A word about where we are heading. It is necessary, and in fact easy, to identify the growing list of change forces in the environment that are challenging universities with ferocious intensity. This chapter lays out these dynamic factors. This critical analysis turns out to be simultaneously the strength of university thinking and its Achilles heel. A core theme of this book is that critical analysis does not tell you enough about critical solutions. Put another way, knowing the challenges intimately says very little about strategic action. We first set out the challenges and then return at the end of the chapter to the matter of why we find this level of analysis seriously limiting for turning around universities.

The literature on higher education over the past decade is replete with statements like the following. For example, from a U.S. perspective:

. . . higher education is operating in a new environment, perhaps for the first time since the immediate post-World War II era. The ground is shifting. Colleges and universities are confronting new types of students—younger and more technology-driven, as well as older and more career-driven. They are confronting unprecedented com-
petition, aggressive accountability demands and a view of operating in a global context. And they are doing all of this with less direct funding. . . . The greatest challenges facing higher education today (are): student engagement; institutional accountability; revenue generation; (and) globalization. . . . All of the education leaders we interviewed understand the importance of more market-oriented, student-centered and businesslike management and accountability strategies, while preserving their academic mission, focus and values. [Segall & Freedman, 2007, pp. 1-2]

And from a European perspective, Brenda Gourley, vice chancellor of the Open University, observes:

I believe, and I am not alone, that we are witnessing a seismic shift in higher education. . . . embracing the unprecedented opportunities offered by the global technology-fuelled society and embracing collaboration are the major strategies for survival in this new world. . . . (However, we) have to ask ourselves some tough questions about the production of some of our teaching materials, not only because our model is an expensive one but also because it is relatively slow in a world growing so accustomed to the swift satisfaction of consumer needs. . . . Otherwise, while we are all talking about diploma supplements and Erasmus programs and whether or not we believe in quality assurance, China and India are going to come and take our lunch. [Gourley, 2007]

Below we identify five broad change forces and six specific to higher education. These underpin the observations made above.
Broad Higher Education Related

Global stresses Opening of access
New world players Changes in funding and pressure
to generate new sources of revenue
Exit of Baby Boomers Export market and new growing competition
IT revolution User pay and changing patterns of participation
Fractious divisions Changing expectations of students and growing diversity
Maintaining standards

Broader Change Forces

Some of the developments that have unfolded over recent decades are not specific to universities but nevertheless have profound implications for them.

Global Stresses

The impact of global warming and the emergence of environmental (and social) sustainability have emerged as key political national and international research and learning themes for the new century. Thomas Homer-Dixon (2006) calls these trends “tectonic stresses” that include population stress, energy stress, environmental stress (land, water, forests, fisheries), climate stress, and economic stress (the ever-widening income gap between the rich and poor).

The global financial crisis in late 2008 is an example of how significant such tectonic stresses can be for higher education. As a result of the rapid drop in the value of stock markets at that time, the endowments of U.S. higher education institutions (said to be upwards of $400 billion) were hard hit, with falls in their value
reported to be 20% or higher. With this came pressures to cut state budgets for higher education, to increase tuition fees and reduce aid, to freeze recruitment or lay off staff, and a slowdown in some college building programs. There were also reports that the solvency of some smaller colleges was threatened. This added to the challenges faced by the new Obama presidency, which had boosting access to colleges as one plank of its platform (*Chronicle of Higher Education*, 2008; Lewin, 2008).

There is also the rapid emergence of the new, “connected” global economy, including the emergence of large multinational corporations that operate beyond state jurisdiction resulting in a rapid growth in cross-border transactions. “One of the major transforming factors, enabled by advances in communications and information technology, is that of globalization through the mobility of ideas, capital, and people. In this new context, we are witnessing new formations of globally networked companies and cities and new roles for research universities” (Group of Eight, 2007, p. 14).

Prior to globalization, the United States dominated the world economy. In recent years, however, the U.S. share of global gross domestic product (GDP) is reported to be shrinking. For example, the *New York Times* (Gross, 2007) reported: “According to Goldman Sachs, the United States’ share of global gross domestic product fell to 27.7% in 2006 from 31% in 2000. In the same period, the share of Brazil, Russia, India and China—the rapidly growing emerging markets referred to as the BRICs—rose to 11% from 7.8%. China alone accounts for 5.4%.” The U.S. Department of Agriculture figures vary slightly but are in the same direction (U.S. Department of Agriculture, 2007).

