

12-2010

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Online Schooling: Trading in Context for Profit

Zachary Semago

December 2010

Senior thesis submitted in partial fulfillment

of the requirements for a

Bachelor of Arts degree in Economics

at the University of Puget Sound

Introduction

Over the past decade for-profit schooling has made a lunge into the market of higher education. Online universities are beginning to take a significant market share of higher education with enrollments creeping into the millions (Morey, 2004). Profit maximizing organizations like University of Phoenix are boasting record profits as society deems their services more and more acceptable.

Profit maximizing universities have managed to achieve student performance that is not statistically different than traditional university students (Arbaugh, 2000). The only significant difference between online education and a traditional education is the attrition rates tend to be two to three times higher in online education (Valasek, 2001). This is not a problem because online education is mainly about attaining a degree. By the time students forget the material, they already have a job and are actively learning new material or reusing what was learned. Online higher education achieves good test scores for a fraction of what traditional universities charge. Due to lack of significance in the academic differences of online and traditional students, online PMOs can give degrees on the same plane to traditional universities. PMOs can take advantage of a static signaling processes by firms.

Profit maximizing universities and non-profit universities pull in the same test scores by different methods. PMOs and NPOs offer three significant pieces of value to students: content, certification, and context. PMOs in search of profits innovate new ways around the typical contextual experiences NPOs are filled with. PMOs reduce costs by eliminating context like timed classes, campus locations, curriculum, extracurricular activities and traditional teaching roles. PMOs focus on providing certification and content. They trade in context for profits.

Elimination of contextual experiences at first glance seems like an efficient way to improve education in society; however, the value of context is arguably the most important part of an education. As the aphorism goes, "The reward is the journey." Students have lost sight of what traditional universities are really selling. What are the societal implications of trading in context for profits?

Literature Review

PMOs cannot exist without the substantial decrease in cost in comparison to NPOs. NPOs have multiple advantages that allow them to operate competitively. Non-profit universities are non-profit status 501(c)(3) which gives them two important abilities: NPOs do not have to pay income or property taxes with a few small exceptions. Also, 501(c)(3) allows donors to deduct their donations from total income. This means their donation dollar is buying significantly more utility than it normally would. NPOs also send a signal of trust because of their non-distribution constraint. The non-distribution constraint requires profits not go to stakeholders of the organization. With the non-distribution constraint, donors are comfortable knowing the money will go to good use and not towards the stakeholder's pockets. NPOs gain a significant advantage over their competitors due to their non-distribution constraint and 501(c)(3) status (Weisbrod, 1977).

The incentive for profit has lit the way for PMOs to reduce costs enough to compete. The most extreme cost reduction is the changing of the core curriculum and role of teachers. Teachers no longer needed to lecture, but rather tutor part-time. Teachers are also waived from their traditional requirements such as academic research (Barr, 1995).

Online PMOs have found an efficient substitute for providing content to students. Online web programs can appeal to specific styles of learning and even make class discussions more engaging. Effective online education eliminates borders. Phoenix University can educate all of the United States and even international students from their base in Phoenix. The cheap reproducibility of online education is an essential reason for the profitability of online universities. PMOs are always in a state of economies of scale. It is never more expensive to accept more students (Ruth, 2010). Online universities have large student-teacher ratios. Online education excels in classes that are static "memorization-styled" learning processes such as Calculus or Algebra. In these classes, there is minimum interaction (costs) needed for success. This trend in classes has begun to filter over to NPOs outsourcing some lower-level classes to online universities (Ruth, 2010).

Non-profits have much reason to invest in new technologies as well (Corder, 2010). Non-profits typically have less at stake so they can risk more on projects to innovate. NPOs do not have profits. They do not find risky, innovative investments diminishing to their utility. Non-profits should have a plethora of innovative technology at their disposal. But they do not. Perhaps this is the first bit of evidence towards what traditional universities are selling in their degrees. NPOs must think innovative technologies reduce context in one form or another.

