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The Invisible Hands behind the Student Evaluation of Teaching: The Rise of the New Managerial Elite in the Governance of Higher Education

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Abstract: We contend that the notion of teaching effectiveness has no verifiable empirical content and therefore the question of teaching score validity is misguided. Universities create knowledge, invest in human capital, and grant degrees, yet teaching scores are ill equipped to capture and evaluate any of these outcomes. In spite of well-documented shortcomings, virtually all universities in North America use teaching scores because they allow the managerial elite to legitimize their control over the affairs of academia in the broader context of university governance. Using the enabling myth of teaching scores, the bureaucrats shift the focus from the investment in human capital to the granting of degrees in order to re-cast higher education into an authoritative, vertically organized hierarchy, better suited for managerial rent-extraction and entrenchment.

Keywords: Student evaluation of teaching, conflict of interest, university governance, enabling myth, negative economic externalities

JEL Classification Codes: D73, G34, I23, L31

The amount of academic research on the Student Evaluation of Teaching (SET) is staggering. Perhaps the fascination with SET stems from the very introspective nature of the issue: academics researching themselves. While previous research has grappled with the notion of teaching effectiveness and teaching score validity, we shift the focus to university governance. Thus, we set ourselves aside from the managerialist perspective on higher education. Managerialism deals with the technological problem of optimizing the operations of the organization within a given set of rules, while university governance analyzes the very choice of rules that govern the allocation of power and control among financial claims. Unlike managerialism, university governance does not claim to be a value-free exercise; it approaches decision-making from an economic and political perspective.

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The emergence of modern student evaluation of teaching can be traced back to the 1960s. During that period, SET was used on an experimental basis, i.e., voluntarily. In the early 1980s it became the mainstay of academic practice in North America (Centra 1993; Wachtel 1998; Murray 2005; Lohman 2006). Today, the main justification for its use stems from the belief that SET is measuring teaching effectiveness. Many universities in the United States and Canada use teaching scores (to various extents) as a basis for tenure, promotion, re-appointment, and resource allocation.

Interestingly, the impetus gained by SET in the 1960s came in the wake of the civil rights movement. Back then, the most vocal group were the students who saw SET as a conduit for making their voice heard in the affairs of the university. The Faculty seized upon the opportunity to diversify the performance criteria on which tenure and promotion were based. And, the administrators probably sensed that the use of SET would provide an aura of accountability and legitimacy. Universities are entrusted with millions of dollars of public and private money, and it was important to show that the money was well spent. From its inception, SET mollified students, taxpayers, and private donors.

We argue that the notion of teaching effectiveness – invoked today to rationalize the use of SET – has no verifiable empirical content, and therefore the question of teaching score validity is misguided. Current research shows that, at most, teaching scores reveal the extent to which the professor is able to connect to the students' cultural beliefs and live up to their expectations. This expectation-fulfilling mindset, however, is not a meaningful approach. When used for administrative purposes, SET leads to collusion between students and teachers, and generates negative economic externalities. Why then are SETs still used on such a grand scale? The main thesis of this paper is that university administrators nurture teaching scores because they represent an enabling myth (Dugger 1989). SET legitimizes managerial claims to increasing control over the affairs of the university.

We organize our paper as follows: in the next two sections we discuss the empirical content of teaching scores. Then we discuss the conflict of interests that plague the use of SETs. We analyze the relationship among teaching scores, the rising managerial elite, and university governance in the latter sections, and suggestions and concluding comments are presented at the end of the article.

In the Eye of the Beholder

The central issue in the student evaluation of teaching is the notion of teaching effectiveness. The ability of the students to gauge the quality of the instruction process rests on the argument that the wisdom of crowds is more dependable than the wisdom of elites (Surowiecki 2004). About a century ago, Galton (1907) noted that any large crowd is better than any single individual at guessing the dressed weight of an ox. From here, Galton inferred that democratic judgments are more trustworthy than otherwise believed. Unfortunately, the wisdom of crowds argument cannot be readily applied to teaching in spite of its merit. For one, the dressed weight of an ox is

a relatively straight forward notion that can be easily verified by a third independent party. Teaching effectiveness, however, is only an abstract construct, subject to various interpretations. In addition, the crowd participating in the weight-measuring contest was not subject to any conflict of interest. That is, the evaluation had no significant impact on their welfare. Each individual was an objective participant motivated only by the desire to test his/her guessing skill.

