Chapter 3
Challenging the Status Quo: The Influence of Proprietary Learning Institutions on the Shifting Landscape of Higher Education

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Social, historical and economic forces are challenging the viability of traditional models of higher education; postsecondary institutions must examine alternative strategies and approaches in order to effectively adapt to the demands of a knowledge economy. Proprietary models provide insight to assist colleges and universities striving to address changes necessary to achieve (and sustain) success in meeting the growing needs of lifelong learners via: (1) opening access to a broader community of students; and (2) cutting costs through increased efficiency in structure and operation. Implementation of sound educational practices aligned with efficient processes and cost-effective structures is essential for colleges and universities striving to meet the needs of an increasing number of students. This chapter examines the impact of for-profit universities on the transformation of higher education via the emergence of alternative financial, academic and structural systems to stimulate institutional growth and support student learning.

3.1 Rise of Proprietary Learning Institutions

Historically, for-profit and nonprofit institutions have been viewed as diametrical opposites with an emphasis on the vast differences between the two approaches to higher education and with little recognition of areas of overlap or similarity. However, the desire of *all* institutions to be more effective has led both for-profits

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and traditional institutions to scrutinize the successful innovations and approaches of one another. The result is a clear shift, among all institutions of higher education, to re-examine organizational structure, philosophy and services to be more inclusive, innovative, responsive and efficient.

The last decade has seen a dramatic increase in the role of proprietary institutions in higher education, and the entrepreneurial orientation that led to their growth. Enrollments in for-profit colleges and universities grew by 225 % from 2001 to 2008; this compared to the 31 % growth rate reported by private and public institutions during the same time frame (APSCU 2013). The existing 1,215 for-profit educational entities comprise 26.2 % of all institutions of higher education and serve more than 1.9 million students (Carnegie Foundation 2010). This growth has been accompanied by a range of commentaries debating the benefits and challenges inherent in a for-profit approach to higher education (for an overview of relevant literature, see Hentschke et al. 2010; Tierney and Hentschke 2007; or Weisbrod et al. 2008). In this chapter, we challenge the false dichotomy separating for-profit and nonprofit institutions that is inherent in these debates and examine strategies born from the proprietary model that foster effective and efficient innovation relevant to all sectors of higher education.

To understand the influence of proprietary universities, it is important to examine the forces driving their growth. For-profit institutions did not simply open their doors and wait for students to come; rather, they emerged to fill a void in higher education created by an increasing need to support ongoing educational opportunities for adult learners (Breneman et al. 2006; Douglass 2012). The recession of the early 21st century left over 197 million people unemployed globally (International Labour Organization 2013). Many of these individuals sought education as a means of increasing their marketability to secure (or maintain) employment. The employment value of increased schooling is evident in an analysis of job ads from January 2013 which found that 55 % of posted positions required some postsecondary education (APSCU 2013). Likewise, the role of education as an unemployment buffer is clear with an unemployment rate of 3.7 % for college graduates compared to 8.1 % for individuals with a high school diploma and 12.0 % for those lacking a high school degree (APSCU 2013). Yet despite the clear motivation to seek additional education, barriers in the lack of physical and temporal mobility to attend brick and mortar colleges offered limited educational opportunities for many.

Compounding the unemployment issue, our technology-driven, knowledge economy decreased the number of manual-labor positions while increasing demand for an educated workforce. As a function of the shifting workplace environment, it is estimated that over 90 million employed individuals are currently undereducated for the modern labor market (APSCU 2013). Critics assert that the curriculum, mentality and policies of traditional universities have failed to keep pace with the shifting workplace; thus, many individuals who do receive postgraduate education may still lack the knowledge and skills to be productive contributors to the modern workplace (Carnevale and Rose 2011; Graham and Stacey 2002).

