4

Higher Education

Countries have shared the very rapid expansion of higher or tertiary education, which means that instead of this being an experience enjoyed by a privileged minority, it has now become even the majority experience of each new cohort. There are broad trends visible across the OECD – for instance, the growing international tertiary education market and the greater formalisation of quality assurance. Despite rising costs for the individual, tertiary education remains a primarily public enterprise in most countries. There has been prominent OECD work on higher education, including on internationalisation, a major review of tertiary education, the regional role of higher education institutions (HEIs), the future of higher education, and feasibility work on the Assessment of Higher Education Learning Outcomes (AHELO). Policy orientations include the need to develop and work towards strategic visions, to ensure that quality assurance serves both improvement and accountability purposes, and to use cost-sharing between the state and students as the principle to shape the sector's funding.

INTRODUCTION

Countries share the very rapid expansion of higher or tertiary education, which means that instead of this being an experience enjoyed by a privileged minority, it has now become even the majority experience of each new cohort. There are other broad trends visible across the OECD – for instance, the growing international tertiary education market and the greater formalisation of quality assurance. A major review of tertiary education was completed in 2008 and published in two volumes. The feasibility study for the international Assessment of Higher Education Learning Outcomes (AHELO) is breaking new ground in assessing learning outcomes internationally. Reviews of higher education in regions and cities' development are showing the benefits of stronger interaction and engagement between institutions and local actors to reinforce social and economic development.

There has been long-running work on internationalisation of higher education at the OECD, including statistical development and analysis, policy evaluation, and the formulation of the OECD/UNESCO *Guidelines for Quality Provision in Cross-border Higher Education*. Work on "University Futures" has identified scenarios for the future, and examined trends on globalisation, demography and technology in higher education.

Policy orientations emerging from this large body of work include the need to develop and work towards strategic visions, to ensure that quality assurance serves both improvement and accountability purposes, and to use cost-sharing between the state and students as the principle to shape the sector's funding.

KEY FINDINGS

Many more young adults are now in education even compared with a decade ago, accounting for a quarter of 20-29 year-olds and with university programme entry up more than 20 percentage points since the mid-1990s: An average of one quarter of young adults aged 20-29 are enrolled in education across OECD countries, and 30% or more are in Australia, Denmark, Finland, Iceland, Poland, Slovenia and Sweden (2008). In contrast, only Denmark had 30% of 20-29 year-olds enrolled in education in 1995. Enrolment among 20-29 year-olds doubled or more since then in the Czech Republic, Greece and Hungary. Entry rates to university-level education went up by nearly 20 percentage points across the OECD since 1995, and by more than 20 points since 2000 in Australia, the Czech Republic, Korea, the Slovak Republic and the United States.

📖 *Education at a Glance 2010: OECD Indicators*, 2010, Indicators A2 and C1

Over half the population of OECD countries will participate in university-level education at some stage of their lives based on current patterns of entry: Participation rates in university education of over 50% for a single age cohort are becoming the benchmark for OECD countries, with 56% for OECD countries overall. (This refers to "net entry rates" which are calculated as the proportion in a synthetic age cohort who go into university-type education at some point in their lives based on current enrolment patterns.) For some countries in 2008, such entry rates are substantially higher again: 70% or over can expect to enter university-type programmes (tertiary-type A) alone in Australia, Finland, Iceland, Korea, New Zealand, Norway, Poland, Portugal and the Slovak Republic.

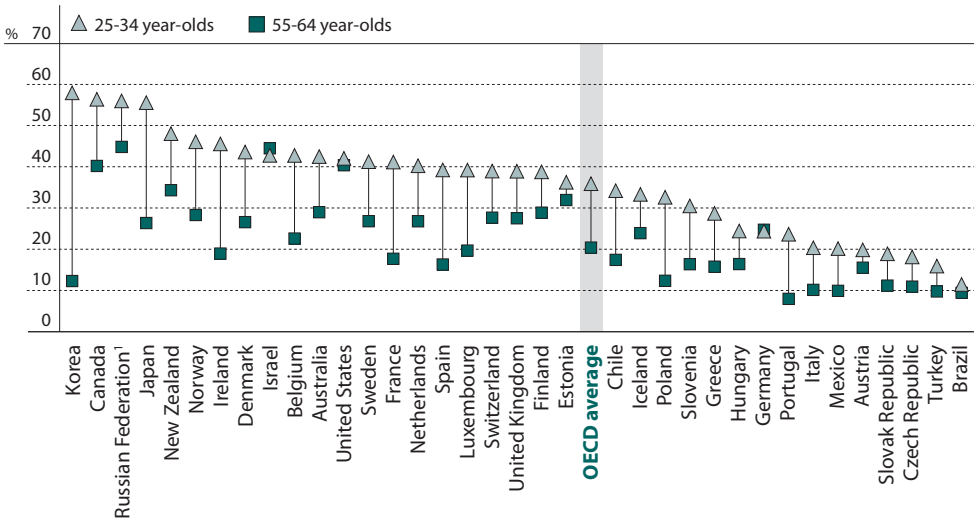
📖 *Education at a Glance 2010: OECD Indicators*, 2010, Indicator A2; *Tertiary Education for the Knowledge Society: Volume 1*, 2008, Chapter 2

