

Two Cheers for Tenure

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Numerous sources point to the gradual decline in tenure and tenure-track appointments in American higher education.¹ The substitution of part-time instructors for full-time faculty is often seen as the primary cause of this decline. Indeed, the ratio of part-time to full-time faculty in private institutions rose from approximately 50% in 1989 to 69% in 2001.² More surprisingly, however, the statistics from the National Center of Education Statistics also show a decline in the importance of tenure for full-time faculty hires. In fact, more than half of full-time faculty hires in the United States are now hired into non-tenure-track positions for all institutional types. In the Carnegie Liberal Arts I category (Juniata's classification), the ratio of full-time non-tenure-track hires to total new hires rose to 58% in 2001 from 42% in 1989.³

Organizations like the American Association of University Professors (AAUP) have reacted strongly to this apparent retreat from tenure. In its 2003 statement, *Contingent Appointments and the Academic Profession*, the AAUP claims that the over-reliance on contingent (non-tenure-track) faculty will result in reduction in student learning, rising inequity among faculty colleagues,

diminishing integrity of faculty work, and reduced academic freedom. The statement concludes, “For the good of institutions, of the educational experiences of students, and the quality of education, the proportion of tenured and tenure-track faculty should be increased.”⁴

Analysts who try to explain why tenure is becoming less important focus on the forces of demand and supply in the labor market. On the demand side tenure is seen as a rigidity by administrators who are looking for ways to respond quickly to changes in overall student enrollment or to changes in the academic interests of students. Contingent or fixed-term faculty appointments offer administrators greater flexibility than tenured or tenure-track faculty in managing payrolls. This desire for greater flexibility is even greater when funding is reduced or begins to grow at a slower pace. On the supply side, analysts point to the considerable over-supply of qualified faculty applicants in some fields. This condition of over-supply in the academic market increases the likelihood that faculty will accept contingent appointments.

Others point to the tenure process itself as the source of the problem. Cathy Trower and Dick Chait in the March-April edition of the *Harvard Magazine* say, “The sources of frustration and dissatisfaction with the tenure process (described by one candidate as ‘archery in the dark’), are well-documented: ambiguous standards; contradictory priorities and expectations; professional isolation; erratic feedback and inconsistent and incomplete performance reviews; ideological and methodological biases; and the multiple demands of teaching, research, and service. To make matters worse, the tenure timeline, almost cruelly, coincides with the pressures associated with starting a family and establishing financial stability. Small wonder, then, that so many probationary faculty members, most notably women and minorities, dislike the tenure process, or that a substantial subset leave the professoriate.”⁵

It is interesting that there doesn't seem to be great concern among non-tenured faculty about the decline in the importance of tenure. In the same article, Trower and Chait claim, “On the other hand, junior faculty are more apt than senior faculty to regard tenure as ‘an outmoded concept.’ Among untenured faculty, just under half viewed tenure as outdated in 1998, compared to about one-quarter of faculty with tenure.”⁶ In a survey completed by Juniata faculty in

2004, almost 40% of survey respondents strongly agreed or agreed that tenure was an “outmoded” concept.⁷ This percentage was only a little higher for Juniata faculty than it was for all faculty surveyed nationally or faculty at comparison institutions.

The fact of the decline in the importance of tenure in American higher education is clear. While there are a number of different explanations for the causes of the decline, the fact is that the changes might be occurring simultaneously on the demand side, the supply side, in the institutional administration of tenure, and in faculty attitudes about tenure, all of which are contributing to its decline. While the AAUP believes this is a serious problem, there are many in society at large who believe that tenure produces a lack of accountability in the professoriate. They argue that higher education in general would produce better outcomes if the “outmoded” institution of tenure simply went away. Is tenure important? The overall question of the importance of tenure is too big for this space, but I believe we can make an argument that tenure is efficient, at least for some kinds of colleges and universities.

First, we should point out that a case can be made that tenure is a source of allocative inefficiency in the labor market. Economists often suggest that employee benefits that are not fully portable can cause allocative inefficiency. Pension plans that take a long time to vest or vest incompletely make it less likely that an employee who could be more productive (and thus earn more) in another job might make a change. This incomplete vesting might then prevent the reallocation of workers from lower productivity to higher productivity jobs. Similarly, differences in health care from employer to employer make it more difficult for employees to use wage information to clearly determine whether their earnings (and productivity) will be higher in job A than in job B. Significant differences in health care plans from employer to employer might then prevent the movement of workers from lower to higher productivity employment. Since tenure is generally not a portable condition of employment, it is like an incompletely vested pension or a different, but known, health care plan. A faculty member with tenure at College X might be more productive at College Y, and College Y might offer the faculty member a higher salary to relocate, but since he or she cannot generally carry his or her tenure from X to Y it is less likely that he or she will move. Thus, the current tenure

system might result in an inefficient allocation of faculty resources among all colleges.

