



## Chapter IV

# Competing in the Marketplace: Incorporating Online Education into Higher Education: An Organizational Perspective

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## Abstract

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*Higher education has traditionally been very slow moving, with change being measured in years or even decades. Recently, external forces have combined to challenge higher education's resistance to change. These forces range from the growth of the Internet, to the emergence of a new student population, to a continued decline in governmental support. Together these changes have caused institutions to reexamine both how they function and how they interact with the outside world. Distance education has become a concrete manifestation of the changes in higher education; however, the incorporation of online education often has far-reaching effects, impacting the organization financially, structurally, and culturally. This article will examine the external forces that are challenging higher education. It will further examine the managerial, organizational, and cultural issues that arise as colleges and universities seek to move from the physical "marketplace" to the virtual world of the "marketspace" through the integration of distance education programs.*

## **Introduction**

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Few would describe higher education as fast paced. To the contrary, higher education has traditionally been very slow moving, where change can often be measured in years or even decades. As one article describes it, higher education is “highly democratic, yet glacial in its pace” (Levine & Sun, 2002, p. 6). Nonetheless, in the last 10 years, what some might see as higher education’s resistance to change has been tested by a number of external forces. While these forces do not necessarily challenge higher education as a fundamental provider of knowledge, they do strongly challenge the ways in which this role is manifest (Duderstadt, 1997).

The external factors that have come to bear on higher education represent a convergence of forces. These include technological changes, the most significant of which is the phenomenal growth in the Internet. They include changes within the student population—specifically the emergence of the adult, nontraditional student and the new competitors that have materialized to serve these students (Twigg, 2002). They also include significant changes in the level of funding and support provided to higher education (Selingo, 2003). Taken together, these forces have caused those within higher education to begin to look at how higher education functions, and in many cases to begin to change how it interacts with the greater world. In some cases, these responses have been successful; in others they have not.

The growth of distance (online) education has been a manifest change that has occurred in response to these environmental challenges. This article will examine the external forces that are challenging higher education. It will further examine the managerial, organizational, and cultural issues that arise as colleges and universities seek to respond to these challenges by moving from the physical “marketplace” to the virtual “marketspace” through the implementation and integration of distance education programs.

## **External Changes in the Marketplace**

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### **The Need for Lifelong Learning**

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Increasingly, the acquisition of knowledge has become key to attaining an enhanced standard of living and (to the extent that it is possible) job security (Duderstadt, 1997). Today, approximately 70% of high school graduates in the U.S. go on to attend postsecondary education (Kirst & Venezia, 2001). However, as the pace of change continues to increase, education can no longer end at graduation. It has been estimated that the functional life of a technical degree (i.e., the elapsed time

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