These social, technological and economic conditions created a surge in adult learners seeking additional education; however, the same recession that spurred

increased interest in higher education also dampened the economy that supports traditional colleges and universities. Despite increased student interest in higher education, budget cuts forced many public and private institutions to increase tuition, limit services and restrict access. The increasing demand for more education clashed with limited flexibility and access needed for adult learners to do so. Compounding the issue further, adult learners bring with them a host of unique needs and considerations; institutions operating on reduced budgets were not equipped to provide the necessary curriculum, structure and support to ensure access and success of more diversified student populations. As highlighted by the Edvance Foundation, "fewer than half of Americans hold bachelor's degrees due to an inability of many colleges and universities to provide the financial, cultural, academic, and personal support that students need" (2013, para. 1); the global trends are even less promising with only Norway reporting a higher percentage of citizens with a bachelor's degree (Organization for Economic Cooperation and Development 2013). The result is a simple issue of supply and demand; for-profit institutions emerged to "help fill the existing education and skills gap and meet capacity demands that cannot be satisfied by public and private nonprofit colleges alone" (APSCU 2013, p. 1).

3.2 Influence of the Organizational Model on Education

While traditional and proprietary institutions share the academic mission of providing a high quality education, proprietary models are uniquely motivated to deliver educational services that open higher education access to a broader student demographic via an organizational model that is responsive to the needs, demands, and expectations of students. Despite the dichotomous classification system differentiating for-profit and nonprofit institutions, the reality is that all institutions of higher education are operating with the goal of educating learners in a financially responsible manner (Jarvis 2001). The defining difference between institutional models lies simply in the extent to which these two simultaneous goals (i.e., quality education and fiscal responsibility) are interwoven. As explained by Kinser and Levy (2005),

> Sectors overlap. Sectors blur. Sectoral labels partly deceive. The general legal delineation suggests that only for-profit institutions may distribute profits to owners… we must be careful about when and how much to treat for-profit higher education institutions as distinctive regarding fundamental missions and purposes (p. 6).

The false dichotomy suggesting vast differences between for-profit and nonprofit institutions skews perceptions and impedes inter-institutional collaboration, growth and development.

The reality is that both for-profit and nonprofit institutions evolved around a consistent, shared mission dedicated to enhancing student learning; the difference lies in how the organizational and financial model of each influences choices and philosophies within that mission. In a proprietary model, financial and academic decisions are integrated due to their interdependence. Because for-profit institutions rely on student tuition for financial support, they have developed an agile, adaptable

organizational model that is keenly responsive to the needs, interests and demands of the learners. The infrastructure underlying a proprietary organizational model is able to adopt innovation more readily and efficiently. Recognizing that students who do not receive a satisfactory education are at risk to leave and spend their tuition dollars elsewhere, proprietary institutions are uniquely motivated to produce an educational environment that efficiently adjusts to accommodate the changing needs of students and to tailor learning experiences as a function of shifting expectations. Similarly because proprietary models mandate amalgamation of financial and academic components, they focus not only on sustaining (and growing) enrollments but also on simultaneously implementing cost-efficient structures to support an effective learning environment.

In contrast, the financial and academic choices of traditional institutions are not necessarily interdependent. Traditional institutions do not rely solely on tuition for sustained existence, and academic decisions do not directly impact the receipt of state funding or private endowments. In this environment, academic decisions are driven by an administrative hierarchy comprised of academic faculty, a tenure-based system, and established guidelines for faculty governance (Carpenter and Bach 2011). This type of traditional organizational structure for decision-making is integral for ensuring an emphasis on research, intellectual property and academic freedom; but it may or may not align with financial decisions that "support institutional foresight and agile responsiveness to change" (Carpenter and Bach 2011, p. 1).

Inherent in an analysis of organizational frameworks is an appreciation of the unique value, relevance and purpose of both proprietary and nonprofit models. This common understanding provides the basis for a knowledge exchange that benefits *all* institutions of higher education. Recognizing the social, economic and technological forces challenging higher education, DeMillo (2011) offers ten guidelines to help institutions of higher education survive the paradigm shift into the 21st century: (1) Forget about who is above you; (2) Focus on what differentiates you; (3) Establish your own brand; (4) Don't romanticize your weaknesses; (5) Be open; (6) Balance faculty-centrism and student-centrism; (7) Use technology; (8) Cut costs in half; (9) Focus on your own measures of success; and (10) Adopt the New Wisconsin Idea (i.e., requiring universities to tie indicators of success to their impact in society). Relevant to this chapter are two central recommendations in which the proprietary model provides insight to assist colleges and universities striving to address changes necessary to achieve (and sustain) success in meeting the growing needs of lifelong learners: (1) open access to a broader community of students; and (2) cut costs through increased efficiency in structure and operation.