Thus, we contend that the question of teaching effectiveness represents a red herring. It makes for a very good illustration of Quine's (1951) critique of empiricism. Teaching effectiveness is not an empirical statement that has a verifiable truth value; and teaching scores are not measuring any objective and independently verifiable trait of the teacher's classroom behavior. Teaching effectiveness is merely an abstract construct whose notional content varies according to the questionnaire used to measure it. By default, SET has become the operational definition of teaching effectiveness. Once embraced as acceptable, this approach never allows us to challenge the question of relevance, implying that teaching scores are always measuring what they are supposed to measure. Obviously, an axiomatic statement can never be proven wrong. Arguably, teaching effectiveness belongs more to the metaphysical world, for it does not meet Popper's (1972) criterion of demarcation.

What does SET really gauge? McKeachie (1979), Gigliotti (1987), Koermer and Petelle (1991), and Perry et al. (1979) suggest student expectations as a recurring motive. Students are conditioned to anticipate a certain type of classroom experience. Just like Wall Street investors, they react negatively when their expectations are not met (Gigliotti 1987). When the classroom experience is consistent with their expectations, the resulting teaching scores will be high (Koermer and Petelle 1991).

Student expectations can be associated with the pre-existing tradition and culture of each university. Hoffman and Kremer (1980) find that instructors who tune into students' attitudes and culture are rewarded with higher teaching scores. Shevelin et al. (2000) show that personal charisma is the single most important instructor characteristic influencing teaching scores. More disturbingly, Ambady and Rosenthal (1993) find that consensual judgments of instructor's nonverbal behavior based on a very brief silent video – under 30 seconds – significantly predicted end of semester teaching scores.

If we are to accept the notion that teaching effectiveness is defined as a predictable classroom experience, consistent with student expectations, and delivered by a cool teacher, then SET is indeed a measure of teaching effectiveness. This is, however, un-insightful. It does not say much about the type and amount of learning that takes place. It does not point to any obvious solutions to improving one's teaching performance. The only safe approach is to be cool (according to local norms) and avoid startling the students. However, as explained later, this expectation-fulfilling mindset would entail conflicts of interests and erosion in the quality of academic standards. At this point, we might perhaps re-state the main question. Is there any portion of the university's economic output that could be gauged by the student evaluation of teaching?

The Economics of Higher Education

Universities provide a mix of public and private goods. It is important to understand in greater depth why and how the university is creating value if we want to be able to design an appropriate metric of performance. We should inquire whether there is any connection between the economic paradigm fostered by the university and the evaluative capability of SET. To our knowledge, we are the first to propose this approach, and claim this to be an original contribution of our paper.

Paulsen and Feldman (1995) use a widely popular system to describe the activities of the university. The system explains the nature of faculty work by adopting four functional categories: teaching, service, research, and academic citizenship. Paulsen and Feldman focus on *how* things are done. Here, we add another classification of our own that focuses on *what* is being done. We argue that the economic impact of universities is manifested in three discernible areas:

(i) Creation and dissemination of knowledge
(ii) Investment in human capital
(iii) Granting of degrees

Our approach emphasizes the indissoluble mix of private and public goods produced by higher education. It also draws attention to the challenge of measuring its economic output. Our system highlights why managers are shifting the focus from creation of knowledge and investment in human capital to granting of degrees. Selling degrees is more readily measurable, and thus can justify more easily managerial discretion. Finally, our system makes it easier to understand how negative externalities are generated.

(i) The creation and dissemination of knowledge takes places through teaching and research. Research produces objective knowledge, a concept coined by Popper (1972). Teaching creates subjective knowledge, which can best be understood as a "state of consciousness or individual disposition to behave or react" (Popper 1972, 108). Thus, once a student grasps the concept of relativity, new subjective knowledge has been created. The student's insight need not be exactly the same as the teacher's. It is this very difference in insights that eventually allows humans to challenge conventional wisdom, and formulate new hypotheses and insights. Human learning always creates new subjective knowledge because every individual has a unique way of internalizing even the most mundane aspects of our world.

Several economists and sociologists, such as Veblen (1961), Popper (1972), Habermas (1968), and Wisman (1989) contend, in various formulas, that knowledge has an important evolutionary function. Popper, who believes that trial-and-error is central to understanding both evolution and knowledge, notes:

> . . . and so it happens more often than not that natural selection eliminates the mistaken hypothesis or expectation by eliminating those organisms which hold it, or believe it. So we can say that the critical or rational

> method consists in letting our hypothesis die in our stead; it is a case of exo-somatic evolution. (1972, 248)

In the classroom setting, trial-and-error implies that students will occasionally blunder and receive lower marks. When these trials and tribulations are mistakenly taken to be the instructor's failure to teach the students, disgruntlement will set in; student backlash and the perspective of poor teaching scores could thus dampen the instructor's pursuit of academic rigor.

