Is Academic Capitalism, U.S. Style, for Japan?: Challenges, Costs, and Choices

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Academic Capitalism & the New Economy: Markets, State, and Higher Education
(Johns Hopkins University Press, 2004)

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My background
1981-1986 UCLA (University of California, Los Angeles)
Postdoctoral research scholar with Prof. Burton Clark
Comparative Higher Education Research Group
1984-2007 University of Arizona
Professor and Director (since 1997), Center for the Study of Higher Education

University comparisons: UCLA & UA
Both members of Association of American Universities (62 research universities)
Both receive more monies from research grants (mostly federal govt) than from appropriations from state govt.
UCLA is top public university in research expenditures ($1.689 billion); UA is in top 14 publics ($512 million).
UCLA accepts top 1-3% of California students; UA accepts top 25-50% of Arizona students

State/system comparisons: CA/AZ
35 million population in CA, vs 6 million in AZ
(LA has > population than AZ; both are growing)
9 public research univs and 2 privates in CA;
2 publics and no privates in AZ.
$90 million for biotech initiative in Arizona;
900 million in city of San Diego.
Local economy/context: LA is huge & diverse;
Tucson is small & 60 miles from Mexico.
Following the leader vs seeking market niches;
imitation versus innovation.

Academic Capitalism, or (Clark’s) Entrepreneurial Universities?
Clark’s focus on (a) the organization as an independent enterprise, (b) generating new $ for the organization, and (c) on the steering core at center of organization.
Yokoyama’s (2006) article on entrepreneurial univs in UK/Japan: Concept’s limitations.
“The idea of sangaku renkei is linked more to accountability to society as a whole (increasing the contribution to the national economy) rather than profit-gain.” (p.524)
A network of intersections at various levels, 
Not independent universities, but a system of 
crossing over boundaries between markets, state, and the higher education system and universities. These overlaps within/outside the university and the higher education system, affect governance.

Global, national, & local (globalal–Marginson and Rhoades, 2002) patterns of overlap and influence, versus a triangle model (Clark, 1983) of market, state, and professional control.

How is Japanese Higher Education Performing, Comparatively?
- Survival rates in university level education are far higher in Japan (93%) than in the U.S. (66%). Japan is #1.
- Patent performance is quite strong in Japan: U.S. accounts for 36.4% of patent families; Japan (25.7%) almost as much as all of the European Community (30.3%).
- So Japanese higher education is performing well, with relatively less government and industry support than OECD countries.

Academic Capitalism, U.S. Style: Challenges in the U.S.
- Strategic governance and managerial challenges: beyond shared governance? AAUP; ad hoc vs academic senate; responsive and responsible.
- Organizational challenges: beyond academic units. New circuits of knowledge, interstitial and intermediating structures, & enhanced managerial capacity.

How is Japanese Higher Education Funded, Comparatively?
- Expenditure per student is much lower in Japan ($12,000) than in U.S. ($20,000), and is 12th among OECD countries.
- Expenditure on higher education institutions as % of GDP in Japan (1.1%) is much less than U.S. (2.6%); 28th of 30 OECD countries.
- % of R & D expenditures by industry in Japan are lowest of advanced countries (~2%), compared to 5% in U.S.
- Japanese universities receive less government AND industry support than U.S. universities.

Academic Capitalism, U.S. Style: Costs in the U.S.
- Strategic/managerial costs: stratification, centralization, self-centered competition.
- Infrastructure and shifting labor costs: central managerial capacity & interstitial units versus academic units; managerial professionals and technicians versus professors.
- New venture costs, real and foregone: academic capitalists are bad accountants.

Strategic, Managerial Costs
- Stratification: central administration versus faculty (Half million dollar club).
- Limits/myopia of centralization: much action is at college/department level.
- Hyper, self-centered, short-term focused competitiveness. Means (to concentrate and reallocate resources) displace ends (discussion of strategic comparative advantages).
**Infrastructure/Shifting Labor Costs**

- A new mode of production, with new factors and costs of production.
- Managerial professionals: nationally (1976-21%; 1993-30%; 2003-34%) versus professors (61%, 52%, 48%).
- New circuits of knowledge production and interstitial units (20 Offices of Technology Transfer in 1980, now >200).

