Abstract

In the past three decades, the administration of many institutions of higher education have progressed towards a corporate style management structure. What has been a collegial, collaborative approach to managing the institution has given way to a top-down, corporate style management intensely focused on revenues, and directing rather than collaborating with faculty.

Some educational policy literature has identified the growth of neoliberalism in the past three decades as largely responsible for this trend. However, the structure and practice of the corporate form of business organization as applied to institutes of higher education, an increase in corporate activism, and increased influence of corporate managers on university boards represent an influence that has been lightly documented in neoliberal critiques of higher education.

Corporate business practice today operates based on business theories such as disruptive innovation and shareholder value maximization. These practices focus on the pursuit of profit with general disregard for social consequences of the businesses activities. The use of corporate management practices in higher education minimizes both non-economic educational values and the traditional role of the university as a locus of knowledge creation and dissemination within society.

This paper will examine the dissonance between the operation of the university as a corporate-style business and the traditional educational mission of the university. Historical analysis will be used to examine the development of the modern university and its academic mission, the growth of neoliberalism from market fundamentalism, and the development of the corporate form of business governance and its gradual development into the amoral, asocial form which exists today. The paper will provide perspectives and critiques on the corporate
business management structure and practice, specifically in the form practiced today, and its use in higher education.

Keywords: neoliberalism, corporatization, higher education, university administration

Introduction
The management structure of higher education has changed significantly in the past three decades. Critical studies in education and the political economy have identified one of the primary causes of this altered management style as neoliberalism. These studies provide some evidence that this once obscure economic theory has come to transform the social fabric of America and much of the industrialized world. Decades of neoliberal influence has led to a society which has been constantly inundated with the endless virtues of the free market. Mass media weakened by similar market economy pressures rarely questions this cultural sea change. Mass media content relentlessly encourages consumption and create heroes of those who have accumulated wealth. Much of the public has developed a worldview where their lives are as a series of market transactions and a university education is simply one more transaction.

Public and private universities are run by governing boards which at many institutions have come to be dominated by businessmen familiar with the top-down corporate management structure. They know little of higher education and have little or no experience with a unionized, professional labor force. This has led to increased pressure on administration to run the university as a for-profit businesses.

Over 30 years after the neoliberal turn and the eventual domination of corporate business interests, few businesses in the U.S. have unions or the equivalence of shared governance. From the perspective of these businessmen and college board members, unionization and shared governance at the university are nothing more than unnecessary blockades to the what are presented as prescient, innovative, “best practices” which administration insists must be implemented to save higher education from financial ruin. Traditional features of higher education such as student intellectual engagement, the development of critical thinking skills, and other activities which defy direct measures of economic impact are of little interest to those who have thoroughly normalized the corporate business practice and neoliberal worldview.

While neoliberalism has clearly influenced business practice and higher education administration, corporate structure and behavior are distinct from neoliberalism. The corporate management structure has always been considered problematic. The
corporate structure distorts the free market and it distorts the relationship between labor and owners. Additionally, current corporate management theories argue that disruptive businesses are innovative businesses, and infer that all innovation in the market is good.

This article will trace the history of higher education, and the rise of neoliberalism and corporate activism. These historical changes will be related to the changes in higher education management practice in the past three decades. Critical changes in corporate behavior and management perspective will be examined and related to the dissonance between the corporate business structure and practice, and the traditional social role and academic mission of higher education in America.

**The History of the Modern University**

The structure and academic mission of the modern university has its roots in the scholarly institutions of Europe in the middle ages. They were centers of prestige and were largely autonomous and self-regulating. Members of these early academies were respected elites often from nobility (Stone, 2015). The scholarly inquiry which took place in these institutions would occur within the structure of the Christian doctrine of that period (Thelin, 2011).

The period between 1870 and 1900 involved dramatic transformation in higher education in the United States. Graduate schools were established and scientific courses were introduced in many schools. The dissent which was part of the Enlightenment became part of academic discourse (Thelin, 2011; Rudolph, 1991).

Many universities in America in the late 19th century had been established with church support, which led to some clerical oversight of the institutions. This oversight was weakened in the later part of the 19th century and continued to erode in the early part of the 20th century as nascent ideas concerning academic freedom began to circulate in academia. The American universities which emerged from this time period were influenced by the German research university and its ‘determined, methodical and independent search for truth’ (Stone, 2015; Thelin, 2011).

Growing industrialization in the latter part of the 19th century led to increased public interest in the sciences and ‘useful arts’: science, engineering, military, agriculture. While universities previously had concentrated on liberal arts curriculum, the growing community interest in other disciplines led to the expansion of curriculum in order to attract students (Thelin, 2011). To meet the needs of this expanded curriculum, colleges began hiring additional faculty. The very nature and character of higher education began to change. Faculty began using the lecture method of teaching, and
the boundaries of a division of labor began to form at the university. Where previously the college president could closely monitor the teaching and behavior of all faculty, expansion of the faculty ranks and curriculum now made this difficult (Goldin and Katz, 1999).