The importance of knowledge creation is overwhelming. It engenders social and economic change (Romer 1986; 1990) and plays a decisive role in preserving the cultural and social continuity of our democratic system. The open society needs individuals who can make sense of their environment and are able to generate responsible choices (Veblen 1918; Popper 1945; Hayek 1960; Kamens 1988; Milligan, Moretti and Oreopoulos 2004). Therein lies the essence of the public good provided by the higher education system. Here, we argue that SET: a) cannot distinguish well between students who are and those who are not acutely aware of their own state of enlightenment; b) undermines the evolutionary role played by learning; and c) is not geared to capture the far-reaching social and political consequences of knowledge creation.

(ii) The importance of *investing in human capital* has been emphasized by Fisher (1906), Schultz (1961), Becker (1964) and Mincer (1974; 1984). The payoff has a private component, in the form of increased earning power; and a social component, in the form of increased productivity and economic growth. Ashenfelter and Rouse (2000) claim the link between education and earning power is one of the best-documented relationships in economics. The private return to academic attainment is estimated to range between 6% and 10% for each additional year of schooling (Ashenfelter and Krueger 1994; Kane and Rouse 1995; Ashenfelter and Rouse 1998).

There are more than a few studies linking investment in human capital to increased productivity and economic growth:[1] Barro (1991), Benhabib and Spiegel (1994), Psacharopoulos, (1994), Dinopoulos and Thompson (2000), Jones (2001), and Bassanini and Scarpetta (2002). The acquired capacity of human capital for continuous learning and knowledge accumulation drives both the increase in earning power and the increase in productivity and economic growth (Romer 1986; 1990; Heckman, Lochner and Taber 1998; Klenow 1998; Brunello and Comi 2004; Connolly and Gottschalk 2006; and Huggetta, Venturab and Yaron 2006). This finding echoes the old wisdom that learning how to learn is the most valuable dimension of human capital instilled through higher education. Finally, Trostel (2003) shows that the net present value of funding education is positive. He estimates that for local governments, the present value of future increases in tax revenues from higher earnings far outstrips the cost of funding universities. Obviously, increased tax revenues go toward the funding of other social programs and thus should count as public goods.

SET cannot measure the impact of teaching on the social returns to investing in human capital. At most, it could capture expectations of future earning power as

suggested by academic marks. Insofar as academic marks truthfully reflect academic achievement, and students are capable of honest and critical self-evaluation, these expectations could be unbiased. As it will be shown later, however, there are conflicts of interest that seriously cast doubts on the unbiasedness of SET.

(*iii*) *The granting of degrees* is directly observable and somewhat measurable. There is evidence suggesting that the payoff to education relies to a certain degree on the cognitive abilities of the student (Arrow 1973; Taubman and Wales 1973; Blackburn and Neumark 1993; Hermstein and Murray 1994; Murnane, Willett and Levy 1995; Park 2006). Degree granting certifies that the degree-holder possesses certain abilities. There is a significant normative component to this process that makes it easier to prescribe performance benchmarks; and there is a modicum of technological consistency for quality assurance purposes.

It is important again to note the co-existence of both private and public good components. The graduate realizes the increased earning power, while the market realizes important savings on searching and job training cost (Martins 2004). The degree is important because it provides the market with a signal of human capital quality (Griliches and Mason 1972; Spence 1973). The economic value of this signal depends on the extent to which learning capacity and diligence are consistently evaluated. In other words, academic rigor is paramount. There is a fair amount of tension between the public and the private good component of the credential business. Higher education has to reconcile the provision of a valuable economic signal with the desire to sell as many degrees as possible. In this respect, universities are "part church, part car dealer" (Winston 1999). Conceivably, SET could provide a useful assessment of the classroom process, provided it does not encroach on academic authority.

Conflict of Interests

Unfortunately, any relevance that SET might have is nullified by a pervasive conflict of interest. There are several angles to this issue. First, in the anonymity provided by SET, students can easily become abusive. The real damage occurs when SET is used to evaluate the professor for promotion and tenure. Anonymity is emboldening the individual to forsake responsible behavior. The credibility of anonymous opinions becomes problematic when the authors of disparaging comments do not stand to incur any cost if their claims are unfounded or malicious. The gripping problem is this: The students are not impartial observers of the classroom process. They should not assert the ability to evaluate the professor with objectivity.

There is a strong incentive to bias the evaluation to penalize the professor who is not compliant with the plight of students.[2] Remarkably, students need not always carry out their reprimand. The mere fact that an implicit threat exists is enough to change the attitude of the professor. The professor, whose career depends in part on her teaching scores, is compelled to re-evaluate her strategy. Would she deliver her lectures and assignments according to her best judgment; or, would she adjust her classroom agenda to maximize her teaching scores?