3.3   Increased Student Access to Higher Education

The rise of the research university in the 19th century changed the focus of traditional higher education; teaching, as a result, emerged as a means of mentoring the next generation of scholars (Clark 2008). Inherent in this foundation, access to

higher education was limited to the academically elite and students entered postsecondary institutions with limited knowledge and experience. Consequently, the educational experience was driven primarily by individual faculty members in response to their own specialty areas and research topics. While higher education has evolved considerably from these roots, the traditional model still drives the structure, curriculum and organization of most modern postsecondary institutions. The majority of these institutions are built around the schedules of a typical 18- to 24-year-old residential student, with a curriculum that assumes limited professional experience and a primary dedication to the academic culture with all other aspects of life (i.e., employment, family obligations, etc.) secondary (Chao et al. 2008). Within this structure, faculty have dedicated teaching time, but are also allotted ample time for research creation and dissemination.

In contrast, proprietary colleges and universities are not influenced by the legacy of historical standards in institutional structure or function. Rather, for-profit institutions emerged as business ventures to capitalize on the fulfillment of unmet educational needs (Breneman et al. 2006; Douglass 2012). The resulting organizational structure developed in an entrepreneurial manner that allowed academic programming to be continuously modified in response to the demands of the education marketplace. As such, for-profit institutions are uniquely structured and motivated to create learning environments that efficiently adapt to the needs, desires, and preferences of students. This agile organizational approach underlies innovations in institutional policies, practices and systems that have emerged as a function of for-profit education; specifically: (1) education of nontraditional students; (2) alternative models of education; (3) responsiveness to the knowledge economy; and (4) faculty and student support services.

3.3.1 Education of Nontraditional Students

As previously highlighted, postsecondary education has become the optimal solution for displaced and under-employed workers seeking to enhance their credentials, experience and employability. In addition, the evolving job market needs workers across the spectrum to pursue additional education to remain competitive and receive increased compensation. These forces create a host of nontraditional students who are entering (or re-entering) postsecondary institutions with unique expectations, needs and challenges. While these students may select from a range of postsecondary options, traditional colleges and universities have been largely inflexible and slow to adapt to workforce demands (Judy and D'Amico 1997). Rather than attempting to force nontraditional students into a traditional academic environment, for-profit institutions have actively adapted educational policies and practices to meet the specialized needs of this student population.

Current estimates report that up to 75 % of undergraduate students are nontraditional learners, with a disproportionate number of these students enrolled at for-profit institutions (Giancola et al. 2008; Jaschik 2010; Miller-Brown 2002; National

Center for Education Statistics 2011; Paulson and Boeke 2006). Nontraditional students elect to attend for-profit institutions due to the need for a more flexible, responsive educational structure. In contrast to conventional, full-time college students, nontraditional students tend to be over 24 years old, are financially independent, work more than 35 hours per week, have time delays in their educational activity, live off-campus, and/or have substantial family obligations (CAEL 2000). As a function of these characteristics, nontraditional students often attend college on a part-time basis (Munro 2011; Tight 1991), approach their education with a clear career objective and bring greater experience to their educational endeavors (Chao et al. 2008). In addition, due to a lack of recent experience with formal education, as well as competing time demands, nontraditional students are at a greater risk for failure to complete their educational degree programs (Lane 2004; Miller-Brown 2002; Patterson et al. 2010; Wlodkowski et al. 2002).

Systematically embracing the needs of nontraditional students is the historical hallmark of proprietary education. Rather than force the students to adapt to the existing structure typical of colleges and universities, proprietary institutions adapted their structure, programming and organization in response to students' needs. This adaptive, responsive organizational structure demands that for-profit institutions engage in a continuous assessment cycle examining the impact of their programming and structure in relation to the ever-changing needs of students. The result of this ongoing feedback-reflection-adjustment loop is continuous innovation - innovation that challenges traditional approaches and spurs alternative models of education.

3.3.2   Alternative Models of Education

Nontraditional students - by the nature of their availability, experience and maturity - require an applied curriculum that takes their professional experience into consideration, flexibility in course offerings that accommodate family and work schedules, and timeframes that align with personal and professional goals (Chao et al. 2008). In order to effectively serve nontraditional student populations, proprietary institutions have been innovators in alternative models of higher education including: distance education, online learning, hybrid instruction, accelerated programming, competency-based credit, military/veteran education, increased global interaction and interconnectedness (Wildavsky 2011).

