

The Challenge of Non-Traditional Universities in 21st Century Higher Education

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Campus-based universities traditionally have been the mainstay for educating university students. But non-traditional organizations are threatening that dominance in the form of for-profit universities, cyberschools, and corporate universities. Universities must make significant changes in what they offer and how they deliver education if they are to survive in the 21st century. The present course of tuition costs and student demand rising faster than funding is not sustainable. Further, non-traditional universities are taking the lead in offering new ways to learn, performance-based assessment, defining and measuring faculty productivity, and resource sharing with corporations and colleges. As working adults have started to outnumber the traditional 18 to 24-year-old students, they especially are increasingly voting with their feet to get degrees from non-traditional institutions.

Introduction

America's higher education has traditionally been served by residential colleges and universities, comprehensive commuter institutions, and community colleges. But today the emergence of non-traditional colleges and universities threatens to change that significantly.

A RAND report summarizing the two-year study by the Commission on National Investment in Higher Education concluded that colleges and universities must make significant changes in what they offer and how they deliver education if they are to survive in the 21st Century (Dionne and Kean, 1997). The present course, with costs and demand rising much faster than funding, is unsustainable. They suggest a two-prong strategy of increasing public investment and comprehensive reform of higher education institutions to lower costs and improve services. More specifically they, like the legislators of many States, are calling for improving performance-based assessment, defining and measuring faculty productivity, sharing resources among campuses, and improving accounting systems so that "profit centers" can be measured even at the department level.

While these very controversial thoughts are being mulled over by academic senates and campus administrators of traditional campus-based colleges and universities, non-traditional universities in both the academic and corporate sectors are moving strongly into providing university education in cost-effective ways.

For-Profit Universities

University of Phoenix (UOP) is one of the largest private universities in the country with some 42,000 part-time students who pay about \$6,500 per year in tuition. While it has taken UOP some fifteen years to gain respectability for its approach to higher education, it is now considered to be a major threat by traditional universities. Schools such as Pepperdine, Redlands, and University of Maryland long ago recognized the need to provide education to working adults, but UOP has taken the satellite campus, teacher-based approach to new levels of success. They are not an extension of a traditional campus, but rather a stand alone organization built to serve solely the education needs of working professionals.

According to the John G. Sperling, founder of University of Phoenix, the key to its success is "convenience, convenience, convenience!" As the non-traditional students (who are

working adults over 25 years of age) start to outnumber the 18 to 24 year-old- students, the mix of what is important in a "college experience" changes. UOP has no football team, no sororities, no quad, and no dorms, just satellite "industrial park" buildings located close to its target market of professional working adults. UOP presently has some 58 such "campuses" located primarily in major cities with courses taught primarily by part-time faculty. UOP plans to be the first national university by operating in every major metropolitan area of the United States. UOP is part of the Apollo Group, Inc. Its stock is listed on the NASDAQ and has significantly increased in value since it was first offered.

What and how teachers teach at UOP has been essentially traditional. But now UOP is making a major commitment to making distance education a more significant instructional approach than just email correspondence. They are developing a Web site to handle the full services of student administration along with course instruction leading to undergraduate and graduate degrees in business, psychology, and the like. Through this Web-based instruction they appear to also be making a major commitment to meeting the needs for corporate training through accounting courses, certificates, and degree programs.

New Distance Education Universities

Out of the 1995 Western Governors' annual meeting, the Western Governors University (WGU) was formed. It is a virtual university that has been charged with designing and managing digitally-delivered learning opportunities to students in the Western United States (Johnstone and Jones, 1997). It will not have satellite campuses but rather will be telecommunication based. It is to be a highly responsive organization that meets the dynamic needs of citizens of their states and employers.

This institution will be degree granting and accredited. It will grant degrees based on competency rather than traditional "seat time." It will have no core faculty, but rather will obtain "course materials" from faculty at public and private colleges in the West and also from private industry. To supplement Web-based instruction and other at-a-distance media, there will be local learning centers to provide technology access points, proctoring of exams, and support services.

Since that original announcement, WGU has decided that it shouldn't limit itself to just the Western states but rather should expand nationally and internationally. It has signed partnership agreements with the distance education institutions of Great Britain, British Columbia, China, Japan, Malaysia, and Scotland. Global education is becoming an important trend. Once you buy into delivering education *via* cyberspace, do regional or even national boundaries make sense anymore?

California was invited to join the WGU but Governor Pete Wilson declined. Rather, he decided that the idea was a good one and that California – with institutions of higher education, large population, and telecommunication infrastructure – would have competitive advantage by going on its own. A committee was formed to design the California Virtual University (CVU). According to the charter, the goals of the CVU are to prepare the workforce, contribute to the economic development of California, promote the global export of California education and training, and provide expanded access to university education for the "tidal wave" of the baby boom echo (Vines, *et al.*, 1997).

