

THE PRIVATIZATION OF HIGHER EDUCATION:
ADMINISTRATOR EXPERIENCES

by

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ABSTRACT

Within the last two decades, public higher education has faced increasing cuts in federal and state financial support (Morphew & Eckel, 2009; Priest & St. John, 2006). In order to make up for these deficits, public universities have increasingly seen changes in their relationship with the states and have steadily adopted a more private model of higher education. Privatization of public higher education involves a shift in relationship, particularly in funding. As institutions drift away from state resources, they must increase their alternative revenue sources. Many institutions seek revenue by recruiting more students and marketing their university in a strategic fashion. While many authors (Bok, 2003; Harris, 2009; Kirp, 2003; Newman, Couturier & Scurry, 2004; Smith, 2009) have published about their belief that American higher education is moving toward a market-orientated system, limited studies have been published which cite reflections by administrators who facilitate these institutional behaviors.

Through case study research design, this study sought to explore and understand the strategies one public institution used to cope with major cuts in public funding, how these strategies align with the privatization of public higher education, and what these changes mean for administrators in their roles. Based on the findings and the resulting conclusions, the study describes how higher education administration has shifted to align with a more privatized model and how higher education administrators have experienced this.

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CHAPTER 1

INTRODUCTION

In the last few decades, America's colleges and universities have faced tremendous change. Public funding to higher education has decreased dramatically and critics have noted a negative trend away from the core values and mission towards economic goals and market-oriented values (Bok, 1982; Gumpert, 2000; Kezar, 2004; Newman, Couturier, & Scurry, 2004). This phenomenon has higher education leaders discussing the privatization of higher education. Throughout the last ten years, higher education in the United States has faced difficult times noted by the increasing trend toward the privatization of public universities (Morphew & Eckel, 2009). Morphew and Eckel (2009) explain privatization to be marked by increasing private operating dollars, governance that favors market forces and competition among institutions. In many contexts, privatization is defined as the retreat of public funding from public universities and a resulting increased dependence on private dollars and diverse revenue streams, greater competition for resources and freedom from excessive public regulation (Eckel, Couturier & Luu, 2005). Either way, the concept of privatization has many university administrators' attention as they seek to shift with the changing environment while remaining thoughtful about the educational values of their institutions. With increased competition and a more globalized environment, it has become more imperative that university administrators be thoughtful about their institutional missions and do not allow their organizations to drift from their mission as they seek to be financially secure.

University leaders juggle the demands of a shifting global environment with complex economic and political tensions and face many challenges in the quest to keep their institutions relevant, marketable, and successful. They struggle to balance the priorities of the institution with student demands and economic realities (Holley & Harris, 2010). As they juggle these demands, the decisions of institutional leaders will determine the future of higher education. University administrators are under great pressure to become more entrepreneurial as they meet changing campus needs. They feel compelled to think strategically about ways to make a profit in order to stay afloat, yet the growing influence of the market means that the search for truth in higher education competes with the search for revenue (Newman et al, 2004). Stakeholders can interpret these concepts as a conflict of interest to the institution and the mission upon which it was founded, causing great tension among decision makers.

One can read about this conflict of interest from faculty, students and the public in general (Bok, 2003; Keller, 1983), but there is minimal literature suggesting the internal conflict of interest among the administrators making the decisions. While some applaud the efforts of increased efficiency and economic certainty, others worry institutions are straying from their core missions in order to focus on a corporate agenda (Bok, 2003; Keller, 1983). This dissertation examines the strategies used to make up for a loss in public funding, how these relate to privatization, and what this means for university administrators.

The Changing Environment of Higher Education

Various authors have described the quickly changing model of higher education institutions socially, politically, and economically (Bess & Dee, 2008; Clark, 1998; Fullan, 1993). Future challenges most often cited among these authors include an increasingly diverse

clientele, a technology shift, increased student demands, more governmental deregulation and a growing involvement in economic productivity and development for higher education institutions. In addition, changes include: “enrollment increases, rising tuition costs, reductions in state funding [in U.S.] for higher education, an emphasis on the knowledge-intensive economy, and the demand for flexible degree programs” (Carchidi & Peterson, 2000, p. 1).

On top of a changing student population and a challenging political climate come the financial difficulties facing most public institutions (Gumport, 2000). These pressures together formulate high stakes for the academic enterprise. The consequences of proposed changes could be detrimental if decisions are not made wisely and with thought of future effects. This puts enormous pressure on university administrators. As these leaders make decisions that align their institution for success both financially and educationally, they are forced to reevaluate their values and mission (Norris & Dolence, 1995). Peterson and Dill (1997) predicted that societal changes will require “rethinking the basic educational delivery and research processes and functions” (p. 26). When interpreted from this perspective, higher education organizations cannot simply implement change in reaction to the various environmental shifts, but instead university leaders must consider and prioritize educational values.

Purpose of the Study

Higher education appropriations have many implications on institutions. The purpose of this study was to explore and understand the strategies one public institution used to cope with major cuts in public funding and what these changes mean for administrators in their roles. In order to fully understand this shift, this study looked specifically at the administration of one institution that underwent significant change in the last 10 years. Because the institution has not

suffered in the economic downturn, it can be assumed that a strategy for alternative revenue generation was developed. This dissertation determined how privatization was present at the institution and how the participants experienced this shift in their administrative roles. Little attention has been paid to factors such as how decreased appropriations and increased privatization efforts impact higher education administrators. Based upon the findings and resulting conclusions, this study describes how higher education administration has shifted to align with a more privatized model and how this shift was experienced by the participants.

Research Questions

This case study investigation addresses three research questions:

- 1.) What strategies have administrators used to make up for decreased public funding?
- 2.) How do these strategies align with privatization?
- 3.) What does this shift toward privatization mean for administrators?

The remainder of this chapter will include literature on the complexity of higher education and the privatization of public universities. Chapter one will conclude with a brief summary followed by an outline of chapter two.

The Complexity of Higher Education

Public universities today are responding to competition, governmental policies, and tremendous pressure to operate with decreased funding—all fostered by privatization. Alongside this pressure, higher education organizations are complex and ever-changing, therefore constantly seeking equilibrium with their environment. Research universities, in particular, are unique in form, behavior and decision processes and are often described as organized anarchies

(March & Olsen, 1979). How privatization interacts with the organizational structure of public higher education helps describe the consequences for how these organizations might behave amidst the transformation to a more privatized system. This section will describe the complexity of public institutions, the changing nature of administrator roles and decisions and how the effects of privatization on university behavior influence administrators.

A wide body of literature supports this assumption that higher education is operating in a globalized environment (for example, Clark, 1998; Gumport, 2000; Newman et al, 2004). In this environment, leading a university has become increasingly more complex since the inception of higher education. The complexity of serving in leadership roles and making decisions on behalf of an institution is a result of an increasing need for higher education to change with the external environment and globalized context. This shifting environment has alerted researchers and scholars to changing behaviors and values within the university context.

The task of administrative leaders is to purposefully alter organizational processes and goals to align with these changes (Tierney, 2008). In general, the challenge for institutions over the last decade has been to understand the change in their market, to create a new consumer interest and to change internally to meet new environmental demands. Because the concept of public higher education has shifted over time and with that shift come new demands of institutional leaders, these organizations must constantly adapt. Specifically, institutions are now serving a more diverse student population as they seek to increase their clientele, but these changes create internal contradictions within the organization. For example, some colleges recruit adult or non-traditional students as a means to diversify or increase their student population, but then offer minimal courses after work hours and no evening student services or childcare options (Tierney, 2008). These contradictions add to the complex environment in

which university administrators find themselves. These leaders must search for internal contradictions in a changing environment in order to change appropriately and effectively.

In addition, universities are operating with an increased pressure to market their product to stay relevant with a changing student population and changing society. Bess and Dee (2008) summarized the increased complexity of higher education organizations by affirming that institutions are operating with several complexities including: demands from external stakeholders, shifting institutional missions and values, ambiguous goals, economic uncertainty, increased faculty and administrative specializations, and confusing forms of political power. Given this complexity, one cannot ignore the economic pressure on institutional leaders when making organizational decisions as they seek to cope with the financial uncertainties. These external pressures will be covered in more detail later in the chapter, but first, one must acknowledge the complex structure in which institutions of higher education operate.

Universities are unique organizations in that they are loosely coupled systems with a distributed decision-making model and significant uncertainty related to institutional goals. This characteristic also means that institutions contain multiple power and authority structures, making clear lines of decision making rare (Kezar, 2001). These organizational characteristics breed a culture where participation is often fluid and a chain of command is missing (Birnbaum, 1991). Kezar (2001) noted that these blurred lines of power are frequently marked with committees and task forces which are involved with decision making, resulting in tremendous challenges for implementing the major organizational change demanded of colleges and universities in the 21st century.

These organizational characteristics shape the change process for higher education. Specifically, as society becomes increasingly complex and institutions of higher learning adapt

to external demands, institutional leaders must be prepared to act on behalf of the institution and make difficult decisions that challenge educational and economic values and have long-term effects on the organization.

Because colleges and universities are loosely coupled systems, they have success in sensing the environment and making small changes in response to some environmental shifts (Weick 1976; 1982). However, as institutions seek to implement major change, Weick (1982) suggested that universities have great difficulty. Higher education has been criticized for being slow to embrace the changing composition of the external environment (Bess & Dee, 2008). But, as the choice to adapt decreases and the mandates for change increase, institutional leaders must think critically about the changes that should occur in response to external demands. Leaders are forced to weigh the balance between aligning their institution for future success while staying true to their institutional mission.

Serious external challenges face academia, but more concerning is the perceived inability of academe's decision-making model to respond to them. Several organizational characteristics impact the decision-making process in colleges and universities. The loosely-coupled system that characterizes higher education is influenced by flat decision-making hierarchies, minimal channels of lateral communication and a decentralized administration. Because of this, most campuses make decisions through a decentralized system in different departments. When a system is working in various pockets of autonomy, it becomes increasingly difficult to promote broad organizational change. Morrill (2012) called the decision-making in this environment a "splintered method" and one that does not serve colleges and universities well. For example, consider large issues that cross multiple boundaries within an institution such as recruitment, retention or graduation rates. When the decisions to provide a solution to these issues are being

tackled in one or two small pockets of the institution, the strategy or solution is piecemeal and may not have large impact.

Another characteristic of college and university organizational structures is a concentration on decision-making by faculty committees. In any strategic decision-making model, the decision maker(s) is using information to inform their decision. When decisions are left up to a faculty committee, much of the energy invested is spent negotiating what the information means (Astin, 1976). In order to move forward with a decision, the committee must first reach consensus on the information. Astin (1976) explained that this process often depends on each person's disciplinary background and how much they favor the action. The culture and structure have clear effects on the ability for institutions to change effectively.

Perhaps an outcome to this inefficiency of faculty committees and pockets of decision making is diminished power and an ever increasing hierarchy that breeds an oppositional culture between the faculty and the administration (Siedman, 1985). In the last decade, the administrators who hold the highest ranks in colleges and university bureaucracies have found themselves using a top-down approach. Alongside this shift in power is an increasing number of permanent administrators. In the last forty years, the number of full-time faculty positions has grown by 50 percent, while administrator positions has risen by 85 percent and staff positions by 240 percent (Mills, 2012). Because of this rapid increase, more decisions are being made at the top of the administration—without faculty or staff input.

Alongside the complex and changing organization of higher education institutions, administrators are also operating in an increasingly privatized environment which has major implications for the institutions they serve. While many experts resist the notion of privatizing the public institution, others see this shift as a positive response to economic realities (Morphew

& Eckel, 2009). The next section of this chapter will describe this major shift in American higher education and possible implications for administrators.

Privatizing Public Universities

At the turn of the 21st century, the privatization of public higher education emerged as a deep concern to leading researchers and analysts (Hearn, 2003; Morpew, 2007). Privatization in higher education refers to the tendency of colleges and universities to adopt characteristics or operational practices normally associated with private enterprises. Examples of privatization in higher education include an orientation to the student as a consumer, seeking alternative sources of revenue outside of state and local funding, competition between institutions, adoption of management practices such as outsourcing (using private firms to perform non-academic services such as printing, housing, and textbooks) and increased “top down” management or centralized decision-making (Lyll & Sell, 2006).

Although there is limited research on the topic from a broad standpoint, individual institutional leaders have found various effects this shift is having on their organizations. The effects of privatization on public universities include those on campus mission, campus operations, revenue generation and expenses, faculty and staff, college access and affordability and college student success (Morpew & Eckel, 2009).

Financially, there has been a major decrease in public funding to higher education while at the same time the demand for higher education has increased. Higher education is becoming more and more necessary for individuals and societies each day as the gap widens with education (Morpew & Eckel, 2009). The demand for higher education is escalating in the United States just as government financial support weakens, causing institutions to seek alternative sources of

revenue. From 1988 to 2013, FTE (full-time equivalent) enrollment at public institutions of higher education increased from 7.3 million students to 11.3 million students (SHEEO, 2013). The educational appropriations per FTE student saw four straight years of decline from 2008 to 2012 with only a slight increase in 2013. In 2008, the educational appropriation per FTE was \$7,924. In 2013, the total was \$6,105, a decrease of 23 percent. The decreasing financial support to higher education can have consequences for public institutions and is the main root to a trend towards privatizing public universities. Some argue that as state governments have reduced funding for public higher education, institutions have been forced to raise tuition and adopt a market-oriented approach to attract new students, obtain revenue and compete with other universities. Some describe this approach as a shift toward institutions that operate more like a business (Johnstone, 2000).

The trend toward privatization has been occurring for quite some time now but the implications have become clear in the last decade. A recession, which began in 2008, dramatically reduced state revenue for education. To alleviate some of these costs, the American Recovery and Reinvestment Act (ARRA) provided funding to support education and offset the reductions in state and local support. From 2008 to 2011, ARRA funding to higher education totaled \$2.8 billion (SHEEO, 2013). However, the report states that by 2012, ARRA funds had been largely spent on state and local support and fell by 7 percent to \$81.1 billion. In 2013, these funds increased slightly to \$81.6 billion. In 2013, public institutions collected revenue of \$61.4 billion in tuition dollars for a total of nearly \$143 billion in general operating expenses for higher education (*see Figure 1*).

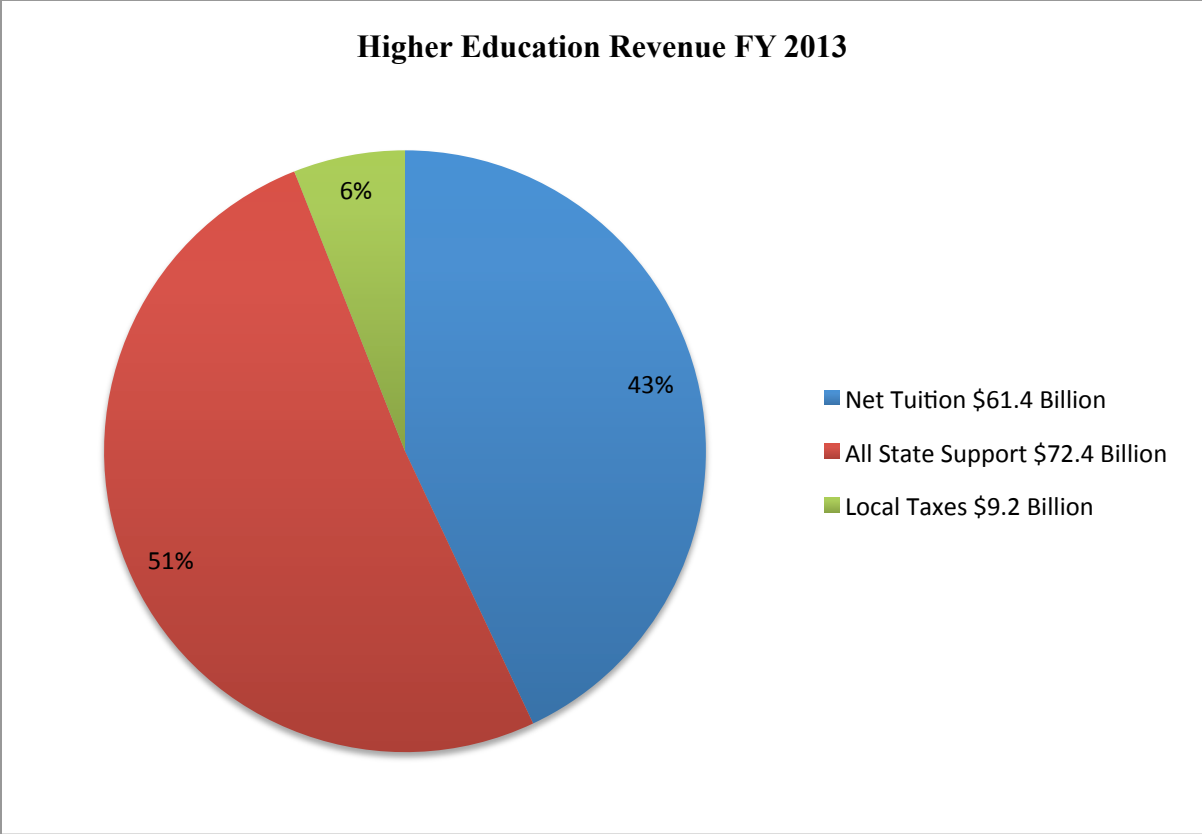


Figure 1

State, local, and net tuition supporting general operating expenses of higher education U.S., fiscal year 2013. *(State Higher Education Executive Officers 2013 Report)*

The movement away from public funding is further along in some states than others. In New Hampshire and Vermont, tuition dollars covered approximately 85 percent of educational revenue in 2013 while in states such as North Carolina, New Mexico, and California, students paid less than a third of their educational expenses (SHEEO, 2013). The relationship between public institutions and the states began in the 1980’s (McGuinness, 1999). Since this time period, universities have shifted to rely more on tuition revenue and this reliance has become stronger each year since. In the 1980s, student tuition covered less than a quarter of the educational revenue that institutions could spend on operating expenses. The remainder of this revenue came from government appropriations. Today, on average, student tuition covers almost half of the

cost of their education (SHEEO, 2013). While tuition revenue was previously only a small fraction of a public university's budget, it is now a major source of funding alongside gifts, grants and other revenue streams. While government cuts are a large part of the trend toward privatization, increasing expenses also play a large part. Even when the economy begins to recover, tuition generally does not drop. Instead, schools begin to accumulate new expenses that have end results of decreasing affordability, increasing student debt and produce a shift in who pays for public college education (Hurley, 2014).

If the trends in state and federal funding support continue, states like Colorado will end funding to their colleges and universities in 2022 with other states right behind (State Fiscal Support, 2012). The projected crises of the nation's public higher education institutions losing all state funding will happen in 2059 if declines continue with the same trends (State Fiscal Support, 2012). Some institutions have been fortunate to weather the storm of decreased funding and even find favorable results such as more efficient and cost-effective operations. In other situations, institutions have cut or reduced services, faculty, and even quality with increases to their tuition and fees (Ehrenberg, 2006).

At the same time these shifts in funding are occurring, many institutions have seen a change in their missions from teaching, research, and service to the addition of economic development, athletics, and other programs that characterize what many call privatization (Morphew & Eckel, 2009). The concept of privatization has some university administrators uncomfortable and in protest at the weakening federal and state support. However, at other times, privatization has leaders hopeful of an opportunity to act strategically with a promise of less governmental power. Others see this shift as a result of weak leadership by presidents and boards (Morphew & Eckel, 2009). As institutions drift away from an investment in public higher

education by our government, market activities become a priority (Slaughter & Rhoades, 2004). In particular, as many institutions seek to generate increased revenue they look first to more tuition dollars and therefore more students, making recruitment and enrollment a priority. As they shift towards a focus on student recruitment, they begin to compete and competition has driven institutions toward market-oriented behavior (Priest & St. John, 2006).

At some level, colleges and universities have always competed for students. When colleges were created at a rapid rate during the nineteenth century, there was shortage of potential students (Priest & St. John, 2006). However, in the 1980s, when a decline in high school graduates occurred, many institutions officially adopted marketing techniques and strategies that originated in the business sector. These strategies were followed by the development of the enrollment management concept (Hossler & Hoeszee, 2001). The competition and market for students evolved and today, marketing colleges and universities is widespread (Priest & St. John, 2006).

These shifts are indications that public higher education is moving toward a more privatized model. According to Hossler (2006), these shifts and trends from a broad perspective, “reflect the growing marketization and commodification of higher education,” (p. 113). While state and federal budgets are a significant factor in these organizational changes, one cannot ignore the various external stakeholders and change forces shaping colleges and universities as they adapt to the global environment. Universities are influenced by many different sectors and also have significant influence on those outside the organization.

Conclusion

In this chapter, the need for organizational change in response to a more global society, political demands, and financial constraints was introduced alongside an introduction to the privatization of higher education. This shift, paired with the complex organizational structure and characteristics of colleges and universities, make for a very difficult change climate for administrators.

This dissertation will focus specifically on university administrators' experience to become more entrepreneurial as they are required to seek alternative revenue sources and act in a privatized environment. The goal of this case study is to identify the strategies one institution used to cope with cuts in public funding and what these changes mean for administrators. In Chapter 2, a conceptual framework for the study will be discussed. The chapter will conclude with an explanation of market-oriented behavior in higher education and how university culture influences these shifts.

