

## Pondering productivity

It is frequently asserted that colleges and universities should be run like a business. Proponents of this viewpoint contend that by emulating the best business practices, colleges could increase productivity and lower cost.

Countless politicians and entrepreneurs have made this assertion. Business authors have published dozens of books suggesting the potential for significant innovation and productivity gains on college campuses.

Yet, does the best available evidence support this belief?

The Bureau of Labor Statistics (BLS) carefully tracks the productivity for

the nation's private businesses. The BLS defines productivity as, "A measure of economic efficiency that shows how effectively economic inputs are converted into output. Productivity is measured by comparing the amount of goods and services produced with the inputs that were used in production."

The most recent multi-year period for which data are available is 2007 to 2011. During this period, the average annual increase in productivity was 1.8 percent. Although productivity does vary, an annual increase of 1.8 percent is typical for the past four decades. From 1973 to 2011, the annual rate of productivity increase was 1.78 percent.

What does a productivity rate of 1.8 percent mean? Simply stated, it means that if a business produced 1,000 products in a year, the next year the business could produce 1,018 products without increasing the number of workers or the number of hours worked. This increase in output would be due to increases in innovation and efficiency.

This may seem like a trivial change; yet, over time, seemingly modest productivity increases will produce significant outcomes. An average annual productivity increase of 1.8 percent means that a typical person would see the standard of living more than triple during a lifetime.

What would it mean for Weber State University to have a productivity rate of 1.8 percent? In other words, what would it mean for WSU to operate like a typical private business?

In 2007, WSU's enrollment was 18,081 students. If enrollment had grown at a rate of 1.8 percent per year, WSU's enrollment would have been 19,418 in 2011, representing an increase of 1,337 students.

What actually happened? From 2007 to 2011, WSU's enrollment grew from 18,081 to 25,301, an addition of 7,220 students. Digging a little deeper, productivity isn't simply a measure of how much is produced. It is actually a measure of how much is produced by a given amount of labor. Again, according to the BLS, "...productivity relates output to the labor ... used in the production of that output." In the case of educating college students, the labor involved is the university's faculty.

Returning to the case at hand, the number of full-time and part-time faculty members actually declined from 573

faculty members in 2007 to 564 faculty members in 2011. This was the result of several years of unavoidable cuts in state funding. This means that WSU managed to educate 7,220 additional students with 9 fewer faculty.

Accounting for the growth in students and decline in faculty, the actual rate of increase in

WSU's productivity was 9.2 percent per year. This compares to the private business sector's average of 1.8 percent. The bottom line is that from 2007 to 2011 WSU was more than five times as productive as the typical private business. Astonishingly, WSU increased output by 40 percent while simultaneously cutting costs.

In order for this to happen, average class size changed, yet remained below 21 students. More importantly, there are other indications that WSU continued to enhance educational quality over the past four years. In 2008, WSU was honored by the Carnegie Foundation for its work in community engagement. In 2012, the campus hosted the prestigious National Conference on Undergraduate Research. In each of the past four years, WSU has been recognized by the Princeton Review and U.S. News.

Those who question the productivity of the nation's colleges and universities should take a moment to consider the data. During the current economic downturn, higher education has been asked to do more with less.

Higher education has responded. Indeed, some colleges and universities are incredibly productive. It is even possible that the private sector could learn something about productivity from the nation's best universities.

### Top of Utah Voices



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**Commentary**

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