The future (r)evolution of HE?

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The Pearson Think Tank
thepearsonthinktank.com
The future of HE
1. WHO?
More students, from and in emerging nations
More older, working and part time students

2. WHERE?
Informally, outside classes, wherever suits
More courses with multiple global locations

3. HOW?
Blended, online and personalised services
Socially with others, virtually or in person

4. WHY?
Economic benefit, for them and their country
But increasingly for a better world - values
Pearson

Education
Our two divisions – Pearson International and Pearson North America – create curriculum materials, multimedia learning tools and assessment programmes that help to educate more than 100 million people in over 70 countries worldwide – more than any other private enterprise.

Consumer publishing
Our world-famous Penguin brand is a label of quality around the world, publishing an unrivalled range of fiction and non-fiction bestsellers and classics in over 100 countries.

Business information
Our Financial Times Group, one of the world’s leading business information companies, provides a broad range of digital services to the international business community.

More than 45,000 staff in over 70 countries helping over 100m learners
### The world’s leading learning company?

#### The World’s Leading Education Companies

**Education Revenues (in $m)**

- **Pearson**: $6.5m
- **Apollo Group**: $5.0m
- **Benesse Education**: $3.7m
- **Kaplan (Washington Post)**: $2.9m
- **McGraw-Hill**: $2.4m
- **Career Education Corp**: $2.1m
- **Corinthian Colleges**: $1.9m
- **Cengage Learning**: $1.6m
- **Houghton Mifflin Harcourt**: $1.4m
- **ETS**: $0.9m
- **Santillana (Prisa)**: $0.9m
- **Lagardere Education**: $0.6m
- **Anhanguera**: $0.6m
- **New Oriental**: $0.6m
- **Blackboard**: $0.4m
- **Scholastic**: $0.4m
- **Infinitas Learning**: $0.4m
- **Holtzbrinck (Macmillan)**: $0.4m
- **Kroton Educaional**: $0.3m
- **Sanoma Education**: $0.3m
- **Educomp**: $0.3m

2010 data  
*2009 data  
**Year to February 2011

**Always Learning**

**Pearson**
Change at the top

Dame Marjorie Scardino

John Fallon
Pearson in Asia Pacific and Thailand

Over 7,000 employees in the region
Operating in 17 countries
HQ in Hong Kong
Independent education think tank focused on research into education access and quality.
A shifting global context for HE
HE - a growing global phenomenon

Percentage of population with tertiary education by age

Sustained growth in HE learners

In 36 countries covered by OECD data there are more than twice as many 25-34 year olds (81m) with degrees than 55-64 year olds (39m)

Number of 55-64 year-olds

39m

Number of 25-34 year-olds

81m

Increasingly studying *in*, not just coming from emerging nations

The % share of graduates by nationality is shifting from West to East

**% share of 55-64 year-olds**

- Korea, 1.6
- Australia, 1.7
- Mexico, 1.8
- Italy, 1.9
- Spain, 2.1
- Brazil, 3.5
- France, 3.5
- Canada, 4.2
- UK, 5.3
- Germany, 6.3
- China, 6.9
- USA, 35.8
- Other, 12.9

**% share of 25-34 year-olds**

- Korea, 5.7
- Australia, 1.6
- Mexico, 3.9
- Italy, 2.0
- Spain, 3.5
- Brazil, 4.5
- France, 4.1
- Canada, 3.1
- UK, 4.4
- Germany, 3.1
- China, 18.3
- USA, 20.5
- Japan, 10.9
- Other, 14.5

Future 18-22 year-old population by 2020

Source: UN Population Division, Oxford Economics (2011)
Increasing ability to pay, projected *per capita* GDP (US$ PPP at 2006 prices)

Source: PWC, The world in 2050 - Beyond the BRICs: a broader look at emerging market growth prospects (2008) [http://goo.gl/1iTlf](http://goo.gl/1iTlf)
Growth in internationally mobile learners

This growing pie represents a huge opportunity
- to help educate the ‘next billion’
- to build institutional capacity
- to develop ‘world class’ institutions

But it’s not the answer to all HE’s prayers...

Future 18-22 year-old population over time

Huge falls for China, South Korea, Russia and Germany

Steady levels for the USA and Brazil

Steady growth for India

Source: UN Population Division, Oxford Economics (2011)
Asia’s changing population pyramid

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat
Changing market share (%) of foreign HE students enrolled, by destination, 2000-2010

Source: Shleicher (2012) ibid.
Particularly strong growth in vocational learner numbers in emerging countries

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Change in Vocational Students</th>
<th>Average Change in Academic Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central &amp; Eastern Europe</td>
<td>-4%</td>
<td>-1%</td>
</tr>
<tr>
<td>Central Asia</td>
<td>+1%</td>
<td>-1%</td>
</tr>
<tr>
<td>North America &amp; Western Europe</td>
<td>+0%</td>
<td>+3%</td>
</tr>
<tr>
<td>Arab States</td>
<td>+7%</td>
<td>+8%</td>
</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>+7%</td>
<td>+3%</td>
</tr>
<tr>
<td>East Asia &amp; the Pacific</td>
<td>+10%</td>
<td>+5%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>+20%</td>
<td>+16%</td>
</tr>
<tr>
<td>South &amp; West Asia</td>
<td>+41%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

Costs and graduation rates over time

Source: Shleicher (2012) ibid.
Costs and graduation rates over time

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Source: Shleicher (2012) ibid.

Expenditure per student at tertiary level (USD)

Tertiary-type A graduation rate

2009
US costs + graduation rates over time

1995-2000

Natural graduation rate limits reached? 40%? 50%? 60%?

Costs to keep on rising?