This is a classical prisoner dilemma. Each party might try to control the agenda and impose it on the other one. The struggle for classroom hegemony would initially have the students pitched against the professor. At first, a tit-for-tat contest might ensue. Given the intercursive nature of the power relationship, both parties will learn that the best strategy is cooperation (Wrong 1968; Jones 1995). They will both make room for the other party's demands, starting on the slippery slope leading to collusion and shirking.

A common perception among many academics has it that teachers exchange more lenient grades for higher teaching scores. The mere fact of finding a direct relationship between teaching scores and student grades, however, is not enough to incriminate SET. One can argue that more effective teaching leads to higher student grades, and thus to higher teaching scores. The charges leveled at SET are not serious unless we can show that both the increase in teaching scores and student grades are undeserved. The inquiry into the relationship between teaching scores and grading leniency is as old as the use of teaching evaluations (Voeks and French 1960; Rodin and Rodin 1972; Nichols and Soper 1972). As early as 1974, Newsweek worried about grade inflation and academic leniency ("Grade Inflation," July 1, 1974, 49). Capozza (1973, 127) remarks rather cynically:

> . . . if a professor wishes to receive a perfect rating [. . .], then he should teach nothing and give at least two thirds of the class As.

McKenzie and Tullock (1981) propose a more subtle and complex relationship, according to which the instructor can manipulate teaching scores by reducing the required workload and quality standards, making the students feel the As and Bs are deserved. This effect is particularly strong for required courses, explaining in part why so many professors prefer teaching higher level, optional courses. Ryan, Anderson and Birchler (1980) report higher teaching scores associated with more lenient examinations and reduced course workloads. Weinberg, Fleisher and Hashimoto (2006, 20) find that: 1) there is a positive relationship between grades in the current course and evaluations; 2) there is no evidence of a positive relationship between learning and evaluations controlling for current course grades; and 3) learning is no more related to student evaluations of the amount learned in the course than it is to student evaluations of other aspects of the course.

There is reasonable evidence of a suspicious tit-for-tat between the teacher and the students.[3] We believe, however, that the implicit threat students wield through SET goes much deeper than professor leniency. Leniency might be part of the story, but it represents by no means the whole account.

We argue that long term economic and social progress calls upon our education system to deliver a delicate balance of conformity and inquisitiveness. Preserving our democracy and open society requires a measure of structure, discipline and acceptance of rules. At the same time individuals should be apt to challenge our conjectural understanding of the world. The classroom is therefore supposed to be the forum where our young learn how to be inquisitive. We believe that the ability to think critically is paramount. Bertrand Russell (1959, 68) remarks:

> The important truth which seems to have been understood [. . .] from the very beginning is that learning is not a process of dishing out information [. . .] But is neither the sole function of the teacher, nor yet the most important one [. . .] The role of the teacher is one of guidance, of bringing the pupil to see for himself [...]. But learning to think independently is not an ability that comes all of a piece. It must be acquired by dint of personal effort and with the help of a mentor who can direct these efforts [. . .] It might be said that an academic institution fulfils its proper function to the extent that it fosters independent habits of mind and a spirit of enquiry free from the bias and prejudices of the moment. Insofar as a university fails in this task it sinks to the level of indoctrination. At the same time such a failure has more serious consequences still. For where independent thinking dies out, whether for lack of courage or absence of discipline, there the evil weeds of propaganda and authoritarianism proliferate unchecked [. . .] Education, then, is learning to think for oneself under the guidance of a teacher. (68)

When viewed through the lens of someone who comes to class to seek certainty rather than transient ambiguities, learning can become a fairly distressing experience; for it is not for the feint of heart, for those who dislike seeing their world rattled by disturbing questions. Yet, these trials and tribulations are essential, for they enable knowledge to manifest itself as an evolutionary mechanism aimed at eliminating unsound conjectures through trial-and-error. Students can safely slip up in a controlled environment, where the consequences of their trials and tribulations are extremely mild.

Sadly, the incentive to take risks and to experiment might become one of the most notable victims of SET. SET significantly alters the dynamic of the classroom interaction between the professor and the students. It is conceivable that every academic who has gone through tenure and promotion, must have – at one point in time or another – contemplated the impact of SET on the future of their professional career. More than a few might have even acted on the impulse to make concessions out of fear of jeopardizing their career.

The Enabling Myth

The most intriguing question is this: Why are universities still using SET for administrative purposes in spite of their obvious inadequacy? Are they truly empowering the students? By probing the students' sentiment on matters of procedural and distributive justice, SET might limit instructor's shirking. At least, it appears that way on the surface; students might feel they have more power and sway in the affairs of the university.

