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Students as Consumers?

Julian Skyrme, The University of Manchester

The University Challenge Conference, 7 June 2011

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Rapid Change

- Students paid nothing towards costs of HE until 1998. Now, many will meet almost all of costs .
- Spending Review of 2010 withdrew the majority of teaching funding from Universities.
- Higher Education had a ready source of “alternative funding”
  - “We have become like Azerbaijan and Kazakhstan” (Bekhradnia)
  - “This allows funding to flow in different ways – through students instead of institutions” (Willets)
- Revolution is taking place - ‘the rise of the consumer’
- Are students consumers in a market? And if so, will they exercise the power that traditionally belongs to those who buy?

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The view from government

Vince Cable, HEFCE Conference 6/04/11

“Making the higher education system more responsive to students – **your consumers** – . . is one of the central purposes of our reforms

One of main purposes in reforming the HE system is to give applicants all the information they require to make that decision – and that includes the ability to assess **value for money**. The biggest mistake a university could make is to **underestimate its consumers**. Students will search for value for money and compare the offers of different universities.”

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The view from government

David Willetts, LFHE Conference 10/05/11

“The current system has led to a lack of quality . . . there will be **greater competition** between Universities about the quality of teaching . .

When the dust settles Universities will emerge even stronger and focussed on teaching. An even more diverse sector for Higher Education will emerge with the entrance of **new alternative providers**”

The view from students

Aaron Porter – NUS President

“I will not allow students to be let down by weak regulation permissive of misbehaviour and unfair practices . . . *We will seek to bring about a consumer revolution in higher education.*

Universities believe the price they set will be a sign of quality – and they will charge whatever they can get away with. ... Students should be financially compensated if courses fail to live up to expectations. *The Browne Review had ushered in an era of sticks and not carrots*.

Key Themes

1. Higher Education as a market

    a) Information information information
    b) Price
    c) Choice and competition

2. Great expectations: how students might react

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Higher Education as an ‘imperfect’ market

HE as an imperfect market:

- Information imperfect
- Demand outstrips supply
- An artificial cap on supply
- Abnormal price elasticity since HE is a **positional good**.
- University places of study may be **Veblen goods** – “reassuringly expensive”.
- Artificial cap on price (@£9k p.a.)
- Huge and potentially increased state intervention to “rig” market

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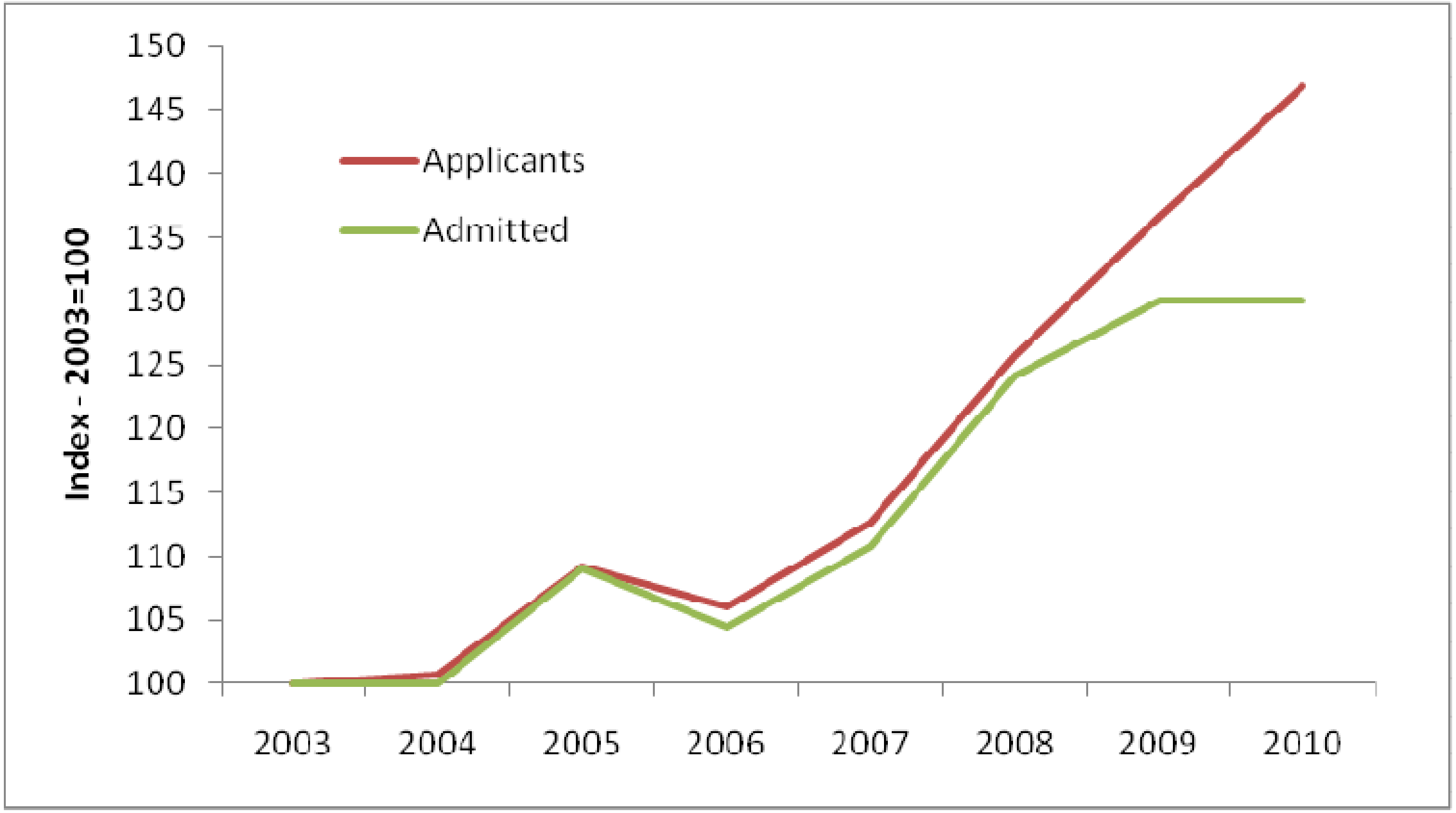
Applications and acceptances – UCAS data