**The Emergence of New World Players**

While U.S. higher education has long been admired internationally, its continued preeminence is no longer something we can take for granted. The rest of the world is catching up and by some mea-
sures the U.S. has already been overtaken. It has slipped to 12th in higher education attainment (Segall & Freedman, 2007, p. 9). Prominent examples of the new world players economically as well as educationally are India and China. These are countries that see investment in higher education as a key element in their strategic development and have experienced a startling increase in higher education participation rates over the past five years. They are also dramatically improving the quality of their education: “The European Commissioner for Education, Jan Figel, told The Times Newspaper (May 2007) that he expects Chinese and Indian universities to overtake UK, French and German universities in international rankings within a decade unless they work hard to improve quality and access” (Campus Review, May 29, 2007, p. 7).

There are also significant developments in Europe—in particular the creation of the European Higher Education Area through the implementation of the Bologna Process: ”The Bologna Declaration of June 1999 has put in motion a series of reforms needed to make European Higher Education more compatible and comparable, more competitive and more attractive for Europeans and for students and scholars from other continents” (http://www.ond.vlaanderen.be/hogeronderwijs/bologna/). The Bologna reforms involve 46 European countries (http://www.ond.vlaanderen.be/hogeronderwijs/bologna/pcao/index.htm), and the process includes harmonization of degrees into a three-cycle system, the establishment of a European Qualifications Framework for lifelong learning (EQF), a range of quality assurance measures (ENQA), greater transparency in qualifications (EUROPASS), setting up a European Credit Transfer System (ECTS), and the production of a common diploma supplement system. The exact nature and extent of the impact that the initiative will have on higher education systems around the world will become clear over the next decade. However, many countries outside of Europe are already looking in detail at how best to respond.
Exit of the Baby Boomers

The imminent retirement of the Baby Boomer generation will have a dramatic impact on the staff and leadership of our universities over the coming decade. As Graham Hugo, an Australian Research Council Federation fellow and professor of demography has noted, universities will lose between one-fifth and one-third of academic staff members by 2015 (Hugo, 2005, p. 20). In some universities, it is predicted that up to half of their leadership and a significant proportion of line staff may retire in the next five years. Recruitment is going to be excessively difficult as this will occur simultaneously across all developed countries, and the 1970s strategy of filling the gap through recruitment of academics from overseas will not work.

Baby Boomer retirement, combined with other change forces, will have an impact on the education policy priorities for the new Obama administration in the U.S. As Arthur Levine observed:

The Obama higher education platform focused on five critical issues: access, affordability, research, economic development, and international competitiveness. . .

A number of pressures will now require the new president to rethink this array of important proposals because he won’t have the resources to carry out this agenda. First, discretionary dollars will be eaten up by the $800 billion bailout, additional federal funding for economic relief, the continuing cost of the Iraq war, and declines in tax revenues. Second, support for education has diminished as a priority for the American people. . . Third, . . .the sheer size of the Baby Boom generation ensures that every politician running for any office, from dogcatcher to president of the United States, quickly develops a platform that emphasizes Boomers’ interests. As a result, elder care, health insurance and Social Security have become the new priority—and will likely continue to overshadow education in the years ahead, since
the first Boomers reached retirement age this year. [Levine, 2008]

The IT Revolution

How to handle the relentless development of communication and information technologies, their rapid influx into our daily lives, the exponential growth in computing power, and the rapid growth in Internet speeds are posing major challenges for universities and colleges. The IT revolution is creating new expectations and opportunities for how students want to and can learn. It questions whether higher education should remain campus-based or become more "distributed," especially given the increased difficulty of travel to large cities and the potential for people to work productively for at least part of their week at home. Already, traditional universities are no longer viewed as the sole, or even key, repository of leading-edge knowledge or necessarily as being the best place to access it. The University of Phoenix (http://www.phoenix.edu/) is the premier example of thriving online and distance learning. With a reported enrollment of 350,000 students, 200 campuses, and over 100 degree programs at the bachelor, master’s, and doctoral levels, it is the largest private university in North America.