However, as already argued above, SET is ridden with a lethal flaw: the conflict of interest in which both the professor and the students find themselves in the course of the mutual evaluation process leads precisely to the dysfunctional behavior one

would like to curb: collusion, opportunism and shirking. Once teaching scores become performance targets, in a glaring illustration of Goodhart's Law, they lose most of their meaning and significance (Goodhart 1998; Goodhart and Mizen 2003).

Using a concept coined by Dugger (1989, 608), we contend that SET has become an enabling myth that fosters a certain power mechanism and institutional hierarchy:

> Myths serve as powerful social control mechanisms, particularly in stratified societies, where they keep their lower strata in their assigned place.

In the last couple of decades, a new managerial class has assumed control over the academic agenda and its resources. This class is redefining higher learning as a consumer service. Some euphemistically call this process the "reinventing" of universities, alluding to the manner in which corporations have been restructured, downsized, streamlined and refocused in the 1980s and 1990s (Mahoney 1997). In the name of market discipline, research and teaching are recast to become amenable to bureaucratic administration; the entire education process is adjusted in order to play to the skills and strengths that managers bring to the organization.[4] Cohen, March, and Olsen (1972, 1) refer to this quandary as:

> . . . solutions looking for issues to which they might be the answer, and decision makers looking for work.

The mechanism of university governance has undergone a deep transformation from a collegial to a hierarchical model. Academic authority has been superseded by managerial discretion. In making reference to university governance we delineate our paper from the managerialist literature on higher education. Managerialism is chiefly concerned with the organizational technology employed by administrators. University governance, as a subspecies of corporate governance, is concerned with the rules governing the bargaining over the economic surplus created by the investment in the firm-specific assets (Zingales 1998). Managerialism aims at organizing production to increase worker productivity, managing inventory to minimize costs, etc., while governance deals with the issue of power and control. Managers view themselves as technocrats, making technical, rather than political decisions. Although managerialism might be rife with hidden value judgments, it nevertheless takes a given power distribution for as granted. As a result, it does not represent a good theoretical framework for analyzing political economy issues. The notion of efficiency in university governance is not concerned with operational aspects. It refers instead to the allocation of power and control among the claimants of the institution.

University Governance

Almost a century ago, Thorstein Veblen (1918) made this prescient remark, while musing over the predicaments that beset the bureaucratization of higher education:

> The underlying business-like presumption accordingly appears to be that learning is a merchantable commodity, to be produced on a piece-rate plan, rated, bought and sold by standard units, measured, counted and reduced to staple equivalence by impersonal, mechanical tests [. . .] So far as this mechanistic system goes freely into effect it leads to a substitution of salesman-like proficiency – a balancing of bargains in staple credits – in the place of scientific capacity and addiction to study. The salesman-like abilities and the men of affairs that so are drawn into the academic personnel are, presumably, somewhat under grade in their kind [. . .] the school becomes primarily a bureaucratic organization, and the first and unremitting duties of the staff are those of official management and accountancy. The further qualifications requisite in the members of the academic staff will be such as make for vendibility, – volubility, tactful effrontery, [and] conspicuous conformity to the popular taste in all matters of opinion, usage and conventions.

Remarkably, modern universities have two categories of providers of capital. On the one hand, taxpayers and private donors finance tangible assets: buildings, labs, facilities and many others. On the other hand, the professors provide the specialized human capital. The professors fit the definition of the capital provider because they represent the technological core of the university (Waugh 1998). After receiving tenure and promotion, their human capital becomes tied-up with the university. The job mobility of academics is thus curtailed, not because they lack the relevant skills to meet the demands of another job, but because once they sink their human capital in the university, there is a substantial cost associated with re-deploying it. Thus, academics become exposed to the university's idiosyncratic risk. Academic freedom is a direct consequence of this notion. The collegial model of university governance stems from the same source. We are dealing with a property rights argument of sorts (Grossman and Hart 1986; Hart and Moore 1988; 1990).

The same case can be approached from a slightly different angle. The creation of knowledge and the investment in human capital are extremely complex activities; they can best be observed and assessed by the first party, that is, the professor. One cannot apply any known third-party objective measure of performance to gauge it. Buchanan (1979, 259) remarks:

> The problem with education, and notably with higher education, is the extreme uncertainty about just what the final product is. What is the output that the general taxpayer expects to get for his taxes?

