Privatize or Self-Operate: Decision-Making in Campus Services Management

Jeffrey Shelton Pittman

Old Dominion University

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PRIVATIZE OR SELF-OPERATE:
DECISION-MAKING IN CAMPUS SERVICES MANAGEMENT

by

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A Dissertation Submitted to the Faculty of Old Dominion University
in Partial Fulfillment of the Requirements for the Degree of

DOCTOR OF PHILOSOPHY

URBAN SERVICES

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ABSTRACT

PRIVATIZE OR SELF-OPERATE?
DECISION-MAKING IN CAMPUS SERVICES MANAGEMENT

Jeffrey Shelton Pittman
Old Dominion University, 2003
Director: Dr. Dana D. Burnett

In the past colleges operated as communities in which teaching and almost every other aspect of campus life were managed by a campus entity. This is particularly true in the area of campus support services. In recent years, there has been a significant shift in the way campus services are provided. Increasingly, college and university administrators evaluate the benefits and potential problems of privatizing or outsourcing various service units. Currently, such services as bookstores, food preparation/service operations, and physical plant departments have been the primary services chosen for privatization.

This study examines the decision-making process governing the choice between privatization or self-operation of campus support units. In addition, the outcomes that occur as a result of the decision process are investigated. The decision-framework developed by Goldstein, Kempner and Rush formed the basis of this study (Goldstein, Kempner, and Rush, 1993).

The findings show that the Goldstein model is not universally utilized by practicing campus service professionals. While several elements of the decision process are employed, there appears to be little difference in the success achieved after a privatize or self-operate decision has been made regardless of the decision process used.

This study identified five other findings of note. First, there appears to be no consistent decision making model in use among experienced campus service...
administrators. Second, all of the colleges and universities examined have a unique campus culture, which impacts decision-making. Third, administrators at the institutions participating in this study do not regularly utilize a continuous improvement and assessment process in the management of campus services. Fourth, there is an apparent gap between the importance placed on financial projections or issues and the personal concern for people, both students and employees, reported by campus service administrators. Finally, despite the availability of sound management theories, campus politics at many colleges and universities seems to be of more importance in decision-making.

The study concludes with several recommendations for campus service administrators. First, good business practice and ethics should persuade campus service leaders to establish a decision-making framework. Second, campus service managers should be aware of the unique culture present on their particular college or university campus. Third, while finances and the direct supply of net revenue to a budget unit are important, the research subjects expressed distress over the potential negative impact of business decisions on people. Fourth, the research subjects cited the importance of a continuous planning and assessment process. Campus service units should establish a strategic review and operational adjustment process as part of their standard operating procedures.
For my wife, Janet Griffin Pittman
ACKNOWLEDGEMENTS

This work is dedicated to my wife, Janet Griffin Pittman, who encouraged me and has been an avid supporter of the completion of my doctoral studies. Janet’s love and support throughout our marriage, my doctoral studies, and especially the dissertation process have made this work possible. My heartfelt thanks are extended to Janet for helping me to attain this goal.

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The research aspect of this study could not have been completed without the support and cooperation of the staff of the National Association of College Auxiliary Services and members of the association. My thanks and respect are extended to the campus service colleagues who provided the time and information necessary to conduct this seminal research.
Finally, my greatest thanks go to God. Without His direction, enabling, and grace, my doctoral studies and this dissertation would not have begun nor would they have been completed successfully.
TABLE OF CONTENTS

LIST OF TABLES .................................................................................................................... xii

INTRODUCTION .................................................................................................................. 1
  Background of the Problem ................................................................................................. 1
  Historical Evolution of Campus Support Services ............................................................. 2
  Campus Services in the Modern Era .................................................................................... 4
  Privatization: A Rapidly Developing Trend ........................................................................ 5
  Definition of Terms ............................................................................................................ 6
  Primary Focus of the Study ................................................................................................. 7
  The Problem ....................................................................................................................... 8
    Problem Statements .......................................................................................................... 10
    Significance of the Problem .............................................................................................. 12
    Significance to Urban Settings ......................................................................................... 13
    Application of Research to Society ................................................................................ 14
    Limitations ....................................................................................................................... 14

LITERATURE REVIEW ....................................................................................................... 16
  Higher Education Administration ......................................................................................... 16
    Governance Models ........................................................................................................ 16
    Higher Education’s Unique Mission ................................................................................. 17
    Professional Authority ..................................................................................................... 18
    Administrative Challenges in Higher Education ............................................................ 19
    Fiscal Difficulties ............................................................................................................ 20
    Multiple Constituencies .................................................................................................. 21
    Management’s Dilemma ................................................................................................... 22
    Administrative Effectiveness ........................................................................................... 22
    Contemporary Trends ...................................................................................................... 23
      Modern Technology ....................................................................................................... 24
      Campus Culture ........................................................................................................... 24
      Societal Expectations .................................................................................................. 26
      Commercialization ...................................................................................................... 26
    Privatization: A Key Business Option ............................................................................ 27
  Higher Education Finance ................................................................................................ 28
    Enrollment Growth 1946-1970 ...................................................................................... 28
    Federal Government Financial Aid ................................................................................... 28
    Declining Enrollment Growth 1971-1990 ....................................................................... 31
    Revenue Pressures .......................................................................................................... 32
    Importance of Strategic Planning .................................................................................... 34
    Privatization as a Revenue Source ................................................................................ 36

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<table>
<thead>
<tr>
<th>Current State of Privatization in the United States</th>
<th>36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privatization: A Major Trend</td>
<td>37</td>
</tr>
<tr>
<td>Importance of Mission Focus</td>
<td>39</td>
</tr>
<tr>
<td>Benefits of Outsourcing</td>
<td>41</td>
</tr>
<tr>
<td>Problems with Outsourcing</td>
<td>44</td>
</tr>
<tr>
<td>Rapidly Changing Society</td>
<td>48</td>
</tr>
<tr>
<td>Current State of Privatization in Higher Education</td>
<td>50</td>
</tr>
<tr>
<td>Current Privatization Statistics</td>
<td>50</td>
</tr>
<tr>
<td>Institutional Culture</td>
<td>55</td>
</tr>
<tr>
<td>Benefits of Privatization to Higher Education</td>
<td>57</td>
</tr>
<tr>
<td>Problems with Privatization</td>
<td>62</td>
</tr>
<tr>
<td>Employee Attitudes on Privatization</td>
<td>65</td>
</tr>
<tr>
<td>Partnering Arrangements</td>
<td>67</td>
</tr>
<tr>
<td>Social and Educational Impact of Campus Services on Students</td>
<td>71</td>
</tr>
<tr>
<td>Services Critical to Student Development</td>
<td>71</td>
</tr>
<tr>
<td>Critical Importance of Student Integration</td>
<td>72</td>
</tr>
<tr>
<td>College as a Transition into Adulthood</td>
<td>73</td>
</tr>
<tr>
<td>Student Employment and Training</td>
<td>75</td>
</tr>
<tr>
<td>Students as Consumers</td>
<td>76</td>
</tr>
<tr>
<td>Contemporary Trends in Higher Education</td>
<td>78</td>
</tr>
<tr>
<td>Change, Customers, and Competition</td>
<td>78</td>
</tr>
<tr>
<td>The Experience Economy</td>
<td>78</td>
</tr>
<tr>
<td>Internal Customers</td>
<td>80</td>
</tr>
<tr>
<td>Contemporary Students as Customers</td>
<td>81</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>84</td>
</tr>
<tr>
<td>Re-sourcing</td>
<td>86</td>
</tr>
<tr>
<td>Decision-Making</td>
<td>87</td>
</tr>
<tr>
<td>Overview</td>
<td>87</td>
</tr>
<tr>
<td>The Decision-making Process</td>
<td>87</td>
</tr>
<tr>
<td>Key Considerations in Decision-making</td>
<td>89</td>
</tr>
<tr>
<td>Decision Implementation</td>
<td>91</td>
</tr>
<tr>
<td>Campus Service Decision-making</td>
<td>92</td>
</tr>
<tr>
<td>Challenges to Campus Service Privatization</td>
<td>92</td>
</tr>
<tr>
<td>Goldstein’s Decision Framework</td>
<td>93</td>
</tr>
<tr>
<td>Identify key participants</td>
<td>95</td>
</tr>
<tr>
<td>Develop analytical framework</td>
<td>96</td>
</tr>
<tr>
<td>Assess current environment</td>
<td>97</td>
</tr>
<tr>
<td>Identify customer requirements</td>
<td>98</td>
</tr>
<tr>
<td>Develop operational design</td>
<td>99</td>
</tr>
<tr>
<td>Identify operating alternatives</td>
<td>99</td>
</tr>
<tr>
<td>Review legal, ethical, and community considerations</td>
<td>100</td>
</tr>
<tr>
<td>Compare and contrast proposed operating alternatives</td>
<td>101</td>
</tr>
<tr>
<td>Select preferred alternative</td>
<td>102</td>
</tr>
<tr>
<td>Establish continuous improvement and assessment process</td>
<td>102</td>
</tr>
<tr>
<td>METHODOLOGY</td>
<td>Page</td>
</tr>
<tr>
<td>-------------</td>
<td>------</td>
</tr>
<tr>
<td>Research Questions</td>
<td>104</td>
</tr>
<tr>
<td>Research Design</td>
<td>105</td>
</tr>
<tr>
<td>Instrumentation</td>
<td>107</td>
</tr>
<tr>
<td>Sampling Plan</td>
<td>110</td>
</tr>
<tr>
<td>Data Analysis Plan</td>
<td>114</td>
</tr>
<tr>
<td>Focus Group</td>
<td>115</td>
</tr>
<tr>
<td>Telephone Survey</td>
<td>116</td>
</tr>
<tr>
<td>Institutional and Respondent Characteristics</td>
<td>116</td>
</tr>
<tr>
<td>Interview Process</td>
<td>120</td>
</tr>
<tr>
<td>Decisions and Operating Methods Evaluated</td>
<td>120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESULTS AND DISCUSSION</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus Group Themes</td>
<td>122</td>
</tr>
<tr>
<td>Results From the Research Study</td>
<td>125</td>
</tr>
<tr>
<td>Issues Initiating the Decision Process</td>
<td>125</td>
</tr>
<tr>
<td>Goldstein Model Decision Steps Utilized</td>
<td>129</td>
</tr>
<tr>
<td>The Critical Decision-making Steps</td>
<td>132</td>
</tr>
<tr>
<td>Concerns Reported in Altering Operating Methods</td>
<td>140</td>
</tr>
<tr>
<td>Length of Time Required to Make Decision</td>
<td>142</td>
</tr>
<tr>
<td>Satisfaction Levels Reported</td>
<td>144</td>
</tr>
<tr>
<td>Decision Process Changes for Future Decisions</td>
<td>148</td>
</tr>
<tr>
<td>The Most Challenging Aspect of Decision-making</td>
<td>150</td>
</tr>
<tr>
<td>Summary Statements from Subjects</td>
<td>151</td>
</tr>
<tr>
<td>Themes and Observations Derived from the Research</td>
<td>152</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RECOMMENDATIONS FOR FURTHER RESEARCH AND PRACTICE</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendations for Further Research</td>
<td>154</td>
</tr>
<tr>
<td>Recommendations for Practice</td>
<td>155</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REFERENCES</th>
<th>Page</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>APPENDICES</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Telephone Survey Instrument</td>
<td>186</td>
</tr>
<tr>
<td>B. Research Inquiry Form</td>
<td>189</td>
</tr>
<tr>
<td>C. Cover Letter</td>
<td>191</td>
</tr>
<tr>
<td>D. Rubric for Telephone Survey Instrument</td>
<td>192</td>
</tr>
</tbody>
</table>

| VITA | 197 |
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Campus Service Areas Examined</td>
<td>118</td>
</tr>
<tr>
<td>2. Campus Services Evaluated for Privatization by Subjects Within the Past Four Years</td>
<td>119</td>
</tr>
<tr>
<td>3. Results of Operating Decisions Examined</td>
<td>120</td>
</tr>
<tr>
<td>4. Issues Leading to the Initiation of the Decision Process</td>
<td>125</td>
</tr>
<tr>
<td>5. Issues Ranked in Order of Importance to Subjects</td>
<td>128</td>
</tr>
<tr>
<td>6. Goldstein Model Decision Steps Utilized</td>
<td>131</td>
</tr>
<tr>
<td>7. Goldstein Model Decision Steps Viewed as Most Important by Subjects</td>
<td>137</td>
</tr>
<tr>
<td>8. Length of Decision-making Process</td>
<td>143</td>
</tr>
<tr>
<td>9. Satisfaction Reported Based on Use of Decision Model</td>
<td>145</td>
</tr>
</tbody>
</table>
CHAPTER I

Introduction

Background of the Problem

Traditionally, the day to day operations of colleges and universities have existed independently of the communities that surround them. Colleges manage most aspects of their respective campuses, including academics, athletics, administration, as well as organizational business services. Past practice has held that colleges operate in a manner similar to the fortified cities of the ancient world. Colleges have been communities in which teaching and almost every other aspect of campus life are managed by a campus entity (Mintzberg, 1991). This is particularly true in the area of campus support services.

In recent years, however, there has been a significant shift in the way campus services are provided. Increasingly, college and university administrators evaluate the benefits and potential problems of privatizing or outsourcing various service units. The first question administrators typically ask when they assess a support service is, can an outside, independent company furnish this service in an effective and cost saving manner? (Berquist, 1992; Drucker, 1998; Kirp, 2002). In contemporary times, such services as bookstores, food preparation/service operations, and physical plant departments have been the primary services chosen for privatization.

This study examines the decision-making process governing the choice between self-operation or privatization of campus support units. In addition, the outcomes that occur as a result of the decision process will be investigated.
Historical Evolution of College Campus Services

From the beginning of higher education in America, support services (food purveying, books and school supplies, and other nonacademic needs) were a secondary, although important, aspect of a college's existence. Despite their small enrollment and single-gender make-up, the students who matriculated in these early institutions needed some very rudimentary services performed. Students had to eat and their clothing needed laundering.

In the early days of colonial colleges, cooking, clothes laundering, and other domestic services were more than likely provided by women from the surrounding communities. Students were largely at the mercy of the local townsfolk for the basic services that were absolute necessities in colonial days. The small, but growing, villages that typically existed, or which developed adjacent to the colonial colleges, were only able to meet basic student needs and were only capable of serving small numbers of students (Veysey, 1965).

As student populations grew, more extensive and elaborate means were needed to meet the fundamental services required by students and faculty. A local matron may have been able to prepare food and launder clothing for a few students, but when enrollment grew to several dozen students or more, this task was all but impossible (Veysey, 1965; Young, 1988).

It, thus, became incumbent upon colleges and universities to establish a support system capable of providing everyday necessities. Balderston (1974) notes, "Unfortunately, administrative services in universities are in great part the result of accretion through time, rather than the result of consideration of the need, the cost, or the
policy consequences" (1974, p. 75). In essence, campus services simply evolved, not out of a strategically devised plan, but out of sheer expediency.

The passage of the GI Bill of Rights (The Serviceman’s Readjustment Act of 1944) in the later part of World War II, created a massive increase in demand for higher education (Servicemen’s Readjustment Act of June 22, 1944, 1944). Indeed, over one million veterans enrolled in American colleges in 1946. The student population of colleges and universities more than doubled as a result of this mass enrollment of returning service personnel. Not only were existing colleges flooded with new students; new colleges, both public and private, were rapidly established in order to accommodate this rising tide of available students. The end of World War II and the expanding economy of the 1950s brought about the literal and figurative birth of the baby boom generation. Thus, for over 30 years from the mid 1940s through the 1970s, American higher education enjoyed the influx of a steady stream of traditional 18-22-year-old college age youth (Berube, 1991; Ravitch, 1983).

However, beginning in the early 1980s and continuing until the early 2000s, a huge demographic shift occurred. The number of traditional-aged college students sharply declined, as baby boomers moved into adulthood. Consequently, the 3,600 or more colleges in the United States clamored for sufficient students to maintain their enrollment. Unlike any time in the twentieth century, this smaller group of prospective students had multiple choices of where, when, and how they participated in higher learning.

Nontraditional-aged college students brought a more mature consumer consciousness to college campuses. The needs and demands of each student market
compel college administrators to be cognizant of consumer trends and potential student expectations (Levine and Cureton, 1998; Matthews, 1997).

*Campus Services in the Modern Era*

Throughout the twentieth century, colleges provided funding and operational oversight for all aspects of campus life. Of course, academic units were under the direct purview of the college administration and faculty. Since colonial times, colleges also have planned, organized, managed, and operated campus support services, including those responsible for constructing facilities, maintaining buildings, purchasing, preparing and serving food, and selling books (Duryea, 1997b; Matthews, 1997).

In recent years higher education has seen significant changes in the level of government and public support received. The reduction in government financial support from the generous levels of the 1950s caused college administrators to seek out partnership arrangements with the business community, particularly in nonacademic areas (McPherson & Morton, 1993). A common example of this trend often occurs with college bookstores. Rather than investing institutional dollars to acquire bookstore inventory, many institutions negotiate a contract with a retail bookstore and school supply company to provide the inventory and staffing in an on-campus location. In such situations, the actual bookstore facility may or may not be owned by the institution. In return for the privilege of doing business on the college campus, the retail book companies guarantee a set annual payment to the institution and, perhaps, even a percentage of sales (Wertz, 1997). For example, Old Dominion University in Norfolk, Virginia has contracted out the operation of the university bookstore to Barnes and Noble.
Bookstores, Inc. and the majority of the institution’s food service operations to
ARAMARK.

Privatization: A Rapidly Developing Trend:

While the concept and practice of privatization has existed for several decades in
the general United States economy, it also has become a growing reality in recent years
on college and university campuses (Friday, 2001; Kirp, 2002; Savas, 2000; Wertz,
1995a). Articles on this topic have been featured in the Chronicle of Higher Education,
Business Officer, College Services Administration, College Services, University Business,
American School and University, and Educational Record as well as numerous other
higher education publications. A key indicator of the growing importance of outsourcing,
and the need for a closer examination of this topic, is illustrated by the number of articles
related to privatization in government, the private sector and in higher education which
have been published in recent years—144 in 1985, 1,196 in 1991, and 2,030 in 1992
(Wertz, 1995a).

In 1995, the National Association of College Auxiliary Services (NACAS)
conducted the first ever Privatization in Higher Education Symposium and Advanced
Workshop. The perceived need for this event shows that privatization of campus services
has become an important and rapidly growing trend. A second Symposium was
conducted by this organization in 2001 (Kirp, 2002).

NACAS has taken this recognition of privatization to another level as an
important management option through the creation and implementation of the Center for
the Study of Outsourcing and Privatization in Higher Education (CSOPHE) in 1999. The
establishment of the Center demonstrates the high priority of privatization for
professionals, who manage campus service units. The center has been established to conduct research and to advise member institutions on the complex issue of campus service privatization (Kirp, 2002).

**Definition of Terms**

For the purposes of this study, *privatization*, also commonly referred to as outsourcing, is defined as contracting with private businesses for services traditionally performed by university employees. "Whether it is called outsourcing, subcontracting, privatization, contracting out, independent contracting, or the like, universities have increasingly turned to considering external entities to solve or at least address … pressures regarding economy, efficiency, productivity, and quality" (Hustoles & McClain, 1998, p. 1).

A good example of this concept is in campus facility maintenance. Rather than employing a staff of housekeepers to clean buildings, a higher education institution might hire a local company to clean campus facilities. Another very prevalent example in today’s higher education world is the replacement of a campus-operated food service department by a food service operation managed by a national provider such as ARAMARK, Sodexho Marriott, or Canteen (Hustoles & McClain, 1998; Wertz, 1997a).

*Self-operation* of campus services refers to a campus support unit being managed and staffed by employees of the higher education institution of the campus where the campus service is located (Wertz, 1997a).

*C Campus services* have been defined traditionally as administrative and auxiliary operations that provide support to the academic programs provided by a college or university. That definition will be used for this study. Typically, these services would be
identified as non-academic operations related to the physical, financial, or student service aspects of higher education. Bookstores, food service operations, and student housing are three examples of campus services. In recent years, privatization has been expanded to embrace areas beyond the traditional business affairs units of an institution, to include areas such as career and personal counseling departments, childcare centers, and institutional marketing (DeLoughry, 1993, Doctrow, Sturtz, & Lawrence, 1996; Eaton, 1999; Jacobson, 2001; Kennedy, 2000; King and Walzer, 2002; Love, 1999; Manning, 1999; Mercer, 1995; Nicklin, 1997; Phillips, Halstead, & Carpenter, 1996; Roster & Woodward, 1996; Van Der Werf, 1999; Walzer, 2002; Wertz & Jordan, 1996).

Auxiliary services are the non-academic, entrepreneurial, revenue-generating units on campus. The functions most frequently identified with the auxiliaries are: athletic concessions, bookstores, campus convenience stores, food service operations, retail shops, student housing, travel agencies, and vending (Bartem & Manning, 2001; Caron, 2002).

Primary Focus of the Study:

The study will focus on two issues. The first issue to be investigated is the decision-making process related to the choice of operating college and university campus service units through direct self-operation or through privatization.

The second issue to be addressed in this study is the investigation of the operational choice made. This analysis will employ the Goldstein model and focus on the areas of: 1) management satisfaction, 2) campus community satisfaction, and 3) campus service financial performance (Goldstein, Kempner, and Rush, 1993).
This study will utilize a qualitative methodology in order to obtain foundational research related to the decision-making process used by institutions when decisions about privatization of campus services are made, and the success level achieved, based on the decision process utilized.

The Problem:

Of direct and critical importance for college administrators is the continuing dilemma that they face regarding how to decide between self-operation of campus services or contracting these services out to off campus entities (Bartem & Manning, 2001; Byrne, 1998; DeBard & Overland, 2003; Goss, 1998; Jefferies, 1996; Lang, 1998). According to the literature reviewed, the decision to self-operate or privatize is a continual challenge to college administrators. The institutional decision-making process regarding this choice is unexamined in a significant manner. The success of the choice made at the conclusion of the decision-making process has not been studied adequately.

While only a limited amount of significant research has been conducted in the subject area of campus service decision-making, extensive literature related to privatization in colleges and universities exists. In order for the reader to understand the privatization or self-operation dilemma in a comprehensive manner, the literature has been examined and will be depicted in several categories. Specifically, seven categories closely related to campus service privatization and higher education have been identified. The first literature category to be explored addresses the foundational aspects of higher education administration. How are colleges to be operated from a business perspective? The second category to be considered is higher education finance. Consistently, the administration and finance divisions of institutions of higher education have been the
areas where privatization is contemplated and privatization decisions are made. The third category is rather broad—the current state of privatization in the United States. Privatization efforts initially began in the broader economy and so the discussion of privatization rightly must begin in this realm.

After considering privatization in the large U.S. economic context, the fourth category of relevant concern to be reviewed is the current state of privatization in higher education. The next area of interest in the literature relates to the educational and social impact of campus services on students in the higher education context. Contemporary students are recognized as consumers. Beyond simply meeting support service needs, how do campus service departments impact the education and social growth of today’s students? The sixth literature category to be assessed in chapter two is the changing nature of higher education.

Finally, the literature review will illustrate a subject that is a constant matter of consternation to chief business officers on most U.S. college and university campuses—campus service decision-making. In this literature area, the most pertinent to this particular study, the discussion will highlight the critical issues that routinely face campus business affairs executives as they consider whether to self-operate or privatize specific campus service units.

This study will utilize the decision-making model developed by Goldstein, Kempner, and Rush in their 1993 monograph entitled Contract Management or Self-Operation: A Decision-Making Guide for Higher Education. Henceforth, this model will be referred to as the Goldstein model. The Goldstein model is described more fully in the problem statement section, which follows.
The literature review conducted in preparation for this research project provides solid background information and key insights into the research problem to be investigated—campus service decision-making.

**Problem Statements**

In 1993, Goldstein, Kempner and Rush published a monograph entitled: *Contract Management or Self Operation: A Decision-Making Guide for Higher Education*. The concepts advocated in this monograph propose and describe a list of principles or steps to be used in the decision making process regarding the choice of a self operate or privatized management structure for campus services. According to the Goldstein model, the process has 10 decision-making phases:

1. Identify key participants,
2. Develop analytical framework,
3. Assess the current environment,
4. Identify customer requirements,
5. Develop operational design,
6. Identify operating alternatives,
7. Review legal, ethical, and community considerations,
8. Compare and contrast proposed operating alternatives,
9. Select preferred alternative, and
10. Establish continuous improvement and assessment process. (Goldstein, Kempner, and Rush, 1993)

Despite considerable face validity, the empirical validation of this decision-making model has not been achieved. Consequently, this study will examine the decision-making process specifically related to college and university campus support services, utilizing the Goldstein model. A qualitative research methodology will be employed in order to obtain a thorough understanding of the basic decision-making process as it relates to the management of campus support service units.

The primary research question that this study will investigate regards the decision-making process utilized by key college and university support service decision-
makers in the management of campus services. That question is: Do college and university administrators utilize the decision making steps identified in the Goldstein model in order to determine whether to self operate or privatize campus services? This study will examine the actual decision-making process used through an assessment of the decision-making steps employed by campus service practitioners. This research will provide insight into the processes utilized and actions taken by college decision-makers.

There is a second research question which is directly dependent on the outcome of the primary research question. The second research question is: Do college and university administrators experience a greater level of success when the decision steps advocated by Goldstein are utilized than when other processes are relied upon? This question involves the efficacy of the Goldstein decision model. This second research question will investigate the success level achieved in the operation of campus service units using three specific indicators, once the decision to self-operate or privatize has been made. Success will be examined in three areas including: 1) management satisfaction, 2) campus community satisfaction, and 3) enhanced financial performance. Practitioner perceptions will be the gauge of success in the areas of management and campus community satisfaction. Actual performance will determine success in financial performance. Financial data will be provided by the research subjects. Data gathered from the investigation of this research question will provide evidence regarding whether decisions made with reliance on the principles of the Goldstein model are more successful than decisions made using other methods.

The study of the outcomes generated by the decision-making process will provide important information that will give insight into the success level achieved through the
decision that was made and implemented. The level of success attained based on the
decision made will be an indicator of the efficacy of the decision-making model that was
used.

Significance of the Problem

Privatization is a significant issue for contemporary college administrators. The
effective management of campus services is of importance to college administrators and
governing boards alike (Kirp, 2002). The decision-making process faced by those campus
executives responsible for effectively operating campus services presents a conundrum
for those responsible and their institutions. Numerous factors impact the decision to
privatize or self-operate a campus service.

