Chapter 13
The University as Public Goods: Ethical Underpinnings

Stephen P. Heyneman

13.1 Introduction

Higher education helps contribute to the public good in several ways. It helps provide knowledge about social and legal contracts, what they mean, and why they are important. It helps provide behavior which is expected under social contacts, behavior of trust in part through the heterogeneous experiences which the young have while they are students. Higher education also helps provide an understanding of the expected consequences for breaking social contracts (Heyneman 2000, 2002/3). As one specialized group studying the issue put it:

> Educated people clearly have many effects on society: educated people are well positioned to be economic and social entrepreneurs, having a far-reaching impact on the economic and social well being of their communities. They are also vital to creating an environment in which economic development is possible. Good governance, strong institutions, and a development infrastructure are all needed if business is to thrive – and none of these is possible without highly educated people (Task Force on Higher Education and Society 2000, p. 39).

These constitute some of the rationales for public investment in higher education. Excellent universities perform these functions well. This generates attention to the best of these institutions, defined as "world-class" universities. World-class universities can be defined in many ways, but there is general agreement that they exhibit: (i) a concentration of talent from around the world in terms of students, faculty, and research interests; (ii) abundant resources from multiple private and public sources, research awards, contracts, endowment, and tuition; and (iii) enabling internal governance with supporting regulations, autonomy, academic freedom, and professional management (Salmi 2009; Altbach 2004). To this list, a new set of characteristics concerning an enabling macro policy environment have

S.P. Heyneman (✉)
International Education Policy, Vanderbilt University, Nashville, TN 37203-57221, USA
e-mail: s.heyneman@vanderbilt.edu

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been added. These included: state incentives to improve quality and diversity, independence of licensing and accreditation agencies, open competition for scientific research in which universities participate, exception from taxation, clear title to university property, autonomy from governmental managerial regulation, institutional differentiation in mission, and permission to garner a wide variety of income sources (Heyneman and Lee 2013).

On the other hand, it has been noticed that many universities are threatened by problems of corruption. Higher education can be corrupt through the illegal procurement of goods and services; cheating in the provision of normal functions (admissions, grading, graduation, housing); professional misconduct (favoring family members, sexual exploitation, bias in grading, research plagiarism); and cheating in the payment of taxes and the use of university property (Heyneman 2002/3, 2010, 2011). Student surveys of Bulgaria, Moldova, and Serbia have revealed that between 35 % and 45 % believed that the official selection process could be bypassed. Approximately one of five admitted to having bribed a university official; in Moldova, the figure was two in five. Within universities, a wide variation exists in the propensity to bribe. Disciplines in the highest demand—economics, finance, and law—have higher compensation for entry, higher tuition fees, higher potential for graduate earnings, and, hence, higher stakes. These disciplines are more likely to be corrupt (Heyneman et al. 2008).

Corruption has a negative effect on quality. The university becomes a high-priced, low-quality good if officials admit or give high grades to the less qualified. Instead of increasing international competition, corruption limits it. Since honesty rests on the proof of a lack of violations, a university suspected of being corrupt reduces the power of its graduates in the labor market. With the private sector, and particularly with companies that draw from international labor markets, the effect of having a reputation for corruption may be more serious than with local governments and state-owned enterprises.

Corruption negatively affects both private and public social economic returns to investments in education. If students can purchase grades, they have less incentive to earn learn. An employer does not know whether the student completed the degree on the basis of academic ability or because he or she bribed university officials. The signaling value of a university degree is reduced. Employers reduce risk by avoiding graduates from suspect institutions and by putting into place testing, internship, and other filtering mechanisms. Graduates need to accept significantly lower salaries until they can demonstrate their economic value through on-the-job experience. Graduates from universities suspected of corruption are not likely to be considered for technical and professional jobs. If they acquire government jobs where the potential for bribes is high (customs, police, etc.), the private income costs of corruption are reduced, but the social costs remain (Heyneman et al. 2008; Heyneman 2011).