Education pricing is little understood. Contract failure is arguably the biggest problem in pricing of education. Contract failure is the idea that users cannot monitor the education before they buy it. Contract failure, in the case of education, means it is too expensive for potential students to experience what universities sell. Realistically, evaluation is only something that can be done after the education is completed. Students need some form of trust because there is no clear way of determining the value of the end product. Contract failure theory suggests that

markets with high information asymmetries will only be served by non-profits (Marwell, 2005). Non-profits send a signal of trust that the end product will be what students paid for. Non-profits have no reason to cut back on services for profits. This trusting relationship is beginning to be undervalued.

Traditional universities always have prices that are much less than the cost of educating. The difference is made up in donations; namely, gifts, endowment, and wealth. Each student gets a subsidy (1). Individual schools have a level of donative wealth with which they can subsidize their students. Donative wealth varies across the industry. Different schools are capable of subsidizing (eating upfront losses) different quantities of students per subsidy size.

$$\text{Subsidy} = \text{Cost} - \text{Price} \quad (1)$$

A typical setup for public sector education is selling \$10,000 worth of education for \$1,500 and eating the \$8,500 loss. In the private sector, they sell \$15,000 worth of education for \$7,000 and eat the \$8,000 loss. The cost-price ratio tends to be much larger in private schools. Data shows that students in the top decile of education pay for about 20% of the costs of education while students in the bottom decile pay for 70% of the costs.

PMOs need to decrease their prices by the value of the subsidy in order to compete with schools (2, 3, 4).

$$\text{Profit} = \text{Price} - \text{Cost} \quad (2)$$

$$\text{Subsidy} = \text{Cost} - \text{Price} \quad (3)$$

$$\text{Profit} = - \text{Subsidy} \quad (4)$$

A student subsidy is how much a PMO needs to lower costs to be competitive all else held equal. This translates into the PMOs needing to reduce their costs on average by $(1 - P/C)$ to compete, or

about 70 percent (Winston, 1998). The size of the school subsidy is a barrier to entry for competition.

As mentioned earlier, each university has a distinctive ability to subsidize. Some universities can only subsidize small amounts. Universities that can only subsidize small amounts are the ones that are most vulnerable to competition from PMOs. The universities that subsidize smaller amounts have been typically shown to be private schools. Public sector universities are traditionally able to handle larger subsidies per student. This is perhaps due to their government backed nature. Liberal arts colleges, however, are the most sheltered from PMO competition because of their higher than average subsidization (Winston, 1998).

Not only are the PMOs finding edges in efficiently supplying education, but they are fitting consumer's changing demands. Today only 16% of college students fit the traditional profile, over 60% are working, and nearly 50% attend college part-time. About 45% of college students are 24 or older, and the age is still growing (Morey, 2004). Students are commonly more tech-savvy than their professors. Working students need classes that coincide with their exact work schedules. PMOs are adapting faster than NPOs to accommodate this growing sector of the market.

Traditional collegiate values are shifting. Students are trading in context for convenience; PMOs, context for profit. Recently, PMOs have focused their instruction on certification and job placement strategies. This blend of context, certification, and content has traditionally been difficult to alter. But technology has created porous boundaries in which these three educational components can be altered by new contexts, new resources for content, and new approaches of certification (Green, 1999).

Student demands are not only shifting, but they are shifting in the wrong direction. Studies (Humphreys, 2005) show that employers and students are on different pages about what is a good prospective employee. Online universities would conclude students demand more content and certification. According to Humphreys, employers "are calling for graduates who are skilled communicators, adept at quantitative reasoning, oriented to innovation, and sophisticated about diversity." Employers clearly are looking for different qualities than students are focusing on. These studies also infer that content in the classroom has a low transfer rate. It is the skills the students learned through learning the content that the employers are interested in.

PMOs have particularly enhanced the certification processes. They are now focusing on more skills that are found on the job. However, this is not necessarily what employers are demanding from students. On the job certification skills can be easily learned on the job. Most firms have temporary employee training to teach related content.