Perhaps the area where for-profit institutions have had the greatest impact on higher education is in effective use of technology for the development and delivery of online education (Klor de Alva 2011). Due to their willingness to adapt the structure and delivery of education in response to student needs, for-profit institutions were early adopters of alternative modes of delivery and have continued to serve as leaders in this arena (Dew 2012). The data-driven approach to curriculum, program and andragogical development, combined with the vast pool of available data, has established for-profit institutions as innovators in developing effective delivery

methods, instructional technologies and pedagogy to support enhanced student learning. Beyond the confines of each proprietary institution, these innovations have contributed significantly to an overall understanding of effective online teaching and learning. Traditional online programs have benefited from the effective practices pioneered by their for-profit counterparts; through increasing engagement in scholarly conferences, institutions from all sectors are collaborating to improve the processes, procedures and support services to maximize student learning and retention in the online classroom.

3.3.3 Responsiveness to the Knowledge Economy

Higher education has a long history of restricted access to colleges and universities, with an emphasis on admission for the academic elite. Beyond practical limitations related to budget, facilities and availability, the philosophy underlying higher education has been that a postsecondary education is a privilege, not a right (Clark 2008). Consequently, access to higher education has been restricted by high admission requirements, costly tuition, and limited delivery methods. Each of these restrictions has kept access narrowed to a limited demographic of students (Carnevale and Rose 2011; Tierney and Hentschke 2011). But societal shifts to a technology-driven, knowledge economy are forcing workers from a broader demographic to seek postsecondary degrees in order to remain competitive in the modern workforce.

The need for increased educational opportunities extends beyond personal employment to impact social and economic inequalities. Reflecting this concern, Carnevale and Rose (2011) highlight:

> The undersupply of postsecondary-educated workers has led to two distinct problems: a problem of efficiency and a problem of equity. Without enough talent to meet demand, we are losing out on the productivity that more postsecondary-educated workers contribute to our economy. Moreover, scarcity has driven up the cost of postsecondary talent precipitously, exacerbating inequality. (p. 8)

The resulting disparity increases the income gap between those with and without a college education; it is estimated that those with a postsecondary education earn on average $30,000 more per year compared to their high school educated counterparts (Isaacs et al. 2008).

Rather than limit access, for-profit universities have expanded the opportunity to seek higher education to a broader student demographic (Wang 2013). Traditional colleges and universities restrict access to individuals with a proven record of success; in contrast, for-profit institutions expand initial access to include those with less competitive academic credentials. But, as highlighted by Carpenter and Bach (2011), "access in and of itself is not sufficient to be considered an opportunity; opportunity is driven by both access and the likelihood of success" (p. 2). With admission of a broader range of students, for-profit institutions simultaneously enhance support services necessary to promote learning across a diversely-prepared

student body. The student-centric nature of proprietary institutions makes them uniquely able to adapt in response to the needs of at-risk students; data indicate that at-risk students at for-profit institutions are more likely to receive their postsecondary degree than their counterparts at traditional institutions (Rosen 2012).

3.3.4 Faculty and Student Support Services

The willingness of for-profit institutions to extend access to a wider range of students with more varied levels of college-readiness mandates simultaneous attention to providing increased support to help ensure the success of both faculty and students. It is not simply a matter of allowing more students to enroll; effectiveness of the institution relies on meeting the needs of each student to promote their effective engagement in the learning process (Ague 2013). This emphasis has led to a number of innovations designed specifically to nurture, motivate and support students' holistic educational experience.

In addition to standard academic advising, for-profit institutions provide more comprehensive student support services designed to accommodate the needs of both traditional and nontraditional students. While most students require guidance and support with enrollment, career counseling, and academic planning, specialized student populations (i.e., nontraditional, at-risk, military, veteran, etc.) may seek additional support to help navigate the nuances of higher education. With an explicit goal of supporting and retaining students, the organizational model of proprietary institutions promotes a comprehensive support system that goes beyond strict academics to provide personalized guidance concerning university processes, language, culture, and expectations (Ague 2013; Miller-Brown 2002). In addition, nontraditional and at-risk students may require explicit emotional and motivational support to reduce anxieties about returning to school (Giancola et al. 2008; Miller-Brown 2002; Peters et al. 2010; Redfern 2008).

