The primacy of the student in the age of consumer driven higher education¹.

by

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¹ Parts of this report evolved from earlier discussions that have recently been published in an earlier report (Senior, Fung, Howard, Senior, 2018).

ABSTRACT

Higher Education (HE) is a force for good and graduating students can expect to receive higher life time earnings as well as a range of other positive outcomes. Due to this the global HE sector is rapidly expanding and university administrators are starting to explore the benefits of aligning organisational practice with market principles. The embrace of such a consumer philosophy has many advantages as well as several significant disadvantages. Here, we consider the cause and effects of large scale marketisation of HE as well as effective frameworks for the application of a consumer-based narrative on the day to day running of a university. Using the United Kingdom's HE sector as a case example we then consider the effects of performance based funding mechanisms such as the Research Excellence Framework (REF) as well as its younger cousin the Teaching Excellence Framework (TEF) and how excellence in both performance measures can provide a competitive based sector as well as ensure that students are placed front and centre of the culture of a thriving university. We conclude by suggesting a possible model for organisational practice that borrows from both market and non-market practice. This hybrid model for HE ensures that a university can benefit from the significant benefits of a competitive market environment as well as enjoy the protections of regulatory oversight.

INTRODUCTION

'There is a place for the market but the market must be kept in place'

(Okun, 2010, pp.19)

There is no doubt that the exposure to market forces that are firmly embedded within the common vernacular of most MBA students is good for a company (Vorhies, Harker & Rao, 1999). The heady maelstrom of competitive forces that are formed at the nexus of supplier and buyer powers do ensure that any market entity is very focused on the negative effects that may occur when falling foul of a competitive environment (Pringle & Huisman, 2011). But do Michael Porter's omnipotent forces actually effect the HE sector in the same manner as other, more traditional, market offerings? This simple and, on the surface, superficial, question has engendered considered debate in the academic practice, management and even philosophical literature (e.g., Newman & Couturier, 2001; Patrinos, 2000; Tweedie, Riley, Chubb & Moe, 1990). Yet despite such debate University managers are becoming ever more familiar with the benefits of shifting their organisational processes to align with the external market.

The United Kingdom's Higher Education (UKHE) sector has undergone considerable change and as such presents a unique opportunity to consider aspects of its current market positioning and to make recommendations for practice (Lindsay & Rodgers, 1998; Hemsley-Brown & Oplatka, 2006). How well does it align itself to established models for the marketisation of HE ? What, if any, similarities does the UKHE sector have with other international HE markets and to what extent does market specific information in the form of the various student satisfaction metrics inform market positioning? The arrival of data from the Teaching Excellence Framework (TEF) and its more refined offspring the subject specific TEF has been heralded as the arrival of a new dawn of modern-day market principles that are applied to a very modern HE sector – competitive market forces that constantly hone and refine the delivery of academic programmes the content of which is kept at the very vanguard of excellence by the significant power of student engagement (Neary, 2016). Yet when one considers current organisational practice and its alignment to the market the position of the student is less than clear.

The central mechanism behind any effective market context is the continued development (and indeed balance) of both increases in 'static efficiency' which is the steady increase of the ratio between outputs to inputs at any given point in time. The other mechanistic principle driven by market competition is the increase in "dynamic efficiency" which refers to production processes that sustain higher growth over time through product and process innovation as well as better management of resources (but see Nickell 1996 for an opposing viewpoint). When such market processes are operationalised in such a fashion their fundamental role in driving a market refined model of corporate agility becomes transparent. However, what remains unclear is what effect, if

any, will these various market processes have in refining static and dynamic efficiency processes within the varied workforce that manifests itself within the modern-day university and, perhaps more importantly, in seeing what role students may have here.

This is important as HE is indeed, and will always be, a good thing. Certainly, the often cited "graduate premium" is a ubiquitous force for good in our society with real benefits and the graduating student enjoys a wider range of societal benefits that subsequently drive economic growth (King & Ritchie, 2013). A successfully graduating student can expect average graduate earnings that exceed those of non-graduates over the course of their lifetime (see e.g., Pericles-Rospigliosi, Greener, Bourner, & Sheehan, 2014; Walker & Zhu, 2013; Sim, 2015). The graduate premium also manifests itself as a faster professional trajectory leading to a greater lifetime earning potential and ultimately an overall better quality of life (Holmes & Mayhew, 2016). Such a premium drives engagement with HE and this leads to a range of wider benefits for society (Mason, Williams & Cranmer, 2009). Indeed, HE is often regarded as being a significant driver of a nation's development (Bloom, Canning & Chan, 2006). Graduates are also less likely to engage in criminal activity (Sabates, 2008) as well as more likely to engage in civic behaviours and vote (Dee, 2004). In light of these various benefits, it is perhaps unsurprising that the global HE sector remains vibrant, with more and more people applying to study at HE than ever before (Altbach, Reisberg & Rumbley, 2009). What remains to be seen is whether or not the marketisation of the sector is effective in meeting such demand.

