U21 Global: The In/Corporation Of Higher Education

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This article addresses problems behind the growing commercialization of higher education, taking the example of U21 Global—a corporate alliance through which a consortium of universities delivers online degrees for profit. I look specifically at the decision made by the University of British Columbia (UBC) to join U21 Global and argue two things: first, contrary to claims made by supporters of U21 Global, the agreement won’t improve the university’s ability to play a vital role in the online market for higher education. Second, and more importantly, such commercial partnership invariably lead to a further erosion of institutional autonomy and public accountability in the process.

Once relegated to the elite who lived in certain geographic areas, university education is now accessible to sectors of society traditionally excluded (Calderon & Webster, 2002; Gould, 2003). It is an exciting time for universities as they are entrusted with the responsibility of providing education for more students than ever.

At the same time, this increase in global demand for higher education is accompanied by a growing dominance of neoliberal ideologies and economic globalization (Currie, 2004; Soley, 1995; Polster, 2000a). Education is now a market in which universities must compete for students and money (Bok, 2003). One way that universities have sought to ease their transition into the market is through consortia, both with other universities and corporations. Similar to countries entering into Free Trade Agreements, universities form alliances to enhance their competitive advantage and increase their own net worth. Forming such consortia is a recent but growing phenomenon in higher education (Denman, 2001; McBurnie, 2002; Van Damme, 2002; Trimble, 2003). According to proponents, banding together with like-minded partners diffuses risk.

Given the current climate of competition and emphasis on expanding the higher education market, it is understandable that universities feel that they have no choice but to form commercial networks and agreements to become relevant and responsive. However, it is not clear that these partnerships deliver all they promise. Furthermore, according to critics, commercialization of education places the university in jeopardy, as institutions fall prey to corporate interests (Gould, 2003; Noble, 2002; Menard, 1996). Due to pressures of globalization, academia is made to become more responsive to the "knowledge economy." As a result, the liberal university is fading in favor of a more corporate model. This commercialization of higher education derives from a variety of factors and implicates many different facets of academia.

In this article, I problematize the commercialization of academia with the example of Universitas 21 Global (U21 Global), a multi-university/commercial agreement that delivers online degrees for profit. I initially examine some of the reasons behind UBC’s decision to join U21 Global and then challenge some of the assumptions behind the agreement, questioning whether business-university consortia benefit universities in ways advocates argue. I take the increasing resistance to U21 Global and other commercial ventures as evidence that commercialization is neither inevitable nor beneficial in determining the role of the modern university.

Signing The Pact: U21 Global

The nature of university research has gone from curiosity-driven, block-funded work with one partner or sponsor to a user-driven situation with multiple partners and investors and a focus on generating income—John Hay, University of Queensland, Vice Chancellor (September, 2004)
On April 18, 2001, the UBC Senate assembled for its monthly meeting. After discussing the university budget, the President’s pending trip to Asia and undergraduate enrolment targets, the committee was told to turn to Appendix A, and was subsequently led through the document by Michael Goldberg, former Dean of the Faculty of Commerce and Business Administration. Appendix A included a proposal to make UBC a part of U21 Global, a transnational partnership between Universitas 21 and Thomson Learning. Goldberg explained to the senate that since UBC was already a member of U21—a global consortium of 16 "research-intensive" universities—U21 Global was an extension of their current membership.

U21 Global was formed to offer online commerce degrees to students primarily in the Asian region. Advantages to joining U21 Global centered on economic benefits and greater participation in online education through an agreement that mitigated risk in "what otherwise may be regarded as a high-risk venture" (Senate Minutes, 2001a). Although UBC would invest $500,000 into U21’s financial arm, U21 Equity, senate members were assured they would see a favorable rate of return on their investment. According to Goldberg, the financial benefits were great—royalty streams, possibilities for patents, as well as profits from student fees; according to Thomson Learning, revenues of $500 million could be expected by the program’s 10th year (Senate Minutes, 2001a). U21 Global was promoted as a low-risk investment in the online education market, and a consortium to help UBC "engage creatively in the e-education debate" with "like-minded partners" (Senate Minutes, 2001a). The future beckoned:

We at UBC should reap significant benefit from the collective experiences of U21 universities and TL in distance learning and e-learning. (Senate Minutes, 2001a)

