

CHAPTER

The Twenty-first Century University

A Tale of Two Futures

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It was the best of times, it was the worst of times,
It was the age of wisdom, it was the age of foolishness,
It was the epoch of belief, it was the epoch of incredulity,
It was the season of Light, it was the season of Darkness,
It was the spring of hope, it was the winter of despair,

Charles Dickens, A Tale of Two Cities

To paraphrase Charles Dickens, these do indeed seem like both the best of times and the worst of times for higher education in the United States. On the one hand, in an age of knowledge in which educated people and their ideas have become the wealth of nations, the university has never been more important, and the value of a college education never higher. The educational opportunities offered by the university, the knowledge it creates, and the services it provides are key to almost every priority of contemporary society, from economic competitiveness to national security, from protecting the environment to enriching our culture. There is a growing recognition that few public investments have higher economic payoff than those made in higher education. In 1997, the federal government made the largest commitment to higher education since the GI Bill through \$40 billion of tax incentives to college students and their parents as part of the budget-balancing agreement. In 1998, thanks to our unusually prosperous economy, Washington took further action by proposing the largest increase in the

funding of academic research in decades. Both the administration and Congress promise balanced budgets and generous support for years to come.

Yet, despite this vote of confidence, there is great unease on our campuses. The media continues to view the academy with a frustrating mix of skepticism, ignorance, and occasional hostility that erodes public trust and confidence. The danger of external intervention in academic affairs in the name of accountability remains high. Throughout society, we see a backlash against earlier social commitments such as affirmative action, long a key mechanism for diversifying our campuses and for providing educational opportunity to those suffering discrimination in broader society. The faculty feels the stresses from all quarters. There is fear that research funding will decline again when the economy cools and entitlement programs grow. They are apprehensive about the future of such long-standing academic practices as tenure. They express a sense of loss of scholarly community with increasing specialization, together with a conflict between the demands of grantsmanship, a reward structure emphasizing research, and a love and sense of responsibility for teaching.

To continue paraphrasing Dickens, while we may be entering an age of wisdom—or at least knowledge—it is also an age of foolishness. Last year, the noted futurist Peter Drucker shook up the academy when, during an interview in *Forbes*, he speculated: “Thirty years from now the big university campuses will be relics. Universities won’t survive. It’s as large a change as when we first got the printed book” (Drucker 1997). One can imagine the reactions still ricocheting across university campuses following Drucker’s conjecture. It was fascinating to track the conversations among the University of Michigan deans on electronic mail. Some responded by blasting Drucker, always a dangerous thing to do. Others believed it to be moot. A few surmised that perhaps a former president of the University of Michigan might agree with Drucker. (He doesn’t, incidentally.)

So what kind of future do our universities face? A season of light or a season of darkness? A spring of hope or a winter of despair? More to the point, and again in a Dickensian spirit, is higher education facing yet another period of evolution? Or will the dramatic nature and compressed time scales characterizing the changes of our time trigger a process more akin to revolution?

To be sure, most colleges and universities are responding to the challenges and opportunities presented by a changing world. They are evolving to serve a new age. But most are evolving within the traditional paradigm, according to the time-honored processes of considered reflection and consensus that have long characterized the academy. Is such glacial change responsive enough to allow the university to control its own destiny? Or will a tidal wave of societal forces sweep over the academy, transforming the university in unforeseen and unacceptable ways while creating new institutional forms to challenge both

our experience and our concept of the university? Returning again to Dickens, this could be a time when revolution is in the air!

In this chapter, we will discuss two sharply contrasting futures for higher education in the U.S. The first is a rather dark, market-driven future in which strong market forces trigger a major restructuring of the higher education enterprise. Although traditional colleges and universities play a role in this future, they are both threatened and reshaped by aggressive for-profit entities and commercial forces that drive the system toward the mediocrity that has characterized other mass-media markets such as television and journalism.

A contrasting and far brighter future is provided by a vision for higher education as a pervasive culture of learning, in which universal or ubiquitous educational opportunities are provided to meet the broad and growing learning needs of our society. Using a mix of old and new forms, learners are offered a rich array of high-quality, affordable learning opportunities throughout their lives. Our traditional institutional forms, including both the liberal arts college and the research university, continue to play key roles, albeit with some necessary evolution and adaptation.

Although market forces are far more powerful than my faculty colleagues are willing to accept, we remain convinced that it is possible to determine which of these or other paths will be taken by American higher education. Key in this effort is our ability as a society to view higher education as a public good that merits support through public tax dollars. In this way, we may be able to protect the public purpose of the higher education enterprise and sustain its quality, important traditions, and essential values.