Key to understanding the pernicious effect of higher education corruption is to understand that, unlike a criminal case, universities are “guilty” unless they can prove their innocence. Universities which claim to have no problems are not free of

the perception of being corrupt, but the opposite. This is why many universities, including my own, require administrators, faculty, and students to sign a code of conduct and, in the case of administrators and faculty, to sign a conflict of interest statement annually (Annex one). Incoming students are not only asked to sign a code of conduct, but their names are posted on the wall of the student union displaying their signatures. Students, faculty, and administrators are reminded periodically of the need for integrity and what to do when there are infractions (Annex two). There is a student-run system of honors councils to hear cases of infractions and recommend sanctions. There is a similar faculty-run system to hear cases of faculty infractions. Annual reports from the honors council are publicly available. These reports will list the infractions by category, the decisions made, and sanctions in each case. The names of the accused are kept confidential. Mission statements may include the definition and recognition of "harmful activity" to the university. This may include fraud, waste or abuse of resources, misuse of grant money, research fraud, violations of athletic or medical regulations, theft or embezzlement, conflicts of interest, procurement fraud, threats to personal safety, discrimination or harassment, academic misconduct, standards of conduct, and violations of data privacy (Annex two). We were curious if this sort of attention to ethics was common to universities in other countries.

We began by creating a list of possible ethical elements. These included whether or not a university had:

- A mission statement
- An honor code for students
- An honor code for faculty
- An honor code for administrators
- A system of adjudication in the case of infractions
- A statement of non-bias in hiring
- A statement of the criteria used in faculty promotion
- A statement on fairness in admissions
- Transparency in budgets and accounting
- Adjudication procedures in case of infractions
- Faculty handbook
- Reported ethical infractions\
- Results of ethical infractions
- Other elements uncovered as the project progressed

We also noted whether a university was affiliated with a religious institution, public or private, for profit, its language of instruction, location, and whether, in addition to offering a first degree, it offered postgraduate degrees (Annex three).

Since we had no access to internal documents, we decided to base our assessment solely on the basis of a university's public information displayed on its website. Of course, a university may have an ethical infrastructure not mentioned on its website, and universities which do mention ethical elements on its website are no guarantee that the university is free of corruption.

We began by gathering and training research assistants capable of working in languages in addition to English (Annex four). We divided the research assistants into country (not language) teams. These included teams to work on Japan, Korea, the People's Republic of China, Hong Kong, Taiwan, Armenia, Russia, Georgia, Germany, Britain, the USA, Canada, Australia, and France. The first task of each country team was to locate a complete list of the nation's higher education institutions.[1] Once a country's master list was approved, a random 10 % sample was chosen and the websites of that 10 % sample were analyzed (Annex five). Separately, we used the THES of 400 highly ranked universities as our source for world-class universities (http://www.timeshighereducation.co.uk/world-university-rankings/2011-2012/top- 400.html.) From the THES list, we took a 10 % random sample and analyzed their websites (Annex six).

13.2 Results

Universities differ dramatically in their propensity to mention ethical issues or to describe elements of their ethical infrastructure on their websites. In Kazakhstan, Gabon, Kyrgyzstan, and Armenia, ethical infrastructures were absent altogether from university websites. In Britain, Canada, Hong Kong, New Zealand, and Korea, they were universal, nearly universal in Australia (91 %), and very high in Georgia (84 %), the USA, and Germany (79 %) (Table 13.1).

Knowing the portion of university websites mentioning one ethical infrastructure element may not be as revealing as the number of elements mentioned. These ranged from 9.5 in Britain and 8.3 in Canada, 2.8 in Russia, and zero in Armenia, Kazakhstan, and Kyrgyzstan. Germany has a surprisingly low number of elements mentioned, perhaps on the grounds that the internal websites would be more explicit than those open to the public (Fig. 13.1).

Both Russia and Belarus had a high percentage of their universities which mentioned an ethical issue on their websites (77 % and 80 %), but neither included much more detail. The average number of infrastructure elements was 1.4 in Belarus and 2.8 in Russia. This suggests that the emphasis on ethics may have been more for pro forma reasons than a genuine concern. In terms of languages, the highest number of infrastructure elements can be found in universities using Japanese, English, and Korean (Fig. 13.2).

Ranked universities appearing in THES were situated in over 40 countries. Virtually all of them (97.5 %) mentioned ethical elements on their websites. The typical THES university mentioned 9.2 different elements, higher than any nation's

[1] Two-year institutions and those with no undergraduate degree programs were eliminated. All accredited institutions were included, public, private, and for-profit.

