

Demanding times

Julie Wells reviews trends in domestic enrolments and the challenges they pose.

While there are big picture drivers that we can point to – changes in the demand for and supply of places being the most obvious – of greater interest are the drivers of student choice. This is the subject of much speculation and little science. A good example is a recent article in the *Melbourne Age* which, under the heading ‘Green or greed’, introduced an inconclusive set of expert comments on whether students were choosing courses based on earning capacity, idealism or academic interest.

Common sense would suggest it’s a mixture of all three – with family and peer group influences thrown in, not to mention a shifting labour market and the impact of popular culture (one colleague recently suggested that references to “going to grad school” on US TV shows was increasing young people’s interest in the generalist undergraduate degree followed by a professional postgraduate qualification). While this might be drawing a long bow, the fact that Generation Y is the most globally mobile generation of Australians, as well as the first globally networked generation, will certainly shape their decisions. This plus the fact that we are waiting to see the fallout of various institutional strategies and the impact they will have on enrolments make this a subject which defies a quick analysis, so I am going to focus on just a few of the most important drivers of enrolment trends and what they might suggest for our future.

We cannot look at higher education in isolation from the rest of the post-compulsory sector. While the number of Australians participating in higher education and VET grew over the past decade, the nature of that growth is different depending on where you look.

The highest rate of growth is in VET certificate III qualifications, and there is a decline in participation in lower level VET qualifications. While there has been growth in undergraduate load, postgraduate coursework has grown at a faster rate.

These shifts reflect policy changes at government level (including incentives for undertaking apprenticeships and traineeships, and deregulation of the postgraduate market). They also reflect a changing labour market which requires different qualifications and regular updating of skills and knowledge. They might also reflect a response to an ageing population, where 47 per cent of people of working age still lack any form of post-school qualification. Compared with other countries in the OECD, this trend is even more marked for over 55s. Indeed demographic factors will be one of the most significant influences on enrolment trends over the next decade.

Low birth rates and increased life expectancy mean that in 30 years almost half the Australian population is projected to be over 50. One effect of the ageing population is that the rate of growth in participation in tertiary education over the past decade has been considerably less than the growth in population.

Another – exacerbated by strong labour markets – is a diminishing pool of applicants for university places. In 2007, unmet demand as measured by Universities Australia had fallen to its lowest level in five years, and is likely to go lower in 2008. While there are still plenty of capable applicants, the fall in demand raises issues and challenges: first, in a system where quality of applicants is defined largely through tertiary entry scores, competition is increasing for the highest scoring school leavers. Second, we have to ask ourselves how many

qualified applicants are not applying at all.

In a recent report prepared for NCVET, Tom Karmel suggests that demographic factors will continue to dampen demand for domestic university places, particularly after 2015, and that this will be most marked in relation to undergraduate education. His projections, which reflect the ageing of the population and current participation rates by age groups in particular qualifications, suggest that growth in undergraduate demand will drop quite sharply between 2015 and 2020. This correlates directly with a contraction in the 15 to 17-year-old age group.

But fewer young people doesn’t mean there won’t be continued pressures to increase participation in higher education, as the same demographic shifts are also creating a contraction in the working age population. This is going to get sharply worse over the next 10 or 20 years with the retirement of the baby boomers. For every young person entering the labour market today, there are seven workers over the age of 45.

These factors, along with a resources boom, a strong labour market and significant skill shortages, contribute to a kind of perfect storm which is preoccupying industry and policymakers at state and federal levels – witness the Council of Australian Governments’ current focus on human capital development, and the Federal Government’s linking of labour and skill shortages to rising inflation. The imperative is to increase both workforce participation and productivity, by improving health, extending working lives and increasing participation in education and training. The latter is now widely recognised as the single biggest factor affecting the productivity of the workforce and economic growth.

So where do we sit in this agenda? The current political focus is not on universities – it is on schools and to a lesser extent TAFE. However, there is growing recognition that the jobs required in a knowledge economy will demand more, not fewer, university graduates. For example, a recent study of industry demand for higher education in Victoria suggests that on current trends there will be 40,000 higher education graduates fewer than required by 2022.

Australia is not alone in recognising this issue: a recent research report prepared as part of a multi-year project focused on college access estimates that the US will on current trends have 15.6 million fewer bachelor and associate degree holders by 2025 than it needs to keep up with top economic competitors. In the UK, forecasts by the Institute for Employment Research suggest that of the estimated 12 million jobs that will become vacant between 2004 and 2014, more than half

require an undergraduate degree or equivalent. So while demand slows, the impetus for increasing participation in higher education grows.

This shared problem underlines the competition for global knowledge labour that is under way. It also establishes a challenge for universities and policymakers in adapting higher education provision to respond to demographic and labour market demands in a way that acknowledges – that sells, in effect – the unique role that higher education can play in meeting the needs of a knowledge economy.