Similarly, it is equally vital to provide dedicated support to faculty to ensure their ability to be effective teachers. Although faculty development is common in most institutions of higher learning, it is integral to the mission of for-profit institutions due to the increased diversity in students' academic preparation; effectively serving a broad demographic requires an adaptable, well-prepared, responsive faculty. Likewise, within the proprietary model, it is essential that educational services are delivered consistently, with a level of quality that does not vary among individual faculty members. This emphasis mandates an integrated faculty training and development program aligned with best practices, peer review, and accountability to learning outcomes. Due to the increased emphasis on student learning (with limited research or service obligations), faculty at proprietary institutions are selected exclusively as content experts to teach and mentor students. Regardless of institutional type, faculty development programming at both for-profit and nonprofit institutions highlights specific pedagogies, technologies and approaches necessary to transfer content knowledge to students across a wide range of abilities and backgrounds. Unique to the proprietary model is the link between high-quality

teaching and institutional success; this relationship ensures ongoing support and dedication for teaching support, training and development as effective teaching has clear economic value for the university. In contrast, many nonprofit institutions place funding priority on research agendas (or programs that have the potential to bring in external grant funding) and have, in recent times, been forced to cut or limit teaching support due to budget restrictions.

3.3.5 Impact of Increased Access to Higher Education

The academic mission driving proprietary colleges and universities mirrors its traditional counterparts; regardless of institutional type, the goal is to provide students with a high-quality education. The accrediting agencies overseeing both for-profit and nonprofit institutions apply the same standards of academic excellence, rigor and support to ensure that colleges and universities provide students with knowledge, skills and abilities appropriate to their academic degree. Therefore the academic model adopted by proprietary institutions does not differ in outcome; the difference lies in the target of the education and the process by which the outcome is achieved. For-profit institutions are increasing access to higher education for a wider range of students by being responsive and innovative in the development of programs, approaches, support systems and philosophies that align with students' needs. These innovations have not gone unnoticed by traditional institutions; higher education is evolving to become more agile and flexible in supporting the success of an increasingly diverse body of learners. Key to effectively increasing access for students is the ability of institutions to develop structures and systems that promote responsiveness in a cost efficient manner.

3.4 A Cost-Efficient Organizational Structure

Approaching higher education from a proprietary model creates opportunities unseen in many traditional university structures. The organizational structure and philosophy underlying for-profit models simultaneously works to increase the value of educational offerings while reducing associated costs. As highlighted by Collins and Porras (1997), companies with clear values, core principles and a long-term vision are able to build organizations with extended value for all involved. Integral to any successful educational organization is the understanding that it is not a decision between quality education *or* revenue, but rather on how to simultaneously achieve *both*. As a function of these synergistic goals, proprietary institutions have developed structures and policies that frequently allow for the delivery of quality education in a more cost-effective manner. The strategies of effective for-profit institutions are based on several key factors: (1) centralized and collaborative processes; (2) holistic, integrated services; (3) data-driven decision-making; and (4) assessment and accountability for student learning.

3.4.1 Centralized and Collaborative Processes

While traditional higher education institutions are steeped in tradition, their inefficient infrastructure is segmented by departments with a replication of systems and services throughout the institution, further separated through multiple levels of bureaucratic approval. This department-driven silo structure decreases the efficiency with which decisions can be made and implemented (Kolowich 2010). In contrast, for-profit institutions often rely upon a centralized model in which both academic and administrative functions are integrated to more efficiently and effectively serve students. The value of this type of centralized structure is outlined by Carpenter and Bach (2011):

> From the perspective of strategic higher education management, promoting effective lateral, inter-unit interaction that maximizes the benefits of these type of interactions can produce more effective collaboration and coordination, increased generation of social capital, and new opportunities for organizational learning (p. 5).