If we are to do this, we must also recognize the profound nature of the rapidly changing world faced by higher education. The status quo is no longer an option. We must accept that change is inevitable and use it as a strategic opportunity to control our destiny, retaining the most important of our values and traditions.

FORCES DRIVING CHANGE

Powerful forces are driving an increasing societal demand for higher education products and services. In today's world, knowledge has become the coin of the realm, determining the wealth of nations. One's education, knowledge, and skills have become primary determinants of one's personal standard of living, the quality of one's life. We are at the dawn of an Age of Knowledge, in which intellectual capital—brainpower—is replacing financial and physical capital as the key to our strength, prosperity, and well-being.

As knowledge and educated people become key strategic priorities, our societies have become more dependent upon those social institutions that create these critical resources, our colleges and universities. Yet there is

growing concern about the capacity of our existing institutions to serve these changing and growing social needs—indeed, even about their ability to survive in the face of the extraordinary changes occurring in our world.

The forces of change of most direct concern to higher education can be grouped into the following three areas: (1 financial imperatives, (2 changing societal needs, and (3 technology drivers.

Financial Imperatives

Since the late 1970s, American higher education has been caught in a financial vise (Dionne and Kean 1997). On the one hand, the magnitude of the services demanded of our colleges and universities has greatly increased. Enrollments have grown steadily, while the growing educational needs of adult learners are compensating for the temporary dip in the number of high school graduates associated with the post-war baby boom/bust cycle. University research, graduate education, and professional service have all grown in response to societal demand. Yet the costs of providing education, research, and service have grown even faster because these university activities depend upon a highly skilled, professional workforce (faculty and staff), require expensive new facilities and equipment, and are driven by an ever-expanding knowledge base.

While the demand for educational services has grown and the operating costs to provide these services have risen, public support for higher education has flattened and then declined over the past two decades (Breneman et al. 1997). The growth in state support of public higher education peaked in the 1980s and now has fallen in many states in the face of limited tax resources and competition from other priorities, such as entitlement programs and prisons. While the federal government has sustained its support of research, growth has been modest in recent years, and it is likely to decline as discretionary domestic spending comes under increasing pressure from the impact of unconstrained entitlement programs on federal budget-balancing efforts. Federal financial-aid programs have shifted increasingly from grants to loans as the predominant form of aid, reflecting a fundamental philosophical shift to the view that education is a private benefit rather than a larger public interest. While the 1997 federal budget agreement provides over \$40 billion in tax incentives to college students and their parents over the next several years, much of this federal support is likely to go into new consumption rather than to enhance access to or support of higher education.

Increasing costs and declining public support have forced most institutions to increase tuition and fees. This has provided short-term relief. It has also triggered a strong public concern about the costs and availability of a college education, and it has accelerated forces to constrain tuition levels at both public and private universities (Gumport and Pusser 1997). Colleges and

universities are looking for ways to control costs and increase productivity, but most are finding that their current organization and governance make this difficult.

The higher education enterprise in the U.S. must change dramatically if it is to restore a balance between the costs and availability of educational services needed by our society and the resources available to support these services. The current paradigms for conducting, distributing, and financing higher education may be inadequate to adapt to the demands and realities of our times.

Societal Needs

The needs of our society for the services provided by our colleges and universities will continue to grow. Significant expansion is needed for the 30-percent growth in the number of traditional college-age students over the next decade. In addition, an increasing number of adult learners in the workplace will be seeking the college-level education and skills necessary for their careers.

We are beginning to see a shift in demand from the current style of “just-in-case” education, in which we expect students to complete degree programs at the undergraduate or professional level long before they actually need the knowledge, to “just-in-time” education through nondegree programs when a person needs it, to “just-for-you” education, in which educational programs are carefully tailored to meet the specific lifelong learning requirements of particular students. The university will face the challenge of responding to other transitions: from passive students to active learners, from faculty-centered to learner-centered institutions, from teaching to the design and management of learning experiences, and from students to lifelong members of a learning community.

The situation is even more challenging at the global level, with over half the world’s population under the age of 20. In most of the world, higher education is mired in a crisis of access, cost, and flexibility. Sir John Daniel, chancellor of the Open University of the United Kingdom, observes that although the United States has the world’s strongest university system, the American paradigm seems ill-suited to meeting global education needs (Daniel 1996). Our colleges and universities continue to be focused on high-cost, residential education and on the outmoded idea that quality in education is linked to exclusivity of access and extravagance of resources.