There are several things to think about in this context. This is not just about expanding the number of places; it will also require developing a new value proposition, not just around skill shortages but around higher education more generally, and widening participation among groups who are currently underrepresented. One enrolment trend that has remained relatively static over the past decade is participation by indigenous people and people of low socio-economic status. There is a real opportunity here for the ATN to bring together agendas around social inclusion with the big game of economic productivity. It may, as Richard James suggests, require a different approach to equity: one which recognises that income support is an important but partial element of widening participation, and needs to be accompanied by a greater awareness of multiple disadvantage and significant outreach into schools and their communities. For universities such as ours which are focused on industry-relevant and professional qualifications, developing a new value proposition for government, industry and students may also mean developing courses and modes of delivery suitable for a more age-diverse student population. It might mean taking a lead out of TAFE's book and undertaking more delivery directly into the workplace, in partnership with employers.

A different approach to the issue of skill shortages may also be required.

A glance at shifting enrolments by field of

In this article:

- Highest rate of growth is VET certificate III
- Pool of potential applicants lowest in five years
- 40,000 fewer university graduates by 2022
- Age and socio-economic demographics showing little signs of change.

study over the past five years shows a close alignment between student choice and the labour market. Growth has been most marked in the fields of management and commerce, while the marked area of decline is in IT (where there are signs of a reversal). We see increased demand for education and health courses – largely reflecting an increased supply of funded places – but students are not rushing in sufficient numbers to fill areas of skill shortage.

By relying on a list of current skill shortages by occupation as compiled by the former Department of Employment and Workplace Relations, we are not necessarily identifying or responding to those areas of significance and potential shortage that will emerge in the future. Neither are we prioritising the sort of multidisciplinary courses which will equip graduates for emerging strategic areas and

help them develop broad-based transferable skills. In the UK, where low participation in areas of skill shortages is also causing concern, the government has asked Universities UK to identify strategic subjects. A similar partnership in Australia might result in stronger joint messages to prospective students and their communities about the advantages and opportunities to be derived from studying in particular areas.

It is probably unreasonable to expect government to come to us, but its intention to create a new

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advisory body to identify and address future areas of skills shortages (Skills Australia) offers an opportunity for industry-focused universities such as ours to engage more proactively around this issue, with government as with industry (the Business Council of Australia has established a task force to also address this issue).

There is another challenge around universities' development of a new value proposition, and that goes to our competitive positioning. As the size of the school-leaver pool shrinks, competition for high scoring tertiary applicants is intensifying, despite the inadequacy – above a certain level – of TER scores as a predictor of success. The positional value of courses with high clearly-in TERs ensures that most if not all universities will seek to maintain at least some in this category – to be selection rather than recruiting institutions. But in future, given the demographic shifts I've outlined, the significance of the school-leaver population and school-based qualifications as a basis for enrolments may decline, and our measures of success may lie more in demonstrating the value we add to students' learning and our capacity to respond creatively to a diverse student population.

We also need to respond creatively to the challenge posed by the growth of private provision: higher education enrolments in private institutions have grown from 8000 in 2000 to 50,000 in 2005.

Between 2004 and 2005, the number of such students increased by 400 per cent – a function largely of the introduction of FEE-HELP subsidies for private providers. They are offering students flexible entry and fast delivery in niche areas such as business, IT, design and creative arts, and professional fields such as theology. Because they are niche, their marketing messages are clear. They are reaching into fields of study that are popular in the labour market, and can be nimble for this reason. In Victoria they include TAFE colleges.

In the Australian domestic market, therefore, the competitive threat to industry-focused universities comes less from large foreign universities or global online providers – although these are still relevant – but from these niche players.

It's not just changes in enrolment trends that should concern us – it's the extent to which some

things are not changing. The age demographic in Australian higher education has shifted only slightly over the past five years – the proportion of students under 20 has dropped slightly and the proportion between 20 and 24 has increased by a few percentage points, but the proportion of older students remains the same.

The ratio of part-time to full-time students, the socio-economic composition of the student population, the overwhelming dominance of school-leaver qualifications as a basis of entry to

higher education (despite increases in the number of TAFE articulators) and the proportion of students undertaking education through distance education or flexible delivery have not changed substantially overall. We have to ask ourselves, is this simply a function of student choice, or is it also a reflection of institutional inertia – an inherent slowness or reluctance to adapt to changing external realities.

As we know, universities themselves are far from passive in shaping student choice. Once all universities tapped into similar markets, despite their location – hence the pervasiveness of the comprehensive model – but in an era of increasing competition for students and institutional specialisation, our markets are increasingly distinct; and this is starting to be reflected in the messages we are sending about the value of particular qualifications, course structures and institutional cultures. But these messages are not just communicated through our marketing material: they're implicit in our selection and admission processes, our focus on particular age cohorts, the pathways we develop with other education sectors.

The time has come when we need to think more carefully about those messages; how they are being received by a wider community and how they shape people's expectations of what a university education might offer them.

In the face of a declining school-leaver demographic on the one hand and the economic and social imperatives to expand participation in higher education on the other, institutions such as ours need to be more active in shaping, as well as responding to, enrolment trends and student demand. We can do so by developing a clear value proposition around the link between widening participation, increasing workforce productivity and social inclusion and by demonstrating that we are ready to change with the world around us.

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Department of Innovation, Industry and Regional Development (Victoria), Industry Demand for HE Graduates in Victoria, 2008-2022.