

# The Unbundled University



## The Unbundled University: Researching emerging models in an unequal landscape

Policy Briefing

March 2017



UNIVERSITY OF LEEDS

# Introduction

Profs Neil Morris and Laura Czerniewicz of the universities of Leeds and Cape Town respectively are the Principal Investigators on the 26-month ESRC and NRF funded project “The Unbundled University: Researching Emerging Models in an Unequal Landscape”, running from October 2016 to November 2018. Also on the team are Carlo Perrotta, Bronwen Swinnerton and Mariya Ivancheva from the University of Leeds and Alan Cliff, Sukaina Walji and Rebecca Swartz from the University of Cape Town. This project examines the profound confluence which constitutes the unbundled university - the intersection of increasingly disaggregated curricula and services, the affordances of digital technologies, the growing marketisation of the Higher Education sector itself and the deep inequalities which characterise both the sector and the contexts in which they are located.

Each of these aspects contributes to the complex ways that the nature of Higher Education is itself evolving. For example, the past few years have seen the appearance of many flexible online courses and qualifications, delivered in new configurations of providers and partnerships, including by parties new to the sector. Whilst these changes may offer opportunities for increased numbers of learners to access

education and thus contribute to economic prosperity, there is very little empirical research about the nature, process and impact of unbundling and rebundling, as it is playing out in the rapidly reconfiguring sphere. This project explores how these formulations are coming into being, how opportunities are being exploited and whose interests are being served. While the processes of unbundling and marketisation are clearly underway in the UK, South Africa is seeing a slower and more hybrid process. Exploring these processes in different social, economic and cultural landscapes allows us to see how unbundling and marketisation take shape in different contexts.



This policy briefing is the first in a series of publications from the project team.

# Higher Education in South Africa and the UK

Over the last two decades, the crisis of the public university has been declared and decried by multiple academic and policy analysts. This process has accelerated since the global financial crisis in 2008 which affected both developed and developing countries in the global economy and resulted in public budget cuts that hit public Higher Education as part of a larger change in public sector funding. This followed the neo-liberal economic logic which has shaped priorities and relationships across all areas of public policy since the 1980s; the influence of internationalisation and a variety of concurrent business models has been particularly visible in Higher Education – especially in the UK as in other English-speaking countries. Not surprisingly then, the solution that has been sought is a push of public Higher Education towards advanced processes of commercialisation, including the introduction of private Higher Education institutions in countries such as in the UK – even where Higher Education is an important part of a larger welfare redistributive regime endowed in the past by public budgets for both teaching and research. Nonetheless, Higher Education in these contexts remains a hybrid phenomenon with public sources of research funding, heavily subsidised tuition and walled gardens of the academic elite designed to prevent competition from newcomers.

## South Africa

To describe South African Higher Education as in crisis would barely have been an exaggeration as 2016 ended with several of the country's 26

universities completely shut down and others writing exams either late or under particularly stressful conditions. The sector was rocked for the second year running by student protests broadly aligned under the call for free decolonised education. Both these terms have been hotly contested - what does “decolonised” actually mean in practice, and what are the implications of “free” education? Who pays in a country when only 22% of the population pays personal income tax? While fees have traditionally been a major source of income for universities in South Africa, fee increases of 9% per year since 2010 have made Higher Education even more unaffordable for most students. Should Higher Education be free for all or should it be free for those who can't pay, while those who can pay should contribute? This question is especially burning in a country determined the most unequal in the world in 2016 by the World Economic Forum.



Access is not simply about entry but about the ability to stay in the system, with concomitant access to all types of economic and cultural resources. Throughput rates in South Africa are low: only 30%

of students graduate in three years, and just 56% within five years, according to a 2016 publication from the Centre for Higher Education Trust. The National Student Financial Aid Scheme (NSFAS) has also come under close scrutiny: those whose family's combined income was less than R160 000 (£9500) per annum, and were academically eligible, could apply for funding - while those whose family income was above R160 000 were ineligible. This meant that there has been a "missing middle" - a large group of students unable to pay and unable to apply for fees funding. Most students currently attending universities are in the 8th-10th decile range in terms of family income. As a result of the pressure put on the government during the protests, NSFAS has introduced a relative means test. In addition, NSFAS does not fund postgraduate degrees, which includes Honours level courses, a major barrier to participation for poorer students.