MODELS OF MARKETISATION IN HIGHER EDUCATION

To clarify market efficiencies within academia one must first clarify what goods a university actually produces in the modern-day HE sector. Previous scholars have defined the primary products from a university into three different categories. First is the category of "own self goods" which are those defined by the investment a student places in their own intellectual development. The second category involves goods that defined as "training goods" i.e., investment that the University has in training of the academic staff or professoriate and then finally, the "knowledge goods". Held within this category is the intellectual property that is purchased by various companies or the even the government (Marginson, 1997).

Indeed, a cursory glance into any contemporary, and thriving, University will readily show that such macrolevel categorisations of the primary products are useful but a microlevel analysis of the operational framework is needed to account for market behaviour in academia and to see where and how the products can be operationalised effectively. One such framework, which attempted to define a more HE specific market environment is based on a number of market freedoms that a university should develop and maintain in order to thrive in a competitive

marketplace (Jongbloed, 2003). These market freedoms pertain to either the expectations of the students to engage with the provision or the institutional managers who are tasked with the effective delivery of the academic provision to meet the needs of the incoming cohort.

The first of these freedoms refer to the behaviour of institutions as effective suppliers within a highly competitive marketplace. Here, freedom of entry refers to the means by which institutions can enter that market. The UKHE sector provides a useful example of this freedom in action. After the publication of a government report in 2016 that examined the ways and means by which HE could be made more accessible the Higher Education and Research Act was passed that facilitated a raft of new entrants into the sector (Department for Business, Innovations & Skills, 2016). Ostensibly this was to generate a more competitive environment². Indeed, prior to this legislation there was evidence that the UK sector was experiencing a gradual loss of institutional diversity (Ramsden, 2014). Currently there is little evidence to suggest that this has changed. Freedom of supply and resourcing refers to the ways that a university can specify the product that it delivers and the way it can deploy its main resource inputs i.e., students, staff and money to achieve this product delivery. It should be noted that contrary to the market-focused narrative students are not consumers of their learning but they are conversely direct inputs to that learning. They are, in fact, collaborative partners who can inform and direct the delivery of their programme.

Yet one could argue that the freedom of resourcing as stated here is at odds with the current orthodoxy of recruiting students on the basis of more and more selective qualifications which would, by definition, lead to a reduction in student numbers. This taken in hand with the fact that student entry qualifications don't actually predict an excellent (or even satisfactory) learning experience (Pascarella & Terenzini, 2005) suggest that HEIs aren't actually that free to manage their resources in an effective fashion at all.

The final institutional freedom is by far the most significant and one that most HEIs will, quite paradoxically, fail to meet i.e., freedom of pricing. Is a university truly free to set the price of its products? The publication of the Higher Education Act in 2004 and the subsequent regulatory increase in university fees in the UK saw income per student rise from £3000 to £9000 and is currently capped at £9250. The imposition of a government mandated limit on what Universities could charge did not, as some forecasters gamely predicted, see the development of a diverse range of products with an associated diversity of pricings to suite all but instead saw a fairly rapid climb to the government-imposed cap which nearly all providers in the UK followed.

Here the possible spectre of price elasticity driving consumer demand saw an almost blanket application of highest fees permissible under law. The fear that the provision of a particular

² Indeed overall student entrants to HE have actually decreased in UK:
<https://www.universitiesuk.ac.uk/facts-and-stats/data-and-analysis/Documents/patterns-and-trends-in-uk-higher-education-2018.pdf>

University would be considered poorer quality due to a cheaper price rendered it almost impossible for a demonstration of institutional autonomy to decide on the pricing of their portfolio. Compared to the American HE sector, which can boast a more segmented structure populated by Universities with a clear and idiosyncratic offerings based on status, research opportunities and even sports facilities the UKHE sector is very much in its nascent stages and has some time to go before it reaches the established norms demonstrated by its American counterparts. Indeed, the limited freedom that is imposed on pricing behaviour in the UKHE sector has engendered parliamentary oversight with the commission to completely review the Post-18 Education and funding to ensure that the sector is truly transparent and competitive³

Analysis of the perspective of the student facing freedoms that an HEI should champion to qualify as a true market force are equally open to reflection. Here the freedom to choose the provider and the programme of study may seem like utterly unalienable rights. A student who cannot study what and where she wants is effectively denied access to the sector which purports to herald the supremacy of the student position. While the lifting of student enrolment numbers in 2010 to UK universities may at one level seem to be a direct mechanism to facilitate such freedom it is a foolish endeavour not to disentangle the intermingled effects of the student's behaviour with the inability of a university to charge appropriate fees as this is one fundamental factor that obviously restricts student choice (James, 2000). Next the test that a university faces is that of the Freedom of information that is, how much information do students have that allows them to make a fully informed decision about their choices regarding HE? As is detailed below this is probably the most fundamental of all tests that an entrant to the market environment will face. Arguably this market test has seen the rise in the dominance of student focused metrics in an attempt to clarify and simplify the complex and vast nature of institutional data that the students could access.

