

# **Towards a sustainable future for the Open University in a changing lifelong learning market**

**Review of the OU Institutional Plan 2011 – 2015**

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## Contents

<b>1</b>	<b>Introduction</b>	<b>3</b>
1.1	The context	3
1.2	OU Institutional Plan 2011 - 2015	4
1.3	The panel and review process	4
1.4	The assignment	4
1.5	Envisaged impact of the outcomes of the review	5
<b>2</b>	<b>Review of the questions</b>	<b>6</b>
2.1	General opinion of the panel	6
2.2	The questions	6
<b>3</b>	<b>Towards a national policy for lifelong learning</b>	<b>11</b>
3.1	Defining Lifelong Learning	11
3.2	Performance of the Dutch HE system in lifelong learning	11
3.3	Prior recommendations for lifelong learning policy	13
3.4	New national policy development: the emerging government response	15
3.5	Further recommendations by the OU review panel	16
<b>4</b>	<b>Towards a future profile for the OU</b>	<b>18</b>
4.1	A framework for the OU's future profile	18
4.2	Discussion and final recommendations	22
	<b>References</b>	<b>26</b>

# 1 Introduction

## 1.1 The context

The Open University (OU) is the youngest of the fourteen universities in the Netherlands, and within that situation has had a genuine identity of its own for 25 years now. According to the Dutch Higher Education and Research Act (WHW), the mission of the OU is as follows<sup>1</sup>: *The Open University focuses on the provision of academic and vocational higher education, carrying out academic research and research aimed at professional practice in keeping with the profile of the Open University, as well as contributing to innovation in higher education. Its basic provision consists of initial<sup>2</sup> education in the form of distance learning.*

In recent years, initiatives introduced by both the Ministry of Education, Culture and Science (OCW) and the OU have given rise to questions about the OU's desired profile in the changing market of higher education and lifelong learning (LLL).

In its recent report "Differentiating in triplicate", the Committee for a Future-Proof Higher Education System (the Veerman Committee) also called for a fundamental rethinking of the OU's position in the existing order. In order to achieve this, the Veerman committee argues for a threefold differentiation: in the structure of the system, in the profiles of teaching and in the range of programmes offered. The committee also made three general recommendations for Dutch higher education institutions: choose a profile, pay more attention to the core task of teaching, and invest in employees' qualifications (Veerman 2010).

The Veerman committee described the OU as an institution of which much is expected and ought to be expected, particularly in terms of lifelong learning – more so than has been accomplished to date. The fact is that over the last 25 years societal needs and demands with respect to the OU have changed. The labour market increasingly needs highly-qualified workers who regularly engage in further training in order to remain competent on a more flexible labour market. A strong orientation towards the learning needs of both learners and employers, stressing the demand side of the market for lifelong learning, rather than the supply side is a core principle in this regard. Moreover, the market for lifelong learning has changed over the years and the OU should reflect on its position also in relation to that of (potential) partners and competing institutions.

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<sup>1</sup> In Dutch: *De Open Universiteit is gericht op het verzorgen van wetenschappelijk onderwijs en hoger beroepsonderwijs, het, in overeenstemming met het profiel van de Open Universiteit, verrichten van wetenschappelijk onderzoek en onderzoek gericht op de beroepspraktijk, alsmede het leveren van een bijdrage aan de vernieuwing van het hoger onderwijs. Zij verzorgt in elk geval initiële opleidingen. Zij verzorgt deze in de vorm van afstandsonderwijs*

<sup>2</sup> Initial courses are those courses a student follows prior to entering the job market. All other courses fall under the category of post-initial.

## **1.2 OU Institutional Plan 2011 - 2015**

In recent months, the OU has been working on a new institutional plan for 2011 to 2015 - a projection from the present towards a sustainable future. In this context, a SWOT analysis has been conducted and aligned with internal stakeholders. The final draft of the institutional plan was finalised by April 2011. The panel was able to review the chapters 1 and 2 and appendices I and II (SWOT analysis) of the IP.

## **1.3 The panel and review process**

In light of the foregoing, the OU and OCW have agreed to ask an expert panel to carry out a future-oriented review of the OU's draft institutional plan. The panel includes members from abroad, its task being to view the OU from an international perspective and to draw lessons from the positioning, profiles and missions of relevant, comparable institutions outside the Netherlands.

The members of the panel:

- Prof. Dr. M.C. van der Wende, Professor & Dean Amsterdam University College (chair);
- Dr. D. van Damme, Head of the Centre for Educational Research and Innovation of the OECD;
- Mrs H. Smidt, Senior Advisor of the European University Association;
- Prof. Dr. J. J.M. Theeuwes, Professor of Applied Economic Research at the University of Amsterdam's Faculty of Economics;
- Prof. D. M. Vincent, former Pro-Vice Chancellor (Strategy and External Affairs) of The Open University UK;
- Prof. Dr. F.A. van Vught, Chairman of the Executive Board of Nether and Advisor of the European Commission.

In the review process, the most important stakeholders from OCW, OU and NRTO<sup>3</sup> were consulted.

## **1.4 The assignment**

The panel's task was to review the OU's draft institutional plan 2011–2015 and the SWOT analysis, with a view to the OU's 10-year prospects and the desired further development of lifelong learning in the Netherlands. The review panel was thus be charged with drawing up a multifaceted and sustainable profile for the OU.

More precisely, the review should answer the following questions:

1. Does the SWOT analysis give a sufficiently comprehensive and well-considered image of the OU, including in terms of the need to further develop lifelong learning in the Netherlands and to take into account the performance of other (funded and non-funded) higher education institutions in this field?

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<sup>3</sup> Nederlandse Raad for Training en Opleiding (National Council for Training and Education) represents all private training and educational agencies in the Netherlands.