Technology Drivers

As knowledge-driven organizations, colleges and universities should be greatly affected by rapid advances in information technology—computers, telecommunications, networks. In the past several decades, computers have evolved

into powerful information systems with high-speed connectivity to other systems throughout the world. Public and private networks permit voice, image, and data to be made instantaneously available around the world to wide audiences at low costs. The creation of virtual environments where human senses are exposed to artificially created sights, sounds, and feelings liberate us from restrictions set by the physical forces of the world in which we live. Close, empathic, multi-party relationships mediated by visual and aural digital communications systems encourage the formation of closely bonded, widely dispersed communities of people interested in sharing new experiences and intellectual pursuits. Rapidly evolving technologies are dramatically changing the way we collect, manipulate, transmit, and use information.

This technology has already had a dramatic impact on our colleges and universities. Our administrative processes are heavily dependent upon information technology—as the current concern with the approaching date reset of Year 2000 has made all too apparent. Research and scholarship rely heavily upon information technology, e.g., the use of computers to simulate physical phenomena, networks to link investigators in virtual laboratories or “collaboratories,” and digital libraries to provide scholars with access to knowledge resources. Yet, there is an increasing sense that new technology will have its most profound impact on the educational activities of the university and how we deliver our services.

We generally think of the educational role of our institutions in terms of a classroom paradigm, that is, of a professor teaching a class of students, who in turn respond by reading assigned texts, writing papers, solving problems or performing experiments, and taking examinations. Yet, the classroom itself may soon be replaced by learning experiences enabled by emerging information technology. Indeed, such a paradigm shift may be forced upon the faculty by the students themselves.

Today’s students are members of the “digital generation.” They have spent their early lives surrounded by robust, visual, electronic media—*Sesame Street*, MTV, home computers, video games, cyberspace networks, MUDs, MOOs, and virtual reality. Unlike those of us who were raised in an era of passive broadcast media, such as radio and television, they expect, indeed demand, interaction. They approach learning as a “plug-and-play” experience, unaccustomed and unwilling to learn sequentially—to read the manual—and inclined to plunge in and learn through participation and experimentation. While this type of learning is far different from the sequential, pyramid approach of the traditional university curriculum, it may be far more effective for this generation, particularly when provided through a media-rich environment.

Faculty of the twenty-first century may be asked to adopt a new role as designers of learning experiences, processes, and environments. Today’s stu-

dents learn primarily on their own through solitary reading, writing, and problem solving. Tomorrow's faculty may need to develop collective learning experiences in which students work together and learn together, with the faculty member acting as a consultant or a coach. Faculty members will be less concerned with identifying and then transmitting intellectual content and more focused on inspiring, motivating, and managing an active learning environment for students. This will require a major change in graduate education, since few of today's faculty members have learned these skills.

One can easily identify similarly profound changes occurring in the other roles of the university. The process of creating new knowledge—research and scholarship—is evolving rapidly away from the solitary scholar to teams of scholars, spanning disciplines, institutions, and even national boundaries. There is increasing pressure to draw research topics directly from worldly experience rather than predominantly from the curiosity of scholars. Even the nature of knowledge creation is shifting somewhat away from the *analysis of what has been* to the *creation of what has never been*—stressing the experience of the artist rather than the analytical skills of the scientist.

Emerging information technology has removed the constraints of space and time. We can now use powerful computers and networks to deliver educational services to anyone, anyplace, anytime, no longer confined to the campus or the academic schedule. Technology is creating an open learning environment in which the student has evolved into an active learner and consumer of educational services, stimulating the growth of powerful market forces that could dramatically reshape the higher education enterprise.

SCENARIO 1: A MASSIVE RESTRUCTURING OF THE HIGHER EDUCATION INDUSTRY

Universities have long enjoyed a monopoly over advanced education because of geographical constraints and their control of certification through the awarding of degrees. In the current paradigm, our colleges and universities are faculty centered. The faculty is accustomed to dictating what it wishes to teach, how it will teach, and where and when the learning will occur. This faculty-centered paradigm is sustained by accrediting associations, professional societies, and state and federal governments.

This carefully regulated and controlled enterprise could be eroded by several factors. First, the growing demand for advanced education and training simply cannot be met by such a carefully rationed and controlled paradigm. Second, current cost structures for higher education are incapable of responding to the needs for high quality yet affordable education. Third, information technology is releasing higher education from the constraints of space and time (and possibly also reality). And fourth, all these forces are driving us

toward an open learning environment, in which the student will evolve into an active learner and empowered consumer, unleashing strong market forces.