Table 13.1 Universities with ethical infrastructures

Country	(%)	Average number of infrastructure elements
THES universities[a]	98	9.2
Britain	100	9.5
Canada	100	8.3
Hong Kong	100	6.0
Japan	100	7.7
Korea	100	6.9
New Zealand	100	3.0
Singapore	100	4.5
Taiwan	100	6.7
Australia	91	7.4
France	91	2.4
China	90[b]	4.8
USA	88	7.6
Georgia	84	5.2
Belarus	80	1.4
Germany	79	0.9
Russia	77	2.8
Armenia[c]	0	0
Gabon	0	0
Kyrgyzstan	0	0
Kazakhstan	0	0

Notes:
[a]Times Higher Education Supplement (THES)
[b]Chinese websites usually cited the general law on corruption across all sectors
[c]Many of the better universities in Armenia have documents describing the regulations pertaining to student conduct and ethics. These might include the American University in Armenia and Yerevan State University, which have student handbooks and codes of ethics. However, none of them happened to fall into the sample

universities, save Britain. The correlation between the number of elements mentioned and the level of THES ranking ($r = 0.14$) was neither strong nor statistically significant. This suggests that the number of ethical infrastructure elements is not a factor in the level of ranking. However, the more important question may be whether candor about an ethics infrastructure is associated with attaining any THES ranking. Given the fact that virtually all ranked THES universities, across all 40 countries, mentioned ethical infrastructure suggests that it is an important ingredient associated with other elements in a university's reputation.

Among THES universities, the most common elements to mention were regulations pertaining to academic integrity and the goals of diversity and equity in enrollment and employment (82.5 %), budgetary transparency and non-bias in hiring (77.5 %), and codes for student conduct and research ethics (75 %). Less common were results of ethical infractions (12.5 %) and proportion of ethical infractions found to be justified (10 %) (Fig. 13.3).

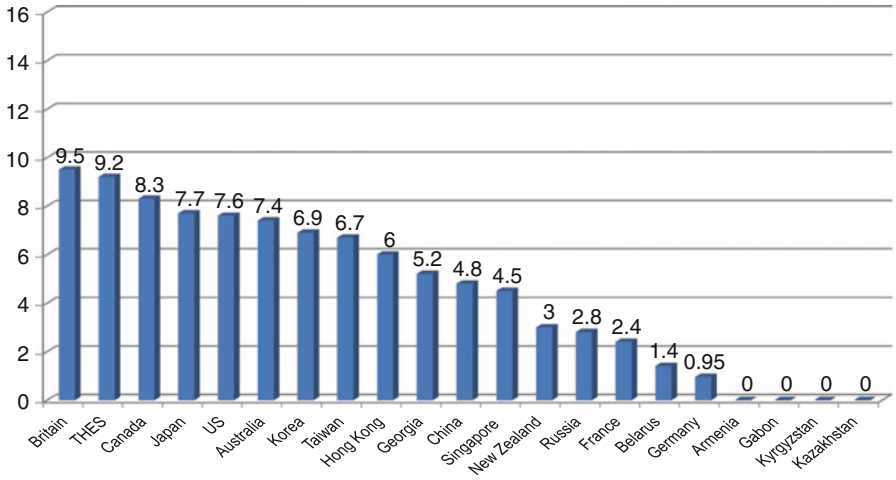

Fig. 13.1 Average number of ethical infrastructure elements by country

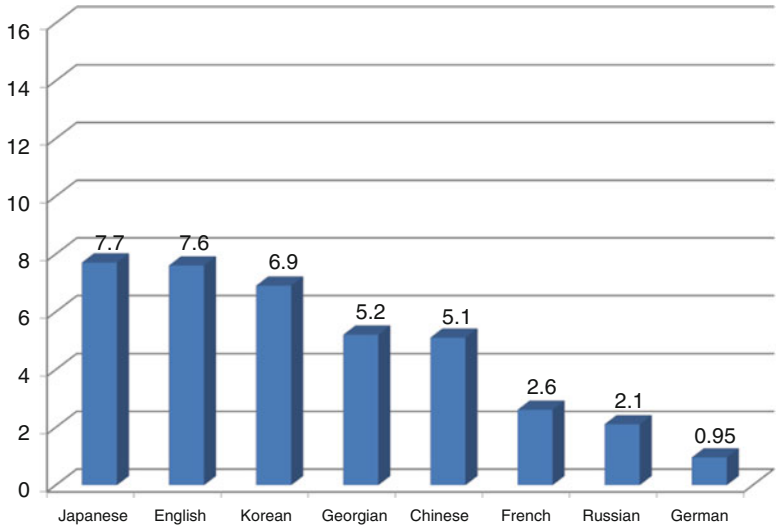

Fig. 13.2 Average number of ethical infrastructure elements by language

13.3 Focus on the USA

Of the 205 universities which fell into the 10 % sample from the USA, 49 offered specialized degrees in technology, law, or religious studies. About one in three of these were for-profit institutions (Table 13.2).