2. Taking into account the answer to question 1, has the SWOT analysis been soundly translated into the OU's direction for 2011–2015?
3. Are the OU's mission, profile and position clearer, sufficiently distinctive, effective and sustainable, primarily within the Dutch higher education system, and secondly with a view to Flanders and the international context?
4. Does the institutional plan 2011–2015 fit in with a sustainable longer-term perspective (2020) for the OU?

#### **1.5 Envisaged impact of the outcomes of the review**

Based on the panel's final report, the Open University and the Ministry of Education, Culture and Science will engage in further consultation to see whether the Open University's draft institutional plan 2011-2015 constitutes a good starting point for the Open University to occupy a propitious and future-proof position within the Dutch higher education system in the coming years, or (as the case may be) to see in what regard the aforementioned draft institutional plan requires amendments.

## 2 Review of the questions

### 2.1 General opinion of the panel

In general, the members of the panel felt that the draft institutional plan and the accompanying SWOT analysis provide a first good picture of the OU's future profile. The institutional plan displays a strong sense of the distinctive mission and achievements of the OU and reflects the outcome of a widespread process of consultation within the University. The members of the panel nevertheless have a number of concerns following the comprehensive review of the institutional plan and the accompanying SWOT-analysis. The institutional plan is regarded as being strong in its analytical quality, for example in expanding on the various concepts and models of "openness", while its strategic orientation could be strengthened. The panel felt that some fundamental decisions and strategic choices could be further developed.

### 2.2 The questions

*1. Does the SWOT analysis give a sufficiently comprehensive and well-considered image of the OU, including in terms of the need to further develop lifelong learning in the Netherlands and to take into account the performance of other (funded and non-funded) higher education institutions in this field?*

According to the panel, the SWOT analysis provides an interesting, but not yet complete picture of the future profile of the OU. In particular regarding the need to further develop lifelong learning in the Netherlands, this profile could be more explicitly worked out, provided that the national policy context for lifelong learning is defined in more detail, which is obviously a responsibility of the government. The SWOT analysis is largely an "inside-out" (or supplier-centered) analysis and could be further strengthened by addressing the following contextual issues more explicitly:

- The changing conditions on the educational market, particularly the LLL market in higher education in the context of the recent and possible future developments of the labour market;
- Governmental policy with regard to LLL;
- The role of the OU in the overall HE system, in particular regarding the challenges of human capital development in a changing labour market.

The higher education and lifelong learning market can be described and analysed by using a number of dimensions:

- Educational orientation: academic – vocational/professional – general;
- Qualification level: associate degree- bachelor – master – doctorate;
- Type of courses: degree – non degree;
- Mode of delivery: campus based – distance learning, mixed mode or blended;
- Financing mode: government-funded - non government-funded.

The SWOT analysis only provides limited information regarding developments on these dimensions and remains somewhat implicit with regard to consequent choices. In fact the OU indicates that "there is a

vast lack of knowledge regarding the specific academic needs of various lifelong learning markets" (SWOT 18.5). The analysis could be refined regarding the demand for LLL without prior qualification, with some prior qualification, building on prior degree attainment in the context of professional upgrading, or continuing education, etc. In the same fashion, the SWOT analysis does not yet address the possible explanation of and the process leading to a major decline in the OU's traditional segment of students (second chance) from 36,000 in 1991 to fewer than 14,000 in 2008 (Veerman 2010:35). It seems useful to investigate in more detail to what extent these students have chosen to go to other providers, to abandon study, etc. In sum, the SWOT emphasizes on what the OU can supply rather than on what the demand side of the LLL market needs and will pay for.

Furthermore, the SWOT analysis only partly addresses the considerable competition from private (non government-funded) institutions in the LLL learning market; a systematic analysis of current and potential competitors is to be developed further.

Dutch government policy with regard to promoting lifelong learning has not developed sufficiently, as a result of which a clear perspective was so far lacking in this policy-field (see chapter 3). The effect of this is that the OU has not been challenged to specify its profile more explicitly, in particular with regard to new market segments it wishes to serve. Nevertheless, the OU has undertaken initiatives itself in seeking new opportunities. However, the (political) decision-making process whereby some licences for higher professional education (HBO) courses that the OU would like to offer (within the framework of the Netwerk Open HBO, or NOH), were initially rejected, but were later approved after a second attempt by the OU, is an example of the confusing policy context.. In addition, a guaranteed basic funding situation implied that there was no immediate need for the OU to make more far-reaching strategic choices..

The new funding model which has come into effect in Dutch higher education in 2011, implies that where previously educational institutions received the majority of their budgets on the basis of the number of qualifications awarded, the focus is now on the number of students enrolled. Students will only be funded for one degree at Undergraduate and one at Masters level. This may in the longer term have a substantial financial effect on the OU since the majority of its students already possesses a degree. More precisely it implies the privatisation of a substantial part of its funding stream. These aspects are mentioned in the SWOT analysis, although their impact could be worked out in more detail, i.e. in terms of consequent strategic decisions.

*2. Taking into account the answer to question 1, has the SWOT analysis been soundly translated into the OU's direction for 2011–2015?*

According to the panel, there is only a partial relationship between the SWOT analysis and the strategic decisions indicated in the institutional plan. This could be a consequence of the fact that the SWOT analysis has not yet been completed with a final analytical confrontation of the strengths, weaknesses,

opportunities and threats, and a consequent translation into areas in which the institution would like to invest or develop, and others from which it would withdraw, etc. This final step in the analysis will have to be taken soon and will feed into a stronger strategic orientation of the IP.