Tomorrow's student will have access to a vast array of learning opportunities, far beyond the faculty-centered institutions characterizing higher education today. Some will provide formal credentials, others simply will provide knowledge, still others will be available whenever the student—more precisely, the learner—needs the knowledge. The evolution toward such a learner-centered educational environment is both evident and irresistible.

As a result, higher education is likely to evolve from a loosely federated system of colleges and universities serving traditional students from local communities into, in effect, a global knowledge and learning industry. With the emergence of new competitive forces and the weakening influence of traditional constraints, higher education is evolving like other “deregulated” industries, e.g., health care or communications or energy. These other industries have been restructured as government regulation has weakened. In contrast, the global knowledge-learning industry will be unleashed by emerging information technology that frees education from the constraints of space, time, and its credentialing monopoly.

Many in the academy would undoubtedly view with derision or alarm the depiction of the higher education enterprise as an “industry” or “business” operating in a highly competitive, increasingly deregulated, global marketplace. This is nevertheless a significant perspective that will require a new paradigm for how we think about postsecondary education. As our society becomes ever more dependent upon new knowledge and educated people, this global knowledge business must be viewed as one of the most active growth industries of our times. It is clear that no one, no government, no corporation, will be in control of the higher education industry. It will respond to forces of the marketplace.

Will this restructuring of the higher education enterprise really happen? If you doubt it, just consider the health care industry. While Washington debated federal programs to control health care costs and procrastinated taking action, the marketplace took over with such new paradigms as managed care and for-profit health centers. In less than a decade, the health care industry was totally changed. Higher education is a \$180 billion a year enterprise. It will almost certainly be “corporatized” as was health care. By whom? By state or federal government? Not likely. By traditional institutions such as colleges and universities working through statewide systems or national alliances? Also unlikely. Or by the marketplace itself, as it did in health care, spawning new players such as virtual universities and for-profit educational organizations? Perhaps.

Several months ago, a leading information services company visited with my institution to share with us their perspective on the emerging higher

education marketplace. They believe the size of the higher education enterprise in the United States during the next decade could be as large as \$300 billion per year with 30 million students, roughly half of whom will be of today's traditional students and half adult learners in the workplace. (Incidentally, they also put the size of the world market at \$3 trillion.) Their operational model of the brave new world of market-driven higher education suggests that this emerging domestic market for educational services could be served by a radically restructured enterprise consisting of 50,000 faculty "content providers," 200,000 faculty "learning facilitators," and 1,000 faculty "celebrities," who would be the stars in commodity learning-ware products. The learner would be linked to these faculty resources by an array of for-profit service companies, handling the production and packaging of learning-ware, the distribution and delivery of these services to learners, and the assessment and certification of learning outcomes. Quite a contrast with the current enterprise!

Unbundling

The modern university has evolved into a monolithic institution controlling all aspects of learning. Universities provide courses at the undergraduate, graduate, and professional level; they support residential colleges, professional schools, lifelong learning, athletics, libraries, museums, and entertainment. They have assumed responsibility for all manner of activities beyond education—housing and feeding students, providing police and other security protection, counseling and financial services, even maintaining campus power plants!

Today comprehensive universities—at least as full-service organizations—are at considerable risk. One significant impact of a restructured higher education "industry" may be to break apart this monolith, much as other industries have been broken apart through deregulation. As universities are forced to evolve from faculty-centered to learner-centered, they may well find it necessary to unbundle their many functions, ranging from admissions and counseling to instruction and certification. We are already beginning to see the growth of differentiated competitors for many of these activities. Universities are under increasing pressure to spin off or sell off or close down parts of their traditional operations in the face of this new competition. Many of our other activities, e.g., financial management and facilities management, are activities that might be outsourced to specialists. Universities, like other institutions in our society, will have to come to terms with what their true strengths are and how those strengths support their strategies—and then be willing to outsource needed capabilities in areas where they do not have a unique competitive advantage.

The Emergence of a Commodity Market

Throughout most of its history, higher education has been a cottage industry. Individual courses are a handcraft, a made-to-order product. Faculty members design from scratch the courses they teach, whether they be for a dozen or several hundred students. They may use standard textbooks from time to time—although most do not—but their organization, their lectures, their assignments, and their exams are developed for the particular course at the particular time it is taught. Our ability to introduce new, more effective avenues for learning—not merely new media in which to convey information—will change all that.