The governance structure of American schools was established in colonial times. The founders of American colleges sought to create institutions which were intentionally different from the British universities of the time. These structural differences were based on the opinion that the weak central management of British institutions led to poor management and weak scholarship. In the American colonial colleges, an external board who were not members of the university faculty elected a president who had the authority to run the university and reported to the board of trustees (Thelin, 2011). This management structure has persisted and is widely used in American higher education today.

As a consequence of this founding higher education governance structure, faculty had limited control over their teaching and research at the start of the 20th century. In a 1902 essay, a prominent scholar named John Dewey encouraged the adoption of various teaching and research principles in an essay titled “Academic Freedom” (Nelson & Watt, 1999). Academic freedom in American higher education was based on the German research university and its concept of lehrfreiheit (“freedom of teaching”). (Thelin, 2011). The principles of academic freedom were foundational in the development of the American Association of University Professors (AAUP) when it was formed by Dewey and other scholars in 1915 (AAUP-Timeline). The 1915 AAUP Statement on Academic Freedom and Academic Tenure extended Dewey’s principles and was later refined in 1940 and comments were added in 1970. As defined by the AAUP, academic freedom implies that faculty should not be subject to reprisals such as being terminated, or from legal actions on the basis of an expression of their ideas (AAUP, 1940; AAUP-Timeline; Finkin and Post, 2009; Tierney & Lechuga, 2005).

In 1915 the influences on higher education were primarily religious, financial (business community) and political. Dewey and other academic activists of the time had concerns about these influences and their potential impact on academic freedom. Over 100 years later the influences remain the same, though the secularization of most universities leaves religious influence less an issue than it was in 1915. The influence of the business community, however, has arguably increased in the last 35 years.
Roots of Neoliberalism and Corporate Activism
Neoliberalism is an economic theory which extends market fundamentalism, the theory that markets are self-regulating and operate best when they are left free of influence from sources outside the market (Jones, 2012). Neoliberalism and its predecessor, market liberalism represent a political and economic reaction to the Keynesian economic model of capitalism known as ‘embedded liberalism’. It rejects the approach of collective action interfering with markets to provide stability and full employment (Bourdieu, 1998; Keynes, 1936). Neoliberal thought considers the most common force interfering with the market to be the government and its efforts to regulate elements of the market such as equity markets, business practice and the social safety net for labor (Harvey, 2005; Brown, 2015; Friedman, 1962).

In America, politically and in terms of advocacy efforts, neoliberalism is commonly bundled with ideas about private property and individualism under the label of libertarianism. The precise philosophy behind libertarianism is subject to debate and there are several variations, but there is some agreement that its core value involves the primacy of the individual and their property and a limited role for the state (Brennan, 2016; Hospers, 2013; Boaz, 2015; Korten, 2015). The central guiding philosophy is that individuals own themselves and property, and it is wrong to interfere with their ownership. Personal property ownership is seen as their liberty or freedom, and government efforts to redistribute this property in pursuit of a common good are seen as unjust.

The price inflation and high unemployment of the 1970s created an economic climate where some alternative to Keynesian economic policies was sought (Harvey, 2005). This created an opportunity for those who had never approved of the Keynesian New Deal programs and supported a return to the market liberalism which preceded it (ibid; Jones, 2012).

Market liberals had always had concerns about government interference in the market. What was truly radical about the market liberalism introduced in the late 1970s was the extension of market principles more deeply into the function of society. The distaste for social programs intended to manage the harsher aspects of the free market was clearly identified in Margaret Thatcher’s statement that ‘There is no such thing as society. There are individual men and women, and there are families.’ (Thatcher, 1987). This statement dismissed the notion of a common good for society and an individual’s responsibility for that society. Instead it raised individual effort and the wellbeing of an individual’s family as the sole responsibility of members of society. The concept of a collaborative social structure with collective effort supported by an active state was replaced by the central concept of individual responsibility or
individualism, private property, and vaguely defined family values. The assumption was that the market would provide appropriate distribution of all resources and would apply them best without any interference.

Education had traditionally been treated as an externality by economic models based on a recognition that its values were not easily represented by a market price. Society had historically recognized this shortcoming and collectively assigned a value and provided support for education (Kuttner, 1999).

But the extension of neoliberal thought throughout the social sphere eventually impacted education at all levels (Giroux, 2014; Giroux & Giroux, 2004; Brown, 2015; Robertson, 2008). This impact was a repudiation of the view of education as a common good and built upon a consistent attack on anything perceived as a collectivist effort. Any attempt to maintain some form of social justice through a government program was simply assumed to be bureaucratic and wasteful and in need of market reforms (Bourdieu, 1998; Harvey, 2005). Eventually this disdain for the government would extend to any organization which was not run like a business. Higher education with its highly-credentialed faculty with long term commitments to the institution, shared governance management and faculty tenure was decidedly different from the rigid top-down management and constantly downsized or outsourced labor pool of for-profit business. In the neoliberal view, the fact that colleges were not run like businesses meant they were inefficient and in need of market reforms including a less collaborative, more rigid top-down corporate management structure (Giroux, 2014).