The panel therefore concludes that the OU's strategy so far largely represents a "stretching the mold strategy", reflecting a situation in which major strategic choices have not or could not be made yet. There is for instance no clear sense that over the strategy period the OU would withdraw from some activities in order to concentrate on others. Such a more "targeted strategy" could be developed on the basis of further and more comprehensive internal and external analysis. A clearer national policy framework for lifelong learning would also facilitate this process.

In terms of the OU's capacity for implementation of a targeted strategy, the SWOT analysis points to a number of internal weaknesses, such as its entrepreneurial spirit and the project management skills among staff, which would need to be strengthened in order to achieve significant institutional change. The indicated low turn over of staff should in this respect be taken into account as well, regarding a reasonable time perspective for change to be achieved and the need to work out mitigating measures in more detail in the IP.

An additional factor regards the announced change in the OU's leadership, which may interrupt certain processes, but could as well present new opportunities.

*3. Are the OU's mission, profile and position clear, sufficiently distinctive, effective and sustainable, primarily within the Dutch higher education system, and secondly with a view to Flanders and the international context?*

According to the panel, the OU's profile is clear, but so far not sufficiently distinct in terms of its strategic profile and delineations vis a vis other providers. Both public and private education institutions provide forms of distance learning and post-initial education in the form of courses and/or degrees. It should be noted, however, that flexible course arrangements are not frequently offered by publicly funded Dutch universities (only in the post-graduate sector), but rather by the private higher professional education (HBO) providers (see 3).

With regard to the OU's research, the panel is convinced that the OU has to continue to focus on the current areas of research: educational technology, learning innovation and distance learning. The OU has built up a strong reputation in these fields and should continue to expand its strong international position in these areas. A shift or expansion to other areas of research in order to increase the OU's status as a research university status is not advised, despite what the accreditation framework suggests in this respect. The strength of the OU's research will have to be found in its current research priorities, while all other research activities should be directly related to its educational mission and thus be



education-centered. The OU's future research programming should make a clear distinction between prioritised and focused research on the one hand, and education-supporting research on the other.

The results of research should also be for the benefit of the whole higher education sector and not merely for updating the OU's own curriculum. In particular the OU's research on educational technology and innovation learning should allow other higher education institutions in the Dutch higher education system to strengthen their own educational programmes, both in terms of quality and efficiency of provision. Moreover, this could contribute to attractive teaching models and methods that accommodate the learning needs of the 21<sup>st</sup> century better than the traditional full-time, campus-based, face-to-face approaches.

From an international perspective, the OU should certainly be expected to be able to play an effective and sustainable role in the Dutch market, even when this is to a larger extent privatised and characterized by more competition. It is after all a niche player (as a unique open access provider) with potential for expansion into other market segments and partnerships. In comparison, the OU UK is still the only open access university (similar to the OU) in the UK and has proven itself capable of competing in the private market, as well as continuing to serve the public interest.

The OU's international ambitions should be regarded as relatively premature. Offering courses in English, while staff competences in the area seem to be limited, does not represent an obvious solution for the desire to contribute to the international skills of students. Exchange of courses with international partner institutions, or allowing students to enrol in their courses is a more obvious approach. Also here, cooperation will be beneficial.

The leading role of the OU in the development towards Open Educational Resources (OERs) should be emphasized. The OU has profiled itself very strongly at international level by its pro-active take in this area. International partnerships will continue to support this process, while the involvement of the Dutch government is an equally important condition for sustainable implementation of such approaches, for which no sound business model seems to have been agreed yet.

#### *4. Does the institutional plan 2011–2015 fit in with a sustainable longer-term perspective (2020) for the OU?*

A shared understanding and vision of the education market in 2020 is a prerequisite in order to thoroughly examine the OU's institutional plan for the longer term. In the current OU institutional plan, the period up to 2020 is presented largely as a further evolution of the current situation. It presents no real clear view on the way in which the education system will have been transformed by the end of the coming decade. However, and as said before, by the time of writing the Institutional Plan, new policies for Dutch higher education were only under development by the Ministry of OCW and were, apart from the general directions of the Veerman Cie, difficult to anticipate in detail, not at least for the OU.

Consequently, the institutional plan could not elaborate to the full on the expected change in conditions and their inherent effects on the educational system and LLL market. The panel stresses the need for an amendment of the institutional plan in this respect once the new policies for Dutch higher education have been published by the government.

Trying to contribute to the furthering of the OU's strategic development and the envisaged consultation with the Ministry of EC&S, the panel would like to suggest in the next chapter some directions for the development of a national policy framework for LLL. It will do so by building on reports on this theme which were commissioned by the Ministry of EC&S over the last years. The last chapter will consider the potential role and possible profile of the OU in this context.

### 3 Towards a national policy for lifelong learning

#### 3.1 Defining Lifelong Learning

The European Commission (2003) defines lifelong learning as "all learning activity undertaken throughout life, with the aim of improving knowledge, skills and competence, within a personal, civic, social and/or employment-related perspective".

##### *The European Commission's view on lifelong learning (2003)*

It is further elaborated that learning opportunities should be available to all citizens on an ongoing basis. In practice this should mean that citizens each have individual learning pathways, suitable to their needs and interests at all stages of their lives. The content of learning, the way learning is accessed, and where it takes place may vary depending on the learning and their learning requirements. Lifelong learning is also about providing "second chances" to update basic skills and also offering learning opportunities at more advanced levels.

All this means that formal systems of provision need to become much more *open* and *flexible*, so that such opportunities can truly be tailored to the needs of the learner, or indeed the potential learner (European Commission, 2003).

#### 3.2 Performance of the Dutch HE system in lifelong learning

It is precisely with regard to the conditions of openness and flexibility that the Dutch higher education system is underperforming and lagging behind other countries. In 2008 the OECD expressed its concern about the progress that Dutch universities (including the colleges for higher education, HBOs) show in this respect. This slow progress risks a decline in enrolment rates in higher education in view of coming demographic change. The OECD commented on the absence of an infrastructure for lifelong learning at scale and the relatively weak commitment to lifelong learning and professional upgrading in the Netherlands, where, more than in many other nations, higher education is seen as the preserve of the young.