However, there is clear evidence that simply putting a university online is no guarantee for success. As Richard Garrett, deputy director of the Observatory on Borderless Higher Education, noted in 2004 when discussing the expensive collapse of the UK e-University: “Along with NYU Online, Scottish Knowledge and Fathom, UKeU has now failed. Others, such as Universitas 21 Global and Global University Alliance, stumble on with no evidence of particular success. Meanwhile, universities across the world are gradually moving online—both on and off campus—to varying extents, building slowly and learning all the time. This may be the end for UKeU but for online learning it is only the beginning (Garrett, 2004, p. 3).
When commenting on the failure of the UK’s Open University in America, David Kirp (2003) identified some of the reasons why a purely online model won’t work: “With so much attention focused on high-tech and quick killings, little notice was paid to offering something of value (p. 186). . . advising, counseling, and grading were done on-line (thereby negating the very secret of the OU’s success in the UK—the support offered by its counselors, tutors and group meetings) (p. 199) . . . the network of personal relationships between students and their tutors may matter as much as the thick packet of readings and video and audio cassettes that students receive” (p. 192).

The issues of access and equity, including those associated with the digital divide, continue to create moral and political dilemmas. As Sir John Daniel, chair of the Commonwealth of Learning, recently observed at the Council for Higher Education Accreditation’s International Commission Conference in Washington, DC: “To date the growth of higher education in the developing world has been constrained by various factors, notably cost. But today spreading connectivity, allied with the massive creation of open educational resources based on open-source technology, could create the radical reduction in costs necessary for higher education to serve the four billion people at the bottom of the world’s economic pyramid. Were that to happen it would generate over a hundred million more students” (Daniel, 2007).

**Fractious Divisions**

Divisions in societies seem to be on the rise: the growing gap between the poor and the rich, the differences between Generation X and Generation Y, the divide between the left and the right, and so on. A microcosm of this development can be seen in universities. Even before the economic crisis and the 2008 U.S. presidential election, the University of California’s survey of 270,000 entering undergraduates at 400 colleges across the country uncovered an interesting trend. The proportion of students who identified as being liberal
and conservative (24%) was the highest in decades. Fewer than half said they are “middle of the road,” the lowest percentage measured since 1970 (Powers, 2007). Thus, the middle is leaking to both the left and the right.

We argue that change for the future should no longer be one group dominating another (unless you want a civil war). And it is equally clear that “split the difference” compromises would be disastrous. This is the heart of turnaround leadership. It is not about compromise or about overpowering each other. It is not even about transcending differences. It is about confronting, reconciling, and fulfilling disparate aspirations through unifying experiences and win-win scenarios; and doing this against clear, explicit, and widely shared criteria on what constitutes a civil society (Cox, 1995) and a clear understanding of what constitutes progress, that is, change in a positive direction. The capability to lead this process will be as critical for university leaders as it will be for leaders of nations.

**Change Forces Specific to Higher Education**

Other changes over the past quarter century have been more directly connected to the daily operations of the university and have brought with them a wide range of pressures on their funding, support, and operation.

**Opening Up of Access**

In the developed world, the proportion of the population gaining access to higher education opportunities has grown dramatically since the 1970s, and the trend is continuing. For example, the OECD (2008, Table A2.5 at http://ocde.p4.siteinternet.com/publications/doifiles/962008041P1G002.xls) reports that entry rates for type A tertiary education programs (programs leading to advanced degrees) over the period 2000 to 2006 grew from 59% to 84% in Australia, from 67% to 76% in Sweden, 43% to 64% in the U.S., and from 47%
to 57% in the U.K. These entry rates are calculated as percentages of school leavers attending higher education during their lifetime (see: http://stats.oecd.org/glossary/detail.asp?ID=5359).

In the developing world the growth in higher education participation rates has been equally impressive, albeit with some notable exceptions:

There is no doubt about the demand. For two decades worldwide enrollment growth has exceeded the most optimistic forecasts. A milestone of 100 million enrollments was passed some years ago, and an earlier forecast of 120 million students by 2020 looks likely to be reached by 2010. Indeed, if part-time students are counted, numbers have already passed 130 million. Growth is, if anything, accelerating as more governments see the rapid expansion of higher education as key to their transition to developed country status.