There is considerable concern as well about the risks of not joining the U21 Global joint venture with Thomson Learning. Specifically, failure to be part of the joint venture may lose UBC the chance to be at the forefront of this increasingly vital area of pedagogy and also the chance to learn about large-scale e-education delivery in a low risk environment and share in the educational and financial benefits if the venture is academically and financially successful. (Senate Minutes, 2001a)

Some senate members reiterated the importance of UBC’s stake in the consortium. For example, Hamilton cautioned that if UBC declined the opportunity to join, "global alliances would be formed elsewhere" (Senate Minutes, 2001a). Another faculty member agreed that this was an exciting endeavor, adding that similar opportunities would likely require a much larger investment. According to Hutton, U21 Global enabled UBC to become a local power in a global field. The proposal provided opportunities to increase revenues and profile UBC internationally. At a subsequent Senate meeting, another member mentioned the importance of online education in the future, and invoked the success of the for-profit online university, University of Phoenix. Affleck suggested that conventional universities would become obsolete within 15 years (Senate Minutes, 2001c). In this way, signing the agreement could prevent institutional obsolescence. In short, U21 Global promised financial benefits and a low-risk role in the online education market. Although some faculty members expressed reservations, the proposal was passed.

The financial incentives for UBC to join U21 Global were considerable. According to a study conducted by Merrill-Lynch, higher education outside the U.S was a $111 billion-a-year market (Chai, 2003). Michael Clark, provost chancellor of one of the U21 members universities, claimed that U21 Global intellectual property (IP) assets were estimated at $55 billion USD; as he put it, "our biggest prizes are yet to come" (Learning goes global, 2003). However, the purported financial benefits to joining U21 Global have yet to materialize. The MBA degree, although conceived in 2001, was launched in 2003, and a year after its inception, student enrollments remain low. U21 Global needs 10,000 students to break even and
anticipates 60,000 students by 2010 (Arnone, 2002). As of February 2004, however, student numbers were in the hundreds (Universitas 21, 2004a). U21 Global CEO Aghi admitted that the Asian market was more difficult to penetrate than expected (Arnone). Low numbers are partially attributed to the high student fees charged for the MBA program: up to $7,000 USD in China, where the price for a Masters degree averages $2,000 with many students eligible for scholarships. Since U21 Global degrees often cost more than a degree program at a member university, potential students are reluctant to enroll in an unproven program. At present, it appears unlikely that universities will see favorable returns on their U21 Equity investments. As Pamela Pease from for-profit online Jones University pointed out, even if U21 Global generates profits, each university receives about 6%, since everything is divided among 16 institutions (Multinational consortium, 1999). At current rates, it will take years for universities to balance their initial investments and turn a profit.

Although business may be booming at the University of Phoenix, this is no guarantee that investments in U21 Global will translate into profits. It is difficult for public universities to compete with companies or universities who deliver nothing but online education for profit. There is debate over whether providing distance education is indeed a wise financial move for universities to make (see Bok, 2003; Noble, 2002); while some praise the benefits of online, for-profit education, others predict problems. According to Gerard Delanty (2004), distance education is plagued by declining enrolments, which, in many cases, make it economically unviable. In the UK, publishing company McGraw-Hill closed the UK arm of its Lifelong Learning operations, cutting their losses in the online education economy. As Delanty (2004) points out, it is difficult to predict the form that these new education technologies will take. Delanty overstates the point, since a large number of students enroll in online courses. The research, however, is inconclusive as to whether the market is growing at a rate that can support more competitors. Perhaps the reason why most universities have not directly competed with the University of Phoenix or other solely for-profit online education providers is that the future market for online higher education is inconclusive. Well-known Sociologist Manuel Castells (2000) has claimed that online education will remain a second choice for most students who prefer face-to-face university classrooms. Regardless, other scholars note that the market is not the only force behind investments in online education. Noble (2002) argues that online higher education necessarily commodifies knowledge for "delivery." However, knowledge is not like a car or any other product that can be easily marketed and sold (Currie, 2004). And, since efficiency and low costs are considered premium, all unnecessary "features" are cut in the move to make the commodity profitable. This may explain why some students are cautious about the quality of online education that is driven by profit motives.