Nearly a third of university students fail to graduate and such "dropout" is higher still in non-university tertiary programmes: On average across the 23 OECD countries for which data are available, some 30% of university (tertiary-type A) students fail to successfully complete the programmes they undertake.

Figure 4.1.

Population that has attained tertiary education (2008)

Percentage, by age group



1. Year of reference 2002.

Source: OECD (2010), *Education at a Glance 2010: OECD Indicators*, OECD Publishing.

StatLink http://dx.doi.org/10.1787/888932310092

Completion rates differ widely. The countries where over three-quarters of university students complete the programme are Japan (93%), followed by Portugal (86%), Korea (84%), Denmark (82%), the United Kingdom (81%), Australia (80%), Spain (79%) and partner country the Russian Federation (80%). In contrast, in Mexico, New Zealand, Sweden and the United States less that six in ten of those who enter go on to complete (though for Sweden it includes those enrolled in single courses who do not intend to do the full programme). The non-completion rate in vocational, non-university programmes stands even higher than in university-type programmes at 38%, and is highest in New Zealand and the United States at around two-thirds, and in Portugal at over 80%.

Education at a Glance 2010: OECD Indicators, 2010, Indicator A4

Nearly one third of expenditure on educational institutions across the OECD is for tertiary education, accounting in some for 2% or more of their GDP: Large differences between countries in the size of systems, pathways available to students, programme durations and the organisation of teaching, mean that there are large differences in the level of expenditure which countries spend on higher education. Canada, Chile, Korea and the United States spend the most on higher education institutions, at 2.0% or more of their GDP. In three of these cases, the majority share comes from private sources: in Chile (1.7% of GDP), Korea (1.9%) and the United States (2.1%).

Education at a Glance 2010: OECD Indicators, 2010, Indicator B2

Tertiary education is still predominantly a public enterprise in the OECD area: There has been no general decline in enrolments, funding or public funding in public tertiary education in OECD countries. Except for Japan and Korea, tertiary education is still predominantly a public enterprise: the private for-profit sector is still marginal in the large majority of countries, and even more so for advanced research programmes. At the time of writing, tertiary education institutions had not faced a major decline in public funding either; instead, their budgets have increased over recent years, in most cases per student as well as in total. Students and their households have nevertheless felt serious changes as they contribute more to the expenditures of tertiary education institutions than they used to. In most countries, however, tertiary education is still significantly publicly subsidised.

📖 *Higher Education to 2030 – Volume 2, Globalisation*, 2009, Chapter 9

OECD analysis has identified five groups of countries in their approach to assisting students financially: Of the countries participating in the OECD Tertiary Education Review, first there are those which base their student support exclusively on a public loan fund without grants (Iceland and Norway). A second group – Australia, Japan, the Netherlands, New Zealand, Sweden and the United Kingdom – combine a public loan system with a publicly-funded grant scheme. A third group – Finland, Poland, Portugal and the partner country Estonia – is like the second except that the loans are provided by commercial banks with public subsidy and/or public guarantee. A fourth group of countries – Chile, China and Korea – offer a wide choice of schemes through a mix of a public loan fund, commercial banks and grants. A fifth group – the Flemish Community of Belgium, Croatia, the Czech Republic, Greece, Mexico, the Russian Federation, Spain and Switzerland – has no loan scheme and base student support on grants.

📖 *Tertiary Education for the Knowledge Society: Volume 1*, 2008, Chapter 4

There has been more than a fourfold increase in foreign students since the mid-1970s, highly concentrated in a small number of destination countries and making up 15% or more of tertiary students in several: In the 1990s, there was a sharp increase in the international mobility of students and teachers, educational programmes and higher education institutions which has continued since. The number of foreign students worldwide stood at around 0.8 million in 1975 and has now risen to an estimated 3.3 million by 2008. Foreign students are highly concentrated in a few countries. Half attend higher education in the top five destination countries (United States, United Kingdom, Germany, France and Australia), with another 14% accounted for by the next three (Canada [6%], Japan [4%] and partner country the Russian Federation [4%]). Foreign students make up around 15% or more of the tertiary student body in Australia (20.6%), Austria (15.5%), Switzerland (14.1%) and the United Kingdom (14.7%). In absolute terms, the largest numbers of international students are from China and India.