Thus in China enrollments doubled between 2000 and 2003. By 2005, with 16 million students, China had overtaken the U.S. as the world’s largest higher education system. Malaysia also illustrates the trend. It plans to increase enrollments in higher education by 166 percent in the next four years, from 600,000 to 1.6 million, in order to achieve developed-nation participation rates. Mauritius has recently passed legislation to create a third university for its 1.2 million people, having added a second only five years ago.

Growth has been rapid in other developing countries as well—but usually from a very low base. Across the world there is a massive disparity in the higher education participation rates of people between 18 and 23 years old (known as Age Participation Rates, or APRs). APRs of around 50 percent are now seen in many developed countries, whereas in numerous countries in South Asia
and Sub-Saharan Africa they languish below 10 percent. [Daniel, 2007]

Along with the rapid increase in the percentage of the population attending university in both developed and developing countries has come the challenge of managing the transition of many of the students who are first in their family to attend university. These people are often uncertain about tertiary study, but, once alerted to how university learning works, they perform well. However, this transition assistance comes at a cost and is putting additional pressure on cash-strapped institutions.

**Changes in Funding and Pressure to Generate New Sources of Revenue**

_We simply need a more stable and secure level of resources. It is a fact that in our state, like most, that Medicare, K–12 and prisons are going to take increasingly larger percentages of the budget, while higher education is seen as being more part of the discretionary budget._ [Harvey Perlman, chancellor, University of Nebraska, Lincoln, cited in Segall & Freedman, 2007, p. 7]

The dramatic rise in participation rates has created increased pressure on funding for higher education, especially from state sources. For example, over the past 25 years there has been a significant decrease in government funding per capita for higher education students in many countries. In the U.S., Kirp reports “nationwide between 1980 and 2000, the share of universities’ operating expenses paid for by state tax dollars was cut by 30%” (2003, pp. 131–132). The Organisation for Economic Co-operation and Development (OECD) (2007 and 2008) *Education at a Glance* reports show that over the period 1995 to 2005 the percentage of government funding per capita in higher education in the U.K. dropped by 13.1%, in Australia by 17%, in the U.S.,
by 2.7%, and in Canada by 1.5%. “Ever since Harvard College and the College of William and Mary opened their doors over three centuries ago, money has been a pressing concern and the need for a useful and usable education has been a theme in American public policy. . . What is new, and troubling, is the raw power that money directly exerts over so many aspects of higher education. . . the American university has been busily reinventing itself in response to intense competitive pressures” (Kirp, 2003, p. 3).

A headline story in the Higher Education Supplement of The Australian Newspaper indicates the impact this trend is having in countries other than the U.S. “Ferocious competition, a move into less specialized courses and more local students on full fees are expected as a shake-out sparked by a (recently announced) 40 percent cut in federal funding for university business courses. . . Many business faculties say the move spells an end to the era of growth” (Higher Education Supplement, 2007).

It must be noted that there has always been considerable variation between countries on the extent to which funding for higher education research comes from government, charitable, or business sources. For example, the U.S. has a strong tradition of funding for higher education through a range of charitable foundations and a culture of giving to one’s alma mater. In other countries, this is not the case.

The per capita decrease in state funding has triggered a parallel pressure for universities to generate new sources of income. The drop in the proportion of higher education funding coming from government and the concomitant pressure to generate alternative sources of income has been severely felt in some countries. For example, over the decade 1995 to 2005, the percentage of public expenditure on higher education in Australia fell from 64.8% percent to 47.8%; in the U.K. from 80% to 66.9%; and from a much lower starting point in the U.S., from 37.4% to 34.7%. In Canada it has been relatively stable at around 55% to 56%, whereas in Ireland it has grown from 69.7% to 84%. In Finland and Sweden it has remained relatively high (OECD 2007, 2008).
This has led universities in many countries to focus on profit and commodification of knowledge and its marketing, rather than on the traditional conception of a university as a community of scholars securely funded by the state whose aim is to create new knowledge and seek the truth. David Kirp (2003) suggests the way this pressure has played itself out in U.S. higher education:

Entrepreneurial ambition, which used to be regarded in academe as a necessary evil, has become a virtue. . . The new vocabulary of customers and stakeholders, niche marketing and branding and winner-take-all, embodies this shift in the higher education “industry”. . . Each department is a “revenue center,” each student a customer, each professor an entrepreneur, each party a “stakeholder” and each institution a seeker after profit, whether in money capital or intellectual capital. . . Opting out of the fray by fleeing the market is not a realistic possibility. . . maintaining communities of scholars is not a concern of the market. [pp. 4, 261]

Because of this trend, a new range of income-generating ventures, many with a much higher risk profile than that usually associated with a university, has emerged. Risks associated with such ventures include having to deal with uncertain international and local full-fee paying student markets, taking financial responsibility for the commercialization of research or teaching, and holding legal liability for new entities.