CHAPTER 2

LITERATURE REVIEW

Higher Education in the United States (and across the globe) is shifting towards a model that operates “far more as a market, where universities and colleges are competing to supply the service of education, as opposed to the concept of higher education as a public sector good structured principally by government regulation” (Newman, Couturier and Scurry, 2004, p. 2). As these organizations shift, the process of adjusting to environmental change is typically very complex. The dynamics of managing a myriad of external pressures can be difficult for leaders and has led many institutions to look toward more economic values in their quest to remain successful. Articles in *The Chronicle of Higher Education* recommend that universities “reinvent” themselves much like corporations have done in the last ten years. However, many view this shift in thinking as a serious threat to academic interests (Keller, 1983). Conflicts between managerial and academic cultures cause tension among the faculty and administration; researchers predict that this conflict will only increase as more changes to decision making and planning are made to align with economic values (Levin, 2006; Waugh, 1998).

Although the results of these shifts toward economic values have seen positive results in many cases, there is concern surrounding the increasing acceptance of managerial values that override core academic values. Many agree that economic values such as customer satisfaction and cost efficiency are important, but they also argue that an institution’s core mission and educational values should remain the top priority (Bok, 1982; Gumpert, 2000; Kezar, 2004).

These shifts come with each decision administrators make. As institutions seek to change with the environment and decision-making strategies become more centralized, institutions of higher education are becoming increasingly more managerial.

The following chapter reviews the literature associated with organizational change as a foundation to understand organizations and the decisions higher education administrators make. Following is a review of two approaches to organizational decision making—process and structure—with an emphasis on the increasing centralization of academic and administrative decision making (a strategic characteristic of management). Finally, this chapter will conclude with the impact of market-oriented concepts on institutions of higher education and the culture of higher education in order to understand the shift toward privatization.

Conceptual Framework

The following areas of scholarly work are reviewed in this dissertation: organizational change and change theory, the characteristics of privatization and higher education literature that presents a shift from educational values toward economic goals. These areas are relevant because they provide a historical context for higher education organizations before evaluating the present and future of institutions. The literature reviewed in this dissertation asserts that higher education is shifting toward a market good and operating with less public funding. In light of this change, administrators' experiences will be studied as they encounter a more privatized model.

External Change Forces

As institutions and administrators think critically about what changes should occur in order to adapt with the shifting landscape of higher education, scholars and leaders acknowledge the

shifts in the external environment (Harris, 2009). These shifts and pressures from the external world greatly impact the present state and future state of higher education. The external pressure on institutions of higher education to change is mounting and implementing change has become a common occurrence for administrators in higher education (Fullan, 2001; Marshall, 2007; Tierney, 1998). As administrators find themselves with more limited resources, they must be more selective to stakeholder needs. They must balance these stakeholder needs with the college mission, vision, and values.

Change occurs as universities respond to shifting student expectations, new market demands, and increased accountability, among many other reasons. Because higher education feels pressure to change with the shifting environment, administrators in higher education face challenges to make strategic decisions based on their institutions' values and mission while acknowledging these external change forces. Shifting with the demands is very difficult for public colleges and universities, as they often have conflicting demands (Gumport, 2000). Leaders must learn to differentiate whether or not the organization *can* respond with if it *should* respond to these demands. They must prioritize between educational values and economic values. Gumport (2000) describes that one wrong decision could result in an entirely different organization.

Because change is constant in higher education, understanding the change process and how decisions are made is a key to successfully transforming institutions of higher education (Fullan, 2001; Marshall, 2007). The changing environment in which colleges and universities find themselves—with strong competition, financial constraints, new accountability expectations and with a changing relationship with state and federal governments—suggests that decision making by academic leaders is a dynamic set of processes institutions must use to address today's

challenges (Eckel, 2006). The change forces behind this shift are widespread and this section of Chapter 2 will focus on the major external influences on U.S. higher education and how institutional changes are influenced by these external forces. Particularly, the external pressures discussed will include government involvement, budget and financial resources and increased market pressures—each of these pressures contributes to the tension between educational and economic values for campus administrators.

Government Involvement

A major external change force facing American public higher education today is the relationship between higher education and the government. Newman, Couturier, and Scurry (2004) acknowledge a shift in thinking by policymakers, claiming there is a greater understanding that higher education plays a central role in the success of modern society and that there is a far greater need for people to have a college-level education. While higher education, the federal government and the states have sustained a valuable partnership for several years, that partnership can sometimes cause tension around issues of academic quality and accountability (Eaton, 2006). Some university leaders are calling for increased governmental oversight in order to develop a national strategy for higher education in the United States. For example, Mark Yudof (2009), former President of the University of California system, called for more action, making the argument that education needs to become a national responsibility to ensure the quality needed to produce a strong economy and inclusive society. In other cases, university leaders are hesitant about increased governmental oversight, claiming that academic quality and accountability are perceived differently by government officials causing tension between the two organizations. For example, faculty and administrators will refer to resources and the learning

environment when asked about the academic quality while government officials often refer to graduation and retention rates when asked the same question. When referring to accountability, leaders in higher education will often mention self-regulation, accreditation or being accountable to students. Differing views of the federal government include performance and results such as job placement. In addition, federal officials are putting more pressure on accrediting bodies to emphasize congressional expectations in academics (Eaton, 2006).

Either way, the impact of the federal and state government “is substantial, diverse, and constantly changing” (Gladieux, Hauptman, & Knapp, 1997, p. 103). The tendency for state and federal governments to mandate how higher education should operate is growing (Eaton, 2006). This changing role has developed into accountability systems and reporting structures to ensure that certain outcomes are met, often driving the daily decisions of institutional leaders. As this relationship changes, institutions must change as policymakers use market forces and the pressure of institutional competition to improve the effectiveness and efficiency that had been impossible to control in the past. Gumport (1997) argues that these assessments have profound consequences in the academic workplace. As government agencies demand efficiency and flexibility, quick adaptive responses to these competitive demands can cause potential damage to the academic and intellectual environment (Gumport, 2000). Decisions must be carefully determined.

Leaders must weigh these external change forces. For example, if institutions know they are being evaluated on job placement rates, they may decide to put their resources and attention into their career center rather than into new academic programs. Leaders must balance the need to “score well” on the state and federal measures with what they believe to be their students’ needs. Although these accountability and productivity measures can be appealing to those

outside of higher education, some leaders find them difficult to use in the abstract environment of higher education (McPherson, Schapiro, & Winston, 1993). Because every institution and every state has a different system and serves a different population, national standards and efficient systems can cause great tension for leaders in higher education. They must carefully weigh national standards with their own students' needs, again forcing a balance between educational values and external pressures.

Institutional leaders must also strive to be efficient, but see that the efficiency does not hamper the education and services being utilized by the diverse constituents and students they are charged to serve. For example, an emerging trend initiated by governmental demands is forcing universities to stretch the public dollar to serve more students and maximize economic returns (Alexander, 2000). As institutions serve more students and that population becomes more diverse, more resources are needed, such as remedial education, student support services, and increased financial aid. All of these programs cost the institution more money while funds are being cut. At the same time, institutions are pressured to change traditional admissions processes which were built upon exclusion as public policies call for the massification in higher education. But public financial resources do not correspond to the demands of serving increased students. This concept, often referred to as the universalization of higher education, takes the approach that higher education is valuable because it provides the needed credentials for specific employment opportunities. This perspective can contrast with faculty and administrative views that tend to be more traditional, placing the emphasis of higher education on individual intellectual development. The universalization of higher education has also been a factor in the growth of fraudulent higher education providers—degree mills—that can cause questions of legitimate degrees (Eaton, 2006). Either way, institutions have responded to the governmental

demand to increase access. Most notably is the establishment of open admission institutions, primarily two-year community colleges. With this shift, leaders were forced to consider what they perceive to be academic quality while meeting external expectations of government agencies.

While this national pressure to expand higher education is occurring, state evaluation systems meant to monitor and assess effectiveness and productivity at the college level have been created (Cowen, 1996). These practices make up the “accountability movement” in higher education as government initiatives seek to ensure greater efficiencies and broad evaluative techniques to compare institutions on a state or national level. This assessment is being used to begin performance-based funding in many states, calling for leaders in higher education to make decisions based on the categories in which they are assessed if they wish to receive federal and state dollars. The decisions here are tough—do leaders adapt their institutional values in order to keep funding or do they risk federal and state dollars in order to stay true to their core mission? It can be tough trying to be all things to all people but the bottom line is that institutions are feeling tremendous tension between educational and economic values. The pressure from governmental agencies when making decisions toward the future is mounting and administrators must act strategically to remain successful.

Financial Resources

A major shift in the economy has also prompted significant shifts in American higher education. A drop in the stock market caused a large hit to the endowments of U.S. higher education. This decrease in value was reported to be 20% or higher (Fullan, 2009). In the depressed economy, with the federal budget in severe deficit and state governments cutting

funding to higher education, campus administrators are confronted with a shortage of money to satisfy the demands of students, faculty members, and other constituencies (Bok, 2003). Among all of these dramatic shifts is the topic of accessibility for students.

The United States has large levels of enrollment in higher education systems. Over the past 25 years, enrollment has increased nearly 50 percent, yet participation in college remains uneven across various sub-populations (Zusman, 2005). The shifting demographic, alongside political, and economic forces, challenges the notion that college is accessible. While students in U.S. colleges and universities are increasingly more diverse, including increased amounts of non-traditional aged students and students from ethnic minority groups, college participation, particularly at four-year institutions, remains unequal (Zusman, 2005). For example, African-American and Latino students remain underrepresented with just over half of high school graduates ever entering college compared to nearly two-thirds of white high school graduates (Zusman, 2005). While ethnic diversity remains unequal, the most critical barrier is family income. Students who come from low-income families are even less likely to attend college or to graduate from high school.

These financial challenges have major implications for public higher education, particularly when issues of accessibility and enrollment are in question. University leaders are pressured to enroll more students with less funding; the strategies to accomplish such a task do not always coincide with the governmental pressure to make college more accessible. For example, as institutions seek to enroll more students with less funding, the upper-income, tuition-paying students become more attractive economically. Targeted admissions or increased selectivity along with increased tuition costs prevent low-income students from ever entering college. Or perhaps, colleges and universities decide to entice students with new residence halls

or student centers that will, in the end, cost the student more money. As institutions provide more frills, they begin to attract a certain population of students, pushing other students who cannot afford the frills away.

A common view by university presidents includes a constant regression of support away from public universities by the state and local government (Bharucha, 2012). As institutions raise tuition costs, not only are fewer students able to enroll, but college graduation rates also continue to decrease. Many attribute these drops, in part, to the student's obligation and inability to pay increased amounts. Many students that find a way to pay for college frequently drive up their individual debt at a significant rate, making this both a fundamental and societal issue (Bharucha, 2012).

In a time of economic stress, there are also curriculum considerations made by administrators. One is the temptation by university leaders to abandon liberal arts and become more vocational. Here, the job market is driving institutional changes putting value on economical trends. The focus and/or funding shifts away from a broad-based education that challenges students to think critically and to ask difficult questions, to a specialized, technical skill-set. Many would argue that a liberal arts education is more necessary in a time of economic uncertainty than any other time (Bharucha, 2012). Given this tension, it is clear the decisions to adapt with the economic shifts are tough ones. Do leaders stay true to their historic mission with the risk of not preparing their students for a changing job market? Do universities continue to raise tuition with the risk of becoming inaccessible? Although access and affordability are two main concerns in the heat of substantial budget cuts, many more aspects of the university suffer under this change force.

As academic leaders have responded to the drastic budget cuts, they are forced to make decisions about where to make up the difference. Many colleges and universities have adapted by moving away from tenure-track faculty positions and toward part-time faculty positions to cut spending on salaries. Scholars would argue these decisions place clear emphasis on economic values (Finder, 2007). As institutions look for alternative revenue sources, they have also placed more emphasis on acquiring grant funds and private fund raising (Breneman, 2002; Newman et al, 2004). Many institutions are also using auxiliary services as a source of revenue. Others are being more strategic with student recruitment efforts, focusing on higher-paying out-of-state students and international students who do not require financial aid on behalf of the institution. These adaptations have proven successful in some cases—the institutions are in business, but they have not done so without criticism and failures. Some question the cumulative effect of these changes on higher education. For example, are these seemingly smaller decisions such as cutting tenure-track positions, affecting the quality of faculty and therefore the academic caliber of the institutions?

Budgets will continue to be slashed and enrollments will continue to climb. At the same time, the cost of running an institution and meeting the changing needs of students does not align with the resources available to colleges and universities. Scholars in higher education must not simply hope to make it through the economic downturn or ignore the changing campus culture, they must act strategically and intentionally. In order to balance organizational demands with student needs, institutions cannot continually raise tuition and fees. The changing environment places enormous tension on university administrators as they are forced to bring in a profit to stay afloat. It is critical for scholars and leaders to consider issues and consequences that come with those changes so they will progress toward positive outcomes. These administrators must

consider the influences of their decisions and whether or not these are best for the future of their organizations.

Market Pressures

While institutional leaders know they must bring about transformational, lasting change, they continue to suggest that higher education organizations have different needs than those organizations in the private sector—where the large body of literature on effective change exists. However, in today’s economic climate, many institutions must redefine the balance of income between private and public sources. Institutions may not think of themselves as solely public or significantly different from the commercial sector (Shattock, 2003). Some research suggests that if institutions wish to remain competitive, they must become more commercially minded and “run the business” (Lederman, 2009). Because of this hybrid model of an organization—one that is seen as private, public and non-profit all at the same time—the conflict between economic and educational values is very apparent.

This shift in thinking more “business-like” or applying approaches that work in the commercial sector is also applicable when thinking about another external change force—increased market competition. Today’s prospective college student has a myriad of options when looking for their perfect college; every institution has certain goals they must reach pertaining to recruitment each year. Whether that is a higher average ACT score for their incoming class, more STEM majors or simply more students, every college is feeling the pressure to recruit. Increased competition among colleges and universities results in a greater need to stand out and find a niche. This need calls on institutions to think differently and strategically about how they market their experience (Lewison & Hawes, 2007).

Similar to the economic shifts that are forcing institutions to become more business-minded, an increase in market competition encourages many institutions to adopt a strategic marketing plan similar to profit-seeking business corporations (Kirp, 2003; Lewison & Hawes, 2007). This tactic is a major change for higher education and aligns with a shift toward privatization. Resistance to the implementation of a marketing approach is often criticized by academic leaders (Jump, 2004). However, when considering the various university stakeholders, marketing approaches can create values among these key influencers, while also attracting prospective students.

A common marketing approach in higher education calls for marketing principles of differentiation (Anctil, 2008; Lewison & Hawes, 2007). Applying these tactics to higher education is not easy for colleges and universities that are either resistant to change or slow to implement change. Differentiated marketing involves the decision to operate in two or more segments of the market. A university might decide to select a limited number of clustered or scattered target markets where they are recruiting specific students to meet their enrollment goals (Lewison & Hawes, 2007). This market differentiation is also difficult in higher education because the products are all very similar (Anctil, 2008). Part of the strategy in recruiting and attracting the best students comes with the perception of difference the institution highlights or the “niche” they claim to have that no other institution has. Anctil (2008) describes three areas that allow colleges and universities to sell the intangible college experience unique to their institution: (1) perceived academic quality, (2) a successful and visible athletic program, and (3) perceived social life and campus amenities. These three categories allow institutions to make the intangible tangible through perception. It should be noted that this tactic focuses on the perception of prospective college students, which could be very different for other stakeholders.

Not all stakeholders place value on the same factors, again leading to tough decisions for university administrators, particularly in choosing where to place funding. Prospective college student perception matters most when looking to increase enrollment, but the perception of major donors and alumni matters most when looking to increase private funding.

The perceptions of prospective college students on academic quality are often formed from college-ranking systems, which have become popular to consumers in recent years. Since 1983, *U.S. News and World Report* has published its ranking of the top fifty “best colleges” among many other ranking categories. Students and parents use these ranking to evaluate the prestige of the institution from a consumer standpoint (Harris, 2009). From this ranking system comes great pressure on institutions. A drop in rank could influence reputation, enrollment, funding or many other elements (Malette, 1995). Institutions must sell themselves through these rankings by advertising their positive rankings and also avoiding any negative rankings. For example, a college that lands on the “top party school” list may work for years to recover from their negative perception of academic quality. Because of increased market competition and other pressures such as a need for more private support, these rankings are driving institutional changes and decision-making. For example, in 2004 the president of the University of Minnesota (UMN) began a strategic positioning process to make the institution “one of the top three research institutions in the world.” Although he did not indicate a specific ranking system, many changes seen at UMN since setting this goal reflect the most common ranking criteria (University of Minnesota Office of Institutional Research). Several institutions have a strategic plan that aims to make the college or university one of the *U.S. News* Top 50. In 2001, Clemson University announced its vision quite simply: “to become one of the nation’s top-20 public universities,” and that vision still remained the same in 2014. Other decisions that could be a

result of increased attention to college rankings include decisions as large as dismissing university presidents, changing development and fundraising goals and creating new departments (IHEP, 2009).

Staying ahead of the competition through athletics is another experience that can differentiate one institution from the next. Although controversial, a large and successful athletics department can bring attention to a school unlike any other entity (Anctil, 2008). Not only does it bring attention and a recognized product, but according to Anctil (2008), athletics can create a sense of community by rallying around the team, binding people to the institution and providing national and regional attention through televised games and other tactics. If the goal is to compete for students, whether central to the mission or not, athletics is a concrete strategy for differentiation and leads to more tough decisions for university administrators. Do administrators use athletics to recruit students even if these programs are not included in their core values?

But what do prospective students *really* pay attention to? Once they or their parents have done their research of college rankings and have noted the reputation of sport teams, students often look to the campus amenities that include state-of-the art student centers, reputable dining options and extraordinary student living facilities. Their decision-making process becomes more focused on nonacademic components (Harris, 2009). In recent years, student expectations have increased and most colleges and universities are doing everything they can to rise above those expectations to remain competitive. Many colleges and universities with four-year residential campuses are increasing their expenses on student services at a much higher rate than their spending on academic instruction or financial aid (Mills, 2012). Administrators seem to be placing the funding where the students can “see” it on a campus tour. Another example of this is

evident in the growing number of administrators. Between 1998 and 2008, private colleges increased spending on academic instruction by 22 percent yet administration and staff support spending increased by 36 percent (Mills, 2012).

Student expectations shifted dramatically in the 21st century and can be seen in a variety of areas across campus including the residence halls. Students are demanding increased privacy and more amenities in their residence hall environment than ever before and institutions are responding to these demands with a shift in their residence hall models (Paine, 2007). It is costly for universities to not meet student demands. It seems the pressure to adapt from a marketing perspective is clear even if that means compromising student learning. For example, very few institutions today are building traditional residence halls with double rooms or community bathrooms as they seek to keep pace in the amenities arm race. Hill, Shaw, and Devlin (1999) examined students' sense of community in traditional versus suite-style halls and found that students living in traditional-style halls exhibited a greater sense of community than their counterparts. Despite these findings, many institutions continue to move toward a suite-style model that reports greater satisfaction with physical space and is more appealing to the eye, even if this means less satisfaction or a sense of community for students.

As university leaders weigh the decisions to adapt to market pressure, they must consider a variety of influences including student recruitment, financial resources, student expectations and student learning among many others. These factors combined with the complex organization of higher education and the multiple external change forces can influence administrators to use adaptive strategies such as academic capitalism and other entrepreneurial behaviors.

The connection to economic goals has resulted in various benefits for higher education that meet the demands of these external change forces. Kezar (2004) pointed out benefits such as the

growth in institutions as well as more opportunities for research and increased funding, for example. At the same time, these market pressures and behaviors compromise the educational values that have always characterized higher education (Kezar, 2004).

Organizational Change and Change Theory

Public research universities are unique organizations often described as organized anarchies (Birnbaum, 1988; Cohen, March & Olsen, 1972). However, in recent years, they are also becoming more private or what some call the “hybrid public university.” As these institutions make up for a lack of publically funded financial resources these significant changes in funding and governance alter the key functions of the university (Lyall & Sell, 2005; Morphey & Eckel, 2009).

This section looks at organizational behavior in order to discover the connection between the privatization trends in the American public university and the organizational characteristics and decision-making behaviors of these institutions. While these organizational characteristics are different in that they are not driving institutions toward a more privatized model, the literature suggests that these significant changes can transform the organization and how the institution and the administrators behave (Morphey & Eckel, 2009).

The literature on organizational change and change theory provides a framework for understanding organizations and serves as a valuable tool for higher education leaders as they seek to understand relationships and meaning within their organization. Change theory, in particular, can be used to understand, predict, or change the operation or outcomes of the organization. Because colleges and universities are so complex, change theory helps higher education leaders understand the way their institutions operate. This approach enables leaders to

gain a full understanding of the perspectives on a college campus and how to implement change effectively. Because this dissertation seeks to understand institutions undergoing change and what this change means for administrators, this literature is pertinent to the research study.

Organizational change is constant in higher education as institutions respond to organizational shifts, leadership, and environmental and market forces (Kezar, 2001). Zaltman and Duncan (1977) defined change as an alteration in the structures, processes, and/or behaviors in a system. There are two main types of change within higher education—transformational and incremental change. Transformational changes are large decisions that influence the mission or strategy of the institution while incremental changes are less dramatic and occur over a longer period of time. Colleges and universities are known to change incrementally, adapting to the environment in an unplanned way (Bess & Dee, 2008). Therefore, there is no real strategy in how the institution is changing. Privatization is complex and as institutions become more privatized in order to stay afloat financially, their decisions could have long-term impacts on organizational behavior (Morphew & Eckel, 2009). For example, a housing shortage brought on by an increase in student enrollment in order to bring in more tuition dollars may incrementally lead to an entirely new residence hall model at an institution without thought of how the new model can influence student interactions or development. Here, leaders are unintentionally responding to an environmental shift with economic values that could eventually override the educational values of their institution. Their intentional changes have inadvertent effects.

