



**MINOT
STATE
UNIVERSITY**

**BE SEEN
BE HEARD
BE EMPOWERED
BE INSPIRED
BE BELONG**

BE YOU

OER to Support Undergraduate and Graduate Management Studies: A Strategic Perspective

James Ondracek, Ph.D.
Minot State University
March 2, 2021 3:00-3:30 PM

OER to Support Undergraduate and Graduate Management Studies: A Strategic Perspective

Much work has been done to generate and make accessible open educational resources (OER) to support many academic disciplines including undergraduate and graduate management studies. However, have these efforts been successful? Are these efforts sustainable? What needs to be done? Through a strategic perspective, these questions will be considered to provide an assessment of the state of OER and recommendations for its future directions.

NDUS Course Development Stipend Award Experience

- Minot State University BADM 301 Fundamental of Management
- College of Business core course (offered online, on-campus, multiple sections summer, fall, and spring)
- Online version whose course materials can support both online and on-campus offerings
- Vetting materials
 - “Oh, the kids got a free puppy and now the adults have to do all the work”
 - OpenStax’s Principles of Management (2019, March 20)
 - Complete, comprehensive, credible, current, and companion materials

OER (Open Educational Resources): A Strategic Perspective

- At least two potential question families
 - **1) Textbook costs**
 - Textbook publishing cost buildup--1972 versus 2012
 - Textbook publishing industry structure 1972 versus 2012
 - Changing textbook publishing industry structure circa 2019
 - OER textbook sustainability including quality of product
 - How are costs satisfied
 - How are authors incented?
 - **2) Faculty flexibility**
 - Depending on the type of Creative Commons License granted what can be done?

OER (Open Educational Resources): A Strategic Perspective

- **1) Textbook costs**
 - Textbook publishing cost buildup--1972 versus 2012
 - Textbook publishing industry structure 1972 versus 2012
 - Changing textbook publishing industry structure circa 2019
 - OER textbook sustainability including quality of product
 - How are costs satisfied
 - How are authors incented?

Textbook cost buildup

1972 (49 years ago) for every \$ 1.00 of revenues

- \$0.30—manufacturing (paper, presswork, binding)
- \$0.09—editing
- \$0.21—marketing (ads, reps, review copies)
- \$0.18—overhead (acct., warehouse)
- \$0.15—author royalties
- **\$0.07—earnings before interest and tax**
- \$0.03—net income

- **\$ 1.00**
- _____
- + bookstore markup

Addison, H.J. (1972, October). College Composition and Communication. <https://www.jsotor.org/stable/356663>

2012 (9 years ago) for every \$ 1.00 of revenues

- \$0.41—manufacturing, editing, overhead
- \$0.20—marketing
- \$0.15—author royalties
- **\$0.24—profit before interest and tax**

- **\$1.00**
- _____
- \$0.01—freight
- \$.21.6—bookstore markup

Kurzleben, D. (2012, August 28). How your textbook dollars are divvied up. Newsweek. <https://www.usnews.com/news/articles/2012/08/28/how-your-textbook-dollars-are-divvied-up>

Textbook annual costs per student—historic and inflation adjusted

1972 (49 years ago)

- Historic cost
 - \$85.25
- Inflation adjusted (to 2016)
 - \$498.78

2012 (9 years ago)

- Historic cost
 - \$1071.20
- Inflation adjusted (to 2016)
 - \$1128.21

The Courier (2016, August 16). Here's how much college textbooks would have cost you in 1967.
https://wcfcourier.com/business/investment/personal-finance/heres-how-much-college-textbooks-would-have-cost-you-in-1967/collection_e64811cb-8275-537b-9048-d888e3d6e601.html#11

Textbook publishing industry

1972 (49 years ago)

- Operates under a strict copyright regime
- Fragmented industry
 - Tends to perfect competition

2012 (9 years ago)

- Operates under a strict copyright regime
- Concentrated industry
 - Oligopoly
 - By 2016, 80% of the market controlled by five publishers (Parker, 2018)
 - Exert market power
 - Potentially collude

Industrial Organization (I/O) Strategy

- I/O Economics (concerned with industry structure, competition and serving the public good)
- I/O Strategy (M. Porter) concerned with industry structure, finding/creating favorable industries and serving the shareholder/owner (Hitt, Ireland, & Hoskisson, 2020)
- Five-forces analysis (Hitt, Ireland, & Hoskisson, 2020)
 - Industry-level analysis (industry--group of firms whose products share similar attributes and compete for the same buyers)
 - Power of suppliers, power of rivals, power of buyers (where is value captured)
 - Threat of new entrants, threat of substitute products (profit moderation)

