OECD University Futures Scenarios: Education International's Response

June 26, 2006

Introduction

1. In 2004, the OECD's Centre for Educational Research and Innovation (CERI) launched a project on future scenarios for universities. The project is intended to stimulate discussion amongst stakeholders and policymakers on the various options available to member countries in responding to perceived challenges facing their higher education systems.

2. This response to the university futures scenarios, prepared by Educational International, begins with a short summary and elaboration of each scenario from the perspective of higher education staff. It highlights some of the key implications of each scenario for university staff and for the teaching, research and learning process. It argues that none of the scenarios presented are desirable from the standpoint of staff. Instead, the paper presents an alternative scenario for universities — the public service university — that recognizes the need for universities to constantly evolve and to meet a diversity of interests, but in a manner that is consistent with promoting the long-term public interest.

Scenario Building

3. The first OECD paper on building futures scenarios for universities began by outlining what were described as the key driving forces currently "challenging" higher education systems. These include changing demographic and participation trends, governance and funding, the knowledge economy, and the presence of new actors in higher education. The assumption is that these forces, and the responses to them, will largely determine the future of universities.

4. Most of these forces, of course, are not so much independent and externally-driven developments as they are deliberate policy choices taken by governments and by many institutions themselves. Many OECD countries have cut public funding and encouraged universities to seek more private funding. Others have permitted private and for-profit institutions to operate. Universities have been quick to adopt new corporate management styles and governments have increasingly intruded upon institutional autonomy in the name of accountability. The point is that there is nothing inevitable or pre-determined about these drivers. What will shape the future of universities in all OECD countries are the conscious policy decisions and actions taken by governments and institutions.

5. Nevertheless, the assumption seems to be that the drivers identified are a given, and that governments and institutions can only react to them. In constructing the first of the future scenarios, the OECD identified six variables: 1) the type of population covered by higher education; 2) the nature of funding (i.e. public, mixed, private); 3) the integration of the teaching, research and service missions of the university; 4) the international dimension of the system; 5) the homogeneity of status of faculty and institutions; and 6) the degree of take-up of technology in teaching and research.

6. Based upon these forces and variables, 6 possible future scenarios for universities were presented: 1) tradition, 2) entrepreneurial universities, 3) free market, 4) lifelong learning and open education, 5) global network of institutions, and 6) diversity of recognized learning and the disappearance of universities. Education International undertook an analysis of the original six scenarios. More recently, following discussions between various stakeholders and the OECD Secretariat, these scenarios were refined and condensed into four new scenarios: 1) open networking; 2) serving local communities; 3) new public management; and 4) higher education Inc. The following discussion outlines our analysis of the four new scenarios.

Scenario 1: Open Networking

7. The open networking scenario is similar to the internationalized, global network scenario in the original scenarios paper, with the exception that it is now a model based more on collaboration rather than competition. The harmonization of higher education systems in different jurisdictions allows students to choose courses from a global network of institutions, designing their own curricula and degrees. Student mobility has been increased and e-learning is extensively used, particularly at the undergraduate level where courses are standardized and English is the primary language of instruction. Research is also internationalized, with technology-driven networks facilitating the free and open exchange of knowledge.

8. This scenario represents a modest improvement over the global networking scenario presented in the earlier paper. Networking is now based more on collaboration and less on market-driven motives. Further, the principle of open research collaboration is far more consistent with academic traditions.

9. However, it is not clear in this scenario whether universities are funded publicly by governments, or privately through tuition fees. The scenario is also silent on the role of government with respect to the quality assurance regulation and accreditation of higher education institutions.

10. For higher education staff, a key concern remains the impact of e-learning on academic work and on the quality of education. E-learning, in this scenario, replaces the traditional classroom experience. Yet, the experience is that e-learning, if done properly, is extremely expensive – far more so than in-class instruction. From a pedagogical perspective, e-learning is most effective when used as a supplement to classroom instruction, not as a substitute.

Scenario 2: Serving Local Communities

11. In this scenario, there are a small number of "elite" universities that are active internationally, but most institutions are focused on local and national missions. Institutions are mainly publicly funded and administered, and academic staff enjoy autonomy over their teaching and research. Most institutions are focused on teaching, but what research is undertaken is linked more closely to the demands of local industry. Scientific research has been relocated in the government sector, with university-based research now focusing on the humanities and social sciences. Funding, it is claimed, has become less of an issue as local businesses are more interested in supporting local institutions to fill their workforce training needs.

