



When the Customer Is Right Market-Driven Accountability in Postsecondary Education

Loosely defined but often cited, accountability has become postsecondary education's newest mantra. Broadly conceived, a college or university is thought to be accountable to the extent that it purposely meets the needs and expectations of its stakeholders. When evoked in the public sphere, what often comes to mind first is an institution's responsiveness to a legislature's or governing board's calls for greater cost consciousness, a better return on the public's investments, and better performance on outcomes that the political process has deemed important: principally, student retention, time to degree, and success in the labor market. Such measures are often applied to private institutions too as they have to be responsive to their markets in terms of programs offered, customer satisfaction, and realistic pricing.

Ask most college presidents and faculty members whether or not they see themselves as accountable, and the answer is likely to be "yes—and then some." Most critics would grant that baseline as well. The real issue in today's educational arena, in which the push for responsiveness is continually increasing, is not whether an institution is accountable but whether it has become *more* accountable—and, if so, to whom. Also in question is whether or not an institution defines accountability in terms of responsiveness to customers, be they students, parents, those who are likely to employ their graduates, or the public agencies directly concerned with the educational programs the institution offers.

In this issue of *The Landscape*, new research from the Institute for Research on Higher Education (IRHE) answers basic but important questions about trends in institutions' responsiveness to stakeholders both on and beyond their campuses: What are the characteristics of those institutions reporting *increased* accountability to their various consumers and stakeholders? Which institutional characteristics are associated with increased accountability and which are not?



A Different Kind of Market Research

As part of a larger, international effort comparing systems of higher education in Japan, Switzerland, and the United States, IRHE used a computer-administered telephone instrument (CATI) to interview chief academic officers in American colleges and universities. The interview itself focused on when and why their institutions were becoming more accountable to their stakeholders on the one hand and to shifting market forces on the other. The survey's sample consisted of the 163 members of the Knight Higher Education Collaborative, a cooperative undertaking of colleges and universities that often work together as they adapt to changing external expectations, market realities, new technologies, and economic pressures. In all, 130 chief academic officers (80 percent) participated. The set of responding institutions represented the range of colleges and universities within both the public and private and the 2- and 4-year sectors of postsecondary education in

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Chart 1

Percentage of Private and Public Institutions Reporting Implementing a Formal Plan to Increase Accountability to Various Stakeholder Groups

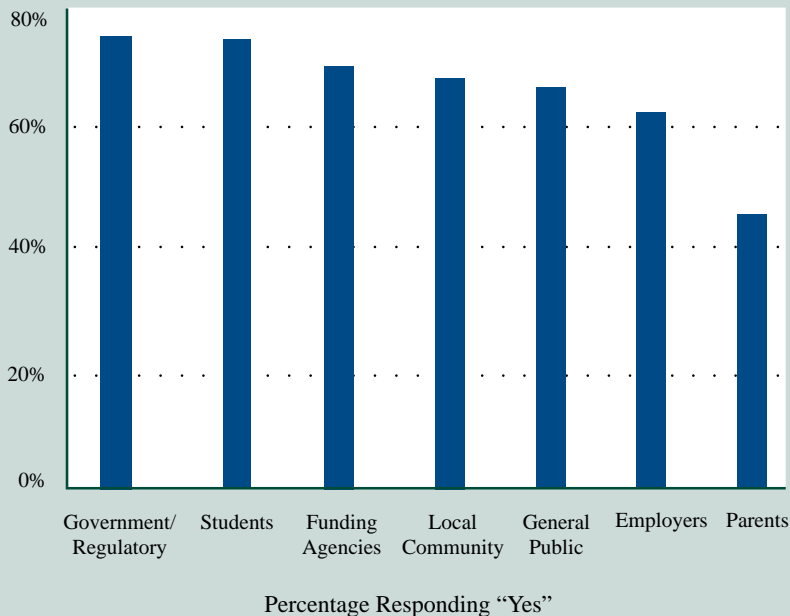
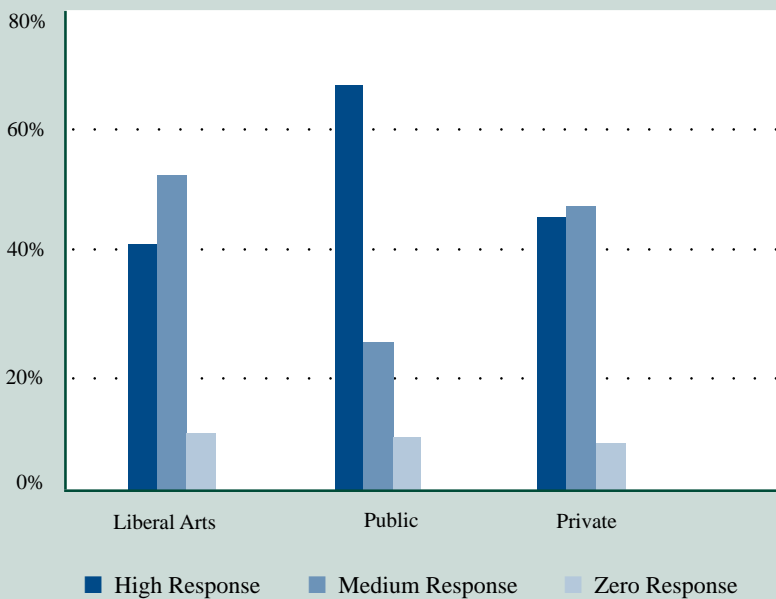