Yet even with such herculean effects to simplify and facilitate the flow of transparent institutional information that will inevitably encourage an open and highly competitive market environment there are still opaque clouds (Senior, Moores & Burgess, 2017). For example, in the UK the National Student Survey (NSS) which annually measures the satisfaction of all final year undergraduate students across 300 institutions carries a small but significant loading in the various league tables that rank the HEIs across the UK sector (Gibbons, Neumayer & Perkins, 2015) the league tables are the tools by which students access information that they use to judge the quality of the provision at any given university (Canning, 2015). But the NSS doesn't actually measure teaching quality at all but a range of factors such as how well a given programme is organised.

While the so called Jongbloed framework presents a clear framework for the marketisation of HE it is generally internally focused and does not address the role that the government has in

³ <https://www.gov.uk/government/publications/review-of-post-18-education-and-funding-terms-of-reference>

regulating both the quality and quantity of the HE provision. It suggests that market entry should not be regulated (or very light regulation if any) and that students would have a complete choice in which to select their provider. Student entry would dictate the level of funding income and admission numbers (an associated fees) would be uncapped and left to the invisible hand of market forces to dictate. However, as is described above – this is far from the norm.

Even when one considers the USHE sector, which is far more evolved along market lines than the UKHE sector one quickly realises that the notion of an efficient market structure has a long way to go before being realised. Here the USHE sector suffers from a significant diversity of offerings that result in a vast, complex and diverse sector with a multitude of universities existing to serve a multitude of students (Morphew & Taylor, 2011). Such diversity produces additional layers of complexity with additional and smaller markets evolving that cater for a variety of professional services such as “services of faculty members, for research grants, tuition, dollars, private gifts and public appropriations” (p.54). This does indeed breed a highly competitive environment that is ostensibly geared towards maximising student enrolment (Cheslock, 2006). Indeed, it is incumbent on students to ensure their decision of HE provider is the optimal decision as life time earnings can be predicted by the closest fit to their post-graduation aspirations (Monks, 2000). Such diversification of the academic portfolio, which is more aligned to the sector behaviour as described by Jongbloed is effective and examination of the differences in student satisfaction across the US and UK HE sector does ‘suggest that the US provides a better quality of education that matched or exceeded students’ expectations, or students have different levels of expectations when they study in the US and UK’ (Mai, 2005, p. 873). It remains to be seen whether or not the UKHE sector could diversify to the same extent as its American counterpart and benefit from this kind of market focused behaviour.

Thus, according to the model above if effective HE is to be delivered along marketized principles then there would be little role, if any, for the government in determining the quality or quantity of the provision. The primacy of the student position would be clear as it is they who would engage with the market as stated above and utilise their significant consumer power to help shape, revise and ultimately refine aspects of the HE provision. Finally, student choice would be based on the efficient flow of transparent information regarding the price, quality and availability of relevant programmes. However, as of yet, no HE system can fully meet these criteria – we are therefore faced with the potential for a ‘market failure’. Before a possible model to prevent such failure is discussed it is first important to consider the reasons that gave rise to consumer-based behaviour within Higher Education in the UK and their possible effects.

THE CAUSE AND EFFECTS OF MARKETISATION IN HIGHER EDUCATION

As alluded to above there is little doubt that the global HE sector is undergoing a metamorphosis. Here no longer is HE the sole preserve of the privileged few but rather it is now accessible for the masses. The result of such an expansionist philosophy is here and today's undergraduate students can expect to study at a university that is unrecognisable to higher education establishments of a few decades ago. This is not a one-sided affair and academic staff i.e., the professoriate who encounter the results of such expansionism on a daily basis are also faced with a vastly complex working environment (see e.g., Knight & Senior, 2017). Phrases such as internationalisation, employability, work-based learning as well as the almost ephemeral notion of student satisfaction, among many other things, regular assail the collective consciousness of academic staff around the world. Yet despite such complexity a new model is emerging and this is one firmly embedded within consumer psychology and it firmly places the student as a customer and not, as described above, as a partner in the academic process (Tomlinson, 2017; Bunce et al, 2017). Here, negative issues that may arise when university managers start to consider students as passive consumers of a 'product' are raised as is a potential solution that may not only ameliorate these issues but actually facilitate excellence in the student learning journeys. HE can meet this vast array of modern-day concepts face-to-face and still ensure that it serves its core mission and that is to provide students with a higher understanding of various conceptual issues.

