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Towards an Enlightened Model of Department-Level Academic Leadership: Business Principles in Service of Academia

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TOWARDS AN ENLIGHTENED MODEL OF DEPARTMENT-LEVEL ACADEMIC
LEADERSHIP: BUSINESS PRINCIPLES IN SERVICE OF ACADEMIA

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In recent decades, higher education has evolved into a massive component of American life and the American experience. For example, in 2014, approximately 21 million students enrolled at U.S. institutions of higher education (or approximately 9% of the population aged 18 or over).¹ In the 2013-2014 academic year, American tertiary institutions spent an estimated \$517 billion in total expenditures – or more than 3% of U.S. gross domestic product.² Such dimensions of the large and diverse enterprise known as higher education have contributed to changing perceptions and views of academia.

With increasing frequency, terms such as “business model” and “customer service” appear in campus conversations, professional articles and institutional strategic plans. The insertion of such corporate language into academic circles has served to create much discomfort and angst among the professoriate at large, many of whom bristle at the thought of higher education functioning as a business. For example, in a *Chronicle of Higher Education* article, David M. Perry argued that “faculty members are not cashiers, ringing up the bill when students check out with knowledge.”³ Others argue that the application of business principles will lead to rampant student grade inflation, a reduction of overall academic rigor, and an erosion of the core

values and principles that are endemic to academia. These and many other reasons may justify a reticence to embrace or endorse “business speak” in education.

The rise – and apparent fall – of some for-profit institutions may confirm such objections. After a rapid 225% increase in enrollment from 1998-2008⁴, for-profit universities received heavy criticism from governmental oversight entities. For example, the U.S. Senate Health, Education, Labor and Pensions Committee pointed to reports of low student retention rates, predatory practices, ineffective learning experiences, credentials that were viewed skeptically by employers, and frequent loan defaults among students at such schools.⁵ The United States Department of Education moved to install various regulations to curtail abuses by institutions, some of which have been labeled as alleged “degree mills” by their critics.

More generally, arguments against corporate models in academia have focused on the unique nature of education as a human pursuit. The relationship between teacher and student is steeped in history, built upon the long tradition of the mentor and apprentice. Academia does not produce “widgets” (in the sense of a tangible, concrete, end-of-line product); rather, the enterprise aims to birth a mature individual, with the ability to think creatively, solve problems, adapt to changing environments, and contribute positively to both a profession and to society in general. Such a “product” does not lend itself well to quantification on a spreadsheet.

Whether or not higher education can correctly be described as a “business” depends greatly on how the term is defined. As with all semantic debates, opinions may differ significantly, and are invariably shaped by our individual cultures, impressions and experiences. In common twenty-first century North American usage, a “business” may often denote an organization that produces goods or services with the expectation of ultimately earning a financial profit. This definition indeed seems inadequate and misplaced as a description of

higher education, as most American institutions operate on a not-for-profit model. Furthermore, transforming individuals into mature, critically thinking, productive citizens seems to transcend the simplistic concept of “producing goods and services.”

And yet the term “business” can also project a much broader and more inclusive connotation. In the most general view, “business” may refer to that which occupies the time and attention of an individual or an organization. The term originates from the Old English *bisig*, suggesting one’s “care or occupation,” and later denoting an individual’s affairs in general. From this perspective, the term “business” could accurately describe most any human pursuit – public or private, collective or individual, for profit or not.

In a general sense, therefore, higher education may indeed be defined as a business activity – albeit a unique and highly specialized entity within a large and diverse realm. As such, the foundational axioms of business are not nullified in the academic domain. For instance, institutions may not seek to earn profit, but expenditures and receipts still must balance over time in order to avoid insolvency. Institutions must observe insurance regulations, fair labor standards, and human resource laws. Campuses construct and manage massive physical plants, with corresponding maintenance and operational needs. Many schools bargain collectively with various labor unions on matters of remuneration, benefits and/or working conditions. As a former dean at Bowling Green State University once quipped, “In the corporate world, it’s ‘dog eat dog’; in academia, it’s just the opposite.”

As legislatures and governing boards around the nation increasingly examine the application of corporate principles in academia, some faculties have entrenched themselves in opposition. Perhaps a more useful and productive tactic might be to acknowledge the broad applicability of business principles in education, while simultaneously seizing on the unique

intricacies of the academic enterprise. In other words, an opportunity exists for those within the academy to craft a new business model – one that is nascent to higher education, creatively knit together in service of the unique goals of the academy. Perhaps no unit is more appropriate for such a model than the building block of a college or university: the discipline-specific academic department.

As with many aspects of higher education institutions, the formal structures of academic departments vary greatly. Such units may be lead by department chairs, heads, directors, or coordinators. These leaders may have broad authority in the diverse affairs of their units, while others may have limited responsibilities. Some units elect their leaders, while others appoint leaders; some leaders serve fixed terms, while others have ongoing appointments. Indeed, the function and organizations of academic units are as multifarious and diverse as the cultures of the institutions to which they belong.

Frequently viewed as “frontline” administrators, departmental leaders often arrive in their positions with little or no business or management training. As they may originate directly from the faculty ranks, they may bristle as much at the notion of business principles in higher education as do their colleagues. And yet such leaders may quickly find themselves engrossed in such matters as the management of complex budgets, approving employment contracts, navigating legal affairs, and interacting with financial officers or external stakeholders.

Much of the complexity of a departmental leadership position descends from the unique institutional culture that birthed it, and whether or not the position can be viewed as “administrative” or “managerial.” The differences may be far greater than they first appear. Former DePaul University dean Frederick Miller, perhaps influenced by George Keller, held that “administrators make sure that things get done right; managers make sure the right things get

done.”⁶ The latter view encompasses a much broader notion of academic leadership – one in which a proficient grasp of foundational business principles is highly advantageous.

Functional business training in areas such as finance, accounting, management, human resources and legal affairs could potentially have a positive impact on the work of departmental academic leaders. Equipped with such proficiency, departmental leaders could engage academic personnel on a much broader and more far-reaching endeavor: the evolution of a visionary higher education business model, informed by the professoriate, and embraced by the campus community that creates it – rather than simply reacting with aversion to archetypical corporate models.

¹ U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 2013* (https://nces.ed.gov/programs/digest/d13/tables/dt13_303.10.asp, accessed June 15, 2015).

² U.S. Department of Education, National Center for Education Statistics, *The Condition of Education, 2016* (<https://nces.ed.gov/fastfacts/display.asp?id=75>, accessed August 5, 2016).

³ David M. Perry, “Faculty Members Are Not Cashiers: Why the “Customer Service” Lingo in Academe is Bad for Students,” in *The Chronicle of Higher Education* (March 17, 2014), (<http://chronicle.com/article/Faculty-Members-Are-Not/145363/>, accessed August 5, 2016).

⁴ United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (July 30, 2012): 15.

⁵ *Ibid.*, 1-8.

⁶ Frederick Miller, “Leadership and the Music Executive,” in *Musical Chairs: A Management Handbook for Music Executives in Higher Education*, College Music Society (http://www.music.org/index.php?option=com_content&view=article&id=135&Itemid=871, accessed August 5, 2016).