In countries where universities operate under an act of parliament, the move to generate university income from these less certain and more risk-prone sources has triggered high levels of government concern about its own legal liability for failed financial ventures. This, in turn, has led to the introduction of a wide range of risk management measures including a rapid increase in government monitoring, auditing, reporting requirements; shifts of legal
liability to the governing bodies of universities; and a wide range of external quality monitoring, evaluation and assurance systems, and controlling legislation.

Rapid Growth in the Higher Education Export Market and Growing Competition in All Markets

A key new source of income over the past decade for many higher education systems has been the “higher education export market”—the enrollment of international students at a university either onshore or offshore via an in-country partner or at a satellite campus. Table 1.1, compiled from a triangulated set of sources (Bashir, 2007; Education Travel Magazine, 2008; Gee, 2007; Institute of International Education, 2007; Larson, Martin, & Morris, 2002; Reserve Bank Bulletin, 2008; and Spencer, 2007), shows the dramatic increase in the income from this source in many countries.

At a transnational education conference in May 2007, the chief executive of a higher education quality agency observed, when discussing the way the General Agreement on Trade and Services (GATS) is encouraging free trade in the higher education export market, that: “What is new is that higher education is now seen as a service commodity for profit that can be exported and imported. Furthermore the import-export divide is breaking down” (Scott et al., 2008, p. 35). At the same conference, it was reported that

Table 1.1. Higher education export trends (foreign students) by main exporting countries, 1989–2007 (U.S. $ billion)

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<tr>
<td>United States</td>
<td>$4.6</td>
<td>$9.6</td>
<td>$14.1</td>
<td>$14.5</td>
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<tr>
<td>United Kingdom</td>
<td>$2.2</td>
<td>$4.1</td>
<td>$6.0</td>
<td>$9.0*</td>
</tr>
<tr>
<td>Australia</td>
<td>$0.6</td>
<td>$2.0</td>
<td>$5.5</td>
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<tr>
<td>Canada</td>
<td>$0.5</td>
<td>$0.6</td>
<td>$1.6</td>
<td>$4.0</td>
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<tr>
<td>New Zealand</td>
<td>N/A</td>
<td>$0.3</td>
<td>$1.0</td>
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*2006 data
U.S. regional accreditation boards are now being invited to accredit university programs in other countries in order to improve the national and international marketability of these programs.

There are suggestions that the international student market will continue to grow at about 6% per annum into the foreseeable future. However, the pattern of growth may be quite different from that of the past decade. One new feature is the tendency, as domestic fees escalate, for students from highly developed countries to choose to take all or part of their degree overseas. This tendency for two-way internationalization in such countries is seen by many to be a desirable development. However, it may have an effect on the bottom line for some universities as traditional student markets from developing countries find an increasing range of countries offering to take them in and as the quality and availability of their own home country operations grow rapidly. At the cheaper end of the international student market, online learning providers are also expected to make significant incursions. However, having said this, predicting accurately the future of the higher education export market remains excessively tricky.

The opening up of the higher education sector to market forces in many countries has seen a rapid influx of private local and international providers who anticipate that large profits can be made from high student fees. This, along with relatively low unemployment rates in a number of developed countries, has seen many universities struggling (often for the first time) to meet their load targets. This, in turn, has had an effect on their bottom line and, in some instances, has seen the closure of faculties or departments with significant staff redundancies. In short, there is no longer any safe domestic or international market and, as a consequence, there are no safe academic departments or jobs.