As PMOs blur the lines between certification, content, and context, the lines between PMOs and NPOs are blurring as well. Traditional universities such as Duke, NYU, Columbia, Stanford, and dozens of others have established for-profit sections within the organization or have partnered with a for-profit firm to teach cheaper classes (Newman, 2001). The merging has its profits, but the overall non-profit university perception takes a loss. The blurring of NPO and PMO market activity opens the door for more PMOs to take a market share. The trust factor non-profit universities heavily rely on is freely shared with PMOs through co-existence. Coexistence also has the potential to taint the perception of the non-profit mission.

To further even the playing field, governments have established accreditation councils to help solve the contract failure problems. Accreditation boosts the trust factor of PMOs because it stamps a static approval on them just the same as an NPO. Accreditation almost completely

evens the playing field from a future student perspective, making the NPO and PMO options substitutes. The NPO cornerstone of trust is further eroded (Johnson, 2006).

Despite trust issues, PMOs still can find ways to work out information asymmetries. Unaccredited diploma mills like LaSelle University are literally selling degrees that require no work and about 200 dollars. To further confuse the students, sometimes the degree mills are accredited by unaccredited firms like Maxine Asher's accrediting agency. The PMO makes up a fake GPA and classes. These "universities" rightly did not receive government accreditation. However, the particular consumers they deal with (unsophisticated future students) are still buying degrees (Johnson, 2006).

Economic Theory

The first of the theories that can explain what online universities are doing and what it means for the world of higher education is signaling theory (Spence, 1973). Signaling theory is all about how employers use cheap signals (like a degree) to efficiently determine the worth of a prospective employee (Fig 1.a). This method has worked in the past and naturally is self-correcting. Employee X with a college degree Y gets hired. The quality of his work transforms the value attributed to Y university and degrees in general from the employers perspective. The employer will value Y degrees higher or lower for the next potential employee from that university. However, many job recruiters do not have such an extensive standing record of specific university degrees and instead rely on a degree as simply a signal. The substance of this theory is that costs to send a signal are negatively correlated with productivity of an individual

(Fig. 1). The light gray area Q_2 represents the amount of students that can cheat signaling and portray themselves as part of the Q_1 group. The signaling cheat online universities provide softens the negative correlation found between productivity and cost of education. This is another way to shorten the gap between highly productive students and non-productive students.

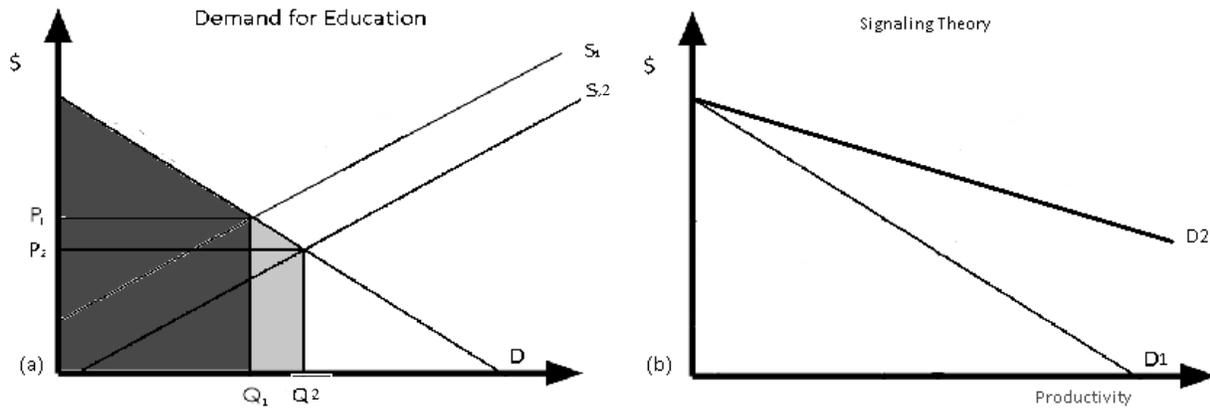


Fig. 1: A: Decreasing price in education results in more educated people, reducing the signaling power of the degree. Light gray area represents quantity of students now able to represent themselves as part of Q_1 . B: Negative correlation between price of education and productivity is softened by online universities D_2 .