While the tenure system does introduce some rigidity into the academic labor market, it may also generate efficiencies. This different way of thinking about tenure as a source of efficiency in higher education comes from the work of economists Gary Becker and Albert Hirschman.⁸

In *Human Capital* Gary Becker uses economic analysis to explore basic propositions in the economics of education. In examining the impact of education and training on earnings, he makes an important distinction between general and specific training, which is meant to apply to both formal training (schooling) and on-the-job training. General training will raise the trainee's productivity for any similar firm. Consequently a firm will have no incentive to pay for general training since the employee can take his new skills and higher productivity to any other competitor (and the competitors would have an inducement to hire such trained employees) after the training period. The training firm could not earn a return on its training investment, and would essentially end up paying the cost of training its competitor's labor force. Economists reason, therefore, that such general training costs are paid by the trainee who accepts a wage during the training period which is below his opportunity cost or the wage which he or she could alternatively earn during the training period. General training will only be paid by the employer if there is some way of compelling the trainee to stay with the employer for some period of time after the training.

Specific training raises the trainee's productivity only for the firm which provides the training. The trainee's productivity is raised only if he or she continues to work for the training firm. In this case, there is no inducement for competitive firms to hire away workers trained by a competitor. Here the issue of who pays the training cost is more complicated. If the firm pays all the cost and the worker subsequently takes another job, the return on the training investment is lost. Similarly, if the worker is fired or laid off after paying for training costs he or she wouldn't receive any return on the investment since his or her productivity in other employment hasn't been increased. Becker's conclusion is that the willingness of workers and firms to pay the costs of specific training depends on the likelihood of turnover, since both trainee and employer are adversely

affected if they part company.⁹ When training is specific, we should expect that training cost and benefits will be shared by employer and trainee. The wage earned after training should be higher than the worker's opportunity cost (to minimize the chance that he or she will leave for alternative employment) but less than the worker's new higher productivity to provide a return on investment for the employer. This sharing of the costs and benefits of training provides an incentive for both the employer and the trainee which allows the training to take place.

Our economic understanding of tenure depends in part on our characterization of the probationary or pre-tenure period. If we can think of the pre-tenure or probationary time as a training period, and if the training is general, we would not expect much effort on the part of the initial hiring institution to reduce the likelihood of turnover. Indeed, to the degree to which there is a readily available pool of new entrants willing to accept a below market wage during the probationary period, there might in fact be an incentive to increase turnover. There are plentiful anecdotes which indicate that there are colleges and universities who hire assistant professors with the understanding that they will not be tenured. The faculty member's job during this probationary period is to get him or herself in a position of being hired and eventually tenured by another college or university. These situations are characterized by high turnover among assistant professors.

On the other hand, if the training is specific, it might be in the interest of both the college and the faculty member if turnover were reduced. That is, an institutional mechanism which reduced faculty turnover would be efficient because it would encourage specific on-the-job training. We have argued that tenure is an impediment to faculty turnover. It stands to reason, therefore, that for a college emphasizing general faculty skills during the probationary period, tenure is less important than for a college which stresses the more specific training in the pre-tenure period.

In evaluating faculty performance during the probationary period, colleges examine teaching, research, and service. We assume that research and publication fall more into a general than specific category. We should, therefore, expect institutions with heavy turnover among assistant professors to emphasize research and we would expect junior faculty hired at such colleges and universities to

work mainly on their research. Teaching can fall into either the general or specific category. This depends on the degree to which the college or university encourages certain specific kinds of teaching (specifically designed, institution specific general education courses or departmental team taught courses or heavy reliance on specific kinds of teaching such as the case study method). Teaching skills become more specific and less general the more particular kinds of teaching and the teaching of institutionally specific courses are emphasized. Service is probably more specific than general, so reducing faculty turnover is more important for those institutions which rely heavily on such service. Much of what we mean by service falls into the category of governance, such as work on standing committees, on the enrollment management committee, the budget team, or being a faculty chair. Faculty can learn to become very important to the governance of a particular college or university in a way that doesn't mean anything to another college.

How important is the faculty role in governance, and more importantly, does that governance improve the quality of the educational outcome? I think you could characterize what is happening with regard to tenure today as a diminishing of the role of faculty governance. At institutions like the University of Phoenix, for example, faculty have no responsibility other than showing up and teaching a pre-designed course. The governance of the university—determining degree requirements, participating in resource allocation decisions, playing a role in admissions—are left to professional managers; the faculty role is simply to deliver a pre-designed product.

