



Competing in the Marketspace: Incorporating Online Education into Higher Education – An Organizational Perspective

Deirdre A. Folkers, Pennsylvania State University, York Campus, USA

ABSTRACT

Higher education traditionally has 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 re-examine 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 paper 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.

Keywords: administrative culture; administrative issues; distance education; distance learning; faculty; higher education; institutional policy; intellectual property rights; online teaching; organizational culture; undergraduate education; Web-based education

INTRODUCTION

Few would describe higher education as fast paced. To the contrary, higher education has traditionally been very slow moving, where change often can 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 neces-

sarily 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, non-traditional 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 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 paper will examine the external forces 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

The Need for Lifelong Learning

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 US 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 until skills must be updated in order to remain current) is now less than five years (Twigg, 2002); thus, today's graduates will need to

continually update their skills (O'Donoghue, 2000; Twigg, 2002). This means that adults will have an ongoing relationship with higher education as they seek to learn new information and improve their career opportunities.

This new focus on lifelong learning occurs at a time when many colleges and universities are already experiencing or anticipating large increases in student applications. For example, public institutions in California, Indiana, North Carolina and Washington are struggling to cope with significant growth in enrollment (Arnone, Hebel & Schmidt, 2003). These are just some of many states that anticipate more students than current facilities can accommodate (Oblinger & Kidwell, 2000).

The New Majority Student

The emphasis on continual re-education has created a new student population. These students are older and more diverse than their younger counterparts. They typically are part-time students who live off-campus and have full-time jobs and families (O'Donoghue, 2000). Unlike traditional-age students, they do not consider the educational setting to be of great importance. Instead, they concentrate on issues of convenience, with a focus on flexible schedules (O'Donoghue, 2000, Oblinger & Kidwell, 2000); quality (which they are likely to evaluate in terms of customer satisfaction) (Twigg, 2002); cost (low); and service (Duderstadt, 1997). With little loyalty to any one educational institution, these students show a willingness to use their purchasing power in order to attain their goals.

In contrast to traditional students (who account for only 20% of the US' higher-education market) (Twigg, 2002),

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