The Corporate Management Structure and Higher Education

Though the corporate form of capital ownership is arguably a powerful force in the modern social sphere, the corporation is a legal entity, not a specific social construct meant to order vast swaths of society (Chomsky, 1998). It is a single legal entity though it represents a group of owners, the stockholders. Corporations effectively exist as a replacement for the individual in the market transaction (Korten, 2015; Bakan, 2004). As such they distort the relationship between buyer and seller in the market transaction as well as the relationship with labor by creating a buffer between the owner and the laborer. It intentionally minimizes risk for the owners both in terms of legal liability and the risk of monetary loss if the business fails (Bakan, 2004).

Corporate management structure is autocratic, hierarchical and commonly referred to as a top-down management structure. In this structure, management need not confer with workers concerning business operations, and workers do not have the right to question or change management decisions (Korten, 2015).
The industrialized corporate model further depersonalized this relationship and reduced labor to a fungible asset, a means of production to be had at the lowest possible cost (Marx, 1981). That the condition of labor should be a concern of management appeared to be antithetical to the corporate industrial model of treating labor as nothing more than a means of production. The notion that social responsibility was something external to the corporation is partially derived from the distorted owner relationship of the corporate industrial model. This would be viewed as the expropriation and alienation of labor by Marx, and alternatively viewed as a rational requirement for centralized industrialized capitalism by Weber (Korten, 2015; Marx, 1981; Weber, 2002). The externalization of social consequences on the part of the corporation creates an arguably amoral entity guided by little more than the goal to pursue profit in a Darwinian market environment (Bakan, 2004).

Technology and an altered WWII geopolitical structure led to massive growth in the size and influence of corporations. The ability to base a corporation in one country and conduct operations in other countries led to the rise of the transnational corporation. Corporations, however, operated with some sense of social responsibility in the postwar period, partly due to the influence of New Deal labor laws and regulations which made some effort to limit the size and reach of the organizations. That began to change in the 1960s when political activism and a progressive governing majority led to a series of government regulations that corporate leaders found frustrating (Bakan, 2004; Korten, 2015).

Conservatives had been out of power in the 1960s in the U.S. and by the 1970s conservative leaders recognized that public support would be needed if they were going to be able to implement their agenda. Lewis Powell, a conservative supreme court nominee, sent a memo to the U.S. Chamber of Commerce in 1971 which outlined broad social action which he believed would provide support for pro-business policies (Chomsky, 2013; Korten, 2015). The memo exhorted corporate leaders to become activists and attempt to exert influence over government policy, and to make efforts to change social perceptions of the business community. The memo specifically addressed higher education as an area which should be “mobilized” to support business (Korten, 2015).

The vast wealth accumulation of corporations coupled with an increased interest in corporate lobbying and activism created an environment which ultimately promoted and helped normalize the neoliberal worldview with political leaders and much of the public (Korten, 2015). Higher education became part of this activist effort with many business schools promoting neoliberalism and the business theory that corporate shareholder value growth should be the only concern of the corporation (Lynn, 2010).
Raising shareholder value to the primary corporate goal externalizes and largely removes social responsibility from corporate management practice. Corporate pollution or poor labor pay and working conditions become the concerns of some external entity. For the corporation, it is the market that dictates business practice and under this worldview management has no choice other than to react to the market (Bakan, 2004; Lynn, 2010).

**The University as a Business**

The perception of higher education as a business rests firmly on the basic premise of neoliberalism where in its most complete form, all social interactions are contextualized as part of a market. There is no collective good, there is only the individual and their interaction with the market (Brown, 2015; Friedman, 1962; Harvey, 2005). Under this view, the traditional academic mission of the university to create and disseminate knowledge is subsumed by the market and its demands.

Between the 1940s and the 1970s Keynesian economics dominated the economic policies of the United States and Britain. Economies expanded, unemployment was controlled, and a healthy social safety net was funded. By the 1970s the implementation of this economic model was under strain as both unemployment and inflation began to rise.

This difficult economic climate led to a reduction of public subsidies for universities and led many universities to look to other sources for additional funding (Thelin, 2011; Rhoades and Slaughter, 1997). As economic models predict, demand-side subsidies of students through grants and loans created a steady stream of college applicants and in combination with a relatively fixed supply of institutions, this climate allowed institutions to increase tuition at a rate which outpaced inflation (Gordon & Hedlund, 2016; Worstall, 2015; Mirzadeh, 2015). Thus more university revenue was being generated by tuition and private sector donations and grants, and an increased emphasis on revenue generating programs (Schrecker, 2010). This altered funding environment led to increased business influence in higher education. Influence was visible both through the composition and behavior of the board of trustees, and through the changed management behavior of administrators (Soloway, 2006; Ginsberg, 2013; Ross, 2010; Giroux, 2014). Various terms have been used in literature to describe this shift in university management structure and practice: corporatization, the corporate university, and top-down management.