Chart 2

Overall Accountability According to Institutional Type



the United States. The responding sample also represented each of the principal segments of the market for baccalaureate education.

To capture dimensions of accountability, the baseline question asked of provosts and vice presidents for academic affairs was:

In the last five years has your institution implemented a formal plan to increase accountability to any of the following constituents: students, parents, funding agencies, employers, local community, government/regulatory agencies, general public?

It is important to note that the question did not ask *how* accountable the institution had been in the past—just whether or not the institution had become *more* accountable to a specific set of stakeholders.

Consumer Pressures

In analyzing the responses to the survey, an effort led by Gregors Dubrow of IRHE, the team focused on accountability to both public agencies and the student market, framed as the consumers of higher education. A competitive market, the team reasoned, would require that colleges and universities behave in ways that increase the demand for their educational products and services. Similarly, public accountability would involve increased responsiveness to the demands and concerns of public officials—demands and concerns that may or may not duplicate those of the consuming public.

Answers to the basic question regarding which constituencies their institutions had developed a formal plan to increase accountability to are listed on Chart 1. (Respondents could answer “yes” for as many stakeholder groups as applied.) With the exception of parents, the percentages for each constituency are quite high, ranging from 61 to 74 percent. Responses for two categories of constituencies are particularly notable: almost 75 percent of responding institutions (both public

and private) reported that they had taken steps to increase the level of accountability to students and to government agencies. By reporting an increased level of accountability to students, institutions are responding to the market for their services. The heightened sensitivity to governmental agencies probably reflects an increase in the involvement of government, at both the state and federal levels, in the internal workings of colleges and universities.

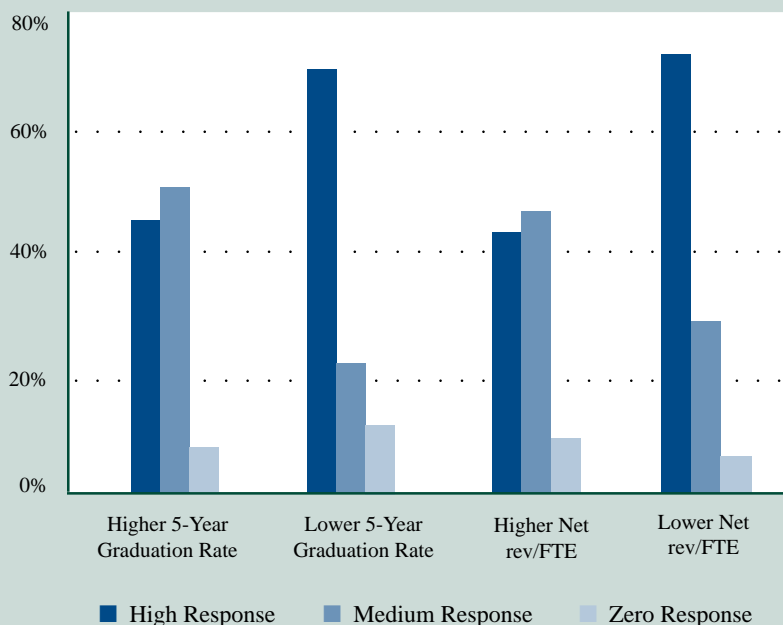
To gauge the general increase in accountability per institution, the IRHE team developed an Accountability Index that totals the affirmative responses for each constituency to which a college or university increased its accountability, allowing for a maximum score of seven. The Accountability Index then divided institutions into three subsets—based on the total number of stakeholders to whom they reported increasing accountability—in order to provide a more easily understandable analytic framework. The response groupings are the following: *zero response* (increased accountability to none of the stakeholder categories); *medium response* (increased accountability to 1 to 4 stakeholder categories); and *high response* (increased accountability to 5 to 7 of the stakeholder categories).