It may be that tenure doesn't matter in such an institution. If we think, however, that active faculty participation in institutional governance is not only the historic right of the faculty, but, in fact, improves the quality of educational outcome, then tenure is a way to provide an incentive for faculty to get involved precisely in those things which might not make them more marketable, but will lead to improved educational outcomes. We believe that such faculty involvement is critical at places like Juniata even when it's painful. I understand that I am asserting this, not proving it in any way, but it might account for things like the better performance of liberal arts colleges on instruments such as the National Survey of Student Engagement (NSSE) than of those institutions where service receives

a lesser role in the evaluation process. It would surely be less time-consuming for the faculty if we paid less attention to service. It would not be possible for a completely centralized governance system to be able to see deeply enough into what is happening in all departments to know what should and shouldn't work, nor would it matter much in an institution where the curriculum was rigid. We believe that faculty participation in governance enhances educational output. Participating in institutional governance is specific, on-the-job training. The incentive for faculty to undertake such specific training depends on the probability of their having a longer term relationship with the college, which is precisely what tenure offers. While tenure is a rigidity in the sense that it reduces the likelihood of faculty movement between colleges, it is potentially a "productive" rigidity.

We might ask, "Why doesn't service then stop after tenure?" Sometimes it does, of course, but in many cases service builds loyalty and commitment. Some connection to institutional outcome occurs so faculty will participate in collegiate governance and promote improved educational outcomes even if they are not personally affected.

The notion of loyalty is important for a second reason as it relates to tenure. Albert Hirschman's work *Exit, Voice and Loyalty*, addresses the issue of societal mechanisms that exist to correct things when they go wrong. Hirschman points out that economists have historically focused on exit as such a mechanism. Simply put, firms or organizations lose customers or members if they use resources inefficiently. Those firms or organizations that cannot make the necessary quality or efficiency corrections subsequently are forced out of existence. Facilitating exit by assuring that customers have alternatives is the way in which the society assures that resources will be used efficiently. Hirschman points out, however, that in some cases exit may be a less efficient mechanism than another mechanism, which he calls voice. Simply put, there may be circumstances in which efficiency and quality will be restored faster and better if customers or members of organizations have the opportunity to speak openly or complain about the ways in which the firm or organization fails them. In some instances, voice can be a more powerful force for change than exit.¹⁰

Hirschman points out that there are certain problems in the

activation of voice. What incentive does an individual member of an organization have to say what is on his or her mind? There are certainly risks in such behavior. Moreover, if speaking out is effective in creating change, the benefits of the change accrue to the entire organization while the cost of effecting the change might be borne entirely by the person who activated his or her voice. Voice clearly has some of the characteristics of a public good which means it is likely to be underutilized as a mechanism if there are significant costs to the individual who complains or makes suggestions for change. There might be instances where blocking or reducing exit might activate voice. Hirschman uses the example of school vouchers to make this point.¹¹ Are we more likely to improve public education if we make it easy for parents to move their children in the face of declining school performance or if we make exit difficult which will encourage parents to activate their voices about education? If you were convinced that voice would be more effective than exit, you would argue for blocking exit by not supporting vouchers. If you thought exit was a superior way to make things better, you would support vouchers. (In this case I don't have a clear idea about the virtues of exit and voice in improving the quality of public education, but the example makes a clear distinction between these two mechanisms.)

Tenure activates faculty voice. It provides security for those faculty who argue for (or against) change in a way that makes it possible for them to make their opinions known. Tenure also makes exit less likely, increasing the likelihood that faculty will identify their individual well-being with the well-being of a particular college. This identification of individual well-being with institutional outcomes further activates voice and builds institutional loyalty which is also an effective mechanism for activating voice. Faculty participation in institutional governance, which we believe enhances educational outcomes, is clearly connected to the willingness of faculty to say what is on their minds. Tenure is a mechanism which will encourage them to do exactly that.

Tenure can be seen as a rigidity in labor markets which prevents allocative efficiency. It is, however, a mechanism which provides important incentives for faculty to learn about and participate in institutional governance and provides the protection some may feel is necessary to activate their individual voices.



NOTES

- ¹ U.S. Department of Education, National Center for Education Statistics, 1993 and 1999 National Study of Postsecondary Faculty.
- ² National Center for Educational Statistics, *IPÉDS Fall Faculty Survey*, Table 2.
- ³ *Ibid.*, Table 3.
- ⁴ American Association of University Professors, *Contingent Appointment and the Academic Profession*, p.12. Retrieved Jan. 6, 2006, from <http://www.aaup.org/statements>
- ⁵ Cathy Trower and Richard Chait, "Faculty Diversity," *Harvard Magazine* (March-April 2002): 37.
- ⁶ *Ibid.*, 36.
- ⁷ Juniata College Faculty Survey, Results 2004-05.
- ⁸ Gary S. Becker, *Human Capital: A Theoretical Analysis with Special Reference to Education*, 2nd ed. (New York, National Bureau of Economic Research, 1975); Albert O. Hirschman, *Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States* (Cambridge: Harvard University Press, 1970).
- ⁹ Becker, *Human Capital*, 29.
- ¹⁰ Hirschman, *Exit, Voice and Loyalty*, 30-43.
- ¹¹ *Ibid.*, 51, 52.