

PREFACE

At the Intersection of Higher Education and Hiring

As formal teaching and training grow in extent, there is the danger of creating an undesirable split between the experience gained in more direct associations and what is acquired in school. This danger was never greater than at the present time, on account of the rapid growth in the last few centuries of knowledge and technical modes of skill.

—JOHN DEWEY, one hundred years ago in 1916¹

As much as this book is focused on education, it is also about hiring—an activity that is at the core of how our economy works. It explores the intersection of two distinct but related spheres: colleges and universities, including the students they serve and the credentials they issue; and the world of employers and how they make hiring decisions based on university credentials—as well as the broader ecosystem in which these parties operate.

Historically, how the two sides of the equation work together at this intersection has been understudied. Educators and educational researchers typically concern themselves with topics such as curriculum and policy, whereas the world of employment is evaluated by economists and sociologists and often focuses on wages and hiring practices. However, the bottom falling out of the job market in the global financial crisis of 2008 heralded a new era in the search for understanding how the job market relates to higher education. Suddenly, terms like *workforce development* were at the top of the

headlines. The unprecedented spike in unemployment during what would become referred to as “The Great Recession” contributed to a significant surge in higher education enrollment.² Economists and higher education researchers had long known that college enrollment has countercyclical tendencies: in bad times when job opportunities are scarce, higher education becomes most appealing; in good times when jobs are plentiful, the ease of finding a job discourages stepping out of the workforce to study.³

Yet, even while the state of the economy was driving more students to pursue college and university study, it was also challenging the system’s foundation. With incomes and tax receipts down, states faced massive budget deficits, forcing public colleges and universities—which educate more than 70 percent of students in the United States—to substantially increase tuition.⁴ Similarly, private colleges and universities that were heavily reliant on endowments or were overleveraged struggled, and they too boosted tuition. Meanwhile, as costs were increasing, reports abounded about recent graduates struggling to find jobs.⁵ Talk of a “college bubble” began, as the media, policy makers, and others began to question the return on investment of higher education.

Questioning the value of higher education and the power of educational qualifications in the job market is nothing new. In 1903, William James, the giant of American psychology and philosophy, wrote, “America is thus as a nation rapidly drifting towards a state of things in which no man of science or letters will be accounted respectable unless some kind of badge or diploma is stamped upon him, and in which bare personality will be a mark of outcast estate.”⁶ After World War II, the work of sociologist Harold Wilensky questioned the pattern of occupations seeking professional status through the escalation of their educational requirements.⁷ By 1976, when the US economy was beginning to recover from the severe recession that marked the end of the long postwar boom era, a famous cover story in *Newsweek* provocatively asked “Who Needs College?” and pictured two college graduates in caps and gowns ironically

operating a jackhammer and performing construction work, reporting on the “dismal” job prospects for college graduates.⁸

In more recent years, it has become sport to question the value and utility of college credentials in the job market—and further, to challenge the very sustainability of higher education and the college business model as we know it. In 2010, Silicon Valley venture capitalist and PayPal cofounder Peter Thiel captured headlines with his Thiel Fellowship program, which encouraged and funded twenty talented students to drop out of college to pursue entrepreneurial activities.⁹ In 2011, Clayton Christensen and Henry Eyring’s *The Innovative University* burst onto the scene and became required reading for college leaders, with its application of Christensen’s theory of disruptive innovation to the higher education “industry.”¹⁰ The *New York Times* declared 2012 to be “The Year of the MOOC,”¹¹ as massively open online courses threatened to revolutionize higher education. Assaulted by technology, it seemed the sky was falling—and as the Board of Visitors at the venerable University of Virginia became obsessed with disruptive innovation and “strategic dynamism,” it briefly cost president Teresa Sullivan her job.¹² Stoked by a growing, multibillion dollar torrent of venture capital investments in educational technology, innovation in higher education—the topic that I had dedicated my career to—was *en vogue*.

A number of authors and thought leaders have recently taken to exploring the fundamentals and future of the higher education business model in depth. The idea that we are at the leading edge of a potentially significant reshaping of the university landscape is reflected in the sometimes apocalyptic titles of books such as Kevin Carey’s *The End of College*, Jeff Selinger’s *College (Un)bound*, and Ryan Craig’s *College Disrupted*.¹³ Each of these books (alongside similar works) argues in its own way that the higher education system in the United States is broken and points the way toward innovative and often technology-driven solutions.

Indeed, much of the dialogue about reforming or remaking higher education revolves around technology, online models, and

the general idea of innovation within a centuries-old business model. But what is not as often addressed is one of the core and highest value (if sometimes inefficient) functions of higher education: the role of degrees and other higher education credentials as qualifications in the job market. Universities serve many purposes, but degree production is paramount. US colleges and universities confer more than four million degrees per year, and the majority of college and university revenues and government support is focused on students earning credentials.¹⁴

It is this major aspect of higher education—credentialing—that this book explores. As we will see, perhaps the relative resilience of higher education institutions in this era of technological disruption is explained by the ensconced nature of how college credentials work in the job market. Yet, the primacy of university credentials is increasingly fragile in an era of unprecedented technological change. Understanding the future of higher education and the possibilities of new models requires a deeper understanding of the credentialing ecosystem and colleges' and universities' place within it.