The individual handcraft model for course development may give way to a much more complex method of creating instructional materials. Even the standard packaging of an undergraduate education into “courses,” required in the past by the need to have all the students in the same place at the same time, may no longer be necessary with new forms of asynchronous learning. Of course, it will be a challenge to break the handcraft model while still protecting the traditional independence of the faculty to determine curricular content. In this long-standing culture, faculty members believe they own the intellectual content of their courses and are free to market these to others for personal gain, e.g., through textbooks or off-campus consulting services. Universities may have to restructure these paradigms and renegotiate ownership of the intellectual products represented by classroom courses if they are to constrain costs and respond to the needs of society.

As distributed virtual environments become more common, the classroom experience itself may become a true commodity product, provided to anyone, anywhere, at any time—for a price. If students could actually obtain the classroom experience provided by some of the most renowned teachers in the world, why would they want to take classes from the local professor—or the local teaching assistant? In such a commodity market, the role of the faculty member would change substantially. Rather than developing content and transmitting it in a classroom environment, a faculty member might instead manage a learning process in which students use an educational commodity, e.g., the Microsoft Virtual “Life on Earth” course starring Stephen J. Gould. This would require a shift from the skills of intellectual analysis and classroom presentation to those of motivation, consultation, and inspiration. Welcome back, Mr. Chips!

Mergers, Acquisitions, and Hostile Takeovers

Looking at the future of higher education as a deregulated industry has several other implications. The more than 3,600 four-year colleges and universities in the United States are characterized by a tremendous diversity in size, mission,

constituencies, and funding sources. Not only are we likely to see the appearance of new educational entities in the years ahead, as in other deregulated industries, but some colleges and universities will disappear. Others could merge. Some might actually acquire other institutions. One might even imagine a Darwinian process emerging with some institutions devouring their competitors in “hostile takeovers.” All such events have occurred in deregulated industries in the past, and all are possible in the future we envision for higher education.

The market forces unleashed by technology and driven by increasing demand for higher education are powerful. If they are allowed to dominate and reshape the higher education enterprise, we could well find ourselves losing some of our most important values and traditions of the university. While the commercial, convenience-store model of the University of Phoenix may be an effective way to meet the workplace skill needs of some adults, it certainly is not a model that would be suitable for many of the higher purposes of the university. As we assess these emerging market-driven learning structures, we must bear in mind the importance of preserving the ability of the university to serve broader public purposes.

The waves of market pressures on our colleges and universities are building, driven by the realities of our times—the growing correlation between education and quality of life, the strategic role of knowledge in determining the prosperity and security of nations, the inability of traditional higher education institutions to monopolize an open-learning marketplace characterized by active student-learner-consumers and rapidly evolving technology. Driven by an entrepreneurial culture, both within our institutions and across American society, the early phases of a restructuring of the higher education enterprise are beginning to occur.

We need a broader recognition of the growing learning needs of our society, an exploration of more radical learning paradigms, and an overarching national strategy that acknowledges the public purpose of higher education and the important values of the academy. Without these, higher education may be driven down roads that would indeed lead to a winter of despair. Many of the pressures on our public universities are similar to those that have contributed so heavily to the current plight of K-12 education in the U.S. Furthermore, our experience with market-driven, media-based enterprises has not been reassuring. The broadcasting and publishing industries suggest that commercial concerns can lead to mediocrity, an intellectual wasteland in which the least common denominator of quality dominates.

SCENARIO 2: A CULTURE OF LEARNING

But there is also a spring of hope in our future. It is based on our inevitable and accelerating dependence upon knowledge and learning. We are beginning to realize that, just as our society historically accepted the responsibility for providing such needed services as military security, health care, and transportation infrastructure, education today has become a driving social need and societal responsibility. It has become the responsibility of democratic societies to provide their citizens with the education and training they need throughout their lives, whenever, wherever, and however they desire it, at high quality and at an affordable cost.

Of course, in one sense, this is just a continuation of one of the great themes of American higher education. Each evolutionary step of higher education has aimed at educating a broader segment of society, at creating new educational forms to do that—private colleges, the public universities, the land-grant universities, the normal and technical colleges, the community colleges. But today, we must do even more.

The dominant form of current higher education in the U.S., the research university, was shaped by a social contract during the last 50 years in which national security was regarded as the country's most compelling priority, as reflected in massive investments in campus-based research and technology. Today, in the wake of the Cold War and at the dawn of the age of knowledge, one could well make the argument that education itself will replace national defense as the priority for the twenty-first century. This could be the new social contract that will determine the character of our educational institutions, just as the government-university research partnership did in the latter half of the twentieth century. A social contract based on developing and maintaining the abilities and talents of our people to their fullest extent could well transform our schools, colleges, and universities into new forms that would rival the research university in importance.