📖 *Education at a Glance 2010: OECD Indicators*, 2010, Indicator C2

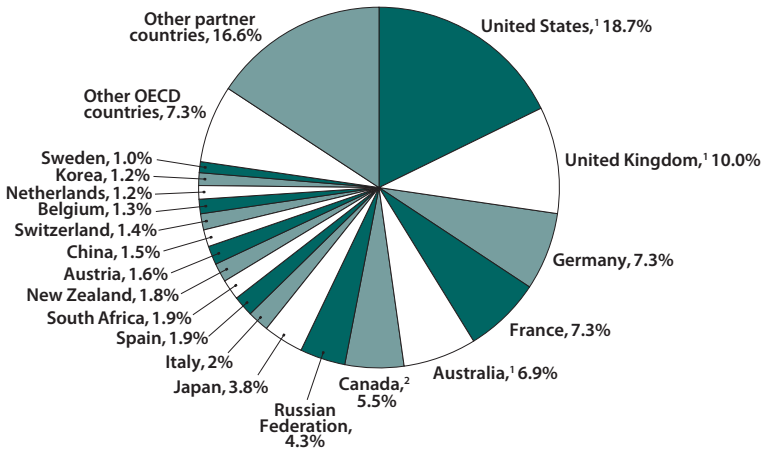
Despite the major demographic changes taking place in OECD countries, the evolution of the academic workforce is not primarily a reflection of these wider demographic trends: The age pyramid of academic staff reflects less the ageing of populations in general and more of an employment system in higher education whose hallmark is permanence with efforts to maintain relatively fixed student-teacher ratios. Similarly, the changing composition of academic staff reflects less general demographic developments and more the diversification of the profession, and the restructuring of relationships between academics and their institutions.

📖 *Higher Education to 2030, Volume 1, Demography*, 2008, Chapters 3 and 4

Figure 4.2.

Distribution of foreign students in tertiary education, by country of destination (2008)

Percentage of foreign tertiary students reported to the OECD who are enrolled in each country of destination



1. Data relate to international students defined on the basis of their country of residence.
2. Year of reference 2007.

Source: OECD (2010), *Education at a Glance 2010: OECD Indicators*, OECD Publishing.

StatLink http://dx.doi.org/10.1787/888932310434

Quality assurance in higher education is becoming universalised: The increase in the growth of the number of external quality agencies over the period can be observed through membership of the International Network of Quality Assurance Agencies in Higher Education (INQAAHE). Its core members are the regional and national quality assurance and accreditation agencies, plus associate members of organisations with a strong interest in quality assurance in higher education. This Network was established in 1991, originally with members from only 11 countries, representing most of those with systems, full or partial, of external quality assurance in higher education. By mid-2008 the Network had grown to 154 members from 78 countries, and there are yet other agencies that have not joined the network and some other countries still in the course of developing their systems of quality assurance.

Higher Education to 2030, Volume 2, Globalisation, 2009, Chapter 11; Hazelkorn and Marginson in *Higher Education and Policy: Journal of the [OECD] Programme on Institutional Management in Higher Education*, 2009

POLICY DIRECTIONS

While recognising differences of culture and approach in national tertiary education systems, there is a number of common main elements that underpin sound planning and policy making:

- **Develop and articulate a vision for tertiary education:** Countries should as a priority develop a comprehensive and coherent vision for the future of tertiary education, to guide the medium- and long-term in harmony with national social and economic objectives. Ideally, it should result from a systematic review and entail a clear statement of strategic aims.

- **Establish sound instruments for steering towards and implementing that vision:** Tertiary education authorities need to develop their review and monitoring capacity for the system as a whole as opposed to the standard instruments of institutional administration. Within the overall vision, steering instruments need to establish a balance between institutional autonomy and public accountability. Allowing the play of student choice can improve quality and efficiency.
- **Strengthen the ability of institutions to align with the national tertiary education strategy:** Institutions should be encouraged to develop an outward focus, including via external representation on their governing bodies, and be required to establish strategic plans. The national policy framework should give institutions the means to manage effectively their wider responsibilities.