12. While largely publicly-funded, universities in this scenario are linked more closely to the interests of industry by providing relevant training. As a result, universities come increasingly to resemble vocational training institutions.

13. One of the more positive features in this model is the recognition that research can play an important role in facilitating and stimulating regional economic development. However, under this model, academic research has been diminished and scientific research, now re-located in government agencies and departments, is more applied and more secretive. As a result, basic scientific research and collaboration suffers.

14. In the same vein, the quality of teaching suffers because of reduced opportunities for staff to engage in research. As noted above, high quality teaching is about assisting students in discovering new ideas, techniques and theories through critical debate. This is best accomplished when teachers are actively engaged in research.

Scenario 3: New Public Management

15. Similar to the entrepreneurial scenario presented in the earlier OECD paper, this scenario envisions universities as more subject to market forces and financial incentives. While still receiving a significant share of their funding from the public purse, most resources are from private sources in the form of tuition fees, international ventures, patenting of academic research, and strong financial links with industry. While they receive significantly less public funding, institutions are more directed by governments.

16. The division of labour between and within universities is more pronounced. Institutions specialize in different missions, with some focusing on teaching while others are more research-intensive. The bulk of public funds for academic research are awarded on a competitive, peer-reviewed basis.

17. This model of higher education is essentially the one that currently exists in Australia. There are significant costs associated with this model. On the academic side, government intervenes directly in the micro-management of the institution, at times in inverse proportion to the public funding provided to institutions. This intervention creates huge administrative burdens on staff, and their institutions, as they deal with increasing bureaucracy. It also directly undermines academic freedom and collegial governance. On the student side, while income contingent loans are offered, students are more reticent to choose university education as they make informed consumer choice that the debt they carry is too high. This has reduced accessibility, particularly for students from low socio-economic backgrounds, and has steered career choice towards occupations or specialties that enable the students to pay off their debt expeditiously.

18. One basic assumption in this scenario is that because universities are less dependent upon government funding for their revenues, they enjoy greater autonomy and flexibility. However, the experience in many OECD countries has in fact been the opposite. That is, as governments have *reduced* funding, they have simultaneously *increased* their control over universities. This heightened bureaucratic oversight has come in the form of performance indicators linked to funding, workplace relations requirements imposed on universities, and research assessment exercises. Rather than promoting university autonomy, then, the decline of public funding has most often led to greater government interference and control.

19. Another underlying premise in this scenario is that greater differentiation and competition amongst institutions, coupled with less dependence on public funding, will allow universities to more rapidly respond to the demands of students and the private sector. What is not fully considered, however, is how the creation of different tiers of universities will affect quality. In this scenario, there will likely only be a small handful of high quality institutions in any country, with the

remainder occupying second or third rate status. Quality will vary greatly between institutions, leaving many students poorly educated and poorly prepared for the workforce.

20. This scenario also envisions the emergence of low status universities that are teaching-only institutions. However, a key distinguishing feature and core strength of university education has been the integration of research and teaching. It is therefore questionable whether it is appropriate to refer to teaching-only institutions as universities at all.

21. The claim is also made that in this scenario university-held patents will become an important revenue stream. The evidence to date, however, is that the financial gains for institutions which aggressively pursue commercial research are extremely modest. Even in the best case scenario, it is estimated that the commercialization of research can generate only 3 to 5 per cent of university revenues.

22. This scenario also raises questions over intellectual property rights. Traditionally, patent rights and copyright have been held by academic staff. In this scenario, however, universities would seem to gain control over intellectual property rights so that new discoveries may be more efficiently exploited commercially. Academic staff, however, have a strong interest in ensuring they receive credit and have control over their work. Indeed, this is absolutely essential in order to protect academic freedom.

Scenario 4: Higher Education Inc.