The way the CVU is organized is highly different from the WGU. The CVU will be acting as a "marketing front" for the 100-plus higher educational entities in California. This would include the Universities of California, California State Universities, Stanford, University of Southern California, and all the community colleges.

CVU will not grant degrees, provide accreditation, or assess quality. The local colleges offering each course will do that. CVU will develop a Web site where students can find and register for courses offered throughout the California colleges. Eventually students will be able to get a college degree by mixing on-campus courses with distance education courses from other institutions. The first set of courses that are of interest to CVU have to do with what would traditionally be considered continuing education territory, such as accounting and information technology courses.

Mega-Universities

To understand the importance of distance education in the future, one needs to understand that the United States is a laggard to what the rest of the world has been doing. Sir John Daniels, vice-chancellor of Britain's The Open University, has defined what he calls mega-universities. These are institutions that are: 1) distance teaching, 2) have over 100,000 active students, and 3) offer college degree courses. Throughout the world there are 11 universities that meet this definition, all of them outside the United States (see table 1).

These universities generally are single purpose institutions devoted to providing distance education primarily to their country's students. Most have developed out of the correspondence tradition with all the pluses and minuses of that mail-based approach to education. Over the last twenty years the media used by most of these mega-universities has become educational television, which is broadcast over public airwaves.

The modern leader of distance education is Britain's The Open University (BOU). It was chartered to provide education to the masses, in contrast to the education of the elite of Oxford and Cambridge. Sir John Daniels has stated that in the recent government survey of university education in Great Britain, The Open University was rated in the top tier (along with Oxford and Cambridge universities) for excellence (Daniel, 1996). This rating was based on teaching and research. Further, a fairly large percentage of BOU students go on to advanced with Britain's elite universities. It is important to understand that BOU has full-time faculty members and an Academic Senate of 1,000 members. So it has much in common with traditional universities, but it is market driven rather than discipline focused.

Table 1
Mega-Universities in the World*

Country	Institution	Founded	Number of Students
China	China TV University	1979	530,000
France	Centre National d'Enseignement	1939	190,000
India	Indira Gandhi National Open Univ	1985	242,000
Indonesia	Universitas Terbuka	1984	353,000
Iran	Payame Noor University	1987	117,000
Korea	Korea National Open University	1982	210,000
South Africa	University of South Africa	1873	130,000
Spain	Universidad Nacional de Education a Distancia	1972	110,000
Thailand	Sukhothai Thammathirat Open Univ	1978	217,000
Turkey	Anadolu University	1982	577,000
United Kingdom	The Open University	1969	160,000

* Daniel, J.S., *Mega-Universities and Knowledge Media* (London: Kogan Page, 1996)

BOU has delivered quality educational television broadcasts to Great Britain and most of Europe, and provided tutorial support for the over 100,000 active students in its programs. It has done this while delivering high-quality educational programs at 10-to-25% the cost of more traditional campus-based programs.

Universities in America are struggling to get academic senates to approve distance educational approaches, primarily because they are perceived to have low quality education standards. BOU's approach and its rating of excellence is an important cost-effective counter example to these concerns. Sir Daniels, in his recent book, states that The Open University is going to go more global in its offerings and make the Web a significant vehicle for delivering education and administrating these efforts. In previous paragraphs, it was stated that BOU had signed agreements with the Western Governors University. They are also exploring talks with major universities around the world to get global coverage. Including an agreement with a distance education university in Thailand, that was given the recent award by the International Distance Education Council as one of the best programs in the world.

Corporate Universities

Corporations such as Wal-Mart, Federal Express, Motorola, and Disney have established corporate universities to train their employees. Are these just training departments that have been given the sexier name of "university"?

In many cases this is true. McDonald's probably started the image upgrade with its Hamburger University. But to dismiss the corporate university as a naming gimmick would miss some very important threats and opportunities for traditional universities. In a recent survey, "Corporate University Future Directions", Meister reports that companies with corporate universities have increased from 400 in 1985 to over 1,000 in 1995 (Meister, 1998).

According to Anthony Fresina, President of Executive Knowledge Works, corporate universities can be classified into three levels (Fresina, 1997). The first or lowest level would be those organizations that are training employees in the skills necessary for operational excellence. McDonald's Hamburger University would be placed at Level I. So would Disney and Federal Express. These companies have been very successful conducting their business in a certain way. The purpose of the training is to be sure that everyone follows the company's formula. That is, hamburgers are to be cooked a certain way, Disney parks must be kept sparkling clean and be a happy place, and Fed Express employees must deliver shipments on time and with a smile.