This implies that it is cheap and easy for smart people to send signals of productivity, while it is harder for average people to send signals of productivity. This is the way things should be; however, PMOs abrupt this signaling balance because they have graduates being hired who turn out unproductive employees that tarnish the signal of the degree. The strong negative correlation between productivity and cost of signal is softened with PMOs.

Firms use signaling so extensively because it saves them transaction costs. They need to hire in the cheapest way that will provide the highest productivity on average. They can either do a thorough job examining the fine aspects of the dozens of candidates, or they can logically look for signals that stand out and separate candidates from the pack. This brings up another fundamental misconception: having a degree signifies productivity. A degree does not efficiently signify content learned in the classroom, but instead the hard-learned lessons that create a

responsible and dynamic future employee. PMOs are taking advantage of a social misconception (Fig. 2) that employers want to see degrees that signify content knowledge when the knowledge of the field is usually learned on the job. Many firms will have some type of short-term training phase where they teach the employee all the content the employee needs to know. The firm is looking for signals of hard-earned productivity, in other words, the future employee has the most potential to do good. In our complex job marketplace, most jobs require very specific skills that do not translate from schools very well. Employers only want to see highly productive problem solving individuals who can play any role at the given firm.

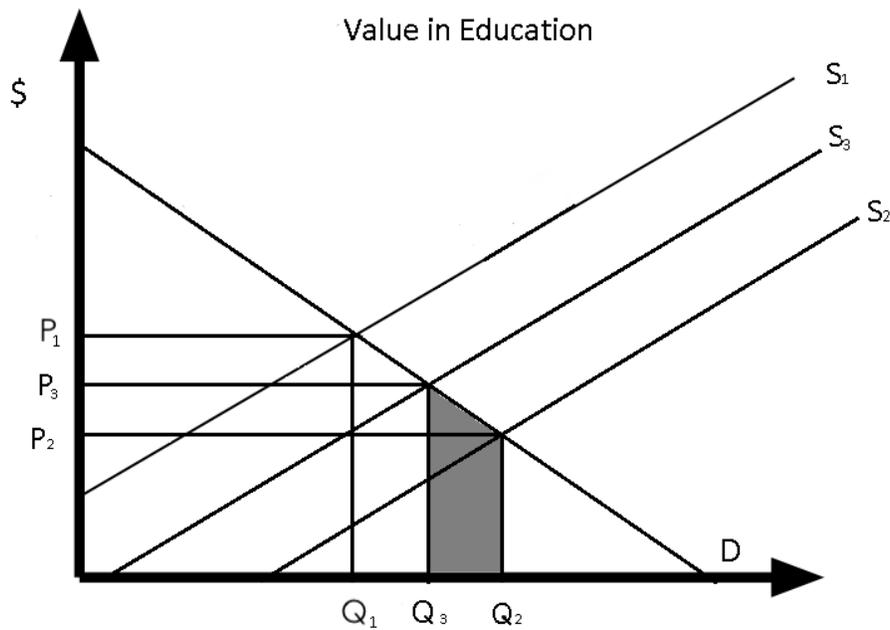


Fig. 2: The normal amount of education in society S_1 . The perceived value online education poses S_2 . The real education value online universities provide due to loss of context S_3 . The societal loss of resources due to misperceptions about context in gray.

Signaling has a process of evolution in our society. In the '50s, high school educations were the standard. Today, bachelor's or master's degrees are the standard. The signaling mechanism is ever evolving as the middle of the pack catches up with the standard of education. PMOs putting out cheap degrees represents a significant leap for the education process. This is

enough of a leap to make a new standard of education. In ten to fifteen years if PMOs keep gaining popularity, a master's degree in any given field may equal a bachelor's degree of today. The frontrunners keep having to outdo the average students. PMOs make life easy for average students and cost all students time and money just to send a signal.