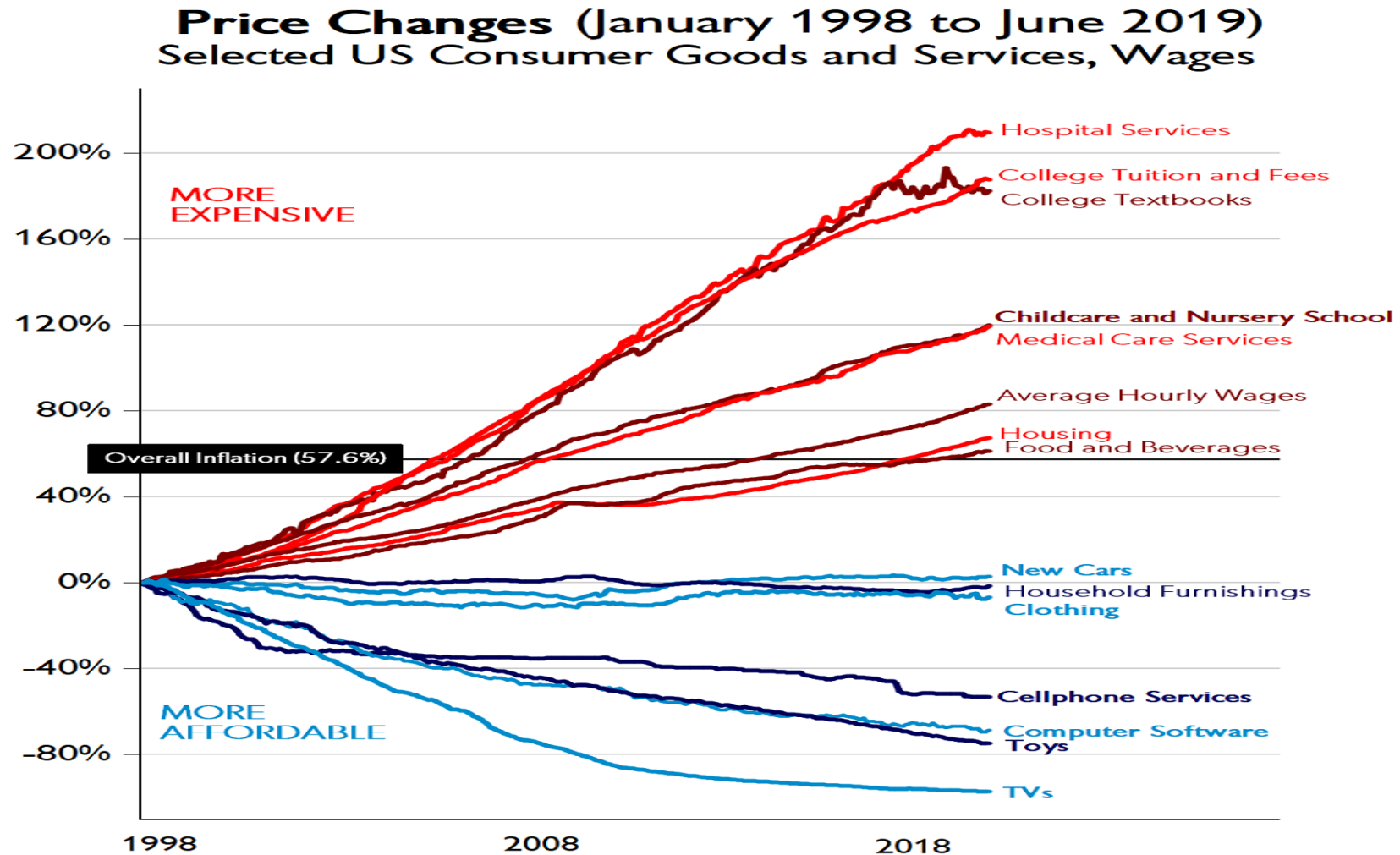
Five Forces Analysis: Text book publishing industry circa 2012

Porter's five forces



Textbook price changes 1998 to 2019 vs. 57.6% overall inflation

AEIdeas (2019, Jul 12). Chart of the day...or century?. CARPE DIEM. <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-2/>



