must overcome the challenges described earlier. Being something of a cautious optimist, I chose my title to emphasize the latter, as opposed to the challenges. I want to suggest today that the phrase – “for and about” – is useful to describe American higher education writ large. I believe that we in the Academy should embrace the idea that we educate people for and about citizenship. More than
this, at a time when the communities we serve (parents, alumni, students, trustees and journalists) are increasingly skeptical about the “return on investment” of an undergraduate degree, it is imperative that we do a better job of explaining how higher education contributes to the common good. My thesis is simple: Educated people are more likely to contribute to the public (or common) good.

When the nineteenth century political economist J. S. Mill addressed the inaugural class at the University of St. Andrews in 1867, he spoke about the extraordinary breadth of what we call ‘higher education’: “Education, in its larger sense, is one of the most inexhaustible of all topics. …”13 Though of course Mill did not use our twenty-first century words – interdisciplinarity or critical thinking – he clearly had in mind education for and about citizenship; he exhorted the newly educated to use their learning well: “All great things which [your] generation is destined to do, have to be done by some like you …”14 In Mill’s view (and mine), education is filled with purpose – it provides the next generation of doers (in the arts, business, politics, non-profits, research) with the tools to do what they do best.

But how is it that as we educate people to live well for themselves, we may also be assured that they will live well for others, they will contribute to the common good? This is why we educate “about”: as students come to understand the common good, they are better able to contribute to society. Thus, students need to grapple with texts about a life well-lived, about the good (and bad) society, and about the intersection between the individual and the common good.

These are of course essentially moral questions and in my view this is why ethics constitutes a key part of the college curriculum. Here of course a thorny problem arises that has occupied moral philosophers from Plato to Adam Smith, to John Rawls: What is the social good? Ambiguity surrounding the nature of good, both individual and collective, is why much of higher education is grounded in the liberal arts, reading works in philosophy, history, religion, and political theory. The study of context—of economics, and politics—helps students appreciate how people actually behave in settings that involve group and individual tradeoffs. In short, citizenship is best achieved as the student confronts and then comes to appreciate how an array of disciplinary lenses sheds light on such problems.

We must also educate our students about moral dilemmas associated with leadership of the self and others. For, as a society we neglect these questions (and assume ethical leaders) to our peril, as a glance at the world around us suggests.15 Though we may wish for perfection in our leaders and citizens, in the real world leaders are subject to the same temptations we all face. Thus, I have argued that we must move beyond a narrow focus on leaders as “great people” and instead help students appreciate that leaders operate within a set of culturally determined norms, political institutions, within temporal and spatial contexts.16 This conceptualization of leadership as a process leads to an understanding of the roles of transparency, openness and discussion as features of engaged citizenship. Students who study institutions come to appreciate that institutions (sometimes called culture) matter tremendously in terms of determining life expectancy and human thriving.
Mill went on to argue that one of the key benefits of an education is to provide students with the tools to come to appropriate conclusions about the world and then effectively to communicate the rationale for these inferences. Since political and economic debates are often acerbic and charged with combative rhetoric, graduates will be assaulted with assertions about the predicted effectiveness of one policy proposal or another. My hope is that college graduates will have become critical thinkers enough, empiricists enough, that they will seek out evidence for these claims without regard to sentiment or prior disposition.

We all have such priors or biases. How can we be reasonably confident that something we wish to believe is actually correct or know when to let go of a sentiment that has been disproven? Philosophers have long struggled with the problem of induction, how people sort through observations and come to know things about the world. Mill’s 1843 Logic was a tour de force in making the case for inductive logic. There he wrote:

We cannot believe a proposition only by wishing, or only by dreading, to believe it … [Wishing] operates, by making [a person] look out eagerly for reasons, or apparent reasons, to support opinions which are conformable to his interests or feelings; … whoever was on his guard against all kinds of inconclusive evidence which can be mistaken for conclusive, would be in no danger of being led into error even by the strongest bias. There are minds so strongly fortified on the intellectual side, that they could not blind themselves to the light of truth, however really desirous of doing so.

Mill’s Logic was in large measure written to show how best to eliminate bias using the empirical method.

An additional strand of literature in economics draws inspiration from the work of the eighteenth century moral theorist and economist, Adam Smith, and recognizes that economics is actually bound together with moral philosophy. Smith recognized that the individual is situated in communities, in society, and as such is subject to both self- and other-regarding impulses such as generosity.

Of course, this may come as a surprise to those whose knowledge of economics is confined to reading the Wall Street Journal and who believe Smith to be only an individualist. Indeed, I have frequently been asked, “Why are you, an economist, at the Jepson School of Leadership Studies?” Nonetheless, for most of my career in economics I have argued (and more than a few Nobel laureates agree with me), that economics is essentially about how individuals come together in social settings (a market place, an organization, or a polity) and make decisions that determine who gets what. At its core, economics is about interactions among groups and individuals. And questions of leadership and ethics are omnipresent when people interact and make choices.

Smith was the first well-known economist to treat economic interactions seriously, to consider economics as a catallaxy, a mutually beneficial set of relationships. One of his great accomplishments was to examine the means by which people
interact to benefit society when they are motivated by self- and other-regarding interests. First and foremost a moral theorist, Smith’s Theory of Moral Sentiments [1759] grounded a theory of morals on the human sentiments. He made the case that people are essentially imaginative, social beings who care about approval and who want to be not only praised but also praiseworthy. Humans are motivated by, among other things, concern for others, generosity.