23. This scenario is similar to the free market model presented in the earlier OECD paper, although the focus now is more on the commercialization and privatization of higher education on a global scale, facilitated primarily through free trade agreements like the WTO's General Agreement on Trade in Services (GATS). Higher education institutions, in this scenario, compete globally to provide education and research on a commercial basis. There is fierce competition for students and "super-star" researchers, but research and teaching are increasingly disconnected. The "outsourcing" of research has become common. Basic research is still largely funded by governments, but the research sector as a whole is becoming more concentrated in fewer institutions.

24. This global free market scenario, with its proliferation of private providers, also raises questions about the quality of higher education that students would receive. The assumption is that the "industry" would be self-regulating. If so, it is very unlikely that institutions would be held to the same rigorous standards than in other scenarios. It is also clear that the quality of education would differ dramatically between institutions. This would create difficulties for prospective students and employers.

25. Higher education has always been international in scope, and students and faculty have crossed borders for centuries to study, teach and conduct research. However, the global "market" in higher education as envisaged by this scenario poses a potentially serious threat to the academic mission of institutions. The international commercialization and privatization of higher education and research will increase inequality, diminish quality, and undermine the integrity and independence of teaching and research.

26. The scenario suggests that the economic globalization of higher education will be facilitated by trade and investment agreements like the General Agreement on Trade in Services (GATS). These agreements, however, have the effect of locking-in and intensifying the pressures of commercialization and privatization. Troubling questions have been raised about the impact of

GATS on educational access and quality, on public subsidies and funding, and on domestic authority to regulate education providers. While many of these questions remain unsettled, the risk is that once a country has agreed to cover education services, GATS rules can enforce open education markets and enable offshore institutions and companies to engage freely in education activities. Local authorities, including accreditation and quality control agencies, may have little control.

Building an Alternative Scenario: The Public Service University

27. None of the scenarios presented by the OECD are particularly desirable from the standpoint of academic staff. The new public management model and market-driven universities raise concerns about quality, accessibility, academic freedom, and the further erosion of the terms and conditions of employment for staff. The open networking model and serving local communities scenario would profoundly alter and undermine the educational experience.

28. Overall, the scenarios present inadequate descriptions of how a sustainable higher education system could develop in any OECD country. They are at best simply descriptions of some contemporary developments and as such are driven by current thinking and current economic conditions. They form an inadequate basis on which to draw out the future because they are focused on short term political and economic drivers which are subject to change. There is therefore nothing neither inevitable nor certain about how we should respond to these drivers. Choices can be made. Different policy directions can be taken.

29. For higher education staff, the challenge then is to imagine an alternative future for the university. We suggest that such an alternative scenario is one that should be grounded in a sustainable "public service" model of the university. The main characteristics of this scenario would include the following:

I. *Public Service Mandate*: Higher education and research is recognized as a vital public good that contributes to the social, cultural and economic development of communities, regions, and nations. Consequently, universities operate according to clearly defined public service principles: equality of access, comprehensiveness, affordability, high standards of quality, and public responsibility. Institutions provide a learning environment that is student-centred and that promotes quality pedagogical relationships between students and teachers.

II. *Funding*: Institutions are primarily publicly-funded to ensure they are of consistently high quality, and are universally accessible by all qualified students of all ages. While funded by governments through the tax base, universities are autonomous from government. Institutions are accountable for exercising responsible financial stewardship, but have autonomy in developing educational programs and curricula. Public financial support means that tuition fees, where they exist, are kept very low and no one is denied access for financial reasons. No or low tuition fees promote higher participation rates and increased participation from non-traditional students. Stable, predictable, and long-term public funding ensures that institutions can provide sufficient spaces and a range of programs to fulfill their academic mission, and to meet student demands. In research, the predominance of public funding also ensures greater autonomy for academic researchers and drives basic, curiosity-driven research that leads to important but unanticipated new discoveries that boost productivity and growth.

III. *Academic Freedom*: The public interest is best served when university research and teaching is independent of any special interests. To safeguard and promote free inquiry and the integrity of university teaching and research, academic freedom must be vigorously protected and promoted by governments, administrations, and academic staff associations. Academic

freedom is understood as including the right, without restriction by prescribed doctrine, to freedom of teaching and discussion; freedom in carrying out research and disseminating and publishing the results thereof; freedom in producing and performing creative works; freedom to engage in service to the institution and the community; freedom to express freely one's opinion about the institution, its administration, or the system in which one works; freedom from institutional censorship; freedom to acquire, preserve, and provide access to documentary material in all formats; and freedom to participate in professional and representative academic bodies. Academic freedom, however, is inalienable from broader human rights and provides an opportunity to promote and defend equality and challenge racism, sexism, homophobia, ageism and xenophobia. Academic freedom must not be allowed to justify discrimination.