In South Africa, the Department of Higher Education and Training's Post-School Education and Training White Paper published in 2013 recognised the role of private Higher Education providers but stated that this should not be seen as the "core" of the education and training system. The White Paper also considered the status of education, distance learning and technology, arguing that distance learning, through a combination of traditional and digital methods, would allow greater accessibility. This included encouraging already existing public institutions to turn to online or blended learning

to offer new programmes, particularly for those already employed. International partnerships, when correctly accredited, were seen as particularly beneficial to South Africa, although the department was sceptical regarding quality assurance. The White Paper estimated that roughly 500,000 students will be enrolled in private Higher Education by 2030, although this was based on very limited available data regarding private institutions and enrolments. The sector experienced rapid growth in the 2000s, with 6,434 students gaining qualifications in the private system in 2001, and 35,402 gaining private qualifications in 2010. The White Paper expressed some concern about the lack of uniform standards in private education provision, highlighting the divergences in quality between institutions, and the lack of government resources to provide adequate quality assurance. It emphasised that private providers should not be recipients of government funding, which should be used for the benefit of public institutions.

Increasing numbers of students are studying through distance education programmes at predominantly contact institutions, a process that is supported by evolving policy guidelines for post-schooling provision generally. In 2014 the DHET published the "Policy for the Provision of Distance Education in South African Universities in the Context of an Integrated Post-school System", which outlined the government's definition of and priorities for distance education in the light of the increasing availability of information and communication technologies (ICTs) across South Africa, which are impacting on the nature of the provision of Higher Education in the public and private university sector. In this context, Distance Education covers modes of delivery also known as blended learning or mixed mode learning. The policy prioritised formal access, flexibility, success, affordability and lifelong learning particularly for non-traditional students as key motivators for distance



education provision, permitted partnerships to facilitate distance learning and committed DHET funding of distance provision in the public sector based on evidence of costs in relation to that of contact provision. The policy considers a mode of provision to be in a distance mode where students spend 30% or less of the stated notional learning hours in undergraduate courses (25% or less in courses at postgraduate courses) in campus-based face-to-face structured learning activities.

While South Africa has one dedicated distance learning university (UNISA, University of South Africa), it previously had one other, and a history of having provided distance learning via correspondence since the 1990s at about a dozen universities. A number of universities that would characterise themselves as face-to-face are moving into offering flexible forms of provision and utilising the possibilities offered by mixed mode or blended learning in line with the stipulations of the 2014 policy, sometimes in partnership with for-profit or commercial providers, while three public universities are currently offering Massive Open Online Courses (MOOCs). The Council for Higher Education's publication "Distance Higher Education Programmes in a Digital Era: Good Practice Guide" released in 2014 provides practical advice for South African Higher Education institutions in terms of programme conceptualisation, design and delivery using digital tools and considers the role of partners, collaborators and disaggregation of services as strategies to offer flexible forms and models of Higher Education provision.

The 2015 and 2016 #Feesmustfall movements catalysed debates around fairness, equity and costs of Higher Education provision. The sector is thus grappling with opportunities, choices and

conundrums evident in the current policy environment to meet the demand for increasing students' access to free and affordable Higher Education provision. At the same time the very visible problems experienced by public universities to deal with student protests and ongoing operational uncertainty has led to increased interest from private university providers and businesses with educational offerings to consider the commercial opportunities available in the sector for providing models of higher education and ancillary services.