##### *From the OECD review of tertiary education in the Netherlands (2008)*

In the Netherlands 86.1% of 15-19 year olds are enrolled in education, which is above the OECD average of 80.5% but on par with Western Europe. Participation of the 20-29 year age group in the Netherlands (25.5%) is just above the OECD average (24.7%). After 30 years age participation rates fall well below the OECD average, however. Just 2.9% of 30-39 year olds are enrolled in education as defined by OECD compared to 5.6% in the OECD as a whole, 15.6% in the UK and 13.5% in Sweden (OECD, 2006a, p. 266).

This suggests that in the Netherlands there is a *relatively weak commitment to lifelong learning* and professional upgrading in the award programmes that have significant labour market cachet. This problem may be embedded in social culture, in that older people do not see award programmes in tertiary education as an option, but if so the incentive structure does not encourage a change of values. If they have not enrolled prior to 30 years of age higher education students lose their eligibility for student loans and some tuition charges rise steeply. More than in many other nations, *in the Netherlands higher education is seen as the preserve of the young*.

Students above age thirty do not receive the same financial support as traditional age college students, detracting from the Netherlands' lifelong learning effort. The enrolment percentage of the age 30-39 population is only 2.9, compared to an OECD average of 5.6, and of the age 40 and over population it is only 0.8, compared to an OECD average of 1.6 (OECD, 2006a, C1).

Lifelong learners are not given the same financial considerations as those in their teens and twenties to pursue or continue tertiary education. It is not surprising that, as shown above, the Netherlands' rate of enrolment beyond age 30 is roughly half of the OECD average. This spells trouble for a country that aspires to be a leader in a knowledge-based world, as knowledge bases are in continual change and leading countries are likely to be those that provide lifelong tertiary education to their populations.

Because of limited opportunities to track upwards and *the absence of an infrastructure for lifelong learning at scale* there are few second chances.

Developing a sound national policy framework for lifelong learning presents a real challenge for many countries. Common obstacles may be that the government sees no decisive role for itself since adult education is considered to be "primarily a responsibility of the market", with private providers that predominantly offer education in specific areas not leading to formal degrees and qualifications, while public institutions demonstrate a lack of system openness and differentiation to target age groups for education towards formal degrees. Frameworks may furthermore demonstrate weaknesses in terms of accreditation and certification (e.g. of prior learning, EVC), recognition of e-learning, and credit accumulation (Watkinson & Tinoca, 2010).

These obstacles might also hold for the Dutch situation. As concluded by Research voor Beleid in a recent study commissioned by the Ministry of EC&S (Broek, et al, 2010), participation rates in the Netherlands indicate that there is still a lot to win for Dutch higher education with regard to the participation of adults. Participation in post-initial education is 16% (2008). The objective is to increase this to 20% (2010). 84% of the total participation in post-initial education (1.3 million students in total aged between 17-64 years) is enrolled in private institutions (CBS, 2008) and only 18% (230.000 students) studies for a formal degree or qualification (secondary, further or higher vocational, academic) (OCW, 2007).

It is unclear to what extent these students are to be considered LLL students in HE, i.e. how many of the 230 000 students would be potential LLL students for the OU. In 2010, the OU had 26,170 students enrolled (OU 2011).

The Social Economic Council (SER, 2011) draws attention to the declining presence of lifelong learning in part-time study (-10% between 2004-2009, with 84% of these students enrolled in HBO institutions). These are mainly participants in part-time bachelor studies at HBO level, which are almost equally spread over public (54%) and private providers (46%). However, private part-time provision at bachelor is unequally spread over sectors: over 50% of programmes concentrate in economics and business studies, compared to less than 10% across the sectors of social studies, education, and technology. Bachelor students represent only some 4% of the total participation in private institutions (NRTO, 2011).

It is as yet unclear to what extent the demand side of the Dutch LLL market is affected by the economic crisis. In Nordic countries, student numbers changed radically with the economic crisis in various ways: the number of young first time students grew, and unemployed with prior degrees also returned for up-grading or for re-training. The recent economic crisis has also been seen as an important change factor in other countries, but no clear expectations or projections have been expressed so far.

### **3.3 Prior recommendations for lifelong learning policy**

In view of the insufficient participation in lifelong learning, especially the small proportion of learners studying for a formal degree or qualification in post-initial learning, the decline in part-time study, and the relatively low involvement of universities in the sector, further action and policy development is considered necessary in the Netherlands. The Government therefore commissioned an international comparative study (Broek et al, 2010). Based on an analysis of good practice in a range of countries (Denmark, Sweden, Flanders, Germany, the UK and California) the report formulates the following clusters of instruments for the development of a sound national framework for lifelong learning:

- The increased flexibility of higher education provision and educational programmes, including credit accumulation transfer systems (CATS) which allow students to gather credits through modular course systems, credit or exam-contracts instead of degree-contracts, flexible provision in weekends and evening hours, etc.
- Offering more and better possibilities for on-line courses and blended learning. Online content and courses, possibly in combination with campus-based activities enhance the participation of adult learners significantly.
- Offering (financial) support for adults participating in higher education. Good practices are found in the UK, Sweden, and Denmark.
- Aligning higher education provision and institutions with employers and the world of work. Cooperation between various stakeholders guarantees essential conditions for developments required by a knowledge economy.