Many higher education professionals indicate that colleges that rely on outside
businesses for various campus services benefit by:

1. strengthening overall institutional financial condition,
2. improving institutional cash flow,
3. providing better access to resources beyond finances,
4. furnishing value-added products and/or services to customers,
5. utilizing more professional staff members in privatized areas,
6. enhancing the campus social environment,
7. making greater educational opportunities available to privatized employees,
   and
8. offering better career advancement opportunities for non-faculty employees
   within the private company (Turk, 1998; Wertz, 1997a).
The literature review will provide a primer for campus leaders regarding the issues that surround the privatization and self-operation of campus service units. Moreover, the study will investigate the use by campus service administrators of the elements promoted in Goldstein’s decision-making process. The success attained by campus service units in several key areas after the operational decision has been made also will be examined.

Significance to Urban Services:

This topic is relevant to urban colleges and universities for three reasons: First, privatization is touted as a means to bolster institutional financial condition and performance. With the reduction of financial support to many colleges and universities in recent years, many urban institutions have had to reduce budgets or find alternative resources to operate their academic programs (Benjamin, 1996; Bregman & Moffett, 1991; Hauptman, 1993).

Second, it has been suggested that non-faculty employees of an urban institution may benefit from employment with private businesses over that with a local college or university (Pennington, 1994). Enhanced career training and more abundant opportunities for career advancement are just two of the reasons cited as the basis for this potential benefit to urban residents. With higher population concentrations in urban areas, employment training and advancement opportunities are critical to many urban residents (Richardson & Bender, 1985; The Pew Higher Education Research Program, 1993).

Third, public relations in the broader community surrounding urban institutions may benefit from the opportunity of private businesses to become more active on campus through expanded employment and business opportunities with colleges (Richardson and
Bender, 1985). Privatization may provide one of the links that helps lift urban colleges to the stature of cosmopolitan urban learning and cultural centers.

This study will provide new insights into the day-to-day operation and business decision-making required of college vice presidents, department directors, and even front-line support unit managers. Those faculty members who teach in the higher education administration field will have access to new information that will improve their instructional content and the practical knowledge that they can impart to students of higher education. Community leaders also can obtain important information about institutional services.

Application of Research to Society:

The findings of this study will provide increased knowledge about the management decision-making process. In addition, this research effort will provide a thorough analysis of the strengths, weaknesses, opportunities, and threats inherent in privatizing.

Limitations

The qualitative nature of this study will provide an in-depth look into the ideas and attitudes of campus service administrators. Their decision process will be explored, documented, and more fully understood because of the qualitative investigation conducted in this research project. The qualitative research design used in this study limited the amount of data collected. The design does not provide sufficient inferential capacity to make broad statistically based assertions. With the aid of information related to the decision process gained through this study, additional quantitative research will need to be conducted. An expansive quantitative study will be able to provide statistically
supported knowledge about decision-making. A quantitative study will take the
information obtained in this study to the next level, especially in the area of determining
the success attained after the decision to privatize or self-operate a campus service has
been made and implemented.
CHAPTER II

Literature Review

*Higher Education Administration:*

**Governance Models**

The insights of contemporary literature allow us to study administrative structure and decision-making in the field of higher learning. It is through this aspect of organizational operation that we can gain further understanding of the privatization debate on campus. The literature suggests that there are at least three governance models that are dominant in post secondary institutions (Baldrige, 1991; Mintzberg, 1991; Mortimer & McConnell, 1991). These three governance modes are identified as bureaucratic, collegium, and the political system. A short review of these models will provide background for viewing the narrower aspect of privatization on campus. The bureaucracy according to Baldrige (1991) is modeled after Weber’s governmental bureaucracy model and functions in much the same way. In bureaucracies there is an organized hierarchy of responsibility and authority. In addition, there is, at the very least, a generalized set of policies and procedures that provide guidelines for most university matters (Baldrige, 1991). The second governance model, the collegium, is an idealized structure that revolves around the equality of each member of the university faculty and staff. In actuality, this model provides a voice for the faculty, so that they can play a significant role in administering an institution. The political model is, as the name would suggest, a model based on governance by political consensus. In political governance, various interest groups lobby the powers that be and decisions are made, to a large extent, based on the political power of the various constituent campus groups. The
aforementioned three governance models provide the basis for understanding the inner workings of colleges from their establishment in America up to the present day.

The practical utilization of the three models in higher education has moved over time through the models in the order in which they have been listed here. While a bureaucratic structure would have been widely accepted as the norm 200 years ago, it would be frowned upon today and apt to be less than successful as a contemporary operating structure (Mintzberg, 1991; Mortimer & McConnell, 1991).

The professional bureaucracy is an inflexible structure, well suited to producing its standard outputs but ill suited to adapting to the production of new ones. All bureaucracies are geared to stable environments; they are performance structures designed to perfect programs for contingencies that can be predicted, not problem solving ones designed to create new programs for needs that have never before been encountered. (Mintzberg, 1991, p. 71)

Since bureaucratic organizations are ill suited to change, and change is one of the most significant challenges faced by contemporary college administrators, the establishment of a collegial or political governance model would appear to be the most prudent in today's environment (Mintzberg, 1991; Mortimer & McConnell, 1991).

Higher Education's Unique Mission

Administrators in higher learning are faced with a number of unique management challenges. However, two specific issues create the most difficult dichotomy—institutional mission and the role of professional authority. One side of the issue is that, higher education institutions, in general, have a somewhat vague organizational mission to
teach, research and serve the community (Clark, 1993). Primary leadership by academicians challenges the usually far more tangible mission and goal focus of business leaders (Moore, Salimbene, Marlier, & Bragg, 1983). A rather broad mission in most institutions provides extraordinary breadth for institutional planning, hence the difficulty of setting firm goals and, in many cases, well-defined institutional direction. The ambiguity of consistent focus in governance of a collegium or political administration structure provides room for those with an entrepreneurial bent to be creative. Weick's (1991) *Educational Organizations as Loosely Coupled Systems* describes the reality of how the administrations of most universities rely on a loosely connected decentralized model. This concept helps explain the predominant operating structure of institutions that are configured in the more open collegium or political system style of governance. As far as campus services are concerned, a loosely coupled organizational design actually works to provide two important benefits in contemporary times. First, service units have latitude to adapt to and meet the customer service requirements of students and other major campus constituent groups. Second, by having a reasonable amount of management leeway, service administrators have the opportunity to think in an innovative manner and to implement these entrepreneurial concepts in their various campus service operations. Thus, one side of the issues challenging campus administrators is that business officers have latitude to serve customer needs and react to changing times, thanks to the encompassing institutional mission (Weick, 1991).

*Professional Authority*

While the institutional mission may be education primarily, specific administrators have the authority and latitude to make decisions regarding campus
service operating methods. In other words, professional authority is needed and available within higher education (Etzioni, 1991; Trow, 1991). Various individuals have job titles and levels of authority that permit them to make sweeping changes at will. However, these empowered people are unable to make needed changes in many contemporary situations. A prime example is seen in the area of privatization. Even though the college’s chief business officer may be the individual administratively authorized to make the decision to outsource a campus service, the institution’s broader administrative and social structure must be consulted, if a publicly accepted and successful decision is to be made. Will the college president and the student body be in favor of a nonuniversity management firm operating the historic college memorial arena that beloved Uncle (a term of endearment used by students) Bob Smith has directed for the past 25 years? While the decision to privatize the arena may be practical in sheer business terms, the concept may not be acceptable to all campus constituencies. The organizational management structure and management’s thorough understanding of the campus community are critical elements in any decision that causes significant change on a campus.

Administrative Challenges in Higher Education

The broad, often inadequately defined, mission statements adopted by most colleges and universities create the foundation of many of the challenges faced by college business service professionals (Bensimon, Neumann, & Birnbaum, 1989; Breneman & Nelson, 1992; Dunn, 1993; Ford, 1993). It is extremely important to have excellent business executives who possess sound leadership skills present in an environment lacking a succinct and precise mission statement.
Much of good leadership consists of appropriately doing those things that others expect leaders to do, attending to the routines of institutional life, repairing them as they are buffeted and challenged by internal and external forces, and maintaining the organizational culture. These behaviors are essential, but usually not heroic. When they are done well, they often go unnoticed; when they are done poorly, the institution may suffer and the tenure of the leader may be threatened. (Bensimon, Neumann, & Birnbaum, 1989, p. 77)

Four primary issues define the areas of greatest challenge to college chief business officers: fiscal difficulties, multiple constituencies, the service and control dilemma, and administrative effectiveness (Bensimon, Neumann, & Birnbaum, 1989).

Fiscal Difficulties

Growing enrollment and higher education’s expansion from the mid-1950s through the 1980s set the stage for financial difficulties in the 1990s. The rapid rise in the costs of tuition and fees, reductions and restrictions in federal financial aid grants, increasing emphasis on student loans, and mounting enrollment pressures, especially on the generally more expensive private institutions, are key factors that have led to financial stress on colleges (Bergquist, 1992). The rapidly expanding cost of higher education in general is the primary cause impacting higher education finances (Gordon, 1993). This need to balance revenue and expenses has led to a growing interest in privatization on many campuses across the United States.
Multiple Constituencies

Higher education is unique in the variety and power of the groups that it serves. Indeed campus constituencies create a unique and interesting management challenge. Institutional constituencies are so diverse and, often, influential that they form a powerful and dynamic force.

Unlike business corporations, which must answer primarily to a single constituency—their stockholders—colleges and universities have many constituencies, including faculty, students, parents, alumni, donors, legislators, and the local community. This fact adds to the complexity and the difficulty of establishing clear support for administrative decisions, because the goals of the constituencies may be in conflict. (Ford, 1993, p. 449)

It is quite common to see a power struggle between an institution’s administrative personnel and the school’s faculty. Business officers and outside service providers alike must be cognizant at all times of the academic background and perspectives of academicians in order to communicate properly with them. An understanding of the academic perspective in the mission of higher learning is critical to the successful operation of a college and, in a less significant, although still important, manner the success of campus support services regardless of their campus managed or outsourced status (Moore, Salimbene, Marlier, & Bragg, 1983).
Management’s Dilemma

A third management challenge noted in the literature is the dilemma between service and control, which is faced routinely by chief business officers (Morris, 1981; Richardson, Blocker, and Bender, 1992).

The chief financial or business officer has two potentially conflicting roles. He or she is responsible for providing a wide variety of services in a “customer-oriented,” friendly fashion. . . . On the other hand, the chief business officer is responsible for providing control services for the organization, such as not allowing the overdraft of an operating budget or not authorizing inappropriate personal expenses or luxury furnishings. (Ford, 1993, p. 454)

Of course, the chief issue which exacerbates the problem is the fact that business officers are typically significant resource users themselves in order to meet the requests of the support departments which report to them (Biddison & Hier, 1996; Duryea, 1997a; Ford, 1993; Moore, Salimbene, Marlier, & Bragg, 1983; Morris, 1981).

Administrative Effectiveness

The fourth challenge area to be noted, which confounds many chief business officers, is administrative effectiveness. The research conducted by Whetten and Cameron (1991) provides eight characteristics of effective administrators. According to these authors, in order for college and university administrators to be effective, they should regularly exhibit the following characteristics.
1. Place equal emphasis on process and outcomes
2. Low fear of failure—a willingness to take risks
3. Nurture the support of strategic constituencies
4. Do not succumb to the tyranny of legitimate demands
5. Leave a distinctive imprint
6. Err in favor of over communication, especially in times of flux
7. Respect the power of organizational cultures
8. Preserve and highlight sources of opportunity at an institution, at any cost
   (Whetten & Cameron, 1991)

Sound management theory and leadership skills play an important role in administering an institution of higher learning. A change from self-operation of a campus service to total privatization or privatization to self-operation has the potential for significant psychological, financial, social, and public relations impact on a college and members of the campus community. The proper use of each of these eight characteristics can make a valid contribution in the transition of campus services from one form of ownership and operation to the other.

Contemporary Trends

Perhaps the biggest unknown within the business affairs division of higher education and, for that matter, within the entire higher learning field is change (Berquist, 1992; Drucker, 1998; Morris, 1981; Surowiecki, 1998; Weick, 1991). It is change and the advent of ever-newer societal trends that frequently challenge the business administration side of higher learning. As an example, Berquist (1992) cites a number of specific trends or issues that relate to this point: large physical plants, reduced government funding, the increasing use of part-time faculty, legal concerns and government regulations. The rise of these special concerns is the major reason that professional business managers are a necessity in the administrative hierarchy of contemporary colleges. Since business affairs personnel typically must be capable of addressing these non-academic issues, their ability
to handle working with the unknown and the stress that this causes is essential. In addition to the trends mentioned by Berquist, other broader trends today produce unceasing pressure on campus business leaders. Modern technology, modifications in campus culture, societal expectations, and commercialization are four trends that are changing the world of higher education (Berquist, 1992; Drucker, 1998; Peterson & Spencer, 1991; Surowiecki, 1998; Wertz, 1997, Winter).

Modern technology.

Leaps in technology have created significant opportunities for educational enhancement. However, technological advances also compel business and campus services to change operational methods. Modern times have seen the innovation of a level of communication and information dissemination unlike any time in history. Of course, this has been made possible due to the rapid advance of technology—personal computers, the Internet, facsimile machines, and cellular telephones. The availability of massive amounts of information coupled with the complexity of contemporary times has caused the demanding chief business officer position to become even more taxing (Berquist, 1992).

Campus culture.

Campus culture and climate are prominent campus characteristics that business managers must consider. Today’s campuses are demographically diverse as well as embracing a multitude of diverse principles (Berube, 1978; Gmelch, 1998; Horowitz, 1987; Kuh, 1983; Kuh & Whitt, 1988)). Business service professionals no longer can ignore the campus culture and operate solely in ways that make sense in accounting terms. Higher education literature recognizes this new dynamic.
The underlying values, beliefs and meaning . . . in part constitute the institution's culture. The resultant attitudes and behavior in part establish the climate. . . . The concepts of culture and climate are proving useful as a way of understanding the complexities of organizational operations. (Peterson & Spencer, 1991, pp. 140-141)

Business decisions can not be made simply on the logic or practicality of the inputs and outputs as in days of old. The campus environment must be considered since the campus culture potentially can play such an important part in the success achieved by the business affairs sector, especially campus support services (Dopson & McNay, 1996). Drucker supports the ready adoption of change as an important step in the life of a college or any contemporary organization.

Every three or four years, he (Drucker) argues, institutions need to put each of their activities "on trial for its life," and ask: "If we had known what we now know at the time we established this service, would we have gotten into it?" If the answer is no, the proper response is not to ask how the service--the department, the discipline, the alliance--can be saved. Instead, One says, "How fast can we get out?" (Surowiecki, 1998, July/August, p. 47)

Certainly the change perspective advocated in the preceding quotation illustrates just how far business leaders have come in their desire for higher education to not just accept, but willingly embrace change and all that it entails.
Societal expectations.

A third trend of importance today is societal expectations. This trend's concept can best be defined by discussing the notion of how a service is viewed. In broad education terms, is education merely a process or is it a set of planned activities that produces a graduate? The process or product idea helps to clarify how education and, more particularly, for this study's purposes, campus services operate. Is serving food in a cafeteria a process or is it a product? Prior to the late 1990s, education and campus services were seen primarily as process-oriented (Drucker, 1998; Surowiecki, 1998). However, today "product" is the concept on which higher education increasingly focuses. Is the degree that a student earns capable of helping him or her obtain a well-paying position? Was the dinner you ate or the book that you bought a quality product that met your needs? This cultural shift from the concept of process to the contemporary understanding and expectation of quality products has changed the way that students and society have traditionally understood higher learning in America (Surowiecki, 1998).

Commercialization.

The final trend dramatically impacting campus life is commercialization. Commercialization is a societal outgrowth of the materialism prevalent nationally. It has crept into and affected college life by altering the traditional "ivory tower" view of colleges and universities. The pervasive nature of privatization currently on campus leads to the examination of commercialization upon higher learning. Privatization expert Wertz (1997, Winter) cites university sports programs, sole-source soft drink contracts, and branded food concepts (Pizza Hut, Burger King, Taco Bell) as evidence of commercialization.
The extensive and highly visible presence of private enterprises on campus is causing concern among those in higher education who truly believe that colleges and universities are selling out—that they are trading their good names, reputations, and traditions solely for “easy money.” . . . Privatizing campus services, however attractive, may come at a price. Institutional concerns about losing control of services, about too much “outside presence” on campus, and about the loss of collegiality are real issues that must be discussed and considered. (Wertz, 1997, Winter, p. 24)

Indeed, based on Wertz’s statement, it is fair to say that the ivory tower may be turning into the shopping mall!

Privatization: A Key Business Option

Wertz urges college business executives to consider privatization and a number of other solutions to meet the fiscal, administrative, and customer needs of postsecondary education. Among the other alternative business management strategies he suggests are: reengineering, downsizing, rightsizing, and restructuring (Wertz, 1995). The fiscal and other challenges facing higher education are not likely to disappear totally because of privatization or any of the other strategies. However, the prudent use of these management techniques has the potential to help ameliorate the fiscal exigency that higher learning is being forced to address (Johannesen, 1999; Wright, 1998).
Prior to the end of World War II almost all higher education revenue consisted of tuition and fees. While in many cases, public institutions had some level of support from local and state funds, the source of the majority of revenue was tuition. Since institutional enrollment was static and limited to a narrow socio-economic group in the United States, enrollment and fiscal fluctuations were limited. However, the enrollment and revenue picture changed dramatically beginning in 1946 (Froomkin, 1993; McPherson & Morton, 1993).

From the end of World War II until 1970, the higher education sector experienced very rapid growth. The number of degree-credit students quadrupled between 1946 and 1970—from 2 million in 1946 to 3.6 million in 1960 and 7.9 million in 1970. Enrollment grew at some 6 percent a year compounded during this period. (Froomkin, 1993, p. 181)

The mid-1940s marked the rise of modern, rapidly expanding higher education. The two most significant influences on the growth of postsecondary institutions were an expanded base of citizens desiring college education and the availability, for the first time, of federal financial aid.

Federal Government Financial Aid

As noted by Ravitch (1983), Berube (1991), and numerous other authors, the conclusion of WW II ushered in a dynamic new era in American higher education. Enrollment in postsecondary education has grown and, indeed, flourished in the last five decades. There have been three major eras of financial aid emphasis after 1945. These

The first major legislation that was the chief impetus for increased college enrollment was The Servicemen's Readjustment Act of 1944. This legislation, otherwise known as the G.I. Bill, provided veterans with financial assistance for tuition, books, and fees. It also granted a monthly subsistence allowance (Servicemen's Readjustment Act of June 22, 1944, 1944). This generous educational benefit package allowed returning service personnel to obtain the additional training they desired regardless of their family finances. The financial benefits of the G.I. Bill opened higher learning to 16 million WW II veterans. The impact of this legislation was astounding. In 1946, one million ex-military personnel took advantage of the new program doubling postsecondary education enrollment in the United States! In fact, at the expiration of the G.I. Bill's seven-year term, at least 7.8 million veterans had utilized the program to advance their educations (Ravitch, 1983). American higher education would never be the same. No longer would college be a finishing school of sorts to provide the wealthy a place for their children to receive the cultural training needed to round out their knowledge. College had now become a place to garner the information one needed for a professional career or vocation. Postsecondary education would henceforth be a place for ever-growing numbers of average Americans to obtain the knowledge they would need to earn a living and to help them make life worth living.

The second legislative act to impact higher education and to propel financial aid into the mainstream of American higher education came about largely as a result of the
Cold War. Soon after WW II, the United States and the Soviet Union developed a rampant competitiveness and distrust. Consequently, the Soviet's launch of the Sputnik space capsule in the late 1950s led to a perceived crisis in America. The public and the federal government castigated the American education system for failing to keep up with the Soviets, especially in technology. In the broad view of American society, the Soviet Union's achievement with Sputnik was not so much a great accomplishment as much as an indictment against the American education system. Our educators had failed to achieve the excellence that modern times demanded. As a result, Congress passed the National Defense Education Act (NDEA) of 1958. Part of the program was designed to bolster training in the sciences, mathematics, and foreign languages by establishing graduate fellowships to better prepare teachers in these specialized fields. The act also adopted the revolutionary idea of low-interest rate loans to assist students with college costs. The NDEA unlatched the door to higher education to the general public-to people who would not have been able to attend college without the help of the low-interest loans provided through this legislation (Berube, 1991; Ravitch, 1983).

The third major piece of federal legislation that provided an even greater opportunity for equal access to higher education was the Higher Education Act of 1965. Thanks to this legislation, equal access to postsecondary training became a reality for thousands of young people through a new wave of federal financial aid (Ravitch, 1983). Doermann of the Bush Foundation stated:
If lack of money was a barrier to access and reasonable choice, need-based public aid would attempt to lower or remove the barrier. Families and students still had to contribute; but after reasonable contribution was made, government and colleges would do the rest. (Gladieux and Hauptman, 1995, p. 85)

Grants in aid were offered for the first time on a large scale to students with exceptional financial need. In addition, the Guaranteed Student Loan (GSL) program was instituted as a means to assist middle-income families with education costs. The GSL program made attending college a reality for many students who were not eligible for an outright grant and whose parents were financially unable to pay the costs of a four-year college program.

Declining Enrollment Growth 1971-1990

Societal interest in college education grew dramatically and so did government support of students during 1945-1970. Of course, this enrollment growth helped to generate the establishment of new colleges and the rapid expansion of existing ones. By the early 1970s, the decline of escalating enrollment initiated great efforts in most institutions to recruit students and to meet their financial obligations. This trend has continued. However, the growth of financial aid programs has not kept paced with growing student enrollments. “As we look ahead, it seems unlikely that the steadily expanding government subsidies to higher education, which came to a halt at the end of the 1970s, are likely to resume” (McPherson & Schapiro, 1993, p. 166).

Government financial aid is still available. However, the largest single source of government aid today is offered in the form of student loans (Davis & Van Dusen, 1978;
Hauptman, 1993; Marklein, 2002). Dependence on loans and part-time work to meet educational costs causes many students to reduce their course loads to a less than full-time status, which exacerbates the college revenue picture as well as the ultimate debt burden of student borrowers (Jacoby, 1989).

Revenue Pressures

As federal aid programs, except student loans, declined, many in educational administration forecasted institutional financial stress and a more market-driven approach to doing business.

A financial crisis in higher education is likely to come about as enrollments decline and schools start competing with each other.

The united front of college presidents may disintegrate, and, horrors of horrors, both state and federal lawmakers may dare to look at the costs and benefits of instruction beyond high school.

(Froomkin, 1993, p. 198)

Even if colleges and universities are able to weather the revenue decline, they will likely be forced to devise and implement new revenue-generating strategies beyond tuition if they are to maintain and improve their financial vigor.

While tuition revenue is only a marginal part of the revenue garnered by public institutions, by and large, it is a far more significant funding source for privates (Ashcroft & Kerr, 1990; McPherson & Morton, 1993). A report by the Education Commission of the States asserted that:
We must realize that the cost of providing a given program is roughly the same in a private institution as in a public one. However, because private institutions do not receive subsidies from the state, they must charge higher tuition. Private institutions depend on tuition for about half of their revenues, compared to one-fifth for the state-subsidized public institutions. (Ashcroft & Kerr, 1990, p. 17)

Tuition costs and, particularly, tuition increases have been a great concern to the general public and legislatures since the 1980s, regardless of the public or private nature of institutions. With the decline of outright education grant and scholarship funding from government sources, the major source of noninstitutional aid for individual students is federal loans. Even though loans provide funds to enable students to attend college, they obviously come at a price—eventual payback of principle and interest. Many individual and family budgets are constrained by tuition cost from pursuing higher education, despite the availability of federal and private loan funds. Thus, colleges are faced with a target market of available “customers” who cannot afford the price of college admission and matriculation. Higher learning institutions thereby are pressured to find a means of meeting their financial needs. Tuition is the best apparent means to attain this revenue. Without an adequate number of students, additional tuition rate increases appear to be the most likely source to make up an institution’s revenue needs (Ashcroft & Kerr, 1990; St. John, 1994).

Higher education’s revenue future is unclear at present. Increasingly, it appears that the days of government funding in the form of outright financial aid grants to
individuals are rapidly declining. Higher learning’s future funding will continue to come from federal support, tuition payments with much of this from federally sponsored loans, and the support of gifts from alumni, foundations, and friends of postsecondary education. Despite the likely continuation of some of these revenue sources, colleges and universities will increasingly be compelled to seek other, even more creative, mechanisms to generate institutional finances (Hauptman, 1993; McPherson & Schapiro, 1993; Philips, 1996).

**Importance of Strategic Planning**

The recognition of two key effects of these economic changes should be at the forefront of the current thinking of college trustees and administrative executives: the need to develop viable strategic plans and the absolute necessity of diligently seeking nontraditional revenue sources.

One effect is that colleges and universities should be doing more in the way of long-range planning based on the wide range of possible resource levels that may be available in the future. The other is that colleges and universities should be giving greater consideration to how they can increase their resources, either by fueling economic growth or by taking steps to improve the level of public confidence in higher education, thereby paving the way for more substantial future levels of resources. . . . In the longer term, resource constraints will be imposed through heightened global economic competition, more demands on both federal and state dollars, and an unwillingness or inability of an increasing number
of families and students to pay increasing tuitions, among other reasons. (Hauptman, 1993, p.211)

Strategic planning is crucial if colleges are to remain viable social and economic entities, especially in light of the decline of government support (Bregman & Moffett, 1991; Kaufman, 1995; Maxwell, 1998; The Pew Higher Education Research Program, 1993; Winston, 1993).

The public has run out of patience as well as pocket for tuition increases that exceed annual inflation by substantial margins... If Americans believed through most of the 1980’s that those price hikes, along with substantial increases in state appropriations and in federal student aid, would purchase more, ... they are no longer so sure that these promises are being kept. Many know now that colleges and universities themselves must change, drawing on the leadership and experience of their best faculty and administration to develop strategic visions that are more purposeful, more focused, and more capable of encouraging targeted investments in specific programs, rather than spreading our resources to preserve campus harmony. (The Pew Higher Education Research Program, 1993, p. 511)

Indeed, a more focused mission and better fiscal accountability are essential if higher education in the future is to remain viable.
Privatization as a Revenue Source

While there are many creative ways to fund postsecondary education, certainly one of the prominent sources is revenue generation through campus support services. Of course, privatization of such services is one of the more straightforward, seemingly risk-adverse methods available. Typically, campus services, especially ancillary ones, are expected to be self-supporting. In addition, in today’s economic environment within most colleges, there is the expectation that these services should not only cover their own labor and operating costs, but also provide the necessary reimbursement for overhead charges incurred by the college or university, such as cost of space and utilities. In recent years, these same auxiliary operations are increasingly viewed as a funding source for direct financial contributions to institutions beyond their own operating expenses and overhead charges (Sandbach & Thomas, 1996). Clearly, whether privatized or self-operated, campus support services are seen as a significant revenue source today, and will be increasingly more significant in years to come.