Source: UCAS ad hoc analysis Figures relate to England domiciled applicants

Information information information

- Not a topic that normally inspires fierce political debate
- Quality IAG = essential to markets.
- School/college HE IAG currently in flux
- The KIS (Key Information Set) = key to HE reforms
- Designed to aid prospective student choice, needs may evolve over time

Information information information

- One KIS for every undergraduate course
- Published on institution's web-sites and accessible via UCAS
- Data renewed once a year
- Will be part of QA review

Levels of information on the KIS

Institutional Level

- Accommodation costs
- Students' union data

Subject Level

- Student satisfaction (NSS)
- Employment and salary (DLHE)

Course Level

- Learning & teaching methods
- Assessment methods
- Professional accreditation
- Student fees/bursaries/scholarships

Price

- Prices above £6k only in ‘exceptional circumstances’
- Calculations based on £7,500 avergae fee
- More than 90 universities in England have revealed their plans for undergraduate tuition fees for 2012, more than three quarters of the total.
- More than two-thirds of these want to charge the £9,000 maximum fees for some or all courses - and only a handful are offering all their courses below £8,000 per year.
- Will variances of between £8k and £9k really alter behaviour based on price – especially when it might not be seen as ‘real’ money.

Choice and competition

- New providers & state loans
- BPP
- HE in FE squeezing post 92s
- Distance Learning & p/t
- Employer funded e.g. KPMG
- 2 year degrees
- New College for the Humanities
- HEI casualties?
- Subject casualties?
- Who decides what are priority subjects? Not consumers!

Richard Dawkins heads lineup at private £18,000-a-year university

Niall Ferguson and Steven Pinker also join AC Grayling's initiative but critics complain of greater inequality in education

Robert Booth
guardian.co.uk, Sunday 5 June 2011 19.42 BST
Article history

AC Grayling has assembled a starry lineup of international academics to teach at his New College of the Humanities. Photograph: Christian Sinibaldi

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Student Expectations Will Surely Rise

In 2010, NUS surveyed 3,000 current university students: 65% responded that their expectations would rise if fees were increased

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Great Expectations: how students might react?

- “As students will be paying more than in the current system, they will demand more in return” (Browne Report)
- Economic evidence suggests we value things more if we pay for them
- “Since the introduction of variable fees in 2006 especially, students have gradually become much less passive consumers of what their universities dish out…they’re much more concerned than ever before about what the return on the education they’re helping to pay for will be.” (David Lammy MP)

Great Expectations: how students might react

- Vote with feet?
- Closer/cheaper routes for underrepresented learners?
- Evidence high achieving students will be influenced by quality rather than price
- More demand on student support services
- Demands from prospective students for better information (Oakleigh Consulting and KIS)
- Demand for more teaching & Student Charters
- Demand for more involvement: their fees pay a large part of i) our salaries ii) other students' bursaries
- Parents may pay fees upfront – then be very demanding
- Perception of 'debt' versus '9% graduate tax'

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