

AI, WORK FUTURES, & OPPORTUNITY

Corporatization and Mission in Higher Education

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Corporatization in higher education is often equated with institutional mission drift. To complicate this perspective, this paper claims that importing private-sector practices can bolster institutional mission rather than only undermine it. Drawing on recent [research](#) on international foundation programs, this claim is tested through three scenarios.

Participation in higher education has more than [doubled](#) during the last two decades. As governments struggle to finance massified higher education systems, universities are increasingly tasked with finding new sources of income and enhancing operational efficiencies. Universities have often achieved this by engaging in intense processes of “corporatization,” an organizational process that changes institutional cultures, practices, expectations, and rationales so that they come to mimic that of the private for-profit firm. For example, a university might shift its employment practices from mostly tenured positions to mostly precarious adjunct roles. This can create new problems: for example, knowing they can be fired at short notice, the lack of job security may reduce the ability and willingness of teaching staff to champion students’ rights. Despite this, colleges rely on precarious contracts, because the effective salaries tend to be lower than those of tenured faculty, and non-tenured staff are easier to let go if future teaching demand decreases.

At an institutional level, corporatization can result in [mission drift](#), with universities pursuing the goals of for-profit firms (such as increasing profits) rather than their core missions (e.g., the provision of excellent teaching). Mission drift is the primary reason why corporatization is often seen as antithetical to higher education as a common good. Indeed, given the tendency to conflate the two, one would be forgiven for thinking that more corporatization always leads to more mission drift.

This article’s claim is that new ways of organizing higher education through a corporate form might equally bolster institutional mission and sector-wide collaboration. What matters is context and implementation. This is especially true when considering the on-the-ground realities of higher education institutions competing with private providers. In such cases, avoiding corporatization for its own sake may lead to inaction, which can mean ceding ground to private for-profit firms.

A Practical Example

This claim is explored through three scenarios concerning university preparatory programs for international students, which have been offered by English speaking universities [since the 1980s](#) in order to bolster both educational access and university finances.

Imagine a university in the UK seeking to increase its intake of international students by establishing an international foundation program. The program’s purpose is to enroll and train international students who lack the prerequisites for direct entry to a UK university program. Students would begin their degree upon successfully completing the foundation course, aligning with the university’s mission of inclusion through educational access. The university also hopes that the program will establish a new revenue stream through additional tuition fees. The program would be very profitable for the university if it grows large, but the university would lose money if it does not admit enough students. The vice chancellor is unsure about how to proceed, and she faces time pressure to act because a neighboring university and a for-profit private provider are also considering similar programs. If the university proceeds, is this corporatization, and is the profit motive inevitably prioritized over inclusion, or could this new initiative bolster its mission? These questions do not have straightforward answers; specific organizational structure matters.

In this example, the university would likely first consider launching the program in-house, a model similar to those run by [King’s College London](#) and the [University of St Andrews](#). There are benefits to this model, but one can imagine that the university’s governance body might reject it, fearing insufficient enrollment to break even and potential harm to the university’s financial sustainability. The institution would then be left with three scenarios.

In Scenario 1, the university does nothing. Eventually, a private for-profit provider opens a pathway college nearby. The

provider has a checkered reputation, and the rumor is that it treats its staff and students poorly. However, without a not-for-profit alternative, this provider is likely to dominate the market for years.

In Scenario 2, the university partners with a reputable private provider. In this model, the provider builds a school on campus, and the university legally commits to buying back the building over decades. Though the building bears the university's logo, the private provider is directly involved in the day-to-day running of the school, teaching, and recruitment. The university receives a share of the school's revenue, but remains dependent on this revenue (and the success of the provider) to meet its building payments.

In Scenario 3, the university partners with a neighboring university that also wanted to enter the foundation market. The company they create is a limited liability partnership and shields both universities from worst-case financial risk. This collaboration allows for the sharing of the costs of facilities, recruitment, and teaching. Staff teaching in the new entity work more hours, earn lower salaries, and have less job protection than traditional university staff. Students gain full access to both universities' libraries, student societies, and lectures from visiting scholars. The private provider with the poor reputation abandons its plan to open a school, as it does not believe it can compete with this university-led alternative.

Rethinking the Relationship Between Corporatization and Mission

These scenarios appear to represent a continuous spectrum from low to high levels of corporatization. But, once the traditional in-house option is off the table, which scenarios represent the most and least intensive forms of corporatization? And how does corporatization correlate with institutional mission?

Scenario 1 involves no organizational change, meaning no corporatization at the university level (the least corporate option). At the sector level, however, it represents the most intense corporatization because these students are now fully taught by a private for-profit entity, one which is likely to put their financial mission above their "customers" and employees.

Scenario 2 features limited internal corporatization because the private provider de facto runs the school. However, it uses debt to trap the university in the partnership, diluting the university's brand through allowance of a private operator to teach and recruit on its behalf.

Scenario 3 represents the most intensive corporatization: two universities form a new private entity that allows them to hire more precarious, lower-paid staff. At the sector level, however, the problematic private competitor is blocked from penetrating the market. The universities also retain control over teaching, admissions, and student access to campus resources. This model of corporatization also transforms the universities' competitive relationship into a cooperative one.

This simulation helps us see that corporatization looks markedly different when viewed at the institutional or sector level. It also highlights the fact that it is a normative endeavor to determine when corporatization bolsters institutional mission and when it undermines it. Making such determinations is the messy work of university leadership. Leaders can do this work most effectively if they understand that they do not just serve their institution, but also the wider sector in which they are embedded, which includes the educational markets that they shape through their (in)action and the relevant national priorities advanced by the government. In countries like the UK, US, and Australia, where governments have long urged universities to act more like private firms, this means thinking creatively about how distinct organizational forms can impact a university's mission.

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