These clusters seem all relevant for improvement of the Dutch performance in lifelong learning and are also reflected in the EUA's *Charter on Lifelong Learning* (2008). This Charter also emphasizes the role of governments, by stating that: *"Europe's universities cannot realize [their] commitments without the concerted actions of governments and regional partners in providing appropriate legal environments and funding"* (p. 8).

In addition, SER (2011) advises to pay attention to the weak practice in recognition of prior learning (EVC) and the implications of change in initial provision for post-initial use. It states that recent government policy plans did not yet define or distinguish these two categories in a convincing way. It notes that initial provision can play a role in lifelong learning at later age. SER also emphasizes the importance of financial support. It advises making study-loan facilities and grants available for students older than 30 and making the costs of study tax deductible to a higher rate (both for employees and entrepreneurs / self-employed workers ). It expresses concern over the effects of increasing tuition fees for students who extend completion time ("langstudeerders") and part-time students in their second course of study.

SER (2011) also refers to the role that private providers play in the Dutch lifelong learning market. As stated above, they cater for 84% of the students in post-initial studies, but mainly for those in non-degree programmes with an (over) concentration in particular sectors (see 3.2).

A further study by SEO (Baarsma & Theeuwes, 2010) stated that although "post-initial" is not always well-defined, it should be understood as professional upgrading, further schooling for persons active in the labour market and for the unemployed. The study concludes that:

- The supply side of this market is functioning well, with a sufficient and sufficiently diverse provision.
- The demand side needs to be stimulated with respect to the lower range of qualifications (i.e. not higher education).
- Transparency is insufficient with respect to quality, recognition of prior learning (EVC) and qualification frameworks ensuring standards.

The SEO (2010) report states that government intervention is desirable with respect to the last two issues. The report argues that vouchers would be an efficient way to stimulate demand for lifelong learning. The report stresses that stimulating demand is more effective than directly stimulating supply. The latter may lead to market distortion and to unequal conditions for private and public providers. An uneven playing field in this sector occurs when public institutions can cross-subsidize their private activities. Under current regulations private providers cannot contest this, since public institutions are not subject to fair competition regulation. This has caused friction between the OU and private providers in several cases (HBO licenses).

SEO (2010) notes in this respect that the combination of a public institution such as the OU and its position as a competitor in the private market could be questioned. It argues that a public institution

should not be a competitor in a private market, since subsidized institutions have financial advantages and hence are not meant to compete with non-subsidized private institutions, since this creates unfair competition. Subsidized institutions operate in sectors set aside for them by governmental decisions or in sectors where private institutions fail.

Finally, SEO (2010) suggests levelling the playing field by making student funding completely demand driven for the post-initial market. It acknowledges at the same time, as does the SER, that the distinction between initial and post-initial is becoming artificial and irrelevant, since employers tend to consider participation in initial provision increasingly as part of post-initial education.

The review panel observes a discrepancy between SEO and SER in their view on the supply side. According to the panel, the current market for life-long learning is insufficiently developed in the Netherlands. The demand side is relatively weak and also the supply side cannot be considered to be fully developed. Important current characteristics of the weak market for life-long learning are the limited number of institutions that offer lifelong learning education, a biased provisioning on specific sectors and a decrease in part-time studies in general<sup>4</sup>. Moreover, it endorses the position expressed in the EUA Charter on Lifelong Learning (2008) that improvement in the implementation of lifelong learning in higher education can only be achieved with appropriate legal and financial support from government. These conditions are as yet not completely fulfilled in the Netherlands. Hence, it would be too early to judge the OU's position and performance in this market.

### **3.4 New national policy development: the emerging government response**

In its most recent policy paper, the Strategic Agenda for Higher Education as published in June 2011, the Ministry of ES&C recognizes most of the above, and especially the decline in part-time studies, and thus the need for further policy development in lifelong learning. It underlines its responsibility in extending provision for working adults, especially in the associate degrees and professional master degrees. More generally it recommends facilitating more part-time provision by deregulating macro-efficiency rules, including for private providers, and to reduce obstacles for flexible learning by creating more room for innovation within the context of the Higher Education Act (WHW). It announces the introduction of a national qualifications framework (NLQF) in order to enhance transparency and to present a comprehensive plan for recognition of prior learning (EVC) by the end of 2012. It is looking into the possibility to extend student loan facilities in order to stimulate lifelong learning and investigates whether further tax deduction of study costs, as advised by SER, can be implemented.

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<sup>4</sup> This downward trend seems to become even more serious: provisional enrolment data for 2011-2012 indicate another 30% decrease in part-time studies at university level (VSNU, August 2011) and a 13.3% decrease in part-time studies at *hogeschole*n (HBO-Raad, August 2011).

In a recent interview the State Secretary (ScienceGuide, June 2011) was criticized in that the formulation of an actual new task for universities and HBO institutions with respect to lifelong learning was still lacking and that in fact only an exploration of more options for part-time study would be undertaken. His response was that indeed, the provision of dual and part-time provision needs to be reconsidered and that the room for manoeuvre is perhaps based on, or hindered by, outdated legal frameworks. The concept of part-time study should be updated and the legal and regulatory framework needs to be reconsidered. Moreover, he admitted, the study loan system needs to be reviewed with a view to lifelong learning.

### **3.5 Further recommendations by the OU review panel**

The Panel is pleased to note that the Ministry intends to respond positively. Consequently, the Panel wished to advise the Ministry in line with the recommendations as proposed above and with attention to the following set of further considerations and recommendations.