In higher education practice literature, *corporatization* of the university implies the application of business management techniques to the management of the university (Ginsberg, 2013; Schrecker, 2010; Giroux, 2004; Mills, 2012; Ross, 2010).
Alternatively, the term *corporate university* is used ambiguously to describe two sets of practices which are distinctly different. It is used to identify the implementation of the learning or training within a business corporation as described in Allen (2002, 2007), but it is also used to describe corporate business practice in higher education as described in Tuchman (2011) and Donoghue (2008).

The term *top-down management* applies specifically to management behavior or what is sometimes referred to as management style within an organization. It describes the practice of authoritarian or autocratic management where management is organized as a hierarchy and decisions made at higher levels of management are dictated to lower levels of management (van Vugt et al, 2004; De Hoogh et al, 2015; Flynn, 2015).

A top-down management structure has always existed in American higher education. It is part of the colonial era legacy of higher education organization which sought to distinguish American universities from the British counterparts where weak central management was perceived as a failed system which produced weak scholarship (Thelin, 2011). Historically, the university system in America has shifted from the more rigid management structure and practice of the late 19th century, to a more collaborative approach partly in response to a reaction from the academic community concerning academic freedom (ibid). There have always been exceptions, and the vast array of schools which is American higher education has never been homogeneous, but the general perception is that faculty was more of a collaborative partner with administration before the 1980s. After the 1980s, in concert with the neoliberal turn, there has been a perceived shift from more collaborative practice where faculty and administration collaborate to run the university, to a more consultative approach where administration makes decisions which involve light consultation with faculty, or administration simply dictates to faculty what will be done (Soloway, 2008; Ginsberg, 2013; Bousquet, 2008; Tuchman, 2011). This shift towards a corporate management style has occurred in concert with a number of other discernible changes in management of higher education in America. These changes include expansion of private funding for the university and decreases in federal funding, an increased presence and activism of business people on the board of trustees, intermingling of trustee business and university business, use of corporate hiring consultants to hire administrators, increased compensation for high level administrators, and tying compensation to the income or revenue of the university (Goldberg, 2015; Soloway, 2008; Ginsberg, 2013; Davis, 2015; Sauldec, 2015).

**Disruption, Innovation, and Best Practices in Higher Education**

In the corporate business realm, what are identified as “innovative” and “disruptive” actions are often unpopular with labor but are regarded as necessary by management.
The command and control structure of corporate business management uses a top-down management hierarchy which allows business decisions to be implemented quickly with little deliberation or resistance. A business which disrupts the market and is deemed economically successful is commonly viewed as an “agile,” effective business. The traditional university with faculty and administration collaboration, and faculty tenure would appear to be an impediment to the top-down management style of business. From this perspective, university administration is limited if it must contend with faculty tenure systems, faculty senates, or shared governance which would limit their “flexibility” and their ability to “innovate” and “disrupt” the market through abrupt organizational changes and faculty layoffs.

Disruption in this context is initiated by a change to the market in the form of a new product or service. The disruption is itself an innovation (it is new) and a common interpretation of capitalism is that the system rewards innovation with capital, so the innovator will be rewarded economically. The popular notion that disruption leads to innovation in an economic free market is derived directly from business research which generally regards capitalism as an engine of innovation (Drucker, 2006; Baumol, 2004). The idea that disruption of markets in a capitalistic economic system generates innovation specifically is a somewhat recent development, commonly traced to Christensen (1997), though Christensen borrowed from Schumpeter (1942) and his concept of “creative destruction.” Likewise Schumpeter was critiquing the cycles of capital growth and contraction, what Marx (1981) had identified as the crisis of capital accumulation. Christensen saw innovation rising from the destructive cycles of capitalism. He based his research on a small number of case studies which he felt demonstrated that innovation would lead to disruption in a market. By disruption, Christensen meant that businesses competing with the innovative business would fail (the disruption or destruction) and the innovative firm would be rewarded economically.

The concept of disruption yielding innovation is extremely popular in the world of business, with numerous texts and articles citing its virtues (Pickup, 2015; Williams, 2015; Christensen, 1997). The attempt to use disruptive innovation in higher education is based on the assumption that what works in the world of business should work in academia, a variation of the neoliberal worldview that markets always produce efficiencies and are better than any alternative (Harvey, 2005; Giroux, 2014). There are however several problems with the application of this theory to higher education. One problem is the weakness of the theory itself. Several studies have questioned the validity of some of Christensen’s findings. One critique argues that factors which impact the success or failure of a business venture are complex and the
primary causes of a business failure might have nothing to do with the innovation of their products or services (King and Baatartogtokh, 2015; Saunders, 2014; Lepore, 2014). Stated differently, the operational success of a business is a multivariate problem, and the innovation of the business’s product or service is only one variable out of many. Similar complexities exist in higher education where identifying inputs to higher education ‘products’ (curriculum, research) and outputs is extremely difficult, as is the ability to measure success or failure of these ‘products’.