Given the inscrutable nature of the classroom output, the professors remain the sole arbitrators of academic performance, and thus, the potential for shirking is huge; that is, if academics are made to function as mere employees. In order to account for the general interest of society, one has to endorse the primacy of the professional goals of the faculty. In other words, when the well-functioning of the university rests almost entirely on the good-will of faculty members, the only form of governance that works must be self-enforcing. Tenure and collegial university governance necessarily follow from here. Baker, Jensen, and Murphy (1988) note:

> Tenured systems must be primarily used for matching purposes rather than incentive purposes since it is difficult to argue that the desire for tenure provides incentives for law associates and junior faculty and simultaneously argue that no further incentives are required once tenure is achieved. Tenure systems appear to prevail in situations where human capital, creativity and an unstructured environment are particularly important in the production process, and where long lags between actions and the observation of outcomes make performance measurement and evaluation difficult.

One cannot have separation of ownership in control in the case of human capital.[5] However, this argument becomes subject to reexamination when considering the granting of degrees, which represents the provision of a service. Here, the requirement for university-specific, human capital investment is lessened, and one could easily view academics as service workers rather than providers of human capital. The delivery of a service is more amenable to managerial discretion, due to readily available measures of operational performance, such as teaching scores, enrollment, and graduation rates.

Novaes and Zingales (2004) show that the system of incentives in more bureaucratized firms relies heavily on input-based performance measures. Since higher education cannot really provide precise output measures, university managers need a performance measurement system able to give them a legitimate basis for control over resources and their own compensation package. SET provides the image of rigorousness and accountability - the enabling myth — allowing the administrators to build their corporate empires. While the governance of knowledge creation calls for a collegial model and a flat organizational structure, the consumerist delivery of credentials calls for a hierarchical organization and an authoritative governance model. Unfortunately, we fear that this shift comes at the expense of other less observable and measurably important activities.

A Broader Perspective

Two other developments in the administration of higher education are connected, in our opinion, to the use of SET. The first one is the increasing reliance on part-time and non-tenured instructors. The second one is the significant increase in the

compensation level awarded to top university managers and bureaucrats. The former is a significant development because the reappointment of part-time and non-tenured faculty is almost entirely reliant on teaching scores. The latter is also revealing because the compensation levels and perks of top bureaucrats depend to a certain extent on meeting enrollment targets. This link is more obvious in predominantly teaching-oriented universities where enrollment, graduation rates, and student satisfaction are among the main determinants of university funding and revenue. Thus, a university boasting high teaching scores might be able to attract and keep students until graduation. Since universities are not valued in the market, teaching scores, tuition revenue, and graduation rates could represent a substitute metric of managerial performance.

The last two decades have seen a sustained push toward increased operational efficiency in higher education. An important development is represented by a more flexible labor strategy. A quick look at statistics reinforces the belief that indeed, universities have embraced the outsourcing of their traditional academic activities in the same manner in which they handled food services and other ancillary services. Table 1 presents the proportion of part-time and non tenure-track faculty in the United States between 1975 and 2003.

Table 1. Trends in U.S. Faculty Status, 1975-2003 (all institutions)

	1975	1995	2003
Full-time Tenured	36.5%	30.6%	24.1%
Full time Tenure Track	20.3%	11.8%	11.0%
Full time Non-Track	13.0%	16.7%	18.7%
Part-time	30.2%	40.9%	46.3%
Total	**100%**	**100%**	**100.0%**

Source: U.S. Department of Education, IPEDS Fall Staff Survey; EEOC, EEO-6 Survey Trends in Faculty Status, 1975-2003.

There is a marked increase in the percentage of temporary and non tenure-track positions. By 2003, part-timers make up almost half of all academic positions in the United States. By contrast, only about one forth of all academic positions is occupied by tenured faculty members. Administrators usually defend this trend by pointing out at the reduction in operating expenses and to the high teaching scores achieved by part-timers (who owe their re-appointment almost exclusively to their reputation among students).

The emerging organizational model is that of an entrenched university bureaucracy outsourcing most of the education process based on the ability to achieve high teaching scores, and rolling out graduates as diligently and expediently as fast food joints churn hamburgers. Waugh (1998) rightly warns that higher education is about to become intellectual fast food. While the fast-food industry has been very successful in serving billions of clients worldwide, it has also contributed to a widely acknowledged public health problem. The astounding success in selling hamburgers and fries has been outdone by significant negative externalities. Of course, one can argue that the fast-food industry is not in the business of looking after the public health. The point made here, however, is that operational efficiency is realized only by externalizing an important portion of economic costs. The same could also be true of higher education. What if the increased operational efficiency in our universities is inversely related to the provision of the public good? What if the credential business generates negative economic externalities in the same manner fast food and big oil generate public health problems and environmental damage?