In the '50s high school education was standard and people wasted less time trying to send signals to employers. But in the '50s, the marginal product of labor or the average amount of productivity per individual was lower. The fundamental argument PMOs tend to cling to is the increase in marginal product of labor being good for society. PMOs are providing society with more education for cheaper costs. The average higher education per individual in society translates into a better society.

These theories clash over the education chessboard. It is important to note in this situation what is best for the individual may not be best for society. It is better for everybody to get online degrees right now because they are cheaper, faster, and let you cheat your way into signaling a high quality degree. Once you are employed, the employer will likely have a lower respect for degrees. Lower respect matters little because you have already been employed. You are in. The reduced respect for future employees is no longer your problem.

The assessment of these two theories relies on one core value they both boil down to: the value of context. Signaling theory is looking for signals of productivity attained through contextual experiences which are gained through, but not as a result of, getting a degree. The reward of the signal is the journey, not the end. The reward of the signal is the context, not the degree. PMOs operate on the notion that they are increasing marginal product of labor. They obviously do not prescribe value to context in their function describing increasing marginal productivity. Due to the relationship these theories create, I have created a brief equation to

describe the relationship of value where the benefits/costs of online education lie on a societal scale (5).

$$(\text{Signaling cost} + \text{Opportunity cost} + \text{Networking loss} + \text{Perspective loss}) > \text{IMPL} \quad (5)$$

There are a few variables in the above equation to define. But first the overall nature of the equation is comparing the benefits of PMOs to society (increased lifetime MP labor) versus all of the possible costs on the other side of the equation. In the end deciding if the costs outweigh the benefits to society. The obvious cost of PMOs for society is the reduced signaling problem. We lose out as a society on overall transaction costs in an attempt to fully evaluate each prospective employee.

The next cost is opportunity cost to students getting an education. These students are sacrificing time, money, and opportunity to achieve degrees online. This allocation of time and money to send a hollow signal of productivity is a lot of lost productivity. Students instead could have started a business with the saved money or simply worked to increase their marginal productivity in that period. The third loss that PMOs create for society is the loss of efficient networking. Going to a university provides contextual experiences that informally teach the student how to socially interact, how to be resourceful, how to use teamwork, etc. The loss of these qualities can be defined as transaction and efficiency costs.

The fourth and most interesting cost of PMOs is the loss of perspective. Perspective is a major value gained through context. Perspective encompasses many experiences, but all the experiences pool together to provide a higher expected value in decision making. Perspective gained in randomly occurring events throughout a four-year education gives students on average

a better idea of the reality we live in. Decisions, no matter the nature, are best made with the most information. The random contextual experiences across a traditional education force perspective on the student whether the student actively searches for it or is thrown upon it. Experiences help the student to make more in-depth decisions due to an increased perspective on reality. Loss of perspective can be further defined as a direct loss in marginal product of labor because average expected value of decisions essentially is productivity.

Due to signal devaluation, firms need to find new ways to hire employees. Firms need to find new ways to either signal high productivity or conclude high productivity themselves. They could simply increase their scales of acceptance to master degrees since bachelor degrees no longer provide a strong signal. They could provide some type of test that measures problem solving abilities like IQ tests. More comprehensive analysis of resumes can change the function of signaling itself instead of increasing education standards.

The key to these methods is to keep them cheap and reliable. Some firms have even outsourced the hiring processes to more specialized firms. These firms interview, manage, and even fire employees for a fee and have been running record profits in the past few years. The success of staffing-solution firms can be a direct result of signaling inefficiencies in education. Staffing-solution firms' entire payrolls would be considered part of a signaling loss cost. Staffing firms were unnecessary before signaling became ineffective. Now staffing firms are soaking up millions just to siphon out high productivity.