There are many challenges in managing organizational change. In order to more effectively manage these challenges, numerous theories and models have been developed to guide the change process. Organizational change theory comes from many disciplines such as psychology, education and philosophy. One of the foundational theories related to organizational

change is Kurt Lewin's change theory (1947). This model of change formed the groundwork for managing the process of change (Bess & Dee, 2008). Lewin's model of change involves three steps: (1) unfreeze the current state; (2) move toward the new state, and (3) refreeze the new state. This model recognizes the people within the organization as central to the success of implementing change and begins with "unfreezing" the current state of mind. With people at the core of a decision, their perceptions and opposition are important. Bess and Dee (2008) describe Lewin's theory under the premise that "everyone wants to achieve a sense of competence and self-efficacy, but each person's equilibrium must be disturbed (but not destroyed) so that the person is compelled to seek change" (p.805). Leaders must show people the true reality of the situation so they have a full understanding of why a change should occur. While Lewin's framework initiates the thought process of resisting change and puts the organization's members at the forefront of implementation, some argue the model is too simple for such a complex process (Burnes, 2004). Burnes suggested that this three-step model does not consider complexities such as the unstable nature of many organizations, large global change, and organizational power.

Lewin's research built the foundation of organizational change for years and can still be seen in more recent change theories. Burton Clark's change model is a more recent change theory that specifically focuses on change in higher education. Burton Clark studied three colleges that experienced change and then described the organizational sagas that led to those changes. In his book, *The Distinctive College: Antioch, Reed, and Swarthmore* (1992), he described three situations in which an organizational saga is developed: (1) when building a new organization, (2) during an organizational crisis, or (3) when there is a "state of readiness" within

the organization (Clark, 1971, p. 505). Clark (1971) also proposed five components that influence organizational change in higher education. These components include:

1. *Personnel core*: gaining faculty/staff buy-in to proposed changes
2. *Program core*: implementing visible changes and practices to serve as visuals of the proposed changes
3. *Social base*: alumni and other constituent support of changes
4. *Student subculture*: noting a change should be supported by the students
5. *Ideology*: changes must become cemented in the ideology of the organization

While there are many additional theories in organizational change, Clark's overview and identification of key stakeholders and ideology builds a great foundation for leaders in higher education to implement change. They must consider each of these components as they make decisions to change the organization in a successful manner and without compromise to their educational values. Particularly when institutions are changing to adopt more economic values and challenging their educational values, leaders must understand the impact of their decisions on each of the components in Clark's model and the opposition that can or will occur.

According to Kezar (2001), institutions of higher education are very distinct organizations with unique characteristics. Therefore, administrators have a very complex environment to implement change. Kezar (2001) discussed several characteristics related to higher education that make the environment complex including: a unique culture, shared governance, and goal ambiguity among many others. Because the organization is unique, leaders should have a clear understanding of organizational change and change theory before seeking to create change or they may find themselves moving quickly away from their educational values. Understanding these complexities will assist in gaining buy-in from the various stakeholders

identified by Clark (1971) and will allow leaders to consider various points when making decisions that lead to change such as maintaining their mission and core values.

Fullan (1993) suggested that the process to change an institution is so complex that to move forward with productive change, one must understand they are searching for understanding, knowing there is no ultimate answer. This aligns with the incremental change that institutions of higher education are known for. The organization is making small changes as they further understand their changing goals or external change forces, perhaps without knowing exactly where they will land. Fullan (1993) indicates that substantive change is time-consuming and takes great amounts of energy. When thinking broadly about implementing change, Fullan (1993) describes that, from initiation to institutionalization, changes can take from three to ten years. In his later work, Fullan (2001) addresses five components leaders must address in order to successfully lead change including moral purpose, understanding change, relationships, knowledge-building and coherence. Each of these are described below:

Moral Purpose: Leaders must find moral purpose alongside implementing a change. This passion and positive treatment of others will allow a leader to stay energized and energize others. Leaders should focus on making a difference, solving problems and holding themselves accountable for the solutions.

Understanding Change: “Understanding the change process is less about innovation and more about innovativeness” (Fullan, 2001, p. 31). Change should be led, not managed and can be understood but not controlled. Those leaders that are flexible and ask that right questions to empower the entire organization will develop the best change climate.

Relationships: There is a connection between relationships and organizational success. When relationships are developed, communication and common goals become more

natural. In addition, the role of emotions in the change process is significant and the trust that occurs when relationships are strong.

Knowledge Building: Knowledge and information are different and leaders must work toward creating an environment where people gain knowledge from one another. People must share experiences and ideas across the organization. This commitment to learn leads to positive change and commitment.

Coherence Making: Each of the previous components build upon each other for deep coherence and problems that arise along the way are a chance to challenge the process to provide the best all-round coherence.

Once a leader considers each of these components, they have set the stage for a successful change process, according to Fullan (2001). However, as leaders implement change, there are many decisions that must be made. A few scholars have examined ways public institutions have changed organizationally to react to privatization (Clark, 2004; Slaughter and Rhodes, 2004); however, none have addressed how privatization may affect key processes that span the organization such as decision making (Morphew & Eckel, 2009). As new units are developed or the focus shifts to tap into the marketplace, the internal dynamics may change as those units who are able to reap financial resources rise in influence and shift institutional power (Morphew & Eckel, 2009). In some cases, influence may be shifted to the core as revenue-generating activities and budget allocations are centralized but in other cases, specific departmental influence may move away from central administration as the units control their own resources (Kirp, 2003). The next section explains organizational decision making in higher education in order to understand shifts and trends.

Organizational Decision Making

As mentioned, public universities have long been characterized as an “organized anarchy” by organizational researchers. Cohen, March, and Olsen (1972) describe the choices organizations make and describe that, because public institutions have poorly defined goals, unclear technology and fluid participation of key constituents, these organizations are less likely to make decisions like other organizations and are more likely to be organized as a loose collection of ideas. The goals of public universities are both poorly defined and sometimes in conflict with each other (Morphew & Eckel, 2009). These organizational characteristics shape organizational processes. This section will describe decision making as a process and structure and explore the trend towards garbage can decision making and how this intersects with privatization.

Organizational decision making can be understood through two different lenses—both from a process perspective and from a structural perspective. When approaching decision making as a process, the literature considers the timing and stages of decision making. The process matters because it reinforces and ensures that leaders are thinking through various pieces before making a decision. Mintzberg, Raisinghani, and Theoret defined a decision process as “a set of actions and dynamic factors that begins with the identification of a stimulus for action and ends with the specific commitment to action” (1976, p. 246). A decision-making process can help prevent leaders from missing obvious considerations and can help leaders avoid doing more than they need to solve an issue or make a change. Both approaches will be discussed in this section.

Garvin and Roberto (2001) conclude that decision making is a process that unfolds over time and encompasses power plays, politics, personal preferences and institutional history. They

suggest that decision making commonly involves discussion and debate, requiring support throughout the organization in order for decisions to be implemented effectively. Much of the literature on decision making as a process emphasizes the time it takes to make organizational decisions focusing on incrementalism, or the phases which take place in the process of decision making (Mintzberg et. al, 1976; Hellriegel, Slocum & Woodman, 2004). The incrementalist view puts emphasis on the implementation of a decision rather than the process that precedes the decision. The focus is on learning from the decision implemented through feedback loops and decision adjustments as leaders work toward the end goal or solution. Lindblom (1959) argues that the means and ends of a decision are intertwined and decision making is an evolutionary process. This theory will be discussed in more detail later in the chapter.

According to Bess and Dee (2008), the most common components of a decision-making model include:

1. **Decision recognition:** gather information and expertise on certain strengths, weaknesses, opportunities or threats
2. **Diagnosis routine:** interpret the information while searching for solutions
3. **Development of solutions:** develop a criteria for an effective solution
4. **Selection/Analysis:** consider and design an alternative plan
5. **Screening:** evaluate the risks and opportunities associated with the plans
6. **Choice:** select of a plan to move forward
7. **Authorization:** act on the plan

Bess and Dee (2008) describe this process is not always linear, but that quality performance within each stage of the decision-making process can enhance organizational effectiveness. As institutions become more market-oriented, they are making decisions to align

with this new framework. With each decision, they are shifting the landscape of their institution. Janis (1989) concluded that effective decision-making processes require leaders to analyze and think critically alongside the use of a systems approach. Organizations are at risk of making poor decisions if they approach the decision-making process thinking a simple solution will develop without using a process.

Even when leaders use a process, some of the outcomes associated with the decision can be out of the control of the leader; even with a strong process in place, other factors such as institutional culture play a role and will be described later in the chapter. For example, unforeseeable circumstances affect the implementation of the decision or misleading information can be used to make the decision (Janis, 1989). However, the process by which the leader engages in making the decision is something they can control. Janis (1989) said that while effective decision-making processes do not guarantee the decision will have a positive outcome, the risk of failure is substantially reduced if certain stages are used in the decision-making process. Lindblom (1965) also suggests that decision making, particularly in the public sector, must manage multiple constituents and conflicting goals. Specifically when decision making occurs at universities, March and Olsen (1979) describe that the process includes conflict. This stage of the process helps leaders interpret ambiguous information and clarify the values and beliefs of the decision makers. Here, leaders are forced to consider whether or not the decision aligns with the institution's educational values. The stages of the decision making process remain relatively similar regardless of the characteristics of the organization; however, the mechanics of the process are significant to the organization's structural conditions.

When decision making is approached from a structural standpoint, timing and stages matter less and variables used to explain effectiveness of decisions matter more (Bess & Dee,

2008). For example, when approaching decision making from a structural approach, variables such as the decision maker's knowledge and nature of the problem are considered. The structural conditions of the decision are influenced by the type of decision and the function of the decision. Bess and Dee (2008) note three types of decisions including strategic, tactical, and operational. Strategic decisions involve long-term planning and outcomes for an organization and are often managed by upper level executives or administrators. Tactical decisions portray choices about changing products or services and are more short-term in nature affecting fewer people or parts of the organization. Operational decisions are made daily by front-line employees and consider concrete questions such as timing, personnel, and technology. While all three types of decisions can be made by any one decision maker, this research study focuses on strategic decisions made by upper level administrators at institutions—specifically those who have helped make up for funding cuts.

When considering strategic decision making, the function the decision serves within the organization is also important to consider, as this helps to predict the effects of the decision on the organization and its constituents. Parsons (1951) outlines four different functions that decisions serve through his paradigm of action theory, AGIL. These four functional prerequisites are describes below including: adaptation, goal attainment, integration, and latency.

1. Adaption: gathering resources to implement decisions (allocating budgets to student housing)
2. Goal Attainment: setting goals and making decisions accordingly (strategic planning)
3. Integration: coordinating departments/units (collaboration)
4. Latency: maintaining the integration with stability between leaders/generations

The four functions in Parson's AGIL scheme can be divided into external and internal functions and by instrumental (means/process) versus consummatory problems (end result). External functioning decisions seek to achieve goals whereas internal functioning decisions seek to maintain common values. This concept directly ties to the privatization of public higher education. Here it becomes clear to administrators that their decisions can be externally focused (goals are likely focused on finances) or internally focused (goals seek to maintain common values such as mission or educational priorities).

Understanding these different types and functions of decisions help leaders understand the different perspectives in which organizational members might see decisions and problems as they seek to classify decisions. However, because institutions of higher education are such complex organizations, the decision-making process is not always easily implemented. Rather than functioning from clearly defined goals and process in which the administration sets a strategy and makes decisions in order to follow that strategy, these organizations are often consumed by a decision making process known as the garbage can model.

Garbage Can Decision Making and Privatization

Morphew and Eckel (2009) hypothesize what privatization can do to the choice processes at public research universities by describing changes to these organizations with a focus on the decision-making process. They explain the most prevalent form of decision making in these organizations to be The Garbage Can Model.

This model of decision making puts problems, solutions and participants together in a metaphoric garbage can used to make choices. Decisions are dictated by the coupling of solutions, actors and problems and are made by timing rather than rationality (Morphew &

Eckel, 2009; Bess & Dee, 2008). Cohen and March (1986) describe three ways decisions are made in public research universities and within this model: by resolution, flight or oversight. Decisions made by resolution involve participants who apply solutions to agreed problems. This mode of decision making most closely resembles the rational organizational perspective. Secondly, decisions made by flight occur when problems become attached to another solution or participant in the metaphoric garbage can. Last, decisions made by oversight occur when administrators are too busy to make a decision and problems and solutions are paired together when nobody is paying attention. Because institutions of higher education are so complex, decisions are not regularly made by identifying the issues and outcomes and then choosing the solutions. Instead, solutions can be in search of problems, just as much as the problem is in search of a solution (Morphew & Eckel, 2009).

Various authors point out the prevalence of this form of decision making in universities (Bess & Dee, 2008; Cohen, March, & Olsen, 1972; Morphew & Eckel, 2009). When this decision making process is rooted within the organization, their decisions may begin to “defy organization sense,” (Morphew & Eckel, 2009, p.96). The authors point out that the garbage can decision-making model may change as privatization occurs at public universities.

As institutions become more privatized, colleges and universities are faced with choice opportunities both in the expansion of their traditional functions and in new untraditional functions. As revenue becomes a high priority, these institutions still must pursue their core activities and stay aligned with their mission. Because the range of institutional reach and activities increases as institutions seek to uphold their mission while expanding to generate revenue, the number and variety of the garbage cans also expand (Morphew & Eckel, 2009). In other words, administrators must respond to the environmental changes and external change

forces discussed previously by focusing on responding in their core. But more importantly, they must respond by creating a process for dealing with opportunities that fall outside of the core but are essential to the organization's long-term survival. Leaders must act outside their core mission in order to fulfill their core mission.

At public research institutions, these actions outside the core include generating alternative sources of revenue in light of diminished state and federal support. These administrators are spending increased time focusing on finding substitute resources rather than responding to other problems with a coordinated solution (Morphew & Eckel, 2009). When time and energy must be used to generate revenue, what are the implications for the organization? Smith and Zeithaml (1996) describe a need for more garbage cans—where external change forces can be handled by units outside of the academic core to best position the institution in this new dynamic landscape. As these new garbage cans are created, the effects of privatization will shift the attention of administrators. The proximity of garbage cans to 'the market' will intersect with the same unit's attention and interest by top administrators (Slaughter & Leslie, 1997; Kirp, 2003). When tied back to the three types of decision making within the garbage can model, Morphew and Eckel (2009) predict units that generate revenue will result in decisions made by resolution while units not associated with the privatization will increasingly face decisions made by flight or oversight. This shift may occur as administrative attention is increasingly moves toward a focus on financial resources to keep their institutions secure.

Increased tension and frustration by university decision makers is noted as a likely sum of each of the shifts mentioned in this section. Privatization when viewed from a organizational and decision-making framework has many effects on campus leaders including "more choice opportunities (i.e. more cans) that encompass a greater scope of decisions; a wider group of

uninformed decisions makers who most likely will have increasingly diverse perspectives, understanding, priorities, and objectives, and familiarity with the institution and its culture; increasingly distracted leaders who must choose where to invest their time and energy among an increasing number of decisions; and high-stakes situations that will require resolution within a shrinking time frame,” (Morphew & Eckel, 2009 p. 103). This combination does not assist university administrators who are trying to move their campus strategically in a more globalized context. The effects of these trends, all garnered by privatization, will only increasingly cause tension between those trying to lead the institution. As institutions seek to become more efficient and effective, the organized anarchy is becoming even less organized.

Centralization of Decision Making

The culture of colleges and universities is shifting and university governance is becoming more limited. The number of people making the decisions is minimal as institutions of higher education seek to become more efficient and productive. Although one of the most prevalent and controversial issues related to management is participation in decision making by all stakeholders, institutions continue to lean towards a more managerial form of decision making (Vroom & Yetton, 1973). This approach looks different for every institution. As faculty, students and staff criticize the decisions of “the administration,” the people behind the decisions are becoming fewer and fewer.

There are many reasons for the centralization of authority being confined to the highest levels of the university. Perhaps the most common is the increased accountability and pressure on university presidents to their system or institutional board of governors and the broken system of trust between the organization and state politicians (Waugh, 1998). Particularly during stress

or change, the relationship between presidents and their boards gets more complicated. In some cases, even the highest levels of authority including the president are removed from decision making processes. There are several examples of situations where the president of a college or university makes a decision that leads to their eventual departure because a regent or trustee does not agree.

A national trend shows a more hands-on management approach by board members. For example, The University of Texas regents have become much more hands on in recent years with repeated clashes with president William Powers, Jr. In 2011, the Oregon State Board of Higher Education fired the University of Oregon's president because of his insistence on making his own decisions. And in 2013, University of Virginia President, Teresa Sullivan, agreed to resign after being told she would be fired by the Board of Visitors even though there was no sign of discontent with her actions. These boards are making their authority known as a shift to more hands-on management occurs at institutions across the nation (Perez-Pena, 2013).

Top-level administrators are perceived to be marginalizing faculty and staff members who are no longer involved in decision making processes. As a result of being excluded from decision making, their "academic interests are being subordinated to the economics of management" (Waugh, 1998, p. 64). This centralization of decision making and focus on efficiency contribute to a shift toward business-like and market-oriented behaviors within colleges and universities which will be reviewed in the next section.

Market-Oriented Behaviors in Higher Education

Corporate business practices among higher education administrators are nothing new among higher education literature, particularly in the last two decades. Two prominent early

twentieth century educators, Charles W. Eliot and Thorstein Veblen, while having opposing views, demonstrate the development of corporate practices in higher education by looking at leadership within the institution. While Veblen saw the business model as corruption to the academic atmosphere, Eliot supported the notion that most closely represents today's university practices. Eliot, who served as Harvard University's president from 1869 until 1909, founded the Harvard Business School and implemented non-required course options including vocational and business courses that would prepare students for future careers. Eliot is known for his belief that professors have no interest in running a university, but rather prefer an "educated, public-spirited, business or professional man who takes strong interest in educational and social problems" (1908, p. 2) to lead the operations of a university. He believed upper-level administrators needed specific skills that contrasted from that of the professor who was deeply rooted in discipline-based academic research, therefore introducing the idea of business-minded leadership in higher education. Veblen (1918) criticized this concept claiming the businessman who was concentrated on profit would damage the educational process and business values do not belong at the university. For Veblen (1918), the ideal university president would uphold "scholarly ideals and a consistent aim to serve the ends of learning" (p.286).

Higher education in the United States has always represented some characteristics of a corporate structure with boards and powerful authority located outside the institution (Kerr, 1994). While it is commonly accepted that decision making has become more centralized in colleges and universities, a less common fact mentioned is that faculty have had more power in their institution's management in the 20th century than ever before (Kerr, 1994; Kezar, 2004).

As universities move further toward Eliot's ideals of governance, it is clear from a leadership perspective, that university presidents and administrators must possess a broad range

of skills. A more recent *Chronicle of Higher Education* article highlights some of the skills most often sought after in a university president and includes areas such as raising funds for capital campaigns, understanding athletics, lobbying with state lawmakers, and excelling in community relations (Masterson, 2009). The emphasis on skills highlights a shift in values towards expert administrators who can focus on the success of the institution. This success is measured in a variety of ways including financial stability, successful athletic programs, and innovative marketing tactics and are often influenced by external pressures.

In chapter one, the economic pressures facing universities were discussed noting that universities today are struggling to thrive under the new economic premises forcing public institutions to become more private. While corporations and even small businesses have redefined themselves with the shifting economy, universities have been slower to change (Smith, 2009). Public universities are watching state budgets shrink while taking huge hits to their endowed funding. As institutions face the crisis, scholars have noted negative effects that shift the focus of the university from providing a strong educational experience to simply staying afloat. For example, Smith (2009) noted the following: academics as a non-priority (alumni giving more to athletics than academics, more building funding going into entertainment and food services instead of classrooms, etc.), mass instruction rather than education, instructors for professors and the lowering of academic standards.

Over the past few decades, there have been clear shifts in the management of higher education to a model based on business and market-oriented behaviors. These changes were initiated by government-restrained budgets followed by the development of a corporate model for public organizations in order to increase accountability (Considine, 2001). The current model of higher education is often accused of being market-oriented and acting in response to external

pressures. If these assertions are correct, it is important to know if market orientation practices exist in American colleges and universities and to what effect.

According to Kohli and Jaworski (1990), market orientation involves three behaviors: 1) customer orientation; 2) competitor orientation and 3) interfunctional coordination. Further, Narver and Slater (1994) suggested that for organizations to be market-oriented they must put significant resources toward “understanding their customers and competitors and coordinate the activities of all functions of the business for an integrated value” (p. 53). This concept may cause tension for university administrators since it works in opposition of the traditional premise of public higher education. Language from these business concepts can be translated to higher education. For example, profit equates to balanced budgets and cash reserves while sales growth signifies student recruitment and retention.

A major assumption of this dissertation is that higher education is operating in a global environment. This is important because a shift in market forces is happening far beyond the borders of the United States (Newman et al, 2004). One of the most common shifts exists in the competition among universities as new private, for-profit institutions compete with traditional universities. In addition, government officials are noting the same issues worldwide—steadily rising costs of higher education with a lack of assessment of learning (Newman et al, 2004). While there are some benefits to shifting with the market, there are also risks. Higher education cannot blindly accept the negative impact of the market but instead carefully change to create accountability while ensuring institutions are serving the long-term educational needs of society.