MARKET PERSPECTIVES AND "HIRE" EDUCATION

After completing my undergraduate degree in business, I was trained as a consultant. I was lucky enough to find my way into the education sector at a fascinating moment when technology and market thinking were just beginning to transform higher education during the dot-com era of the year 2000—from the first major forays into online degree delivery to the idea of eBay-like higher education marketplaces and the rise of degree-granting for-profit colleges. This consulting journey would take me through corporate boardrooms, the offices of college deans and presidents, and Wall Street conferences. Along the way I earned an MBA and then later a doctorate in education—a fairly unique combination. For the most part, MBAs hold sacred the notion of markets and economic theory. On

the other hand, many educators often view businesses and the profit motive as an anathema.

A number of higher education scholars have effectively straddled these business and academic mindsets: for example, George Keller with his application of business strategy to the academy in the 1980s; the work of Robert Zemsky and his idea that universities can be “market smart” while also remaining “mission centered”; and the writings of Lloyd Armstrong examining change in higher education through a business model lens.¹⁵ Historically, however, the prevailing view about markets in higher education has been more aligned with Sheila Slaughter and Gary Rhoades’s critique of an ascendant “academic capitalism” that threatens to erode classic academic values by focusing on students as customers.¹⁶ Yet, as colleges and universities have become more complex enterprises operating in much more turbulent competitive environments and serving an array of stakeholders, the ethos of market orientation and business-like thinking has emerged as especially relevant and increasingly accepted.¹⁷

Personally, I believe that the market is an appropriate, relevant, and timely lens through which to view higher education, and I can appreciate the still present debate about this, having worked in both for-profit companies and academia, and having specialized in the intersection of these two worlds over many years. Colleges and universities are certainly unique institutions in our society and have a special status given their focus on the public good and the advancement of knowledge. But indeed, one of colleges’ and universities’ principal purposes is not only the transmission of knowledge, but also the delivery of certified, reliable credentials that have a special role and standing in our society. Further, the language and concepts of business—particularly economic theory, competitive strategy, and marketing—are increasingly relevant for colleges and universities. For example, higher education institutions face competitive dynamics and resource constraints, and they must generate revenue from a variety of sources to sustain themselves. Colleges and universities are

also impacted by emerging alternatives and substitutes in the classic economic sense, an issue that is especially pertinent to this book. Likewise, brand is an extremely important concept, and this has also been recognized in recent years. And, as a final example, the notion of return on investment (ROI) is prominent—if not dominant—in today’s public discourse about higher education, from policy stances, to rankings schemes, and academic discussions about mission and new program development.

My first decade of work approaching higher education through a business lens eventually led to a role creating an institutional strategy and innovation function at Northeastern University. This took me from researching and advising on degree programs and credentials to the work of actually creating and managing them—and at an institution with a unique market orientation and focus on employer needs, given Northeastern’s experiential character and history founded on more than one hundred years of cooperative education.

In 2009, we at Northeastern headed down the path of growing our online degree programs and entering new geographic markets across the United States with professional degree offerings. This strategy would require a very deep and nuanced understanding of the relationship between the job market and university credentials. Even though there is a recognized trend toward the master’s degree becoming “the new bachelor’s degree,” graduate/professional degree attainment rates vary greatly and generally correspond to the knowledge and service intensity of a regional economy: from 7 percent of the adult population in Las Vegas, to 14 percent in Denver, and 23 percent in Washington, DC.¹⁸ Advanced credentials are attained and valued differently in different regions, and coming from the Boston area—a statistical outlier that is home to eighty colleges and universities, and where one in five adults holds a graduate degree—it was critical for our expansion process to assess how employers value certain qualifications and credentials in their hiring process. Over three years, I explored this question in different regions of the United States, by personally meeting with and interviewing more

than three hundred employers and industry associations and their senior human resources leaders, chief executive officers, divisional managers, and the like. Did they value degrees, and did they need more of them?

The answer, largely, was yes. And the major employers we were speaking with—from Fortune 100 firms to small start-ups and government agencies—were hungry for universities to leave their ivory towers; to have this dialogue about skills gaps, leadership development, and human capital; and to collaborate more closely with them. As we explored this intersection of higher education and employment, the conversations and the possibilities were thrilling. This work understanding the skills and credentials demanded in the job market is what inspired my later doctoral work on this same general topic, which in many ways formed the foundation for this book.

Each year, US employers spend more than \$120 billion annually on hiring, and US higher education is a more than \$400 billion segment of the economy.¹⁹ Given the scale of these figures—and the time, effort, and number of lives impacted that they represent—it is critical that we better understand how the higher education system's production of credentials and the job market intersect. Many argue that higher education is on the precipice of significant change, and technology and market forces are bringing change to hiring as well, especially in an increasingly global market for talent. It is a pivotal moment, and that is why I am writing this book now. More than ever before, there is a pressing need to understand and create a dialogue between the world of employment and higher education. In the chapters ahead, we will ground ourselves in history to understand the present, and ultimately, assess the future.