📖 *Tertiary Education for the Knowledge Society: Volume 1*, 2008, Chapter 3

Lessons drawn from OECD review about the implementation of tertiary education reforms suggest that it should:

- **Recognise the different viewpoints of stakeholders** through iterative policy development.
- **Allow for bottom-up initiatives** to come forward as proposals by independent committees.
- **Establish ad-hoc independent committees** to initiate tertiary education reforms and involve stakeholders.
- **Use pilots and experimentation.**
- **Favour incremental reforms** over comprehensive overhauls unless there is wide public support for change.
- **Avoid reforms with concentrated costs and diffused benefits.**
- **Identify potential losers** from tertiary education reform and build in compensatory mechanisms.
- **Create conditions for and support the successful implementation of reforms.**
- **Ensure communication about the benefits of reform and the costs of inaction.**
- **Implement the full package of policy proposals.**

📖 *Tertiary Education for the Knowledge Society: Volume 2*, 2008, Chapter 11

Among the principles and pointers for quality assurance in tertiary education, in addition to the general requisites of building the focus on student outcomes and the capacity for quality assurance, are:

- **Ensure that quality assurance serves both improvement and accountability purposes,** and more generally make sure it is consistent with the goals of tertiary education.
- **Combine internal and external mechanisms** for quality assurance.
- **Make stakeholders visible in the evaluation procedures** – students, graduates and employers.
- **Enhance the international comparability** of the quality assurance framework.

📖 *Tertiary Education for the Knowledge Society: Volume 1*, 2008, Chapter 5

Effective initiatives to improve teaching quality in higher education depend above all on the commitment of leaders and management in the institution: Initiatives aimed explicitly at addressing the quality of teaching in higher education fall under three main headings: *i)* institution-wide and quality assurance policies; *ii)* programme monitoring; and *iii)* teaching and learning support. An institution aiming to pursue a teaching quality strategy will often set up a specific organisation, supported by technical staff for the design of appropriate instruments, as a first step. The success of such initiatives depends mainly, however, on the commitment of heads of departments.

📖 *Learning our Lesson: Review of Quality Teaching in Higher Education,* 2010, Executive Summary

Among the main principles guiding funding strategies in tertiary education, beyond ensuring that they promote the wider goals and societal benefit, are:

- **Use cost-sharing between the state and students as the principle to shape the sector's funding:** There is need for public subsidies to tertiary education regardless of the sector of provision, but also for charging tuition fees to students, especially if limited public funds would ration student numbers, jeopardise spending levels per student, or restrict financial support for the disadvantaged.
- **Make institutional funding to teaching formula-driven:** The criteria for the distribution of funds to institutions need to be clear, using transparent formulae which shield allocation decisions from political pressures, while tailoring incentives to shape institutional plans towards national goals.
- **Improve cost-effectiveness:** Inefficiencies should be addressed through such means as: linking funding more closely to graduation rates, reducing public subsidies for those who stay too long in their studies; eliminating some duplicated programmes; rationalising low- or declining-enrolment programmes; increasing the use of shared facilities; and expanding student mobility across institutions.
- **Back the overall funding approach with a comprehensive student support system:** A mixed system of grants and loans assists students in covering tuition and living costs, alleviating excessive hours in paid work or disproportionate reliance on family support. In many countries student support needs to be expanded and diversified.

📖 *Tertiary Education for the Knowledge Society: Volume 1*, 2008, Chapter 4

An internationalisation policy centred on importing higher education is more appropriate for many countries which cannot afford to base policies on exporting higher education: The benefits to a country of a developed international policy are especially obvious in those countries which are net "exporters". Some countries may adopt the "skilled migration" approach of attracting talented students and academics to promote the knowledge economy, and the "revenue-generating" approach aimed at growing the opportunities for advanced human capital investment using income from foreign students' fees. The "capacity-building" approach, on the other hand, encourages the use of imported higher education as a relatively quick way to build an emerging country's capacity and this has proved particularly effective in several Asian and Middle Eastern countries.

📖 *Education Policy Analysis 2006: Focus on Higher Education*, 2006, Chapter 2

In the international market for higher education, the different stakeholders each need to contribute to protect students from low-quality provision and disreputable providers: The OECD in close co-operation with UNESCO published a set of international *Guidelines for Quality Provision in Cross-border Higher Education* in 2005 recommending actions for different stakeholders. For governments, it is recommended that they:

- **Establish or encourage the establishment of a comprehensive, fair and transparent system of registration or licensing** for cross-border higher education providers wishing to operate in their territory.
- **Establish or encourage the establishment of a comprehensive capacity for reliable quality assurance and accreditation** of cross-border higher education provision.
- **Consult and co-ordinate amongst the various competent bodies for quality assurance and accreditation,** both nationally and internationally.
- **Provide accurate, reliable and easily accessible information on the criteria and standards for registration, licensure, quality assurance and accreditation** of cross-border higher education, their consequences on the funding of students, institutions or programmes where applicable, and their voluntary or mandatory nature.