Source: Shleicher (2012) ibid.
Revolution or evolution?
Funding in flux in many nations

HE serves many missions (and masters)

Is it losing out to other priorities (e.g. schools, health) in a tough economic context? US deficit, UK austerity, Australia mineral wealth already spent(?)

When US HE leaders had to select from 14 ‘key challenges’, 4 money issues topped the list;
  • Potential cuts in federal student aid 83%
  • Budget shortfalls 70%
  • Cuts in state spending 67%
  • Rising tuition fees / affordability 66%

Public funding switching to private sources

Rising demand and restraints on public resources

Evidence of private (individual benefit)

Increasing willingness / ability to pay

Trend in the USA and (sharply) in the UK

Some Indonesian institutions recently quadrupled their fee income

In Vietnam many institutions now get <40% of their income from fees

Some institutions becoming more entrepreneurial, new funding models

Growth of private providers

UK government looking to ‘level the playing field’ for new entrants, reforming quality assurance measures and Degree Awarding Powers, hoping to drive efficiency in the market

In Indonesia, Japan, Malaysia, Korea, and the Philippines, private universities now enrol the majority of students

The English funding experiment (/gamble?)

All the dice thrown at once, especially for funding

Most direct funding gone, tripled tuition fees
1998 <£1k
2004 <£3k
2012 <£9k

Average 2013/14 fee £8,507
£7,898 with support (good luck making sense of all that though...)

Average UK undergraduate debt now highest in the world (universities from Holland to Hong Kong increasingly marketing to UK students)

Closer to what international students pay
Impact of higher fees in England

No conclusive evidence so far that fees put applicants off, lower than predicted impact on overall numbers (-56,600, -12%)

2% increase in ambitious ‘early applicants’ (Oxbridge, medicine, dentistry and veterinary science) with 56,753 for 2013 over 55,618 in 2012

But bigger impact on mature learners (e.g. 50% fewer <25 year olds than >20 year olds, -9.3% vs -6.2%) which questions ability of ageing economy to ‘re-skill’?

Some studies unclear if it will save the Treasury much, if anything in the long run

Marketisation and student consumers

Happening all around the world, and there is sometimes a sense of loss that requires debate (e.g. in the UK see the Campaign for a Public University and the Council for the Defence of British Universities)

More information (e.g. Key Information Set [KIS] in UK) and choice... ...but who is equipped to choose?

Sector responses; external re-grouping, internal reconfiguring, strategic partnerships, shared services, specialisation, internationalisation, inter-disciplinary teams, entrepreneurship, incubators, proving impact, ‘squeezed middle’ institutions in the UK

Will HE come out stronger and more competitive? Nobody knows yet...
HE driving equity, fairness and social mobility

Balancing access and equity...

Governments try to make it a core objective for institutions (e.g. Australia and UK) but more could be done (both central funding and institutional prioritising)

New UK access agreements (with fines), postgrads the ‘next’ frontier

Changes to admissions policies e.g. China moving away from single exam rounds, (contested) use of contextual data in the UK

Diverse, strategic networks of partners: international, national, regional and local

Third mission – community and social engagement

Partner schools and colleges

Employers

Suppliers

Strategic partners – first Google or Apple course/university?

Voluntary orgs / charities – first Amnesty Intl. or Oxfam course/uni?

More institutional collaboration (or competition)?
Educating the ‘whole’ learner

Global growth of more holistic approaches (*beyond just knowledge*); skills, employability, attributes, 21\(^{st}\) Century skills, critical thinking, problem solving, communication, team work, E.Q., digital skills...

*But also beyond just competencies;* (social) innovation, (social) enterprise, sustainability, global citizenship, extra-curricular activities, volunteering, service-learning, creativity etc... *teaching values?*

Young people increasingly expect learning that creates ‘flourishing’ communities, beyond employment or average salaries

But challenging with low growth and high graduate unemployment

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Is technology part of the answer...

The future looks pretty bright and exciting, here’s a starter for 10:

1. **MOOCs**, democratising revolution or marketing for known brands?
2. **Blended learning** offering seamless face-to-face/online experiences
3. **Tablet and mobile pedagogy** as developing areas of practice
4. A flourishing **learning applications** (apps) market of proven impact
5. **Social learning** more common with teaching and learning in teams
6. **Virtual learning** simulations bringing ever-more realistic activities
7. **Game-based learning** that is engaging, social and technical
8. **Personal learning passports** help learners to move and develop
9. The **internet of things** with learning data gathered all around us
10. **Smarter data use:** instant, open, actionable and invisible
Is technology part of the answer...

...or are we just heading into another bubble?

Source: GSV Advisors, American Revolution 2.0, p.311 [http://goo.gl/1ZdOq](http://goo.gl/1ZdOq)
Winning the argument about value(s)

Coherent national vision needed for *whole* sector, in all its diversity

- Persuade government of value over other priorities (budgets, elections)
- Win the public on the benefits of HE (‘consumers’, voters)
- Work with employers, charities and other partners
- Reshape itself to respond and lead

A new narrative for HE: *the* long-term engine of growth, powerful in its diversity and dynamism, key to the good society (e.g. evidence on non-financial benefits; wellbeing, sustainability, health, volunteering, voting, crime, civic engagement, productivity, status, and above all *values*)

A *revolution* is required (especially in equity, technology and social engagement)... but funding constraints and a lack of coherent strategy risks making *evolution* more likely.
HE pays – for the individual and for society

Source: Shleicher (2012) ibid., public cost and benefits of higher education for a man obtaining tertiary education (2008 or latest available year) in USD equivalent.
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pearsonblueskies.com – a platform for new thinking about the future of HE

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Willetts, 2011 launch

Willetts, 2012 launch

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