INTRODUCTION

The education industry is being transformed by the ever-growing presence of distance education. Distance education has several market drivers that make educators, colleges and businesses take a serious look at how to implement programs and courses. This interest is driving a huge investment without a set direction.

In 1999, nearly 80% of the public, four-year institutions and more than 60% of the public, two-year institutions offered distance education courses. Today, more than 1.6 million students are enrolled in distance courses. More than 90% of all colleges are expected to offer some form of online courses by 2004 (Institute of Higher Education Policy, 2000). Corporations envision online training warehouses saving large amounts of training dollars. Combined, the virtual education market and its sister market, corporate learning, are predicted to grow to more than $21 billion by the end of 2003 (Svetcov, 2000).

A second major driver is employer expectations. The expectations held by employees and employers in the job market are changing. Today, employees are not expected to stay in the same job for long periods of time. The current modes of careers include multiple careers, combinations of part-time work in multiple jobs, telecommuting, leaving and re-entering the full-time work force, switching jobs and so forth; and today’s employee easily envisions the need to maintain a level of knowledge current with the career demands (Boyatzis & Kram, 1999). These changes have created new employer and employee expectations into the concept of life-long learning.

Profit potential is another major driver for distance education. Corporate managers and college administrators envision significant cost reduction and possibly higher demand, both of which create higher profit. For example, elective classes that do not have enough students enrolled in on-campus classes may pick up enough distance students to make teaching the course more feasible (Creahan & Hoge, 1998). The college or school’s mission or charter represents another driver to implement distance education programs. As most educational institutions serve a geographical region, either by charter or mission, a distance learning program may be a practical method to help satisfy this strategic mission (Creahan & Hoge, 1998).

In contrast to the market drivers, the “commercialization” of education also raises concerns about the basic process of learning (Noble, 1999). By definition, the paradigm of distance education changes the education environment. This means that students will probably respond differently to this environment than they do to the traditional classroom. For example, what are some fundamental problems caused by the distance environment?

One problem suggested by research is the lower student retention found in distance programs. Carr (2000) reports a 50% dropout rate for online courses. The lack of social interaction has been explored. Haythornthwaite, Kazmer, Robins and Showmaker (2000) looked at how social cues such as text without voice, voice without body language, class attendance without seating arrangements and students signing in without attending Internet class impacted students’ “fading back.” They found that the likelihood of students “fading back” is greater in distance learning classes than in face-to-face classes. Other researchers, such as Hogan and Kwiatkowski (1998), and Hearn and Scott (1998), argue that the emotional aspects of this teaching method have been ignored and that before adopting technology for distance teaching, education must acknowledge the social context of learning. Finally, Kirkman, Rosen, Gibson, Etsluk and McPherson (2002) suggested that two other factors, trust and isolation, may be adversely impacted by distance education.
Another body of research that can be useful in understanding the distance education environment is from researchers studying how people react to the introduction of technology. Poole and DeSanctis (1990) suggested a model called Adaptive Structuration Theory (AST). The fundamental premise of the model is that the technology under study is the limiting factor or the constraint for communication and that the users of the technology figure out alternative ways to communicate over the channel (technology). A good example here is how a sender of e-mail may use combinations of keyboard characters or emoticons (i.e., :) – sarcastic smile, ;) – wink, :o – exclamation of surprise) to communicate more about their emotion on a subject to the receiver.

Ultimately, the key to realizing the potential of distance education is trading off the benefits and the concerns to produce a quality product. One measure used by well-run companies is that of customer satisfaction (Peters & Waterman, 1982). With these perspectives in mind, we suggest that satisfaction is an important measure of quality for distance education programs. Therefore, one of the key factors to a program’s success will be the satisfaction of one of its key stakeholders—its students.

**METHODOLOGY**

The distance program from which the data was gathered is one of the largest, online, AACSB-accredited MBA programs in the world (US News and World Report, 2001). As our primary goal was to identify key factors for satisfaction in distance programs, an exploratory factor analysis (Tucker & MacCallum, 1997) was used. A 49-question questionnaire was developed using the literature discussed earlier as a guide. Data from each subject included the subject’s grade, gender, number of courses taken, student status, amount of time expected to spend in the reference course, and the amount of time actually spent in the reference course (Martz, Reddy, & Sangermano, 2004). Two sets of five-point Likert questions were used to identify if a particular technology (i.e., e-mail) was used (technology use) in a course and if so, how effective (technology value) it was. Another item, LOHITECH, was developed for analysis purposes by placing the subjects into two groups; one group reported using three or less technologies while the other group reported using four or more technologies in their reference class. The second set of questions asked students to evaluate their experience using a five-point scale to rate statements about the course.

The questionnaire was sent to 341 students enrolled in the distance MBA program. In Fall 2002, the program served 206 students from 39 states and 12 countries. The majority of these students are employed full time. The program used in this study has been in existence since Fall 1996 and has more than 179 graduates. The program offers an AACSB-accredited MBA, and its curriculum parallels the on-