For Smith, we come to know when we have obtained praise under false pretenses, when we have done the wrong thing, and thus we cannot fully enjoy such undeserved praise. We come to learn that right behavior deserves praise because we can imagine how others would regard our actions. If our acts would generally be approved by others, the “impartial spectator”—our self who steps outside our self to see how others see us—concludes that this is praiseworthy behavior, a good act. This impartial spectator, “conscience,” teaches us that our own place within the world is but a small one indeed:

[It] shows us the propriety of generosity and the deformity of injustice; the propriety of resigning the greatest interests of our own, for the yet greater interests of others, and the deformity of doing the smallest injury to another, in order to obtain the greatest benefit to ourselves.

In his other major work, The Wealth of Nations, Adam Smith talked about the original principle of human nature, our “propensity to truck, barter and exchange.” Although Smith still recognized that people are essentially social, in this work he stressed that we also need to be “prudent,” to save for ourselves and our families:

Man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only… It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.

The juxtaposition of these two great works—one focused on how we help others, how we come to do the right thing, the other on prudence, how we look after ourselves and those who rely on us—presents a central question for the study of leadership: how individuals, motivated by self- and other-regarding interests and connected by language and rules of action, come together and make decisions affecting the group or polity.

In short, we will succeed in higher education to the extent that we fortify our students’ intellect, educate them sufficiently to recognize and reject bias, demonstrate to them the significance of context, rules, and institutions that contextualize human interactions, and challenge our students to live well for their own good and for the good of others.

I have long been convinced – and the financial and economic events of the past eight years confirm this conviction – that ideas matter. Indeed, as the economist
Alfred Marshall maintained late in the nineteenth century, ideas “are the most ‘real’ of the gifts that each generation receives from its predecessors.” Marshall acknowledged a practical reason for this: “The world’s material wealth would quickly be replaced if it were destroyed, but the ideas by which it was made were retained. If however the ideas were lost, but not the material wealth, then that would dwindle and the world would go back to poverty.”

In my view, those of us in the Academy ought repeatedly and enthusiastically to affirm not only the pure joy associated with learning but also the significant connection between learning and the enormous prosperity we enjoy today. This is not to shy away from difficult challenges caused by deep disparities in the distribution of well-being (they are many, they are significant, and they should be studied with an eye to eradicating them); but instead to affirm that those challenges are best met by an educated public.

Marshall followed his conclusion with “To this end public money must flow freely”; I could not agree more, although I am realistic enough to know that we are unlikely to see a significant increase in public support for higher education in the near future! And so I close with a word about rewards, and here again I turn to J. S. Mill:

I do not attempt to instigate you by the prospect of direct rewards, either earthly or heavenly; the less we think about being rewarded in either way, the better for us. But there is one reward which will not fail you, and which may be called disinterested, because it is not a consequence, but is inherent in the very fact of deserving it; the deeper and more varied interest you will feel in life: which will give it tenfold its value, and a value which will last to the end. All merely personal objects grow less valuable as we advance in life: this not only endures but increases.

NOTES

1 The essay had its genesis in a panel discussion for the College Board Colloquium, January 2015, Delray Beach, Florida; those remarks became more fully developed in preparation for the Consortium of Higher Education Researchers (CHER) 2015 conference in Lisbon, Portugal. I thank Nanci Tessier for the invitation to speak to the College Board participants; and Pedro Teixeira and Cláudia Sarrico for the invitation to speak at the CHER conference.

2 Mill (1867), retrieved 12 April, 2016, from http://oll.libertyfund.org/titles/255#Mill


4 See Stolberg (2015) for a recent account.

5 The details are explored in Coronel, S., S. Coll, and D. Kravitz (2015).

6 See Deneen (2013) for an account of this ongoing set of tensions.

7 Concussion guidelines have recently been developed; see http://www.ncaa.org/health-and-safety/concussion-guidelines


9 These data are provided by Supiano (2015).
THAT "MOST REAL GIFT FROM ONE GENERATION TO THE NEXT"

11 See the graphic from the New York Federal Reserve Bank: http://www.newyorkfed.org/studentloandebt/
12 See Leonardt (2014).
16 See Peart (2013) for elaboration of the difference between teaching leadership as a series of "great man" examples and teaching institutional and culturally determined frameworks within which leaders must operate.
18 For a relatively complete treatment of the bias inherent in experts and expertise, see David M. Levy and Sandra J. Peart (forthcoming).
19 Mill (1843), retrieved 12 April, 2016, from http://oll.libertyfund.org/titles/247#lf0223-08_footnote_nt_531_ref
20 This approach disappeared from economics late in the nineteenth century but it was revived as two related research programs in economics emerged later in the century: public choice economics pioneered by James Buchanan; and experimental economics associated with Vernon Smith. For a detailed review of economists’ work as it relates to leadership studies, see Peart and Levy, 2010.
21 Not surprisingly, Smith perceived the socially beneficial role of leaders. In the last forty years, experimental evidence has resoundingly confirmed the importance of language and persuasion in such settings. See Vernon Smith (1998).
22 Smith (1759), III.I.46; http://www.econlib.org/library/Smith/smMS3.html#III.I.46
23 Smith (1776), I.91; http://www.econlib.org/library/Smith/smWN1.html#I.2.2. While historians of economic thought early in the twentieth century regarded these two books as incommensurate, they have now come to appreciate their interrelatedness; see McCloskey (2007) and Vernon Smith (1998).
24 For Smith, prudent action is one form of virtuous action. Theory of Moral Sentiments is largely an investigation of virtue (including prudence) and how we become virtuous; The Wealth of Nations focuses on prudence-driven exchange.
25 Experimental social scientists have taken up this problem using public goods games where participants choose how much to invest in purely private or shared group accounts. See Levy, Houser, Padgitt, Peart, and Xiao (2011).
27 Ibid., p. 104.

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