Around the world higher education systems are being reshaped through greater competition among established institutions, the growth of new providers, including not-
for-profit and proprietary providers, and the growing capacity of on-line learning. There are multiple ways of obtaining qualifications, such as through product vendors, professional associations, and the training houses of global corporations. Additionally some non-university research institutions are seeking authority to offer degrees. . . . (In countries like Australia). . . recently amended national protocols for the approval of higher education providers will facilitate the entry of new competitors. [Group of Eight, 2007, p. 18]

User Pays and Changing Patterns of Participation

With the growth of the “user pays” philosophy for higher education and the significant increase in the fees paid by the student, a student-as-consumer movement has rapidly taken off. This, as noted previously, has led to students being prepared to shift institutions if they do not experience the quality and value-for-money they expect, something which can have a direct and negative impact on the university’s bottom line.

For example, if a full-fee-paying student leaves a particular institution at the end of year one in a three-year program, the university loses the remaining two years’ fee income—around $30,000 in countries like Australia. Lose just three students on this basis and you lose one annual staff salary. The student-as-consumer trend is also now resulting in a growth in truth in advertising litigation against universities, as students sue postsecondary institutions under provisions of statutes like contract law for not delivering what was promised in their prospectus. There are numerous examples of litigation against universities around the world (see, for example, University Affairs Canada, 2008).

In some countries, more and more students are enrolled full time but are working a significant number of hours per week. For example, a 2006 Australian Vice Chancellor’s Committee student
finance survey (James, Bexley, Devlin, & Marginson, 2007) found that, consistent with the findings of previous studies, the typical Australian university student in 2006 was undertaking considerable paid work during the semester: 70.6% of full-time undergraduates reported working during the semester and, on average, these students were working 14.8 hours per week. One in every six full-time undergraduate students who worked during the semester reported working more than 20 hours per week. More than one-third of the nation’s full-time university students—35.2%—were working at least 13 hours per week during the semester. Similar trends show that 41.8% of all part-time students were working at least 38 hours per week—in effect, full-time paid employment. This trend is shaping a quite different set of expectations about university studies and ease of access to programs compared with even a decade ago.

Changing Expectations for a New Generation of Students and Growing Diversity

Unlike earlier generations, it is estimated that Generation Y may have up to 20 jobs over their lifetimes. This creates a profound challenge for how universities structure their programs and for their flexibility and responsiveness. It creates decision-making dilemmas around how specifically focused programs should be, whether helping students learn how to learn should be the focus, and to what extent students want to or should complete the bulk of their higher education before they start their careers. This is not a new dilemma, but the current context throws its importance into sharp relief.

Sally Nimon (2007) identifies the distinguishing characteristics of Generation Y—the so-called millennial generation of higher education students born after 1980. The focus is on how their expectations of university study can differ from older generations. The study by Krause, Hartley, James, and McInnis (2005) of the extent and nature of Generation Y’s use of new technologies also indicates
that the old transmission modes of learning used in the traditional university learning paradigm do not resonate with younger students.

Millennial tertiary students have been raised in an environment very different from that of their predecessors and this has fostered a distinct set of experiences, expectations and characteristics, many of which have significant implications for higher education. While it is not yet clear exactly what approaches will work with this group there is sufficient evidence to suggest that practices that were successful with Baby Boomers and Generation Xers are likely to fail with their children and younger siblings. Millennials are the future, both literally and figuratively, and it is worth our while to invest in ways to bring them to their full potential. [Nimon, 2007, p. 40]

Nimon’s discussion of the implications for higher education suggests, for example, that Generation Y students:

- Can have a quite different interpretation of what access and a timely response mean compared to older generations
- Not only expect an institutional response to their concerns but expect it within a rapid timeframe that institutions may not traditionally be structured to achieve
- May be reluctant to engage in long-term planning and tend to focus on the more immediate benefits of their education
- Have limited instructional loyalty and will readily shift institutions if not happy
- Are likely to have different attitudes to Web-based plagiarism and knowledge
• Can expect to be catered to and may not be as self-reliant as previous generations

• May not comprehend the notion of standards of achievement and expect a pass for anything they submit, irrespective of its quality

• Use peer group references and word of mouth to decide where to enroll rather than traditional marketing techniques, making it vital that currently enrolled Millennials have a positive tertiary experience. [pp. 36–39]

The important role played by the peer group for this generation can be seen in the widespread use of online sites like Bored of Studies or MySpace to discuss which university to go to and how they perform.

