

Towards the Marketization of English Higher Education?ⁱ

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Abstract

With reference to the imposition of variable tuition fees, this paper analyses the emergence of a market in English higher education. The shift from the public funding of fees to requiring students/their families to meet tuition costs was driven by a combination of economic crisis and the increasing potency of the idea that higher education was a private good. The paper examines the features which make it a highly regulated market, but claims that it is not without its benefits – certainly as the only alternative appears to be public parsimony. However, there are a number of reforms that are needed if the market model is to function more effectively, and there should be a continuous dialogue between the dominant interests to determine how it should operate to maximise those goals that it is agreed the system should achieve.

What kind of market?

A considerable body of literature has appeared which analyses the global movement towards the marketization of higher education. Driven by the world-wide post-2008 economic crisis governments have curtailed their expenditure on higher education, particularly with respect to the funding of teaching (which will be the focus of this presentation), shifting the costs from the taxpayer to students. However, there are also powerful ideological themes that justify the policy shift. Higher education has come to be viewed as a private, as much as a public, good, and one accessed more readily by the members of economically secure families

But like the provision of most goods and services, government intervention has accompanied this shift towards the private funding of tuition fees:

1. The imposition of a cap on the number of students that universities could recruit,
2. A £9,000 per annum ceiling on tuition fees,
3. A student loans scheme, underwritten by public funding, that finances higher education attendance by British and EU students,
4. Institutions intending to levy fees above a certain level are required to reach 'access agreements' with the Office for Fair Access (OFFA),
5. The need for higher education institutions to commit some of their fee income to promote 'the widening participation' agenda,
6. The requirement that HEIs publish a 'key information set' to provide prospective students with a range of institutional information.

If, therefore, there is a higher education market in England, then it is highly regulated but this is no more than what one would expect given the regulation of the provision of goods and services in the wider economy, and especially of the former nationalised public-sector utilities. Moreover, the legacy of higher education as a publicly-funded social good means there is a strong historical basis that sustains political intervention in the operation of the

market. Furthermore, the system lacks a culture that supports profit maximisation. Indeed, even many of the private providers are charitable organizations.

Is marketization a positive force?

Evaluations of the impact of marketization depend upon what values you believe should guide how a system of higher education functions. English universities were institutions generally founded by society with strong self-embedded missions, often genuflecting to the needs of local communities. As higher education increasingly became a publicly-funded concern, its development was steadily steered by the central state. Private funding provides resources that could enable institutions to react more reflectively to state pressure; they are then potentially better placed to exercise their autonomy.

Moreover, there is little doubt that the pressure to secure a viable student base has forced institutions to be more attentive to the needs of their students. Arguably, this necessity, along with the need to secure favourable ratings in the student satisfaction surveys, is a more critical pressures upon institutional behaviour than the periodic inspections of the Quality Assurance Agency (QAA). Academic quality, therefore, is measured less by bureaucratic intervention and more by the operation of the market through student demand and evaluations of their university experiences. While one may see this shift as an unwelcome intrusion into the regulation of academic quality, it has helped to raise the profile of undergraduate teaching as a key institutional concern.

A critical component in the marketization agenda has been to encourage privately-funded, entrants into the higher education market, which broadens considerably the idea of a university. There can be little objection to the entry of new providers as long as their academic programmes are of a standard that matches that of existing providers. Indeed through pedagogical innovations (distance-learning and part-time programmes) and lower fees they may well have extended the overall level of participation in higher education as well as choice for the student. Standards can be assured by securing validating arrangements with reputable established universities, and (especially if their students draw upon the publicly funded student loans scheme) by QAA inspections. While evaluations will vary, it would be difficult to deny positive contributions to British higher education from, amongst others: the University of Buckingham, University of Law, BPP University, Regent's College London, Ifs University College, and GSM London.

The extension of the university title widens considerably the definition of what is to count as a university (a clear shift to the American model). This is evidence of a move towards a more pluralist system of higher education but one that may also be more hierarchically stratified.

What is to be done?

1. There needs to be a revision of the regulatory framework in a higher education act,
2. The fee cap should be removed,
3. The income-contingent loans scheme has to be revised to ensure that it will be less of a potential burden on the public purse,

4. Institutions intending to charge fees above a designated level will need to devise their own loan schemes to cover fees above that level,
5. There needs to be more price competition within and between institutions in the higher education sector,
6. There should be clear recognition that institutions are offering different products, and their modes of operation should be structured to ensure the most efficient provision of the particular services on offer.

To move in this direction requires the following steps: institutions should be required to justify publicly their fee levels; more pedagogical experimentation (note the arrival of MOOCs) is essential; there needs to be more institutional co-operation in the provision of academic programmes; former publicly-funded sector institutions should be more willing to set up privately-funded partnership; and the constraints upon the Office of the Independent Adjudicator's (OIA) to consider complaints needs to be revised.

Concluding comments

The hostility to the shift towards marketization from within higher education should be replaced by a constructive dialogue between government, quasi-state, and the higher education providers to agree the goals that a regulated market in higher education should aim to achieve, and also to devise the mechanisms (with an in-built review process) that are deemed most likely to achieve those ends.

i This paper flows out of the latest book of its two presenters.