So what might we expect over the longer term for the future of the university? It would be impractical and foolhardy to suggest one particular model for the university of the twenty-first century. The great and ever-increasing diversity characterizing American higher education makes it clear that there will be many forms, many types of institutions serving our society. But there are a number of themes that will almost certainly factor into at least some part of the higher education enterprise.

- *Learner-centered*: Just as other social institutions, our universities must become more focused on those we serve. We must transform ourselves from faculty-centered to learner-centered institutions.
- *Affordable*: Society will demand that we become far more affordable, providing educational opportunities within the reach of all citizens.

Whether this occurs through greater public subsidy or dramatic restructuring of our institutions, it seems increasingly clear that our society—not to mention the world—will no longer tolerate the high-cost, low-productivity model that characterizes much of American higher education today.

- *Lifelong Learning*: In an age of knowledge, the need for advanced education and skills will require both a willingness to continue to learn throughout life and a commitment on the part of our institutions to provide opportunities for lifelong learning. The concept of student and alumnus will merge. Our highly partitioned system of education will blend increasingly into a seamless web in which primary and secondary education; undergraduate, graduate, and professional education; apprenticeships and internships; on-the-job training and continuing education; and lifelong enrichment become a continuum.
- *Interactive and Collaborative*: We already see such new forms of pedagogy as asynchronous (anytime, anyplace) learning using information technology to break the constraints of time and space to make learning opportunities more compatible with lifestyles and career needs and interactive and collaborative learning appropriate for the digital age and the plug-and-play generation.
- *Diverse*: Finally, the great diversity characterizing American higher education will continue, as it must to serve an increasingly diverse population with diverse needs and goals.

We will need a new paradigm for delivering education to even broader segments of our society, perhaps beyond our society and to learners around the planet, in convenient, high-quality forms, at a cost all can afford. Most people, in most areas, can learn well using asynchronous learning—“anytime, anyplace, anyone” education. Lifetime education is rapidly becoming a reality, making learning available for anyone who wants to learn, at the time and place of their choice. With advances in modern information technology, the barriers in the educational system are no longer cost or technological capacity but rather perception and habit.

But this may not be aiming high enough. Perhaps we should instead consider a future of “ubiquitous learning”—learning for everyone, every place, all the time. Indeed, in a world driven by an ever-expanding knowledge base, continuous learning, like continuous improvement, has become a necessity of life.

Rather than “an age of knowledge,” we could instead aspire to a “culture of learning,” in which people are continually surrounded by, immersed in, and absorbed in learning experiences. Information technology has now provided

us with a means to create learning environments throughout life. These environments not only transcend the constraints of space and time, but they, like us, are capable of learning and evolving to serve our changing educational needs. Higher education must define its relationship with these emerging possibilities to create a compelling vision for its future as it enters the next millennium.

EVOLUTION OR REVOLUTION?

Despite all evidence to the contrary, many within the academy still believe that change will occur only at the margins of higher education. They see the waves of change lapping on the beach as just the tide coming in, as it has so often before. They stress the role of the university in stabilizing society during periods of change rather than leading those changes. This too shall pass, they suggest, if we demand that the university hold fast to its traditional roles and character. And they will do everything within their power to prevent change from occurring.

Yet, history suggests that the university must change and adapt, in part to preserve these traditional roles. Many others, both within and outside the academy, believe that significant change will occur throughout the higher education enterprise, in each and every one of our institutions. Yet even these people see change as an evolutionary, incremental, long-term process, compatible with the values, cultures, and structure of the contemporary university.

A few voices, however, primarily outside the academy, believe that both the dramatic nature and compressed time scale characterizing the changes of our times will drive not evolution but revolution. They have serious doubts about whether the challenges of our times will allow such gradual change and adaptation. They point out that there are really no precedents to follow. Some suggest that long before reform of the educational system comes to any conclusion, the system itself will collapse (Perelman 1997).

As one of my colleagues put it, while there is certainly a good deal of exaggeration and hype about the changes in higher education for the short term—meaning five years or less—it is difficult to stress too strongly the profound nature of the changes likely to occur in most of our institutions and in our enterprise over the longer term—a decade and beyond. The forces driving change are simply too powerful.