**Infrastructure/Shifting Labor Costs - 2**

- New circuits of knowledge dissemination: technology & instruction quality—Interstitial units at central level:
  - Learning Technologies Center: personnel/titles [http://www.ltc.arizona.edu/aboutUs_people.cfm](http://www.ltc.arizona.edu/aboutUs_people.cfm)
  - LTC (see services button for extent of activities) [http://www.ltc.arizona.edu/aboutUs_mission.cfm](http://www.ltc.arizona.edu/aboutUs_mission.cfm)
  - University Teaching Center: staff and titles [http://www.utc.arizona.edu/staff/staff.html](http://www.utc.arizona.edu/staff/staff.html)
  - University Learning Center: [http://www.ulc.arizona.edu/faculty_corner.htm](http://www.ulc.arizona.edu/faculty_corner.htm)

**Infrastructure/Shifting Labor Costs - 3**

- Overall organizational chart: personnel and costs
  - UA Central IT Organization chart [http://ccit.web.arizona.edu/fileadmin/templates/content/ccit/UA_Central_IT_Structure.pdf](http://ccit.web.arizona.edu/fileadmin/templates/content/ccit/UA_Central_IT_Structure.pdf)

**eLearning Production Modes**

- Craft
- Collegial
- Virtual Assembly Line

**Craft Production**

- Design
- Content
- Development
- Delivery
- Grading
- Interaction
- Improvement
- Advising

**Collegial Production**

- Design
- Content
- Development
- Improvement
- Advising
- Full-Time OR Part-Time Faculty
Virtual Assembly Line Production

- Design
- Content
- Development
- Delivery
- Grading
- Interaction
- Improvement
- Authoring

Instructional Design Team
- Subject Matter Experts (SMEs) (Part-time Faculty)
- Graphic designers
- Web designers
- Web Programmers
- Assessment Specialists
- Editors
- Proofreaders

Part-time Faculty, Outsourced Tutoring, Course Graders

Institutional Design Team with SMEs (Part-time Faculty)
- Networking
- Technology and Learning Helpdesks
- Course Operations

It Takes 18 to 25 people to put a course online.”
---Instructional Designer

Real and Foregone Costs of New Ventures

- For-profit ventures in distance education: Columbia University’s consortium closed after an initial investment of $14.9 million.
- Technology transfer activities. Matthew Effect (the rich get richer, and the rest lose $); “The results of this research suggests that [industry R & D support has] … no measurable effect on … licensing income realized by a university.”
  (Powers, 2003, p.39)
- Initiatives NOT undertaken because of sunk costs in failed entrepreneurial activities.

It Takes (Public) Money to Make (Entrepreneurial) Money

- Academic capitalism is largely financed by public monies and public subsidy.
- Research grant revenues: 64% from federal government; 18% by institution (fastest growing %); vs (5%) from private sector, the only source that has declined the past 5 years.
- Academic capitalism requires investment of institutional resources in: interstitial units; managerial professionals; and failed ventures.

Academic Capitalism: Choices we all face

- Modes of governance
- Modes of organizing production
- Role of universities
- Finding a balance: Academic capitalism, U.S. style, is out of balance.

Modes of Governance: Finding a Balance

- Respecting faculty autonomy and tapping into their knowledge, yet facilitating faculty responsibility and fostering their initiatives.
- Prudent strategic governance: being strategic, but also being prudent about assessing net effects of initiatives.
- Creative strategic niches: orienting strategic efforts to being different from not similar to the leaders.

Modes of Organizing Production: Finding a Balance

- Multiple models for organizing new functions and reorganizing research and instruction. Separate professions; Rotating professors; Hybrid model.
- Connecting the work of managerial professionals and that of professors.
- Evaluating the work of managerial professionals not as bureaucrats but as production workers. Entrepreneurial venture net; Quality quotient; Service productivity ratio.
Role of Universities and Higher Education: Finding a Balance
- Balance between the bottom line of the university and the good of society.
- Balance among the various functions of the university.
- Balance among autonomy of universities as corporations, and the governance of the system.

Implications for the Future: The Higher Education System
- Return to title of my talk: Is Academic Capitalism, U.S. Style, for Japan?
- A more strategically governed, Japanese academic capitalism shaped by more coordinated strategic planning nationally for the system.
- A balance between planning at the central administration level of the university, and the local level of academic units.
- A focus on enhancing Japan, more than just enriching the individual university.

Implications for the Future: Higher Education Centers
- Policy centers, focused on system-wide and organizational issues of strategy.
- Centers of professional education, preparing the managerial professionals who will staff the interstitial units of universities as they develop not just central administrations, but also support units throughout the organization.
- Research/education centers that serve not only the nation and university, but that also establish a regional presence.

Domo arigato