As a consequence of privatization and the external pressures mentioned including budget constraints, accountability, massification, and decentralization, universities have begun to adopt organizational strategies and management values often found in the private sector (Deem, 1998).

This shift in higher education is met with discussion and criticism about the managerialism that has become higher education, often portraying the impact on faculty and/or staff that work under the “ivory tower” administrators who are criticized to be in the business of “capturing as much money and influence as possible” (Powell & Owen-Smith, 1998, p. 267). The increase in corporate functions and entrepreneurial activities corresponds to the rise of managerialism within higher education management. Because this study seeks to investigate the strategies used to cope with major cuts in funding and what these changes mean for these administrators, it is important to understand managerialism and its transformation upon academics.

Managerialism has many different meanings. In recent years, the concept of public management has been said to have reshaped academic work and identity to become more focused on corporate efficiency, a strong management culture, entrepreneurialism, and profit-making concepts (Chandler, Barry & Clark, 2002). Winter (2009) describes that academic administrators today fall into one of two categories: the ‘academic manager’ whose values are congruent with the managerial discourse and the ‘managed academic’ whose values are incongruent with the managerial discourse. Administrators whose values are congruent are described as working with patterns that reflect strong hierarchy, budgetary control, profit-seeking decisions, commercialization, and performance management indicators (Deem, Hillyard & Reed, 2008). Those who are ‘managed academics’ portray values of self-regulation, collegial practice, and educational standards.

Values have great meaning to an organization because they often serve as guiding principles to both the individuals who make up the organization and the institution itself. Looking historically at institutions of higher education, these organizations have long valued collegial governance and academic freedom. Academic scholars describe higher education as a

place of learning devoted to the pursuit of intellectual truth and these remain the traditional values of higher education. As administrators make organizational change decisions, they are influenced by academic (traditional) and managerial (contemporary) identities and tensions that arise as these influences compete. Winter (2009) explained that much of this tension stems from the identities of these administrators, saying that as academic leaders balance their administrative and professional identities, managerialism can force administrators to align themselves with a management identity or to separate their academic selves from the demands of a corporate enterprise. Here, leaders are straying from their traditional academic values and moving towards the contemporary concept of academic management.

This concept of public management has developed as the public sector has increasingly been criticized for being inefficient and wasteful of resources. The assumption is that if these public organizations operate more like private corporations, then efficiency will increase. Denhardt and Denhardt (2000) described that perhaps new public management will result in government agencies (or universities) that not only operate with certain business techniques, but also adopt business values. This change in values is likely to have various influences and effects on the roles and work of administrators at universities. Activities such as strategic planning and reorganizing to mirror a corporate structure alongside a focus on budgets, resources, and an increasing pressure to perform efficiently become central to the work of faculty, staff and administrators, causing tension as these academic leaders sway from traditional educational values. Bok (1982) complained that as colleges and universities drift towards these activities, they do so without a clear educational purpose. As managerialism becomes common practice, the culture and practices of the university become parallel to business organizations (Trow, 1994).

It is evident that market-oriented behaviors have become a common practice among American universities and faculty often opposes these values. However, there is limited research on whether administrators themselves struggle with a shift in traditional educational values. Because institutional values are directly tied to culture, the next section of this chapter will describe the shifting culture of higher education.

University Culture

Understanding organizational culture is essential for leaders in higher education (Tierney, 2008). As individuals encounter a time where the status quo is no longer acceptable and seek to implement innovative and necessary change in higher education, they must be clear in their organizational values and communicate these clearly to stakeholders. This section of the chapter will define culture in higher education with particular emphasis on communication, conflict, and the shift towards a culture that more closely mirrors business organizations.

The environment in which changes and decisions are being made is complex and ever-changing from the viewpoint of an objectivist. As noted in chapter one, this study perceives the external environment to be constantly changing and forcing adaptation on behalf of the organization. Therefore, the organization changes with the environment (Chaffee, 1985, Tierney, 2008). From this viewpoint, it is necessary that administrators understand the environmental changes in order to move their organization with the new and changing demands. There have been clear environmental shifts over the last decade prompting institutions of higher education to adapt including: shifting demographics, governmental stipulations and financial burdens. As these institutions adapt to their environment, a dramatic shift to their culture and values is possible even without purpose (Tierney, 2008).

Because higher education organizations are socially constructed systems (they cannot exist without external interference or be studied under a scientifically controlled environment), the leaders within the organization act based on cultural definitions. In particular, how leaders communicate and interpret institutional goals and values influence how the environment is understood. In addition, how leaders view their environment influences their decision-making. For example, when a public state university recruits students from a wide geographic area in order to increase enrollment, the environment shifts as new student needs are introduced. New student services could be necessary or changing attitudes and actions could result from the student body. By working within a framework of organizational culture, administrators learn to consider how change in one programmatic area will affect other areas.

In looking specifically at administrators in higher education, organizational culture is very useful for understanding management. Tierney (2008) suggested that administrators use the concept of culture to solve administrative problems because perhaps it is the culture that really influences the organization. Every institution has a defined mission, values, and bureaucratic procedure in place, yet two institutions with very similar missions and structure can operate and perform very differently because of the way their identities are communicated and/or perceived (Pellow, 2006; Tierney, 2008).

Just as these organizations are influenced by strong external factors, they are also molded by internal organizational dynamics such as the institutional history, values, and processes. Clifford Geertz (1973) wrote about culture as it relates to interpretation, noting that people (or in this case, the administrators) shape the culture through shared assumptions. Tierney (2008) described, “an organization’s culture is reflected in what is done, how it is done, and who is involved in doing it. It concerns decisions, actions, and communication on both the instrumental

and symbolic level” (p.24). Therefore, as administrators make decisions to change their organization, they are likely changing the culture. Often, administrators only recognize the culture when they have gone astray and it has resulted in conflict. Because of this, administrators find themselves dealing with culture during a mode of crisis management. As these leaders face growing challenges and shifts in higher education, they must understand their organizational culture and reflect upon this culture and values outside of crisis management. Perhaps a deep understanding of culture would allow leaders to understand the impact of their decisions before they are made and avoid conflict they face. This may also allow leaders to communicate the purpose and intention of their tough decisions to various constituents and articulate how their values were considered or are upheld through the decision.

Conflict is a very dynamic subject within the context of organizational theory (Bess & Dee, 2008). In a university setting, this conflict can be both positive and negative. Particularly in relation to the current study and the opposition of a shift toward economic values, the conflict among stakeholders whose values do not align with this shift can force institutional leaders to consider the impact of their decisions before they take action. In contrast, they can also lead to a strong divide between faculty and administrators.

The notion of oppositional culture is common within institutions of higher education. This cultural conflict within the institution can be defined as “the opposition or antagonism among individuals over the beliefs and values they hold” (Kempner, 1991, p. 132). Within the university context and in relation to the current study, this cultural conflict may occur when the beliefs and values of one institutional stakeholder group interfere with that of the administration. These conflicts can cause tensions among any of the groups including the students and faculty, faculty and administration, or the administration and government (Weis, 1985; Kempner, 1991).

Most often, the research suggests that the antagonism is between the faculty and administration (Seidman, 1985). Because of a shift in more centralized decision making as mentioned previously in the chapter, there is diminished power and isolation among faculty and an increasing amount of power among the administration which can result in a division between the two groups. Here, the increasing influence of managerialism is pushing faculty to the sidelines as decisions become that of one particular group—the management (Grubb, 1999). The conflict among the faculty and the administration is also a result of the academic culture where faculty members behave through a disciplinary lens based on experience and values. This culture often results in appeals to authority and decisions based on scholarship and research. However, as institutions seek to become more efficient and operate from performance measures and strategic plans, faculty expertise, knowledge and creativity becomes less important and less impactful on decisions (Ryan & Guthrie, 2009).

As decision-making becomes more centralized, the communication of the decision becomes more critical as does understanding how communication functions as a cultural process within an organization. To do this, the situated meaning of communication, what constitutes speech and literacy events and the communicative symbols within the institution should be analyzed (Tierney, 2008).

Understanding context is crucial to understanding communication as a cultural process. Beyond the structures in place to communicate or make decisions such as the President and their Executive Council or the Faculty Senate, considerations should be given to who is involved and who is not involved in governance and the formal and informal avenues in which communication occurs. The structure and formal modes of decision making may not carry weight within an organization of higher education. For example, a research university may consult the faculty

senate on a small number of issues or considerations. Each of these contribute to how the organization's participants make meaning within their institutional context.

Within higher education many literacy and speech events occur within the organization. For example, the student newspaper, meeting minutes, websites, newsletters, conference calls, and meetings all constitute literacy and speech events. Each of these events influence the interpretation of the organization by the organization's participants and the interactions they have among one another. These events also influence the actions of the institution and influence what the organization believes about itself (Tierney, 2008). As administrators consider their role and management of the institution, they must attend to the cultural interpretations given to communication in order to achieve effective leadership.

The final point of communication in a cultural context involves the communicative symbols within the institution. Organizational participants interpret symbols in various ways depending on the organizational culture. For example, the composition of committees, the presence of the president or provost at certain meetings and events and the promotion of certain faculty and staff all carry messages to the community about governance and vary from campus to campus (Tierney, 2008). However, the most challenging aspect of these messages is their interpretive nature. The President's absence from a student affairs donor event, for example, may imply that their schedule is conflicting, but staff may interpret this absence as a signal that student affairs is not a priority to the President. Or perhaps in a positive light, the attendance of the President at a student recruitment event can show the institution's devotion to the admissions process. The messages can also have influence to external constituents. For example, an extended process to make a decision to remove a fraternity from campus after allegations of hazing may appear to parents or external constituents as foot-dragging, whereas the staff and

administration may see the process as their commitment to the due process. Groups and individuals interpret each event differently.

Higher education administrators cannot ignore the cultural aspects of an organization and the influence these aspects have on communication. The university culture gives insight into the invisible expectations and guidelines internal and external to the organization. In the “loosely coupled” environment (Weick, 1976, p.3) where colleges and universities exist, leaders cannot simply prescribe a process for which all decisions should be made or expect that values will not be compromised when culture and conflict are not considered when acting to align with the external environment. Particularly, in an environment in which management concepts are becoming more common to our educational systems, leaders must consider how adaptation affects the broader organizational culture.

Managerialism has the potential to radically change the culture and practices of universities as they become more characteristic of a business organization (Trow, 1994). Shifts to practices such as performance measures, strong central management and an increased focus on efficiency and cost-reduction begin to shift the organizations from a collegial decision making model to a more authoritative structure. With these shifts comes conflict within institutions as differing values breed opposition. Managerialism and the shift toward business-like and market-oriented behaviors in higher education are in direct conflict with the traditional academic culture (Ryan & Guthrie, 2009). Deem (2004) indicated that this shift has changed academic leaders into business managers and the effects of this change involve a focus on finances rather than academic issues. This shift in values and culture has translated to many issues and critiques for institutions of higher education and tough decisions on behalf of the administration.

Conclusion

As institutions seek to change with their environment or to meet the increased demands of various stakeholders, university leaders must understand how organizational change occurs. Lewin's model of change and Burton Clark's change model help leaders build a solid foundation and proper environmental elements in order to implement significant change within their organizations. Following Lewin and Clark, comes Fullan's process of change which challenges leaders to consider five components when implementing a organizational change including moral purpose, understanding change, relationships, knowledge-building and coherence (2001). Once leaders have a solid environment for implementing change, they must understand the relevance of process and structure when making decisions.

Understanding organizational decision making through both lenses (a process and a structure) forces leaders to consider various pieces and components involved in making a decision such as who is involved in the decision or what information is available. This chapter described the garbage can decision model and privatization to help describe the organizational effects of the shift in revenue sources. This model is important to understand as higher education moves toward a more privatized model and administrators change the focus of their attention on revenue generating units. This centralization of decision making and focus on efficiency contribute to a shift toward business-like and market-oriented behaviors within colleges and universities. As institutions shift towards managerialism, the organizations are seeking leadership with specific skills sets such as fundraising and marketing. These skills do not align with the traditional educational values but are reactions to external pressures such as governmental demands and financial constraints.

Finally, the chapter concluded with an explanation of how university culture impacts administrative actions and decisions. When leaders have a strong understanding of their culture, they can avoid conflict among stakeholders and make decisions with clear regard to the values and mission. In addition, as these organizations adopt market-oriented behaviors, they are shifting their organizational culture and values and communication becomes more important.

The purpose of this study was to explore and understand the strategies one public institution used to cope with major cuts in public funding and what these changes mean for administrators in their roles through a case study grounded in assumptions from the previous literature. Chapter three will describe the methodology, methods and data sources used in this study.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter's purpose is to describe the methods used to conduct this dissertation. After an overview of the purpose of the study, research questions, topic selection and rationale, and research design and rationale, this chapter will provide detailed information regarding the research site selection and rationale, participants, and the researcher's philosophical positionality followed by data collection and analysis. This chapter will conclude with limitations and quality considerations and a conclusion.

The purpose of this study was to explore and understand the strategies one public institution used to cope with major cuts in public funding and what these changes mean for administrators in their roles. In order to fully understand these experiences, this study looked specifically at the administration of one institution that underwent significant change in the last 10 years. Because the institution did not suffer in the economic downturn, it can be assumed some economic decisions were made and/or strategies were developed. As these decisions were made, this study attempts to identify and explain the meaning of these changes for administrators.

Research Questions

This case study investigation addressed three research questions:

- 1.) What strategies have administrators used to make up for decreased public funding?

2.) How do these strategies align with privatization?

3.) What does this shift toward privatization mean for administrators?

Through case study research design, the research questions determined how privatization was present at the institution and how the participants experienced this shift in their administrative roles. The responses were analyzed with adherence to mainstream qualitative research.

Topic Selection and Rationale

The landscape of higher education is ever-changing as institutions become more privatized and the economic problems facing higher education are calling for action. Institutions are becoming more competitive as funding from public sources decreases and successful institutions are implementing a variety of strategies to overcome these cuts (Morphew & Eckel, 2009). Administrators are experiencing a shifting institutional model with many decisions that challenge their economic and educational values. Given the concerns about responding to financial, governmental, and market demands, it is important to understand how institutions are changing to overcome financial burdens and what these shifts mean for administrators. This study is significant because it investigates institutional strategies, how they align with privatization and how this impacts administrator roles and behaviors. While some research exists on the privatization of higher education, little knowledge exists in what this means for higher education administrators.

Research Design and Rationale

The research design for this study is an instrumental case study, studying one institution in order to understand how it may represent “an issue or refinement of theory” (Stake, 1994, p. 237). The unit of analysis was a large, public research university in the southeast region of the United States. The study sought to identify strategies related to privatization and the meaning of these changes for administrators. Due to the unclear understanding of the perceptions, values and actions, a single-site qualitative case study is most appropriate to allow for an in-depth, focused study of participants using open-ended questions. Patton (1990) explains that “most elementary forms of qualitative inquiry, namely responses from open-ended questionnaire items, the major way in which qualitative researchers seek to understand the perceptions, feelings, and knowledge of people, is through in-depth, intensive interviewing” (p. 25).

The primary data source for this study was interviews with university administrators across various divisions. In addition to interviews, document analysis complemented as a secondary form of data within this study and to provide a context for the interview questions and data. Document analysis occurred before, during and after interviews. Due to the qualitative nature of the study, I served as the primary data collector and analyzed the data while remaining flexible throughout the data collection process and responding to the data continuously as it was collected and analyzed. The goal of this case study was to provide a rich, thick description of a bounded system as Merriam (2009) describes to be most successful for case study research. Due to a lack of literature specifically related to higher education administrators and their experience with the privatization of public universities, this dissertation will fill a knowledge gap.

Site Selection and Rationale

The campus under study has seen unprecedented growth in the last 10 years including a significant increase in student admission from throughout the United States. In 2004, student enrollment was 19,300 students with 20.4% of students coming from outside of the state. In Fall 2013, 34,852 students were enrolled with 46.4% of students coming from outside of the state. In this same time, resident tuition more than doubled, a freshman residency program where freshmen were required to live on campus was implemented and a required meal plan was enforced. State appropriations to the institution decreased each year since 2008 and according to a university spokesperson the institution “absorbed the reduction in state appropriations without laying off any faculty or staff or cutting any programs.”

The site chosen for this study met the institutional profile established by the researcher in that it is a large, public research university in the southeast region of the United States and is an institution that has increasingly relied on alternative revenue sources outside of state or federal support. Further, I chose this specific site because of my familiarity with the university and ease of access to participants. The site is geographically and economically feasible to conduct on-site interviews. The name of the institution and the participants interviewed has been changed in order to protect the privacy and anonymity of the institution. The pseudonym used for the institution is Southern University.

Participant Selection

Purposeful sampling of interview participants was used to best determine the research participants. A typical sample “reflects the average person, situation or instance of the phenomenon of interest” (Merriam, 2009, p. 78). Because this study investigated administrator perceptions in relation to values and actions, participants who had broad institutional knowledge

and decision-making power within their position were selected by employing purposeful sampling of those to be interviewed. A sample of participants who were deemed “information rich” (Creswell, 2008) in relation to this particular research and whom the most information could be obtained in response to the research questions were selected (Merriam, 2009).

The administrators in this study were selected based on their role at Southern University. A total of 26 administrators received an email from the researcher inviting them to participate in a 45-minute, one-on-one interview about their experiences as an administrator at Southern University in relation to privatization. Attached to the email invitation was the consent form and IRB approval, which provided additional details and frequently asked questions about their participation in the study. Twenty-four administrators (9 central administrators, 4 deans, and 11 staff members) responded favorably to the invitation and interviews were scheduled during a mutually agreed upon date and time. Central administrators are those who report to the president or higher in the organization and staff members are considered any administrator that reports to the vice presidents or below (i.e. coordinators, assistant directors, assistant vice presidents). Pseudonyms were used throughout this study to protect the administrators’ anonymity.

Table 1

Southern University Administrator Research Participants

<u>Pseudonym</u>	<u>Classification</u>
Dr. Black	Central Administrator
Dr. Adams	Central Administrator
Dr. Cooper	Central Administrator
Dr. Woods	Central Administrator
Dr. Lawrence	Central Administrator
Dr. Cook	Central Administrator
Mr. Chad Bolling	Central Administrator
Ms. Dana Allen	Central Administrator
Ms. Molly Smith	Central Administrator
Dean Hice	Dean

(Table Continues)

<u>Pseudonym</u>	<u>Classification</u>
Dean Morrow	Dean
Dean Edwards	Dean
Dean Page	Dean
Dr. Carey	Staff Member
Ms. Laura Thomas	Staff Member
Mr. Adam Wright	Staff Member
Ms. Jessie Foster	Staff Member
Dr. Anderson	Staff Member
Dr. McKenzie	Staff Member
Ms. Emily Perkins	Staff Member
Ms. Samantha Lake	Staff Member
Mr. Tom Gott	Staff Member
Dr. Julia Ward	Staff Member
Ms. Amelia Franks	Staff Member

Data Collection

The information and dialogue presented in the following chapter was derived from interviews with 24 administrations at Southern University. Descriptive information and statistics were derived from documents related to the study and to Southern University and were collected by the researcher. Qualitative data were collected from interviews and document analysis, which is consistent with case study research. The descriptive case study design was selected because it allowed for the most comprehensive investigation of a single site and solicited in-depth understanding of the experiences of the higher education administrators at Southern University.

The interview protocol was developed prior to the interviews and were designed to collect the individual experiences and insight of the participants. There were two separate protocols—one for central administrators and deans and one for staff members (appendix A and B). These separate protocols allowed the researcher to tailor the questions to be more general for administrators and more specific for staff members who oversee very specific programs or departments. Each interview was scheduled for 45 minutes and was audio-taped with the permission of the participant. The researcher also recorded personal notes during the interview to

record any special observations, areas of emphasis or to make notes about information to follow-up with in document analysis. Following the interviews, each audio tape recording was transcribed verbatim, stored in an electronic format, and then analyzed for common themes. The attached interview protocol was used to collect data from the interviews (Appendices A and B).

All but two administrators were interviewed in their office on Southern University's campus. The administrators' office was suggested as the site by the researcher in order to keep the most natural and comfortable setting for the participant. John Creswell (2003) emphasized the importance of the setting, "Qualitative research takes places in the natural setting. The qualitative researcher often goes to the site (home, office) of the participant to conduct the research. This enables the researcher to develop a level of detail about the individual or place and to be highly involved in the actual experiences of the participants" (p. 181).

The purpose of each interview was to gain in-depth qualitative data about administrators' experiences with privatization at Southern University. The interview questions allowed the researcher to gather the personal experiences and perceptions of the administrators as their institution became more privatized. Document analysis complemented the interviews in data collection.

Data Analysis

Data analysis for this study happened alongside data collection in order to allow for adjustments in coding data and finding themes (Merriam, 2009). Merriam (1988) describes data analysis as including the "development of conceptual categories, typologies, or theories that interpret the data for the reader" (p. 133). These themes were organized into categories that align with the research questions such as "recruitment," "competition," "power at the top," and

“increased tuition.” The frequency and the emphasis from which the participants spoke about these categories influenced how certain reflections became themes. In addition, the literature on privatization and the characteristics by which this is defined assisted in gathering information as it relates to the literature. As coding continued, the data analysis became more deductive and no new categories were being developed.

Once the statements were categorized, the data was analyzed for themes and related back to the research questions. The main goals for the data analysis of this study was to understand the strategies used to make up for decreased public funding, how these related to privatization and what these shifts mean for administrators. In the analysis of each research question, common themes in responses to interview questions were identified.