Current State of Privatization in the United States

In The Commanding Heights: The Battle Between Government and the Marketplace That is Remaking the Modern World, Yergin and Stanislaw quote former Vice President Al Gore who believed that government can be reinvented by, “spinning off functions to the private sector that are better accomplished there” (Yergin & Stanislaw, 1998, p. 358). By using resources that are already available in the economy to optimize the efficiency and effectiveness of government and private industry, it is possible to achieve cost-savings for government entities and additional profit for private enterprises (Yergin & Stanislaw, 1998).
Savas (2000) portrays the attractiveness of service outsourcing a bit more pointedly in *Privatization and Public-Private Partnerships* when he says, “privatization is a fundamental strategy to improve the productivity of government agencies. It invokes the power of private property rights, market forces, and competition to give people more for their money” (Savas, 2000, p. 6).

*Privatization: A Major Trend*

Numerous sources authenticate privatization’s status as a key method of achieving these financial savings today. Indeed, in many areas of the U.S. economy privatization is a significant and growing trend (Davis, Shean, & Shapiro, 2002; Dorsey, 2002; Drucker, 1995; Eggers & O’Leary, 1995; Frieswick, 2000; Krauskopf, 2000; Kirp, 2002; Kroll, 1999; Loven, 2002; Mosher, 1999; Nyberg, 2003; Savas, 2000; Tan, 2002; Tarricone, 1998; Tarricone, 1999; Wertz, 1995; Wertz, 1996). A basic discussion of the rapidly expanding outsourcing trend is the basis of the opening session of the 1995 NACAS Privatization Symposium. The Symposium’s primary contribution to the privatization topic is insight into how topical outsourcing has become in the past 15 years. Wertz (1995) illustrates this point by relating the fourteenfold increase in privatization-related articles written in 1992, as compared to the publication rate in 1985.

Privatization as a significant contemporary trend can also be seen in the form of noteworthy events that occur in society. Drucker (1995) describes two major outsourcing announcements that occurred on the same day—March 13, 1995:
The largest hospital company in the United States, Columbia/HCA Healthcare, announced that it had outsourced the purchasing and maintenance of all the diagnostic instruments in its three hundred hospitals to the Medical-Electronics Group of the General Electric Company, the world’s largest manufacturer of such instruments.

. . . On the same day, IBM, still the world’s largest computemaker, announced the formation of a new business (called Network Station Management) to purchase, maintain, and manage the many thousands of Personal Computers (PC’s) in large companies—also by now the largest single investment in the office of the typical big U.S. company, and in some of them a larger investment than the machines in their manufacturing plants.

(Drucker, 1995, pp. 67-68)

Privatization is increasing both in number of occurrences as well as in financial volume. In the decade between 1984 and 1994, $458 billion worth of state-owned enterprises have been sold or turned over to private owners—around $70 billion in 1994 alone. . . . Even Libyan leader Muammar Gaddafi has joined the movement, privatizing the country’s camel industry. Transferring 6,000 government-owned camels to the private sector is expected to save millions of dollars per year in subsidy costs. (Eggers & O’Leary, 1995, p. 43)

As noted earlier, outsourcing is not just occurring in the public sector. Old-line industries and more modern entrepreneurial ventures alike are utilizing service
privatization in order to maintain and grow their businesses. In the established field of building systems, Karen Kroll (1999, November) reports that, “between 1998 and 2001, outsourcing in the North American building systems service market will grow about seven percent, from $7.09 billion to $7.6 billion, according to figures from DF Blumberg & Associates, Fort Washington, Pennsylvania” (p. 21). In addition, today’s web retailing companies have sought out and utilized outside service providers to more efficiently enhance their companies’ efforts. “Although no figures are yet available on the size of the full-service E-commerce outsourcing market, traditional E-commerce outsourcing—usually defined as Web-site design, strategy consulting, and software creation and hosting—was a $6.6 billion industry in 1998 and is expected to grow to $39.5 billion by 2002, according to Gartner Group Inc., a technology advisory firm in Stamford, Connecticut” (Frieswick, 2000, p. 66).

Privatization discussions and arrangements are increasing at a dramatic pace as the previously cited sources indicate. In the near term, as well as into the future, it is anticipated that this pace will only quicken. “Although the commercial (private) market for outsourcing is growing at four times the rate of federal government outsourcing, that market is still experiencing a 10 percent growth per year” (Tarricone, 1999, p. 56). Whether it is privatization in the government sector or in private industry, management’s search for business arrangements with unaffiliated service providers to supply needed service support is a major contemporary movement.

Importance of Mission Focus

One of the key business outcomes of today’s rapid-paced society is the organizational inclination to become increasingly mission focused (Agada, 1997; Eggers
& O'Leary, 1995; Incognito, 1993; Kroll, 1999). "By outsourcing non-core specific functions to an outsource provider, the business entity can then go back to what they do best—their core business" (Incognito, 1993, p. 24). When enterprise executives and leadership teams are allowed to concentrate their energies on the fundamental business of the organization, they are better able to devise strategy and to plan and manage. Indeed, American consumerism has created quite a dilemma for the private and public sectors. Without question, consumers are concerned about the price of a good or service. However, simultaneously these same price-conscious buyers are absorbed with the efficient and effective delivery of the item or assistance being provided (Agada, 1997). Regardless of the type of organization, contemporary leaders increasingly attempt to narrow the focus of the concerns, which they must strategically address. Why should the president of General Motors be forced to use her or his energies to develop a marketing plan, when there are national marketing firms ready and waiting to promote General Motors?

An excellent case in point is provided by the comments of the mayor of Indianapolis, Indiana.

A mayor is not really qualified to run a print shop, manage a golf course, or direct a road crew. That’s why every city function in Indianapolis has to pass “The Yellow Pages Test.” If there are private firms out there providing a service, you have to ask why the city doesn’t make use of their existing expertise. (Eggers & O’Leary, 1995, p. 113)
"Outsourcing is seen as a powerful tool for sending a clear signal to customers, employees, investors and the public at large that an organization understands its mission and is determined to focus its resources and investments in that area" (Corbett, 1998)

Benefits of Outsourcing

In addition to the freedom to increase the emphasis on core mission, business and governmental leaders have identified many other benefits to the use of service privatization (Drucker, 1995; Kishan, 2000; Mosher, 1999; Pennington, 1994). In Outsourcing: What's Your Motive, Rakesh Kishan (2000) synthesizes the concepts of numerous authors into five major motives for outsourcing. He labels these as: strategic workforce planning, benchmark performance, strategic focus, operational flexibility and strategic value add. Each of these concepts provides significant insight into why industry and government are so attracted to privatization.

Kishan’s (2000) first privatization motive, strategic workforce planning, is a key tool in limiting an organization’s fixed labor costs. The idea suggests that organizations should hire outside firms to perform work when their services are needed. Thus companies can avoid hiring workers that cannot be utilized effectively in a consistent manner. Workforce planning involves an entity’s leadership team purposefully making employment decisions by “selectively targeting specific skill-sets and limiting headcount growth in others” (p. 4). By hiring employees critical to the mission of the organization and privatizing less critical functions, a company is able to concentrate on the core business.

The second motive for outsourcing highlighted by Kishan (2000) is benchmark performance. The quality of services performed by in-house employees are increasingly
being evaluated in light of the service quality provided by outside "best practice"
companies. According to this author, it is reasonable to expect that a firm that regularly
performs a specific function or related functions is more effective in providing that
particular service than an organization whose interest lies elsewhere.

Maintaining strategic focus is Kishan's (2000) third privatization motive and
directly applies to the mission focus referenced earlier. How are a computer manufacturer
and consumers better served? Are the parties served best, by the manufacturer attempting
to build computers, maintaining the manufacturing facility and equipment, marketing the
products, and shipping them to purchasers? On the other hand, are the manufacturer and
the public better served by having the manufacturer simply concentrate on building a
great product and relying on other more capable service providers to maintain the facility
and to market and ship the goods? A sound argument can be made that organizations are
more effective and efficient when they place their primary effort on attaining and tending
to the organizational mission, according to Kishan.

Operational flexibility, the author's fourth motive, provides an excellent tool for
financial managers. Operational flexibility allows management to view employees as a
variable rather than a fixed resource. Contracting with private firms for service support
allows an organization to use the contract as the gauge of organizational labor needs. If
the entity needs to change its focus, it is able to do so relatively quickly without creating
the internal emotional and financial stress that occurs when employees are terminated.
Rather than dismissing organizational employees, the enterprise advises the service
contractor that the existing contract will not be renewed or that changes to the contract
must be negotiated before a new contract is signed. In this scenario, if any employment
disruption occurs, it occurs in the service contractor's workforce, rather than within the hiring organization (Kishan, 2000).

Kishan (2000) labels his final privatization motive as strategic value add. This idea can be best defined as an enterprise garnering a level of support or expertise beyond the skill or abilities of its own employees. For example, within the past five years, many organizations have hired outside computer experts to help establish and maintain organizational web pages. Internal employees did not have the knowledge or the time to learn the skills necessary to create this new information tool without detracting from the business' core mission (Kishan, 2000).

On a tactical level, there are numerous very detailed reasons supporting the use of privatization (Corbett, 1998; Mosher, 1999). Michael Corbett (1998) and the Outsourcing Resource Council cite 10 practical reasons why outsourcing is so popular. These reasons are depicted based on the frequency cited by survey respondents:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
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<tbody>
<tr>
<td>Reduce and control operating costs</td>
<td>64%</td>
</tr>
<tr>
<td>Improve company focus</td>
<td>48%</td>
</tr>
<tr>
<td>Access to world-class capabilities</td>
<td>43%</td>
</tr>
<tr>
<td>Free resources for other purposes</td>
<td>43%</td>
</tr>
<tr>
<td>Resources not available internally</td>
<td>34%</td>
</tr>
<tr>
<td>Accelerate reengineering benefits</td>
<td>21%</td>
</tr>
<tr>
<td>Function difficult to manage</td>
<td>13%</td>
</tr>
<tr>
<td>Make capital funds available</td>
<td>9%</td>
</tr>
<tr>
<td>Share risks</td>
<td>7%</td>
</tr>
<tr>
<td>Cash infusion</td>
<td>3% (Corbett, 1998)</td>
</tr>
</tbody>
</table>

Each of these rationales lead to at least one of two benefits for the organization which decides to initiate a privatized relationship: cost savings or enhanced internal efficiency, which should ultimately lead to cost savings.
Problems with Outsourcing

Even though the broad public and private sectors have become increasingly enamored of privatization's potential there are still multiple considerations to be evaluated before an organization undertakes a privatization effort (Lang, 1998; Savas, 1987; Tatum, 1998). The very idea of privatization is confusing and unsettling to many people.

The problems with privatization arise from the basic concept itself, partly from the failure to satisfy the necessary conditions, and partly from the difficulties of implementation. The ideological motivations of some advocates and some opponents of privatization produce confusion and create obstacles to its adoption. The term *privatization* itself sometimes triggers muddled thinking and reflexive resistance. (Savas, 1987, pp. 285-286)

The beginning discussions concerning privatization can create confusion and heated debate according to Savas' (1987) research. Problems with the business concept of hiring outside service providers begin even before the real issues of privatization and how it will impact a particular organization are pondered. Once the idea of outsourcing an in-house service is mentally digested, due diligence must be given to the prospective ramifications for the outsourcing entity.

Lang (1998) developed a list of issues of concern arising as a result of privatization, which he phrased in a practical and concise format:
1. Why is the function being outsourced?
2. Determine if the outsource is a short- or long-term effort and establish the contract specifications to fit the supported function.
3. Determine how the work the outsourced company will be performing will be transitioned from company employee to contractor.
4. Ensure that the contractor has the same ethics and standards as the host company.
5. Determine if the outsource will be managed by internal managers of the company.
6. One major issue facing the outsource issue is how people are handled and are there any big issues at hand that could affect the entire business plan. (labor unions, etc.).
7. Are there processes in place now that evaluate performance of the function you wish to outsource? (pp. 10-12)

Lang’s (1998) questions are basic, yet critical to the entire discussion of why and how an entity should enter into an outsourcing relationship. The seven considerations also force organizational management to evaluate the performance of the existing in-house service. In addition, management is compelled to devise a scheme detailing just how the new contractor’s performance will be evaluated. Even with Lang’s privatization guidelines, organizational leaders are faced with many concerns that must be appropriately addressed in order to determine if outsourcing is wise for the particular entity and to ensure that the outsource effort, if enacted, will be successful.

Sound business practice suggests that clear definition and a well-articulated contractual agreement are the key to establishing a good foundation for service outsourcing. There must be a clear understanding of exactly what service(s) the contracted outside company is to perform and in what manner. This understanding between the contractor and the firm paying the contract is essential in order for privatization to operate effectively. A primary method to ensure that all parties involved have a complete understanding of the goals and expectations of the contract is the establishment of performance standards within the contract. Performance standards
ensure that, "we know what we are looking for and our contract services people understand what we are looking for. How those standards will be measured weekly, monthly and quarterly are set up in the beginning," says Menon, vice president of asset management for Cigna (Tatum, 1998, p. 73). Clear communication is critical in order for outsourcing to begin with a strong expectation for a beneficial working relationship throughout the contract term. A clear understanding of the privatization concept and of the contractual arrangement is critical in any successful privatization effort. This is true whether the organization is public, private, or in higher education. Modern business principles and the privatization literature cited provide solid guidance on the concepts that should be considered and steps taken when deliberating privatization. Even when reasoned principles are used and the outsource decision is carefully made, problems may and, often do, arise (Mayfield, 1999; Pavely, 1998; Peck, 1998; Sizemore, 2000; Tatum, 1998; The Virginian-Pilot, 2000, May 18).

The primary problems with privatizing a service according to the literature reviewed are: high cost, quality control issues, inconvenience, scheduling problems, lack of local service and lack of control (Peck, 1998). In a recent situation that ties together many of the potential problems, the U.S. Navy was prepared to outsource the ownership and management of one of its largest housing developments in the Hampton Roads area of Virginia. Ultimately, the Navy retained ownership and direct operation of the housing complex.
The decision (not to privatize the housing development) was a setback in the military's recent efforts to extract itself from operation that have little to do with its core missions of fighting wars and defending the peace. . . . “The problem is government people don’t know how to do this (privatize) very well. They’ve got a stop learning curve,” said retired Air Force Lt. General Thomas G. McInerney, president of the Washington based Business Executives for National Security. (Mayfield, 1999, p. D1)

Not only do organizational leaders have concern over loss of control issues, but also many managers are stymied by a sheer reluctance to attempt something new. They avoid the risk, even when there is potential for great financial or operational reward.

Even if the initial privatization effort works out well, there still remains a potential for problems. In today's economy, the contractor that an organization has retained to provide a service has the potential to be acquired by or to merge with another private company. Another possibility is that the contractor could experience financial difficulties and go out of business. “Major problems can occur when there is a major change in a partner’s company or the key players leave. . . . ‘The new people may bring a different philosophy that is no longer a match with your company’s. In a lot of cases, the partnership will not work out. When people change, priorities almost always change. At that point, it may be necessary to find another contract provider” (Tatum, 1998, p. 74).

Societal change generally impacts all levels of the society. Privatized services are no more immune to the effects of change than are the organizations that contract with them.
Despite the potential problems with privatization, there are many documented examples of success stories (Giambalvo, 1998; Tarricone, 1998). One of the most illustrative examples of the achievements attained through privatization is seen in the city of Indianapolis, Indiana. “Since 1992, the city has opened up more than 70 services to competitive bidding. In all, the city has saved more than $400 million, which has been reinvested in police and other services” (Tarricone, 1999; p. 57).

Rapidly Changing Society

The materialism, so prevalent in the United States today, coupled with the rapid advance of technology, have helped to create an environment of constant and rapid change (Drucker, 1995; Osborne & Gaebler; 1992). As a strategic business practice, privatization can be a valuable tool in a fast-paced society.

As we become a society dominated by knowledge workers, we are also breaking into subcultures. . . . We have been transformed from a mass society with a broad and fairly homogeneous middle class to a mosaic society with great cultural diversity, even within the middle class. We have come to expect products and services customized to our own styles and tastes, from television networks to restaurants to beer. (Osborne & Gaebler, 1992, p. 168)

Is it any wonder that society’s rapid-paced businesses utilize the expertise of outside service providers to meet customer needs? In the last three to five years, privatization arrangements have begun to evolve beyond simple contractual relationships into far more in-depth partnership arrangements between two or more entirely separate
organizational entities (DeRose & McLaughlin, 1995; Giambalvo, 1998; Sommerhoff, 1998; Tarricone, 1998).

Partnering is a concept closely aligned with privatization. On a continuum, it is actually the next logical step in privatization:

Similar to the philosophy that drives outsourcing strategic alliances means focusing and capitalizing on what various organizations are actually good at. . . We are looking at what the customers want and making more modifications—hiring better skills, repackaging work already done into models that align themselves with what clients want, and then marketing it with the right terminology, says Bruce Russell. . . What clients are getting, then, from their once vendors, now partners, is even more comprehensive services. . . What they are buying is our collective intelligence, our understanding of the workplace. (Sommerhoff, 1998, October, p. 61)

Privatization has far broader potential applications within the United States economy than are available in the sphere of higher education. As the literature demonstrates, outsourcing has taken hold in both the private and public sectors. Perhaps more importantly, privatization has been utilized from the simple—garbage collection, lawn maintenance, mail delivery—to the complex—Internet site design, computer programming, building system maintenance. Despite their differences in sheer breadth of application, service-outsourcing examples in the economy provide an excellent
conceptual and practical illustration of what exists and can be transferred in most cases to America's higher learning institutions.

**Current State of Privatization in Higher Education**

**Current Privatization Statistics**

A number of recent surveys provide similar data concerning the extent of privatized arrangements on college campuses (Agron, 1999; Daneman, 1998; Laron, 2001; Peterson, 1997; Wertz, 1997b; Taylor & Dillon, 1997). In 1999 over 43.6% of colleges outsourced five or more campus services as compared to only 35.1% in 1997 (Agron, 1999, p. 29). Only about 5% of American higher education institutions do not outsource (Agron, 1999).

Survey results detail the campus service areas that have the highest incidence of privatization. While the different survey data do not match exactly in the specific proportion of a particular privatized campus service, they all agree on the four most commonly privatized campus services: food service, vending, bookstore, and laundry. The next most commonly cited privatized services on campus were waste removal, housekeeping/custodial support, building maintenance, and security (Agron, 1999; Daneman, 1998; Wertz, 1997b). In addition to merely ranking privatization efforts in the various service areas in order of frequency, the Wertz study illustrates the breadth of privatization utilized nationwide in 71 campus service categories (Wertz, 1997b). The highest percentage of privatized common services offered on a typical campus according to Wertz's research were:
Vending machines 81%
Waste removal 81%
Institutional food service 71%
Laundry equipment 62%
Games/Amusement Center 38%
Bookstores 36% (Wertz, 1997b, pp. 4-5).

The tendency to privatize, at least in this survey, appears to be in
the areas of Auxiliary Services, or revenue generating/service
areas. Such services as vending operations, food service, video
game machines, laundry machines, travel agencies,
game/amusement centers, printing, and copier machines, were all
in the top 25 out of 71 services. The largest service being food
service, with 620 institutions out of 878, or 71%, indicating their
food service on that campus is privatized. (Wertz, 1997b, p. 7)

The physical plant category is the next most widely outsourced of any other service
category according to the data gathered in the Wertz study.

Campus service privatization is a significant operational method on many
campuses. While it is most prominent in food service/vending, bookstores, and in the
physical plant, it has increasingly become a prolific operating method in many other
campus service areas. Not only is outsourcing popular in the traditional auxiliary service
areas, which are expected to generate revenue; but service outsourcing is also making
rapid strides in other less likely departments and ventures. Campus computing
departments, career services offices, college healthcare operations, telephone system
administration, housing, and university real estate management offices have all become
potential candidates for privatization (Cirino, 2003; DeLoughry, 1993; Doctrow, Sturtz,
& Lawrence, 1996; Eaton, 1999; Jacobson, 2001; Kennedy, 2000; King & Walzer, 2002;
In the area of campus computing, Alleghany College was contemplating complete computer department outsourcing, but opted to utilize a strategic plan devised by a consultant instead. “The consultant’s plan will be implemented by the college’s employees. Alleghany’s Vice President commented that by working with college staff, “you’re dealing with your own internal energies . . .” (DeLoughry, 1993, p. A20). The inference, of course, is that motivated college employees have a vested emotional and psychological interest in the successful operation of campus computing.

In college healthcare, privatization is a new option, yet, it is not universally welcomed (Eaton, 1999; Love, 1999).

Health care outsourcing has become an important strategy for many schools, but it’s a hard one to get a handle on. It’s not always clear what the goals are, or what techniques will reliably lead to what results. And schools are discovering that reforms that may make sense financially can have unacceptable consequences. . . .

(Love, 1999, p. 26)

However, as noted by Barbara Bloomer, administrator with St. Norbert’s College, “You have to persuade everyone at your school that what you do is above and beyond what the clinic down the street can do. . . . We have to become part of the college community or we become a target for outsourcing” (Love, 1999, p. 29).
Property management is an area that requires just as much concern for campus community and customer service. Even when real estate management is privatized, it is critical that students retain a sense of community as well as a realization of obtaining benefits that were not available prior to outsourcing of the university property (Biddison & Hier, 1998; Doctrow, Sturtz, & Lawrence, 1996; Walzer, 2003). If a privatized service does not perform up to campus standards or customer expectations, customers still view an institution as the service supplier.

One of the common misconceptions about privatization is related to the customer's perception of responsibility for quality service. Our customers, primarily students and their parents, expect their college or university to provide services and education at a certain level of quality. . . . Keep in mind that you can privatize the provision of a service, but you can't really privatize the responsibility for the service. (Luna, 1998, p. 2)

While privatization can be beneficial to a college and well received by the campus community, this is not always the case. The University of Pennsylvania provides a good example of the problems that can arise when privatization efforts are not communicated properly to college employees and the campus community. In the mid-1990s, Penn hired a new Executive Vice President.
Mr. Fry (John A. Fry, Executive Vice-President of the University of Pennsylvania) 39, never worked for a college before coming to Penn, but he has called on his experience as a consultant to introduce on the campus a range of cost-cutting practices commonly used in business. He embodies the new, corporatized Penn: tactical, innovative, not tied to tradition, and with an ever-sharp pencil. (Van Der Werf, 1999, p. A72)

During Mr. Fry's tenure, the university has privatized a number of campus services. "Along with the facilities maintenance department, the bookstore, and the staff at the faculty club, Mr. Fry has outsourced management of the campus dining facilities, the construction-audit department, benefits administration, and all tax work: preparation as well as advising" (Van Der Werf, 1999, p. A75). There was significant campus unrest and employee dissension as a result of a privatization arrangement with a private real estate development firm, Trammell Crowe.

The campus was up in arms in November 1997 over the secretly negotiated contract with Trammell Crow, privatizing Penn's property management. In an unprecedented special meeting, the University Council—which includes representatives of the faculty, the staff, and the students—passed a resolution condemning the contract and calling on the trustees not to approve it. The trustees ignored the resolution. (Van Der Werf, 1999, p. A73)

Although Mr. Fry's contractual arrangements may have been the most prudent from a business perspective in saving the institution funds, this privatization effort was a public
relations nightmare for the University of Pennsylvania and the Trammell Crowe organization.

The situation has left many long-time staff members feeling disheartened. "Educational institutions should be a humanizing force in society, where the value of people is always a priority," says James Gray, a library-service assistant at the Annenberg school and co-chairman of the African-American Association of Faculty and Staff. "That doesn’t mean sacrificing the efficiency of business, but we don’t need universities to become corporations, too." (Van Der Werf, 1999, p. A73)

**Institutional Culture**

One of the most prominent factors in the acceptability of privatization on a given college campus is the institutional culture. In this setting, according to the authors of *In Search of Excellence*, culture refers to the dominating business idea in an organization (Peters & Waterman, 1982). From an interrogative perspective, what does the university’s leadership and the overall campus community really value? Many college traditions are difficult to change. In campus support units many institutions are placing an increasing emphasis on providing services and service levels that meet customer needs and expectations (Abud, 1994; Dill, 1991). Privatization expert, Dr. Richard Wertz, Vice President for Business Affairs at the University of South Carolina, says it well: "We operate differently from business and industry in a variety of ways" (Mercer, 1995, p. A37).
In large part, higher education institutions would still prefer to operate in ways that they have traditionally. However, the operation of services by for-profit businesses, staffed by nonuniversity employees has the potential to change the campus culture dramatically. Although they may be suffering financial duress, all the while maintaining a façade of intellectual arrogance, institutions may shun the potential cash infusion of a privatization endeavor in order to avoid altering the institutional culture (Kirp, 2002). Indeed, the academic persona is so strong in many institutions that they would rather gamble on institutional demise rather than risk cultural change. Privatization may provide for current financial need, but fail to meet the individual needs of a university’s students, faculty, and staff.

(While) the techniques of market-based bureaucrats may aid the short-term survival of academic organizations, they may do little to increase the productivity, commitment and loyalty of the professional staff. Indeed, these techniques may clash substantially with the core ideologies of academic life. The revival of academic institutions in a time of diminishing resources must also address the management of academic culture: the nurturing of the expressive life of academic institutions and the strengthening of social integration. (Dill, 1991, p. 193)

In order to be effective and, indeed, successful business decisions must heed not only the larger consumer market and institutional revenue needs, but also take into account the specific culture of individual postsecondary institutions.
To ensure that privatization efforts do not clash with existing institutional culture, higher education consultants, Biddison and Hier (1998) assert that for-profit enterprises must be able to align closely with a college's culture. In Biddison and Hiers' proposed model, privatization, in the traditional sense, must give way to partnering, if campus culture is to remain static. The melding of campus culture and the introduction of an outside service provider must incorporate an alliance perspective.

The new organizational units - sometimes called 'campus services' or 'university services' - have two major functions: 1) to insure non-academic services do not conflict with the university's core mission and cultural norms, and 2) to make the most of institutional assets to create effective and efficient partnerships with the private sector. (Biddison & Hier, 1998, January/February, p. 8)

In this model, the needs of the campus community are met and, yet, the institution can continue to exist, with slow evolutionary change, albeit at a pace acceptable to the particular institution.

