First identified by corporate strategists to explain the blurring boundaries of today’s firms, the **paradox of scope** captures the notion of two opposing forces operating simultaneously. The traditional core of many companies is shrinking as activities such as information technology, logistics, and even manufacturing are outsourced, while at the same time the firm’s periphery is expanding through the proliferation of alliances, joint ventures, partnerships, and other long-term contracts. David Collis, MBA Class of 1958 Senior Lecturer of Business Administration at Harvard Business School, demonstrates that the paradox of scope is also at work in higher education by assessing several key dimensions of colleges and universities. He explores the implications for governance this paradox presents, and puts forth several suggestions to improve upon and design an appropriate governance structure for higher education.

**Governance in Higher Education**

Long recognized as essentially conservative in nature—which likely has contributed to the longevity of the institutional form (the university is the second oldest institution in the Western world after the Catholic Church)—the inertia characterizing higher education governance has been viewed throughout history as a liability by contemporary observers. Several factors combine to increase the inertia and reduce the effectiveness of the
governance of higher education. Colleges and universities simultaneously pursue multiple goals, often making it difficult to define clear goals; further, it is extraordinarily hard to measure progress or evaluate the achievement of those goals. The existence of multiple constituencies with conflicting objectives, coupled with the absence of effective sanctions against groups with veto power, also suggest the enormous difficulties of the governance task. Indeed, Clark Kerr noted in his book, *Uses of the University* (2001), that the only choice that cannot be vetoed is the status quo. If one accepts that one of the primary purposes of the governing board is to generate insight into an ever changing environment and prescriptions and thereby set forward-looking strategy for the institution, then the problems of current higher education governance are evident.

Indeed, the governance of higher education is more problematic today than in the past. While not necessarily an inappropriate response to the current external environment, the operation of the paradox of scope within higher education extends the set of constituencies that must be managed by every institution while shrinking the share of activities with which participants in governance are acquainted or capable of administering. The result is likely to be an even more conservative institution, frozen in the headlights of the oncoming educational revolution.

**External Threats to Higher Education**

The vulnerability of any institution depends on the degree of environmental change that surrounds it. When the external context alters rapidly, organizations must adapt or run the risk of being surpassed or becoming outmoded. Today, higher education is being buffeted by several exogenous trends, led by disruptive and unpredictable market and technological factors.

Briefly, domestic demographics are working to dramatically increase demand for higher education as the echo of the baby boom reaches college age. Adults are becoming students in record numbers, and as the knowledge economy requires a better trained and educated workforce and the corporate training market burgeons, the massification of higher education will continue. Technology, too, is changing the face of higher education, facilitating the entrance of for-profit companies, which are growing at an annual rate of 20 percent. Finally, higher education is on the cusp of a rapid period of globalization as enrollment in tertiary education around the world is expected to double over the next 25 years.

Whatever the ultimate drivers of change in higher education, and whatever manifestation that change actually takes, it is clear that in the face of this set of societal forces colleges and universities must make some basic strategic decisions. While the appropriate decisions will differ among institutions—each of which has a unique heritage and is motivated by a different mission—all face hard choices along similar dimensions, largely centered on which student market to serve and at what price and quality level.

In responding, institutional inaction and indecision will be worse than taking almost any action. Further, trying to satisfy all markets equally without satisfying any effectively is a recipe for disaster. And yet higher education’s traditional governance structure most likely will lead to that outcome as its current design, focused as it is on satisfying all constituencies equally, serves largely to preserve the status quo.

**The Paradox of Scope**

The impact of external forces on higher education can best be interpreted by, and encapsulated in, the notion of the paradox of scope. The shrinking core and expanding periphery of colleges and universities is evident within several key categories:

*Student composition.* Perhaps the one statistic that best illustrates the change in the student body is that only 27 percent of those in higher education are now full-time students who have gone straight from high school and are supported by parental contribution, i.e., the archetypal
undergraduate of yesteryear. The traditional core is down to one-quarter of the market. Further, of students enrolled in degree programs, the share that attends full-time has shrunk below 60 percent, and the share over the age of 24 has risen to 40 percent. The periphery of the university—the nontraditional student—has, therefore, expanded dramatically.

Revenue sources. Sources of funding for colleges and universities have diversified substantially as government funding has declined. In the past 15 years, public sector revenue from all levels of government has fallen from nearly two-thirds of all revenue to just over half. The shortfall in both the public and private sectors has been met by increased tuition, gifts, research funding, sales, services, and so on. The implication is that the institution has a far more complex job than ever before managing these diverse revenue sources. The expansion and independence of the periphery, where varying interests and agendas proliferate, has diminished strong control from the core.

Staff mix. In 1976, there were more than two faculty members per administrator on U.S. campuses. By 1999, the ratio was closer to one faculty member per administrator, as the proliferation of non-core activities on campus required more managerial staff. Within the teaching faculty, two important trends capture the eroding core of the institution and highlight the question of the boundary of the institution: The share of part-time faculty has increased from 22 percent in 1970 to close to 50 percent in 1999, and the share of non-tenure track appointments has also increased somewhat in the 1990s to nearly one half. Many faculty, including those with tenure, now define their primary affiliation as being with their profession and not with an institution. If even the core faculty view themselves as being transitory members of a university or college, where does that leave those charged with governing the institution?