As an example of an integrated approach to academic services, for-profit institutions have been innovators in the utilization of a team-based curriculum development process (Millora 2010; Ruch 2001; Tierney et al. 2010). In contrast to a system of individual faculty members working in isolation to develop and teach their course content, the for-profit model posits that it is a more effective, consistent and cost-efficient strategy to separate the process of curriculum development from teaching. As such, core curriculum is developed by teams comprised of faculty content experts, instructional designers, librarians, and technology specialists; through this process, the expertise of each team member is integrated to maximize the educational value of the course content (Edmondson 2012). Curriculum development is structured as an ongoing cycle in that faculty-driven content is continually enhanced with respect to student success data, pedagogical tools, and relevant technologies. As a result, students take courses with team-built curricula designed by the best content experts and taught consistently by the best instructors. The goal of integrated, team-based curriculum development is to support increased performance and learning for students in a manner that is most effective and efficient for faculty. As highlighted by Carpenter and Bach (2011), "there is a range of models that can be used to develop a centralized curriculum that meets quality assurance goals while at the same time promoting faculty engagement, creativity and scholarship" (p. 9). Essentially, the outcome is to have one curriculum supported in a transparent, coordinated and collaborated way by all involved in the day-to-day life of students.

3.4.2 Holistic, Integrated Services

Complementing a centralized administration and curriculum is an acknowledged need among for-profit institutions that students benefit from a holistic educational experience. The means to achieving this holistic experience is aligned with a

customer-service mentality that embraces the need to ensure student satisfaction across all interactions at the university. From initial inquiry about the institution, through enrollment, financial aid, student services, and graduation, the consumer service-driven approach recognizes that students' continued enrollment and academic success is a function of their holistic experience with all interactions, within and beyond the classroom. Trend data analysis builds and binds the complementary parts of the students' holistic experience. Trend data (from initial engagement through end-of-course surveys), student input, and faculty experiences combine to create a coordinated effort across departments; this integration allows for coordinated services between academic affairs, enrollment, finance, and student services (Campbell and Oblinger 2007).

3.4.3 Data-Driven Decision-Making

Due to the increased accountability to external stakeholders and an emphasis on documenting student learning, for-profit institutions must be able to defend choices in programming and services utilizing data clearly tied to target outcomes. This data-driven approach aligns well with the administrative structure of most proprietary institutions because their administrative leaders possess a background in business and industry, with extensive experience using analytic data for decision-making (Carpenter and Bach 2011). Because external stakeholders require documentation of effectiveness (a necessary precursor for continued financial support), it is essential that for-profit colleges and universities clearly assess and document the impact of the institution's academic choices on student learning. Within this realm, analytic data are vital for decision-making related to predicting outcome achievement, course dashboarding, curricular evaluation and setting course or instructional policies (Carpenter and Bach 2011).

While this type of data-driven decision-making is not unique to for-profit institutions, proprietary colleges and universities were among the first institutions to prioritize a reliance on measurable outcomes in order to direct future academic planning. Student performance data were first used comprehensively to study engagement and retention of students; within this realm, the main focus has been on the impact of supportive interventions to increase students' persistence and success (Bach 2010). The use of these data to identify trends, apply interventions and study student performance continues to be developed; these developments, in turn, foster more informative data, better analytic tools and more advanced student support systems (Bach and Carpenter 2010; Campbell and Oblinger 2007).

In addition, data analysis, intervention development and outcome evaluation are widespread across the for-profit sector due to the availability of larger data sets on which to base decisions. For example, while traditional campus-based programs are restricted in size due to limitations in physical classroom space, most for-profit institutions have a substantial online presence that allows for scalable growth in response to student demand. The increased size of online programs provides a

plethora of data for making more informed decisions; rather than examining impacts or trends in a handful of courses, for-profit institutions offer multiple, simultaneous sections, enabling the examination of curricular changes or support services across instructors and classes. The availability of large data sets allows proprietary institutions to tap into the benefits available via learning analytics. As highlighted by Hoel (2013), learning analytics can:

1. *Adaptively test, track and report on individual student learning.* By tracking information such as time spent on resources, frequency of interaction and patterns of resource exploration, instructors (and curriculum developers) can create learning environments that personalize learning for each student. For example, analyzing the time students spend on a particular resource may provide insight into concepts that need additional content support.
2. *Foster early alert, intervention and collaboration.* Via advanced tracking functionality, learning analytics can be used to integrate data from multiple sources to allow institutions to make more holistic decisions in relation to student support and intervention. For example, integrating data from course participation, grade book and login patterns across multiple courses may help an institution identify students at risk for dropping out.
3. *Evaluate projects for institutional efficiency and effectiveness.* Learning analytics provide a plethora of data allowing administrators to tailor business decisions concerning the effectiveness and efficiency of university operations. For example, data on students' engagement in early courses can be used to assess the effectiveness of admissions and enrollment programs to enhance student retention.