Another significant problem with the application of disruption theory in higher education is that business operations in a for-profit market have values and goals which are markedly different from the goals of higher education (Lepore, 2014). More specifically, higher education as a common good operates with an academic mission to provide an education for its students and to promote the creation and dissemination of knowledge. A business in a capitalist economy is generally seeking value as profit, an excess of revenue over expenses, or equity value which is commonly related to its income producing ability. The most common business practice today would externalize any impact of its business operations and seek to maximize shareholder (owner) value (Lind, 2011). In this respect, the values of the business consider only one stakeholder, the owners, and ignore all others (Lynn, 2010; Denning, 2011; Stout, 2012). This differs from a view of the university as a common good which exists for the community at large. Viewing the university as a common good providing education for the community, the value of the university is not economic, but a common good: education for the public. Disruption of the university therefore impacts the educational value of the university, and impacts the community for which that education is provided.

To argue that higher education could benefit from disruptive innovation first requires the intellectual leap that the university is a business in a capitalistic free market. This essentially involves the adoption of a neoliberal worldview the university is not a collective, common good, but a product (education, research) for sale in a market. The social impact of this altered view of higher education has been well documented (Brown, 2015; Giroux, 2014; Giroux and Giroux, 2004; Ginsberg, 2013; Berube and Ruth, 2015).

Additionally, the destructive nature of disruption theory specifically, and of the capitalistic model in general, creates problems for any common good like higher education. The failure of an educational ‘innovation’ such as a new program could have a serious impact on students who choose the new program, or professors who join the university to teach the program. These students could be left without an education, the professors who may have spent years developing the program could be
dismissed. While a business operating in a capitalistic market might view these as externalities, in higher education for the common good the consequences of these failures fall to society at large (Giroux, 2014; Soloway, 2006; Ginsberg, 2013). Other influences of corporate management styles are evident in higher education. The outsized compensation of top managers in the American corporate environment have eventually become part of higher education (Davis, 2015). Many college presidents have become members of corporate boards and have begun adopting the approach of negotiating significant compensation packages (Goldschmidt & Finkelstein, 2001; Saul, 2015). Likewise, corporate managers are frequently asked to serve on college boards where they are tasked with approving the generous employment contracts of college presidents (Ginsberg, 2011, 2013). One particularly egregious example is that of Richard Joel, president of Yeshiva University, who had compensation of 2.5 million in 2008 and instituted layoffs and a hiring freeze in 2009 ostensibly in response to losses due to bad investments made by the university he managed (Saul, 2015).

Corporate management styles in higher education can also be seen in the use of “best practices.” In business, a “best practices” is an approach or procedure which has been used previously by other businesses and has been proven to work. Best practices are not always considered the optimal approach and critics note that an approach which uses only historical context may not always be the best approach (Prokopeak, 2011; Ryan, 2014). It could be argued that simply looking for solutions which others have used discourages deep evaluation and introspection and could lead to a proliferation of poor practices. In the world of business, claims of financial pressures or short business cycles are often an excuse to avoid time consuming study and introspection. Higher education, however, has a tradition of deliberation, discussion, and study. But higher education administration operating like a business corporation would not feel compelled to use a deliberative approach.

An increasingly common example of a corporate “best practice” in higher education is the “strategic prioritization of academic resources.” The practice of strategic prioritization of resources is common in business but is a relatively new in higher education. Though there is some rationality to its use in business, the use of this approach in a higher education setting is more dubious and controversial (Bhattacharyya, 2014; Ginsberg, 2013; Tuchman, 2011; Soloway, 2006).

The ostensible impetus for strategic prioritization in higher education are the financial and market pressures facing the university. Though little evidence is provided that such efforts are either required or are ultimately successful, barring shared governance restraints, college administrations have implemented strategic prioritization programs
and used them as excuses to cut programs which did not conform to some notion of profitability or market-driven competitiveness (Saint Rose University, 2015; Lederman, 2010).

According to Dickeson (2010) universities are under market pressure to increase revenues, improve quality, and decrease expenses. These are a set of common institutional goals plucked directly from the world of corporate business. Gone are the traditional academic goals to create knowledge, instill the desire to learn, and provide a through and intellectually engaging education for students. Dickeson refers to inefficiencies such as “bloated curriculum,” a reference to curriculum and their constituent programs which are perceived to have grown excessively. Though Dickeson’s approach allows institutions to define program value based on various criteria, institutions appear to define value primarily based on the revenue (tuition, fees) which the program generates.

Universities have always developed priorities, added new programs, and eliminated programs which were no longer considered necessary or relevant. They have historically done this without the formal strategic prioritization process proposed by Dickeson (2010). But administration in the corporatized university insist they must respond quickly to the market through innovative program changes with little or no deliberation with faculty who may not support the changes. An endless financial crisis is the impetus for this and shared governance and faculty with concerns over egalitarianism or socially relevant humanities programs are seen as impediments to this market-driven approach (Dickeson, 2010; Berube and Ruth, 2015).