Handling the challenge posed by this generation of “digital natives” is now front and center for higher education. For example, one of the most popular sessions at the 2007 annual meeting of academic librarians in Washington, DC, was on how to help students who have learned many of their information gathering and analysis skills from video games apply that knowledge in the library. Speakers said that gaming skills are in many ways representative of a broader cultural divide between today’s college students and the librarians who hope to assist them.

As George M. Needham (2007), vice president for member services of the Online Computer Library Center, observed, this does not mean that college libraries should “tear up the stacks to put in arcades,” but it does mean that they need to rethink many assumptions. “The librarian as information priest is as dead as Elvis,” Needham said. “The whole ‘gestalt’ of the academic library has been set up like a church,” he said, with various parts of a reading room acting like “the stations of the cross,” all leading up to the “altar of the reference desk,” where “you make supplication and if you are found worthy, you will be helped” (Jaschik, 2007). Some have likened the current challenge in this area
as being akin to people brought up with 33-RPM vinyl records trying to teach people who are used to working with MP3 files.

Amidst the above changing expectation is the growing diversity of societies along with large gaps in participation rates across ethnic groups. In the U.S., there are just as many African Americans in prisons as there are in universities. African Americans and Latinos are substantially underrepresented in higher education and far more likely to drop out from college once they enter. For example, in California, estimates of the percentage of students completing a bachelor’s degree range from 52% for whites to 5% for blacks to 19% for Latinos (Valverde, 2008, p. 111).

Maintaining and Enhancing Standards

With the dramatic increase in participation rates and the drive to bring in new sources of income have come questions about a drop in standards and quality. Recently many universities have become increasingly interested in assuring the consistency and quality of what they do across all classes and campuses (see Bollaert et al., 2007). Our book will have much to say about quality processes and standards in today’s and tomorrow’s universities.

Challenges in Perspective

We have just reviewed in broad strokes the types of challenges facing universities. It is important to recognize that the challenges identified above do not operate independently. Instead they both feed into and off each other. These change forces and the concomitant crisis are echoed across the recent literature in higher education. Peter Smith (2004) talks about the “quiet crisis” in U.S. higher education, which he defines as the reliance on a classic academic model that “flies in the face of what we know about how people learn, the opportunities that technology presents to transform the educational enterprise and our historic record of failure with a rapidly diversifying population” (p. xix). Newman, Couturier, and Scurry (2004) refer to
“rhetoric, reality, and the risks of the market.” They document in detail “the new competition” and lament the lack of response on the part of universities to focus on standards, commenting that “it is a higher education system that fiercely defends a rhetoric of excellence and public purpose while the reality slips” (p. 66). Gappa, Austen, and Trice (2007) also describe higher education’s changed context in terms similar to those we have been using in this chapter. They identify four themes: (1) fiscal constraints and increased competition; (2) calls for accountability; (3) growing enrollment and increasing diversity of students; and (4) the rise of the information age (p. 1).

The literature boils down to two conclusions. One, universities must revisit and redefine their public purpose in light of the new change forces. Second, many universities do not have the focus and wherewithal to take action. The biggest barriers may be within the university.

Relative to public purpose, Newman et al.’s (2004) distillation is as good as any:

- Improve the quality of learning so as to ensure the skills and knowledge required for the workplace.
- Improve the quality of learning so as to reflect the skills, knowledge and commitment for active participation in civic and social life.
- Provide access and attainment to all races, ages, ethnicities and socioeconomic backgrounds.
- Serve as an avenue of social mobility for lower SES and minority citizens.
- Serve as the location for open debate of critical and controversial issues.
- Support the development of high quality teachers and leaders of elementary and secondary schools.
- Undertake research and scholarship that is trustworthy, open and of strong quality.
• Bring the benefit of knowledge and skills to the community through outreach, partnerships and service. [pp. 83–84]

The Moral Imperative for Universities

Much of the above traces the links between the exponential changes in the operating environment of universities and their financial viability. However, there is an equally profound set of factors that relate not just to the financial benefits to the individual (PriceWaterhouseCoopers, 2007) but to the personal, moral, and societal benefits of higher education. Retention at university matters. It matters morally, as we know the life chances of people who complete a degree are dramatically improved. And it matters nationally, as the higher the education level of the population, the greater the nation’s levels of productivity and innovation. In this regard the current track record in many countries is not good. The new problem in higher education is not just to improve access but completion rates. In a recent study of Institutional Transformation it was reported that in the U.S. “national statistics showed that it took nearly 7 years, on average, to finish a 4-year degree. And a growing number of students failed ever to complete the degree. According to ACT’s ongoing study of retention and completion, BA/BS completion rates at 4-year public colleges have been falling from a high of 52.8% in 1986 to a 20-year low of 39.5% in 2005” (Pennsylvania State University et al., 2006, p. 49).