These are just a few examples of how proprietary institutions are innovating in response to available data on the effectiveness of programming and initiatives. Essential is the emphasis on clear accountability; proprietary institutions must be able to provide clear data to justify to justify the investment of resources. Not only must they be able to document the impact of academic choices but also the for-profit model mandates active use of data to drive ongoing decisions to enhance the process and product of learning (Campbell and Oblinger 2007).

3.4.4 Accountability for Student Learning

Regardless of an institution's financial model, every college and university is responsible for the assessment of student learning (Dew 2012). The external accreditation process requires that institutions demonstrate their ability to foster, produce and document student learning. Within this established system of academic oversight, there is no differentiation of educational standards or learning expectations based on an institution's financial model. However, beyond adherence to accreditation standards, proprietary institutions have increased accountability for documenting student learning to a range of both internal and external stakeholders (Barringer 2010; Rosen 2012).

In a traditional college or university, curriculum decisions are often driven by the preferences and rights of individual professors or departmental committees. With a basis in academic freedom, secured by the process of tenure and backed by a faculty union (or bargaining agreement), faculty hold increased power to make decisions about the content and processes of teaching within their assigned courses. In this environment, faculty choose the content of their courses, the methods by which they will teach them and the scope of the assessments. While this traditional model does not preclude accountability for student learning, it is the faculty member, not student outcome data, that drives curricular decisions. In contrast, under a proprietary model of education it is the quality of the product (i.e., student learning) and not solely a function of the producer (i.e., faculty) that drives on-going decision-making. In for-profit education, accountability is aligned with student outcomes because the financial viability of an institution is an immediate by-product of its ability to deliver a high-quality education. Accountability for student learning takes priority over faculty preferences or choices in the consumer-driven philosophy of proprietary education, as the ability to demonstrate student learning is essential to maintaining student enrollments. In addition, proprietary institutions face increased accountability to external agencies; for example, publicly traded institutions must adhere to disclosure rules, submit to external financial audits, and ensure financial accountably to shareholders. The increased scrutiny of the for-profit industry requires proprietary institutions to clearly document learning gains to fulfill requirements of state agencies and regional accreditors (in addition to the alignment with financial laws and regulations imposed on publicly traded organizations).

3.4.5 Impact of Cost Efficient Organizational Structures

In the proprietary model of higher education, financial decisions work in tandem with academic decisions to maximize student learning. It is not a matter of choosing between student learning and revenue but rather prioritizing both simultaneously. The synergy between the academic and financial decision-making occurs in direct response to the changing economic, social and technological climate. The financial success of the institution rests in its ability to deliver high-quality education in a manner desired by students via the most cost-efficient means possible. If the quality of the education is low, enrollments drop and revenue decreases; in this scenario, the efficiency of the organization is a non-issue as business will cease to exist. Conversely, a high-quality education that meets students' needs ensures ongoing enrollment; any financial choices to maintain this quality in a more cost-efficient manner maximizes revenue for the institution. The goals of academic excellence and financial profitability are inextricably linked; there is no revenue without quality education. Thus, central to the success of proprietary institutions is reliance on an adaptable, responsive organizational model that meets the diverse needs of a varied student population in the most cost-efficient means possible (Harris 2013).

3.5   Impact on the Current Academic Climate

Principles underlying the success of for-profit institutions offer valuable insights for enhancing institutional effectiveness and efficiency regardless of the mode of learning or student population served. The for-profit approach has spurred colleges and universities across the higher education landscape to: (1) enhance access and support for students; (2) foster responsive innovation; and (3) develop more efficient structures and processes. In turn, as for-profit institutions gain prominence in higher education, they are adapting best practices from traditional institutions related to: (1) increased scholarly contribution; (2) integration of research and teaching; and (3) shared governance.