- Consider becoming party to, and contribute to, **the development and/or updating of the appropriate UNESCO regional conventions on recognition of qualifications,** and establish national information centres as stipulated by the conventions.
- Where appropriate **develop or encourage bilateral or multilateral recognition agreements,** facilitating the recognition or equivalence of each country's qualifications based on the procedures and criteria included in mutual agreements.
- Contribute to efforts to improve the **accessibility at the international level of up-to-date, accurate and comprehensive information on recognised higher education institutions/providers.**

Recognising partial outcomes and non-formal and informal learning represent ways for tertiary education to improve efficiency and equity: A considerable number of students prematurely abandon their studies or do not complete the courses they began. Recognition of accumulated learning outcomes is one way of rationalising post-secondary education and making it less expensive. Many countries or regions use the recognition of non-formal and informal learning outcomes to grant course exemptions for those returning to tertiary education which may be extended to those who changed their course prior to its completion. Recognition of non-formal and informal learning outcomes can broaden the group of potential entrants and help to offset the decrease in enrolments among traditional students arriving from schooling.

📖 *Recognising Non-Formal and Informal Learning: Outcomes, Policies and Practices,* 2010, Chapter 3

Government has a key role to play in joining up a wide range of policies and in creating supportive environments to promote the regional role of higher education institutions. These include to:

- **Create more "joined up" decision making** (finance, education, science and technology, and industry ministries, etc.) to co-ordinate decisions on priorities and strategies in regional development.
- **Make regional engagement and its agenda for economic, social and cultural development explicit** in higher education legislation and mission strategies.
- **Develop indicators and monitor outcomes** to assess the impact of higher education institutions on regional performance, and encourage their participation in regional governance structures.
- **Provide a supportive regulatory, tax and accountability environment** for university-enterprise co-operation.

Higher education institutions themselves should change so that what is now active regional engagement in particularly forward-looking and entrepreneurial institutions becomes more widespread across the sector.

📖 *Higher Education and Regions: Globally Competitive, Locally Engaged*, 2007, Chapter 9

References

Hazelkorn, E. (2009), "Rankings and the Battle for World-Class Excellence: Institutional Strategies and Policy Choices", *Higher Education and Policy: Journal of the Programme on Institutional Management in Higher Education*, Vol. 21, No. 1, OECD Publishing.

Marginson, S. (2009), "The Knowledge Economy and Higher Education: A System for Regulating the Value of Knowledge", *Higher Education and Policy: Journal of the Programme on Institutional Management in Higher Education*, Vol. 21, No. 1, OECD Publishing.

OECD/UNESCO (2005), *Guidelines for Quality Provision in Cross-border Higher Education*.

OECD (2006), *Education Policy Analysis 2006: Focus on Higher Education*, OECD Publishing.

OECD (2007), *Higher Education and Regions: Globally Competitive, Locally Engaged*, OECD Publishing.

OECD (2008), *Tertiary Education for the Knowledge Society* (by Paulo Santiago, Karine Tremblay, Ester Basri and Elena Amal), OECD Publishing.

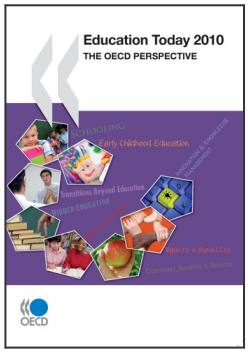
OECD (2008), *Higher Education to 2030, Volume 1, Demography,* OECD Publishing.

OECD (2009), *Higher Education to 2030, Volume 2, Globalisation,* OECD Publishing.

OECD (2010), *Recognising Non-formal and Informal Learning: Outcomes, Polices and Practices* (edited by Patrick Werquin), OECD Publishing.

OECD (2010), *Learning our Lesson: Review of Quality Teaching in Higher Education* (by Fabrice Hénard), OECD Publishing.

OECD (2010), *Education at a Glance 2010: OECD Indicators*, OECD Publishing.



From:
Education Today 2010
The OECD Perspective

Access the complete publication at:
https://doi.org/10.1787/edu_today-2010-en

Please cite this chapter as:

OECD (2010), "Higher Education", in *Education Today 2010: The OECD Perspective*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/edu_today-2010-7-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.