Level II would be those corporate universities that are training employees in a new way of doing business (or at least in some aspect of the business that needs a refocusing). This is called "Managing Change" and Amoco and Knight-Ridder are excellent examples of organizations training this way. Amoco's Learning Center has 4,000 managers spend a week every year or so considering the changing realities of its industry and what change in values and strategies will be necessary to be successful in the near future. The Miami-based corporation, Knight-Ridder, has had its executives explore the changing context of the newspaper, media, and financial information industries.

In Level III the corporate university is used as a strategic mechanism for driving and shaping the corporation. Jack Welch of General Electric is renown for dramatically reshaping GE as to the type of business it would become. He sold many of GE's long-standing divisions and bought others (such as NBC). He moved from a highly centralized command and control management philosophy to a more decentralized entrepreneurial management style. He used the GE corporate university as a way to inspire the employees and managers to the new way

of doing business. Further, it is a place for executives, managers, and others to harness the collective wisdom of these teams in designing GE's future.

Corporations generally start with Level I training and evolve to the highest Level III. Motorola's Corporate University is probably the best known, and over the last twenty years has successfully offered training at all three levels. Arthur Andersen is another exceptional example of what corporations are doing to keep their employees up-to-speed on technology and management practice. They have their Performance and Learning Center whose flagship location is St. Charles, Illinois. Andersen spends over \$250 million per year (or 5 % of company revenues) for professional development. Andersen runs a global education system with campuses in Australia, Mexico, Spain, and the Netherlands in addition to the United States. Their annual budget is similar to the University of Virginia and exceeds that of Purdue University and Syracuse University (Davis and Botkin, 1994).

Several of their major programs are Audit and Business Advisory, Business Consulting, Business Development Advisory, and Partner Development Program. For much of their on-site classes they are doing pioneering work in using scenario case-based learning as opposed to instructor lectures. Teams are formed and given a case to respond to and the instructor plays the role of coach, critiquing and making suggestions on alternative approaches that could be used. Anderson also makes great use of Lotus Notes as a global knowledge base for gathering key information and learning in real time.

Corporate universities represent a major part of the \$60 billion spent on corporate training each year. One-third of the corporate universities surveyed stated that they expected to offer degrees in partnership with universities by the year 2000 (Meister, 1998). A good example of how this can work is the Arthur D. Little (ADL) Management Institute partnership with Boston College Carroll School of Management. Much more than just sharing some courses and several faculty members, this is considered to be a strategic alliance combining the strength of both organizations. The ADL Management Institute can provide the real-world business experiences and Boston College can provide the benefits of its organizational research. The more extensive library and computer facilities of Boston College are used by students from both organizations, and the ADL's expertise in executive education is shared with Boston College.

A newly formed consortium of Fortune 500 companies is called LearnShare and includes Motorola, General Motors, Owens-Corning, and 3M. The idea is to leverage the curricula of non-competing companies and put the "best-of-the-best" training modules on the corporations intranets. To be on the cutting edge of learning technology and business education trends, the consortium is partnering with colleges to do distance education delivery. So far this has included Arizona State, Ohio State, and Fairleigh Dickinson Universities.

An interesting advance for credibility in the university world, Arthur D. Little Management Institute is the first ever non-traditional school to be accepted in pre-candidacy for accreditation by the AACSB (American Assembly of Collegiate Schools of Business.) This could be the start of business schools losing their monopoly on offering academic degrees, and thus having to get much more creditable with business people along with being more competitive on tuition. The implications for course materials, learning approaches used, and distance education offerings seem significant.

Conclusion

University education has been primarily offered onsite at campus-based higher education institutions. College were primarily local in their focus and by "gentlemen's agreements"

did not invade the territory of other colleges. This is all changing at a fairly rapid rate with non-traditional universities such as University of Phoenix appealing to working adults and distance education programs being offering by traditional universities. Still, the focus has been primarily on local clientele.

The Web and cyberspace is changing all that. Universities strapped for money, because of getting increasingly lower percentage of State funds, are becoming aggressive in finding new revenue streams. Distance education opens all kinds of possibilities for reaching students around the United States if not the world.

Because of challenges and dollar costs inherent in offering distance education programs, universities are partnering with other universities and technology companies. The Western Governors University and the California State Virtual University are current examples of this. The CVU is considering partnering with GTE, Hughes, Fujitsu, and Microsoft to provide the necessary telecommunication and technology infrastructure. WGU, CVU, and other United States based universities are now looking globally for distance education opportunities. In turn, institutions such as Britain's The Open University are looking to get into the USA market as well as the rest of the world.

The corporate universities represent both a threat and opportunity for traditional universities. Corporations spend some \$60 billion per year on education that focuses on learning for managers and professionals, productivity for service workers, and basic schooling for unskilled workers. Their use of learning technologies is more advanced than that provided by most universities and the overall approach foreshadows changes that will face universities.

Colleges and universities must confront these new forms of competition and the changing political climate, demographics, economics, and technology behind them if they are to survive in the 21st Century.

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