Benefits of Privatization to Higher Education

While understanding the important role of campus culture within an institution in privatization decisions is imperative, there are factors associated with privatization that are both attractive and repulsive to higher education executives. There are many potentially beneficial factors that appeal to college and university administrators who look favorably on privatization (Agron, 1999; Byrne, 1998; Kennedy, 2002; Kirp, 2002;
Robinson, 1991; Warner, 1994; Wertz, 1997a). Among the most frequently mentioned privatization benefits are:

- **Financial contribution:**
  - Improved cash flow
  - Reduced cash outlays for capital projects
  - Guaranteed revenue for revenue-generating services
- **Facility issues**
- **Inventory buyout**
- **Management change**
  - Focus on core mission and values
  - Lessening college administrator stress
  - Fewer employee problems
- **Campus support for privatization of a particular service**
- **Improved customer service** (Byrne, 1998, July/August)

In the finance area, improved and/or guaranteed cash flow is one of the most attractive features of an outsourcing arrangement. From an operating perspective, in the typical privatization arrangement, the service provider assumes responsibility for paying for all labor costs and acquiring new inventory. In addition, the general contractual agreement stipulates that the for-profit service provider is responsible for any physical plant changes as well as the acquisition of any needed equipment or furnishings related to the service (Byrne, 1998; Manning, 1999; Wertz, 1997; Wright, 1998). Consequently, the for-profit service company assumes payment accountability for these costs, relieving the university’s coffers from bearing this burden. In addition to the cost of labor and other expenses, such an arrangement also relieves many other burdensome administrative tasks from the university. For example, personnel records, payroll checks, benefit program administration, and purchasing supplies used in the privatized service unit are no longer directly managed or supported by other university departments. The administration of these activities becomes the duty of the for-profit company. The transfer of financial activities related to expense items alleviates significant direct and indirect costs from the
postsecondary school that chooses to privatize a service activity. This financial relief is seen in both administrative (nonprofit) campus service areas as well as in the auxiliary (revenue-generating) service units (Wertz, 1997a; Wright, 1998). The auxiliary areas, however, are frequent benefactors of an additional advantage—guaranteed revenue. Bookstore and food service contracts, among other auxiliary support provider arrangements, typically include fixed remuneration to a college for the privilege of operating a for-profit service on campus. In many cases, there is a minimum revenue guarantee plus commission potential to the school based on the service’s sales garnering success (Byrne, 1998).

A second benefit widely touted by privatization experts is the cost savings realized from on-campus facility renovation (Biddison & Hier, 1996; Corbett, 1998; Wertz, 1997a). Instead of an institution directly funding a costly bookstore construction or renovation project, a contract arrangement with a for-profit bookstore company could be a solution to meeting the facility need. The for-profit company would be expected to pay for construction of a new bookstore or the remodeling costs of an existing store as part of their contract offer to the college. In future years of the contract, the privatized service provider would assume responsibility to pay the cost of general facility upkeep. The bookstore contractor would make arrangements with the university’s physical plant department or a university-approved outside physical plant contractor for any painting, electrical work, minor structural modifications, or other facility maintenance needs for buildings or building areas occupied by the nonuniversity campus service contractor.

The third rationale widely asserted as a benefit of privatization is inventory buyout. In a self-operation mode, a campus service would utilize university funds and,
depending on their affiliation arrangement with the college or university, the assistance of university support staff to operate the campus service. In other words, in the case of a campus-run bookstore, the store's inventory would be acquired using university funds; and the inventory's purchase, payment of invoices, and other accounting functions could be handled by support staff in the bookstore or from other university administrative support departments. A privatization agreement normally requires the for-profit campus service provider to buy the bookstore, food service operation, or other campus service's existing inventory from the higher education institution at the time the contract is implemented. Of course, the private contractor is financially responsible for future inventory acquisition. In addition, the purchasing function, accounts payable duties and general accounting for the service become the obligation of the for-profit company. The university's administrative support departments are no longer obliged to perform the work previously associated with the campus-operated service. The transfer of inventory provides cash flow benefits as well as labor savings through staff time and energy, which can be reassigned to other university tasks (Byrne, 1998; Kennedy, 2000; Wertz, 1997a; Wertz, 1997b).

The fourth benefit of outsourcing a campus service is management change. This concept covers two aspects of management: a reduction in the existing college administrator's direct level of service oversight and the presupposed expertise of managers assigned to the privatized campus service by the outsource service provider. Obviously, college executives expect a reduction in the oversight of day-to-day operations with which college staff members were tasked formerly. If there were no lessening of management attention, privatization efforts would not attract the support of
college administrators. According to privatization experts, the decrease of management duties formerly required of college auxiliary directors provides at least three benefits. The college auxiliary director and/or chief business officer can focus more attention on the institution’s core mission and values and have less concern over the business operation of a specific campus service unit, once the unit is privatized. Logic holds that this unburdening of operational concerns should provide for lower stress levels for the formerly tasked campus administrator. Thus, the administrator should be relieved of a substantial amount of personal stress, making the individual more effective in the remaining aspects of his or her position. Finally, with the transfer of direct supervision of college employees or of noncollege employees of the privatized company to the privatized company’s manager, it is assumed that college administrators will have fewer employee problems. Although this is a reasonable expectation, any significant problem on campus always has the potential for direct impact on the institution and the particular administrative division regardless of whether the campus service is privatized or not (Byrne, 1998).

The next privatization benefit claimed by many experts in higher education is the campus community’s strong preference for utilizing an established branded or well-known private enterprise (Mattews, 1997; Wertz, 1997, Winter). The campus may already offer a particular service; however, the campus community may demand the initiation of a particular privatized service on campus that will provide a greater perceived quality than the current campus service. Consumer demands and, particularly, student satisfaction with campus services plays a primary role in the privatization efforts of some campus support services. For example, in the food service area, the campus
community may be quite pleased with the general food offerings available in the college cafeteria. However, there may also be a large outcry from students for a nationally branded food concept, such as Pizza Hut or Burger King. Even though the pizza and similar products served by the campus’ own dining service may be as appealing and even more nutritious than the products offered by Pizza Hut, students still demand that a Pizza Hut franchise be established on campus. In such scenarios, campus service administrators are compelled by market forces, including a branded food purveyor’s national advertising and students’ consumer expectations, to negotiate a contract to operate a Pizza Hut or similar enterprise on campus.

The literature suggests that the final major benefit of campus service privatization is improved customer service to the campus community. This expectation comes about due to the narrowly focused expertise that for-profit ventures can bring to bear on a service operation. It is assumed by outsourcing experts, for-profit vendors, and campus administrators alike that privatized services will be far more focused on excellent products and customer service in their particular market niche. Certainly, this is the presumption when one compares the focus of a very narrow campus service area to the broad management view of a college division administrator who manages numerous service units in unaligned fields, such as photocopy departments, food service and mail centers (DeLoughry, 1993; Kennedy, 2000; Nicklin, 1997).

*Problems with Privatization*

Although there are undeniable benefits that can accrue from privatization of higher education campus services, there are potential negative outcomes as well (Agron, 1999; Dillon, 1996; Fairbrook, 1998; Van DerWerf, 2000; Walzer, 1998; Wertz, 1997a).
Five main problems are cited when campus services are privatized. The most frequently referred to problem area is loss of management control. Once a campus service is outsourced, even with a well-devised and wisely considered contract, the day-to-day operations of the service come under the general supervision of the noninstitutional service provider. While the college can initiate contract changes, these changes can be difficult to arrange promptly. Once a contractor is brought in to operate a service, the contractor’s integrity and business acumen control how the service unit functions. College administrators can intervene only through methods permitted in the contract, which can be time intensive (Flynne, 1999; Goldsmith, 2003; Jensen, 1995).

The second potential dilemma in campus privatization efforts is the postsecondary institution’s possible sacrifice of creative, entrepreneurial opportunities for revenue guarantees. In negotiating a contract for the takeover of a campus service unit by a for-profit company, a college usually anticipates either increasing revenue or reducing significant institutional costs. Many opponents of college privatization efforts cite the loss of potential revenue gains, which occur when a college settles for a fixed annual revenue guarantee, paid to the college by the service vendor. Privatization critics cite this loss of potential revenue as an institution’s failure to take reasonable business risk in order to generate far greater revenue for the college or university (Bensimon, 1989; Pietrantoni, 1995; Wertz, 1997, Winter).

A third primary challenge of campus service privatization is the danger of harming the higher education’s institutional image. Regardless of what the contract says, the campus community and campus visitors recognize that campus services are performed on the college campus. Thus, the college is the ultimate provider of any given
service. The college or university’s reputation hinges on the service and product quality provided in the campus’ service operations. While the actual situation may not be accurate in reality or legally, from a customer perspective, no matter who pays an on-campus employee, their work is a direct reflection on the higher education institution (Dill, 1991; Dillon, 1996; Mercer, 1995).

The privatized operation’s provision of value-added service to campus is the privatization critics’ fourth concern. While the for-profit undoubtedly performs the service that they have contracted to perform, the real issue to privatization naysayers is the underlying intent of the company running the service. What is the private company’s primary concern: company profits or excellent service to the campus community? Of course, the answer to this question is dependent on the specific for-profit company operating a service and also on circumstances at the specific campus where the service is being provided (Kennedy, 2002; Kishan, 2000; Pietrantoni, 1995).

The final potential difficulty with outsourcing campus services is a decrease in employees’ institutional loyalty. When a service is privatized one of two actions occur in relation to the service unit’s employees. They either remain university employees and begin to report directly to the new for-profit service unit manager or they are transferred from university employment and become employees of the for-profit. In either scenario, how much loyalty will these employees have to the higher education institution after dealing with the anxiety of potential job loss and the stress of transfer to a new supervisor? Privatization cynics claim that many employees are no longer able to serve the institution in the same manner as in the past and that they become interested only in the welfare of their new for-profit organization, often at the expense of service to the
campus community. Although employee loyalty is mentioned last in the presentation of potential privatization difficulties, it is by no means last in the level of concern expressed by privatization subject area experts. Employee attitudes related to higher education outsourcing are discussed in numerous literature sources (Dillon, 1996; Dohrman, 1999; Nicklin, 1997).

Employee Attitudes on Privatization

Dillon (1996) reports on the results of a Pennsylvania State University study of the privatized food service units of three universities: the University of Texas at San Antonio, the University of Chicago, and Georgia Institute of Technology. The overwhelming perception of those participating in the study’s sample group was that contractors benefited far more than universities in the conversion from service self-operation to privatization. After the conversion, the focus group respondents advanced several benefits of the conversion as well as an almost equal number of negatives (Dillon, 1996; Getz, Gullette, Kilpatrick, & Siegfried, 1994). For example, on the positive side capital improvements provided by the partnering company greatly enhanced the physical, working environment. In addition, after receiving contractor-provided training, employees indicated that they felt more like professionals and were far more customer-oriented (Pennington, 1994). Frequent employee comments related to the negative aspects of outsourcing involve statements that the work environment under a contractor is far less relaxed than when the food services department was operated directly by the university. In addition, numerous reports supported the belief that under the contractor the employees were expected to be much more flexible in work scheduling and job assignments than before.
The most significant observation made from this study by Dillon concerns communication. The study's employee participants experienced a good deal of frustration when they first became aware of their university's decision to outsource as well as throughout the conversion process. They asserted that they were not provided important information by the university that would have better helped them to understand the rationale for outsourcing their particular service units. The researcher determined that the universities primary reasons for partnering with nonuniversity businesses were related to financial and customer issues. The food service conversions to privatization offered "an effective means of reducing costs, assuring financial results, obtaining capital for facility improvements, upgrading program quality, increasing customer satisfaction, and gaining access to special expertise" (Dillon, 1996, p. 32). Whenever talk of privatizing a campus service occurs, institutional service employees experience a multitude of thoughts and concerns. Service employees indicate that with the emergence of the rumor mill they experience anxiety: about expectations of the new bosses, them versus us/different (higher education/private contractor) cultures, a reduction in work due to slow business, a potential loss of their job, the ability to adapt to the new operating structure, back-stabbing by other employees, and a feeling of betrayal (Dohrman, 1999). Certainly universities will continue to seek the most economical and effective means of campus service operation. "Consultants warn, however, that institutions must be careful not to pursue cost savings at the immediate expense of legal battles, union disputes, image problems, alienated employees, and campus unrest" (Nicklin, 1997).
Partnering Arrangements

A relatively new and increasing type of privatization is a concept called partnering (Biddison & Hier, 1998; Dinsmore, 2001; Glink, 1998; Harkenrider, 1994; Hicklin, 1994; Ledbetter, 2002; Wertz, 1999).

According to Dennis Dalton, author of Security Management: Business Strategies for Success (1994), partnering is a business relationship. It is different from the traditional buyer/seller relationship, because it does not foster an adversarial relationship, but rather, serves as a bridge between the ‘preferred vendor’ and ‘strategic alliance’ relationships. He defines such a partnership as ‘the arrangement between two or more companies seeking a long-term working relationship that provides shared benefits to the mutual satisfaction of the parties in terms of creating value, long-term business growth, continuous improvement, problem resolutions, and information access.’ . . . Since the partnering approach concentrates on catching someone doing something right instead of something wrong, the buyer/seller mold is broken and the paradigm shift occurs. (Harkenrider, 1994, p. 82)

Partnering in its most simplistic form is a means of building a positive relationship between buyer and seller. Thus the “us” and “them” in normal contract negotiations becomes “we.”
According to *Partnering, a Concept for Success*, published by the Associated General Contractors of America, there are seven key elements involved in partnering, the first three of which are character traits, or principles. These are: 1) commitment, 2) equity, and 3) trust. If one can establish these, the next four fall into place. They are: 4) development of mutual goals and objectives, 5) implementation, 6) continuous evaluation, and 7) timely responsiveness. (Harkenrider, 1994, p. 83)

These common sense principles speak to the heart of what is imperative if a successful working relationship is to develop and be maintained. Such a relationship puts the customer first and still provides a win/win situation for the college and partnering business (Goodfriend, 2002; Harkenrider, 1994).

This partnering trend has been called the “third generation” of privatization. The first generation covered activities that would be defined as support activities that private enterprise could operate more economically than a university department. Services such as mail services and shipping are prime examples of the first generation. “The second generation was for operations that supported the university’s mission, such as campus bookstores and food service. The nuance in this generation of partnerships was in the introduction of profit-making opportunities on a larger scale for businesses” (Biddison & Hier, 1998, p. 7).
The third generation now brings private partners into sensitive areas that touch on academic and student affairs. . . . At a private firm, efficiency and profits are paramount, with good management central to the health of the firm. But at a mission-driven university, education is paramount. Efficiency, while important, is not necessarily the driver in every situation. (Biddison & Hier, 1998, p. 7)

"As institutions enter the third generation of contracting with the private sector, it is becoming clear that the terms ‘privatization’ and ‘outsourcing’ and the models they imply are outmoded. ‘Partnering,’ say officials at Penn (the University of Pennsylvania) and George Mason (George Mason University), is more descriptive of the management skills and models that must exist for these new relationships to succeed" (Biddison & Hier, 1998, p. 8).

New organizational models appear to be key to the success of third-generation partnering. The new organizational units -- sometimes called ‘campus services’ or ‘university services’ -- have two major functions: 1) to insure non-academic services do not conflict with the university’s core mission and cultural norms, and 2) to make the most of institutional assets to create effective and efficient partnerships with the private sector. (Biddison & Hier, 1998, p. 8)

Frequently, in these type of partnering relationships the university employees tasked with managing the contracts have student affairs experience. Even though they may report to
The business affairs side of the university on financial matters, they may have experience with student and academic affairs issues as well.

At the same time, their experience and expertise in student services enables them to ensure all business decisions adequately take into account students' viewpoints and the institution's culture. Equally important, staff are growing accustomed to thinking of 'partnering' not only with the private sector but also with such internal constituencies as provosts, faculty, and others directly affected by the services the vendors deliver. (Biddison & Hier, 1998, p. 8)

Which businesses a higher education institution chooses to partner with is crucial. There's a constant balance that has to be struck between the academic priorities of research, teaching, and student services balanced against the need to reinvest physical resources, maintain, and build new resources. . . . The quality of the environment is a critical component. If urban universities don't take steps to create a quality environment around campus, they're sacrificing an important reason for an individual to come to the school. (Glink, 1998, p. 43)

According to Wertz (1999), partnering relationships are apt to be even more comprehensive and complex in the future:
Privatization in the new millennium will also see the possibility for more "conglomerate" activity on college campuses. That is, the possibility of institutions of higher learning making arrangements with one company to operate several campus services. The institution may decide to package a number of services together and negotiate a good deal for themselves. (p. 20)

The partnering concept provides a new view of the privatization concept. With partnering in mind, nonuniversity businesses are able to assist in basic institutional support functions and more student-focused areas, as well as multiplying their service to the campus community in a much broader way. A strategically savvy and well-equipped business enterprise has the ability to impact students dramatically through partnering with a college.

_Social and Educational Impact of Campus Services on Students_

_Services Critical to Student Development_

Boyer (1987) asserts that a college's population is composed of a community of learners.

The undergraduate college should be held together by something more than plumbing, a common grievance over parking, or football rallies in the fall. What students do in dining halls, on the playing fields, and in the rathskeller late at night all combine to influence the outcomes of the college education, and the challenge, in the building of community, is to extend the resources for learning on
the campus and to see academic and nonacademic life as interlocked. (Boyer, 1987, p. 177)

Indeed, if the college experience reflects even a semblance of community as Boyer claims, then college services must play a role in shaping students’ sense of community (Chickering, 1981).

Critical Importance of Student Integration

Increasingly, higher education researchers have noted the necessity of students perceiving a sense of and becoming a part of the campus community. This is critical in a student’s academic and social success and, obviously, has a significant impact in the increasingly important areas of student recruitment and retention (Feldman & Newcomb, 1976a; Killoran & King, 1991; Levine & Cureton, 1998; Matthews, 1997; Sharkey, Bischoff, Echols, Morrison, Northman, Liebman, & Steele, 1987; Tinto, 1987). Based on his research, Tinto (1987) has delineated five principles of social integration that help to illustrate how assimilation into the community plays a dramatic role in student success:

1. College attendance symbolizes a student’s movement from one phase of life to another.
2. Movement to a new state of life necessitates leaving the previous life.
3. College success means successfully integrating into the new culture.
4. A college serves to synthesize, reproduce and integrate its members toward similar goals.
5. A college must have effective policies and procedures in order to insure that students will become academically and socially integrated. (Tinto, 1987).
It is the issue of quality of life and involvement in the institution that is critical to the retention of students. Out-of-class experiences enable students to view themselves as members of a community that offers more than an academic regimen. It is a balance of academic success and meaningful involvement in programs, activities, and organizations that creates student satisfaction, which translates to retention (pp. 105-106). ... If students are not satisfied with their living environment, they are less likely to be satisfied with the university in general. . . . The RA not only stands for resident advisor, but also for retention agent. (Killoran & King, 1991, p. 113)

*College as a Transition into Adulthood*

The academic reputation of an educational institution is important, but so too are the services and campus amenities that allow students to be comfortable with their surroundings. Community life in residence halls plays a significant role in the social and psychological development of the students who reside in them (Chickering, 1981; Feldman & Newcomb, 1976b; Pascarella & Terenzini, 1991; Schroeder, Nichols, and Kuh, 1983). “Simply put, living on campus maximizes opportunities for social, cultural, and extracurricular involvement; and it is this involvement that largely accounts for residential living’s impact on student change” (Pascarella & Terenzini, 1991, p. 611).

Today, increasing numbers of college students do not live on campus. Contemporary students are generally older than the historical college-age students and increasing numbers of students attend school only part time. Nevertheless, student
integration is still necessary in order to enhance academic success. For part-time commuting-students positive feelings about the campus and their place in the campus community are sometimes dependent on the availability of campus services. (Boyer, 1990, Levine & Cureton, 1998; Matthews, 1997).

At an urban university everything closes at 5:00 PM and at a rural community college, where almost all students commute, the counseling center is the only office open in the evening—the cafeteria, the bookstore, and the business offices are not. One student commented on this lack of caring when she said, “Here they seem to be worried only about my money.” (Boyer, 1990, pp. 51-52)

Of course, student perspectives similar to the one expressed above are not conducive to building campus community or to retaining students.

The community component of a campus environment and the service levels provided by campus support departments play an even more important role than simply helping to keep students happy and enrolled. For most traditional-aged (18 to 22 year old) students, college is the transition period into adulthood (Feldman & Newcomb, 1976a). For most traditional college aged students as well as for many of the nontraditional aged learners, college life teaches life. The very nature of the college experience, which includes the responsibility of performing academically, and the social aspects of learning to live, work, and play with other maturing students, promotes personal development on many levels (Boyer, 1990; Evers, Rush, & Berdrow, 1999).
Student Employment and Training

Campus services also provide opportunities for student employment and a venue to learn and apply practical skills (Binard, 1998; Cunard, 1998; Johnson & McCatty, 1998; Kuh, Douglas, Lund, & Ramin-Gyurmek, 1994).

Traditional college students have relied on campus employment to help them meet their financial needs. Cunard (1998), former executive director of the National Association of College Auxiliary Services, asserts that campus services also play a prominent role in the educational process of college students.

Auxiliary services professionals on the typical campus are often the largest employers of students, provide the most significant real-life leadership and supervisory opportunities for students, and create what are often the most remarkable and extraordinary life skill learning experiences for students. (Cunard, 1998, p. 54)

Auxiliary services are a place where employees have the opportunity to develop and practice leadership skills through staff development. Besides providing training through orientation programs and ongoing workshops, auxiliary services can serve as a laboratory for leadership development in which students can learn and grow from their experiences. (Binard, 1998, p. 12)

Basic business skills, management proficiency, and life experience can be learned and practiced far easier in campus service departments than in any other area of the campus, including the classroom. "Leadership development requires an environment where a
student can learn and experience leadership by putting it into practice. Auxiliary services
are the leading contributors providing this experience” (Binard, 1998, p. 13).

College students have much more time for learning outside the classroom than the
time spent in traditional classroom endeavors. Consequently, their total life experience is
important in student educational growth. In order to be a true place of learning, the
campus environment must be the first place to provide these out-of-classroom
opportunities. On-campus employment has always been a place where students could
learn, grow, and apply skills in a practical setting. The advent of for-profit outsourced
services on campus may be a detriment to the educational aspect of broader campus life
(Kuh, Douglas, Lund, & Ramin-Gyurnek, 1994).

Students as Consumers

During the last half of the twentieth century, significant changes occurred in the
profile of the American college student (Feldman & Newcomb, 1976a; Levine &
Cureton, 1998; Matthews, 1997).

By 1994, 44 percent of all college students were over twenty-five
years old (US Department of Education, 1996b), 54 percent were
working (US Department of Education, 1996e, 55 percent were
female, and 43 percent were attending part-time (US Department
of Education, 1996b). Fewer than one in six of all current
undergraduates fits the traditional stereotype of the American
college student attending full-time, being eighteen to twenty-two
years of age, and living on campus (US Department of Education,
According to Levine and Cureton (1998), contemporary students want,

their college nearby and operating at the hours most useful to them, preferably around the clock. They want convenience; easy, accessible parking (in the classroom would not be at all bad); no lines; and polite, helpful, and efficient staff service. They also want high-quality education but are eager for low costs. For the most part, they are willing to comparison shop, placing a premium on time and money. They do not want to pay for activities and programs they do not use. In short, students are increasingly bringing to higher education exactly the same consumer expectations they have for every other commercial enterprise with which they deal. Their focus is on convenience, quality, service, and cost. (p. 50) . . . It is easier for undergraduates to perceive themselves as consumers rather than as members of a community. (p. 53)

Today, students' consumer attitudes and actions determine the success or failure, and certainly the effectiveness, of campus services. An understanding of student characteristics is fundamental to any decision related to the self-operation or outsourcing of any campus service (DeBard & Overland, 2003; Feldman & Newcomb, 1976a).

Students have exhibited strong consumer behavior in recent years that the campus role as a community is being changed. The shift has been so dramatic that students attitudes have now permeated the perspectives of senior administrative staff and faculty.
“Perhaps it is not such a bad thing (some administrators quietly say) to turn the student world commercial, the faculty cosmos entrepreneurial, and the administrative universe corporate, to let markets shape student life, faculty time, and administrative style” (Matthews, 1997, p. 232).

Contemporary Trends in Higher Education

Change, Customers, and Competition

Three primary concepts describe contemporary American higher education: change, customers, and competition. These three C’s have created a new-world for business and higher education, and it is becoming increasingly apparent that organizations designed to operate in one environment cannot be adapted to work well in another. Customers who desire customized, personal service are not well served by traditional business structures. Organizations created to thrive on mass production, stability, and growth are unable to achieve an adequate makeover by using minor alterations in order to succeed in a world where customers, competition, and change demand flexibility and quick response (Hammer & Champy, 1993). Change, customers, and competition exemplify the current state of higher education and privatization’s role in it.

The Experience Economy

How do economies change? The entire history of economic progress can be recapitulated in the four-stage evolution of the birthday cake. As a vestige of the agrarian economy, mothers made birthday cakes from scratch, mixing farm commodities (flour, sugar, butter, and eggs) that together cost mere dimes. As the goods-based industrial economy advanced, moms paid a dollar or two to Betty Crocker for premixed ingredients. Later, when the service economy took hold, busy parents ordered cakes from the bakery or grocery story, which, at $10 or $15, cost ten times as much as the packaged ingredients. Now, in the time-starved 1990’s, parents neither make the birthday cake nor even throw the party. Instead, they spend $100 or more to ‘outsource’ the entire event to Chuck E. Cheese’s, the Discovery Zone, the Mining Company, or some other business that stages a memorable event for the kids—and often throws in the cake for free. (p. 97)

The experience economy idea directly relates to service outsourcing. In the example offered by Pine and Gilmore, the birthday party happens in all three scenarios. However, the outsourced party at Chuck E. Cheese’s provides a more professional, albeit more costly experience. While higher education has not embraced fully the experience economy concept yet, there are numerous campus examples that easily lend themselves to the experience economy idea, espoused by Pine and Gilmore (1998). Food courts in cafeterias, theme houses in student housing, and college sporting events are just three examples. “An experience occurs when a company intentionally uses services as the
stage, and goods as props, to engage individual customers in a way that creates a memorable event. Commodities are fungible, goods tangible, services intangible, and experiences memorable" (Pine & Gilmore, 1998, p. 98).

If Pine and Gilmore (1998) are correct in the assessment that the U.S. is indeed moving to an experience economy model, then the privatization of campus service will flourish as never before. Outside companies/experts will be needed to provide the memorable “experience” that students of the future will demand.

Whether it is fast-paced or only a gradual occurrence, change is a constant in modern society. Jack Welch, former CEO of General Electric, uses a wonderful analogy about the subject in many of his speeches. “Change is like a steamroller moving at five m.p.h. You can easily walk ahead of it, but if you stop, it’ll run you over” (Scherrens, 1999, p. 39).