Outsourcing activities. The growth of outsourcing confirms the shrinking core and expanding periphery, as traditional activities are replaced by alliances and contractual relationships. The list of activities that universities and colleges have outsourced is long and getting longer. Today it represents nearly the complete range of an institution’s activities. Peterson’s 1995 “Contract Services for Higher Education,” for example, listed more than 100 such services including: bookstores, restaurant/dining halls, health care and HMOs, security, facilities maintenance, IT, budgeting, payroll, purchasing, student billing, alumni relations, gift giving, and even recruiting presidents, among others.

Implications for Governance in Higher Education

Why does the “paradox of scope” matter for the governance of higher education? The answer can be put simply as “less control over more things.” (Kerr, 2001) The expanding periphery and contracting core of today’s colleges and universities stretches the already limited adaptive capability of governance structures to the breaking point.

The challenge, then, is to take back charge of the institution. The blurring boundary of the institution creates ambiguity and unclear roles and responsibilities—what the military refers to as “mission creep,” as each succeeding tier of the periphery pursues new directions of its own accord. To take charge, the institution needs to define a strategy that specifies the domain in which it will operate. If it fails to do so, the risk inherent in the new competitive environment is that as the institution expands everywhere in the periphery, it will be successful nowhere. A diffuse allocation of resources and an inability to prioritize among activities will lead to the failure to commit sufficient scarce resources to any one venture. In the presence of competitors, whether existing institutions or new entrants, that have made strategic commitments to certain courses of action, the university or college that is experimenting with everything will be everywhere undermined by the specialists. That is the ultimate threat of the paradox of scope—that the undirected expansion of the periphery weakens not only the shrinking core but the periphery itself. And yet it is pre-
cisely the operation of the paradox of scope that makes it so hard for current governance structures to fulfill their strategic task and make the hard choices.

What improvements could be made to the existing governance structure that might mitigate these problems? Several changes being introduced in the private sector in response to the crisis in governance there may be pertinent to higher education. One obvious suggestion is to cut down the size of boards. It is already recognized in the educational community that boards with 30-plus trustees are simply unmanageable. In the private sector, boards of closer to a dozen involved members are seen to be most effective.

Another suggestion is to have relevant outsiders sit on the governing boards. To some extent this already happens. Members of the business community, alumni, and others are chosen for their familiarity with the institution. However, there is one glaring difference with the private sector. Executives that sit on boards are chosen for their managerial experience in the business or related businesses of that company. Yet in the governance of our universities and colleges, few educators sit on boards of trustees. In higher education, the analog would be to have the president or provost of another educational institution sit on the board. The benefit would be substantial. Presidents alone deal with presidential issues. The ability to learn from and share the experience of another president would be extremely valuable to any board. Moreover, the experience of sitting on another institution’s board would contribute useful lessons to the other institution.

A related suggestion that also arises from the value of assistance to the president is to end the heroic presidency and foster a top management team rather than an individual to lead the institution. It is true that academia traditionally has relied on a collegial and inclusive management style; in particular, the role of the provost has been as critical to the internal administration of the university as the president has to the management of external relationships. Indeed, in the era of the executive as “celebrity,” perhaps this is an area where the private sector can learn more from higher education than the other way around.

Another means to improve the efficiency of existing governance structures is to allow the board to set its own agenda and budget and to be solely responsible for managing the process by which new board members are elected. The ability to decide what should be discussed at board meetings, what information should be presented to the board, and who gets nominated to stand for election, is seen as crucial to effective governance in the private sector. Indeed, the complete independence of the audit, compensation, and governance committees of the board is demanded today by many outside directors as a condition for accepting a board seat. If the board is to act as the guardian of the institution and fulfill its obligation to oversee the actions of the president and the administration, it must be allowed to perform these functions.

The most important suggestion I can make to improve governance in higher education has less to do with governance itself and everything to do with institutional strategy. One of the consequences of the paradox of scope is that institutions are increasingly overlapping with each other’s missions and markets. The clarity of mission for all institutions has been lost as they increasingly seek to resemble each other by copying what looks like each other’s great ideas. This is a plea for the end of the “multiversity” and the continuing homogenization of higher education, and its replacement by a more differentiated and specialized set of institutions—each of which could then adopt a governance structure more carefully tailored to its particular mission.

Conclusion

The next generation of academic leaders must establish a clear and unique strategy for their institutions. If the strategy sets clear bounds, it will both limit the extent to which the paradox of scope leads to an ever-expanding set of unrelated activities, and it will facilitate design of an appropriate governance structure. With a clear strategy, appropriate personnel could be chosen for governing boards and relevant structures and processes put in place. In the end, rather than the bland provision of mediocre similarity, higher education would offer a wide variety of high-quality options, much to the benefit of society.

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