## United Kingdom

The process of "unbundling" in the UK, where the move towards marketisation has been framed as "the solution" to the ills of Higher Education for decades, has informed an important debate in academic and policy circles. In 1998 in England and Wales tuition fees were introduced with an upfront fee of £1000 (R16 000) per year, while maintenance grants were abolished. All Higher Education students had to fund their living costs through student loans, although some means-tested subsidies were available. In 2006 a variable fee regime was introduced, with fees varying according to institution/course (up to £3000 (R48 000) per year), which could be taken as a loan, and with a range of means-tested widening

participation subsidies and bursaries available. In 2012 a full-cost fee regime was introduced, with variable fees, by institution/course, of up to £9000 (R145 000) per year. This signalled the end of block grants to cover teaching costs. It also sent a shock across the UK education system with protests emerging across the country, demanding lower fees and free education for all.



The 2004 UK HE Act introduced the idea of variable fees as a market mechanism, with the imposition of a maximum. During this time, controls on numbers of students have been relaxed and entry to the Higher Education market by a range of private providers has been made easier. The 2011 Higher Education White Paper, “Students at the Heart of the System”, and the accompanying Technical Consultation stated a decision of the UK government to open up the higher education market, including to privately funded organisations in order to “drive competition and innovation”. It was aimed at allowing students to choose between a range of types of

providers as customers in a market-led system.

Reports commissioned by the government mapped 674 private Higher Education providers in which there was an estimate of 160,000 students, two thirds studying full-time. By 2014 the number of alternative providers had increased to 732. In 2012, the Government reduced the minimum number of students required for an institution to be able to secure university title and award degrees from 4,000 to 1,000, enabling ten institutions to quickly become universities, and enabled students to start choosing between a wider range of private providers. In 2016, the UK Higher Education and Research Bill laid the path for the dissolution of the Higher Education Funding Council for England (HEFCE) and the Office for Fair Access (OFFA) to be replaced by the Office for Students (OfS) thereby signalling an emphasis on consumer choice and power. The OfS will be responsible for regulating Higher Education providers and will operate a single gateway for new entrants, and is a reflection of the government’s desire to encourage new private providers to enter the Higher Education market. The Bill also gives the OfS control over the Teaching Excellence Framework (TEF) to assess teaching quality, and those providers who meet UK expectations or higher, in a range of areas to be developed through TEF1, 2 and 3, will be permitted to raise their fees in line with inflation from the start of the academic year 2017/18.

## Unbundling and marketisation

Unbundling, in essence, means that what was previously a single, costly collection of services and products is now disaggregated. The term refers to a range of organisational, economic and

technological factors that influence transactions between actors in market or quasi-market conditions. It is “industry-agnostic” and has been applied to sectors as diverse as the ICT industry,

the banking sector and legal services. It is not an “innovation” in itself but it is underpinned by new technologies, organisational models and forms of governance that developed in various shapes and sizes in the post-industrial, global economy over the past 60 years. In Higher Education, unbundling means that the key components of educational offerings are coming apart – indeed, being disaggregated. Previously a single “package” would enable students to earn a qualification, but the possibility now exists for each aspect of provision, and indeed of the student experience, to exist and be provided separately by different entities – the paying of fees, content, teaching, learning support, platform, assessment, and even certification.

What does a university exist for when new players are flocking on to the scene, with new competencies needed for new kinds of graduates? An altered sector both locally and globally is coming into existence, with new providers, new models and new forms of marketisation.



### **Technology driving unbundling and marketisation**

Technological innovation also plays an important role in this marketisation, enabling the reorganisation of “unbundled” aspects of Higher Education along commercial lines. According to the rhetoric that accompanies unbundling, by

breaking up provision and establishing partnerships with private partners, universities will be able to respond to the pressure of competition and technological change by distributing activities across several individual, more cost-effective components. Such rhetoric gained significant traction with the appearance of MOOCs. MOOCs are online courses based on unlimited participation which originated as an educational innovation underpinned by principles of openness and connectedness, but rapidly evolved into a series of business ventures involving traditional universities and technology providers. They are delivered via the Internet and rely on videos in conjunction with established elearning methods such as quizzes and problem sets. Most MOOCs also provide resources to enable interactions such as asynchronous message boards and email lists, and offer academic support.