**Internal Customers**

In addition to recognizing the changing needs and expectations of customers, organizations are finally grasping an understanding of the importance of internal departments meeting each other’s needs. The realization is developing that, “some of our most frequently neglected consumers are colleagues within our own organization. The effectiveness of their efforts is related directly to the quality of the service provided by another division within the same organization” (Scherrens, 1999, p. 43). Sensitivity to the ever-changing needs of external and internal customers is an important consideration in how we attend to the needs of the constituencies that utilize campus services.
Contemporary Students as Customers

The second overriding concept in contemporary higher education is the role of customers. There are four significant points of particular relevance related to today's student customers: consumer consciousness, quality of life, lack of community, and multiculturalism.

Contemporary higher education has fallen away from the days when juvenile behavior was a more predominant aspect of college life, as in the days when students all gathered at sporting events to root for good old state U. to a much more adult and diverse experience. The dramatic increase in the number of 18-22-year-old working students and the return to school of 1950s baby boomers has moved the traditional ivory tower quality of higher education to a point more closely identified with the shopping mall (Blumenstyk, 1999; Boyer, 1990; Boyer, 1993; Speer, 1998; Warren, 1992).

Changing demographics have challenged the traditional model, with the number of nontraditional student populations increasing dramatically over the past 10 years. Enrollment projections from the National Center for Education Statistics (NCES 1995) indicated that by 1998 the number of students on college campuses who were 35 and over would surpass those in the 18-to-19-year-old-population, the group that most campuses have traditionally viewed as their core clientele. Therefore, the demand for services any time and any place has evolved so these students can balance their professional and personal responsibilities with their academic pursuits. (Beede & Burnett, 1999, p. 6)
Society’s consumer expectations have now infiltrated the college campus.

Sellers no longer have the upper hand; customers do. Customers now tell suppliers what they want, when they want it, how they want it and what they will pay. . . . There is no longer any such notion as the customer; there is only this customer, the one with whom a seller is dealing at the moment and who now has the capacity to indulge his or her own personal taste. The mass market has broken into pieces, some as small as a single customer.

Individual customers, whether consumers or industrial firms, demand that they be treated individually. They expect products that are configured to their needs, delivery schedules that match their manufacturing plans or work hours, and payment terms that are convenient for them. (Hammer, 1993, pp. 18-19)

The second issue reflected by many contemporary students is quality of life. They are concerned with: “crime and safety, both on the campus and in the adjacent neighborhoods, students’ attitudes toward one another, opportunities for a diverse social life, the quality of living accommodations, and the quality and choice of food” (Greene, 1998, p. 12). Creature comforts have become extremely important as colleges attempt to recruit new students and as they develop and enhance campus services. Quality of life issues appear to be a ramification of the rampant consumerism seen today on many college and university campuses (Greene, 1998; Kennedy, 2001).

Lack of community is the third issue most clearly tied to contemporary students (Altbach, 1993; Boyer, 1987; Boyer, 1993; Greene, 1998). Succinctly put, “For most
students, the experience of higher education is likely to be more anomic, career oriented and part time” (Altbach, 1993, p. 218). This one quote often describes the current lack of community perceived by many contemporary college students. Today non-traditional students are the rule and all indications are that this trend will only continue with increasing varieties of instruction and educational delivery systems. Courses of study appear to be more and more practical in nature. While learning for learning’s sake continues to be an acceptable rationale for college attendance, job opportunities and earning potential are key components when devising and marketing postsecondary educational programs. The wide age range of today’s part-time students from 18 to 55 is also a growing reality. In combination with the above factors the diversity of students and the preponderance of educational institutions in the U.S. has played a big role in diminishing the sense of community traditionally found on the college campus (Altbach, 1993).

A fourth trend on contemporary campuses and in their student bodies is the presence and, indeed, frequently the expectation of increased multiculturalism and ethnic diversity on campus (Boyer, 1993; Edwards, 1993; Levine, 1993). This heightened awareness of ethnic and racial diversity and its social acceptability has helped to unify and, yes, segment campus communities like no other time in history (Jones & Watson, 1990). The resulting changed nature of the typical campus into a microcosm that attempts to be all things to all people may be a major motivator behind the growing trend to privatize various college services (Boyer, 1993).

The third overriding concept present in contemporary higher education is competition. With over 3,600 higher education institutions in the United States, students
have a wide choice of where to seek postsecondary learning. This does not even touch the
surface of trade schools, education programs operated by business and industry, or
companies that present for profit seminars and workshops. Meeting the challenge of the
competition and the needs of customers requires a significant effort. “What is so exciting
about the change culture is the freedom it brings to match strength against strength – the
flexibility of the organization versus the changing demands of the market place”

A review of the three C’s, mentioned earlier–change, customers, and
competition–captures the essence of the forces that shape today’s higher education. A
college that wishes to excel and, in many cases, simply survive, must have not only a
vision for itself, but also a well-articulated organizational strategic plan (Beede, 1999).

Transformational Leadership

In the contemporary world new perspectives on leadership and outsourcing must
be utilized, if higher education institutions are to adapt, re-energize, and succeed. Many
management experts tout transformational leadership as a necessity today (Champy,
1995; Napier & Sanaghan, 1999). According to Bass, transformational leadership
involves leadership that followers want to emulate and that challenges subordinates to
performance excellence (Bass, 1998; Roueche, Baker, & Rose, 1989). Corporate culture
must accept and, in fact, seek out organizational transformation in order to position the
institution to excel in change. Even in recent times traditional hierarchical organizational
structures and decision-making were the norm. However, today:
the new authority lives in our markets and usually appears in the
form of our customers. You must have a culture that encourages
qualities like relentless pursuit (to match our customers’
elusiveness), bottomless resources of imagination (to create needs
our customers may not know they have), and both smooth
teamwork and individual autonomy (to match their demanding
standards). You cannot have a culture of obedience to chains of
command and the job slot. It just won’t work. The markets will
punish you for it. (Champy, 1995, p. 76)

Higher education leaders must adopt a transformational leadership approach in
developing their campus service operations.

Surviving and then thriving, in the higher altitude work of the
business officer today, demands more than “modeling by doing,”
more than “here and now crisis reacting,” and more than applying
simplistic “contingent rewards.” . . . Transformational leadership is
less about “doing” in the short run than it is about helping others
internalize certain values, attitudes and behaviors which support
and champion the moves necessary in organizational change.
Planning and visioning replace here and now reacting. In addition,
testing assumptions, developing other leaders, coaching and
building trust replace managing and controlling the day to day
business of the organization. (Napier & Sanaghan, 1999, p. 59)
Today's campus services require an entirely new focus in order to meet the demands of contemporary students and the modern world (DeBard & Overland, 2003; Scherrens, 1999; Turk, 1998). Maurice Scherrens (1999) asserts that higher education must be open to the advantages of blended management relationships between college administrators, campus services, and outside service providers.

**Re-sourcing**

Turk (1998), President of ARAMARK Campus Services, offers a unique perspective on campus service outsourcing that provides a glimpse of campus service outsourcing's future. He describes the current higher education environment in which, "competition abounds for the best students, top flight faculty, first-rate facilities, and increased funding in the form of state appropriations, federal grants, and contracts, and contributions from individuals, corporations and foundations" (p. 26). He defines resources using a new phrase - re-sourcing - as, "people (faculty and staff), facilities, and finances" (p. 26).

Re-sourcing is about developing an unlimited partnership with an external provider of services that creates value for the enterprise.

... A re-sourcing relationship evolves from a search for a partner who understands the (institution's) unique mission and is committed to creating a teaching and learning environment on campus extending beyond the classroom. In contrast, an outsourcing relationship is a search for the best contract and lowest cost. Such a relationship may produce satisfactory dining services or facility management services, but falls short of the goal of...
having true partners engaged in creating an environment that makes a difference for students. (Turk, 1998, pp. 26-27)

There is a delicate balancing act required of college administrators as they manage the interaction between the institution and the business partner. “Every institution is concerned about how far it can go in developing partnerships without violating the fundamental character and culture of the college or university” (Turk, 1998, p. 27).

By looking beyond sheer financial profit and loss, Turk (1998) believes that higher education can advance both campus services and overall institutions in a remarkable way. “The challenge is to take an outsourcing relationship to a higher level to create a holistic teaching and learning environment that adds to the student experience ... A re-sourcing relationship is one that creates value by helping the institution achieve its unique mission to truly educate students” (Turk, 1998, p. 29).

**Decision-Making**

*Overview*

*The decision-making process.*

There are numerous theories and recommended processes related to business decision-making. Two of the most widely mentioned processes are adaptive, also know as muddling through, and rational, also called linear decision-making (Byers, 2001; Gonzalez-Vallejo, 2002; Kleindorfer, 2001).

“Adaptive decisions are made in response to environmental contingencies or circumstances, including, for example, competitors, suppliers, changing economic conditions, government policy, weather, consumer demand, or current trends. These decisions were not long-term or strategically oriented decisions.
Rather, they were mainly day-to-day decisions, or immediate
decisions made in 'quick response' to changing circumstances."

(Byers, 2001, p. 131)

Managers often utilize adaptive decision-making for two primary reasons. First, they have limited time to gather information, consider the information, and render a decision. Second, they use this limited decision strategy in order to retain overall control of their specific business enterprise. Being forced to analyze the business could potentially lead to making significant organizational or operational change that could, at least from their perspectives, cause them to lose management control (Byers, 2001).

While the adaptive process is used frequently, the rational or linear model, the more comprehensive approach, is typically used in larger, more complex organizations. The linear approach involves building an information base, identifying constraints, and strengthening organizational capability (Byers, 2001; Gonzalez-Vallejo, 2001; Kleindorfer, 2001). Obviously, it is much easier to consider only a few of the key issues when faced with a decision in order to react quickly, rather than to perform an extensive study prior to deciding how to react. Taking the time to gather important information and to contemplate all of the issues is the primary difficulty that faces many business managers. “Specifically, small firm’s engage in adaptive modes of decision-making, or a process of muddling through, and do not usually participate in the traditional, rational, and linear form of strategy which use formal, written plans as is more common in large organizations” (Byers, 2001, p. 126).
Key considerations in decision-making.

The literature suggests that one of the foremost elements in making sound business decisions is in recognizing that change has occurred or is occurring and thereby anticipating the future (Major, 2001). "Change has become the essence of management, so to survive and prosper in the future, . . . organization(s) will have to perfect 'outside-in' thinking skills: to relate information about developments in the external world to what is going on internally" (Ashley & Morrison, 1997, p. 48). Anticipating the future requires an understanding of organizational history as well as having a clear awareness of the changes occurring in both the internal and external environments.

In a complex and rapidly changing society, being anticipatory and gaining strategic advantage requires sophisticated intelligence-gathering techniques, new models of decision making, and ways to judge the results. Collectively, these tools allow you to identify new opportunities, avoid being blindsided by external forces, and turn potential threats into opportunities. (Ashley & Morrison, 1997, p. 47)

A second element of importance in decision-making, already alluded to, is the availability and collection of information related to the issue to be decided (Ashley & Morrison, 1997; Penn, 1999; Simon, 2000). Information from the internal organization and from the external environment is equally important in this process. In addition to the basic facts and figures that one would expect to be the foundation of any rational decision-making process, other concerns must also be considered: customer/constituent demands, internal culture issues, and emotional biases.
Customer demands have always been a part of business decision-making, especially in for-profit firms. However, in recent years customer/constituent demands have become a powerful voice effecting decisions in all types of organizations (Ryan & Buchholtz, 2001). Based on this trend, decision-makers are compelled to carefully gather knowledge about their customers and contemplate methods to meet customer demands.

A second element that decision-makers must consider is organizational culture. Even if a decision for massive organizational change is imminent due to changes in the external operating environment, the nature of the institutional culture should be understood and addressed as part of the change process. (Simon, 2000; Werhane, 1998). This statement is particularly accurate for not-for-profit organizations.

For a nonprofit organization, goals are constrained by the organization's history as well as by its present composition and program. The organization should aim to clarify its options so that those persons with a stake in the organization—its beneficiaries, staff, and donors—can thrash out the issues and reach some consensus about what the goals should be. (Simon, 2000, p. 27)

Those in the primary decision-making role must be cognizant of organizational culture throughout the decision process. Without this awareness, the ultimate decision may be constrained by an overemphasis on cultural issues, thus hindering the best decision for the future success of the organization. “Some individuals and institutions are trapped in the framework of history, organization, culture, and tradition of which they are only at best, vaguely aware, a framework that often they allow to drive their decision-making. . . .” (Werhane, 1998, p. 76)

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The third, and often overlooked, consideration in decision-making is emotions. Organizations can explicitly address emotions or remove them from the decision process, depending on the context of the decision. What managers should not do is ignore the impact of emotions on decisions. If we do not think about the impact of emotions, they will still affect decision processes and outcomes. But their effect will be beneath the surface—often in ways that undermine effective decision making. By considering emotions explicitly in decision making, managers can increase their ability to manage these effects. (Luce, Payne, & Bettman, 2001, p. 35)

After all pertinent information is gathered and various internal organizational issues included in the decision process, the final, thorough evaluation of all of these factors should occur. Making a decision even after conducting a thorough evaluation of the gathered information is often difficult. Therefore, it is beneficial to create some type of grading mechanism that permits the assignment of a score or value to each aspect of the decision issues. With this mechanism in place, it should be possible to make a logical decision (Ashley & Morrison, 1997; Gonzalez-Vallejo, 2002; Moon & Conlon, 2002; Simon, 2002).

*Decision implementation.*

The key to successful decisions is the implementation of the decision. According to Pfeffer (1992), implementation is everything.
Rather than spending inordinate amounts of time and effort in the decision-making process, it would seem as useful to spend time implementing decisions and dealing with their ramifications. In this sense, good managers are not only good analytic decision-makers; more important, they are skilled in managing the consequences of their decisions. (Pfeffer, 1992, pp. 19-20)

Even with sound decision-making skills, making good decisions is difficult. While for profit organization decisions are challenging, it has been suggested that nonprofits face even more challenges because of numerous and often conflicting goals found in nonprofit organizations (Simon, 2000). It is not surprising then when colleges and universities struggle with management issues related to the self-operation or privatizing of campus services.

Campus Service Decision-making

Challenges to campus service privatization.

Many higher education institutions have a long tradition and are often hesitant to alter their operations. Even before a decision process to consider outsourcing can be implemented, the institution must be willing to contemplate organizational options beyond their historical operating method. Turk (1998) contends that, “The biggest challenge is to get the leadership group of an institution to come to the conclusion that some change going forward is necessary. The leadership group must create a sense of urgency on campus that will engage the community in the change process” (Klinger, 1998, p. 33). There are two pressing trends impacting higher education that make consideration of outsourcing critical. “The first is the increased commercialization of
colleges and universities. . . . The second trend is the proliferation of new competitors who see higher education as an attractive investment opportunity” (Klinger, 1998, pp. 33-34). The chief business officer at Loyola College in Maryland, John Palmucci, observed that, “The biggest issue in higher education is unwillingness to change. There’s more reluctance in the academic area, a lack of recognition of competition” (Klinger, 1998, p. 34). Once educational entities garner a healthy understanding on the pressures facing them from broader society, then the organization can effectively organize a decision-making process.

Over the last few years ‘outsourcing’ has been described as an inevitable evil, an absolute necessity, and everything in between. Recently the pendulum appears to have settled in the middle, and outsourcing is more often defined as a potential tool or methodology for managing the provision of services for an organization. (Flynne, 1999, p. 38)

Goldstein’s decision framework

A prominent guide to privatization decision-making discovered in the course of reviewing the current literature is Goldstein, Kempner, and Rush’s (1993) monograph entitled: Contract Management or Self-Operation: A Decision-Making Guide for Higher Education. Other contributors in this area, almost universally, agree with the decision-making principles cited in the Goldstein monograph (Flynne, 1999; Gilmore, 1995; Howard, 1999; Hustoles & McClain, 1998; Kishan, 2000; McDonald, 1995; Villamo, 1999/2000). The Goldstein monograph, henceforth referred to as the Goldstein model, is the most useful decision-making method discovered for the purposes of this study.
In the past 10 years an absolute paradigm shift has occurred in the way that privatization of campus services is viewed. This period has seen an institutional shift from privatization as a last resort to today's view of privatization as one of several potentially equally effective operating options.

Traditionally, institutions have considered the contract management/self-operation question as a result of an operational, managerial, or fiscal crisis. More recently, institutions have sought to change their management approach as a way to raise the level and quality of customer service, to improve financial performance, or as the result of a strategic decision to refocus the institution's management resources on those areas that are directly related to institutional mission. (Goldstein, Kempner, and Rush, 1994, pp. 1-2)

Goldstein, Kempner and Rush (1994) posit that there is a set of "decision factors" that should be evaluated when considering the performance of any institutional service. These factors can be grouped into six categories: financial, human resources, mission and culture, management control and efficiency, service quality, and legal and ethical considerations. According to Goldstein (1993) and supported by numerous authorities, the decision process has 10 phases:

1. Identify key participants (Block, 2000, April; Flynne, 1999, July; Gilmore, 1995, Ingle, 1994; Klinger, 1998, September; McDonald, 1995; Okonek, 1995; Vaitkus, 1999, December)
3. Assess the current environment (Bartem & Manning, 2001, January/February; Klammt, 2000, February)
4. Identify customer requirements (Klinger, 1998)
5. Develop operational design (Bogard, 1994)
6. Identify operating alternatives (Flynne, 1999; Goldstein, Kempner, & Rush, 1993; Kishan, 2000)
7. Review legal, ethical, and community considerations (Gilmore, 1995; Okonek, 1995)
8. Compare and contrast proposed operating alternatives (Howard, 1999; Hustoles & McClain, 1998)
10. Establish continuous improvement and assessment process (Rizzo, 1995)

Identify key participants.

Phase one of Goldstein's (1993) decision-making process, identifying key participants, is reflected throughout the current literature. Outsourcing of campus service requires risk taking, a willingness to innovate, and certainly change. Typically, in the campus service area the chief business officer (CBO) is the leading force for change. The CBO is the one who has to make the hard, ultimate decisions about institutional policy. Chief business officers have been described as, "the ringmasters in a three-ring circus, trying to orchestrate it all" (Klinger, 1998, p. 36). While she or he may be the ringmaster, the ringmaster performs only one of the functional roles in the organization. A fundamental consideration when organizing a project team or committee to evaluate an outsourcing decision for a campus service is to remember that there are at least three broad perspectives to remember throughout this dialogue. The views of college employees, the university and the contractor must be considered in every area of the privatization debate (Gilmore, 1995). More specifically, an essential aspect of organizing the outsourcing discussion and decision process is:
involving the right parties early and often. Optimally, a project team should be compromised of two to three significant users of the services, any critical partners in provision of the services (such as purchasing), and critical support operations units (such as human resources and information technology. (Flynne, 1999, p. 39)

*Develop analytical framework.*

Goldstein’s (1993) phase two involves developing an analytical framework. The first step that those involved in the privatize or self-operate decision should take is to manage the natural inclination to delay or destroy the process. “Although the decision to outsource may seem unfair, the last thing you should do is withdraw and mope. Instead, you should ‘devictimize’ yourself and your staff by taking a proactive approach and becoming involved in the process” (Vaitkus, 1999, p. 3). The overriding challenge in devising a suitable analytic framework is to balance the efficiency and efficacy required in the service area being evaluated (Goldsmith, 2003; Jensen, 1995). “The administration must balance issues of price, quality, and delivery, while at the same time protecting the equity of internal personnel” (Ingle, 1994, p. 58). “Certain types of services—those that are repetitious, quantifiable, and standardized—are more easily controlled and are therefore, more appropriate for contracting out” (Ingle, 1994, p. 58).

Regardless of how easy or difficult it may be to develop an appropriate analytical framework, some type of a mechanism must be developed to gauge the merits of in-house operation versus outsourcing of a campus service (Jensen, 1995; Marshall, 1997; Pietrantoni, 1995). Villamo (1999/2000) using an information technology context, which
is easily applied to broader privatization considerations, provides six basic principles that should be used in the analysis process.

1. Identify your goals – what needs to be fixed, what is your strategy for the future?
2. Know what you’re missing – (what would it cost to do it in-house)
3. Recruit – demand references, conduct interviews and check on customer satisfaction
4. Spell it out – be explicit on goals and use hard numbers
5. Be a control freak – make sure IT oversees the operation in some way
6. Don’t neglect your own people – communicate changes and discuss changes in in-house IT’s role (Villamo, (1999/2000)

Using Villamo’s guidelines as a basis, an organization should be positioned to form a realistic and equitable means to consider the most suitable method of operating a given campus service on their campus.

Assess current environment.

Assessing the current environment, Goldstein’s third decision factor when considering outsourcing, seems simple, but is nonetheless important to the process. It is often difficult to evaluate clearly your own campus and simultaneously to have a realistic view of the broader environment. Understanding the core competency of the service units in an organization as well as the major desires of the customers the service unit serves or seeks to serve is a necessity. “Core competencies are the innovative combinations of knowledge, special skills, proprietary technologies, information and unique operating methods that provide the product or the service that customers value and want to buy” (Klammt, 2000, p. 6). A savvy administrator and/or project team contemplating an outsourcing decision must know their organizations and have a good feel for the service ability and niche filled by outside providers. A well-informed knowledge of your
organization including its strengths and weaknesses as well as opportunities and threats in the larger world are imperative.

To use a previous example, in the food service area, a campus may prepare excellent pizza. However, if the vast majority of students are devotees of Pizza Hut pizza, they will not be satisfied until a bona fide Pizza Hut franchise has been brought to campus.

*Identify customer requirements.*

Today’s students are far more demanding in terms of the services provided to them on campus than any generation of students that preceded them. There is a rampant commercialism in today’s students that demands the attention of higher education leaders (Klinger, 1998).

With more and more students spending less and less time on campus owing to jobs, part-time attendance, and other responsibilities, there is a growing distance between students and their campuses. It is easier for undergraduates to perceive themselves as consumers rather than as members of a community. (Levine & Cureton, 1998, p. 53)

Of course, next year, customer requirements may and, indeed, are likely to change. This likelihood points out the importance of staying attuned to customer demands today and as management and everyday operational decisions are made in the future.
Develop operational design.

Developing an operational design is the fifth of Goldstein's (1993) decision factors. Insuring the creation and/or the recording of campus service department operational system standards and expectations and their documentation is a necessity. Without such documentation there is no reasonable means to operate or measure the operational effectiveness of a service, regardless of whether the unit is self-operated or privatized. Written standards and service expectations provide the foundation for measuring performance and determining success. "Perhaps the most sage advice that can be given regarding contracting is the following verse: If you're going to write at all, then you need to write it all" (Bogard, 1994, p. 30).

Identify operating alternatives.

The next decision factor, the sixth, is to identify operating alternatives. With the growth of many college and university campus physical plants and the concurrent or resultant enrollment increases, private companies became much more interested in entering into business arrangements with higher education institutions. Consequently, on most campuses, there is a need to understand and evaluate various operating alternatives (Goldstein, 1993). Kishan (2000) provides sound insight into the breadth of operating alternatives available to colleges today. The solution is no longer to either self-operate or privatize. The solution to meeting student and university needs may be one or the other, but just as likely, may be some combination of the two operating methods. Kishan's (2000) outsourcing success factors, which follow, are designed to insure that an outsource arrangements is successful, but can be applied to any type of management arrangement.
1. Management commitment to make outsourcing a success
2. Incentive-based contract with well defined performance outcomes
3. Leverage scale and scope (outsource through a strategic sourcing process as opposed to a tactical “bid” situation)
4. Well-developed supplier base
5. Performance measurement (customer must have the ability to measure performance)
6. Clearly defined relationship management process (customer and service provider must agree on how strategies, goals, and tactics will be developed and shared)
7. Supplier management organization (develop an internal supplier management team) (Kishan, 2000)

If the campus situation merits an outsourcing solution, it can be a boon to the university and the campus community at large.

Outsourcing is a strategic tool, and if used appropriately, it can generate significant improvements in service and cost for many organizations. Done well, it guarantees an improved understanding of the services provided and their costs. Most importantly, it allows your company to redirect time and resources to its core competency. (Flynne, 1999, p. 41)

*Review legal, ethical, and community considerations.*

The seventh item in Goldstein’s (1993) list of decision factors is to review legal, ethical, and community considerations. The legal aspect of most privatization decisions is
an obvious component that should be considered in any business situation. The ethical and community considerations are potentially far more problematic, since they are often not evaluated carefully enough.

Fear manifests itself in service employees in almost every situation when a college makes the decision to outsource that employee's service unit. The key to a successful transition between service ownership/operation is time, patience, and good communication. Frequent communication between the incoming contractor and transitioning employees is critical, particularly in a service department that is moving from self-operation to privatization. Communication is important even if the college is only considering outsourcing as a business option. Communication can consist of one-on-one meetings, group meetings, and written correspondence. The major point of communication is twofold: keep employees informed and support employees by allowing them to work through their concerns by giving them opportunities to vent. The next piece of the transition puzzle is to furnish employees transferring from university to contractor employment with a definitive schedule of how and when the transition process will operate. Finally, in an effort to bolster staff morale and help build their knowledge and skills concerning contractor expectations, train, re-train and train some more (Gilmore, 1995; Okonek, 1995)!

*Compare and contrast proposed operating alternatives.*

Comparing and contrasting proposed operating alternatives is the eighth decision factor according to Goldstein (1993). In addition to a simple review of the evident financial differences between a college-operated service and an outsourced service, other issues must be assessed as well. The overall aspects of the current internal operation,
customer service level, and external operating options must be reviewed carefully (Hustoles & McClain, 1998). Additional issues for consideration include:

cultural differences between the vendor and the institution;
improper expectations of service levels; overemphasis on potential cost savings; an inability to clearly define the scope of service;
lack of knowledge of the economics and volume of operations prior to outsourcing; and lack of proper terms and conditions.

(Howard, 1999, p. 26)

Select preferred alternative.

The selection of the preferred alternative is the pinnacle of the process according to Goldstein's (1993) ninth decision factor. Whether a campus service is outsourced or remains a functioning unit within higher education institution's organization, the decision has been made. If the decision was made after careful use of the decision factors espoused by Goldstein et al (1993), then a well considered, reasonably logical choice should have been made (Ingle, 1994; Jefferies, 1996). While one might believe that the process has ended, Goldstein (1993) asserts that there is one final, tenth step in the decision-making process - establishing a continuous improvement and assessment process.

Establish continuous improvement and assessment process.

In simple terms, once a service has been contracted out, the appropriate college official should evaluate the contractor's service level regularly. This evaluation can occur in many ways. The college contract administrator can shop in the bookstore or eat in the food service establishment, review the contractor's sales and expense reports, and ask for
student input through of impromptu customer surveys. By regularly monitoring contract performance, the college contract administrator can be assured that the college, and more importantly, the campus community is receiving the service requested and expected in the contractual arrangement (Maurer, 2000; Rizzo, 1995).