- According to the panel, higher education (including life-long learning programs and courses) should be seen as a public good. Although private benefits cannot be denied, its provision justifies public policy and public funding. In particular the framework conditions within which both public and private providers can operate need to be clearly set by government. When, as is the case in the Netherlands, the life-long learning market is insufficiently developed, a subsidizing role for government at both the supply and demand side is an effective way to stimulate such a market.
- Stimulating the supply side requires framework conditions that engage both the public and the private providers. It should be noted in this respect that worldwide private and public higher education is characterized by an increasingly blurred interaction of public and private dimensions. In such “blurred systems” private providers also take on publicly funded tasks and all types of providers may benefit from public subsidies (Levy & Zumeta, 2011).
- Establish on the demand side a funding system through which every student is funded for one undergraduate (currently by a grant) and one graduate degree (currently by a loan) irrespective of their age or phase in their career and irrespective of the type of institution providing the programme, provided that quality of provision is solidly ensured through accreditation, and recognition is guided by a national qualification framework (NQF).
- Ensure a suitable environment for universities to develop their contributions to lifelong learning (see 10 recommendations in the EUA Charter on Lifelong Learning), by enhancing flexibility in provision beyond traditional modes of part-time study, by developing credit accumulation systems (CAS) and credit recognition between institutions (including research universities) and by encouraging blended or mixed models, in which the strengths of on-line distance learning and the campus-based



experience can be combined. Allow the establishment of joint degrees between institutions with different expertise and profile in order to achieve this.

- Exclude students participating in formal part-time study from financial sanctions (increased tuition fees) when they extend completion time defined for full-time study.
- Stimulate more study for degrees and qualifications among non-traditional and adult learners and consider the need for a framework that not only supports the development of an LLL culture, but also incentivises the engagement of institutions and potential students. Judging from the Swedish experience it takes a couple of decades to develop such a culture.
- Abandon the distinction between initial and post-initial provision. As suggested by SER and SEO, initial provision can also play a role in study undertaken at later stage in professional life and at a later age. Higher education programmes and courses are increasingly seen in the context of the need for the permanent upgrading of skills and qualifications and hence for lifelong learning. Whether they are "initial" or "post-initial" is not really relevant. Moreover, also young students (i.e. the traditional target group of 18-24 years old) increasingly demand types of flexible provision. The Catalan OU for instance had a record number of young first-time students applying last year: potentially because of teaching methods adapted to the 21st century. In the Swedish context the mix between young first-time students and mature students have proved to be an advantage in the "classroom" where "fresh" theoretical knowledge can be mixed with real life experience. The policy principle from the UK can be recommended as a guideline: "We will expand new types of higher education programmes that widen opportunities for flexible study for young people and adults and reflect the reality of the modern working lives" (BIS 2009: 6).
- Finally, and with a view to the further development of "digital openness", it will be crucial to further explore and define the role of the government and to develop a national strategy for Open Educational Resources (OER<sup>5</sup>), as this is conditional for the mainstreaming of OER in all type of institutions, but also for the future positioning of the OU, and its options for cooperation with partners.

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<sup>5</sup> Open Educational Resources are open learning materials that are available online for (re)use. Courses have a wide range of learning materials, which are often offered to an internal group of students by means of a closed learning environment. In order to be able to share these learning materials with the rest of the world, they have to be made open by making them available under an open licence, e.g. Creative Commons. This enables *reuse, revising, remixing and redistributing* educational material.

## 4 Towards a future profile for the OU

With the aim of strengthening of the strategic outlook of the OU Institutional Plan, this chapter will explore the potential role and possible profile of the OU in the context of a national LLL policy as suggested in the previous chapter. It will take the current strengths of the OU into account, while trying to relate these to the perceived educational and labour market needs in the context of lifelong learning.

### 4.1 A framework for the OU's future profile

The Veerman committee report indicates that there is a need for a "powerful impetus to improve the quality and diversity of Dutch higher education" (Veerman 2010:27), in particular because education and research are to be seen as crucial driving forces for maintaining a high level of social-economic prosperity in the future. The ambitious goal for Dutch society to be among the top-5 most competitive economies in the world asks for clear and coherent policies in the areas of higher education and research. To reach this goal lifelong learning has to be developed further into a national policy as set out in the previous chapter.

According to the panel, the OU has a clear role to play in increasing the quality and diversity of Dutch higher education. The panel suggests two possible models for the future position of the OU in the Dutch higher education and research system. The two models are not necessarily mutually exclusive and could in principle also be combined. They are presented here as two separate models in order to allow a clear discussion on the future position of the OU in the Dutch higher education system.

The implementation of these models will take time and involve risk. In order not to destabilise its existing business model, the OU should maintain its core provision of bachelor and postgraduate lifelong learning programmes as set out in its Institutional Plan 2011-2015 (especially para 2.1).

#### **A. The collaboration model**

As argued in the previous chapter the panel starts with the observation that there is a considerable and increasing diversity within the student population. At present, not all potential student groups are being properly served by the current range of higher education programmes. This is also why the Veerman Committee argues for a diversification of the programmes.

In the collaboration model the OU positions itself first and foremost as a partner of other higher education institutions in serving students. The OU can continue to enrol its own students in the various distance learning programmes and courses that it offers. But the main role for the OU in this model is the provision of flexible degree programmes and courses together with other higher education institutions leading to formal (joint) degrees provided either by the partner institution and/or the OU. In this collaboration model the OU's contribution can take on various forms:

- The OU makes its high-quality OU modules available for partner institutions' degree programmes as Open Educational Resources (OER), as preparatory, support or fully integrated programme elements. It could assist and support partner institutions to align these modules with the partner's programmes.
- Partner institutions and the OU design and deliver one or more joint degree programmes<sup>6</sup>. Also in such a collaboration the OU can make its OER modules available and share its expertise with regard to flexible distance teaching with partner institutions (WO and HBO). This is already the case in the cooperation under the Netwerk Open Hogeschool.
- Together with partner institutions and using its expertise regarding OER and distance learning provision, the OU develops specific lifelong learning courses and programmes, to be offered as joint educational products.