Some colleges and universities may be able to maintain their current form and market niche. Others will change beyond recognition. Still others will disappear entirely. New types of institutions—perhaps even entirely new social learning structures—will evolve to meet educational needs. In contrast to the last several decades, when colleges and universities have endeavored to become more similar, the years ahead will demand greater differentiation. Many different paths will lead to the future.

For the past decade, we have led an effort at the University of Michigan to transform ourselves, to re-invent the institution so that it better serves a rapidly changing world. We created a campus culture in which both excellence and innovation were our highest priorities. We restructured our finances so that we became, in effect, a privately supported public university. We dramatically increased the diversity of our campus community. We launched major efforts to build a modern environment for teaching and research using the powerful tools of information technology. Yet with each transformation step we took, with every project we launched, we became increasingly uneasy.

We realized that the forces driving change in our society were stronger, more profound, than we had first thought. Change was occurring far more rapidly than we had anticipated. The future was becoming less certain as the range of possibilities expanded to include more radical options. We concluded that in a world of such dynamic change, as we faced a future of such uncertainty, the most realistic near-term approach was to explore possible futures of the university through experimentation and discovery. Rather than continue to contemplate possibilities for the future through abstract study and debate, it seemed a more productive course to build several prototypes of future learning institutions as working experiments. In this way, we could actively explore possible paths to the future.

Through a major strategic effort known as the Michigan Mandate, we significantly enhanced the racial diversity of our students and faculty, providing a laboratory for exploring the themes of the “diverse university.” We established campuses in Europe, Asia, and Latin America, linking them with robust information technology, to understand better the implications of becoming a “world university.” We launched major initiatives, such as the Media Union (a sophisticated multimedia environment), a virtual university (the Michigan Virtual University), and we played a key role in the management of the Internet to explore the “cyberspace university” theme. We launched new cross-disciplinary programs and built new community spaces that would draw students and faculty together as a model of the “divisionless university.” We placed a high priority on the visual and performing arts, integrating them with such disciplines as engineering and architecture to better understand the challenges of the “creative university.” And we launched an array of other initiatives, programs, and ventures, all designed to explore the future.

All these efforts were driven by the grass-roots interests, abilities, and enthusiasm of faculty and students. Our approach as leaders of the institution was to encourage a “let every flower bloom” philosophy, to respond to faculty and student proposals with “Wow! That sounds great! Let’s see if we can work together to make it happen! And don’t worry about the risk. If you don’t fail from time to time, it is because you aren’t aiming high enough!!!”

To be sure, some of these experiments were costly. Some were poorly understood and harshly criticized by those defending the status quo. All ran a high risk of failure, and some crashed in flames—albeit spectacularly. While such an exploratory approach was disconcerting to some and frustrating to others, many on our campus and beyond viewed this phase as an exciting adventure. And all these initiatives were important in understanding better the possible futures facing our university. All have had influence on the evolution of our university.

THE QUESTIONS BEFORE US

Many questions remain unanswered. Who will be the learners served by these institutions? Who will teach them? Who will administer and govern these institutions? Who will pay for them? What will be the character of our universities? How will they function? When will they appear?

Perhaps the most profound question of all concerns the survival of the university in the face of the changes brought on by the emergence of new competitors. That is the question raised by Drucker and other futurists. Could an institution such as the university, which has existed for a millennium, disappear in the face of such changes?

Most of us, of course, believe strongly that the university as a social institution is simply too valuable to disappear. On the other hand, there may well be forms of the university that we would have great difficulty recognizing from our present perspective.

Let me suggest a somewhat different set of questions in an effort to frame the key policy issues facing higher education.

1. How do we respond to the diverse educational needs of a knowledge-driven society? While the educational needs of the young will continue to be a priority, we also will be challenged to address the sophisticated learning needs of adults in the workplace while providing broader life-long learning opportunities for all of society.
2. Is higher education a public or a private good? The benefits of the university clearly flow to society as a whole. But it is also the case that two generations of American public policy have stressed instead the benefits of education to the individual student as a consumer.
3. How do we balance the roles of market forces and public purpose in determining the future of higher education? Can we control market forces through public policy and public investment so that the most valuable traditions and values of the university are preserved? Or will the competitive and commercial pressures of the marketplace sweep

over our institutions, leaving behind a higher education enterprise characterized by mediocrity?

4. What role should the research university play within the broader context of the changes likely to occur in the higher education enterprise? Should it be a leader in change? Or should it simply strive to protect the important traditions and values of the academy during this time of change?

