We Have Met the Enemy, and He Is Us

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Higher education in America faces the twin problems of ever-rising costs and a loss of relevance to the various stakeholder groups—students and parents, taxpayers, alumni, and trustees—the industry serves. The cost of a college education—tuition, board, textbooks, and other fees—has increased about 500 percent since 1990, a period in which the overall price level rose approximately 110 percent (U.S. Bureau of Economic Analysis 2022; U.S. Bureau of Labor Statistics 2022). Student loan debt, which has become a political hot potato in recent years, is both a cause and a consequence of price increases; the $1.7 trillion in student loan debt reflects an increase from $14,061 per student in 1990 to $31,100 per American college student in 2021. And one only needs to look at the steadily declining enrollment data for higher education—another 4.7 percent decline in the past academic year—or read the *Chronicle of Higher Education*'s latest stories about protests on campuses and dust-ups with legislatures to see that a sizeable portion of Americans question the value of university teaching and research output.

The causes of the higher education crisis are complex but can be sorted into five primary categories: (1) demographics, which indicate a steady decline in higher education demand since the higher ed post–World War II glory days; (2) a failure in many parts of the country of universities to align their knowledge creation with actual workforce needs; (3) disruptive technologies, which are making many higher

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education majors irrelevant and are leading to dynamic change in how education is delivered; (4) student disengagement and a general cultural skepticism of higher education's value, and (5) ourselves—the faculty core of higher education institutions, which moves at a glacial pace during the best of times and has, in recent decades, shown greater tendencies toward complacency, entitled mindsets, and intolerance. Henry Kissinger, among others, claimed, "The reason infighting in academia is so fierce is that the stakes are so small" ("A Humanist at the Humanities," 1977, 8). As faculty focus on the wording of course descriptions or fight among themselves on hiring committees, they fail to recognize the sclerosis and decline that are even now leading to the closing of some institutions, program and personnel cuts at others, and a general decline in the prestige of university degrees and research.

In this essay, I focus on the final aforementioned driver of decline: the threat we, as insiders, pose to the future of higher education. I see the damage being done in the name of (and in a misunderstood notion of) shared governance as the greatest risk to higher education going forward. Of all the above risks, the self-inflicted harms generated by university employees will be the toughest to remedy because none of the other issues can be addressed without a more nimble and entrepreneurial approach to institutional improvement; and the root of the problem is a widespread crisis in leadership, which can be addressed only through a return to responsible, principled administration.

Faculty intransigence, like bureaucracy within any organization, has been a constant drag on institutions throughout the history of higher education. How leaders respond, though, varies. Do they choose to fan the flames of dysfunction, attempt to put each new dumpster fire out, or run in the other direction as their institutions burn?

Time and again, when something negative happens, at most universities the guiding leadership principles are to delay or avoid changes to the institution that might address the underlying problems and instead take actions to minimize short-term negative publicity, even if these actions only contribute to future problems. In most cases, the university is "overly concerned with the external political environment… ensuring that their actions do nothing to change their relationships with external stakeholders" (Crow, Whitman, and Anderson 2020, 511), rather than in correcting foundational issues to improve an institution's long-term viability.

Before becoming dean at the College of Business at North Dakota State University in 2016, I served as a research director at Arizona State University, which employs an academic enterprise model to pursue excellence. The ASU model is an "inherently entrepreneurial" one, which "relies on faculty and student entrepreneurship as a tool for broad-scale social and economic transformation" (Crow, Whitman, and Anderson 2020, 511). My ASU experience, combined with my training as an economist, led to a framework, processes, and programs we implemented at NDSU to drive change within our organization.

Below, I describe the problem further and explain how my own leadership decisions, which have been informed by classical liberal intellectuals and "mainline economists" (Boettke 2012), have helped me counter higher education's strongest headwind. Although my leadership style stands as one of several options, my experience demonstrates the value of returning to a principled and consistent framework for leadership to safeguard the financial solvency and intellectual reputation of American universities.

Neither Laissez-Faire nor Micromanaging

Shared governance allows faculty and staff a high level of involvement in the university decision-making processes. In some areas, such as granting tenure and altering a curriculum, faculty have almost complete control because they are the subject-matter experts. In other areas of university governance, the balance of power tilts toward administrators, such as in setting goals and deadlines for budget reductions.

Over time, though, systems of "shared" governance have deteriorated due to faculty and staff controlling (or believing they should control) most university decisions. Granting faculty and staff the liberty to thrive and be part of the decision-making process need not, and ought not, mean ignoring the knowledge and experience offered by administrative voices. Such one-sided decision making often, in fact, leads to anarchy within colleges and units.

Adam Smith's writings suggest an approach to reestablishing the shared governance balance. Consider Adam Smith's "It is not from benevolence of the butcher, the brewer, or the baker that we expect our dinner . . ." passage from *The Wealth of Nations*. Smith ([1776] 1976) outlines the unanticipated, unplanned public benefits resulting from purposeful individual action. A central tenet of Smith and the "mainline economists" who followed over the next 250 years is the idea of societal improvement and advancement from purposeful individual action. Business owners, when governed by a system of natural liberty, could be a force for good. Similarly, a university's faculty and staff, when given liberty and support to pursue their own research and teaching interests, improve the institution through their individual efforts.