By using the OU's modules and expertise for distance learning in combination with the qualities of "campus-based" higher education, more diversity and flexibility in higher education programmes and courses can be achieved. This combination would on the one hand provide new ways of obtaining an (academic) degree and would appeal to students who now struggle with the format of existing programmes. On the other hand the cooperation between the OU and other higher education institutions can lead to a wider and hopefully better targeted supply of lifelong learning courses. In this way the OU uses its unique expertise and national presence to position itself as a partner to other higher education institutions. The effects of this collaboration could be a higher level of efficiency and flexibility in the Dutch higher academic education system and a focused strategy for the further development of the lifelong learning market.

Examples of student groups that can be addressed by this flexible joint approach. These include both potential new groups and the more traditional OU clientele:

- Students in the age of 18-24 opting for a combination of study and work or caring at home or for whom a full time study programme in a regular campus setting is not feasible for other reasons.
- Students transferring between programmes, who need to address particular deficiencies before being admitted to a higher level (in particular from BO bachelor to WO master).
- Students enrolled in regular campus-based programmes, wishing to combine their programme with OU courses in order to create more flexibility.
- Traditional OU students such as second-chance students who at one time tried to follow the regular programme but did not completely succeed and who now choose to finish their studies with a combination of distance and contact learning, or with only distance learning. And older students following a modified or self-assembled programme consisting of a self-determined combination of OU distance learning modules and campus-education and with the aim of eventually getting a higher education degree.

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<sup>6</sup> Subject to current regulation the possibility of joint degrees is effectively limited to cooperation between the OU and research universities.

This collaboration model is unlikely to be effective unless the government stimulates higher education institutions to contribute more to the lifelong learning educational needs, for instance by deploying incentives for teaching part-time students (comparable with the UK where the government provides a part-time premium for universities). Based on experiences in the UK, Flanders and elsewhere, the willingness of the sector to engage with the OU in lifelong learning, however much needed at system level and despite the rationality of the proposed approach, cannot be taken for granted. The success of this model will depend on proactive intervention by the government supported by the recommendations made in paragraph 3.5. This includes full acknowledgement of the position of the OU and support and encouragement of collaboration with the universities,

In addition, the provision of lifelong learning courses could very well be part of the discussion on differentiation and “institutional profiling”, as initiated by the Veerman report. The cooperating institutions (including the OU) that jointly engage in lifelong learning education could profile themselves as particularly strong in this field.

In financial terms such arrangements can be achieved through bilateral (service level) agreements or contracts between institutions. The OU’s regional study centres could play a role, for instance by being linked to existing institutional campuses.

In the case of joint degrees (see above), the recent regulations underpinning the delivery of joint degree programmes should be adjusted in terms of the funding consequences in order to fit a combination of students that are enrolled in the OU (as distance learners) and students that are enrolled (as regular students) in a research university. With regard to the role of the OU in developing course materials as OER products, it should be noted that fully complete business models for this approach have not emerged as yet in the HE sector and that in any case upfront funding for development of OER is seen as a public interest. Hence the government has a key role in subsidizing the OU as a developer of OER products.

The effectiveness of the collaboration model further requires that the partner institutions fully recognize the OU courses (or modules, including OU exams and credits) as valid support, complementary or substitute courses in their own programmes and demonstrate the willingness to offer these OU courses to their on-campus students.

The role of the OU in these collaborations is not necessarily limited to standardised courses for large number of students (at relatively low costs). The added value of OU courses would also and in particular be expected to contribute to the flexibility and quality of provision, i.e. the ability to align with the educational needs of individual students by using sophisticated means of online learning, personalised assessment and coaching, adaptive learning materials, etc. In this respect the OU could

effectively support the partner institutions with expertise and tools for student services and support in a blended educational setting.

## **B. The competitive model**

The competitive model is (and should by principle be) based on the open system principle (Dutch: open bestel<sup>7</sup>) in which all providers (both public and private) are equally eligible for public funding for educational services and support. In this model the OU, like any other public or private provider, operates as a supplier of courses and degree programmes in higher education in competition with other providers.

Clearly the main requisite for the competitive model to be effective and fair would be the creation of a level playing field for lifelong learning.. A major and well known problem which has to be solved in this context is the issue of cross-subsidization. Cross-subsidization occurs if some providers are (partly) publicly funded while others are not, and when at the same time all (publicly funded and not publicly funded) compete at a private market, thus allowing the publicly funded institutions to use part of their public funding to subsidize the costs of their educational activities at the private market.. Cross-subsidization is not only anti-competitive but also unfair against the non-publicly funded competitors on an open educational market<sup>8</sup>..

Without going into full detail, a private educational market model in which both publicly funded and private providers operate and where cross-subsidization cannot occur, could be designed along the lines of the Dutch health sector where an A and a B segment was introduced. The A segment here represents the "public part" of the organisation financed partly by government and partly by fixed tuition fees. The B segment represents the "private part" of the organisation where prices are determined by the market. In the health sectors rules have been developed that inhibit cross-subsidization from the A

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7 Zie: <http://www.rijksoverheid.nl/onderwerpen/financiering-onderwijs/financiering-hoger-onderwijs/experimenten-open-bestel-hoger-onderwijs>.

8 At the same time, it should be noted that with public subsidy usually comes a range of obligations regarding the quality of material and the conditions of service of staff which frequently impose costs not faced by the private sector. In other words: the private sector is able to avoid many costs imposed on the public sector in return for its funding. Also material generated for one purpose frequently requires significant further investment to convert it for another market, outcome, or length of study. In the UK experience, subsidised HEIs generally find it difficult to match non-subsidised private providers in terms of price, flexibility, and speed of response to demand.

segment to the B segment (subject to control by auditors)<sup>9</sup>. In this model the OU could also have a B segment through which it could compete with private (distance learning) institutions. In this segment the OU would charge rates based on the full costing of the B side, thus avoiding cross-subsidization from the A segment.