There will be three theoretical results of competition between NPOs and PMOs over education. A displaced market, a defended market, and a stratified market. A displaced market is one which the NPOs that identified the market are pushed out by PMOs later on. A defended market is a market with which NPOs fought back against PMO intrusions. And a stratified

market is one which contains both NPOS and PMOs, but the consumer population is stratified. NPOs serve the poor consumers and subsidize costs with donations and PMOs serve the wealthier consumers (Marwell, 2005).

Another interesting theory to postulate the current situation is the lack of correlation between the perceived value in education between students and employers. Students believe the employers are looking for a different set of qualities than the employers are actually looking for. In reality, the employers are looking for students with the highest potential productivity. The students do not need to master content. The firms will teach the employee what to do. The firm wants to see once the employee knows certain information, the employee can solve problems efficiently. Content knowledge does not provide employers with productivity indication. Content knowledge only says you will need to learn a little bit less in the first two months on the job than everybody else. After that employees are on an equal playing field. Concluding content doesn't help potential productivity.

Results

I will be suggesting results that optimize the productivity of society as well as a few assumptions used in modeling. I will also discuss the individual actions that are likely to take course involving PMO invasion in the education market.

In the end, the only real difference between online universities and traditional universities is the elimination of context. The significance of context elimination is that employers and students are not on the same page about its value. Employers are looking for different qualities

than the students seek. Students seek to send a signal instead of focusing on the values that the signal represents.

College content has a low transitional value into the job market. There are too many extraneous factors to successfully transfer four years of teaching into the job market. Colleges need to sell a product that is more easily transferable. This is why NPOs continue to stick to traditional values. NPOs sell context, experience, and perspective more than they sell content. NPOs focus on transforming the student into a more successful person. Success, of course, is defined in many ways other than monetary gain. Specifically, in the case of colleges, success can be measured in the greatest happiness achieved in life. The value of happiness in life will partially be a function of perspective. Perspective allows one to gain insights into all walks of life in order to make the highest EV of decisions once all the information has been taken in. Value, satisfaction, perspective, and happiness are all transferable into the job marketplace. These values cannot necessarily be measured either. Only signaling can attempt to sort out these qualities, but even then the varying qualities amongst individuals giving off the same signal can be huge. Contextual experiences and lessons transfer to the workplace at a much higher frequency than content. As mentioned earlier these experiences and lessons morph the student into a new person, something content rarely accomplishes.

Employers are essentially searching for context. We haven't developed a clear definition of context yet. We have found the closest association with context to be perspective. So the question becomes what is the value of perspective to society in general. Perspective across the board is the most efficient way to increase marginal product of labor. Students have misunderstood how these forces act. Society sees the result of a degree as the increase in productivity. However, it is the lessons along the way providing value to the individual that are

the true increasers in productivity. PMOs have often been portrayed as the bad guy. But the root of the problem is society's misperception of what universities sell.

To further display the misperception, I postulate on a societal basis everybody is better off working and gaining experiences rather than going to online universities. By now, the value of content in education is hollowed out. Experience, context, and perspective are all very similar. Job experience is almost a 1:1 substitute for context. But experience receives a slight discount because experiences will be biased towards the specific job. In college, there is a much wider array of experiences, thus providing much more complete information of reality and the world we live in.

The result of equation 5 in the theory section ends up being a landslide based on the value of context I have assigned. Online universities are a massive loss of resources to society. The reduced signaling cost of online degrees creates a massive inefficiency that is being soaked up already by staffing firms. The opportunity cost is arguably small but worth mentioning in the overall societal effect. Opportunity cost is forgoing work while you "increase" your marginal product of labor at an online university. These students could have put in four years of work and experience instead of schooling. Individuals end up sacrificing hundreds of hours of real work and money to not increase their marginal product of labor. Opportunity cost will likely increase in tandem with signaling costs. As it costs more years of education to send a signal, there are more years wasted not working.