IV. *Tenure*: Academic freedom is protected through tenure or its functional equivalent. Tenure or its functional equivalent, awarded after rigorous peer review, ensures secure continued academic employment. It is not, however, protection against professional incompetence or misconduct. Rather, it is the means by which academic staff are protected against personal malice, political coercion, and arbitrary actions by their institutions, governments or other special interests. Strong protections for academic freedom and tenure make academic careers highly attractive, ensuring that universities can recruit and retain highly skilled and motivated staff. The recruitment and retention of staff will be a major challenge in the coming years in the OECD countries as large numbers of staff are set to retire.

V. *Working Conditions*: In addition to iron-clad guarantees for academic freedom, universities ensure that there are sufficient numbers of qualified and regularly employed academic staff. The salaries of staff are such that the university can attract and retain able scholars and researchers. Openly agreed and fair collective agreements between employers and staff are in place so that standards of compensation, promotion, tenure and discipline are fair and transparent.

VI. *Quality and Collegial Governance*: The quality of higher education is recognized neither as a measurable product nor an outcome subject to any simple performance-based definition. Quality is dependent upon the conditions and activities of teaching, research and free enquiry. The quality of higher education institutions is assessed through rigorous and regular peer reviews. What constitutes quality teaching and research is debated, established, and reassessed at the institutional level through effective academic governance (such as academic senates or councils) with meaningful representation from staff and students. It is primarily the responsibility of higher education institutions to assure the quality of their programs through these collegial processes.

VII. *Teaching and Research*: By integrating teaching and research, universities help prepare students for work, citizenship and further learning. Research is produced in open ways and the accumulated knowledge of universities is made freely available in the public domain. Recognizing that most on campus students desire a face-to-face educational experience over technologically mediated learning, institutions widely employ e-learning as a supplement to, but not a replacement for, in-class instruction. As universities have always done, they continue their commitment to distance education for those unable to attend campus-based programs.

VIII. *Local and global collaboration*. There is strong collaboration and cooperation between universities and the local community. These collaborative links foster a dialogue that helps the academic community anticipate and respond to changing social and economic demands and priorities, thus ensuring the development of high quality programs. The strength of these local

links help universities develop local and global partnerships that are founded solidly on academic principles, not commercial gain. Partnerships with institutions in developing countries are motivated by a desire to help build domestic capacity. In their international collaboration, institutions and governments actively seek ways to mitigate the damaging effects of the brain drain of talent from the developing to the developed world. Such strategies include providing financial compensation to countries losing skilled people, assisting developing countries in building their domestic higher education systems, developing student and staff exchanges to promote two-way knowledge transfer, and encouraging collaborative projects and research networks with less developed nations.

Conclusion

30. As the OECD paper acknowledges, futures scenarios are not an end in themselves. They are designed to help stakeholders to discuss and respond to specific issues. The above commentary and analysis of the scenarios is an attempt to do just that. In discussing the scenarios presented by the OECD, we have concluded that none is particularly desirable neither from the standpoint of academic staff, nor we suggest from the standpoint of the general public who have an important stake in the outcome of these debates.

31. The scenarios presented by the OECD are already well advanced. Throughout many OECD countries, what we are seeing is nothing less than a dramatic erosion of universities' long-standing commitments to advance public priorities. Public funding has been stagnant or shrinking, tuition fees are rising, commercialization of university research is actively encouraged by governments, and universities in many cases are drifting toward privatization. Left unabated, these trends will mean that future access to higher education will be limited to those who can pay the cost of tuition, success in higher education will be limited to those with the advantage of wealth, the liberal arts will shrink, and the integrity of research results will be constantly called into question as the public sees researchers become more beholden to private interests.

32. The ability of universities to meet society's needs is in serious danger. It is time to reverse the course now, before it becomes difficult, if not impossible, to change direction. We have proposed a future scenario that would build a new public service university that would be of the highest quality and fully accessible. The question now is whether policymakers will take up this vision.