Focus on Customer Satisfaction

Goldstein (1993) and his colleagues stress that performance is the key to operating a service, not the contract/do not contract aspect of a particular evaluation.

The starting point of the decision process is not to determine whether it would be better to self-operate or to contract, but to select the best operating and management approach from the array of appropriate alternatives. Focusing first on understanding how the functional area is currently operated - its strengths, weaknesses, challenges, and opportunities, and the met an unmet needs of its customers - enables the institution to make a more informed choice than if the primary focus is on predicting the impact of contract management or self-operation at the outset of the process.

(Goldstein, Kempner, and Rush, 1994, p. 8)

The decision-making steps outlined in the Goldstein model are practical in nature. They seem to be suitable for use by college administrators who make decisions related to the privatization of campus services. This research study will provide insight into the use of the Goldstein model in the real world of higher education decision-making.
CHAPTER III
Methodology

Research Questions

This study was designed to investigate the decision-making process utilized by campus service administrators contemplating privatization and the outcomes of those decisions. The real life process used by practicing college and university administrators was examined in light of the model, developed by Goldstein, Kempner, and Rush (1993). The Goldstein model provides a conceptual framework for privatization decisions. While it is the opinion of this author that Goldstein and his colleagues produced a logical and prudent decision making model, their monograph did not include research evidence to support the concepts advocated. To date, neither Goldstein nor other researchers have demonstrated the validity of this model.

This study focuses on two questions. The first of the two research questions the study investigated addresses the decision-making process utilized by institutional decision-makers when making privatization decisions. Specifically, the first research question is: Do college and university administrators utilize the specific decision making steps identified in the Goldstein model? This study examines the actual decision-making process used, through an assessment of the decision-making steps employed by campus service practitioners.

The second research question investigates the efficacy of the Goldstein decision model, when decision-makers utilize its tenets. Specifically, the second research question is: Do college and university administrators experience a greater level of success when the decision steps advocated by Goldstein are utilized than when other processes are
relied upon? This second research question investigates the success level achieved in the operation of campus service units, once the decision to self-operate or privatize has been made, using three specific criteria. Success in terms of satisfaction and financial performance were examined in three areas: 1) management satisfaction, 2) campus community satisfaction, and 3) enhanced financial performance. Management satisfaction and campus community satisfaction were evaluated based on practitioner perceptions. Financial performance was evaluated using objective data provided by research subjects.

The degree to which campus decision-makers use the various elements of the Goldstein model provides insight into the decision-making process and the attainment of successful decisions. This evaluation provides insight into the practical usefulness and value of the Goldstein model to campus service administrators. A telephone interview soliciting decision-maker feedback was used to investigate the degree of use of elements of the Goldstein model by decision-makers. Then, after the decision was made and implemented, the success level achieved in the three noted areas was assessed. In this study, the extent that the decision-maker used the 10 elements of the Goldstein model were examined in relation to the magnitude of management satisfaction, campus community satisfaction, and campus service financial performance, attained after the decision was made. The relationship between the degree of use of the decision model and the level of management satisfaction, campus community satisfaction, and financial performance indicators are the gauge of the model’s efficacy.

*Research Design*

The study utilized a qualitative research design. This research method was selected in order to obtain an understanding of the process through which decisions about
campus service privatization occur (Gall, Borg, & Gall, 1996; Holliday, 2002; McMillan, 1996; Yin, 1994; Weiss & Fine, 2000; Wolcott, 1990). Specifically, this research study employed the case study research method, as it is relevant to the research questions that are examined. “The essence of a case study … is that it tries to illuminate a decision or set of decisions; why they were taken, how they were implemented, and with what result” (Yin, 1994, p. 12). “Case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context” (Yin, 1994, p. 1). “The intent is to provide ‘rich’ descriptions that cannot be achieved by reducing pages of narrative to numbers” (McMillan, 1996, p. 240). “Rather than trying to find ways to reduce the effect of uncontrollable social variables, it [qualitative research] investigates them directly” (Holliday, 2002, p. 4).

This study is exploratory and interpretive in nature, except in the use of financial data, as it explores the perceived reality of practicing campus service administrators. A synthesis of their thoughts, attitudes, working environments, and the decision-making processes they employ emerged from the research conducted for this study (Holliday, 2002). Unlike a step by step analysis of data that would occur in a quantitative study, this qualitative research project provides an opportunity for the “principled development of strategy to suit the scenario being studied” (Holliday, 2002, p. 8).

In this research project, decision-making was explored through information gathered in telephone interviews using a designed survey protocol. Shown in Appendix A, the survey instrument consisted of questions that were administered by the researcher. The researcher obtained permission from the survey participants to tape record their
responses to the survey instrument for the benefit of this and future research and researchers in this subject area. A sample of 10 chief financial officers and/or directors of auxiliary or business services were asked to participate in this research effort. The responses of survey participants have been reported in the aggregate or in other ways that ensure research participant anonymity.

Instrumentation

The telephone survey instrument (Appendix A) was devised to examine the previously described research questions using the guidelines prescribed by Gall, Borg, and Gall (1996) and McMillan (1996). The qualitative research method was selected for this study, as it provides much richer, expansive information than can be obtained from a purely quantitative study. Several higher education campus service administrators initially reviewed the survey for functionality and validity. The email, cover letter and telephone survey instrument were then reviewed by the Assistant Vice President for Institutional Research and Assessment at Old Dominion University in order to obtain comments and alterations to ensure the survey’s validity. Finally, the survey instrument and telephone interview technique were validated using a pilot study consisting of an in depth interview with a director of business services.

These research strategy and survey instrument evaluations revealed weaknesses and concerns with the survey. The telephone survey instrument and cover letter/email were altered to reflect the recommended changes made by all survey evaluators. The multiple reviews of the telephone survey instrument provided direction for making adjustments to questions and the question formats. Suggested changes typically led to altering closed-ended questions into questions that would promote more open-ended
discussion and information sharing by the research subject. The review of the telephone survey instrument by multiple evaluators provided recommendations for different ways to ask the same question. The use of multiple queries appeared to encourage subjects to provide more expansive responses to the questions asked. For example, question 7a of the survey instrument (Appendix A) was expanded to promote greater discussion from subjects. The original question was, please identify the factors that were most critical to you in making a self-operate or privatize decision? Thanks to evaluator recommendations a follow-up question was added to question 7a that helped to clarify and expand on the original question. If the subject was slow to respond when asked the initial question 7a, the subject was asked to list the major issues that arose that made them evaluate the need to consider a change in the type of campus service management they were using. The use of different approaches to obtaining the desired information aided the researcher to extract expansive responses from the subjects.

The first section of the interview instrument, shown in Appendix A, was completed by the researcher, with the aid of readily available institutional data or, if required, assistance from the interview subjects. This initial section of the survey recorded basic descriptive information that could have had impact on the campus service management decision being studied, such as the college’s student enrollment, institutional status, location, and the subject’s length of responsibility as a senior campus service administrator. Specifically, this section documented information designed to provide insight into the general characteristics of the particular college or university, which employed the survey respondent.
The second section of the interview instrument, also shown in Appendix A, addressed the decision-making factors related to the decision-making process and campus service decision-making specifically at that particular college or university. The telephone survey instrument queried the subject regarding the initial thought process related to altering the existing campus service management structure. Additionally, it sought information on the steps considered as part of the decision-making process. For example, to what extent were principles outlined in the Goldstein model used in the decision-making process? Which additional factors were considered? Which campus constituent groups were consulted? What role did finances, management satisfaction, and campus community satisfaction have in the decision process? These questions directly reflect the extent of the subject's use of the decision steps stipulated in the Goldstein model. Finally, the telephone survey instrument focused in on the level of success achieved after the campus service management decision was made. Three criteria were used to determine if the decision made was a success - perceived management satisfaction, perceived campus community satisfaction, and actual improved financial performance in the specific campus-operating unit. For example, was the subject's personal management satisfaction increased because of the decision made? Is the campus community satisfied with the decision made? Was the actual financial condition of the university and/or campus service unit involved in the decision improved?

It is important to note that the survey instrument was designed to garner the opinions and actions of survey participants in as open and undirected a manner as possible. Participants' perceptions and the data they provided were considered to be the
key to this research study. The researcher did not present his views on the subject to those being surveyed prior to, as part of, or at the conclusion of the interview session.

**Sampling Plan**

The researcher utilized a snowball or network procedure for selecting interview participants. Initial information on prospective interview candidates was obtained through an email to campus service professionals who were members of the National Association of College Auxiliary Services (NACAS). This email is shown in Appendix B. The email solicited input from NACAS members about their experience with campus service decision-making, particularly operating methods, over the past four-year period. The initial research inquiry email received 63 responses. Ten responding administrators from four year public colleges and universities from within this group, who made a privatize or self-operate decision within the past one to four year period, were asked to participate in this research project. Only campus service administrators who made an operational decision regarding campus service operating methods were selected for this study. The administrators selected to participate in this research project represent several categories of operating methods: a self-operating service that remains self-operating, a privatized service that remains privatized, or a change in a campus service from self-operate to privatize or visa versa.

The initial research inquiry was distributed to 1,009 members of the National Association of College Services (NACAS). The initial research inquiry email received 63 responses. The inquiry return rate was 6.2 % based on the 63 responses from the 1,009 NACAS member institutions receiving the research inquiry. After receipt of these responses more than 10 prospective research candidates were selected from the responses
using three criteria to narrow the list of prospective research candidates to no more than 10. The first criterion was the respondents’ participation in making a decision regarding the operating method of a campus service over the past one to four year period. The second criterion required research respondents to be employed at four-year public colleges and universities in the United States. Finally, this study examined four-year public institutions with enrollments of 5,000 or more students. Respondents to the initial research inquiry email who met these three criteria were considered as viable candidates for this research project.

The use of public four year colleges and universities with enrollments greater than 5,000 provided the best pool for this research study. The combination of public scrutiny of campus business operations and relatively large institutional budget size offers an environment that encourages multiple choices in operating methods for campus services. The requirement for disclosure of information at public colleges should foster an environment conducive to operating campus service in the most appropriate manner for a specific campus. Large or relatively large campus service budgets provide for more operating choices and interest in privatization from the private sector than would be found at small private colleges and universities.

Of the 63 responses received, 17 had not evaluated campus service operating methods within the past one to four years. Thus, these respondents were excluded from further consideration for inclusion in the study, since they had not examined operating methods within the period required for the study. Of the remaining 46 responses, five were from two-year community colleges and four were from Canadian institutions. These nine were excluded from the pool of potential interview candidates, based on the second
criterion. The second criterion established required research subjects to represent four-year public colleges and universities located in the United States. The remaining subject pool consisted of individuals from 37 colleges and universities from throughout the United States.

The preponderance of the remaining inquiry responses were from campus service professionals employed by college and universities in the eastern one third of the United States. In this case, 17 of the remaining 37 potentially viable research candidates were from institutions located in the United States, east of the Mississippi River. In order to have some assurance of obtaining interviews with at least ten qualified research candidates, the researcher selected 12 of these respondents randomly from the 17 research candidates who were located east of the Mississippi River. Of the 12 candidates contacted regarding participating in an intensive telephone survey one of the potential candidates was excluded, as it was determined that he had not actually conducted an evaluation of operating methods as reported in the research inquiry response. The researcher determined that the remaining 11 potential research subjects were acceptable and available for further participation in the study, based on the established criteria. Ultimately, 10 of these subjects participated in the telephone survey process. Scheduling difficulties precluded the eleventh prospective research candidate from participating in the study in a timely manner. Therefore, the eleventh qualified research candidate was not interviewed.

Initial contact with the 10 selected college administrators was made in order to solicit their agreement to participate in the study through the telephone interview process. In order to schedule the most convenient time for the researcher to conduct the telephone
interview, the individuals who affirmed their willingness to participate in the study were contacted by telephone or email to establish a specific time for the telephone interview to occur.

Subsequent to obtaining their verbal approval to participate, a cover letter and/or email, containing the exact information found in the letter, was distributed to those administrators in the selected public colleges who indicated their verbal approval to take part in the study. This is presented in Appendix C. This communication contained additional information about the study, the importance of their participation, and the anticipated benefits to higher education of the completed study.

In order to enhance the credibility and value of this study, a focus group was conducted at the Annual Conference of the National Association of College Auxiliary Services held in Vancouver, Canada in October 2002 (Krueger, 1988). The focus group was conducted as a preliminary information gathering effort in advance of the initiation of the actual research study. The focus group provided two benefits to the overall study. First, it offered an opportunity to test and improve on the research project’s survey instrument. Second, the responses from the focus group provided triangulation to support or counter the results obtained from the primary research technique used in this study - individual telephone interviews (Creswell, 1998; Krueger, 1988).

In this case, the focus group consisted of campus administrators who had the responsibility for and experience with making decisions regarding the management of campus services. The collection of information from this focus group and from the subsequent individual interviews in the actual study provided multiple sources of information. (Creswell, 1998). A group of eight senior campus service administrators

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from public institutions were invited to participate in the focus group session. Using the study's telephone survey instrument as a guide, participants were queried about their experiences with the self operate or privatize campus service decision at their public colleges and universities.

In addition to the individuals who participated in the focus group, the actual study involved contact with 10 different campus service administrators at different public colleges and universities. The variety of information sources provided by the focus group and the 10 individual research subjects examined in the study increased validity for the study through the involvement of multiple research participants.

Data Analysis Plan

A rubric was designed to evaluate the subject's responses to the various interview questions. The rubric is shown in Appendix D. The rubric utilizes primarily decision-making assertions and criteria presented in the Goldstein model (Goldstein, Kempner, and Rush, 1994). The subjects were queried in the telephone interview process using issues and themes referenced in and directly related to the Goldstein model. The individual subject responses were then evaluated using the rubric. For example, subjects were asked to identify the issue or issues that made them initiate an evaluation of a campus service's operational method. The Goldstein model suggested that there would be several standard responses to this question. The subjects mentioned some of Goldstein's standard responses. However, respondents also reported reasons not identified by Goldstein. The responses were analyzed and interpreted using the rubric in order to determine the similarities and differences in the subjects' responses and to what degree their responses corresponded to the Goldstein decision-making model. A careful
evaluation of the information gathered provided a better understanding of senior campus service administrators’ use of the concepts identified in the Goldstein model. In addition, the study indicates if the decision made resulted in enhancements to satisfaction and financial performance.

Focus Group

A focus group was convened on October 12, 2002 to discuss campus service decision making. The session was held at the National Association of College Auxiliary Services annual conference in Vancouver, British Columbia, Canada. Eight campus service administrators with responsibility for broad areas of campus services, including bookstores, food service, business office/accounting, the physical plant, campus transportation, and student housing, participated in this approximately one and a half hour discussion. The telephone survey instrument developed for this research project provided the questions utilized for the focus group session.

Focus group participants represented four-year public colleges and universities located in the northeastern section of the United States. The participants were directors of auxiliary services or business services from institutions located in Massachusetts, New York, Pennsylvania, and Vermont. One institution reported a student enrollment of approximately 3,000. All of the other colleges and universities with administrators participating in this discussion had an enrollment of 10,000 or more students.

The focus group provided an initial platform to assist the researcher in developing and conducting this research study. The focus group assisted the researcher’s efforts in three ways. First, the focus group provided a legitimate setting to test the telephone survey instrument with campus service practitioners. Second, the researcher was able to
practice interview techniques as part of the focus group experience. Finally, the focus group format helped the researcher fine tune questions in the telephone survey instrument. This was accomplished through a review of the audio tape of the focus group discussion by the researcher after the focus group session. As a result of this review, the researcher clarified some questions and altered some of the questions to promote a greater likelihood for open-ended responses.

*Telephone Survey*

*Institutional and Respondent Characteristics*

The 10 research subjects represented higher education institutions with student enrollment in three broad categories. Four universities reported enrollments of 5,000 to 10,000 students. Three of the research subjects were employed by institutions with enrollments from 10,000 to 20,000 students. Student enrollments of greater than 20,000 populated three of the universities.

The initial research inquiry email focused on campus service decisions and the operating methods used on campus. The email did not request nor did it mention the requirement or desirability of obtaining responses from campus service decision-makers with a specific experience level. While experience was not mentioned, all 10 of the subjects who participated in the study had at least 10 years of direct decision-making responsibility within campus services. The 10 research subject’s experience levels ranged from 10 to 31 years in campus service administration. Six of the 10 subjects have been employed in a college campus service decision-making capacity for 20 years or more. This subject experience level provides additional depth and potential validity to their responses as a result of the subjects’ years of experience.
The subjects interviewed held a variety of job titles. The title most frequently held was director of auxiliary services or associate vice president for auxiliary or administrative services. Six of the research subjects held positions with one of these designations. Two of the remaining four subjects held the position of director of business services. The final two interview subjects were designated respectively as a chief financial officer and an executive director of a foundation (faculty student association - FSA).

The initial research inquiry email asked for responses concerning the broad category of campus services. As discussed in chapter two, bookstores and food service operations receive the most discussion in journal articles and are either the primary focus or encompass a major thrust in the research conducted on the self-operate or privatize debate. The subjects interviewed as part of this study mentioned a wide range of campus services in their discussion of the general decision-making process. The majority of the 10 decision-making processes that were fully examined in the study involved bookstores and food operations, as noted in Table 1, which follows. Five of the subjects discussed bookstores and two provided information directly related to food service. Three other campus services were the primary focus of the remaining interviewees: copyright clearance, a golf course, and student housing. A summary of the campus service areas examined through the interviews conducted with the ten research subjects is shown in Table 1.
In addition to in-depth reporting on the primary decision-making effort in one campus service area, the research subjects were asked to indicate the total number of campus service operating method evaluations in which they were involved within the past four years. Seven of the subjects indicated that they had either personally initiated or played a significant role in the evaluation of five or more campus service operating methods during the indicated period. The remaining three subjects reported involvement in four, three, and two such decision processes, respectively.

As noted, the ten research subjects interviewed discussed the specific decision making process used in one campus service decision situation in great detail. However, other questions in the research instrument were designed to determine the subjects’ broader exposure to the campus service decision-making process. These campus service professionals evaluated at least 23 different service areas as part of managing their university divisions, as detailed in Table 2.
<table>
<thead>
<tr>
<th>Campus Services</th>
<th># Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arena Management</td>
<td>1</td>
</tr>
<tr>
<td>Banking/Check Cashing</td>
<td>2</td>
</tr>
<tr>
<td>Beverage Pouring Rights</td>
<td>2</td>
</tr>
<tr>
<td>Bookstores</td>
<td>9</td>
</tr>
<tr>
<td>Computer Stores</td>
<td>1</td>
</tr>
<tr>
<td>Copier Programs/Copy Center</td>
<td>3</td>
</tr>
<tr>
<td>Copyright Clearance</td>
<td>1</td>
</tr>
<tr>
<td>Fitness Centers</td>
<td>1</td>
</tr>
<tr>
<td>Food Service/Vending</td>
<td>12</td>
</tr>
<tr>
<td>Game Rooms</td>
<td>1</td>
</tr>
<tr>
<td>Golf Courses</td>
<td>1</td>
</tr>
<tr>
<td>Housekeeping/Custodial</td>
<td>2</td>
</tr>
<tr>
<td>Laundry Service</td>
<td>3</td>
</tr>
<tr>
<td>Mail/Shipping Service</td>
<td>1</td>
</tr>
<tr>
<td>Office Supply Acquisition</td>
<td>2</td>
</tr>
<tr>
<td>Parking</td>
<td>2</td>
</tr>
<tr>
<td>Pharmacy Services</td>
<td>1</td>
</tr>
<tr>
<td>Physical Plant</td>
<td>1</td>
</tr>
<tr>
<td>Printing Services</td>
<td>2</td>
</tr>
<tr>
<td>Student Housing</td>
<td>2</td>
</tr>
<tr>
<td>Telephone Services</td>
<td>1</td>
</tr>
<tr>
<td>Transportation</td>
<td>2</td>
</tr>
</tbody>
</table>
Interview Process

The telephone interview portion of the research project took place over a three-week period in March and April 2003. While each research subject was interviewed using the same telephone survey instrument, the interview length varied from as short a period as 30 minutes up to 45 minutes. For the most part, research subjects appeared to be open and forthcoming regarding their institution’s culture, service expectations, and financial circumstances. In addition, they provided in-depth information relating to the campus service decision process in general as well as the decision related to the particular campus service unit that was the focus of the telephone interview.

Decisions and Operating Methods Evaluated

Table 3

Results of Operating Decisions Examined

<table>
<thead>
<tr>
<th>Decision Evaluation/Action</th>
<th>Student Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,000 - 10,000</td>
</tr>
<tr>
<td>Self-op to Self-op</td>
<td>1</td>
</tr>
<tr>
<td>Self-op to Privatize</td>
<td>2  2  1</td>
</tr>
<tr>
<td>Privatize to Privatize</td>
<td>2</td>
</tr>
<tr>
<td>Privatize to Self-op</td>
<td>1</td>
</tr>
</tbody>
</table>

Six of the ten subjects interviewed indicated that they changed operating methods of a campus service as a result of their decision making process. For example, five of the administrators interviewed reported moving from the self-operation of a service to it...
being privatized, as a result of the evaluation and decision process. As table 3 illustrates, even though this research effort investigated only decision making in an in-depth manner with 10 subjects, a broad array of campus service operating methods and changes in operating methods were examined. Operating methods are distributed broadly across the range of operating options shown, regardless of institutional size. It is noteworthy that even though four of the ten services examined in the study remained in the operating method that was in place prior to the evaluation, the responsible administrator did undertake an evaluation of the service and render a decision. In the case of privatization, that decision could and did involve changing vendors in some instances, even though the operating method remained the same.
CHAPTER IV  
Results and Discussion

Focus Group Themes

The focus group participants provided a wealth of information regarding their perspective on decision making and managing campus services. The responses of the eight focus group members supplied several themes. The primary themes discussed include: the campus service self-assessment process, the need for professional management, campus politics, concern for employees, and obtaining support from the campus community.

One of the colleges represented in the focus group regularly uses the campus service self-assessment process. Other participants voiced support for many of the elements of the self-study process, even when this type of process is not used at their institutions. When speaking of assessment, the campus service executive from the University of Vermont that has adopted the regular self-assessment process stated:

(When you hear student complaints), are the complaints just something typical for a college campus or are they something unique to our operation or standard. We’ve decided to use the self-study method to get the people who provide the service into analyzing and answering a number of questions. It can’t just be the manager. It has to be the people who do the work. What are we doing? Why are we doing it? How are we organized now? Are there better ways to organize? When you’ve got all the
information, then you can begin to develop a plan. (W. Ballard, personal communication, October 12, 2002)

Another focus group participant made the observation that, “when you are contracting something out, it has to be something that you know and can measure if the contractor is doing a good job or not.” The focus group’s specific and general comments indicate their verbal support of regular and frequent evaluations of campus service operations. Even though several participants noted the importance of regular assessment, only one of the colleges had developed and implemented this consistent process as part of their standard operating procedures. While self-assessment was noted by focus group participants as important, few of them actually indicated that they utilized this process.

A second theme that resonated within the focus group was the importance of professional management. A number of participants asserted the challenge of operating campus services and noted the dearth of good managers available for self-operation of services and, in some instances, the availability of professional managers within privatized service operations. One member of the group mentioned the competency in staff and purchasing acumen that the larger privatized campus service companies typically offer, especially in bookstore and food service operations in large universities. The group appeared to agree unanimously when the participant from Brooklyn College, one of the City Universities of New York, stated that, “proper staffing is always a critical challenge for us.” (M.I. Ladson, personal communication, October 12, 2002)

Campus politics was the third widely discussed theme that emerged from the focus group session. The administrators talked about the need for thorough evaluation and sound decisions. “Being able to make the decision in a fact based environment
without getting the president, the board, or other potentially politically motivated groups involved in the decision making process is important. Our position is that the decision should be made in a fact based, thoroughly analyzed method.” However, in the end, focus group members acknowledged that presidential or board dictates must be followed, even if they run counter to an evaluation’s findings.

The ethical concern for employees was another idea that was mentioned in various ways by group members. “The idea of privatizing sends fear on campus because it involves people’s jobs.” Careful contract negotiations and considering the outcome of decisions on employees were ideas offered to counter the emotional and financial devastation that can result for employees who lose their jobs due to changes in campus service operating methods.

The final theme raised in the focus group session was the importance of gaining support from the campus community. Finances, capital costs of campus services and customer service were all mentioned as part of the decision making process. The differing levels of involvement on various campuses of different constituencies were referenced as well as the influence that these groups held. As the largest group of consumers, students were recognized as a large component directly impacted by decisions regarding campus services. However, the potential influence of faculty, other staff members, and the senior administration (trustees, presidents, and vice presidents) was duly noted in several group member comments. The group members’ awareness of the overriding importance of input and approval from the campus community was summed up in one thought from the AFS Director at the State University of New York in Purchase. “You’ve got to build
consensus. Whether it’s from a customer base or political base, you have got to include the players.” (W.C. Guerrero, personal communication, October 12, 2002)

Results From the Research Study

Issues Initiating the Decision Process

The focus group provided valuable information and solid groundwork for the research study. The research study advanced many of the ideas and themes related to decision making uncovered initially in the focus group experience. With the initiation of the study, the researcher was ability to interview each of the ten research subjects individually, which provided for more in depth probing and more extensive responses from the subjects. Each of the campus services evaluated for potential operational change had a unique operating method and performance level, based primarily on the differences in campus cultures. Subjects in the study cited a total of eight factors that compelled them to perform a thorough evaluation of the service. The number of factors varied from one to as many as six issues that initiated the service area evaluation on their campus. The following table shows the specific issues that they mentioned and the number of individual subjects that cited a particular issue.

Table 4

<table>
<thead>
<tr>
<th>Issues</th>
<th>Cited by Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional finances</td>
<td>7</td>
</tr>
<tr>
<td>Service levels/student demands</td>
<td>5</td>
</tr>
<tr>
<td>Need for professional management</td>
<td>4</td>
</tr>
<tr>
<td>Facility needs or renovations</td>
<td>3</td>
</tr>
<tr>
<td>Campus politics</td>
<td>3</td>
</tr>
<tr>
<td>Cost of carrying inventory</td>
<td>2</td>
</tr>
<tr>
<td>Staff training</td>
<td>1</td>
</tr>
<tr>
<td>Institutional culture/image</td>
<td>1</td>
</tr>
</tbody>
</table>
The administrators who participated in this research study indicated that institutional finances was the most important factor in their decision to evaluate the existing method for providing a service. This issue was mentioned by seven of the ten subjects. Reasons given ranged from the need to increase revenues to the necessity of decreasing expenses. One bookstore operation changed from self-operation to privatized management because, "As a self-op, the bookstore was not being run well. We had poor management. We also had high inventory in items that were outdated and that couldn't be sold. Overall, sales were not good." The subject went on to say that, "We had two competing bookstores right across the street. They were eating our lunch." The subject reported that the self-operated store was generating $6,000,000 in annual sales on a campus with more than 30,000 students. After the store was privatized, annual sales increased to $15,000,000 and one of the competing bookstores went out of business. Another administrator spoke to the expense side of the finance issue, criticizing privatization. "To me one of the issues when you are dealing with a privatized operation seemed to relate back to corporate headquarters – bean counters, bottom liners, who dictate policy. (When facing lower than desired revenue), they take the approach of cutting expenses – cut, cut, cut. When that happens you start cutting services and it just becomes a downward spiral, a self-fulfilling prophecy."