Being a Smithian, then, is being pro-faculty—but within limits and boundaries. Smith's "invisible hand," which guides systems of activity to unforeseen and sometimes desirable social outcomes, operates within a system of natural liberty and rules of just conduct. According to Smith, rules must be impartial and fair; civility and honesty are essential; and learning occurs through repeated interactions and trial and error. These institutional preconditions of a desirable social order are basic and applicable within all organizations, including universities.

To implement management principles following from Smith's system-level analysis—predictability, direct communication, and allowing people to solve problems on their own, rather than directing them toward preconceived outcomes—I

facilitated open communication across units and made sure key participants were involved in meetings. I offered my ideas, but we worked toward consensus in making decisions about our college's future. Afterward, my role was to implement and defend our mutual decisions.

Two instances from my time at NDSU demonstrate that, even in domains considered to be the realm of faculty, there is room for academic leaders—who are, in most cases, faculty as well—to insert their voices. The first example relates to promotion and tenure cases. Shortly after my arrival in 2016, my team and I began encouraging greater external engagement from the college's employees, since such engagement was fundamental to who we were as a land-grant university and critical to our accrediting body, the Association to Advance Collegiate Schools of Business (AACSB). Without inserting myself into department-level meetings and decisions, I indicated that external engagement by faculty was more important than internal committee work. After repeated discussions of this issue, faculty reset expectations and started to enforce the new standards in their decisions. A new normal was within my power and responsibility to communicate as dean, and thus tenure and promotion decisions within my college came more into line with the college's mission and the university's land-grant status. This led to significant increases in industry guest speakers, an expansion of partnerships and internships with industry, and record-setting fundraising success, which would have never been possible were it not for transparency, communication, and rewarding achievements.

At the curricular level, also viewed as faculty territory, sustaining and growing business major enrollments was an agreed-upon pillar of our 2018–2023 college-level strategic plan. Yet, focus often drifted from enrollment numbers when faculty curriculum committees met. My role as dean was to remind our faculty, through repeated communications and consensus building, that enrollment growth was a guidepost in our strategic plan. As a team, then, we tackled and addressed a number of major student barriers. Over time, our college was able to reduce the entry requirement for the business major at NDSU from sixty credits to just five courses through a program we call the Easy Access Business Educational Experience; we expanded our offerings into online majors to better serve nontraditional students; and we trimmed all of our majors to 120 credits to make studying business as businesslike as possible. We weeded out what didn't work and planted better programs in the newly opened spaces through discourse and trial-and-error experiments.

Although there is no "market" in a university context, and although nonprofit, public universities will never be run as businesses, I insisted we try to be businesslike in our approach and introduced systems of rewards and accountability wherever possible. Our research culture—particularly in terms of quality of outputs—had room for improvement in 2016, so we created an incentive program to pay faculty for outstanding outputs. Over time, we paid out hundreds of thousands of dollars in support and doubled our quality research outputs.

Along with incentives to encourage certain behaviors came accountability and an insistence we look at the bigger picture when making our decisions. For example, numerous faculty searches, which again are generally treated as a purely faculty process, failed due to misalignment of vision. Although disappointing for everyone in the short-term, the net result was better for our college long-term.

The approach I describe above is, unfortunately, exceptional today in higher education. In my experience, many university administrators place promotion/ tenure and curricular matters in an "impossible" file by treating tenure and curricular matters as the affairs of faculty only and assuming there's not a darn thing an administrator can do about poor choices in these domains. The balance I tried to strike is a moderate one of some involvement to hold our faculty accountable and to ensure that the larger public purposes we were serving through our staffing and curriculum were being met. This approach positions the administrator as "umpire" or "impartial spectator" (Smith's term), rather than as a micromanager.

The Republic of Science

Smith's insights encourage leaders to think of themselves as impartial umpires who hold their teams accountable, whereas Michael Polanyi's work (1951; 1962) informed my approach to leadership team meetings and encouraging diversity of thought within our college. The flip side of holding teams accountable is holding yourself accountable, and research suggests there are significant benefits to organizations with healthy cultures, because many employees value a good working atmosphere far more than the next increment in pay. Yet, such cultures are tricky to foster and maintain. The Warren Buffet claim "it takes 20 years to build a reputation and five minutes to ruin it" speaks to the leader's challenge of advancing with caution and intentionality.

I approached cultural change at two levels: the leadership-team level and the college level. At the leadership-team level, I created a space where challenge and a vigorous battle of ideas were encouraged and expected from all team members. I encouraged team members to say anything in our meetings, and discussion content remained private until we were unified in the message we wished to communicate to the college. From candor and challenge, the best ideas emerged.