In short, the new challenge for higher education is not simply to gain students but retain them to graduation. In a detailed historical analysis, two Harvard economists (Goldin & Katz, 2008) show that the U.S. outraced the world in education access and completion in secondary schools and in universities for most of the 20th century until about 1980. During the first period (up to 1980), inequality declined. However, the gap between those who enter and complete postsecondary education and those who enter but don’t
complete has been increasing over the past 30 years: “Inequality today is as high as it was during the Great Depression and probably for some time before” (Goldin & Katz, 2008, p. 3).

And this trend is not just unique to the U.S. For example, in the discussion paper for the 2008 Review of Australian Higher Education, it is noted that “the growth in university-level qualifications among the general population has not been matched by attainment of these qualifications among two of the most disadvantaged groups in Australia: Indigenous people and people from low socio-economic status (SES) backgrounds” (Department of Education, Employment and Workplace Relations [DEEWR], 2008a, p. 27). The review highlights that increasing both access and retention of disadvantaged groups in higher education is crucial not only in terms of the benefits it brings to the individuals but also to building a prosperous and socially inclusive society. The final report of the review, known as the Bradley Report (Department of Education, Employment and Workplace Relations, 2008b), makes wide-ranging recommendations which include the establishment of a national independent regulatory body; new indicators and instruments to measure and assure standards; the introduction of a voucher-based “demand driven entitlement system”; and a wide range of funding recommendations. However, of particular interest to us is the review’s focus on improving low SES participation and completion rates with key recommendations being that the Australian Government set a national target of at least 40 per cent of 25- to 34- year-olds having attained a qualification at bachelor level or above by 2020. (DEEWR 2008b, Recommendation 2, p. 20) and that the Australian Government set a national target that, by 2020, 20 per cent of higher education enrolments at undergraduate level are people from low socio-economic status backgrounds. (DEEWR 2008b, Recommendation 4, p. 45).

So, college participation rates—a function of access—are still problematic, but far more important are those (typically from disadvantaged groups) who fail to complete their degrees after they enter the program: “College completion rates have not kept pace and the United
States has fallen to the middle-of-the-pack among OECD nations in four-year college graduation rates for recent cohorts” (Goldin & Katz, 2008, p. 326, emphasis in original). It is significant that the Gates Foundation has just retooled its strategy to include a focus on postsecondary graduation in which the foundation notes that only 20% of African American and Hispanic students who enroll in a postsecondary program actually complete their degrees (Cech, 2008; Robelen, 2008).

In summary, it is time that universities moved away from the weak metric of access (quantity) to the more revealing measure of degree completion (quality). The real economy of investment for society is producing high-quality graduates—anything less is wasteful. Whether one argues from an economic or from a moral perspective it is clear that the quality of higher education experiences and outcomes for students, especially disadvantaged ones, is declining and has been for some time. The interplay of the financial with the moral has created a core dilemma for many university leaders: how best to balance catering to market forces (and, as a consequence, achieving sustained financial viability) with delivering their mission of achieving their traditional moral and public purposes (see also Blackmore & Sachs, 2000).

Our book is about reversing the 30-year-old trend of declining quality, especially with respect to learning and outcomes for disadvantaged students. We will argue that turnaround leadership is not just about balancing a complex portfolio. It is, in a very real and multifaceted sense, about leaders fostering change-capable cultures. It is about modeling change leadership, being a learner, and giving students experiences that develop their leadership capabilities so that they enter the world of work and citizenry ready to challenge and respond to other leaders. It is about individual and societal fulfillment through the productive interplay of partisan differences leading toward greater unification of direction. Many universities, as we will show in Chapter 2, are not yet ready for this demanding challenge. But, as we will take up in subsequent chapters, it is a leadership role well suited to their greatest aspirations.