Service levels and student demand was the second most referred to issue, named by five of the campus service administrators. One of the subjects noted that today's college students look at campus services just like they look at any retail operation. They expect and, in most instances, demand excellent service and value added pricing. According to one of the administrators that participated in this study, improving service
levels in the dining operation was a critical factor on campus and in the institution’s mission. “The issue to us was how to improve service and food quality using measurable criteria. We determined that we wanted and needed to increase the (customer satisfaction) scores. The key was, what do we need to do to get students to stop complaining?”

Four of the subjects referred to the need for professional management, making it the third most frequently cited issue. The need for professional management was one of the themes cited by the focus group convened as part of this research project. On the campus of one of the research subjects, product prices increased and product mix decreased after their campus store transitioned from a self-operation to a privatized store. This auxiliary director indicated that the store evaluation committee found that their self-operated store offered far more services than the privatized campus stores they visited as part of the decision process. The director stated that, “We had an all purpose bookstore when it was self-operated. Now (after privatization), it’s not really the same.”

The five remaining issues of concern mentioned by the subjects were cited as important issues in their particular situations, even though the entire research pool did not regard each issue as universally important in initiating a campus service evaluation.
Table 5

**Issues Ranked in Order of Importance to Subjects**

<table>
<thead>
<tr>
<th>Issues</th>
<th>Rank of Importance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of carrying inventory</td>
<td>2,2</td>
</tr>
<tr>
<td>Facility needs or renovations</td>
<td>1</td>
</tr>
<tr>
<td>Institutional culture/image</td>
<td>2</td>
</tr>
<tr>
<td>Institutional finances</td>
<td>1,1,1,2,2,3,3</td>
</tr>
<tr>
<td>Need for professional management</td>
<td>1,1,1</td>
</tr>
<tr>
<td>Campus politics</td>
<td>1,2,4</td>
</tr>
<tr>
<td>Better service/student demands</td>
<td>1,1,2,2,2</td>
</tr>
</tbody>
</table>

* Priority order with 1 being most important

Institutional finances rated as the most important issue or factor by the greatest number of interviewees. As table 5 indicates, three subjects rated finances as most important, two rated the issues as next most important, and two others rated finances as third most important in the initiation of a decision process. According to one of the subjects there are three criteria that relate to operating decisions and institutional finances. “The three criteria are the service level provided by the operating method selected and the role that plays in the institution, the short-term financial impact, and the long-term financial effect are pretty much our guiding principles.”

Improved service was the next most critical issue according to the subjects with this factor ranking first or second in five of the reports. Need for professional
management and campus politics each received affirmation of their importance, since they were ranked as significant factors in three of the interviews. The need for professional management was deemed third most important by respondents, as evidenced by being considered the most important issue in three of the interviews. Campus politics was the issue receiving the next most recognition as an area of concern for three of the decision-makers. While other issues were listed as important, they were only mentioned as critical concerns to one or two administrators. Institutional finances, improved service, the need for professional management, and campus politics were most frequently cited as critical factors in the initiation of a campus service decision process by those interviewed.

**Goldstein Model Decision Steps Utilized**

The survey instrument used in this research project asked subjects to discuss the decision-making process that they used in a specific evaluation of a campus service operation. The Goldstein model’s decision steps were not mentioned to the research subjects, per se, in the course of the telephone interview. In order to assess their use of the model, a rubric was devised and their responses evaluated in terms of fit within the model. For example, the model’s first step, encapsulated in the phrase, Identify Key Participants, was never used by the researcher in the interview process. Comments from the subject were used to determine if key participants were identified as part of the campus service evaluation and the decision making process.

The researcher evaluated the process identified by each research subject to determine the extent of his or her use of the Goldstein model. When considering the Goldstein model’s first step, Identify Key Participants, if the research subject noted forming a campus committee or including various campus constituent groups as part of
the decision process, then the researcher tallied this as the respondent using the Goldstein model's first step. A similar process was used in attributing respondent's use of the model's second step, Develop Analytical Framework. The researcher evaluated the respondent's comments looking for concepts and stated behavior that related to this step. If the respondent described the use of a process that suggested the examination of the campus service operation in financial, human resources, organizational implications, customer service, community acceptance, or other categories, then the respondent was judged to have utilized the second step identified in the model. The researcher reviewed the subject's responses to the decision-making process seeking any reasonable use of and connection to the ten steps outlined in the Goldstein model. If the respondent described a process step that fit within the model, then they were counted as having used the specific step as described in the Goldstein model and shown in Table 6.
Table 6

Goldstein Model Decision Steps Utilized

<table>
<thead>
<tr>
<th>Decision Steps</th>
<th>Subjects</th>
<th>Individual Step Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1  2  3  4  5  6  7  8  9  10</td>
<td></td>
</tr>
<tr>
<td>Identify key participants</td>
<td>X  X  X  X  X  X  X  X  X  8</td>
<td></td>
</tr>
<tr>
<td>Develop analytical framework</td>
<td>X  X  X  X  X  X  X  X  X  9</td>
<td></td>
</tr>
<tr>
<td>Assess the current environment</td>
<td>X  X  X  X  X  X  X  X  X  10</td>
<td></td>
</tr>
<tr>
<td>Identify customer requirements</td>
<td>X  X  X  X  X  X  X  X  X  7</td>
<td></td>
</tr>
<tr>
<td>Develop operational design</td>
<td>X  X  X  X  X  X  X  X  X  4</td>
<td></td>
</tr>
<tr>
<td>Identify operating alternatives</td>
<td>X  X  X  X  X  X  X  X  X  3</td>
<td></td>
</tr>
<tr>
<td>Review legal, ethical, and community considerations</td>
<td>X  X  X  X  X  X  X  X  X  4</td>
<td></td>
</tr>
<tr>
<td>Compare and contrast proposed operating alternatives</td>
<td>X  X  X  X  X  X  X  X  X  5</td>
<td></td>
</tr>
<tr>
<td>Select preferred alternative</td>
<td>X  X  X  X  X  X  X  X  X  8</td>
<td></td>
</tr>
<tr>
<td>Establish continuous improvement and assessment process</td>
<td>X  X  X  X  X  X  X  X  X  2</td>
<td></td>
</tr>
<tr>
<td>Total steps used by subjects</td>
<td>5  10  3  3  8  6  8  10  2  5</td>
<td></td>
</tr>
</tbody>
</table>

As table 6 shows, the use of the model was mixed among the subjects. Three of the subjects utilized three or fewer of the model's decision steps, three employed four to seven of the steps, and four used eight to ten steps. The information collected from the research subjects in this study responds to research question one. Do college
administrators utilize the specific decision making steps identified in the Goldstein model? Based on this study the answer is no. The research subjects did not utilize the majority of the model’s steps in their decision making process. Widespread use of the model by college administrators can be declared in the affirmative, only if the majority of those interviewed indicated their use of the model’s tenets. None of the subjects mentioned the Goldstein model in their discussion of the decision process that they utilized. None of the subjects reported knowledge of the model’s existence. Even though they appeared to be unaware of the model, seven or more of the ten subjects used the model’s first four steps. In addition, step seven of the model, Review Legal, Ethical, and Community Considerations, was mentioned by many of the subjects even if they did not use this step in their decision process.

It should be noted that seven or more of the ten research subjects used the first four decision steps identified in the Goldstein model. This indicates that Identifying Key Participants, Developing Analytical Framework, Assessing the Current Environment, and Identifying Customer Requirements were important aspects of the decision process to the subjects interviewed as part of this research study. While the model was not used universally by the subjects, the use of many of the model’s steps by research subjects indicates that they deem many of the model’s decision-making factors as important.

*The Critical Decision-making Steps*

As further examination of the study’s results will show, interview participants identified some of the model’s steps as critical to the decision process. The first four steps in the model were deemed critical by the respondents, as illustrated by the almost universal use of these three steps. Eight of the 10 subjects indicated that Identifying Key
Participants was important in the evaluation and decision process. The second step in the model, Develop Analytical Framework, was utilized by nine of the 10 research participants. The model's third and most significant step, according to subject use, Assess the Current Environment, was employed by all 10 of the subjects. While not used as prominently, the fourth step, Identify Customer Requirements, was used by seven of the interview subjects. The final step used by a majority of the subjects was step nine, Select Preferred Alternative. While subjects widely used this step, it is a perfunctory step in the model and must be utilized in any situation where an individual reaches the end of the decision-making cycle and makes a decision.

In the case of two of the research subjects participating in the study, they were not permitted to make a choice at the conclusion of the campus service evaluation and decision process. They were told the decision outcome in advance of the decision process and were not able to personally use the model's step nine, Select Preferred Alternative. In both of these cases, campus politics dictated the operating change in the particular campus service investigated. They were not permitted to select the preferred alternative. The preferred alternative was selected for them. The decision-making process for these subjects was restricted from the point of initial evaluation to determine the optimum campus service operational method for their institutions.

The assumption could be made that two of the model's steps: Identify Operating Alternatives and Compare and Contrast Proposed Operating Alternatives would be used in making any evaluation of operational method change. The decision steps used by the research subjects show that this is not necessarily the case. The two steps noted above were not actively considered in situations where a campus service was already privatized
and the campus service administrator was not willing to return to self-operation of the service.

An analysis reveals several shortcomings in respondents' discussion of the process. The most prominent of these include: the lack of a thorough evaluation process, general lack of a strategic focus, and unfamiliarity with the continuous improvement and assessment process. The researcher recognizes the difference, perhaps luxury, of making decisions from a theoretical perspective as compared to facing those same decisions in a dynamic work environment with many disparate tasks and duties. While taking the time and effort to develop and implement a thorough evaluation process is a major component of a senior administrator's role, the ability to actually perform in this manner may be a bit idealistic. Even though the job responsibilities of the research subjects are challenging, the decision processes that they related to the researcher were in large part superficial and lacked the thoroughness needed to perform a proper evaluation and render a decision that could be expected to produce success. The three areas noted above were particularly troubling from a campus service management perspective.

Seven of the research subjects failed to develop and initiate a thorough evaluation process. These administrators considered only the most basic of issues in the evaluation processes that they described during the interview process. The majority of subjects reported that they considered and established their campus service evaluation plan using the first four of the steps advocated by the model. The administrators launched the decision-making process by identifying key participants, developing an analytical framework, assessing the current environment, and identifying customer requirements.
The subjects did not demonstrate a strategic viewpoint in the decision-making processes that they described. In many of the campus service operating method decisions examined, the respondent described a very short-term view of the decision. Whether they used Goldstein's tenets or another decision framework, they did not indicate that they held a comprehensive view of the decision process. Many of the respondents described the campus service operational method decision-making process as an event, rather than as a process. For example, some respondents described contemplating an operating method change only when nearing the contract anniversary for a privatized campus service contract.

A further example of a lack of strategic perspective is illustrated by another research subject. One of the respondents described trying to obtain campus support for a self-operated service, which he initiated prior to seeking input from the campus community. “No matter how much we advertised the service with fliers and campus promotions, the faculty and students just never supported what we were trying to do. I tried to enlist the provost’s office and deans for help with this effort. They would give some verbal support, but it never really went anywhere.” This campus service was privatized ultimately, as a last recourse, due to the failure of the self-operated service to gain sufficient support to become financially viable.

There is an organized logic in the model’s 10 step premise. Conceptually, the model is cumulative. Each step builds on the preceding step until a final decision is rendered in step nine. The tenth step directs the evaluation process to begin again in its directive to establish a continuous improvement and assessment process. While various administrators used numerous steps of the model, the predominant focus of their decision
process did not utilize the model's concepts nor decision steps from any other discernible decision framework.

When elaborating on the decision process that he used, one of the subjects indicated that he had a, "feel and a sense for the evaluation factors. I hate wasting time going through an extensive process." In this individual's case, he may have considered many of the steps outlined in the model, but he did not describe them in the process that he used. In addition, he did not allude to the use of other factors, other than to say that he had a feel for the evaluation factors.

The evidence collected from the interview process indicated that the subjects used the model's steps to a certain degree, with the first three steps being most predominant. However, when asked to designate the most important decision steps the decision-makers verbal response indicated one noteworthy difference as shown in Table 7.
Table 7

**Goldstein Model Decision Steps Viewed as Most Important by Subjects**

<table>
<thead>
<tr>
<th>Decision Steps</th>
<th>Steps Rated as #1 or #2 by Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify key participants</td>
<td>3</td>
</tr>
<tr>
<td>Develop analytical framework</td>
<td>0</td>
</tr>
<tr>
<td>Assess the current environment</td>
<td>3</td>
</tr>
<tr>
<td>Identify customer requirements</td>
<td>2</td>
</tr>
<tr>
<td>Develop operational design</td>
<td>1</td>
</tr>
<tr>
<td>Identify operating alternatives</td>
<td>1</td>
</tr>
<tr>
<td>Review legal, ethical, and community considerations</td>
<td>4</td>
</tr>
<tr>
<td>Compare and contrast proposed operating alternatives</td>
<td>0</td>
</tr>
<tr>
<td>Select preferred alternative</td>
<td>0</td>
</tr>
<tr>
<td>Establish continuous improvement and assessment process</td>
<td>0</td>
</tr>
</tbody>
</table>

While most subjects were able to relate their prioritization of the decision steps that they utilized, some were unable to report this information. Table 7 indicates the first and second most important steps as ranked by those subjects who provided this information. Four of the 10 interview subjects indicated that a review of legal, ethical, and community considerations was very important in their decision process. It is interesting that the overwhelming majority of subjects utilized the model’s first three
steps and that 7 of the subjects used the fourth step in the decision process. When asked to identify critical decision elements, the subjects barely referred to any of the four steps that most of them used.

The single step most referenced by the subject pool as an important decision step was step seven – review legal, ethical, and community considerations. Even though this is not numerically significant in terms of the 10 subjects interviewed, it is important in relative terms. From the conversations conducted with the subjects in the interview process, numerous concerns regarding employees and community issues came forth. Several of the administrators mentioned their apprehension over the future employment of campus service workers in changing operating methods. This thought was expressed whether the campus service was moving from self-operation to privatized, privatized to self-operate, or from one privatized company to another in the course of negotiating a new contract. In addition, the community relations and potential impact on the campus community of various campus service unit changes was also frequently mentioned. One of the subject's commented on both of these issues:

If an operation involves employees, then the biggest challenge to me is how employees will be handled. Will they be treated properly? That is, will we end up with employees who are doing a good job and who have good morale? In addition, it is important that the campus community does not react negatively to how employees are treated.

Administrators expressed concern for the community and the community's relations with campus service operating units, as well as the concern over the impact on
direct customers. In several of the interviews the “town and gown” relationship between
the campus and the local town or city was described as being an important consideration
for campus services and the total higher education institution.

The college and university administrative professionals that took part in the
interview process made several pointed statements about community considerations. One
of the subjects mentioned the importance of the campus and neighboring community in
the evaluation process:

You also need to know that from a town and gown perspective, we
had a number of community people on the committee. Since we
are urban and in the heart of a residential community, we have
several active and strong-voiced neighborhood associations. What
we did in the spirit of nurturing relationships is have a
representative from each of the three neighboring organizations sit
on the evaluation committee.

Another subject-recounted concern for employees based on the change that her bookstore
employees would face in moving from state employment to becoming the employees of a
privatized bookstore. In addition to distress over the employees’ financial welfare, this
administrator was anxious over the mental and emotional stress that such a change
presented to the institution’s long term bookstore staff.

Based on the importance that the subject pool placed on their concern to review
legal, ethical, and community considerations, the Goldstein model may need to be
restructured to recognize the importance of this issue. The model could be potentially
adapted into two parts: decision considerations and decision process steps.
Concerns Reported in Altering Operating Methods

The telephone interviews provided additional information related to the consideration of self-operation and privatization operating methods. Campus service directors commented on the issues that concerned them most as they came to the point of making and initiating a decision. Administrators that were making a change of some sort in operating methods or whose operations were already privatized, but were contracting with a new company were the primary subjects who expressed these concerns.

Three themes came out of the administrator’s reflection on their concerns. First, five of the subjects described an overriding concern for employee welfare. “The move from self-operation to contract management concerned me because of potential challenges to employees as they transitioned to the contractor. We have a unique campus culture and I was concerned that the contractor might create culture shock for our current employees.” Two general thoughts were discussed time and time again by these campus service executives. One thought, voiced in the preceding quote, was, what will be the employees’ reaction to change? Another idea expressed was the desire to make sure that employees are taken care of as campus service operating methods are altered.

A second theme involved customer service. Again, two thoughts were expressed by several of the research subjects. These similar, but unique feelings were expressed in the form of two questions. Will the new operating method or new service contractor satisfy our customers? Will product costs to students and the broader campus community increase as a result of this change in operating method or new contract service provider? One subject expressed it best, (as the decision was made to contract the campus
bookstore) I was apprehensive that all of our prices would be higher and that is what happened, all of our prices are higher.”

The third theme was a concern for meeting faculty needs and handling faculty issues appropriately. This thought was raised solely at campuses that were privatizing a bookstore that they had formerly self-operated.

(With the bookstore), how would a change be perceived from the faculty’s perspective? The reason I say that ... is because our faculty really have it pretty good as far a textbook ordering, when they order, if they order late, we jump through hoops to get their textbooks in for them, and all those types of things. Because of all of the adjunct faculty, things happen sort of at the last minute. One of the concerns that we had was, if we went to a privatized environment, was not that we wouldn’t get textbooks in, but that we might have faculty revolt. If someone said, you didn’t order your textbooks on time, so you don’t have a textbook. The contractors play a little bit more by the rules and are more apt to come right in your face. They say your order was due on November 30th and it came in on December 15, so we are going to put up a poster with your face on it and say you were late. The contractors are more apt to tell people who owns the problem and let others know about it. In the university, we tend to handle things a little more gingerly.
The principle comment concerning this theme was the expectation that private companies would require faculty to adhere to specific textbook adoption deadlines. If faculty did not submit book orders in a timely manner, then textbooks would not be ordered or would be ordered late. When students came in to buy books, the store would advise them that texts were not available at the start of the academic term because their instructors had failed to order books on time. Administrators stated that self-operated stores and store staff were much more likely to deal gently with the faculty. In order to get texts to campus on time, staff members of self-operated bookstores were likely to either work extra hours to get books on campus on time or expend additional store funds to rush ship late textbook orders to campus.

*Length of Time Required to Make Decision*

The interview question regarding the length of the decision process was articulated in a very specific manner in order to elicit a response that would include the time given to the campus service evaluation as well as to the final decision. The researcher posed the following question. What length of time did it take from the beginning of the decision making process to the final decision? As table 8 illustrates, the responses obtained were bimodal.
Table 8

Length of Decision-making Process

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Number of Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3 months</td>
<td>5</td>
</tr>
<tr>
<td>&lt; 6 months</td>
<td>0</td>
</tr>
<tr>
<td>&lt; 1 year</td>
<td>1</td>
</tr>
<tr>
<td>1 - 2 years</td>
<td>1</td>
</tr>
<tr>
<td>2 - 3 years</td>
<td>3</td>
</tr>
</tbody>
</table>

Five of the ten subjects interviewed made a decision regarding the service’s operating method in three months or less. A two to three year decision period was required by three of the ten subjects interviewed. Upon first review, these differences may seem unusual. However, the unique situations and circumstances on these campuses as explained by those involved bring clarity to this apparent inconsistency. In the case of the decisions made in the short time frame, many of the administrators had predetermined that they were going to make a change in operating methods or privatized service providers well in advance of the actual full evaluation and ultimate decision. They had made a preliminary judgment concerning the campus service and simply waited until the appropriate time to initiate a change. An examples of this is the expiration of a contract with one privatized company and the termination of the contract with the privatized company in favor of the negotiation of a contract with a new service provider. Another example involving major campus construction and physical plant renovations was also cited. These longer-term decision scenarios typically revolved around the construction of a new student center or
major renovation of a campus service unit within a student center. The campus decision makers participating in this study, described their purposeful delay in making an operating change in order to time the service evaluation and decision to closely coincide with the campus construction or renovation project. A final pattern that played into the decision making process was the retirement of experienced campus service managers. The departure of a qualified and successful self-operation manager created a management gap that campus executives believed could only be filled by completely changing operating methods from self-operation to campus service privatization.

Satisfaction Levels Reported

The second research question in this study was intended to determine the success levels attained by campus service decision-makers after they implemented decisions involving operating methods. As in the case of the first research question, the second question focuses on the Goldstein model. That research question is, do college and university administrators experience a greater success level when the decision steps advocated by Goldstein are utilized than when other processes are relied upon? This second research question was investigated in the interview process by obtaining statements from the subjects about the success level achieved in the operation of campus service units. The survey instrument was designed to draw out responses about success using three specific indicators: 1) management satisfaction, 2) campus community satisfaction, and 3) enhanced financial performance. Management satisfaction and campus community satisfaction were determined based on practitioner perceptions. Subjects reported their satisfaction levels in these two areas using a three tiered response: satisfied, no change noted, or not satisfied. Financial performance was evaluated using
actual data provided by research subjects. The administrators queried on the finance topic were asked to respond in one of two ways. Either financial performance was improved based on the change in operating method selected or financial performance was worse after the change in operating method was implemented. Only responses reported as satisfied for management satisfaction and community satisfaction and as improved in financial performance are shown in Table 9.

Table 9
Satisfaction Reported Based on Use of Decision Model

<table>
<thead>
<tr>
<th>Expressed Satisfaction with Decision Outcome by Indicator</th>
<th>Extent of Use of Goldstein Decision Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 to 3</td>
</tr>
<tr>
<td>Personal</td>
<td>3 of 3</td>
</tr>
<tr>
<td>Campus Community</td>
<td>2 of 3</td>
</tr>
<tr>
<td>Financial</td>
<td>3 of 3</td>
</tr>
</tbody>
</table>

The table demonstrates that those subjects who used from four to seven of the model’s steps indicated satisfaction with the outcomes of their decisions, at least in the three areas examined in this research project. Those using one to three of the steps outlined in the model indicated the next highest satisfaction level. The decision-makers using the greatest number of decision steps from the model (seven to 10) indicate the least satisfaction according to the research conducted.

It was anticipated that the information collected in this study would provide assessment of the Goldstein decision-making process and the relative success of those
who chose to use this model. If this research effort had been a quantitative study, it could be asserted that the research data collected refutes the idea that use of the model leads to successful decisions. Based on the qualitative methodology utilized and the information gathered, the research collected in this study illustrates that practitioners view at least half of the model's steps as important in the decision-making process. As far as satisfaction levels achieved related to the decision after implementation, the information obtained is insufficient to determine the practical usefulness and value of the model to campus service administrators, based on the research subject pool utilized.

The research result can be reported as inconclusive. However, there are extenuating factors based on the unique circumstances related to the subjects that reported not being satisfied by their decision outcomes. Some of these appear to be a lack of satisfaction in the very short term only. One subject who used only three of the model's steps indicated that the change from a privatized operation to self-operation was not a financial improvement for his university. However, he conceded that the financial decline that he reported was due to the university's required buy out of capital purchases and renovations performed by the privatized company. Prior to the operating change, the university had received regular and reasonably consistent monthly commission checks. Even though net revenue after the advent of self-operation was about the same as during privatized operation after operating expenses, the university incurred the additional debt service on the acquisition of capital expenditures initially covered by the privatized company. The administrator described another factor in the decrease in short-term income now being garnered as a result of the change in operating methods. He indicated
that the privatized company had helped to initiate the evaluation that led to the change from privatization to self-operation due to their desire to renegotiate the original contract.

This renegotiation effort was due to the privatized company experiencing a decline in gross revenue from the campus service and their desire to amend the contract in order to reduce their expenses. The administrator acknowledged that even if the campus service had remained privatized, the monthly commission funds received would likely have declined. Even with the decrease in net revenue, the administrator indicated that in the long-term the university’s income earning ability would improve once the capital costs were paid off.

The lack of satisfaction reported by the two subjects that heavily utilized the greatest number of decision steps (eight to 10) advocated by the model are reflective of a short-term perspective as well. In one of the situations, the administrator reported that the campus services transition from self-operation to privatization had not been recognized positively by the campus community. In effect, the report was that the campus community had not seen any noticeable change in the campus service. This interview subject reported that they were satisfied from a personal management perspective with the change and the campus service was generating more income back to the university due to the change in operating method. The administrator’s statement about the campus community’s lack of recognition of the operating method change was made based on no change in customer satisfaction ratings for the bookstore operation and with the admission that the store had not been renovated yet. The bookstore renovation was part of the privatized company’s contract with the institution and simply had not occurred as of the time of the research interview. The second individual that used the highest category
of model steps, indicated that she was not satisfied from a personal management perspective with the new privatized operating method for the new student apartment complex, for which she was now responsible. Upon probing this statement, she indicated that she was not pleased with the increased personal responsibility that she had acquired as a result of the new apartment complex. Prior to privatization of this aspect of student housing, her department had handled rental fee collection, finances, and maintenance of campus dormitories. Her primary concern with the new apartment complex involved the additional residence life demands that the apartment complex had placed on her department to provide student life services.

*Decision Process Changes for Future Decisions*

After exploring the decision process in one campus service with the administrators in the interview process, they were asked if they would alter the decision process that they used when facing similar campus service decisions in the future, based on what they had learned from the campus service decision on which they reported. Only two of the subjects indicated that they would change their decision process for future decision situations. The remaining eight subjects asserted that they were pleased with the process that they used and would not make significant changes in the future. None of the subjects discussed the decision process that they used, specifically making any changes to it in the future, in terms of the satisfaction levels attained with the decision situation that they reported on in the interview process.

Almost every subject stated that every decision is unique based on the campus service or on the distinctive nature of their particular campus' culture. Even with this statement made, the majority of subjects indicated that the decision process they used
worked for them and would not be significantly altered when examining operational methods and making future decisions.

Several subjects provided thoughts about key issues that should be considered in decision situations faced by campus service administrators. The most frequently discussed topic was the concern for student welfare in the form of good customer service and fair pricing for students and the campus community. Other subjects mentioned ideas of an intangible nature. Many of these ideas deal with campus culture and an awareness of differences in campus community from one campus to another. For example, the political aspect of campus service decisions was described. If the president or senior administration of a college or university insists on a change in campus service operating methods, the change is usually implemented, regardless of the business case presented to support the self-operation or privatization of the service. If privatization is the operating method desired by the university president, it is the method selected, whether or not it is the best operating method for that particular campus.