Universities are also cautious about quality. Since U21 Global was first conceived, four universities have withdrawn citing fears compromising their reputation (Senate Minutes, 2001c). The University of Toronto and the University of Michigan withdrew support early on, wary that their trademarks were re-branded by U21 Global (Maslen, 2001). Harvard Ex-President Derek Bok (2003) believes that blatant commercialization erodes institutional standards and acknowledges that well-known universities trade on their reputation; if pecuniary motives are obvious, universities will appear to be more interested in commercialization than education. Although the U21 network was premised on the condition that all members are equal and liability is limited (Trimble, 2003, p. 2), risk in U21 Global is not as diffused as expected; risk refers to reputation as well as potential financial losses.

A Two Pronged Agenda

Doublethink means the power of holding two contradictory beliefs in one's mind simultaneously, and accepting both of them—George Orwell, 1984

It is disingenuous to claim that U21 Global members are merely interested in financial benefits and, thus, commercializing at any cost.
Instead, universities are pursuing multiple agendas (Delaney, 2001). There are some, such as University of Birmingham Pro-Vice Chancellor Michael Clarke, who welcome the chance to operate on a business model (Cohen, 1999). But, for the most part, universities prize intellectual values and want a cultural role in society as a whole. In *The University in a Corporate Culture*, Gould (2003) argues that modern universities are pursuing a two-pronged agenda, capitalizing the human while simultaneously putting a human face on capitalism.

Universities are mandated to serve the public good above institutional or individual gain (Bok, 2003). U21 stresses the "collegial, collaborative and entrepreneurial" (http://www.universitas21.com) agenda of both intellectual and commodity values. We can see this being played out in the institutional members of U21 Global. For example, the University of Auckland boasts its scholarly tradition while entertaining "an entrepreneurial thrust" (Universitas 21, 2004b, p. 7). The universities of British Columbia, Edinburgh, Hong Kong, and Queensland promote commercial contracts they have managed to secure along with spin-off companies created as a result (Universitas 21, 2004b). At the same time, the University of Birmingham talks about its "nonconformity" and commitment to Shakespeare while leading a scientific revolution. The University of Virginia states that it "embodies the American ideal of education" without explaining what this ideal is. Lund University seems particularly antagonistic to commercialization as it embraces "a democratic viewpoint, critical thinking, care environment...and humanistic perspective" (Universitas 21, p. 9).

Some universities believe that "scholarly excellence"—however conceived—can be isolated from the ideological influences of the market. For example, the universities involved in U21 Global are public in their home country while private in the transnational context. In this way, universities allow the corporate branch of their university to act autonomously from the rest of the organization. As UBC President Martha Piper assured Senate members, the endorsement and partnership with U21 Global "did not extend to general Senate acceptance of the corporatization of education." (Senate Minutes, 2001a).

However, commercialization and scholarly inquiry are not always compatible. Indeed, Gould argues that universities maintain two mutually exclusively ideals: intellectual and commodity values. He writes, "if we look closely, that juggling act with social and intellectual values for the edification of the market is really what the comprehensive mission of the university is about" (2003, p. 28). In trying to reconcile these two agendas, the commercial tends to compromise the non-commercial aspects of academia (Gould, 2003; McGuinness, 2002; Menard, 2002). On the one hand, the university is not a corporation and cannot do what corporations do best. Yet, on the other, the corporate model threatens university autonomy and freedom.

Is it possible that those present at the UBC Senate meeting in April, 2001 underestimated the commercial nature of the agreement they endorsed? Even the supposedly non-commercial partner of U21 Global, Universitas 21, has an inherent corporate structure. While "collaboration and cooperation" between institutions are touted as goals of U21, commercialization and profit motives dominate; prior to U21 Global, U21 was commercializing its operations. In 1999, U21 founders argued that member universities could leverage multinational business opportunities "too large for any one individual institution to deal with" (Cohen, 1999, p. A71). Is it also possible that members of the UBC Senate were either unaware or overlooked the significance of forming an alliance with a giant corporation such as Thomson Learning? Thomson Learning is one of seven subsidiaries of multi-national Toronto-based publishing company, Thomson Corporation. Thomas Learning generated $2.05 billion USD in revenue during 2003, accounting for more than a quarter of the company's $7.6 billion (The Thomson Corporation, 2003). Thomson Learning employs over 9,000 people in 40 different countries. Arguably, it is this alliance that puts universities within the consortium most at risk. Thomson Learning is
accountable to its shareholders. As Bakan (2004) persuasively argues in his book and documentary *The Corporation*, corporations are legally bound to act in the interest of their shareholders above all else; they are "singularly [profit] minded" (p. 56). In fact, Thomson Learning is prohibited from working for the public good or for educational purposes without a profit motive. Therefore, Thomson has no obligation to help U21 unless it is in the pursuit of profit. In this pursuit, universities may lose what enabled them to compete in the first place: brand recognition associated with a ‘quality’ product.

