HIGHER ED, INC. THE RISE OF THE FOR-PROFIT UNIVERSITY

In his foreword to *Higher Ed, Inc*. George Keller asks how the new for-profit colleges and universities can make profits "when numerous non-profit colleges run in the red and nearly all have difficulty balancing their budgets?"

Having worked for decades in both traditional and in for-profit institutions, Richard Ruch begins answering with a confession: "Until a few years ago I thought that all proprietary institutions were the scum of the academic earth . . . I was certain in my conviction that non-profit status was noble, just as the profession of education is noble, and that to be for-profit meant to be in it for the money, which was corrupting and ignoble" (1). Although he points out that the terms *non-profit* and *for-profit* should be replaced with the more descriptive financing terms *tax paying* and *tax-exempt*, Ruch summarizes the orientations of the two kinds of organization (10):

Non-Profit	*For-Profit*
Tax-exempt	Tax-paying
Donors	Investors
Endowment	Private investment capital
Stakeholders	Stockholders
Shared governance	Traditional management
Prestige motive	Profit motive
Cultivation of knowledge	Application of learning
Discipline-driven	Market-driven
Quality of inputs	Quality of outcomes
Faculty power	Customer power

Some question how for-profit environments advance knowledge. Without emphases on research and scholarship, without a tenure system, do for-profits have a commitment to academic freedom and intellectual innovation? Offering degrees in areas of high occupational demand, such as telecommunications and information technology, rather than in fields of low occupational demand such as physics, literature, and history, can for-profits sustain academic rigor and resist giving away grades to make their customers happy? For profits are unapologetically in the business of job training, and thus more open to working adults, "a large population of students who are below average academically, and students who are economically, socially, and politically marginalized (26)," so the question arises: are for-profits serving society or just turning a profit?

As higher education becomes more customer oriented and market sensitive, institutions are using more adjunct and part-time instructors as an economic means towards the social good of greater access: "When a dedicated and skilled teacher works with students who are capable and motivated, it does not matter whether the larger institution operates on a for-profit or a non-profit basis (73)." Yet the discipline of putting "academic ideas in business

terms" is a radical change and reflects "a greater need to be accountable for the whole institution" (118).

Ruch details some for-profit practices that could enhance non-profits:

- Measuring value by the earning power of graduates
- Treating accreditation as a business objective for guarding core academic values of quality and integrity
- Emphasizing efficiency
- Responding to market forces
- Adapting the organizational structure
- Redefining shared governance
- Developing a strong customer orientation (148-9)

Ruch is clear that the non-profits "are not getting it right at every point," and he is equally clear that "certain age-old educational values" that non-profits hold in trust "are simply not measurable as outcomes, economic or otherwise" (159). *Higher Ed, Inc.* is a valuable contribution to the ongoing conversation about knowing and sharing knowledge.

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