Validity and Trustworthiness

Quotations and rich, detailed, descriptions from the participants of the study have been used to ensure trustworthiness (Merriam, 1998). This study used multiple research methods, which were used simultaneously to inform the other and enable a holistic evaluation of the institution under study. Although the participant interviews serve as the primary source of data, document analysis offered additional opportunities to gain insight and check statistics and detailed information. In addition, former interviews guided future interviews and an audit trail was developed using raw data, collection of themes, notes, and data synthesis.

Researcher's Philosophical Positionality

A critical component to conducting research is choosing a research method based on one's own philosophical positionality. This choice involves much more than practical decisions based on time or access. Rather the decision should be made in consideration to the researcher's philosophical perspective, which relies on their interpretation of the nature of society and the nature of science (Burrell & Morgan, 1979). As a researcher, I place my work within the interpretive/constructivist paradigm (Merriam, 2009). I understand that there are multiple realities and ways to make sense of the world. I construct my reality from my own experience. This worldview is clear in my qualitative research approach. The experience of data inquiry is a process of interpretation and of making sense of the phenomenon being studied. The conceptual framework of my research in higher education and communication studies has a foundation in the interpretations of organizational change and privatization. I believe qualitative research is a strong means to understand higher education institutions as socially constructed organizations. As I conduct my research, I bring this perspective to my work.

Beyond my personal perspective, a majority of research studies related to organizational behavior of institutions of higher education use a combination of qualitative and quantitative analysis (Kezar, 2002). However, Kezar (2002) notes that the quantitative approaches are less frequent. Qualitative research can be used to explore areas such as human behavior, which cannot be quantified but is important to understanding an organization. Generally when studying the internal workings of an institution, which must occur as one studies meaning for administrators, a process that combines the perception of individuals with more formal evidence is beneficial (Yin, 2009). Yin (2009) further explains how qualitative research is used in relation to organizational behavior describing that case study methods, specifically, can contribute to

individual, group and organizational phenomena. He associates this methodology with psychology and education among other fields, both of which form the foundation of organizational and communication studies.

Change is constant in higher education and there are many contributors and factors that lead to an understanding of institutional behaviors and meaning. Because it becomes difficult to capture a true understanding of the organization at any one point in time, methodological approaches such as interviews and document analysis using an inductive approach are more logical for data collection. In addition, various characteristics of qualitative research, specifically in organizational communication, further reinforce qualitative research as a strong methodological choice.

There are great benefits and value to quantitative and qualitative research method decision making, Argis (2001) explains that quantitative methods alone do not allow people to reflect on their work or behavior. Because my research interest lies in organizational change and meaning, the research participant's perspective and personal reflection on how privatization important to the study.

Limitations and Quality Considerations

It should be noted for the purpose of this dissertation that my career lies in higher education administration. I have personal and professional experiences at the target institution and acknowledge these may influence data collection and data analysis. Full compliance will be followed with The University of Alabama's Institutional Review Board. Because the institution may deem administrator perspectives as confidential information, I have withheld the identity of

the institution and the participants within the study. All participants were made aware of my role in this study.

Some other limitations of using a qualitative interview approach can include issues such as: recall bias, where the interviewee cannot remember specifics; prestige bias, where the participant might exaggerate a situation to put themselves in a positive light; and intentional deception or lying to the interviewer.

Conclusion

This chapter discussed the methods used to collect data and discover answers to the research questions presented including interviews and document analysis. The topic, research design and the site selected for study was discussed in an effort to give rationale for these decisions. The institution under study was selected due to the alternative sources of revenue, institutional change and geographic and economical convenience. The method for selecting research participants through purposeful sampling was also described with an explanation for why this method is best for this specific topic and research study.

Just as important as the rationale and selection of certain research methods is the acknowledgement of my philosophical viewpoint and positionality, which falls within the interpretive/constructivist paradigm. In addition, a plan for categorizing the data to answer the research questions was described with further analysis to be conducted into central themes. This chapter concluded with limitations and quality considerations.

As institutions continue to change with the external environment and move toward a more privatized model, an understanding of the meaning of these changes for administrators is critical to the future of higher education. This qualitative case study sought to fill the knowledge gap

regarding the impact of privatization on administrators by providing rich data related to one institution that remained economically sound throughout the economic down turn. Research on this particular subject allowed for opportunities to better understand higher education administrators and institutions in today's global context and the findings will be discussed in the following chapter.

CHAPTER 4

DATA ANALYSIS

Introduction

For Southern University, the cuts in state funding have had more significant impact than the cuts in federal funding. Although our state appropriation went up slightly [in the current fiscal year], the increased share of retirement costs, medical costs for retirees, and medical costs for current people make us, in effect, still down. So that is a significant impact. (Dr. Black, central administrator)

The purpose of this qualitative case study was to understand the strategies one public institution used to cope with major cuts in public funding and analyze what these changes mean for higher education administrators. The privatization of higher education is accelerating and is apparent in both scholarly publications and the popular press. There is a rapid increase in competition between universities, a decrease in funding from government sources, and an increasing reliance on market mechanisms (Morphew & Eckel, 2009). These external and internal factors have compelled colleges and universities to make organizational changes in order to survive, and Southern University (SU) was not immune to the change forces in public higher education. Although not immune, the institution maintained great momentum and progress despite major cuts in state funding as administrators carried out practices that align with a more privatized model. Many administrators at Southern University experienced the shifts and felt a change on their campus. This chapter introduces these administrator's reflections on the changes and shifts related to cuts in federal and state funding and how the institution has become more privatized.

In this study of Southern University, it was apparent that a number of changes have occurred at the institution as a result of decreased public funding. Some of the change was created intentionally as a strategy to overcome the loss of funding and some was done inadvertently as a result. Specific changes that occurred at SU and surfaced during this study will be discussed through the emerging themes in data collection.

Themes

Based on the literature review in Chapter 2 and the data collected, this chapter emphasizes five themes that emerged in this study. Through case study, the perspectives of various administrators at Southern University are presented. The following chapter will include the findings and a discussion of the themes as they relate to the research questions. The five themes for this study are:

1. An Emphasis on Enrollment Growth
2. Brand Management
3. Generating Increased Revenue
4. Power at the Top
5. Creating Buy-In

An Emphasis on Enrollment Growth

The reflection of administrators at Southern University revealed that the strongest strategy in making up for cuts in public funding was increasing student enrollment. The perception of administrators was that student recruitment was a top priority at the institution and they felt a responsibility towards prospective students no matter their role on campus. A

particular focus on out-of-state students was revealed as part of the strategy for increased enrollment, showing a reliance of the institution on tuition dollars.

This section examines the various strategies and changes that occurred at SU in order to increase student enrollment, according to administrators. Administrators focused on various factors that contributed to significant growth at the institution. A major emphasis on increasing out-of-state student enrollment was revealed among the strongest strategies, alongside improving amenities and knowing the competition. The following subsections are categorized to explore the various components of enrollment growth including: implementing a new recruitment model, finding a niche, awarding scholarships, improving amenities, and capitalizing on athletic success.

A New Recruitment Model

This campus has been able to bare the impact [of state and federal funding cuts] very well for multiple reasons. One is enrollment growth...so we put together a very aggressive enrollment growth program. (Dr. Black, central administrator)

The push for more out-of-state students at various public institutions across the country is a result of fiscal necessity, an urge to diversify the student population, and a long-term survival strategy. Such was the case specifically at Southern University where non-resident students made up 51 percent of the 2013 freshman class. Administrators at Southern University frequently characterized the student body by this nonresident status. It was no secret that a push for more out-of-state students had been a major priority for the institution over the last 10 years. Many public institutions have approached admissions more like private institutions in recent years including SU. This has forced administrators to view prospective students as financial gain. As this shift occurred, admissions priorities shifted as institutions sought to recruit higher income families. A new recruitment model that emphasizes the enrollment of out-of-state students was

implemented at SU in order to compete for top students, bring in increased tuition dollars, and significantly increase student enrollment.

When administrators were asked to talk about the most significant changes to the institution, nearly each participant discussed the increase in out-of-state students. “The students have now become more out-of-state,” explained Laura Thomas, a staff member at SU. “We are seeing a much more diverse student population, I think, fueled largely by the fact that geographically they are coming from virtually the entire country,” said Dr. McKenzie. “The out-of-state focus was huge,” emphasized Dr. Adams. Even new administrators to the institution emphasized this as a characteristic of the student body. “Since I’ve gotten here, one of the things I’ve heard from numerous people is the influx of out-of-state students and how that’s really changed the student body here,” described Dr. Carey. Several administrators acknowledged they were recruiting students who have the money and who cannot get into their own state institutions. This acknowledgement prompts questions including the displacement of SU’s own state residents as it relates to access to their state institutions and the diversity among their student population due to a focus on students with a certain socioeconomic status.

When the current Chancellor of Southern University, John Chandler, took a job at the University in 2002, he set out to grow the institution in size and quality of students. In November 2003, Chandler initiated a plan to increase enrollment to 28,000 students by fall 2013. When he arrived at SU, the institution had never enrolled more than 20,000 students. The institution met this 10-year goal four years early in fall 2009 and by 2013 enrolled nearly 35,000 students.

Dollars and demographics drove the change for a new recruitment model. Dr. Adams, a central administrator at SU, described an acute awareness of the external environment as the primary driving factor:

When [Dr. Chandler] came, he recognized that we were at the point where we were going to have to cut programs. We knew that. Because of where state funding was and so forth. But he also recognized that in terms of our debt capacity, we were nowhere near where we could be and still be a very highly ranked financially...you know those AAA ratings, a financially secure institution and so forth. And so he wanted to leverage all of that. I think he looked at the numbers and the schools. He knew what was going on in other states with the graduation rates and the limits on schools there. And so I think he just saw a real opportunity to do something. Like a leader should be doing, he was well aware of the external environment. You know, sometimes those of us who are working inside have such blinders on, we're not able to see fully the external environment and what's going on and what the future is going to be like but he obviously had the forethought, the skill and the knowledge to make that prediction so he knew it was the only way to have an institution that would experience prosperity.

This awareness of the external environment played a major part in how the new recruitment model was implemented. The model shifted the entire operation of admissions at Southern University as the institution began to “aggressively recruit.” A staff member within undergraduate admissions at the institution described the shift as a change from “admissions to recruitment,” emphasizing a change from simply admitting students who applied to recruiting students and gaining more applicants. SU began putting significantly more resources and effort into recruiting students and saw significant results. “If you go back to fall of 2002, we had about 7,400 applications for the freshman class. And we enrolled I think it was 2,600. For this past fall, we had 31,000 [applications], we enrolled roughly 6,500 [freshman],” said Dr. Black.

The new recruitment model also emphasized a push to recruit more out-of-state students due to a plateau in the number of high school graduates within the state, according to several administrators. Tom Gott described that the growth rate was “very low” in the state and had been saturated forcing SU to go outside the state if they wanted to grow. That is when SU began looking to states with higher growth rates of high school graduates. The administration knew if they were going to meet such aggressive enrollment growth, they must go to states where high

school graduation rates were increasing more significantly, showing a clear institutional change based on the external environment.

The changes also included shifts in leadership. Former admissions staff disagreed with the new model and push for out-of-state students. Dr. Black explained the previous admissions director voiced this concern in a meeting describing that they wanted to stay focused on students within the state and “did not agree with an aggressive national recruitment effort.” Dr. Black indicated the conversation helped him realize there was a challenge with the leadership and changes in the administration must occur for SU to move forward with a new model. That model included more than 35 regional recruiters who would work outside of the state recruiting students and administrators who supported this model.

Staff members within admissions discovered a true need for a larger number of regional recruiters. Once the goals were set, the admissions team looked at the private institution recruitment model to implement a new strategy after Tom Gott gained insight into this model at a conference. Gott indicated only three institutions were using the regional recruitment model at the time—all private institutions including Wake Forest, Furman and Xavier. He brought the idea back to SU and showed it to the upper-administration who immediately asked him to “pull together a job description.” The shift happened quickly at SU and two initial regional recruiters began to transform how the institution approached prospective students. The recruiters were going to the students to sell the institution—a shift which aligns with student consumerism.

After the initial hires, SU added two additional full-time recruiters to live in two southeastern states and the new regional recruitment model exploded shortly after. Today, SU employs more than 35 full-time regional recruiters, who have steadily been hired over 10 years. These staff members live and work full-time in other states all over the country and spend their

time recruiting for SU. The states and cities where the recruiters were placed was intentional and expanded after the initial development of the regional recruiters began. A central administrator, Dr. Adams, explained the intention of the placement was on “states that were having limits on the people who could come into their institutions” and students who were “financially capable.” From that point, the administration set out to implement this same strategy throughout the United States.

In addition to approaching the regional recruitment model from a strategic formula of growth, the strategy in which SU hired and placed new regional recruiters was also managed from the top-down, often coming straight from the Chancellor or President. Gott explained that Dr. Chandler would react to alumni who mentioned SU needing a recruiter in a certain state, immediately telling the admissions staff to place a new recruiter. Gott said sometimes it would make better sense to place them in other areas and indicated a lack of strategy in some instances. These decisions eventually became more centralized and the upper administration hired a team that aligned well with the overall vision.

The President, Chancellor, Deans and many other central administrators were heavily involved in the recruitment of new students. Almost all administrators who participated in the study indicated some level of involvement with recruitment and admissions. Although some indicated they were not housed in admissions, they spent a large amount of time recruiting students and were aware that student recruitment was a point of emphasis for the administration. Dean Morrow said recruiting is where he spends a “majority” of his time. He has individual meetings with prospective students year-round and travels with admissions regularly. Dean Morrow felt as though student recruitment must be his priority in order to be seen as a strong,

successful administrator. Many of the administrators felt a weight of responsibility with recruitment and described this as a top value of their leaders.

On one hand, administrators saw the strategy as a smart move to recruit students whom they knew could afford the out-of-state tuition, but they also saw negative consequences to the strategy that recruits in specific zip codes or high schools and holds their recruitment events in certain venues within the cities. Dean Hice pointed out these issues in relation to recruiting a diverse student body saying “we’re never going to get diverse the way our strategy is.” He explained that because SU is only going to certain zip codes and holding events in specific venues, they are only recruiting a specific type of student. He worried the students will suffer due to a lack of diversity on campus.

Despite this worry, Dean Hice also described the financial and economic benefits of the new recruitment model to the institution, but showed concern for recruiting a diverse student body both from a socioeconomic point of view and a racially diverse perspective. Hice also emphasized a focus on recruiting students that SU knows can pay the tuition and with these students comes more money and different student issues.

In addition to increased out-of-state student recruitment and implementing regional recruiters, the new recruitment model at Southern University also focused attention to the competition of other institutions and aligned itself to be a strong competitor to the student market. Administrators defined these competitors in different ways. Dr. McKenzie recognized a “certain level of competition that’s now accruing from the for-profits” while others, like Dr. Adams, saw the competition as more of a threat in terms of people replicating SU’s enrollment strategy because they are “all competing for the same students.” Adams said they were fortunate because SU was “out there first” aggressively recruiting outside the state, but now other

institutions are catching on and “robbing each other of students.” He said the competition was significant, describing the competition to be so strong other institutions replicated SU’s strategy and even would “do things to make the others look bad.” These reflections of the competition between institutions align with the national trends. Competition among universities for students has increased dramatically in recent years and it was clear the administrators at SU were no different.

Being aware of the competition was another part of the enrollment strategy for SU. This awareness led administrators to implement certain institutional changes with facilities, programs and faculty that made Southern more competitive when recruiting students. Administrators described some of the shifts such as implementing an Honors College, enhancing research facilities, and offering better pay and more resources to faculty. Allen described each of these changes as part of the strategy to recruit more students. Allen described this below:

We go after out-of-state students who can afford to pay out-of-state tuition. We put together an Honors College because the best and brightest students who can enhance your academic reputation want that experience. You want professors to want to come here and do research so we have a beautiful new science and engineering complex so they can do state-of-the-art research. You increase professor’s salaries so that you have that there. You have residence halls that are what today’s students are looking for. We put in place those things that allow us to compete for students we know will be successful here and then go after them.

The competition for students not only drove enrollment decisions but it also drove facilities, faculty recruitment, and new programs at the institution. Each decision was weighed carefully in light of the pressure to recruit more students. Part of the strategy in competing for students also came from SU’s ability to capitalize on a certain niche within the market. Similar to a business, SU began to target a certain population of students. According to Black, the student Southern University wanted to recruit was one who wants the “quintessential, traditional, academic experience.”

Finding a Niche

Southern University administrators defined the type of student who they believed would be most attracted to their campus. They found their niche with a traditional campus atmosphere, a reputable athletic program and a large fraternity and sorority presence because, according to several of the administrators, this is what sells to the high school seniors SU wanted to recruit. Dr. Black described that the institution capitalized on these characteristics and explained that the institution was trying to “be the kind of place that when a high school senior closes his or her eyes and tries to imagine what college is going to be like, we’re it!” Although not every high school senior is looking for the same type of institution, several administrators mentioned a “beautiful campus,” “one of the best Greek communities in the country,” and a “wonderful intercollegiate athletics program” as points of pride that sell the institution. The administrators capitalized on this niche through their recruitment efforts.

Some administrators believed this niche is what enabled the institution to continue growth despite the financial burdens. Dana Allen said a reason SU continued to grow is because “we have a really strong sense of who we are and what we offer and who will do well here.” Allen said they use this niche and identity to create marketing and communication materials geared toward this specific student population. Allen described the institution as “very much a traditional, residential campus experience” and said they looked for specific students who want that experience. This market-oriented behavior was evident throughout the administrator’s reflections.

Like Allen, many administrators described the student population in this traditional, residential way. When asked to describe the student population, the most common characteristics

were “out-of-state” and “traditional.” In addition, many administrators talked about the presence of sororities and fraternities on campus and how these organizations played into the recruitment of students and the overall campus climate. Greek life was a common topic among the participants when they would describe outstanding characteristics of the institution. Dr. Anderson reflected that this group of stakeholders was very prominent at SU; saying the Greek system carries “a pretty big stick.” He explained this power is carried out with the students who join fraternities and sororities and with the Greek alumni who have power at “an unhealthy level,” according to Anderson. In addition, the institution is known for having a large number of “legacy” students who have parents and grandparents who attended SU. However, many of the administrators said this was changing. “When I first experienced [the student body] here, I saw it as being a little more [from the state], tradition, legacy-type students. And now they have become more out-of-state,” said Laura Thomas.

Finding their niche became a clear priority to the central administration when they began implementing the aggressive enrollment growth plan. Dana Allen and Dr. Woods (both central administrators) explained the importance of knowing the market in today’s environment. Dr. Woods spoke about having a clearly defined niche of students and going aggressively after them due to the highly competitive environment while Allen compared the institution’s marketing strategy to big corporations while crediting this behavior to their success in the recession:

We were in a position to weather [the recession] because we have a really good sense of who we are and who is going to be successful here. And that is the secret to big corporations. Really good ones know exactly who their customers are and how to reach them. And I think we do too.

Allen and Woods and other central administrators could clearly define SU’s niche. However, the Deans and staff members who participated in the study did not speak about a niche or define this in their reflections. It seemed the strategies and decisions being made regarding student

recruitment at the highest level of the institution were remaining there rather than throughout the organization.

The admissions materials and advertising of SU emphasized a traditional campus environment. A new freshman residency requirement implemented as part of the enrollment growth plan caters to traditional 18 to 24 year old students who go to school full time. With 82 percent of SU's students under the age of 25, they attracted a majority in this demographic. In addition, with increasing concern about student graduation rates across the nation, the students at SU are told they can graduate in four years and this is a major point of both pride and emphasis to prospective students and parents. Several administrators indicated that a focus on graduating students within four years impacts their rankings. Dr. Woods mentioned how this is attractive to parents wanting to limit the years they are paying student tuition. The university has implemented various programs and resources to assist students in graduating in four years including degree mapping, improved academic advising, and simply an overarching commitment by faculty and staff to do anything they can to assist a student with graduating in four years, according to Dr. Adams. This strategy is both one of recruitment and of reputation. Dr. Adams described that faculty and staff members are told not to speak with parents and other audiences about a graduation plan of five or six years but rather to emphasize a plan of four years.

Another piece of the "admissions niche" at Southern University became a highly personalized recruitment experience. With increased regional recruiters, SU saw an opportunity to make each student feel "wanted" at SU. While many administrators mentioned the personalized experience, Dr. Woods described the difference between SU and other institutions is that Southern makes it clear to the prospective students are "wanted." She explained how many students feel institutions emphasize the student should feel "fortunate to be there."

Tom Gott said the recruiters are told to take a very individualized and personalized approach to recruiting and to make the process as “simple as possible.” They acknowledged the approach at SU to be one where the student and their families are treated as consumers during this process, which many argue distances students from the educational process and aligns with the characteristics of privatization. When students become consumers, their relationship to the institution becomes more external and they believe they should receive certain things or be treated a certain way rather than viewing themselves as part of the process. While SU is likely creating instant gratification to their consumers during the recruitment phase, this organizational trait is hard to continue once the student is on campus and can create false expectations.

Awarding Scholarships

The leadership at Southern University knew that in order to compete for students, increase enrollment and improve the quality of students attending, they must revamp their process for awarding scholarships and put more funding sources into these awards. Many administrators made it clear Southern University did not want to simply increase enrollment, but they also wanted to enhance the quality of students who enrolled. Dr. Woods recognized how the scholarship process was hindering enrollment and quickly changed the process to assist with the recruitment process. Much like a business wants to make their product easily accessible, convenient and enjoyable, SU wanted to bring efficiency to their scholarship process, make quick promises to top students and remove the burden of an application for students who met certain qualifications. Dr. Woods described the importance of allowing recruiters to “make decisions on the spot so when they saw a top students, they were able to say ‘we want you to be a presidential scholar at Southern University.’”