Using the index, Chart 2 compares responses by institutional type: according to public or private control, and along three Carnegie classification groupings (a combined research/doctoral universities group, comprehensive institutions, and liberal arts colleges). As Chart 2 shows, more public institutions—by far—reported increasing accountability to the largest number of stakeholders. However, private institutions were not unresponsive; nearly all private institutions reported that they had increased accountability through a formal plan either to a moderate or a high degree.

The comparison of institutions by Carnegie type reveals an interesting

Chart 3

Overall Accountability According to Institutions' Graduation Rates and Net Revenue per FTE

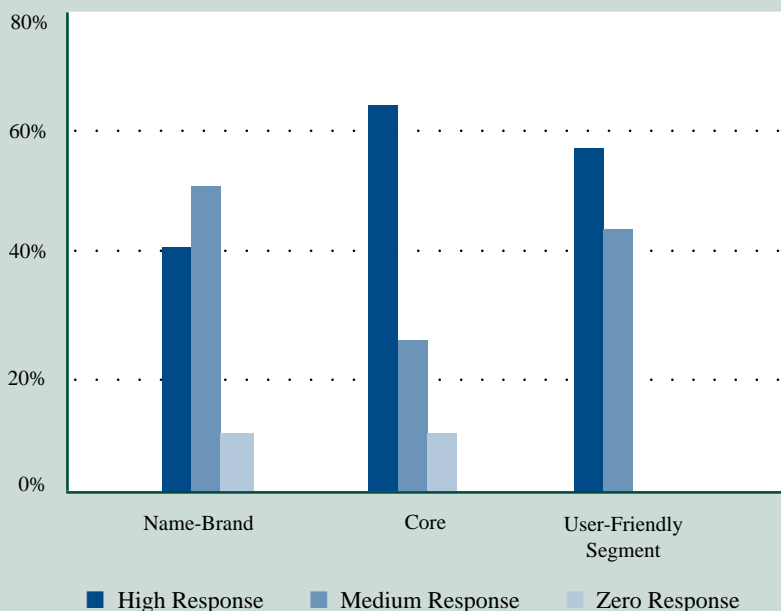


pattern. It is the research/doctoral and comprehensive institutions that reported increasing accountability to more stakeholder categories. In fact, for both of these institutional types, more than 60 percent implemented a formal plan to increase accountability for at least five of the seven stakeholder categories over the last 5 years. By comparison, the liberal arts colleges reported increased accountability to only a moderate number of stakeholder categories.

Chart 3 shuffles the data in another way, displaying indexed responses according to the institutional characteristics of graduation rate and net revenue per full-time equivalent (FTE) student—using these indicators as rough markers of prestige and market success. The display shows those institutions with lower 5-year graduation rates and with lower net revenues per FTE student are more likely to report having increased accountability to the highest number of stakeholder categories.

Chart 4

Overall Accountability by Market Segment



In Chart 4, institutions are clustered according to their market segment, with results similar to those depicted in Chart 3. (For a complete description of the higher education market, see *The Landscape, Change*, Nov./Dec. 1997.) Overall, a significant percentage of institutions across all three market segments (name-brand, core, and convenience/user-friendly) reported increased accountability to a moderate or high number of stakeholder categories—even institutions in the name-brand segment. Not surprisingly, however, the colleges and universities reporting the greatest levels of increased responsiveness are those most likely to be found in the core and at the user-friendly end of the

market—that is, among institutions that stress convenience for the part-time student and flexible courses offered at a lower tuition.

The findings from Charts 3 and 4 reinforce the results presented in Chart 2. For many, it is the private liberal arts college that has come to epitomize the definition of a quality postsecondary experience in the United States. Yet, it is not those colleges but the public, user-friendly, comprehensive, doctorate granting ones that report increasing accountability to the largest number of stakeholder categories. Even when the *government* category is subtracted from the accountability index, most private, name-brand institutions and private liberal arts colleges trail their public more nontraditional competitors in reporting increased accountability.

Perspective: Matters of the Market

While the magnitude of increase in accountability varies for different sets of schools, the analysis reflects just how often colleges and universities across the institutional spectrum are both hearing and heeding the calls of their constituencies—as well as just how much and how often questions of accountability are entangled with concerns about a shifting market for students. As IRHE’s work demonstrates, there is a strong interplay between an institution’s market position and its attempts to increase accountability, even for those prestigious or traditional private institutions that, by virtue of their success in the educational marketplace, have been somewhat buffered from its effects. □