In a competitive model, the OU could, considering its experience, certainly play a role in strengthening the Dutch lifelong learning market by developing and offering degree programmes and courses, provided that these clearly respond to the demand side of this market. However, in order to ensure a level-playing field and to prevent cross-subsidization, the OU can only be publicly funded for this task under conditions that are similar for all other providers. .

In this model, the OU can as such remain a publicly funded institution and perform its tasks as a distance learning provider. In addition, the OU could be given<sup>10</sup> the specific task to develop OER and distance learning applications for lifelong learning courses to be used by all providers, a task for which it could also be publicly funded. A crucial condition would of course be that all these materials would be freely available for all other providers as well, and that the OU would not create a competitive advantage out of its educational development activities.

Obviously, this model would require a significant transition period for the OU.

Clearly, the competitive model requires the government to develop a generic framework for lifelong learning (type "open bestel") ensuring a level playing field with equal conditions for both the public and private institutions. The obvious way to do so would be to publicly support the demand side and to offer all lifelong learning students similar financial support (see 3.5).

## **4.2 Discussion and final recommendations**

It has been stated above that the two models are not necessarily mutually exclusive. For example, in the competitive model, the OU could still choose to engage in collaborative agreements with both HBO

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<sup>9</sup> This model is not completely alien to the accountability regulations for private ("third stream") funded activities in higher education under for instance European frameworks. But also in respect to national regulation (e.g. VAT) specific legal branches have created by institutions to ensure transparency.

<sup>10</sup> To be fully in line with the logic of the competitive model, in fact this task should be awarded on the basis of open competition, e.g. a tendering procedure. However, given the fact that the OU holds unique expertise in OER, no solid business models have been detected yet, and the government has a crucial role in encouraging this open approach in the public interest, a deviation could be considered.

and WO institutions (“collaboration for competition”) by way of market-proof alliances<sup>11</sup>. Although it should be noted that with respect to collaboration with private providers, the current situation suggests that this may occur more easily in the HBO sector, in which already a significant number of private institutions emerged. Joint degree arrangements would be limited to collaboration with research universities (see footnote 6) and are thus more likely to occur with public providers.

Under the same model, the OU could also choose to operate in both fashions, i.e. collaborate through it's A segment (for instance for traditional degree courses) and compete through it's B segment (for instance in providing modules and services), provided that cross-subsidization is avoided and the conditions are similar for both their partners and their competitors.

Although these conceptual nuances may imply fruitful options for OU's future profile over time (building on its already mixed operations), the panel considers it foremost important that the framework conditions for improvement of the lifelong learning market will be created by the government and that the OU is stimulated to play a key role in this in *collaboration* with other institutions.

The role of the government is crucial since the current market for life-long learning is insufficiently developed in the Netherlands. The demand side is relatively weak with a notable low proportion of learning for degrees and an alarming further decline in the number of part-time students (-30% in WO and -13% in HBO for the coming year). Also the supply side cannot be considered to be fully developed, as indicated by the limited activity of public institutions in this market and a biased private provision (“low-hanging fruit”).

The panel shares the view that higher education (including life-long learning programs and courses) should be seen as a public good, of which the provision justifies public policy and public funding. The policy objective to enhance lifelong learning necessitates action both on the public policy level (on demand and supply side) and at the private side, certainly when, as is the case in the Netherlands, the life-long learning market is insufficiently developed. In particular the framework conditions within which both public and private providers can operate need to be clearly set by government.

Building on international experience and previous advice to the government, the panel has formulated clear recommendations with respect to the framework conditions to be developed for the Dutch context in section 3.5. It welcomes the intentions and measures as announced in the Strategic Agenda for Higher Education and Research 2011 of the Ministry of ES&C.

Since these conditions are as yet not completely fulfilled in the Netherlands, it is too early to judge the OU's position and performance in this market, although the question why the OU has so far not been

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<sup>11</sup> I.e. in which all partners comply with the conditions as indicated under the competitive model.

able to successfully fill the gap remains relevant for the further development of its strategy, i.e. a review of its SWOT analysis (see section 2.2 and below).

Given the conditions in the Netherlands, the Panel recommends to further explore the *collaborative* model as presented in section 4.1A. It considers this model at present the most fruitful basis to enhance the OU's role in contributing to the development of the lifelong learning market. At the same time the model stimulates more institutions to profile themselves in lifelong learning (and thus to a further differentiation of profiles) and students to participate.

The possible tensions with private providers and risks of cross-subsidization should be controlled as much as possible by using and enhancing the existing public sector regulations and structures for transparency and accountability (see footnote 11).

Obviously, the implementation of this model will take time and requires a significant transition period for the OU. It also involves a certain risk. In order not to destabilise its existing business model, the OU should maintain its core provision of bachelor, graduate and postgraduate lifelong learning programmes as set out in its Institutional Plan 2011-2015. At least for a foreseeable period the OU should maintain its current legal mission as an autonomous institution, should continue to enrol its own students in distance education programmes, and keep its degree-awarding powers. Conditions and measurable targets should be set in order for the OU to maintain this mode of operation after a number of years (minimum five). In the meantime and under the new framework conditions, the OU will get the possibility to test new opportunities for specific contributions of distance education to lifelong learning.

As suggested in section 1.5, the Panel believes that these recommendations can provide a good basis for a successful further consultation and dialogue between the Ministry of EC&S and the OU. The insights from this review can be used to strengthen both the development of the national framework for lifelong learning and the further development (and amendment) of the institutional strategy of the OU. A review of its SWOT analysis as presented to the Panel is recommended in this respect.



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