With the new process, students who met certain qualifications did not need to apply and be reviewed by a committee. Admissions counselors could guarantee these students a scholarship based on their grades, test scores, etc. According to Dr. Woods, this not only gave clear guidance to students, but it also allowed recruiters to act more quickly with a top student recruit. The new process was implemented and prospective students knew exactly what they qualified for before they applied to Southern. Dr. Adams described the revamped process as a way to “guarantee certain things.” Because of this new guarantee, SU began to increase scholarship dollars and this funding became a new fundraising priority.

SU increased the non-athletic scholarship dollars from approximately \$11 million in 2002 to more than \$100 million in 2014. However, applications for admission to the freshman class were the most significant indicator of institutional change. In the last ten years, applications to SU increased by more than 300 percent. Because of the significant increase in applications, the institution became more selective in admitting students and the academic qualifications improved. In fall 2002, 85 percent of students who applied to SU were admitted. In Fall 2012, that percentage had dropped to 53 percent. In Fall 2012, the average ACT score was a 25.9. Just 10 years earlier, in Fall 2003, the average ACT score was 23.6. Southern University found a way to grow in both size and quality of students and the trend towards more scholarship dollars to recruit top students was part of the overall strategy to gain more tuition dollars. Dr. Black described that when a top student is recruited to SU on full scholarship, they will likely get more students from that same high school paying full tuition. Although they are not gaining the tuition of the student on a full scholarship, these top recruits have a strong return on investment according to administrators.

Dr. Black, Dr. Woods, and Dr. Adams all agreed the enrollment growth has allowed SU to become a more national university that attracted more qualified students than ever before. Dr. Woods explained that it was a “campus effort” to see such success. He compared the recruitment of top academic students to how the institution has always recruited top athletes and emphasized that SU is likely the only school in the nation who has been able to grow so significantly while improving the academic quality.

Improving Campus Amenities

In addition to scholarships, Southern University administrators recognized a shift in prospective student expectations concerning amenities and made adjustments to account for these shifts. Dr. Adams explained the enrollment success as a mix between luck and strategy, but the strategy was evident with a greater focus on the “customer.” He indicated that, in his 24 years working at SU, he experienced a shift to becoming much more customer oriented because parents and students come wanting to know “what can you offer me?” Adams went on to explain how this is a symptom of a more academically qualified student who has the option to “shop around” at different schools. As SU recruited more academically qualified students, administrators said the students’ expectations changed. Administrators throughout the organization and within the study referenced they felt students pay most attention to the on-campus living facilities when assessing campus amenities.

Early in the enrollment growth planning, SU had 800 beds which had been built since 1970. According to administrators, it became evident that those rooms “did not appeal to students.” They found prospective students were choosing an institution based on their perception of the residence halls. With SU’s new freshman residency requirement and the

campus experience SU wanted to sell to students, they began building—knowing this would only assist in attracting more students. Dr. Woods explained an aggressive building plan for new residence halls was established. From 2004 to 2014, 5,000 beds in new spaces were built. She described this as “quite a feat” that “contributed to our ability to attract students.” Woods said the new residence halls “certainly contributed to [the enrollment] success.”

Staff members also noticed a focus on increased amenities in order to attract students and pointed out a greater focus on the student as consumer. Laura Thomas, Dr. Cooper and Dr. McKenzie described the emphasis of putting money into the more “attractive things” such as a new recreation center and new residence halls that would attract students while explaining faculty and staff members seemed to lack some resources not as visible to a student when they tour campus. The emphasis was on improving the campus tour stops and the places students envisioned themselves spending the most time rather than on academic priorities and classroom space that helps fulfill the educational mission. The emphasis on more non-academic amenities and facilities was clear from each administrator.

When Dr. Black began in his role, one of the first places he visited was a residence hall in order to get a full understanding of student life. He knew the residence halls would attract more students and bring in more revenue:

I said, I want to see one of your oldest [residence halls], they said they would make arrangements for [me] to see [Gordon] Hall (one of the older all male halls). So I arrive and the RA was there, he said we have a room to show you right here on the second floor. I said, ‘I want to go to the third floor.’ And I went up and it was a train wreck. I went into a restroom and there was insulation hanging...it was horrible. And so we immediately did as quick as we could a paint fix up. Then we decided we’re going to build new residence halls that will be a competitive advantage for us and the quality is going to be so good that we will go head to head with the finest places in town. They are quality residences for students and they generate revenue for the University.

Several staff members agreed the student expectations related to living spaces and amenities continued to grow each year and that the University responded to those expectations. They also acknowledged how with increased numbers of out-of-state students paying increased tuition dollars “ups the ante” of what students expected from the University. Administrators paid close attention to where dollars were spent at SU and connected these decisions with institutional values. Adam Wright gave an example related to fraternity and sorority houses saying the brand new million-dollar Greek houses were “clearly a huge lure for a lot of these students.” Wright reflected on the symbolic nature of the buildings, which he described as “looming over the president’s residence” and “taking the prime land owned by the institution,” saying this sends a clear message about what is most important at SU. The message he referred to is one that emphasizes non-academic programs over academic programs. Administrators at SU believe fraternities and sororities help them recruit more students and bring in private donations so the decision to give these groups prime land and resources was another decision based on the bottom line.

Capitalizing on Athletics

The final piece of the enrollment growth puzzle at Southern University involved the institution’s ability to capitalize on the success of intercollegiate athletics. The institution boasts one of the strongest and most successful athletics programs in the country. According to administrators, the successful athletics program assisted with the recruitment of students from two standpoints: exposure within the national media and an attraction of students looking to become loyal fans to an athletic program steeped in tradition. Their student market, according to Dr. Carey, was attracted to the athletic success. He drew a connection between a successful

athletic program and the ability to easily recruit certain students. The type of student Dr. Carey referred to is one that values success in sports and thinks of this as an integral piece of the college experience. Dr. McKenzie related the traditional student Southern University is recruiting to the value placed on athletic success. He claimed students value success in sports and said winning in athletics sets a formula for recruitment success, “students make choices based on being a winner, and football has been our driver on that,” said McKenzie.

Although administrators acknowledged how athletic success assists with student recruitment, Dr. Carey and others pointed out that SU administrators do not always like to admit it because they want to be better known for their academic programs. Dr. Adams had a similar view and said having a top athletics program “as much as people don’t want to admit it or hate it...is always going to attract students’ attention [and] bring money in.” As administrators talked about athletics as a major selling point for students, they quickly followed up by explaining that sports was not what they want their institutional reputation to be about. They use athletic media coverage to tell the greater story of the institution through commercials to recruit more students, but have to put effort into building a strong academic perception because of how closely the brand is associated with sports. Dr. Carey explained the positive and negative impact of athletic success and exposure at SU and said it helps with recognition and visibility because “everybody’s looking at your institution.” He described that SU uses commercials during their televised sporting events to tell the story of other parts of the institution and recognized the general public likely thinks more about athletics than academics when they reflect on SU.

Several administrators pointed out how they have to be conscious of the brand related to athletic success. It was clear the institution emphasized academic quality of students as they increased enrollment. Between increased academic merit scholarships, and the level of

awareness by administrators to focus more on academics in order to combat the perception of being a “football school,” they were striving to create a new image and brand. Administrators spoke consistently about the brand and how this became a strong focus at Southern University.

Summary

Every administrator credited enrollment growth as a driving factor to the success of Southern University in the economic downturn. The most common strategies associated with this enrollment growth were implementing a new recruitment model focused on out-of-state students, narrowing the niche student market to the traditional-aged student who wanted a residential college experience, putting more financial resources into academic scholarships while simplifying the scholarship process, improving campus amenities such as student housing and recreational centers, and capitalizing on the institution’s athletic success. Administrators indicated that significant enrollment growth has allowed SU to remain financially stable due to increased tuition dollars and each strategy has been largely successful.

Brand Management

Part of Southern University’s strategy to survive state and federal budget cuts also included a focus on marketing the institution to various stakeholders and creating a strong brand. Administrators revealed market-oriented behaviors that align with the characteristics of becoming more privatized. This section describes a renewed emphasis on defining the institutional brand and how this became an institutional value. The following subsections assist in describing this characteristic of privatization: Defining the Brand, Protecting the Brand, and Valuing the Brand.

Defining the Brand

Administrators at SU consistently emphasized that significant time and resources helped create a clear brand for Southern University in recent years. Dana Allen, a central administrator, described this change by saying SU had changed into a “PR and marketing organization.” She described the shift away from putting out news about various campus happenings and research notes to a constant sense of managing the brand and protecting the reputation just like private corporations and businesses. SU developed a University Relations department housing staff in media relations, marketing, photography, graphic design, web management and other components. In addition, various departments and colleges had their own team of people constantly monitoring communication channels. A central administrator working within this department explained the institution is “spending way, way, way, way more time protecting the brand.” As the time and resources spent on developing a brand increase, this equates to less time and resources spent on student education.

The brand most administrators associated with Southern University is a major research university with a small campus feel and personal touch. This is what the institution strives to be in the minds of all stakeholders and administrators achieved this with a more corporate approach to creating and maintaining this brand. This approach was met with some resistance, according to Allen, a central administrator:

Now a lot of people don't understand that it's as valuable to us as it is a corporation so the steps that we are taking are very similar to what we did in the corporate world to protect our brand, our logos, our marks. But I don't think the rest of the world has caught up with the fact that universities have to do that. So we catch a lot of flack when we do that, but we have to.

This corporate approach aligns with the literature associated with privatization and was a consistent theme of the study. Those administrators and staff members who worked most closely with creating the brand, consistently compared the approach to that of a corporation. Chad Brown, who came to SU from a business background, described the importance by saying “brand and reputation is really all you’ve got.” Administrators at Southern University tied a good brand directly to revenue. Allen stated, “Your brand helps you generate resources.”

For many staff members, the emphasis on brand creation and management stemmed directly from top administrators. Dr. McKenzie, a staff member, used brand management as a characteristic to describe the administration, saying the leadership is “very conscientious of the brand” and “very dialed into preserving, protecting and enhancing the name.” Again, these examples show a clear emphasis on non-academic goals and outcomes by administrators. Dr. McKenzie and other staff members linked the administration’s approach to creating a brand back to the recruitment of students explaining they “recruit students to fit the brand.” Some resistance stemmed from this concept. Dr. McKenzie feared that when you find students to fit your brand, “you lose the richness of what the University can evolve to be.” But student recruitment was not the only hopeful outcome associated with creating a brand. Administrators acknowledged a strong brand helps generate financial resources from alumni and helps connect with alumni. They connected brand to anything from publications, photos, word marks, and commercials to events, the campus, and even changing the face of the student body to create a brand. A staff member, Dr. Carey, described these shifts as positive and negative, but acknowledged Southern was “very much changing the type of student that comes [here].”

Jessie Foster, another staff member, brought up concerns regarding the “student brand” defined at SU. She explained the focus was on a middle to upper-class student and a football

image. She went on to describe that faculty were concerned they only use “pretty white people in pictures.” She did not agree entirely but said it really bothers some of her colleagues. Gott voiced a similar concept related to the image portrayed when recruiting students. He described how the venue chosen to host recruitment receptions is intentional and geared toward students from a specific socioeconomic background. When asked if he feels these venues are attracting a certain type of student, Gott acknowledged that his team had discussions about this, especially in regard to “country clubs that have restrictive memberships.” He also described an economic reality that an out-of-state student coming from a low-income family is not going to find SU attractive and said this is why they do not actively recruit this population.

Despite the concerns regarding what the brand is, it was clear Southern University was putting increased effort into creating the brand in recent years and have been successful in doing so. Allen said she spends “a lot of time thinking about the brand and how [they] manage that.” While not every administrator agreed with the brand and identity of SU, almost all administrators agreed that the institution has done well creating a brand that is more recognized than in previous years. Dr. McKenzie credited the success by saying SU was a “business case study” for how to create an identity and brand and then bring people into it. He feared the sustainability of using brand to recruit students, but said it has worked and what has allowed SU to prosper financially. Southern University administrators used the corporate strategy of brand creation and identity to gain increased clientele (students). Dr. Anderson, who had only been at SU for three years, compared the focus on brand to his former institution saying both places talked about brand, but said he did not think it “plays out day-to-day, in life, like it does here.” From an administrative point of view, the brand was part of their day-to-day job—not only in creating the brand but also protecting it.

Protecting the Brand

Protecting Southern University's brand became a top priority for upper-level administrators at the institution. Deans, staff and central administrators alike described the significant time and effort spent in this area and the high level at which it is handled, shifting their focus from former student and academic issues to issues more commonly tackled in a corporate or business environment. Dean Hice described that the upper administration wished to be kept in the loop with anything related to campus image saying, "anything that would be PR, they want to know." He said it is sometimes difficult to know what administrators would consider public relations so he tends to share too much. He described the brand and image as being "very much controlled" and said the institution tends to approach negative publicity with minimal information saying, "The approach here is don't respond. The more you respond, the more it's a story." This decision-making and control at higher levels of the organization is often a symptom of a more privatized institution.

Many staff members saw the tightly controlled brand and image as a roadblock to their work. Jessie Foster explained how she could not make a flyer without getting the logo approved and figuring out who could assist her had been a problem. Dr. Anderson also mentioned brand as something very tightly controlled at Southern University using an example of campus image: "How we might landscape the front of a [Greek] house can certainly rise up to a VP or President level." When asked why he thought those decisions are being made at a higher level, Anderson replied, "[It] is back to brand and image. Just a feeling [that] it's got to be controlled."

Foster described the approach as "very corporate." This corporate approach aligns with how the administrators who are closer to the brand decisions described their own work. Allen, a

central administrator, said the institution, just like companies, must protect the brand and described various licensing policies they have implemented to keep certain people or products from using SU's images. Allen said the brand and image became more centralized and tightly controlled in the last few years, aligning to how the staff members felt. Individual colleges within the institution no longer operated as their own organization as the institution moved toward a more consistent look. She explained why they protect the brand by saying "you can't let people mess with it because then you lose it." Allen went on to explain that the institution was not trying to be difficult but explained how the brand can damage the reputation so quickly they must constantly monitor it. Dr. Julia Ward, a central administrator, described it by saying "we vigorously defend our trademarks and everything." It was clear at all levels of the administration that more time was spent, more policies were implemented and more control was enforced from the top and a clear connection between these changes and finances was described.

Negative publicity was not the only reason the institution spent significant amounts of time protecting the brand. Because SU realized the brand could generate revenue, they also put a concerted effort into telling the story of SU to prospective donors. Allen compared their prospective donors to the market in the business world and said "You've got to think about how to reach out to people differently." She acknowledged that how the institution was reaching alumni needed to change and they needed to figure it out quickly because "the ability to make it easy for them to contribute and donate is going to become crucial."

Valuing the Brand

Not only did administrators protect the brand of Southern University, they also grew to significantly value the brand and talked about the brand consistently. When staff members who work within various divisions outside of central administration were asked to describe the

administration, several described the administrators as focused on the brand and image and perceived this as a top value of the administration. Some staff members pointed out brand conscientiousness as a main characteristic of the central administration. Dr. Anderson mentioned image and brand when asked to describe the administration saying it is a regular topic of conversation among the central administration. Laura Thomas, who serves as a mid-level staff member, described her experience in observing what the administration value saying the appearance of the campus in order to attract students is evident “everywhere as a value.”

Central administrators spoke about brand consistently throughout interviews. Chad Brown summarized how administrators felt about the progress of creating, protecting and valuing the brand, saying the “brand recognition now is as high as it has ever been.” He mentioned the effect of athletics in creating the brand, but said they are doing a much better job telling the academic story too. Many administrators referenced the power of storytelling and how this was used to recruit students, generate private dollars and had become a valuable tool used by upper administrators. Dr. Black told a story of how SU helped a student and how the story was told dozens of times explaining that every time it’s told, “it’s probably retold and retold and retold.” He said the value of this is “more than all of the manuals and brochures in the world” because it tells a parent what Southern is all about.

Beyond the stories capturing the institutional perception to prospective students and donors, some administrators described brand and image as a strong institutional value because the correlation with national rankings and the attention on these rankings by the public. Dr. Cook explained the battle SU fights with the athletic reputation and how SU wanted to overcome this because of how reputation plays into rankings. He said because SU was known mostly for sports, the institution put significant resources and time into building a brand around academics because

that reputation affects their rankings. Dean Page also discussed the rankings and how enrollment reputation plays into the calculations. Increased applications and a lower acceptance rate boosts rankings, but [Southern] has an unfair disadvantage with reputation. “It’s basically hearsay,” said Page. Dean Page went on to explain the problem is not only because of sports but because of the southern stereotypes and the institution’s history with race issues that cause stereotype bias. He feared that people in the northern states associated SU with a negative stereotype and would therefore rank the institution lower in reputation. “So there is, I think, a stereotype bias, especially in the north, against places like this.”

Summary

Brand management became a focus at Southern University with more time and resources going into defining and protecting the brand. Southern transitioned into a PR and marketing organization, approaching its brand from a corporate model and using it to gain publicity, improve rankings, and recruit more students.

Generating Increased Revenue

I feel much more pressure on a day-to-day basis to really increase revenue that comes into the University because you only have so many revenue streams. You have fees from the students, the auxiliary services, you’ve got the state support, and then you’ve got grants and private gift fundraising. (Dr. Cooper, Central Administrator)

“Don’t ever forget we are a private institution.” This statement is repeated in the President’s executive meetings almost monthly, according to Chad Brown. Although the chief financial officer knows SU is a public institution, she reminds her colleagues they are responsible for raising the money Southern needs to operate. The administrators in those meetings do not take it lightly. They know the state appropriation “won’t keep the lights on.”

Like many of his fellow colleagues, Dr. Adams explained most administrators at SU were constantly looking for ways to generate revenue. “It’s in the back of my mind and I’m always looking for ways that we can be a little more self-supported,” he said. Despite major economic setbacks, SU was able to thrive and prosper. They maintained raises to faculty and staff members, built new facilities, and hired more faculty members throughout the economic downturn. Some administrators attributed this to the forethought by administrators who understood the economy and were putting a plan in place before the downturn occurred. Dr. Ward described how administrators sat down with the state economist in 2006 and were told of an expected downturn in 2008 or 2009. “Now they didn’t predict it to be as bad as it was, but we [met with the economist] as part of the planning and tried to stay ahead of the game,” said Ward. From that meeting and with much thought, Ward described that a plan was developed with major cuts in state appropriations in mind. From there, SU put a focus on building enrollment to be ready in 2008 when the crisis hit. She described the cuts saying because SU managed to grow and was thinking ahead, “we were prepared and it was a huge hit,” said Ward. The institution had reserves they were able to use to level off the cuts in state appropriations.

The state appropriation significantly decreased at SU from 2008 to 2014. In fiscal year 2014, SU received \$143 million in state appropriations compared to \$199 million in 2008. As a state, the public funding decreased 28 percent from 2008 to 2014, putting them in the top five states for higher education funding cuts. In 2014, the institution’s operating budget was more than \$811 million, with 18 percent of revenue coming from the state and 43 percent coming from tuition and fees, which put the institution much more in line with how private institutions operate. This is why administrators joked that they are “state located rather than state funded.”

SU had slowly become more tuition reliant. The breakdown in the sources of revenue can be found in Table 2.

Table 2

Southern University Sources of Revenue 2014

<u>Source of Revenue</u>	<u>Percentage of Total Revenue</u>
State Appropriations	18%
Tuition and Fees	43%
Private Gifts	6%
Auxiliary Services	15%
Grants and Contracts	13%
Sales and Services	1%
Other	4%

Dr. Ward described that sales and services included the sale of educational activities such as community-based partnerships and the revenue in the category of “other” is various funds that were very small portions of the revenue. Almost every administrator was familiar with the major cuts in state appropriations and talked about how this changed SU, with particular focus on enrollment growth. The following subsections outline the various ways SU generated revenue in light of these cuts: Increased Tuition, Becoming Entrepreneurs, Private Gift Fundraising, and Grants and Contracts.

Increased Tuition

“We’re obviously more tuition dependent now,” explained Dr. Ward. “Enrollment growth...has helped us remain financially strong,” described Dr. Black. “We’ve increased tuition,” stated Dr. Lawrence. “I think our administration made the decision that if we can’t rely on state funding then we have to look outside the box. One of the natural ways to do that is through tuition dollars,” claimed Amelia Franks.

Each administrator agreed that SU has remained financially strong due to increased enrollment and increased tuition and most administrators did not hesitate to acknowledge SU was very much reliant on these tuition dollars to operate. Those administrators closest to the financial decisions agreed the strongest strategy for making up the state funding loss was growth in enrollment and increased tuition. The approach to this increased tuition by the administration and board of trustees was “smaller increases regularly rather than large increases periodically,” according to Dr. Lawrence.