These specialized institutions tended to have a lower number of ethical infrastructural elements (3.7). For-profit colleges stand out among this group and against the general tendency of non-profit higher education institutions. Although

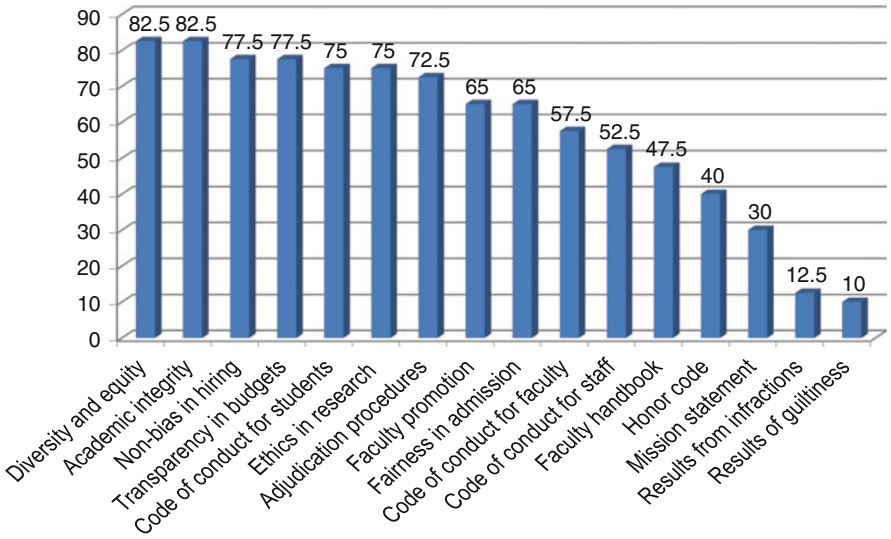

Fig. 13.3 Presence of ethical infrastructure elements (THES) (%)

Table 13.2 American higher education institutions with specialized vocational functions

	Number of institutions			Average number of infrastructure elements		
Type of institutions	All	Non-for-profit	For-profit	All	Non-for-profit	For-profit
Seminary, including bible colleges	17	17	.	2.9	2.9	–
Art-related	11	6	5	4.5	5.2	2.6
Medical, health-related	12	7	5	4.4	3.6	4.8
Technology	5	2	3	2.4	5.5	0.3
Law school, including law-related	4	3	1	4.25	4.3	4
Total	49	35	14	3.7	4.0	3

vocationally oriented for-profit institutions had a higher number of ethical infrastructure elements in the medical field, in the arts, law, and especially in technology, they did not. In technology-oriented institutions, the average number of ethical infrastructure elements was 5.5 among non-profit institutions and only 0.3 in for-profit institutions. This suggests that for-profit institutions which specialize in technology are particularly divergent from their non-profit rivals in their concern over ethics. In general, for-profit institutions tended to have a very low number of ethical infrastructure elements (3.6) (Table 13.3).

If one excludes for-profit and vocational institutions, the average number of ethical infrastructure elements typical on the websites of American universities (9.6) is higher than any other country in the sample and higher than the average institutions in the THES ranking. This suggests that for-profit institutions are simply not as interested in combating education corruption as non-profit institutions.

Table 13.3 American higher education: average number of ethical infrastructural elements: for-profit and non-profit institutions

Type of institutions		Number of institutions	Average number of infrastructure elements
Non-for-profit	All	169	8.4
	(Excluding vocational institutions)	(134)	(9.6)
For-profit		36	3.6
Total		205	7.6

13.4 Summary

To combat education corruption, a university will need to do more than mention ethical behavior on its website. But a university's concern for ethics is unlikely to be effective without mentioning the ethics problem on its website. Virtually all highly ranked universities are concerned with ethics; they mention more ethical elements on their websites than other universities, and they are more likely to be transparent as to the annual number and type of ethical infractions.

On the other hand, there are universities situated in sample countries such as Kazakhstan, Kyrgyzstan, and Gabon where the typical university mentioned nothing about professional ethics on their websites. What does that suggest about them? Circumstantial evidence would suggest that the universities which are silent on the issue of professional ethics are also universities which are widely perceived to be corrupt. They tend to be situated in countries where education corruption is known to be high (Silova et al. 2007; Heyneman 2007a, b; Heyneman 2013) and where the business climate is characterized by a high degree of corruption. Kazakhstan, for instance, is ranked 120 and Kyrgyzstan 164 out of 182 countries in the corruption index of Transparency International (Transparency International 2011). These data from our small study would suggest that universities which do not mention professional ethics on their websites are at the highest risk of being corrupt themselves.

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