Source: BLS

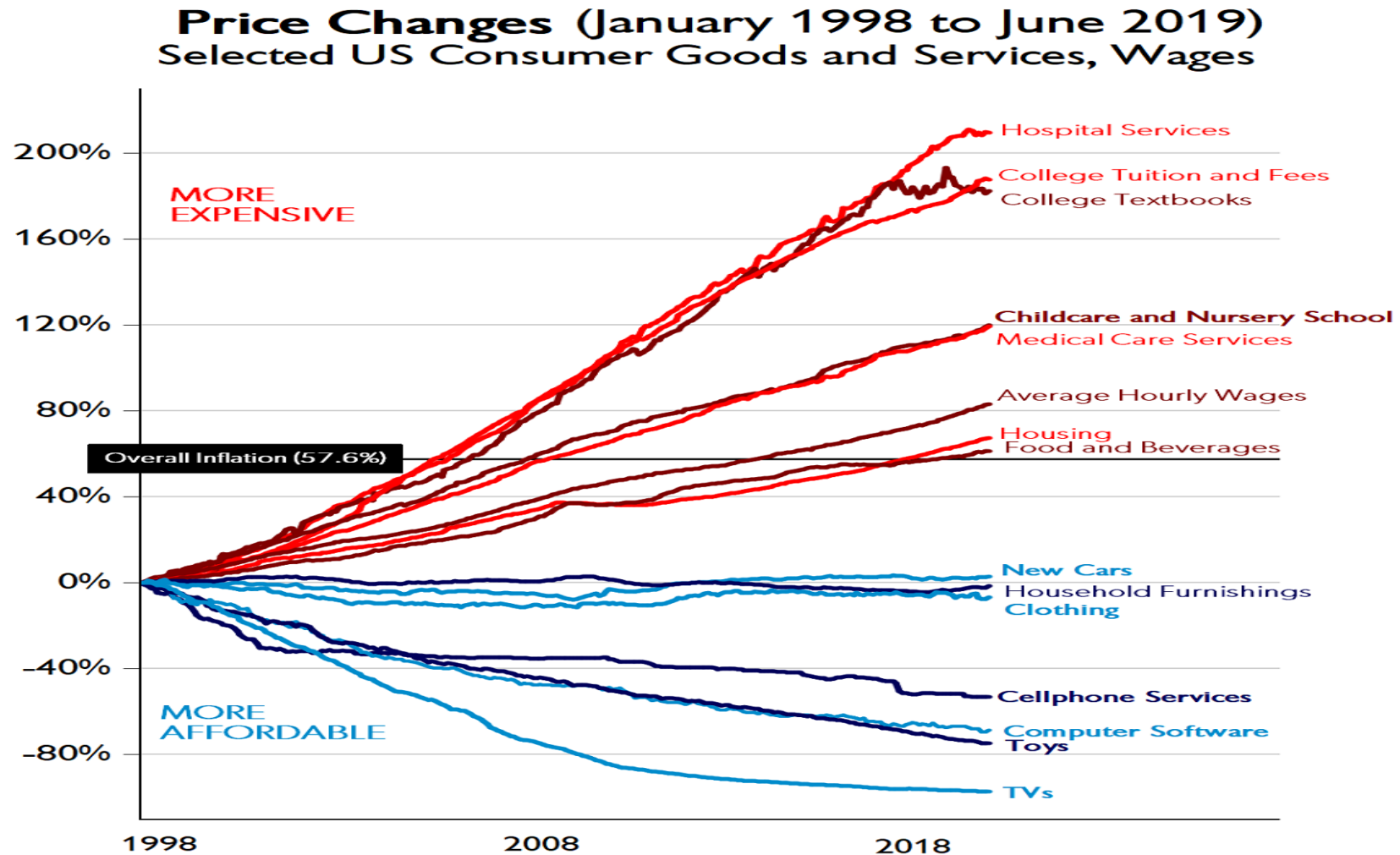
Five Forces Analysis: Textbook publishing industry circa 2019 (Congressional hearings and bills, additional publisher offerings (rentals, virtual texts, unlimited access), OER awareness, funding and production)—A disrupted industry