Southern University increased tuition significantly from 2008 to 2014. In 2007-2008, residents paid \$5,700 in tuition compared to \$9,286 in 2014-2015 (a 72% increase). Non-residents paid \$16,510 in 2007-2008, compared to \$24,950 in 2014-2015 (a 51% increase). Increased rates and increased students (particularly out-of-state) meant a major source of increased revenue and the entire administration credits the institution’s success in the economic downturn to the business model that was set in place by the chancellor. Laura Thomas, a mid-level administrator, explained the success despite budget cuts, and praised the chancellor for this success saying his “business perspective of how to run an institution” is what helped generate the funding needed to make up for the state cuts. Dr. Ward said despite the institution’s strategic approach of modest tuition increases each year, the board of trustees felt “the heat from colleagues and constituents.” She described an expectation that universities “get by” with as little of an increase as possible but said sometimes expenses are out of their control such as retirement plans and healthcare. Dr. Ward explained how these mandated fees for public universities have increased over the years costing the institution more. She explained they keep this in mind when making financial decisions, but knew SU could easily price itself out of the market if they were not careful. Several staff members brought up concerns about staying affordable to students

seeking higher education and acknowledged that tuition had significantly increased in the last six years but overall, thought the plan SU had implemented was “very smart.” Franks explained the administration was very good at securing the institution financially:

When the country is in an economic downturn, we’re a state school that can’t depend on the majority of our funding coming from the state anymore, we’ve got to be creative. We’ve got to think outside the box. And I think the current and previous administration is really good at doing that. And that benefits the University from the top down.

Although tuition increased, administrators were very conscious of the increases and felt personal responsibility to keep these minimal. Dr. Woods explained she thinks about this regularly. “On a daily basis, I feel the pressure to be efficient with our use of resources to ensure we are doing everything we can to tighten our belts so that our need to raise tuition is as low as it possibly can be.”

The generation of revenue at Southern University was widespread. Beyond increased enrollment and increased tuition, administrators described significant time and effort and strategic moves to bring in increased dollars in other areas including a new residency requirement, auxiliary services, and departmental revenue. Administrators at SU became entrepreneurial.

Becoming Entrepreneurial

One of the things that I think we need to do going forward is to be entrepreneurial and to look at new and different ways of bringing in revenue streams into the University. (Dr. Woods, Central Administrator)

Entrepreneurial behavior was mentioned by several administrators throughout the study. They agreed the institution had become more entrepreneurial in recent years and felt the pressure to bring in their own operating expenses in many circumstances. The administration implemented various plans to bring in more revenue from students including a freshman residency

requirement that forced all new freshman to live on campus their first year. Dr. Adams described the requirement as both an enrollment strategy and a campus-wide funding strategy because the revenue from housing fees “allowed us to grow the housing on campus and generate a lot of other opportunities as well.” He went on to explain the revenue generated from housing fees did not only fund the residential experience but also contributed to the overall operating budget at the institution.

Another institutional source of revenue was realized through the bookstore, athletics, and parking services. Administrators seemed to agree this was not their most ideal form of revenue because it was money directly from the students. Dean Hice attributed the institution’s financial success to out-of-state tuition, increased dining fees, and traffic tickets—all of which come directly from student pockets. He claimed the students they are recruiting “don’t care about the money” and gave an example of how parking tickets do not seem to affect the students.

It was cited in the campus newspaper that parking services brought in between \$1.5 million and \$2 million in citations during the 2012-2013 school year and \$7 million in total revenue. With this and other sources of revenue, Hice went on to explain how the institution was functioning much more like a business than in previous years and stated his disagreement with the operation. He described that even facets of the university that do not generate revenue began to act more like a private company, including their facilities and grounds department which several administrators referenced as a barrier to their daily work. In reference to the grounds policies, Hice believed there was nothing different between a private company and SU’s grounds department because it is so difficult to get approval and buy-in for campus programs and events. The administrators at SU reflected on this shift from operating as a single unit to functioning alongside various different departments with different goals.

Dr. Ward shed more light on the dining fees and how these contribute to the institutional operating budget. She indicated SU gets 9.5 percent of the profit from dining services, the bookstore, and athletics—enough to account for 15 percent of the total budget. In addition, Ward explained these services contribute back to the institution through indirect returns “to the tune of about \$2 million a year” just from the bookstore.

In addition to the institutional sources of revenue, administrators consistently explained how individual departments found creative ways to generate their own revenue. For example, areas such as parent services, student media, career services, and even student conduct largely generated their own operating expenses. Student conduct charged students for alcohol workshops to cover more than \$100,000 in expenses a year. They worked to secure a strong partnership with the local municipal court judge who assigns students to attend the workshop. In addition, the student newspaper sells advertisements generating up to \$1 million per year. These funds covered other expenses of publications otherwise not possible without this revenue. Other examples were found in parent services where orientation and event fees charged to parents made up the entire budget and salaries and also in career services where employees spent significant amounts of time obtaining sponsorships in order to maintain their operation. Administrators noted SU also has a unique alumni association model, where the association receives partial funding for salaries from the institution, but generates all revenue and contributes a portion back to the general university budget. The time spent by staff in generating revenue was clear and some administrators, including Dr. Carey, demonstrated some concern over this. Carey described it by saying “the more time they’re spending on finding external funding, the less time they are spending on probably their day-to-day core duties.” He made a clear link

between time spent generating revenue versus serving the student directly and said the pressure to bring in dollars is taking his staff away from students.

Administrators acknowledged the pressure to generate their own revenue but some hesitated to call themselves entrepreneurs because they want to be known as educators. Dr. McKenzie remarked, “we have had to become, and I use the word carefully, entrepreneurial.” Others fully embraced it including Adam Wright who said a large part of his job was being an entrepreneur: “Well when you figure we literally generate all of our own operating expenses...every penny of them...you’ve got to be pretty entrepreneurial.” McKenzie also described his department had become more cognizant of maintaining and sustaining themselves and that cutting or reducing services was never an option so he encouraged his student to think about creative ways to raise revenue so their populations did not have to suffer.

Beyond charging for services and gaining sponsorships for programs internally, many departments at SU utilized the summer months to generate revenue by renting out facilities, running summer camps and conferences, and gaining sponsorship externally. The housing department relied heavily on camps and conferences to generate operating expenses. However, Samantha Lake commented that a percentage of this revenue goes back to the institution, so they must account for this in their plans. Career services staff started looking at how they could generate revenue from advertisements in their career guide and campus life programming sent students out to get sponsorships for late night events. It was clear that administrators at Southern University were feeling pressure to generate funds and were spending time and resources in this arena. Despite a major increase in tuition dollars, staff and administrators were still required to bring in sources of revenue. The entrepreneurial spirit among administrators was evident.

Private Gift Fundraising

Another major portion of the institutional operating budget stemmed from private dollars of donors. Administrators emphasized that private fundraising was an area the institution needed to improve and bring in more revenue. Central administrators consistently noted private dollars as a source of revenue Southern University wished to increase most substantially in the future. Unlike increasing tuition and generating revenue from entrepreneurial behaviors, fundraising had not seen such strategic and concerted efforts at SU. This source seemed to be the next phase of the plan. Dr. Cooper agreed that private fundraising needed to improve and that they “really have to ratchet [it] up.”

Similarly to the growth plan and the tuition increases, administrators at SU believed they must look to the economic environment before putting a plan in place for fundraising. Dr. Cooper, a central administrator, said they are competing with other institutions for the same private dollars—just like they compete for students. She also mentioned the economic environment affects their alums so they took this into consideration as well. Cooper referenced how the market dropped in 2008 and said people were scared to pledge gifts to the institution, which hurt Southern University and the future of SU. Despite the drop, the University remained focused on fundraising with a priority towards scholarships in order to recruit more students with stronger academic profiles. Administrators in financial affairs described private fundraising as a key piece of revenue, but not hugely significant. However, they stated these dollars were important to the institution.

Dollars generated took several forms including small annual gifts, major endowed gifts and revenue from specific services such as alumni association memberships, credit cards and car

license plate tags. Car tags alone brought in nearly \$1 million each year, according to Bolling, and those funds were used to help increase scholarship awards.

Although many administrators said fundraising was a priority at the institution, this area had not seen the staff resources and focus like admissions and other areas. Because of this, the leadership within institutional advancement feared they could not compete with similar institutions. One administrator described that similar institutions had approximately 65 full-time fundraisers, while Southern University had only 13. Staff members within advancement services feared that if SU did not get up to speed with their benchmark institutions on staffing and resources, they would not be able to keep up and serve donors in the most successful ways. Although they had not seen the growth in advancement staff yet, administrators remained hopeful that as the institution continues on the growth plan, the next phase will include more staff resources for services, advancement and grants.

Outside of advancement, central administrators and deans explained they spend much more time trying to bring in private gifts to the institution. Dean Page explained he spends significant time and resources traveling and hosting potential donors with the hope of getting an endowed professorship or scholarship within his area. He said he spends every football weekend with donors, invites them into his home, travels a lot during the summer and does everything he can to set his area up for future success.

Grants and Contracts

The final main source of revenue to Southern University came from research grants and contracts. This revenue source is similar to private gift fundraising in the sense of being “up and coming.” Administrators saw potential in this area as they looked toward the future and hoped to

see this become a great point of emphasis at the institution in future years. Several administrators said SU hired new leadership in these areas and saw grants and contracts on the upswing. Dr. Adams explained there has been a much greater emphasis on grants and contracts with research in recent years.

Although there is great emphasis in this area, some administrators said the area of grants and contracts was a point of weakness in the institution's credit ratings and not an ideal source of revenue. They said there has been an attempt to improve the research enterprise, but were not hopeful about this source of revenue because SU was not investing enough to be successful. Because the campus does not include a medical school, administrators explained SU was not eligible for many significant grants and contracts. Dean Page explained the weakness of the grant productivity in relation to the U.S. News and World Report rankings:

The U.S. Worlds News Report rankings are reducible to three or four pieces. One is a student-selectivity standard, another is what they call a reputation scale where they actually send out surveys and ask people to rank the reputation of the different programs and faculty. Another is research productivity measure and another is a grant research productivity measure. So we're pretty strong on the research productivity measure. We're very weak on the grant productivity measure. I mean it's tricky because we're not an urban university. We're a rural university. It's harder to get grants when you're out here than if you're sitting in the middle of New York, or L.A. or Chicago. So it's just tougher that way.

Although Dean Page said this was a weak area, he said it is a priority for him because it improves the life of the college explaining that grants bring in indirect costs monies to the college that could advance other agendas and provide support for graduate students. "We could have a lot more graduate students being supported here if we did better with grants," said Page. He explained with more graduate students doing research, it improves the college's profile and visibility.

Dr. Woods acknowledged her preference that grants and contracts become a priority going forward, particularly in the area of science and engineering. She described that with new facilities, the recruitment of top engineering students and a partnership with a STEM pathway to MBA, “everything is in place for our contract and grant activity to take off.” However, the institution decreased the percentage of tenure-track faculty in recent years, which can impact grants and contracts, according to Dr. Cook. Although administrators acknowledged the opportunity to bring in more dollars from contracts and grants, some decisions were not aligning to make this a priority and no administrators described how faculty members felt about grants and contracts. Although administrators were hoping for increased activity, it seemed to only be of focus centrally.

Summary

Southern University has increased revenue in various areas over the last few years. With increased students and increased tuition, this accounts for the largest revenue stream into the institution. In addition, administrators have become more entrepreneurial—generating their own revenue for programs and services. As the institution looks toward the future, administrators described that they needed improvement in private gift fundraising and research grants and contracts. They saw value in these sources of revenue and indicated that more time and thought was going into these areas than previous years.

Power at the Top

I mean, they’re powerful. I would say that the administration holds a ton of power going from the Board of Trustees through [the president]. (Laura Thomas, Staff Member)

As institutions move toward a privatized model, this often means a shift in power as decisions become more centralized. Southern University saw a shift according to some staff and administrators while other more central administrators disagree. This section will portray accounts from both perspectives.

Those administrators that acknowledged a shift in power at SU tied most of the decisions back to finances. “Financial decisions are made at a very high level whereas other decisions have been made at lower levels,” said Dr. Carey. When asked if there were any shifts in decision-making at SU, Dr. Adams replied “big time.” He did not hesitate to acknowledge a major change that took power from some of his staff members and put it in the hands of more top-level executives. “I think the biggest way [decision making has shifted] is in the funding and the way revenue coming into the institution is treated,” said Adams. He went on to explain some high-level positions exist at the institution that are not normally part of a university structure so decisions can be made and funding is held at a higher level. He said the Chancellor likely made things more centralized in order to have greater control over the income. Dr. Adams saw the logic associated with more centralized funding decisions but said this shift led to different decisions. He referenced the decision by construction administration to move from traditional style residence halls to suite-style halls:

We who are closer to what we do have a better grasp of where the resources need to go. And those of us who are committed to student development may make decisions a little differently. And I think you see that in things such as the design in housing. No Student Affairs person would have designed housing that way. Ever. But I understand why we did it. You know, and it helped market the university and so forth but are we going to be worse off because of it?

Dr. Adams referenced the consequences associated with moving decisions to a higher level within the organization. Dr. Anderson had a similar perspective, particularly related to building and capital projects. “I think it’s interesting that there are certain decisions that are highly

centralized. Big-ticket item kind of decision making for one—new programs, capital projects...highly centralized.” Anderson referenced fraternity and sorority housing projects as items that are commonly discussed and decided at the president-level, but on paper remains a low-level decision. Anderson explained that this type of scenario happens more and more and was a trend at SU. He linked this back to brand and image and said he thought this type of decision was made at such high levels because there is “just a feeling it’s got to be controlled.” Dr. Carey also believed that financial decisions were made at the top in order to control more and more of the institution. “It seems the ultimate decisions about how much money is given to the units is made at a higher level. Which means that maybe they don’t need to be involved in other day-to-day decisions because they’ve already given out the money and that kind of restricts the decisions that are able to be made.”

Dr. Ward spoke about the power of the board of trustees and the shift she has seen in decision-making. She acknowledged the time she spends preparing reports and information for the board so they can make well-informed decisions. She considers preparation for board decisions to be “a large part of [her] job.”

Although several administrators acknowledged a shift in power, others did not see a change at Southern University in this regard. Dr. Woods did not acknowledge exactly where the power was, but said “I think that the way we’re doing things with regards to funding is the way we’ve always done things with regard to funding.” There was a clear discrepancy in administrator experiences related to this shift. Even those that did not acknowledge a shift when asked, referenced a shift in other parts of the interview. For example, one central administrator who said no shifts had occurred in decision making later went on to describe that admissions had been moved to report directly to the president because “it’s too important.”

Other administrators felt decisions and power remained in lower levels of the institution despite a move toward privatization. Dr. McKenzie, Laura Thomas, Samantha Lake and Emily Perkins all acknowledged they had great freedom in running their own departments. The main difference was that where decisions and power remained in lower levels of the institution, there were no financial decisions. Each of these administrators referenced the day-to-day operation and programmatic decisions rather than funding or resources.

Summary

As the institution moved toward a more privatized model, financial decisions at Southern University shifted to higher levels of the organization with clear direction and control in these areas. While this shift occurred, lower-level administrators were still empowered to make day-to-day decisions for departments and programs. Some administrators found unnecessary involvement from top-level administrators and acknowledged more time spent preparing information for the board and top administrators to allow informed decisions to be made.

Creating Buy-In

I think a big part of it is that people have truly bought into it. It's not, 'oh my god here he comes again, let's pretend we're interested.' They really are. (Dr. Black, Central Administrator)

Southern University did not stop with outlining a vision toward their future among top administrators. As they sought to become the university of choice for students of high academic quality, they knew a truly successful institution in the economic downturn would use all stakeholders to align their university for success. In order to do so, Dr. Black acknowledged the need to make the vision simple and something people could remember and keep it consistent.

After setting the vision, administrators set out to create buy-in among the campus community and external constituents including alumni and parents. Together, these groups helped Southern University succeed.

Alumni and Parent Buy-In

Southern University used stories and points of pride to create buy-in. Parents and alumni were sent on the road to help recruit students, secure gifts, and give personal testimony to the brand and image SU created. This approach was intentional—administrators at SU knew their stakeholders were a key piece to their vision. Programs were developed to help facilitate these connections. This included a recruitment program for prospective students designed to allow alumni to recommend prospective students who would be given a special tour where the alumni association “rolls out the red carpet,” according to Chad Bolling. Administrators spent significant time traveling the state and the country speaking to alumni groups telling them they had a role in the vision. They shared marketing materials with each group and asked them for help. “Our alumni feel that they are part of the process,” said Black.

In addition to alumni, much more time and resources were put into parent services and into creating an experience that would “wow” student families and prompt them to tell stories about these moments when they returned to their homes across the nation. In the last five years, SU implemented a brand new student move-in experience and this process was no longer dreaded by new families. Each year, the president received dozens of emails from happy parents who acknowledged the experience as “over the top.” What had been characterized as hot days, long lines and chaos had become a highlighted experience by parents and families at the institution, according to several staff members and central administrators. Administrators

described this was all part of the process to create buy-in and get people talking about the institution. In addition to these external stakeholders, SU put tremendous resources and thought into creating campus buy-in as well.

Campus Buy-In

The faculty and staff at Southern University described a significant affinity towards the institution because they realized the benefits of being at an institution that prospered in a major economic crisis. After the crisis hit in 2008, faculty and staff members received merit raises each year after. This was acknowledged by almost every administrator—they realized the fortunate personal circumstances they are in because of SU's success. Because they felt valued and fortunate, they worked hard to assist in the success. It was common for administrators to refer to themselves as recruiters even if recruiting was not part of their formal position and this came from the top. The chancellor and president both acknowledged significant time spent at recruiting receptions and with individual prospective students. This leadership example was carried throughout the institution by deans, staff and even hourly employees according to Dr.

Black:

I was preparing to talk to a prospective student and her father. For some reason, they parked behind the library and there were standing out there with a map trying to find [my office]. A man on a lawnmower stopped the lawnmower, got off, and helped them find where they were going. We've tried to help everybody who works here, regardless of title. We're all recruiters and we can all make a difference in the quality of a student's experience while they're here, no matter your rank, no matter your title.

Dr. Cooper explained how buy-in has created a sense of care and work ethic at the institution that has allowed the institution to continue providing services with little growth in staff. She explained that many people are wearing two hats and working with all they have to

keep SU thriving because they care significantly. However she was not sure this should or could be sustained.

Summary

Overall, administrators at SU love their roles and find it a privilege to work at the institution. They overwhelmingly acknowledged the success of the institution and consistently attributed this to enrollment growth and the vision of their Chancellor. There was an acute awareness of the role external stakeholders played in the success and the personal benefits working at SU provides to its employees.

Conclusion

This chapter introduced administrator reflections through five different themes related to the privatization of public higher education: enrollment growth, brand management, generating revenue, power at the top, and creating buy-in. Administrators attributed the success of Southern University to the ability to increase enrollment. This was carried out through a new recruitment model, a revamped scholarship process, the ability to become more competitive, increased amenities, and by capitalizing on athletics. In addition, the institution focused on defining and improving the brand while putting great value towards this tool in order to market the University. Administrators at SU agreed they are generating more revenue than ever before through increased tuition as well as through programs and services, private gifts, and grants and contracts. They believed more attention is needed and will be a focus in coming years on private gifts and grants and contracts.

As administrators reflected on the privatization characteristic involving a shift in decision-making to higher levels of the institution, there was some discrepancy here. Some administrators acknowledged a shift, while others did not. Overall, a shift in financial decision-making was apparent. Finally, it was acknowledged that campus buy-in was used to leverage support for the institution from alumni, parents and faculty and staff. Each of these groups supported the vision of the institution and worked hard to uphold it further supporting the success and changes SU has made in an effort to overcome state and federal budget cuts. The following chapter will analyze the data presented with an interpretation of the results, generalizations, limitations and implications for the study.

CHAPTER 5

IMPLICATIONS, RECOMMENDATIONS, AND CONCLUSIONS

This study was designed to investigate the strategies Southern University used to cope with major cuts in public funding and the experiences of higher education administrators related to privatization. Southern University is a four-year public institution located in the southeastern United States. The institution experienced a 28 percent decrease in state funding from 2008 to 2014. During this time, the institution did not experience cuts in faculty, staff, or programs. Instead, administrators made up for cuts in public funding through a variety of strategies characterized by the privatization of higher education. This dissertation determined how privatization was present at the institution and how the participants experienced this shift in their administrative roles.

The data analysis for this qualitative case study included individual interviews with 24 administrators at Southern University including central administrators who report directly to the president or above, deans, and staff members who report to the vice presidents and below. Secondary data included data analysis used to inform the interview questions. Specifically, this case study examined the strategies used to make up for decreases in public funding, how these strategies align with privatization, and what this shift means for administrators in higher education. As a result of the study, both researchers and practitioners will better understand the implications of the privatization of public universities and their administrators.

Five themes emerged from the data reflecting administrators' thoughts and perceptions of the changes at Southern University:

1. An Emphasis on Enrollment Growth
2. Brand Management
3. Generating Increased Revenue
4. Power at the Top
5. Creating Buy-In

In addition to the data analysis provided in Chapter 4, this chapter examines the findings derived from the three research questions, discusses the implications of the research, and concludes with recommendations and suggestions for future research.

Research Questions

This qualitative case study was conducted to investigate the following research questions:

1. What strategies have administrators used to make up for decreased public funding?
2. How do these strategies align with privatization?
3. What does this shift toward privatization mean for administrators?

Discussion of Findings

The privatization of higher education is becoming a national trend. As state and federal higher education funding continues to decrease, public institutions are being forced to implement privatization practices and Southern University was part of this shift. Despite the research on these economic shifts happening throughout the United States, a gap exists in the implications of privatization on higher education administrator roles. This study used change theory and

privatization research as a conceptual framework to gather qualitative descriptive accounts of the strategies used to make up for decreased funding, determine how these strategies align with the privatization literature, and explore what these changes mean for higher education administrators who are implementing the changes. The following characteristics of privatization are referenced throughout the study and used to make these conclusions:

The Characteristics of Privatization (Lyall & Sell, 2006)

- Orientation to Student as Consumer
- Seeking Alternative Sources of Revenue
- Competition Between Institutions
- Adoption of Management Practices
- Increased “top-down” Management or Centralized Decision-making

Using these characteristics and the presented literature, the findings will be presented by each research question.