During an initial phase of extensive media coverage, MOOCs seemed poised to radically transform Higher Education. More recently, there have been signs of a “backlash” that followed the initial enthusiasm, with the low completion rates raising particular concerns. Evidence also suggests that participating in MOOCs is largely the preserve of economic elites around the world, with 80% of MOOC participants coming from the richest 6% of the population who already have higher education degrees.

As the original hype dissipates, MOOCs are entering a new phase characterised by higher levels of differentiation and “customer segmentation”, which is reflected in the diversity of content being offered and integration into several other “unbundled streams” and value chains. At the moment, there is a growing interest in certification, with universities moving towards more formal

accreditation and focusing mainly on job- readiness and continuous professional development in key economic sectors such as Engineering, Computing and Applied Science.

As an example of unbundling, the education business Degreed provides an interesting case study. The start-up provides users with a free service that scores and validates a number of different learning inputs including qualifications from formal Higher Education institutions, non-formal platforms and continuing education

initiatives. The approach seeks to overcome the difficulties in tracking and validating the increasing diversity of opportunities offered in the informal lifelong learning space such as short courses, MOOCs and continuing professional development. Degreed has also launched an “enterprise” version that offers paid-for services to employers and their employees comprising learning platforms and courses, and recognition and tracking of that learning.

## Research questions

The project will address the following overarching research question through desk research, interviews with a wide range of stakeholders and other activities:

### **How are unbundling and marketization changing the nature of Higher Education provision in South Africa, and what impact will this have on widening access, educational achievement, employability and thus the potential for economic development?**

Specifically, we will explore the following research questions:

- Where does the discourse of unbundling come from and how is it used by the research literature, the policy literature, the media and by stakeholders?
- What is the nature of the educational provision currently available in English and South African Higher Education at the intersection of marketisation, unbundling and digital technology?
- Which factors are driving unbundling, and how is unbundling changing the educational landscape?
- How is unbundling changing staff, student and employee demographics?
- What is the nature of relationships between public universities and private providers in relation to educational provision?
- What is the public university perspective on its relationship with private organisations?
- What is the private organisation perspective on its relationship with public universities?
- What is the role of digital technology in shaping unbundling and in the marketisation of Higher Education?
- How does the intersection of unbundling, marketisation and digital technology change the pedagogies available in the Higher Education system?
- Which aspects of pedagogy and provision can be / are being unbundled and /or marketised?
- What is the extent and scope of unbundling in the Higher Education terrain?



# Project Advisory Board

Our advisory board consists of nine experts from South Africa and the UK. They are:

Narend Baijnath, Council on Higher Education, South Africa.

Ahmed Bawa, Universities South Africa.

Michael Cross, University of Johannesburg, South Africa.

Martin Hall, University of Cape Town, GetSmarter, South Africa.

Janja Komljenovic, Lancaster University, UK.

Mark Lester, FutureLearn, UK.

Diane Parker, Department of Higher Education and Training, South Africa.

Susan Robertson, Cambridge University, UK.

Martin Weller, The Open University, UK.

For details of our Advisory Board members see: <http://unbundleduni.com/advisory-board/>

## Further information

Visit our project website and sign up to our mailing list to receive our newsletters: <http://unbundleduni.com/>

Follow us on Twitter at @unbundledHE for regular project updates.

For more information about the research team see: <http://unbundleduni.com/people/>



This work is licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License](http://creativecommons.org/licenses/by-nc/4.0/). Images courtesy of Pixabay.com and free of copyrights under Creative Commons CC0.

This project is funded by the Economic and Social Science Research Council (UK) and the National Research Foundation (South Africa).