The networking skills lost are also immense. Intuitively, online education will not provide the networking skills for real life as well as a traditional university would. Online students are practicing skills for a different reality than the one they will be employed in. This creates a low correlation of networking skills to the workplace. Traditional universities have

many positive externalities on the student through networking. The university teaches the students by example how things are done in the world. Online universities are showing students how to interact in a different world, a world that will be largely inapplicable to the students. Online universities do not have the positive externalities of traditional universities. In the marginal product of labor, the function of time in the denominator is what networking mainly is involved with. Networking skills seek efficiency through relationships and essentially ways to navigate markets for information. Networking skills provide students the brains to find quality resources quickly no matter the problem. Online networking inefficiencies eventually show up as a taint on college degrees and overall efficiency of society.

Value of perspective in the equation is probably the largest. Perspective loss can be measured in the exact same terms marginal product of labor can be measured in. Perspective loss in equation 5 can be directly subtracted from IMPL. This makes the right side of the equation a negative value because perspective value gained through context increases your marginal product of labor more than online universities increase productivity through content.

The results of the equation indicate huge losses for societal efficiency due to online universities. There are a few assumptions governing this model. One assumption is that education content does not correlate well with workplace content. Another obvious assumption is that IMPL is a function of context. This equation and the outcome assumes knowledge of the value of context which certainly isn't the case today. Another assumption about context is that we assume it nonexistent in online education.

Equation 5 is in a theoretical world with constraining assumptions that isolate it from reality. In theory, evidence of contextual value is realized and society as a whole eliminates PMOs; however, this will likely not happen unless there is government intervention. While

NPOs are non-profit, they will begin to act more and more like PMOs. Non-profits will follow market trends in search of profits simply because the employees at NPOs want to keep their jobs. NPOs not only provide altruistic services, but also income for families that operate them. In this case, NPOs will start exercising game theory with individual incentives that search for economic profits.

NPOs have a few choices to find economic profits. Their first option is joining with PMOs to profit while the whole industry shares the taint in NPO perception. Tainting the NPO's trustworthy social perception has far more costs than gains, but economic profits are to be made by the frontrunners of merging while the whole industry pays for the perception loss. Non-profit universities do not care about economic profits. Although, in times of competition and recession, they use whatever advantages that give them a leg up. In game theory, cooperation with PMOs would be the dominant strategy. NPOs can only lose if they hold out and do not join. This process is similar to global carbon emissions. Social perceptions, like carbon, are easily transferable and accountability for individual NPO action is nonexistent. Specific NPOs will decrease their marginal costs creating profits while the rest of the NPO industry will suffer the negative externalities society will perceive from the PMO and NPO cooperation.

The future market of NPOs in education is likely a defended market. PMOs will exist in the marketplace, but NPOs need to clearly identify what they are selling and what really matters to employers. NPOs have specific information in the mission statement of the school. Mission statements are rarely read by prospective students. Perhaps the NPOs need to move material from the mission statement to areas more in the limelight. They need to make obvious the contextual experience they sell and what the consumer should value. The movement of the

mission statement can result in the creation of a separate market. A separate market will eliminate competition from PMOs.

The function of a degree is to represent the level of productivity. Another likely result is that the value of an online degree is simply discounted. The market for degrees will be more specific. This can also come as a loss to society. Some students who wanted to go to a traditional university might settle for online universities not knowing the job market consequences of their actions. The problem comes back to information asymmetry between the PMOs and the students.

My theory of social misperception in education is reason for PMOs in the first place. PMOs are capitalizing on the misconception about what education is. People are looking for certification and content when context is the real value. If employers and students were on the same page about values in education, PMOs would quickly leave the market or perhaps try to make some type of degree that is hyper-contextual. This, however, is no surprise. Efficient markets are ones where information is complete.

This essay points out a flaw of values and the interaction occurring as a result between PMOs, students, and employers. Indirectly, this essay offers insight into the lack of success NPOs have had in clearing up the issue. PMOs have been particularly tricky in this situation of information asymmetry. Everybody would expect PMOs to give cheap instruction and grant a low quality degree. PMOs exceeded public expectations when they performed just as well at providing content as NPOs. The judging public eye was the erroneous one.