Corporate management style influences can also be seen in various accountability efforts in higher education. Managerialism is part of an accountability effort in higher education which calls on public institutions to operate in a business like manner (Rikowski, 2016). It can be considered a more specific interpretation of corporatization which extends the scientific management of Taylorism and its antecedents into institutions such as universities which were traditionally managed using different methods of organization (ibid). The stated emphasis of this management approach involves prioritizing efficiency and productivity and instituting accountability and assessment measures to ensure that these priorities are being achieved (Lynch, 2014; Deem, 2001).

Managerialism is an implementation of corporate top-down management where evaluation of faculty is used as a form of regulation. This practice challenges the established tradition of self-regulated professional university faculty. This may be seen as a benefit by proponents of the corporatized university where administration
believes efficiency and transparency require measurement, so some measures of productivity and efficiency are necessary (Kandiko, 2010; Jary and Parker, 1994). This has led to the increased influence of other stakeholder groups such as students, parents, and administrators and increasingly business corporate interests who provide funding for the university (Lynch, 2014).

Though there is much administrative interest in determining faculty productivity, productivity of knowledge creation and dissemination is difficult to measure using conventional business productivity measures (Hughes, 2016; Dickeson, 2010; Edler, 2004). The process of education has very few similarities to industrial assembly line production where industrial engineering approaches originated. There are numerous input variables to faculty activities, and faculty commonly work on multiple activities at the same time, so matching inputs to outputs in a given time frame is difficult. Likewise, much of what faculty produces is not measured in a market, so monetary valuations, the metric favored by the business community, are not valid for much of their output (Kuttner, 1997).

The top-down management structure of the corporate business model does not recognize professionalism in a collective sense, nor does it recognize the need for a professional to have a voice in the conduct of the business which impacts their activity. The corporate business commonly run as a neoliberal enterprise commodifies labor and thus would reject professionalism as a collective effort. It would recognize a professional as an individual subject to a market of other professionals, but it would be the corporate business managers negotiating with an individual, not a collective. Anything that would impeded that market such as collective negotiation for wages, would be problematic. Likewise the top-down structure of corporate business practice would be impeded by shared governance efforts and would reject them as impediments to “effective management” (Hall & McGinity, 2015; Robertson, 2008; Ross, 2010; Harvey, 2005; Bourdieu, 1998). The administration of the corporatized university operates with this corporate view. Unions are a problem, a “cost inefficiency” which must be managed. As the collaborative traditions of higher education are reduced or eliminated, the faculty at these universities are in turn deprofessionalized and become little more than labor costs in the operation of the university (Ginsberg, 2013; Soloway, 2006; Ross, 2010; Berube & Ruth, 2015).

The goals and values of a corporate business are commonly interpreted as maximizing shareholder value (Lind, 2011; Denning, 2011; Stout, 2012). Shareholder value is maximized by reducing costs, increasing revenue, or both, and thus increasing profit. Increased profit is attractive to investors who will then drive the price of the shares of the corporation higher, thus maximizing shareholder value. Managing costs for any
enterprise means identifying expenditures and reducing them. Lecture-based instruction is labor intensive, so the largest expense for most universities is faculty pay. In a business enterprise, this expense would need to be “controlled” by reducing salaries of full time faculty and eliminating expensive faculty. Full-time faculty with a labor contract represent a fixed expense, an expense which must be paid regardless of whether corresponding revenues increase or decrease. This represents a specific type of cost inefficiency, a “labor inefficiency” and it can be reduced or eliminated through the use of part-time, contingent labor which is paid only when there are corresponding revenues to offset the cost.

Universities have been making use of contingent labor (adjuncts) for some time, and their use has grown dramatically in the past 15 years (Schuster & Finklestein, 2008; AAUP-Contingent-Faculty, 2011). In 1975, 56.8 percent of America’s professors were full-time tenure track faculty. That number dropped to 31.9 percent in 2005 (Hoeller, 2007). This effort to reduce labor costs through contingent faculty has an additional benefit for administration seeking to reduce the influence of unions. Contingent faculty are more difficult to organize in labor organizations and do not usually have the time or resources of full-time faculty to commit to labor activity. Faculty unions, however, have historically worked to organize contingent faculty with some success, though use of contingent faculty and working conditions for them is a lingering effect of neoliberal corporatization of the university (ibid).

Administration at many universities work assiduously to reduce faculty pay and benefits often on the stated basis of managing the “cost of instruction.” Administration may use accrual accounting entries to make the university look financially weak and to extract additional concessions from the faculty unions (Chabotar and Honan, 1996). That management may make changes to discretionary accounting accruals to make the firm’s revenues look weak for a labor negotiation is a practice long suspected in private industry, but lightly reported (Hamm et al, 2013). Also frustrating to administration is that the labor intensive nature of college education creates a “production environment” which resists efforts to extract the production efficiencies that can be found in other industries (Gordon & Hedland, 2016; Worstall, 2015; Mirzadeh, 2015). Actions such as the faculty “lock-out” at Long Island University also indicate a willingness for the administration at the corporatized university to pursue management labor tactics commonly used in the corporate business world but unprecedented in higher education (Semuels, 2016; Bromwich & Robbins, 2016).