Relying on operational measures of efficiency to gauge their performance, top university managers can reasonably dream of perks and a lavish lifestyle reminiscent of popular figures such as Lee Iacocca and Jack Welch. In the United States, there are already university presidents who earn like Fortune 500 CEOs. In an article published in its November 14, 2005 issue, The Chronicle of Higher Education uncovers a very interesting situation. In 2004, five university presidents in the United States earned over $1 million. In total, 50 university presidents earned over $500,000 up 35 percent from the previous year. In addition, another 30 university presidents receive between $400,000 and $499,999 in compensation. The median compensation for the post is $360,000. In Canada, where all the universities are public, the highest paid university president is still under the $500,000 mark, but the compensation trend is edging up (CAUT Almanac of Post-Secondary Education 2007, 42). To this add all the other perks that university presidents are receiving, such as generous pensions, golden parachutes, the use of a luxurious house for the duration of their term in office, and many others.

In the end, we believe there is a strong link among the rise of teaching evaluations in the last thirty years, the steep increase in university president compensation, the decline in full time tenured or tenure-track faculty, and the move toward a hierarchical governance structure. This reveals a trend in which the private good component of higher education is extolled at the expense of the public good. If higher education is still expected to deliver a public good and continues to be funded (directly or indirectly) with public money, it would fail in the sense indicated by public choice theorists, such as Buchanan and Tullock (1962).[6] From their perspective, the managerial elite are just another special interest group, not much different from labor unions or the National Rifle Association. The patronage of religion that was so pervasive a few centuries ago has now been replaced with the patronage of consumerism. What remains the same is the subordination of the academic agenda to the rule of the dominant doctrine. Olivares (2003, 243) ends his paper on a very telling note:

> Do we have more effective teachers today than we did 30 or 40 years ago when ratings were not a pervasive component of higher education? Are students more learned today than they were 30 or 40 years ago, as a result of the implementation of [teaching scores]? Empirical and anecdotal evidence suggests that this is not the case; rather, data suggest that the institutionalization of [teaching scores] as a method to evaluate teacher effectiveness has resulted in students learning less in environments that have become less learning — and more consumer-oriented.

What to Do?

Despite creating the image of improving productivity, SET has become an enabling myth that redistributes power to managers and greatly constricts academic authority. Higher education is becoming a center for economic rents extraction by professional managers, delivering a consumer service and playing to the expectations of a wide body of students in the same manner Wall Street firms play to the short-term expectations of investors. Academics are converted from highly skilled human capital into average service workers. What can be done to stop this debasement? Among other things, we need a new paradigm for using student opinions. Olivares (2003, 240) who seems to argue against the validity of SET, but in support of its usefulness concludes:

> Thus, a lack of validity does not mean that [teaching scores] are not useful; rather, it just suggests that [teaching scores] are not measuring what they intended to measure and therefore inferences regarding teacher effectiveness or student learning should be constrained.

Here, we argue vigorously only against the use of SET as administrative tools. We do acknowledge research showing that student feedback could indeed determine functional adjustments provided that they are used in conjunction with other type of feed-back mechanisms (Cohen 1980; Marsh and Roche 1993; Menges 1991; Overall and Marsh 1979; Seldin 1989; 1993; Wilson 1986). We believe that student input is very important, but its role should be confined to formative purposes. That is, student's opinions should be used solely by the instructor. For example, student opinions could assist the instructor in gauging new paradigms of teaching certain disciplines. Economists in particular have grappled with the rigidity and extreme formalism of the mainstream neo-classical theory (Buchanan 1979; Knoedler and Underwood 2003). The advancement of alternative principles to teaching economics that would shift the emphasis from analytical to critical thinking and from mathematical formalization to problem-solving is a high risk proposal; hence, it is crucial that the instructor is able to ascertain learning outcomes realistically. Teaching questionnaires should thus become free of any conflict of interests and other confounding biases, which are usually associated with the administrative use of teaching scores. The answer to the appropriate use of SET, however, is linked to the issue of university governance.

First, there has to be a change in the way we account for the costs and benefits of higher education. University accountants make no distinction between making money and raising money; they book government and/or private funding as revenue. This practice – unthinkable in other circumstances (can one imagine GM booking proceeds from common stock offerings as revenue, together with car sales?) — jumbles the economic picture in three ways: a) it reinforces the myth of the student-customer, b) it acknowledges the result of the budget exercise as the most important criterion of economic legitimacy, and c) it creates incentives to externalize some of the costs in the form of poor learning outcomes and degrees with low signaling value. Take funding away from the income statement, and the overwhelming majority of universities would not be able to balance their budgets (unless perhaps doubling or tripling tuition fees). It should become clear that only a fraction of the economic payoff is generated through selling a service. Another very significant portion is the investment in abstract entities (objective knowledge) and in human capital (subjective knowledge). Maximizing the economic payoff depends more on academic rigor than on the number of students enrolled. It would make more sense to link funding to GDP growth, rather than to student enrollment. This would alleviate the nefarious influence exercised by teaching scores, which encroach on academic authority in the name of managerial expediency.