There is growing evidence that corporate-educational partnerships are not equal relationships. As Canadian lawyer McGuinness (2002) claims, corporations offer up space and money but often retain control of research. Curriculum—although ostensibly controlled by the educational institution—tends to become dominated by the company involved in the partnership (see, for example, Eyre, 1998). In U21 Global, universities are offered a façade for control over academic content and ‘standards’ through U21 Pedagogica. U21 Pedagogica only partially retains control over course content. Thomson is responsible for course design and delivery. Thomson supplies the only required exam for U21's MBA program through its testing company, Prometrics. Although U21 universities are given priority over hiring, universities relinquish power to Thomson to find suitable instructors if positions are unfilled. As Bakan (2004) has argued, Thomson Learning can assert their right to protect their investment. If the endeavor proves unprofitable, Thomson will either act to increase profitability or drop the project.

The corporate structure of the partnership jeopardizes academic freedom and institutional autonomy. As McGuinness (2002) argues, academic freedom depends on institutional autonomy. As some members of the UBC senate cautioned, the ability of U21 Global to grant transfer or advanced credit for courses compromise the authority of Senate to grant degrees (Senate Minutes, 2001c). Similarly, the production of online courses raises questions of ownership and IP rights (see Polster, 1999; 2002; Dorsey, 2004). Courses are monitored and there are disputes over ownership (see Petrina, this issue of *Workplace* and Dorsey, 2004). In the case of U21 Global, all universities in the agreement have access to courses in U21 programs. Universities are forced to secure IP rights to courses and surrender control over the content. Autonomy is also compromised through U21 Global by separation of research from teaching; Fuller (2004) claims that the fate of university autonomy is dependent on retaining the link between research and teaching. However, U21 Global instructors are predominantly adjunct professors hired on a just-in-time basis and paid per-student (Universitas 21, 2004a). Although U21 Global is not responsible for the growing trend towards the adjunctization of academia, it reinforces a division of academic labor where adjuncts teach U21 courses abroad while tenured faculty conduct research at home.

It is important to remember that it is not abstract institutional autonomy, which is placed in danger but rather faculty autonomy and academic freedom. Partnerships made between corporations and universities to deliver online programs are often arranged without approval of, or in opposition to, university faculty (see Noble, 2000). The decision made at UBC was also, in many ways, made without proper consultation (Senate Minutes, 2001c). Faculty members were forced to make a decision to join U21 Global on the day they received the proposal. They were not given time to address all the implications of signing the agreement. Fuller (2004) sees this as a move towards Academic Caesarianism where administrators make key decisions on behalf of faculty. In fear of faculty opposition, university administrators hasten corporate partnerships. Ironically, however, such partnerships ultimately compromise administrators’ control by decreasing their university’s autonomy.

**A Growing Resistance**

In defense of the implementation of her neo-conservative policies in Britain in the 1980s, Margaret Thatcher declared that "There is no alternative". International governments but also by many universities who have embraced the

commercialization, corporatization and marketization of higher education have not only used this TINA mantra. However, this idea is not accepted by all. In fact, resistance to U21 Global from UBC and other universities demonstrates that commercialization is neither inevitable nor irreversible.

At the time that the agreement was passed, a number of faculty at UBC questioned the decision to join U21 Global. From the first meeting, faculty members expressed reservations about the commercializing higher education. Fisher came out strongly against U21 Global as a move towards marketization and commercialization (Senate Minutes 2001a; 2001b; 2001c). Burns, Pederson and Podersky-Cannon also criticized the commercial and corporate values embedded in the proposal (Senate Minutes, 2001a; 2001b; 2001c). Pederson contrasted UBC’s commitment to the public good with the potential "corporate, profit-driven partner" (Senate Minutes, 2001a). Yaworky, MacEntee, and Fisher criticized the urgency with which the Senate had to make the decision to join, given the May deadline imposed by U21 Global (Senate Minutes, 2001a, 2001b, 2001c). Yaworky pointed out that Thomson Learning had placed a press release for U21 Global five months prior to their April meeting (Senate Minutes, 2001b). In addition, immediately following the April meeting, the Department of Educational Studies sent an open letter to Senate members and raised concerns about the speed with which the decision had been made, the apparent lack of consultation with the wider university community, and the commercialization of knowledge (Say no to commercialization, 2001).