Our team members took their responsibilities seriously and felt comfortable presenting uncomfortable ideas and said things managers and peers might not want to hear. In our darkest budget days, for example, I felt an impulse to hold off on communication with the entire college, hoping the situation might change at the last minute before reductions had to be announced. My leadership team challenged me to take the issue to our college because our faculty and staff deserved to know and because they could have ideas for how to cut the budget in ways less damaging to our stakeholders.

At the college level, I sought to ensure the College of Business at NDSU fostered an environment of intellectual discovery and inclusion for all people and points of view. Over the past academic year (2021–2022), we worked together as a team to develop a diversity, equity, and inclusion statement, one that celebrated both the diversity of people and ideas. More important than our codified nod to diversity of thought, in my six years at NDSU, we hired a diverse group of faculty and supported nationally prominent speakers, many of whom engaged students with content and ideas they weren't encountering elsewhere on campus.

As another example of our college's willingness to be different, two colleagues in the College of Business (Bitzan and Routledge 2021) released a study of student attitudes toward capitalism, socialism, and patriotism on college campuses across America. On many campuses, their work analyzing student attitudes toward socialism would be considered lightning rod research. Within our environment, though, we celebrated their success, were proud of the earned media coverage resulting from their study, and hoped others—almost all of whom came from different perspectives—enjoyed similar success.

When thinking about culture and diversity of ideas, the knowledge problems for the planner at "the top" of an organization are massive, and it is easy for leaders to find echo chambers and feedback loops to tell them what they want to hear. The most effective way to harness dispersed knowledge within an organization is to try to be as approachable as possible, as close to the information as possible, and as open as possible to criticism and feedback. The knowledge flowing to the leader will never be perfect or arrive as soon as wanted, but true data reaches the decision-maker only when he believes in people and stays close to the decentralized networks of knowledge in his organization.

Administrators as Gardeners Rather than Engineers

Contrary to caricatures of Adam Smith painting him as an eighteenth-century Gordon Gekko, the leadership approach I describe is anything but hands-off. A manager's role consists mainly of listening, learning, and updating personal beliefs and professional goals based on new information, and then building consensus for change by working with his team. The approach instills, in those working for the leader, the confidence to do the right thing independently. It is a planning framework another Smithian economist, 2002 Nobel laureate Vernon Smith, describes through the metaphor of gardening rather than engineering.

For Smith (2003), the planner's role is to allow many plants to thrive. Interventions are limited to fertilizing, pruning, and weeding. In the context of higher education administration, a leader's role is to put the right people in the college's garden, nurture good conversations, and make sure everyone is aligned on broad goals and shared vision. The faculty, meanwhile, own the elements of our mission;

they decide on our strategic direction or, to continue the metaphor, how the garden ought to look. As dean, I am there to make sure their ideas are given a hearing and the best are advanced: to make the growth of the garden match the faculty's design. But mandates and new edicts from the dean's office (besides the occasional reminder to turn in grades on time) are not part of the framework.

The academic leader as gardener is open to many points of view but also ruthless about pruning/weeding the bad or dead ideas within an organization. The gardener must support new program creation but be willing to eliminate unsuccessful programs as well. Throughout the process of program creation, evaluation, and destruction, the key gardening tools are eyes and ears focused on current market trends and team capabilities, energy to keep the team motivated, and an ability to relate, envision, and reimagine.

Conclusion

I am pessimistic about higher education's future. Our institutions appear out of touch with society and financially wasteful. In most cases, perceptions are reality, and the damage we have done is largely thanks to our self-governing structure and its weak leadership overlay.

I have outlined a leadership approach grounded in principle. The approach has been effective in combatting typical institutional decay at one university. Is an embrace of these leadership principles attainable for most business schools or public universities? My experiences at North Dakota State University over the past six years, which took place in an environment of significant budget obstacles (a 30 percent reduction in six years) and systemic turmoil (three provosts in six years), should inspire confidence. NDSU's College of Business has twice maintained our AACSB accreditation; we have increased the students we serve by 30 percent at a time of massive university enrollment decline; and our college received more philanthropic support in the past six years than any college in the history of our university. A college or university governed by the correct ideals will flourish, and leadership is central to introducing such governance.

In considering the future of higher education in America, a significant concern ahead is a leadership crisis. Higher education leaders often fear altering mission statements or implementing strategic budget cuts because some portion of the faculty or student body may be angered. Or administrators grow too enamored of the latest higher ed trend and try to push change through without considering the local knowledge of those who work at the university. The result of both approaches—weak or authoritarian leadership—is confusion, political infighting, and the emergence of decision-making criteria that ignore what's best for an institution.

The basics of leading a college seem simple and universal. But higher education institutions have largely failed to be brilliant with the basics, and the average lifespan

of business deans—about three-and-a-half years—suggests sticking to principles of honesty, consistency, and shared governance isn't easy in practice. A return to principle and use of the economic way of thinking may provide a path forward for those leaders inclined to adopt such a framework.

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