The suggestion of a thorough review of the campus service practices of other similar colleges and universities was made by some of the subjects. The subjects indicated that a review of other institutions would be helpful and in the best interest of service administrators facing a decision. Consultants with expertise in analysis, planning, and implementation were also touted by some of the subjects as a beneficial resource in working through the decision concerning a potential change in campus service operating methods.
The Most Challenging Aspect of Decision-making

When asked to describe the most challenging aspect of campus service decision making, the subjects related a number of different points. The most widely expressed challenge was a concern about general customer service and meeting student needs as part of student life and the higher education experience. One of the subjects explained the concept best by stating, "students, faculty, and staff get the services that they need, the products that they need, and at the right price." Other subjects mentioned the difficulty of gauging student desires as consumers. Several subjects pointed out that unlike the students of twenty and thirty years ago, today’s students are quite different in their expectations. For example, students today may tolerate standing in line for a concert, but find standing in line to purchase textbooks in the bookstore difficult to accept. One of the subjects described students on his campus and their dynamic role as contemporary consumers:

We have a food service location on campus that is run by our catering department. It is pricier than anything that we have on campus and takes four times as long to get anything to eat as any other place on campus. Students are lined up 30 minutes before the place opens and are lined up 20-40 people deep to get in. They have to use a full meal of their meal plan plus a couple of dollars or two meals from their meal plan (to eat at this food operation). ... Five minutes before the place closes, you can see students running through the (student) union to make it in before they shut down. Meanwhile, right next door, we have a food court with Chik fil A,
pizza and all kinds of other branded concepts that are open all day long, but students are running to go spend money somewhere else. This is a hugely different customer than we are used to seeing on a college campus. The students have literally pushed the faculty and staff right out of this place.

Other subjects listed other challenges of import to them and presumably to other campus service administrators. Among those most frequently mentioned was a concern regarding employee welfare, especially when campus service operating methods are in transition from self-operate to privatization. The next most referenced challenge in decision making was the difficulty and importance of obtaining opinions, input, and, ultimately, buy-in from multiple campus constituencies. The final two challenges cited by subjects were the critical need for competent, professional managers for campus service units and the increasing concern over institutional finances as the driving force behind decisions made for and about campus services.

Summary Statements from Subjects

The final interview questions asked subjects to evaluate the decision-making process each had chosen to use. All ten of the subjects claimed that their decisions were good ones. There were two predominant responses. Subjects reported that the decision was good because it put the right people in the right place in the particular campus service. This idea applied in all of the campus service operating methods described in the research, whether or not the campus service was altered from one operating method to another or remained the operating method initially evaluated. The second widely expressed idea was that campus service executives must know what they want to achieve...
in the campus service unit regardless of the operating method selected. Not only should the campus service serve the campus community's needs, it should also meet the expectations of the university official who oversees the particular campus service unit.

Themes and Observations Derived from the Research

This research project has resulted in some surprising findings. Findings related to the two primary research questions are the most unanticipated. The lack of use of more of the elements of the Goldstein decision model by experienced campus service executives is the most startling aspect of the study. The lack of a difference in satisfaction levels experienced from a management perspective, from the campus community, and in financial terms, regardless of the extent of use of the model is also surprising. This qualitative study was small in terms of the number of subjects interviewed, which may account for the lack of a significant difference in the satisfaction results collected. However, the similarity in satisfaction levels reported in decisions initiated as a result of a political whim forced upon the service administrator by a university president and a decision implemented as a result of a thorough study does not seem logical. This finding alone indicates the need for far more research in this area of campus service decision making.

The information garnered in the interview process has led to the elucidation of at least five other themes. The first theme of note is the absence of a consistent decision making model among experienced campus service administrators. In this age of national higher education campus service professional associations and countless journal articles and books on leadership and decision-making, the absence of a standard decision making process is puzzling. This point is especially pertinent in view of the fact that the ten
subjects participating in this study were seasoned campus service people with from 10 to 31 years of industry experience. Despite this extensive experience level, these individuals varied greatly in the use of elements from the Goldstein model or any other discernible decision model in making their campus service decisions.

The second observation acquired from the research, both from direct statements made by the subjects and from an analysis of the decision processes that they described, is the unique nature of campus culture at every college and university. It may sound contradictory to assert that campus services in higher education are all the same, yet they are all different. Nonetheless, this statement is accurate. Whether public or private, large or small, colleges and universities have distinctive cultures that require particular and differing actions from their campus service operations from campus to campus. The research subjects' discussion of food service or bookstore operations time and time again described unique situations particular to their campus at that point in time that made their decision process different than a similar operation at another college. Campus service administrators can prepare themselves for successful decision making by recognizing that in many aspects campus service operations are similar and simultaneously require a specific awareness of the campus' unique culture in order to ensure the service's success.

The failure to establish and utilize a continuous improvement and assessment process is the third theme derived from this research effort. This management principle has been widely noted in the management literature of the past ten years. In addition, higher education accreditation agencies have almost universally adopted this premise in their evaluation and certification of colleges and universities. Accrediting agencies expect student surveys, graduate exit interview instruments, and other tools to be collected and
analyzed, and necessary changes implemented based on this process. Even with the prevalence of these outcomes based principles and, in the case of accreditation, directives, the research subjects failed to utilize these practices in the management of their operations. The process was only acknowledged in general terms by two of the research subjects. Rather than a continual review and analysis system, subjects frequently reported evaluating privatized campus services a year prior to the expiration of the contract governing the privatized operation or if there was a major operational failure. In most cases, this practice is unable to provide a true picture of trends impacting the campus business, with perhaps the exception of strictly financial measures. There were no reports of the regular evaluation of self-operated campus services by research subjects.

A fourth theme derived from the research interviews is the apparent gap between the importance of financial projections or issues and the concern for people, both students and employees. Every research subject discussed the role of finances in the evaluation and decision process connected with the operating method of a campus service. Clearly finances are important in the management of the capital and general operating aspects of campus services. While the tangible aspects of financial matters were important to the research subjects, they made numerous comments regarding their concern for people as well. They specifically discussed the customer service needs and welfare of the student population. While touting the excellent contract negotiated with a private service provider and the additional income that the contract was expected to bring to the college or university, the research subjects also expressed concern that students would be appropriately served. They expressed the hope that textbook prices or meal plan costs would not increase significantly and that student life would not be diminished because of
the operating method selected for a campus service. In the case of subjects who were
transitioning from one campus service operation method to another, or from one
privatized contractor to another, many of the administrators interviewed voiced
empathetic thoughts about service employees, who were impacted by the change in
operating method or company. How would these employees fare in the new organization?
Would they be terminated? These and similar ideas were frequently expressed by the
interview subjects. The recognition of the importance of finances in campus services and
the personal concern for student and employee welfare demonstrates the balance required
in campus service management between financial success and the ethical importance of
people in the campus community.

A final theme, campus politics, is mentioned in some of the literature and
substantiated by this research project. In two of the ten decision processes examined in
this study, campus service operating methods were changed because of political pressure
from the office of the president, rather than upon the merits of a sound business case. In
both instances, university presidents directed campus service executives to privatize
campus bookstores prior to and regardless of the findings of an evaluation of the service
in question. In one of the situations, the self-operated bookstore was in desperate need of
improvement from a management, inventory, and marketing perspective. In the second
situation, the campus service executive performed a study that indicated that privatization
of the operation would not yield significant new revenue, would likely increase textbook
prices, decrease insignia inventory, and eliminate numerous services provided to the
campus by the self-operated store. In both of these decision situations, the presidents’
dictates to privatize the bookstores were made seemingly on a whim without thorough
evaluation or input from the campus community, according to information reported by research subjects.
CHAPTER V

Recommendations for Further Research and Recommendations for Praxis

Recommendations for Further Research

The qualitative research design used in this study limited the amount of data collected. This design thereby limited the research’s inferential capacity. Despite the noted limitation, this research study provides important foundational knowledge about campus service decision making. Three major areas for future research have been identified as a result of this study. First, the research subjects in this study indicated little, if any familiarity with the decision steps outlined in the Goldstein decision framework. Further research is needed to determine if there is a relatively consistent decision-making framework utilized by the campus service profession. A quantitative study could provide a greater volume of data to shed additional light on the campus service decision making process.

Second, additional research is needed to determine the efficacy of the Goldstein decision framework. While this research study provides a foundation of knowledge regarding campus service decision making and the use of the model, more research is needed. Further research may demonstrate that several of the Goldstein model’s steps are utilized routinely by campus service administrators. In addition, other steps, not identified by Goldstein, may be regularly employed by administrators in the decision making process. Future research should utilize quantitative measures and a statistically viable research pool. The information obtained and reported in this project provides the baseline for further study. Broader quantitative analysis should provide greater insights into campus service decision-makers’ use of the model’s decision steps as well as the
potential discovery of other decision steps, not highlighted in the model. An analysis of
the decision steps used should be followed by further examination of the satisfaction
levels achieved when a comprehensive decision process, such as outlined in the model, is
utilized and the decision implemented by campus service practitioners. A quantitative
study could provide the format to uncover this information, especially if empirical
evidence is employed.

Finally, the research subjects’ lack of use of a continuous improvement and
assessment process for all campus services is a critical management issue. Additional
research into the use of this practice in business and in other areas of higher education,
especially academic accreditation, would be beneficial to campus service executives.
Research in this area could provide suggested avenues to increase the use of continuous
assessment and improvement processes that potentially could enhance the
professionalism, customer service levels, and financial performance of college and
university campus services.

Recommendations for Practice

The insights provided by the study’s research subjects furnish four topics of
which campus service executives should be aware and should address. These areas
include: use of a decision-making framework, familiarity with campus culture,
recognizing the importance of people, and implementation of a continuous improvement
and assessment process.

First, good business practice and ethics should persuade campus service leaders to
establish a decision-making framework. This framework provides a tool for the consistent
review and analysis for all campus service operating decisions. Additionally, the
utilization of such a framework and the written recording of the facts, figures and considerations contemplated in such decisions supplies the executive with excellent documentation of the process used. Use of a decision framework can demonstrate that the decision-making method and decision outcomes are unbiased and non-political.

Second, campus service managers should be aware of and have an appreciation for the unique culture present on their particular college or university campus. A campus public relations strategy that addresses the campus culture should be developed as part of standard operating procedures. Such a strategy permits campus service units to address the college or university culture in a proactive manner and effectively helps build campus support for campus services.

Third, finances and the direct supply of net revenue to a budget unit are important. The research subjects in this study indicate that there is an additional concern beyond finances. They expressed distress over the potential negative impact of business decisions on people. They report experiencing anxiety for students, staff, and faculty over price increases, poor service, and potential job loss. Concern for people is an anxiety inducer for decision-makers involved in altering campus service operating methods.

Fourth, the focus group, to a great extent, and the research subjects, to a lesser one, cited the importance of planning and assessment. The development of a continuous improvement and assessment process was reported as a valuable management tool. This research study found that few practitioners are actually using this process. Based on those subjects who supported the use of this type of system, several practices should be put into place to assist in the management of campus services. Research subjects who use the process suggest that practitioners design a set of information metrics and regularly collect
this information. Information and input can be collected by surveys, focus groups, and campus service advisory committees. The collected data should be regularly reviewed and a method devised for making needed operational improvements.
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Winston, G. C. (1993). Why are capital costs ignored by colleges and universities and what are the prospects for change?. *ASHE Reader on Finance in Higher


APPENDIX A

Telephone survey instrument

Campus Service Decision-Making
Self-Operate or Privatize?
Telephone Survey Instrument

Part I:

(Information completed by researcher or, if required, with assistance from the research subject.)

1) Full-time equivalent students (FTE) enrolled as of the Fall term of 2001:
   
   - 500 - 2,500
   - 2,501 - 5,000
   - 5,001 - 10,000
   - 10,001 - 20,000
   - 20,001 - above

2) How long have you held responsibility as a director of auxiliary services/business services/campus services?

Part II:

3) On how many occasions in the past one to four years have you evaluated the operating method of campus services at your institution, specifically in the matter of operating the unit with college staff or privatizing the service with an outside contractor or visa versa?

   - a) Once
   - b) Twice
   - c) Three
   - d) Four
   - e) Five or more

4) Which campus services did you evaluate regarding the self-operate or privatize decision?

5) a. Please identify the factors that were most critical to you in making a self-operate or privatize decision? (Ask them to list the major issues that arose that made them evaluate the need to consider a change in the type of campus service management they were using.)
5) b. In your opinion, which factors were most critical in making your final decision concerning self-operating a campus service or privatizing it or visa versa? (Please rate these factors in priority order with the most important rated as 1, the next most important rated 2 and the third most important rated 3.)

6) What steps did you consider as part of the decision-making process in your self-operate or privatize decision? How did you go about making the decision?

7) What factors concerned you most? Were you particularly concerned with specific campus individuals or groups as you contemplated this decision? Please elaborate.

8) What length of time did it take from the beginning of the decision making process to the making of the final decision?

9) Which operating method was in use at the time of your evaluation of the campus service?

10) After considering the decision-making steps that you identified in this specific decision situation, did you:
    a) Change operating methods? _____ Yes _____ No
    b) If you did change operating methods, which operating method did you change to: _____ Self-operate or _____ Privatize

11) How would you rate your overall management satisfaction with the self-operate or privatize decision that you made?
    _____ Satisfied _____ No Difference Noted _____ Not Satisfied

Please discuss the factors that you believe best describe or explain the satisfaction level you have indicated:
12) How would you rate the overall satisfaction of the campus community with the self-operate or privatize decision that you made?

_____ Satisfied  _____ No Difference Noted  _____ Not Satisfied

Please discuss the factors that you believe best describe or explain the satisfaction level you have indicated:

13) From a financial standpoint was the self-operate or privatize decision, that you implemented, a financial benefit to your institution? (In other words, is the operational unit earning increased revenue and/or are operating expenses lower after your decision, such that the net financial effect to your institution is an improvement over the prior operating method?)

_____ Yes  _____ No

Please discuss the factors that you believe best describe or explain the benefit level you indicated:

14) Based on the experience you gained in your last self-operate or privatize evaluation and decision process, will you change the process that you utilized, when making future self-operate or outsource decisions?  _____ Yes  _____ No

14) a. How?

14) b. Will you rely more heavily on other factors or steps than you did in the situation you've just related? If so, which steps will be considered more carefully?

15) Which one aspect of the self-operate or privatize decision do you feel presents you with the most challenge in the decision-making process?

16) If you made a bad decision, what did you do wrong?

17) If you made a good decision, what did you do right?
APPENDIX B

Research inquiry form emailed to 1,009 members of the National Association of College Auxiliary Services

Re: Campus Service Decision-Making: Self-operate or Privatize?

Dear Campus Service Executive:

In an effort to gather research information to assist those of us in Campus Services and to complete my Ph.D. dissertation, I am requesting your help. One of the most widely discussed issues in Auxiliary Services today is the decision making process as it relates to the privatization of campus services. Should you continue to have an institutional unit manage the campus bookstore or food service operation? Would your college or university benefit from contracting this and similar departments to an outside vendor or moving the currently contracted unit to a self-operated arrangement? Is this entire decision making process a challenge on your campus?

Based on your response to the questions below, you may be randomly selected to participate in additional research to further investigate the decision making process. The information that you provide will be held in confidence. Would you respond to the questions below and fax this form back to me by January 13?

1) Full-time equivalent students (FTE) enrolled in your institution as of the Fall term of 2002:

2,501-5,000 _____ 5,001-10,000 _____ 10,001-20,000 _____ 20,001-above _____

2) In the past one to four years have you evaluated the operating method of campus services at your institution, specifically in the matter of operating the unit with college staff or privatizing the service with an outside contractor or visa versa?

   Yes _____  No _____

3) Which operating method was in use at the time of your initial evaluation of the campus service?

   Self-operate _____ or Privatize _____

4) At the conclusion of the decision that you made in this decision situation, did you:

   a) Retain the existing operating method? Yes _____ No _____

   b) Change the operating method? Yes _____ No _____

If you did change operating methods, which operating method did you change to:
Self-operate _____ or Privatize _____

5) Name:

________________________________________________________________________

Institution:

________________________________________________________________________

Address:

________________________________________________________________________

City/State/Zip:

________________________________________________________________________

Telephone: ________________________ Email: __________________________

Please fax this completed form back to Jeff Pittman at 757-226-4100
Thanks for your assistance with this research inquiry!

Jeff Pittman, Vice President for Student Services
Regent University, 1000 Regent University Drive, SC 201, Virginia Beach, Virginia 23464-9800
APPENDIX C

Cover letter, sent through U.S. Postal Service and/or email, to survey participants who indicated their verbal approval to take part in this research project

Re: Campus Service Decision-Making: Self-operate or Privatize?

Dear

I enjoyed talking with you on (date) and appreciate your willingness to assist with my research study. As we discussed, one of the most widely discussed issues in Auxiliary Services today is the decision making process as it relates to the privatization of campus services. Should you continue to have an institutional unit manage the campus bookstore, food service, or other campus service operation? Would your college or university benefit from contracting this and similar departments to an outside vendor or moving the currently contracted unit to a self-operated arrangement? Is this entire decision making process a challenge on your campus?

The purpose of this letter is to officially invite you to provide your professional insight into just how this decision-making process works on your campus. As we discussed in our telephone conversation, I am preparing a Ph.D. dissertation focusing on the above referenced subject. I understand that within the past one to four years, you have been the key decision-maker in the evaluation of the self-operate or privatize question in at least one campus service department. At present there are some theories about how outsourcing decisions are made, but as of yet, no real tangible research. Your help in talking with me by telephone and responding to a short list of questions would be greatly appreciated. Your help is needed in order to obtain the insight of higher education administrative professionals who are well acquainted with this often discussed, but rarely documented business choice.

Your comments about the decision process that you utilized and any information that you provide about your institution will be held in the strictest confidence. The results of this research project will be reported in a manner that ensures your and your institutions anonymity.

This research project should provide much needed insight into the complexities and practical realities of just how privatization choices are made. I look forward to talking with you on this topic on (date/time). In the meantime, should you have questions or desire additional information, please contact me through email at jeffpit@regent.edu or by telephone at 757-226-4106.

Sincerely,

Jeff Pittman
APPENDIX D

Rubric for assessing responses to telephone survey instrument

Rubric for Telephone Survey Instrument

Part I:

(Information completed by researcher or, if required, with assistance from the research subject.)

1) Full-time equivalent students (FTE) enrolled as of the Fall term of 2001:

<table>
<thead>
<tr>
<th>Enrollment Range</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>500 - 2,500</td>
<td>_____</td>
</tr>
<tr>
<td>2,501 - 5,000</td>
<td>_____</td>
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<tr>
<td>5,001 - 10,000</td>
<td>_____</td>
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<tr>
<td>10,001 - 20,000</td>
<td>_____</td>
</tr>
<tr>
<td>20,001 - above</td>
<td>_____</td>
</tr>
</tbody>
</table>

2) How long have you held responsibility as a director of auxiliary services/business services/campus services?

Part II:

(In this section the researcher will list and annotate the various responses provided by the interviewee to each question shown below. The researcher will make a determination based on the responses given as to the subject's use of the various time periods, campus service areas, business considerations, and elements of the Goldstein model.)

3) On how many occasions in the past one to four years have you evaluated the operating method of campus services at your institution, specifically in the matter of operating the unit with college staff or privatizing the service with an outside contractor or visa versa?

   a) Once  _____
   b) Twice _____
   c) Three _____
   d) Four  _____
   e) Five or more _____
4) Which of these campus services did you evaluate regarding the self-operate or privatize decision?

- Arena Management
- Bookstore
- Campus Convenience Store
- Facility Services/Physical Plant Maintenance
- Food Service
- Housekeeping/Custodial Services
- Mail/Shipping Services
- Student Housing
- Vending
- Others:

5) a. Please identify the factors that were most critical to you in making a self-operate or privatize decision? (Ask them to list the major issues that arose that made them evaluate the need to consider a change in the type of campus service management they were using.)

   a) Cost of carrying inventory
   b) Facility needs or renovations
   c) Institutional culture
   d) Institutional finances
   e) Need for professional management
   f) Campus politics
   g) Staff training
   h) Student demands
   i) Other factors:

5) b. In your opinion, which factors were most critical in making your final decision concerning self-operating a campus service or privatizing it or visa versa? (Please rate these factors in priority order with the most important rated as 1, the next most important rated 2 and the third most important rated 3.)

   a) Cost of carrying inventory
   b) Facility needs or renovations
   c) Institutional culture
   d) Institutional finances
   e) Need for professional management
   f) Campus politics
   g) Staff training
   h) Student demands
   i) Other factor:
   j) Other factor:
   k) Other factor:
6) What steps did you consider as part of the decision-making process in your self-operate or privatize decision? What factors concerned you most? Were you particularly concerned with specific campus individuals or groups as you contemplated this decision? Please elaborate.

<table>
<thead>
<tr>
<th>Steps Used</th>
<th>The Steps</th>
<th>Three Most Important Steps</th>
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<tbody>
<tr>
<td></td>
<td>Identify Key Participants</td>
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<td></td>
<td>Develop Analytical Framework</td>
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<td></td>
<td>Assess Current Environment</td>
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<td></td>
<td>Identify Customer Requirements</td>
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<td></td>
<td>Develop Operational Design</td>
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<td></td>
<td>Identify Operating Alternatives</td>
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<td></td>
<td>Review Legal, Ethical, and Community Considerations</td>
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<tr>
<td></td>
<td>Compare and Contrast Proposed Operating Alternatives</td>
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<td></td>
<td>Select Preferred Alternative</td>
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</tr>
<tr>
<td></td>
<td>Establish Continuous Improvement and Assessment Process</td>
<td></td>
</tr>
</tbody>
</table>

7) What factors concerned you most? Were you particularly concerned with specific campus individuals or groups as you contemplated this decision? Please elaborate.
8) What length of time did it take from the beginning of the decision making process to the making of the final decision?

9) Which operating method was in use at the time of your evaluation:
   _____ Self operation   _____ Privatization

10) After considering the decision-making steps that you identified in this specific decision situation, did you:
   
a) Change operating methods?   _____ Yes   _____ No

   b) If you did change operating methods, which operating method did you change to:   _____ Self-operate   or   _____ Privatize

11) How would you rate your overall management satisfaction with the self-operate or privatize decision that you made?
   _____ Satisfied   _____ No Difference Noted   _____ Not Satisfied

   Please discuss the indicators that you believe best describe or explain the satisfaction level you have indicated:

12) How would you rate the overall satisfaction of the campus community with the self-operate or privatize decision that you made?
   _____ Satisfied   _____ No Difference Noted   _____ Not Satisfied

   Please discuss the factors that you believe best describe or explain the satisfaction level you have indicated:
13) From a financial standpoint was the self-operate or privatize decision, that you implemented, a financial benefit to your institution? (In other words, is the operational unit earning increased revenue and/or are operating expenses lower after your decision, such that the net financial effect to your institution is an improvement over the prior operating method?)
   _____ Yes _____ No

Please discuss the factors that you believe best describe or explain the benefit level you indicated:

14) Based on the experience you gained in your last self-operate or privatize evaluation and decision process, will you change the process that you utilized, when making future self-operate or outsource decisions? _____ Yes _____ No
   a. How?
   b. Will you rely more heavily on other factors or steps than you did in the situation you’ve just related? If so, which steps will be considered more carefully?

15) Which one aspect of the self-operate or privatize decision do you feel presents you with the most challenge in the decision-making process?

16) If you made a bad decision, what did you do wrong?

17) If you made a good decision, what did you do right?
Vita

JEFFREY S. PITTMAN

EXPERIENCE

April 2002 – Present
Vice President for Student Services
Regent University, Virginia Beach, VA

October 2000 – May 2003
Director
Regent University, Washington, DC Campus
Alexandria, VA

February 2002 – May 2002
Associate Dean for Administration - School of Divinity
Regent University, Virginia Beach, VA

July 2000 – February 2002
Associate Dean for Administration and Academics - School of Divinity
Regent University, Virginia Beach, VA

March 1998 – July 2000
Associate Dean for Administration - School of Divinity
Regent University, Virginia Beach, VA

July 1994 – March 1998
Assistant Vice President for Administrative and Auxiliary Services
Regent University, Virginia Beach, VA

July 1987 – June 1994
Director of Administrative and Auxiliary Services
Regent University, Virginia Beach, VA

January 1987 – June 1987
Assistant Director of Admissions and Financial Aid
Regent University, Virginia Beach, VA

January 1986 – January 1987
Financial Aid Officer
Regent University, Virginia Beach, VA

January 1980 – January 1986
Vice President/Credit Manager
East Carolina Farm Credit Service, Elizabeth City, NC
EDUCATION

2003
Doctor of Philosophy
Old Dominion University, Norfolk, VA

1987
Master of Business Administration
Regent University, Virginia Beach, VA

1976
Bachelor of Arts
University of North Carolina, Chapel Hill, NC

2001
NACAS Contract Management Certification Program
Orlando, FL

1995
Administrative Management Institute
Cornell University, Ithaca, NY

1994
College Business Management Institute
University of Kentucky, Lexington, KY

AFFILIATIONS

2003 - 2004
Member, 2004 Annual Conference Committee
National Association of College Auxiliary Services (NACAS)
Orlando, FL

2003 - 2004
Member, 2004 Annual Conference Committee
National Association of College Auxiliary Services – East (NACAS-East)
Norfolk, VA

2003 - 2004
President-Elect
Board of Directors, National Association of College Auxiliary Services (NACAS)
Chair, Strategic Planning Committee
Member, Executive Committee
Member, Finance Committee
National Association of College Auxiliary Services (NACAS)
Charlottesville, VA
2002 - 2003
Vice President
Board of Directors, National Association of College Auxiliary Services (NACAS)
Member, Executive Committee
Member, Finance Committee
National Association of College Auxiliary Services (NACAS)
Charlottesville, VA

2000 – 2002
Eastern Region Director
Board of Directors, National Association of College Auxiliary Services (NACAS)
Charlottesville, VA

1998 – 2000
Chair, Membership Committee, National Association of College Auxiliary Services
Charlottesville, VA

1995 – 1998
Member, Membership Committee, National Association of College Auxiliary Services
Charlottesville, VA

1995 – 2001
Board of Directors, National Association of College Auxiliary Services – East (NACAS-East), Offices held: Director, Vice President, President, Past President

1998 – 1999
Chair, 1999 NACAS-East Annual Conference
Portland, ME

1997 – 1998
Vice Chair, 1998 NACAS-East Annual Conference
Saratoga Springs, NY