AN ACTION AGENDA

So, where to next? How do we grapple with the many issues and concerns swirling about higher education? Let me suggest the following agenda for consideration and debate:

1. *Determine those key roles and values* that must be protected and preserved during this period of transformation, e.g., such roles as education of the young, the transmission of culture, basic research and scholarship, critic of society, etc.; and such values as academic freedom, a rational spirit of inquiry, a community of scholars, a commitment to excellence, shared governance, tenure, etc.
2. *Listen carefully to society* to learn and understand its changing needs, expectations, and perceptions of higher education, along with the forces driving change.
3. *Prepare the academy for change and competition* by removing unnecessary constraints, linking accountability with privilege, reestablishing tenure as the protection of academic freedom rather than lifetime employment security, etc. Begin the task of transforming the academy by radically restructuring graduate education as the source of the next generation of the faculty.
4. *Restructure university governance*—particularly governing boards and shared governance models—so that it responds to the changing needs of society rather than defending and perpetuating an obsolete past. Develop a tolerance for strong leadership. Shift from lay boards to corporate board models where members are selected based on their expertise and commitment and held accountable for their performance and the welfare of their institutions.
5. *Develop a new paradigm for financing higher education* by first determining the appropriate mix of public support (higher education as a public good) and private support (higher education as a personal benefit). Consider such key policy issues as (1) the appropriate burdens borne by each generation in the support of higher education as determined, for example, by the mix of grants versus loans in federal financial aid programs;

- (2) the degree to which public investment should be used to help shape powerful emerging market forces to protect the public purpose of higher education; and (3) new methods for internal resource allocation and management that enhance productivity.
6. *Encourage experimentation* with new models of learning, research, and service by harvesting the best ideas from within the academy (or elsewhere), implementing them on a sufficient scale to assess their impact, and disseminating their results. Reward success while tolerating failure.
 7. *Place a far greater emphasis on building alliances* among institutions that will allow individual institutions to focus on core competencies while relying on alliances to address the broader and diverse needs of society. Alliances should be encouraged not only among institutions of higher education (partnering research universities with liberal arts colleges and community colleges) but also between higher education and the private sector. Differentiation among institutions should be encouraged, while relying upon market forces rather than regulations to discourage duplication.

CONCLUDING REMARKS

We have entered a period of significant change in higher education as our universities attempt to respond to the challenges, opportunities, and responsibilities before them. This time of great change, of shifting paradigms, provides the context in which we must consider the changing nature of the university.

Much of this change will be driven by market forces—by a limited resource base, changing societal needs, new technologies, and new competitors. But we also must remember that higher education has a public purpose and a public obligation (Pew Higher Education Roundtable 1996). Those of us in higher education must always keep before us two questions: Whom do we serve? and How can we serve better? And society must work to shape and form the markets that will in turn reshape our institutions with appropriate civic purpose.

From this perspective, it is important to understand that the most critical challenge facing most institutions will be to develop the capacity for change. We must remove the constraints that prevent us from responding to the needs of rapidly changing societies, clear away unnecessary processes and administrative structures, and question existing premises and arrangements. Universities should strive to challenge, excite, and embolden all members of their academic communities to embark on what should be a great adventure for higher education.

While many academics are reluctant to accept the necessity or the validity of formal planning activities, woe be it to the institutions that turn aside from

strategic efforts to determine their futures. The successful adaptation of universities to the revolutionary challenges they face will depend a great deal on an institution's collective ability to learn and to continuously improve its core activities. It is critical that higher education give thoughtful attention to the design of institutional processes for planning, management, and governance. Only a concerted effort to understand the important traditions of the past, the challenges of the present, and the possibilities for the future can enable institutions to thrive during a time of such change.

Those institutions that can step up to this process of change will thrive. Those that bury their heads in the sand, that rigidly defend the status quo, or, even worse, some idyllic vision of a past that never existed, are at great risk. Those institutions that are micromanaged, either from within by faculty politics or governing boards or from without by government or public opinion, stand little chance of flourishing during a time of great change.

Certainly the need for higher education will be of increasing importance in our knowledge-driven future. Certainly, too, it has become increasingly clear that our current paradigms for the university, its teaching and research, its service to society, its financing, all must change rapidly and perhaps radically. Hence the real question is not whether higher education will be transformed, but rather *how . . .* and *by whom*. If the university is capable of transforming itself to respond to the needs of a culture of learning, then what is currently perceived as the challenge of change may, in fact, become the opportunity for a renaissance in higher education in the years ahead.

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