

THE WIDGET THEORY OF HIGHER EDUCATION^{1/}

by

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The Widget Theory of Higher Education is widely accepted but curiously enough it is never articulated, except perhaps indirectly. However, it can be deduced from the practices that spring from it. The growing application of the unstated theory suggests strongly that it is deserving of exposition.

The Widget Theory of Higher Education is that a college or university is a manufacturing enterprise that produces products called academic degrees in basically the same way as a company such as Universal Widgets, Inc. produces widgets. Like widgets, academic degrees come in several models and price ranges. They are known as baccalaureates, masters, and doctorates. And, like Universal Widgets, Inc., colleges and universities produce these degrees for a market -- the job market.

It is well known and well accepted that the more cheaply Universal Widgets, Inc. can produce a marketable line of widgets, the more efficient and cost-effective the company and therefore the more successful it is. Under the Widget Theory of Higher Education, the more cheaply a college or university can produce marketable baccalaureate, masters and doctors degrees, the more efficient and cost-effective the institution. It is a basic premise under the theory that if two colleges or universities produce the same degree, the one that produces it more cheaply is the better institution. It is more cost-effective. The theory is very straight-forward. Management is very important in widget production and, under the theory, it is equally important in the production of academic degrees. Good modern management systems ensure more efficiency and greater cost-effectiveness. Over-production of widgets, that is production of more widgets than the market can absorb, is very bad. It is a sign of bad management. Unsold widgets are either dumped on the market, driving the price down, or they are warehoused and eventually written down as unsold inventory.

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Under the theory, over-production of degrees is also very bad. A college or university that produces a degree for which there is no job is not cost-effective and obviously not well managed. Some critics of the theory have pointed out that degrees produced in excess of market demand are, unlike widgets, able to penetrate other markets. But no one has found a way to warehouse surplus degrees. It is not that they are perishable -- quite the contrary -- they just will not stay in warehouses. Some visionaries have advanced the extraordinary idea that an academic degree may have some intrinsic value over and above its value in the job market -- a reserve value, one might say. However, that is an impractical idea because there is no accounting system accepted by the Financial Accounting Standards Board that permits recognition of this "reserve value" in a prospectus, annual report, or Form 10-K. We are all hoping, however, that the Securities and Exchange Commission, after they have perfected the new method of accounting for oil and gas producers known as RRA (Reserve Recognition Accounting) will apply their innovative genius to the problem of reserve values in college and university degrees. It would be a great contribution. Surely, if a way is found to state values of undeveloped prospectable oil and gas acreage and undeveloped reserves, it may be possible to put a reserve value on the intellectual illumination and enlightenment that comes from a university education.

Universal Widgets, Inc. through their new management system, has focused on quality control. The company is committed to the proposition that if it can produce a superior line of widgets without raising the price, it will control a larger segment of the market. Behind a vigorous advertising slogan that asserts forcefully NOT ALL WIDGETS ARE ALIKE, the company has tested their widgets under a wide range of stresses and conditions. The effort has been successful as demonstrated by market surveys that prove Universal Widgets are more highly regarded and more in demand than other widgets.

It is this same quality issue, however, that has caused the greatest uncertainty about the Widget Theory of Higher Education. Indeed, it is difficult to accommodate within the Widget Theory of Higher Education the notion that within the same model line all degrees are not alike, that is, that they are not manufactured to a standard. Let me illustrate. Let us say, for example, that we want to measure the cost-effectiveness of universities producing doctorates. The method is to count the number of doctorates produced in the fiscal year and divide that number into the total cost of production. The university that has the lowest unit cost per doctorate is clearly the most cost-effective and therefore the best managed. A university that produces more doctorates per year per employee (has a higher student-faculty ratio) is a leaner tighter organization than one producing fewer doctorates per employee (has a lower student-faculty ratio). This is quite

contrary to the academic dogma which holds that a lower student-faculty ratio (smaller classes) leads to greater teaching effectiveness. However -- if we accept the radical notion that not all doctorates are alike, that a doctorate in History is not the same as a doctorate in Computer Science, and then add a further perturbation by accepting the notion that a doctorate in Computer Science from one university might be a better product than one from another university, the accounting system cannot handle the complexity. We would need a nation-wide system of academic accounting standards against which the quality of degrees can be tested before it would be possible to get at cost-effectiveness. Failing such a sophisticated accounting system, academic accountants, despite criticism of the Widget Theory of Higher Education, must continue to count all baccalaureate, masters and doctors degrees as basic production units that are inherently the same within the model line. Of course, the market makes its own judgment about the differences in quality among academic degrees with the same brand name. Regrettably, these judgments have not been included in cost-effectiveness studies.

I have presented the Widget Theory of Higher Education as a little satire.

But -- there is no doubt in my mind that the struggle for excellence in higher education over the next decades will be a struggle against the Widget Theory of Higher Education and against those who knowingly or unknowingly espouse it.

If you think I exaggerate, read the reports of State and Federal agencies that deal with degrees as production units. Read the texts of the management experts who offer cost-effectiveness to colleges and universities.

I stand on the reality that there is no way to measure the social benefit that derives from a cultivated mind. Even the very young mind of a recent graduate with just a few furrows broken in what may become a fertile intellectual field is a social asset of great potential worth. There is no way to measure the social benefit that comes from a first class intelligence touching and awakening young minds in the classroom or in the laboratory or in the studio. There is no way to measure the social benefit that comes from enhancing the ability of a human being to think, and to adapt, and to function in society. There is no way in the accounting sense to put a value on knowledge and inquiry and judgment. But our inability to measure, our inability to quantify qualities, does not mean that the value, the benefit of higher education is not real. What we produce in our colleges and universities is worth far more to society than a widget, or an individual to fill a particular job -- what we produce is tomorrow's world -- the people and the knowledge that in large part will shape what is to come.

The Widget Theory of Higher Education, if accepted by the people, will mean that ultimately our highest form of education will be a Job Corps. But it will be cost-effective. We will be able to measure all the inputs and outputs. And, ironically, our enormous loss will not show up on any social balance sheet. History will simply record a society that came to less.

Universities can be cost-effective, indeed they must be -- but the driving energy for cost-effectiveness must be the achievement of excellence and not simply conformity with an accounting system that counts only degrees and bodies and dollars.

Universities can be well managed, indeed they must be -- but the management objective must be excellence and not simply conformity with an accounting system that cannot distinguish quality from mediocrity from fraud.

And if we cannot design an accounting system sophisticated enough to include the element of quality -- well, then we may just have to stay with academic tradition and rely on the judgment of academicians who can distinguish excellence from mediocrity and sense from nonsense.