Information asymmetries in education are a little more venomous than other asymmetries due to contract failure. Students are a vulnerable bunch. They rarely have the best education in mind. Even if NPOs tried to solve the social misperception of educational value, who is to say students are listening. It sounds like a good excuse to stop studying and start partying. Students

will be relatively vulnerable due to their lack of maturity. This is more reason for government involvement. Most students aren't going to know what accreditation is. Before they realize how terrible of a school it is, they have blown money and time finding out. Again, contract failure theory shows us education is too costly to test. I conclude that to some degree, government accreditation is sending a signal when nobody is listening.

One thing that can possibly be the cause of the social misperception of value is how and when context is realized in society. Context in schooling is an inner achievement that develops every day in an education. When something changes a little bit every day, it goes fairly unnoticed. On the other hand, a bachelor's degree granted on graduation day is a noticeable change.

Awareness of subtle contextual value is not easy to realize. It is a common enigma that enjoyment of things like context are truly realized years after the event is over. College zooms by and the contextual experiences are only to be cherished years later. The gap in attaining and realizing the value can under represent context's importance. This can lead students to associate content to be the value of their education in the short term until the experience is over and the content fades away, leaving just the context.

Conclusion

Competition in markets creates a need for clarity. Online competition in the market for non-profit education asks for a clarification on how and why value is obtained through an education. Online education has taken away context while leaving other education components like content and certification intact. This allows analysis of the value of context in isolation.

Context can be concluded the most important value in education. Context increases productivity which is all signaling is looking for. The theories discussed in the essay all boil down to the value of context. PMOs rely on prospective student misperceptions of what a degree represents. Students think a degree is about knowing the content of an area. A degree really signifies to employers that the student is a dynamic problem solver capable of high productivity who secondly knows a few things about the specific major.

Context can teach traditional universities things online education may possibly never teach. Traditional universities offer excellent perspective. Perspective allows students to have the most accurate picture of reality. The most accurate picture of reality is synonymous with complete information relative to other options. Giving the most information possible allows students to consider everything and make the highest expected value decisions. Employers want to see accurate and insightful views of reality from students because then students will be problem solvers capable of even the most abstract ideas.

Traditional universities also indirectly teach networking skills. This will forever save time and resources for students and firms. Students again learn the inner-workings of our social and informational network. Efficient access to information is a truly priceless skill that can carry average minds to great solutions.

Independent productivity and problem solving ability is what education is all about. PMOs try to skip out on the independent part by providing everything, leaving the student to answer the problems. It is interesting to note that NPOs provide less accommodating services but still provide more value in the big picture. NPOs mimic reality through context. Due to low correlation of content use in real jobs, universities instead provide contextual experiences that give students perspective and networking skills. The context provides students value that

translates into the workplace. It's not about material, it's about learning how to succeed. The reward is still the journey. Hard lessons learned will always out value lessons easily taught.

Much of my conclusions skate on thin ice due to the subjectivity of interpretation. I acknowledge the importance of certain issues that can be valued differently; however, I still think the overall societal loss due to online education is correct. A particularly stringent assumption I have used is that contextual value is fairly nonexistent in online education. In a changing world that increasingly relies on technology, online education can be teaching invaluable skills ahead of the learning curve. Other potential skills can be enhanced through online education. Online education softens the borders for conversation so the quiet students can contribute in a more equal playing field. Online education also easily caters to individual learning styles while in universities your only choice is to get used to lectures.

Future research in the area can be done surveying students and employers to get an exact picture of what each group thinks of the others' expectations. Future research of top contextualized experiences would be interesting. Now that we have harnessed the true value of context, it is up to somebody to find a new way to use it to increase value instead of using it to increase profit. Further, defining of contextual value will be invaluable. The whole subject of contextual value needs more defining and clarification.

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