The influence of corporate business practice in higher education can also be seen in the continued growth of administrative bureaucracy. In recent years, the growth of the
size and cost of administration has outpaced the growth of instructional costs. This has been identified as “administrative bloat” (Schrecker, 2010). Between 1993 and 2009 the number of administrative positions at colleges and universities grew by 60 percent, approximately 10 times the growth rate of faculty positions (Campos, 2015). Between 1998 and 2008 private colleges increased instructional spending by only 22 percent, but increased spending for administration and staff by 36 percent (Ginsberg, 2011). From 1987 to the 2012 academic year, the number of administrators and professional staff at American colleges and universities grew more than 200 percent, twice the growth rate in the number of students added during that time period (Marcus, 2014). Other evidence of the expansion of administration has also been reported (Ginsberg, 2011; Reim, 2016; Goldwater, 2010).

The trend towards the increased use of economic resources on administration has the potential to impact the educational mission of the institution. College administrators are effectively support staff for the institution with no direct role in the educational mission. Administration of the university is needed and administrators and the bureaucracy they create are arguably unavoidable. But excessive growth of administration in face of what has been identified as a fiscal crisis is cause for concern. Ginsberg (2011, 2013) suggests that college administrators today are less likely to have taught in the classroom or done research and are more interested in simply expanding their administrative domain than in furthering the academic mission of the university.

If higher education is a commodity purchased in a market, then the student is a consumer purchasing the commodity. Decades of allowing market logic to permeate American culture has left most students entering college with this perception (Martinez-Saenz & Schoonover, 2014). Though 12 years of pre-college education has left them with some level of respect for the traditional teacher-student relationship, their attitude towards the university is decidedly consumerist. These consumerist students have expectations that all interactions, including their college education, are market interactions where their status as a consumer has empowered them.

In an effort to increase the number of paying “customers” to buy their product, administrators at some universities are creating “county club” colleges. Large sums of capital have been invested into grounds and facilities such as fast-food courts, pools and health clubs, ostensibly to improve the “student experience.” This has in turn led to the gentrification of some campuses which are now targeted for those students who can pay the higher cost to support the expanded services (Goldberg, 2015; Rubin, 2014; Kinkade, 2015; Saval, 2015). This approach creates additional revenue streams
for the university, but also has the impact of further altering the perception of higher education from a transformative intellectual experience to that of an exercise in market consumption available only to those who can afford it.

While the country club university provides a somewhat subtle shift in academic mission of the university, a more pronounced shift is that of direct corporate sponsorship of academic programs. One of the more notable and intrusive of these is the Koch Foundation sponsorship of academic donations with the stipulation that professors teaching the program adhere to a certain libertarian philosophy (Strauss, 2014; Mulhere, 2014).

The intellectual production of universities has traditionally been seen as part of the public good, an often intangible product of scholarly institutions. In contrast, corporate for-profit businesses seek to create monetary value (monetize) or revenue from work products of employees. What has become increasingly important for many corporate businesses is the intellectual property products of their employees. While monetizing intellectual output of a corporate for-profit business may be logical and expected, the monetization of the scholarly output of universities represents a change in the academic mission. This practice has been referred to as “academic capitalism” and has demonstrably changed the focus of research at institutions from the pure research which provides often intangible but valuable output for the public good, to a focus on short-term marketable research output produced because it may generate revenue for the university (Rhoades and Slaughter, 1997, 2004). The focus on revenue generation of research has led to other shifts in the hiring structure of the university, specifically the pay and job security of full and part-time faculty and research support staff. Additionally, faculty involved in the research are more frequently being denied intellectual property ownership of their creations in an effort for the institution to generate additional revenue from the research (ibid).

Discussion
The efforts to manage the university as if it were a corporation disrupt the traditional academic mission of the university: knowledge creation and dissemination. To summarize, the differences between traditional university administration and corporate style administration are as follows.