Resistance to U21 Global on an international level came from member institutions and the wider academic community. Faculty unions in Europe, Australasia and North America protested the commercial nature of the agreement, and wrote letters of protest to Alan Gilbert, former CEO of U21 (Maslen, 2001). In the U.K., 45,000 faculty association members were encouraged to boycott participation in U21 Global (Maslen, 2001). (The boycott never happened, however). In Australia, students demonstrated outside the Queensland University Council to protest their university's partnership in U21 Global (Australian Students Object, 2001). Even more indicative of a growing uneasiness is the fact that, since the launch of U21 Global, five initial signatories opted out. Krenz, at the University of Michigan, worried that "faculty would not be sufficiently involved in the development of quality control of the venture's academic programs" (Maslan, 2001, p. 1). New York University joined the consortium in 2001 and backed out soon after due to similar concerns. The University of Peking also withdrew and the University of Freiburg announced its withdrawal from the consortium. Although no longer a U21 member (see http://www.universitas21.bham.ac.uk/members/, Freiburg is still included in the U21 Global website (http://www.u21global.com) There is and continues to be resistance to U21 Global, as faculty and students question the market agenda and the effect it has on individual and institutional autonomy.

There is a growing awareness among faculty members that commercialization is neither inevitable nor does it occur without consent. In Canada, teachers’ unions have also spoken out against globalization and commercialism in higher education. For example, Marjorie Cohen and Larry Kuehn wrote articles to alert teachers to the growing infringement on institutional autonomy due to trade agreements and their commercializing agendas (see Cohen, 2000; Kuehn, 1999, 2000). Others have criticized the marketization of education and have appealed to school and university teachers to resist commercialization (Nelles, 2000; Polster, 2000b). Although administrative power may be growing in universities (Fuller, 2004), faculty and students are the masses of the university. Derek Bok (2003) believes that universities cannot afford to upset faculty members as their research and teaching give the university its reputation. For this reason, faculty have the power to control the destiny of the institution. In Resisting corporatization of the university, Daniels, Blasch and Caster (2000) encourage faculty to work within their union, organize with staff and students, and question the growing corporatization of higher education. They urge
faculty and students to resist corporate discourses of ‘consumers’, ‘choice’, ‘preference’, ‘accountability’, ‘outcomes’ or ‘maximizing returns’. Resisting this language may be symbolic but how we use language affects how we operate. They also suggest that undergraduates study the increasing corporatization of their institutions and read texts of critics like Noble, Soley or Chomsky.

Online education brings with it an opportunity to help universities assert their role in society. Online education does not necessarily require that corporate interests dominate the process. As both Burbules and Callister (2000) and Noble (2002) point out, new technologies did not bring about the corporatization of higher education; this happened through the encroachment of corporate cultures on academia and through a shift in capitalism towards neoliberalism (Currie, 2004). Nonetheless, with e-learning in its incipient stages, it is necessary to assess potentials and problems of this new technology. Burbules & Callister (2000) and Conole (2004) argue that it is important to separate the hype from the reality, and examine the pedagogy, technology, and organization of e-learning, as well as the legal and ethical issues that arise. They claim that it is necessary to learn who is participating in online education. In other words, is this practice increasing access for those who are otherwise excluded from university? Conole encourages studies of gender, culture, disabilities and race in terms of rates of participation rates and needs. There is potential for online education outside of the corporate sector.

Relinquishing power to corporations will make universities irrelevant to society. Indeed, as corporations gain more control, institutional autonomy weakens and academic freedom is infringed. Although there are no immediate signs that corporate pressures on universities are waning, faculty, staff and students have begun to question the corporatization, commercialization, and globalization of universities. Instead of reacting to so-called inevitable forces, it is important that we start acting to form what we want the university to be in the 21st Century.

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