Research Question 1

What strategies were used to cope with cuts in state and federal funding?

A variety of strategies were discussed by research participants in relation to how Southern University was able to thrive in the economic downturn, when public funding significantly decreased to the institution. From a broad organizational perspective, institutional administrators were very aware of the external environment and had planned ahead for financial burdens. This awareness and an acknowledgement that they must work with external forces and shifts helped Southern University succeed despite major cuts in funding. For example, working with economists to know an economic downturn was coming, implementing an enrollment

growth plan to bring in more tuition dollars, and pushing recruitment within the states where administrators expected an increase in high school graduates allowed SU to experience unprecedented growth between 2008 and 2013. Administrators at Southern did not operate within a silo to overcome the cuts and implement a change. Instead, they developed their strategy and implemented changes to align directly with the external change forces. Specific strategies used to cope with cuts in public funding and most commonly reported by participants included increased enrollment, branding the institution, and a greater entrepreneurial focus.

All participants in the study acknowledged increased student enrollment at Southern University as a contributing factor to the financial success of the institution. Most participants connected the increased enrollment to increased tuition dollars. Specifically, as participants explained a greater emphasis on recruitment and enrollment, they highlighted a major change in the ratio of out-of-state students versus in-state residents and acknowledged this shift meant more revenue to the institution.

Admissions and enrollment efforts at SU were evident in each area of the institution. Central administrators, Deans, and staff members identified ways they contributed to the recruitment efforts and acknowledged this as a priority of the institution. In fact, several participants working outside of admissions indicated they spent large quantities of their time recruiting new students. Administrators reported that increased student enrollment affected the financial success of the institution despite the increased investment in these efforts and they connected this to SU's ability to expand services, improve facilities, and avoid cuts in the operating budget.

In addition to increased enrollment, participants explained the effects of developing a stronger institutional brand and how this strategy helped SU become more competitive and

recognizable. Administrators connected branding efforts back to recruitment but also acknowledged a link to private support from individuals and corporations who believe in the brand and invest in the brand. Many believed these efforts helped acquire additional funding from private donations therefore benefiting the bottom line as public funding decreased.

Administrators also commonly acknowledged increased pressure to generate revenue through entrepreneurial activities including program fees, sponsorships, sales, and other activities. Staff members indicated they spent increased time planning how to generate revenue and explained that their budgets were commonly funded from income generated within their department rather than funded by the broader institution. Although administrators did not indicate program or departmental budget cuts, they acknowledged a need for increased operating budgets due to the growth in enrollment and increased expectations. These increased operating budgets most commonly came from entrepreneurial activities at the departmental level.

Research Question 2

How do these funding strategies align with privatization?

The characteristics of privatization used throughout this study and referenced at the beginning of the chapter were evaluated at Southern University and responses from the participants suggested a pattern of privatization characteristics present at the institution. The changes and strategies implemented to overcome the loss of public funding related directly to the characteristics of privatization. The pattern of changes and behavior at Southern University can be characterized as entrepreneurial and oriented toward a business model and to the marketplace.

The orientation to student as consumer was not an intentional strategy at SU but rather an inadvertent result of the strategy to recruit more students to SU. As the institutional leaders

became focused on recruitment and reliant on tuition dollars, they made changes to “sell” the institution to prospective students and made changes their “consumer market” was attentive to while selection an institution. Such changes included increased amenities, improved student housing, simplified application and scholarship processes, upscale recruitment events, and a focus on student life initiatives such as athletics and fraternity and sorority life. Each of these changes aligns with the literature on student consumerism and participants described these changes as a strategy to sell the institution to potential students. Each characteristic of privatization will be described in relation to how it was present at Southern University.

Seeking alternative revenue sources was the most prominent characteristic of privatization at Southern University. It was widely reported that administrators felt the pressure to generate revenue through a variety of outlets including private donations, grants/contracts, program sponsorships, and entrepreneurial activities. They were doing so successfully. Several administrators indicated they or their staff members spent significant time outside of their educational job description recruiting students, gaining sponsorships or strategizing ways to generate funding. This type of activity seemed to have become an expectation for administrators at SU. Administrators acknowledged that operating dollars supplied by the institution had not increased in some departments but that the departments were still serving more students or offering more programs. This was possible because of the entrepreneurial behavior and alternative revenue sources coming in as a result of administrators making a shift in their priorities. Many considered revenue generation a priority of their position.

Competition between institutions was also present at Southern University. Administrators acknowledged a need to become and remain competitive with other institutions in various capacities including scholarship packages, on-campus housing, and academic success.

Participants also acknowledged increased competition from other schools—mostly in their strategy to recruit more students. This was also present in discussions about ranking and how SU compares to other schools in these publications.

The adoption of management practices was acknowledged by administrators in the study. Lyall and Sell (2006) most commonly report these practices as outsourcing of various services such as dining or textbooks. Southern University used outsourcing to generate revenue through their dining contract. The institution made a percentage profit from the company supplying their dining services to students. Other management and market-oriented practices found at Southern University included branding and brand management and a focus on efficiency, which administrators described as a recent focus and priority.

The final characteristic of privatization studied was increased top-down management or centralized decision-making. This concept was perceived differently across participants. Several administrators confidently acknowledged a shift in decision-making and power to become more centralized while others did not acknowledge a shift. Based on where decisions were made, SU had slightly centralized decisions, most commonly regarding finances and construction. In recent years, SU moved some finances to central financial affairs that formerly existed in lower departments, hired construction administrators that reported directly to the vice president for financial affairs, and moved enrollment management to report directly to the president. The most senior administrators at the institution did not describe a shift and did not explain these changes as a strategic intentional change.

This top-down approach was evident in the way SU had been operating. The most central administrators at SU seemed to have been making the change decisions while the rest of the members in the organization carried them out. There was a sense that the changes were

happening to the administrators and they must adopt the values and live the values in their positions. This was seen in the reflections of administrators who indicated they were told to move in a certain direction (i.e. hiring regional recruiters in certain areas) and in the change of the leadership within admissions. There was a sense that administrators must get on board with the changes taking place or they must move on. Although some administrators did not indicate a change in decision making, it was seen in the organization and tension was felt by some participants.

At Southern University, several changes were made both intentionally and inadvertently to align with a more privatized organization. These were most commonly the result of a need to implement strategies to increase revenue as the institution coped with losses in state and federal funding. The operating budget continued to increase at the institution while public funding decreased. SU learned to operate as a private enterprise and no longer relied heavily on state support. Several administrators described their budget as “tuition reliant.” However, as SU became more privatized, administrators referenced issues commonly associated with privatization including affordability for students, quality of programs and education, and an increased demand for entrepreneurial activities.

Increased reliance on student tuition dollars and decreased public funding resulted in two major changes at SU: increased tuition and a focus on recruiting out-of-state students. These strategies together brought in the revenue to make up for cuts in public funding. However, they were not implemented without consequences. Increased tuition makes public institutions less affordable for students and may keep low-income students from entering college. This issue of access and affordability is prominent in higher education and as public institutions become more privatized, the issue is likely to grow. Although SU increased scholarship dollars, these

scholarship dollars were based on merit. Average students who met the requirements had little to no financial support from the institution and had to make up for increased tuition and fees independently. As tuition increases, the unequal college participation by minority students described in the literature review will only get worse as students continue to pay for a greater portion of their tuition.

Admission priorities also shifted at SU and this will likely continue as institutions are forced to increase selectivity and direct strategies toward well-off, tuition-paying students in order to make up for budget cuts. Students from higher-income families or better prepared students who can improve the institution's rankings with their academic profile will likely take the place of students who would have otherwise been admitted under different economic conditions. And as out-of-state tuition dollars become more and more crucial to the bottom line, the in-state students who meet the requirements but perhaps fall below their out-of-state counterparts are less likely to be admitted.

The strategies SU implemented to overcome state and federal budget cuts aligned directly with the characteristics of privatization. As institutions move toward a more privatized model, some organizational behaviors may not align directly with the mission. However, accumulating additional financial resources allow institutions to survive the budget cuts. These practices outside of the core mission can have positive effects on the core mission as long as administrators stay focused and consistent in their practices. Leaders must be careful to make decisions that generate increased revenue in order to fund the resources and activities that fulfill their mission.

Research Question 3

What does the shift toward privatization mean for administrators?

Southern University implemented a variety of strategies to cope with losses in state and federal funding and these strategies aligned directly with the privatization of public higher education. Administrators gave various viewpoints and perceptions of these changes and the impact of these changes on their roles. The privatization of Southern University meant different things to different administrators but, most commonly, administrators reported an increased pressure to generate revenue and increased time recruiting students as the main changes related to their specific role and duties.

Some administrators described an opposition to these shifts, acknowledging a conflict between their role as an educator and their role as a recruiter or entrepreneur. Other administrators described the strategies and changes without any hesitation or conflict to their role at the institution. It was evident these administrators viewed themselves as entrepreneurs and recruiters perhaps just as much as they were educators. They believed in the importance of contributing in these various ways.

Regardless of the participant's viewpoint on what privatization meant in their role, every administrator clearly articulated, without hesitation, their certainty of SU's success in the economic downturn. Every administrator related the financial success of SU to the increased enrollment and believed this occurred as a result of implementing changes that tied directly to recruitment efforts. The most senior leadership at the institution was credited continuously for having a clear vision and an awareness of the external environment. While the participants described that these changes meant shifting priorities for them, they also explained the benefits of the changes including institutional benefits such as building enhancements, increased

facilities, and the recruitment of more faculty. Participants also described personal benefits including salary increases and personal pride in their institution for overcoming economic challenges. For administrators at SU, the changes and shifts to become more privatized sometimes meant a compromise in where they spent their time or a shift in thinking about priorities. Several noted some consequences associated with becoming more privatized and these subgroups of participants showed some themes among these consequences. Most commonly, the central administrators described the benefits, deans described the consequences, and staff members explained the compromises they had to make in their positions. For example, administrators were mostly financially-focused and described all of the financial gains they had experienced as a result of the privatization strategies including increased amenities, the recruitment of more academically attractive students, and improved rankings. Deans and administrators who were more focused on academics referenced consequences such as increased time spent recruiting and fundraising resulting in less time spent educating or increased reliance on contract and adjunct faculty which may harm the quality of higher education. Staff members commonly referenced the compromises they had to make as a result of privatization such as changing programs in the residence halls that were built to attract students rather than functionally encourage student development or focusing more on gaining program sponsorships rather than interacting with students.

Even noting the consequences and compromises, participants realized the changes also meant institutional and personal gain. No matter the opposition, each participant described that as SU became more privatized, the benefits outweighed the detriments. Many administrators told the same success stories and the central administrators described the importance of story telling to remind administrators of the success. There was buy-in to the changes and a feeling of success

at SU. Among administrators, there was a sense of buy-in to the privatization of Southern University even though it meant a shift in duties, and some real consequences.

Implications for Practice

Southern University successfully weathered significant cuts in public funding within a specified number of years providing an appropriate opportunity for descriptive case study. The institution experienced a 28 percent decrease in state funding from 2008 to 2013 yet did not cut programs, faculty, or staff. Instead, the institution continued building facilities, increased faculty/staff, and increased their operating budget. They accomplished this by becoming more privatized.

Based on the experiences shared by administrators at SU, many of the strategies could be replicated at similar institutions experiencing cuts in state funding. However, institutional climate, history, culture, location, resources and name recognition all contributed to the success of these strategies. Southern experienced what some administrators called “the perfect storm” for implementing such aggressive recruitment growth. They had the infrastructure in land to build new buildings, classrooms that were not being utilized to full capacity, financial reserves to invest in initial recruitment events and positions, name recognition from a successful athletic program, and new leadership that was acutely aware of the external environment. The institution was experiencing Burton Clark’s (1971) “state of readiness.”

As other institutions look to implement similar strategies, they must work to align themselves with some of these traits and they must assess their strongest opportunities and use those to build a comprehensive plan. They must work to enter a similar state of readiness. SU’s

strategies should not become a set recipe for success at other institutions but rather a guide for assessing opportunities, capitalizing on strengths, and aggressively pursuing goals.

In addition, the understanding of what these privatization changes mean for administrators allow institutions to think carefully about the consequences of privatization and make informed decisions about administrator roles during a time of change. The following implications for practice were derived to cope with losses in public funding and successfully implement change with an awareness of the consequences and what these changes mean for administrators.

First, administrators should observe and research the external factors associated with the issue to be solved or strategy to be implemented. As the organizational change literature suggests, external change forces are critical but leaders must go beyond understanding what is forcing the organization to change. Higher education administrators must learn to implement a strategy that considers these external forces and use their knowledge of the external environment to predict future changes in order to be prepared. Higher education cannot operate in a silo. At SU, the central administrators were defining and translating the external environment for the lower-level administrators. They were not only dictating purpose and goals but also the actions to align with these goals. As organizations evaluate the external environment, they should consider the decision-making model and leadership structure. As the literature suggests, gaining input from across the organization can assist in preventing unwanted inadvertent effects and can also assist in creating buy-in within the organization.

Second, as administrators at public institutions are forced to implement practices more commonly found in business or private organizations in order to continue operating, they should do so carefully and with an understanding of the consequences. Southern University administrators acknowledged several consequences to becoming more privatized. The most

common consequences described were: a shift in institutional values and priorities as a result of increased entrepreneurialism, changing student expectations as a result of student consumerism, changing faculty demographics as a result of increased adjunct or part-time instructors, and amenities that are focused on student satisfaction rather than student development.

With such significant financial cuts, institutions can no longer rely on public funding and therefore must implement their own strategy for revenue generation. However, in doing so, administrators should be aware and actively working to balance educational benefits with economic benefits. Although they are acting outside of their core mission, they should ensure these actions are upholding their core mission. Administrators should be careful not to shift roles so much that they become focused more on the business of higher education than the educational benefits of higher education. In addition, leaders must provide increased financial assistance to recruit diverse students and students from low-income families by balancing merit-based scholarships with need-based scholarships. This is needed in order for higher education to remain diverse and accessible.

Third, higher education leaders need to consider and actively work to predict the inadvertent effects of changes they make at institutions as they become more privatized. Shifts in decision making or significant enrollment growth are likely to have unplanned effects. Changes that align with privatization will undoubtedly have inadvertent effects and leaders must work to negate these effects or implement strategies that allow the institution to change without sacrificing educational priorities or mission. By researching other institutions and predicting long-term effects, leaders will make more informed decisions and will likely be able to better predict the inadvertent effects of their decisions.

Limitations of the Study

The participation in this study was limited to a select group of current administrators at Southern University or in the Southern University System who responded and agreed favorably to participate. These administrators were chosen based on their position and perceived knowledge of the economic and educational decisions made at Southern University. As such, the findings of this study may not be generalized to all administrators at Southern University or in higher education.

This study was also limited in that faculty perceptions are unknown. This study focused on central administrators, deans and staff members and it is likely that faculty have a different perception. Finally, the administrators were asked to share personal information and experiences, which may limit the results to the extent that the participants were honest and thorough in their responses.

Recommendations for Future Research

The implications of practice and the results of this study support the notion that continued research and analysis into the finances of higher education, privatization of higher education and change in higher education is needed. There were various elements that made Southern University successful despite major cuts in funding. First and foremost was the strategy to increase enrollment and generate more tuition dollars followed by a greater focus on entrepreneurial behavior and private donations. In addition, the strategies implemented at SU in order to make up for these financial cuts mirrored the characteristics of privatization, further supporting the idea that public institutions must carefully act more as private organizations in

order to successfully thrive in today's economic environment. Finally, administrators acknowledged what these shifts mean for them in their roles as leaders in higher education, describing a shift in priorities, time away from their roles as educators, better facilities and increased salaries.

Based on the findings of this study, there are four areas recommended for further research. First, additional research on the meaning of privatization for faculty is needed. The results of this study indicated administrator buy-in and most commonly referenced the positive outcomes of privatization. The three academic deans involved in this study referenced possible opposition to some of these practices by their faculty. Research about the impact on these institutional members would enhance the research on these topics.

Second, the differences in perception of where decision-making is occurring within the organization should be investigated further. More clear differences between the subgroups of administrators (central administrators, deans, and staff members) is needed in order to further understand the differences in perception and why this occurred.

A third area of suggested research is to compare the strategies used to cope with cuts in funding at Southern University to other public institutions that have successfully survived major cuts in public funding to discover differences in success strategies and the factors that contributed to each strategy. This would help determine how strategies are adopted in different institutional cultures.

Finally, the role of institutional leaders, whether successful or unsuccessful, is a recommendation for further study. Because many participants acknowledged specific leaders' contributions to the success, further research about the leadership characteristics would further

enhance the knowledge about implementing change that aligns with the characteristics of privatization and is an important topic to explore.

Conclusion

The purpose of this qualitative case study was to understand the strategies Southern University used to cope with major cuts in public funding and the experiences of higher education administrators related to privatization. Although this study represented a small sample size at a single institution, it supports privatization strategies used to cope with funding cuts at public institutions.

Although Southern University experienced a 28 percent decrease in public funding, the institution continued to enhance facilities, hire faculty and staff, increase their overall operating budget, and thrive in the economic downturn. Additionally, administrators at SU experienced the shifts of privatization in their roles and indicated shifting priorities and increased pressure to generate revenue within their departments. Despite these shifts and consequences, administrators commonly referenced the institutional and personal benefits experienced as a result of the privatization of Southern University while acknowledging minimal detriments. Regardless of these detriments, every administrator articulated, without hesitation, their certainty of SU's success in the economic downturn. They seem to understand the need to become more entrepreneurial in order to fulfill their educational priorities.

This study provides both researchers and practitioners with a better understanding of the successful privatization strategies used to cope with losses in public funding and what these strategies mean for administrators. Specifically, this study supports the idea that higher education institutions must constantly be changing with their environment and must adapt appropriately in

order to remain successful. In today's economic environment higher education administrators must act outside of their core mission in order to fulfill their core mission.

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APPENDIX A

GENERAL ADMINISTRATOR INTERVIEW PROTOCOL

- Can you describe your career at UA in terms of the positions you've held?
- During your time at UA, what institutional changes stand out most?
- As an administrator and leader, how have you experienced the economic crises in higher education?
- Specifically at UA, how has this institution handled the economic crises?
- In your opinion, what is UA's strongest strategy for making up for a loss in public funding?
- In your role, what has changed since the cuts in state funding?
- How does your area assist in overcoming the cuts in funding? How do you obtain funds?
- What alternative sources of revenue are most common at UA?
- How do you feel about the changes UA has made in order to adapt with the cuts in state and public funding?
- How would you describe market-oriented behavior in higher education? At UA?
- What are some of the positive effects of the changes at UA? What are some of the negative?
- In your opinion, how was the enrollment growth impacted the institution?
- One characteristic of privatization is a shift in decision-making to a higher level. Have you seen a shift at UA?
- Do you anticipate any major shifts happening in the future at UA?

APPENDIX B

CENTRAL ADMINISTRATOR INTERVIEW PROTOCOL

- During your time at UA, how have cuts in state and federal funding affected campus?
- What do these cuts mean for administrators who are making tough decisions?
- During your time at UA, what institutional changes stand out most?
- As an administrator and leader, how have you experienced the economic crises in higher education?
- Specifically at UA, how has this institution handled the economic crises?
- In your opinion, what is UA's strongest strategy for making up for a loss in public funding?
- How was the enrollment growth strategy implemented? What are some of the positive effects? What are some of the negative?
- What alternative sources of revenue are most common at UA?
- A lot of people have spoken about an emphasis on the brand at UA and marketing this appropriately. Can you talk about the strategy behind this?
- How would you describe the market-oriented behavior in higher education? At UA?
- How do alumni and external stakeholders fit into the overall success strategy?
- One characteristic of privatization is a shift in decision-making to a higher level. Have you seen a shift at UA?
- Do you anticipate any major shifts happening in the future at UA?

APPENDIX C
IRB APPROVAL

Office for Research
Institutional Review Board for the
Protection of Human Subjects

THE UNIVERSITY OF
ALABAMA
RESEARCH

April 11, 2014

Sara Hartley
Interdisciplinary Studies
The University of Alabama
Box 870301

Re: IRB # 14-OR-125, "Privatization of Higher Education"

Dear Ms. Hartley:

The University of Alabama Institutional Review Board has granted approval for your proposed research.

Your application has been given expedited approval according to 45 CFR part 46. You have also been granted the requested waiver of written documentation of informed consent. Approval has been given under expedited review category 7 as outlined below:


(7) Research on individual or group characteristics or behavior (including but not limited to, research on perception, cognition, motivation, identity, language, communication, cultural beliefs or practices, and social behavior) or research employing survey, interview, oral history, focus group, program evaluation, human factors evaluation, or quality assurance methodologies.

Your application will expire on April 10, 2015. If your research will continue beyond this date, please complete the relevant portions of the IRB Renewal Application. If you wish to modify the application, please complete the Modification of an Approved Protocol form. Changes in this study cannot be initiated without IRB approval, except when necessary to eliminate apparent immediate hazards to participants. When the study closes, please complete the Request for Study Closure form.

Should you need to submit any further correspondence regarding this proposal, please include the above application number.

Good luck with your research.

Sincerely,


Carpaneto T. Myles, MSN, CFM, CIP
Director & Research Compliance Officer
Office for Research Compliance
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