- corporations are managed as amoral entities in pursuit of profit and externalize the social consequences of their actions; universities are traditionally not-for-profit and operate with a different value system which promotes the common good
• corporations treat labor as a fungible asset, easily replaced if necessary; universities require highly credentialed, professional faculty who have a long-term commitment to the institution
• corporations pursue “disruptive innovation” in an effort to capture and control markets; disruption is problematic in higher education where the slow, deliberative process of knowledge creation and dissemination may fail if disrupted
• strategic prioritization of academic resources, a form of disruptive innovation, attempts to measure the value of academic programs in largely economic terms; higher education is difficult to measure in economic terms, and complex interrelated academic disciplines defy isolation and measurement
• the industrial engineering efforts behind managerialism attempt to measure academic performance; the complex, multivariate process of knowledge creation and dissemination which universities practice is difficult to measure
• academic capitalism applies the corporate goal of monetizing intellectual property assets to the knowledge created by the university faculty; knowledge production in higher education has traditionally been created for the common good
• the creation of ‘country club universities’ promotes a common corporate goal of maximizing profits through upscale facilities, appealing to a wealthier student population who can pay higher prices for tuition and room and board (the product) and generate more revenue; education for the common good has traditionally been available to all regardless of economic status
• similar to their large corporate counterparts, the corporatized university has grown increasingly bureaucratic with spending on administrative positions exceeding that of spending on faculty positions; the emphasis of academic mission of higher education has traditionally focused resources on students and faculty, not on increased bureaucracy

The attempts to cast a university as a corporate-style business are firmly rooted in an extension of the corporate business structure to higher education and neoliberalism. Across much of the higher education landscape in America, college administration appears to have thoroughly appropriated the lexicon and the process of the neoliberal corporate business enterprise. Administration constantly informs faculty that the modern university must be competitive, establish priorities, create innovative programs, provide quality education, and eliminate inefficient programs. Though the use of this lexicon would be considered problematic to anyone familiar with teaching or research at the university level, these concepts have a certain resonance and positive connotation to anyone who has been raised in market-infused culture such as the United States. The hegemony of the neoliberal project has inundated the public
with the glories of the market. According to neoliberal thought, the result of implementing innovation and competition in any market will be optimal pricing, more choice and improved quality. Business theories such as disruptive innovation further encourage disruption and destruction in the free market.

Education perceived as social good forces it to be treated as a collective since a group (the public) benefit from its use and will advocate for its availability. But with a corporate management style rooted in a neoliberal worldview, the perception of education as a social good is discouraged or actively disrupted because it involves the use of collectives and appears to ignore the role of the individual. According to this view, the acquisition of a university education should instead be viewed as an individual investment, not a collective effort.

Academic freedom extends from the concept of the university as a public good. Under a corporate management style which externalizes the public good, academic freedom and the traditional educational mission as a whole are weakened. Though neoliberalism uses the language of individual freedom and individual capacities to describe its worldview, this approach is problematic in that it specifically ignores the role of society at large in sustaining individuals (Macpherson, 2011). In the radical economic rationality of neoliberalism, individualism is supreme and the role of society and collective action is diminished. Education is at its heart a collective action pursued for the common good. The tradition of higher education in America recognizes that collective effort. The efforts to inundate higher education with corporate style management and neoliberal sensibilities however is a rejection of this approach.

**Conclusion**

The modern university is an institution responsible for knowledge creation and dissemination alternatively described as teaching and research. It can be described more broadly and esoterically as a locus of intellectual inquiry in society where it exists without a specific utilitarian rationale.

The university provides a number of indirect social benefits through programs which educate students on moral and ethical issues which comprise concepts of fairness, equality and justice. They teach students the writing and oral communication skills needed to communicate their ideas to others, which indirectly provides for the discussion and debate required to sustain a thriving democracy. They provide an environment where the political and social issues of the day are examined. They teach the analytical skills needed to mitigate and potentially solve complex social problems.
The indirect impact of all these functions can be seen in a healthy, diverse society and a well-functioning democracy (Brown, 2015; Giroux & Giroux, 2004).

The application of market logic and a corporate management structure to higher education is based on a perception of a bureaucratic university with faculty opposed to any change. This in turn is based on an assumption of an economic rationality which rules all as part of the neoliberal worldview. A more insightful, nuanced rationality beyond material gain, for example the pursuit of knowledge, is needed. Some have proposed a knowledge socialism which specifically identifies knowledge as a social relation (Peters, 2004; Peters et al, 2012).

Faculty and administrators in higher education must recognize the ideological basis for the various market reforms being foist upon the institution. The structural features of traditional higher education such as tenure, shared governance and academic freedom are important in preserving the intellectual foundation of the university. Imposing corporate style market features on higher education is wrong as detailed in this paper not because an entrenched bureaucracy is resistant to any change which would affect their elite status, but because the market changes being proposed are ill suited to higher education.

Advocacy is part of any opposition to treating a university like a business. Faculty must understand that the public is surrounded by neoliberal thought and culture and has normalized the free market in all its forms. Most do not understand the process of knowledge creation and dissemination or the increasingly rare professional status afforded college faculty. An advocacy is needed which explains the function of higher education and its essential role as a public good in a healthy functioning democracy, and which details the nature of the dissonance between corporate style management and higher education.

The university should be recognized as a locus of intellectual inquiry performing a necessary social good. The past three decades have seen dramatic change in higher education which disregard this fundamental tenet of higher education. Standing in opposition to the future spread of the corporatization of higher education will take resolve, but it can be argued that the intellectual heritage and the cultural future of higher education is at stake.

References

Perspectives on the University as a Business


Arthur Taylor


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