One outcome of this dynamic is the emergence of a trend that is not unique to a specific mode of instruction or student population. Effective institutions, regardless of organizational or financial model, must provide high-quality education that adapts in response to student needs in an efficient manner. Consequently, more traditional institutions are offering distance, hybrid and accelerated classes to address the needs (and sometimes wants) of both traditional and nontraditional students. The impact of this shift in philosophy is apparent across higher education, with 63 % of institutions indicating that online learning is a critical part of their long-term strategy (Allen and Seaman 2010). But as institutions increase access, they must simultaneously increase support to ensure that students have the necessary resources to be successful. Both the proprietary and traditional settings have gleaned the benefits of providing tutors, study-skill courses, writing support and individualized mentoring for students. These are *not* for-profit or not-for-profit solutions; these are student-centric strategies with an explicit emphasis on improving student support and success.

The success of the proprietary model is not limited to online or adult education; the same guiding principles emphasizing the value of a consistent, high-quality education delivered in a responsive, efficient manner are relevant to all sectors and modes of education. Not surprising, the for-profit model has proven equally effective for campus-based environments serving traditional students as well as graduate programs with an emphasis on research. As the proprietary model has been applied to more research-aligned institutional missions and goals, for-profit institutions are evolving to embrace the values and priorities of research-oriented institutions.

As is the case with all vibrant fixtures in society, higher education has evolved considerably from its early roots. The historic focus of proprietary institutions on the adult learner mirrors the historic emphasis of public and private institutions on traditional students. Though stemming from different historical philosophies and focus, modern colleges and universities no longer narrowly tailor their processes and services to provide education in a singular modality to predefined student types. Rather, as a natural by-product of growth, innovation and competition, institutions are leaning on the experiences and successes of one another to more effectively serve their mission; the best practices from each are reshaping the landscape of higher education. While for-profit higher education has been met with resistance in many countries outside the United States due to dominance of existing public

education systems and concerns about the quality of education offered via private institutions (Council for Higher Education Accreditation 2011; Labi 2010), proprietary learning models continue to shape the American learning model and have become a force which influences policy, accreditation, and social perspectives on the role of higher education in our modern society (Council for Higher Education Accreditation 2011; Douglass 2012). The proprietary model is changing the face of higher education in westernized countries and, consequently, will likely affect higher education from a global perspective in the future.

Reflecting this shift, faculty and administrators from a range of institutional types now sit together at academic conferences examining, sharing and debating best practice. From enhanced pedagogies for engaging students, to improving student support throughout the academic life cycle, to the utilization of data to improve engagement and retention, the focus of discussion is not on the funding model; rather, the emphasis is on integrating innovations and strategies with a proven record of success to promote institutional effectiveness. Within this framework is recognition that the strategies, structures and processes emerging from each institution often received impetus as a function of the organizational and financial model, but that it does not preclude their effectiveness or applicability for others with a different structure.

The emergence of proprietary education increased access to higher education for a range of students not targeted by traditional institutions. Responding to the needs of these unique student groups, for-profit institutions explored innovative, alternative educational approaches (i.e., online, accelerated, competency-based, hybrid, etc.). The emergence of additional alternatives led, in turn, to an increase in students for whom higher education became a viable option. This cycle of responsive innovation fueled rapid growth; to handle this rapid growth, for-profit institutions were forced to develop efficient, scalable support structures and processes. As traditional institutions face budget cuts and enrollment challenges sparked by the economic recession, they are increasingly seeking economic efficiencies that allow for streamlining of structures and services while maintaining quality education (Carpenter and Bach 2011).

3.6 Conclusion

Higher education faces perilous times. As highlighted by DeMillo (2011), countless social, historical and economic forces are challenging longstanding models of higher education; institutions that fail to adapt are at risk:

> Higher education is, suddenly, a rapidly growing marketplace with many alternatives. There are thousands more institutions of higher learning in the United States than can be supported. Many will not be able to compete with cheaper, nimbler, and frequently more effective alternatives (p. 271).

This reality is forcing a paradigm shift in which traditional institutions are looking to the growth sectors for guidance on how to compete more effectively.

Colleges and universities must adapt to provide increased value for students and society in a more cost effective manner (Christensen and Eyring 2011).

There has been, and will continue to be, tremendous innovation emerging from the proprietary sector. The philosophy behind proprietary education mandates ongoing reflection with continuous improvement; static educational processes are simply not competitive in the modern higher education landscape. To remain viable, traditional colleges and universities must evolve as well. Sound educational practices aligned with efficient processes and cost-effective structures are essential for *all* colleges and universities as they strive to meet the educational needs of an increasing number of students.

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