Porter's five forces



Textbook price changes 2018-2019

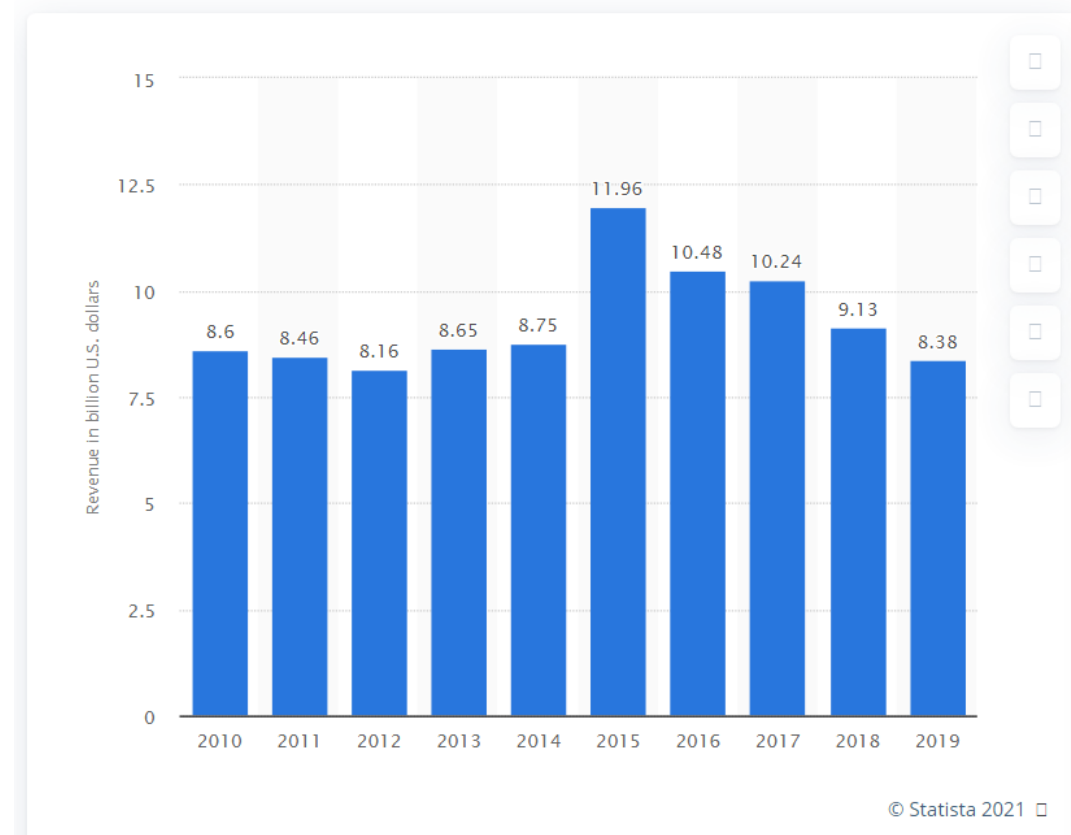
AEIdeas (2019, July 12). Chart of the day...or century?. CARPE DEIM. <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-2/>



Source: BLS

Estimated textbook publishing revenue in the United States from 2010 to 2019

(in billion U.S. dollars)



OER Textbook Publishing Sustainability Including Quality of Product

- How are OER costs satisfied?
 - OER costs are lower
 - Foundations, governments, donations (non-market funding)
- How are OER authors incented?
 - Foundation and government stipends
 - University perception remains a problem (Collins, n.d.)

Conclusion

- OER textbooks have had at least an anecdotal effect on textbook price escalation
- OER textbooks are not free to produce
 - Ongoing role of foundations and government funding
 - Switch to a fair pricing model
- Since OER authors won't potentially strike it rich
 - Enhanced stipends
 - University incentives and recognition toward tenure and promotion

References

Addison, H.J. (1972, October). College Composition and Communication. <https://www.jsotor.org/stable/356663>

AEIdeas (2019, July 12). Chart of the day...or century?. CARPE DEIM. <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-2/>

Collins, E. (n.d.). Motivations for textbook and learning resources publishing: Do academics want to publish OA textbooks? Liber Quarterly. <https://liberquarterly.eu/articles/10.18352/lq.10266/>

Hitt, M.A., Ireland, R.E., & Hoskisson, R.D. (2020). Strategic management: Competitiveness and globalization, concepts and cases (13th ed.). Cengage Learning.

Parker, Q. (2018, May 11). How the main textbook companies are being disrupted. <https://tophat.com/blog/textbook-companies-disrupted/>

Statista (2020) Estimated textbook publishing revenue in the United States from 2010 to 2019. <https://www.statista.com/statistics/185042/us-publishing-revenue-from-textbooks-since-2005/>

The Courier (2016, August 16). Here's how much college textbooks would have cost you in 1967. https://wfcourier.com/business/investment/personal-finance/heres-how-much-college-textbooks-would-have-cost-you-in-1967/collection_e64811cb-8275-537b-9048-d888e3d6e601.html#11



Questions

- Questions
- Thank you for your attention