Time has come for a sound theory of university governance to answer the question of how to distribute power and authority within an institution that internalizes all the cost of providing a complex mix of private and public goods, but cannot fully account for all the private and social benefits. This, however, will constitute the subject of future research.

Concluding Remarks

In this paper we argue that the administrative use of teaching scores can be understood only in the larger context of university governance. The significant shortcomings of SET are well documented in the literature. Some studies show that teaching scores evaluate how the professor tunes into the cultural attitudes and expectations of the students. We find this approach to defining teaching effectiveness unsatisfying. SET is not fit to detect the creation of new knowledge or the appreciation of human capital. Hence, its relevance could be at best confined to the private good component of the degree granting process.

Unfortunately, any claim to legitimacy is seriously undermined by the presence of a pervasive conflict of interest. This represents a fatal deficiency: the students cannot be neutral observers of the classroom process as long as the teacher's own evaluation of their academic performance is brought to bear. Knowing that SET plays an important role in the tenure and promotion of the professor, the students can use teaching scores to threaten the professor into compliance. Obviously, the teacher can also summon the specter of tough standards and heavy workloads in retaliation for possible unfavorable scores. Over long periods of time, however, students and teachers learn that tit-for-tat strategies can be devastating for both parties. As a result,

they would implicitly agree to exchange good teaching scores for student control of the classroom agenda, including lenient academic standards.

In spite of this substantial flaw, the use of SET became a well-entrenched practice for many North-American public universities. Teaching scores came to represent an institutional enabling myth: they allow the leveraging of managerial power. Under the appearance of empowering the students, SET helps recast higher education into a large-scale, consumer-oriented, degree-granting industry. While shifting the emphasis from creation of knowledge to providing a consumer service, the academic bureaucracy can legitimately increase control over the academic agenda and its resources. In a consumer service industry, the firm-specific human capital investment of academics becomes relatively less important; thus, the requirement for collegial governance and a flat organizational structure is lessened. The results are a hierarchical organizational structure and an authoritative governance model. The new managerial class and its administrative staff become entrenched and can now reasonably dream of perks, compensation packages and a lifestyle to match that of high-profile CEOs.

We fear that if higher education continues to be publicly funded (this also includes privately funded, not-for profit universities) it is bound to fail from a wider social perspective because it concentrates on delivering a private good at the expense of the public good; and it externalizes an important portion of costs in the form of poor learning outcomes and degrees with low signaling value. In the end, we do argue against the dogmatic use of teaching scores as measures of classroom and operational performance, but do not deny that student input is useful in improving higher education. Students' opinions play an important formative role, and student feedback should be taken in consideration by instructors - not by evaluation committees — in order to bring about functional adjustments to the classroom process.

The proper use of student's opinions should be founded on a concept of university governance that would establish the primacy of academic authority based on economic value. So far, the current managerialist discourse has proclaimed the primacy of the market, but has failed to prove the economic viability of its corporate governance model built exclusively on problematic accounting conventions. A coherent and consistent theory of university governance is long overdue; this will make the subject of future research.

Notes

1. The literature on economic growth is replete with references to education and investment in human capital; see Krueger and Lindahl (2001) for a condensed overview.
2. A survey by Jacobs (1987) reports quite a few instances of students colluding with other fellow students in order to retaliate against a teacher. There is plenty of other anecdotal evidence suggesting that getting back at the professor is more a widespread practice than commonly acknowledged. This attitude is obviously consequential only when teaching scores are used for promotion, tenure and other administrative purposes. It is precisely the administrative use of SETs that we criticize here.
3. For a more detailed exploration of the link between learning and evaluations see Cohen (1980), Dowell and Neal (1982), Marsh (1984), (1987), and (2006), Abrami, Apollonia, and Rosenfield (1997), Feldman (1997), Krautmann and Sander (1999), Boex (2000), Greenwald and Gillmore (1997), and Theall and Feldman (2006).

4. Shleifer and Vishny (1989) note that managers seek to organize and restructure the corporation such that that their leadership is important to the well functioning of the organization and to employees' incentives.
5. The collegial governance system, however, must also include trustees or community members, representing the interest of the taxpayers for even if the professors act as their own agents, there is still a potential conflict of interest among providers of capital: academics can still expropriate the taxpayers (including students) in the same manner a controlling shareholder can expropriate minority investors in a publicly held corporation.
6. A great many privately funded universities enjoy not-for-profit, status; since they are tax exempt, one can view them as partially and indirectly funded with public money.

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