The emergence of a diverse portfolio within contemporary academia ensures that HE now faces a fundamental problem. How can the ready expansion of the portfolio and the rise of the massified sector maintain its core *raison de etre* which, according to the great educationalist John Henry Newman was to enable students to "... see things as they are, to go right to the point, to disentangle a skein of thought to detect what is sophistical and to discard what is irrelevant." (Newman & Svaglic, 1982, p. 6). In the UK this consumer-based approach owes its birth to the publication of a series of influential government sponsored papers on the future of UKHE sector that were published in 1999. These papers were collectively called '*The Reports of the National Committee of Inquiry into Higher Education*' but colloquially known as the 'Dearing Report' after the lead author, Lord Ronald Dearing and it clearly initiated the movement that saw effective pedagogy move away from the traditional didactic arena and towards a more market structured environment. Yet how far does a university have to go to embrace this consumer-centric narrative and still retain its identity as an institute for higher learning?

If one fully embraces the consumerist identity within academia there is a vast and respected body of evidence from the field of sales psychology that can inform subsequent practice. This literature shows us that a positive service encounter can indeed lead to a vast array of advantageous aspects such as customer loyalty, repeat patronage intentions and even positive word-of-mouth (e.g., Pugh, 2001; Caruana, 2002; Guenzi, & Pelloni, 2004; Sierra & McQuitty, 2005) clearly these

outcomes would be of great benefit to most, if not all, educational institutes. However, the very same body of literature also describes the need for customers to identify themselves within an authentic relationship with any given service provider (Tzokas, Saren & Kyziridas, 2001). In light of the fact that the relationship between a student (customer) and University (service provider) is one that is sensitive to a variety of different outcomes – very much largely outside the control of the university administrators, such as postgraduate employability success and even (quite controversially) assessment success⁴, it is safe to say that there are a myriad of factors that may impact the vital service provider relationship between students and HEI's. In light of this it may not be effective (or even common sense) to adopt a full consumer model yet.

But consumer expectations *are* indeed central to a positive service encounter so an ambiguous attitude towards the relationship that the student and their University enjoys is likely to lead to anything but a positive experience (Goldney, 2008; Pinar, Trapp, Girard, & Boyt, 2011). Here the University brand remains a vital component of its efficacy in the market place (Parameswaran & Glowacka, 1995). Surely, now, is the time for institutional managers to take a stand and declare the role that their students take in their learning and what position this plays in the larger organisational culture. To rephrase this within the narrative on consumer psychology one could ask how does the student body actually inform the university brand such that the organisation can develop an authentic relationship with its core customer base?

Yet there are ways that the insidious onslaught of a consumerist ideology may be playing a role in weakening the ability of a University to ensure that it delivers its key outcome and in turn mitigating any impact on the graduate premium. The ready embrace of consumerist ideology across the global HE sector will most likely see a rise of an open market structure that is highly sensitive to market forces (e.g., Porter, 2008). Economic theory (e.g., Fama, 1970) defines such a market place as one consisting of a large number of rational profit maximisers (e.g., Universities) that try to predict future market values and where important information is freely available to all participants (e.g., the now central position of published student satisfaction metrics which is described in more detail below). One could quite easily argue that contemporary HE is now firmly embedded within such a market environment. Indeed, given the almost pathological obsession that some institutional managers have in spending money on a variety of student facing initiatives one can also be forgiven for thinking that we have embraced a form of conspicuous consumption that institutes are using to try and better their position in the global HE marketplace (Hamilton & Tilman, 1983; O'Cass & McEwan, 2004).

With such investment institutional managers still need to heed the advice of the economists that understand the nature of open and efficient marketplaces as it is they who are aware of any problems that can arise.

⁴ A good university will provide excellence in teaching to inspire effective learning that is assessed independently.

One significant issue is the so-called agency problem (Fama, 1980). The agency problem or the Principal-Agent problem is a conflict of interest that occurs when you expect another party to act in your best interests where in fact they act in their own interests. A basic example of the agency problem, that is often used by MBA students across the globe, is that of the plumber who you hire to fix a leaking tap. You, as the principal expect the plumber, as your agent, to complete the agreed task with your best interests in mind however it is in the agent's interest to maximise income. In light of the significant size and complexity of some organisations the effects of the agency problem are not trivial and can impact the lives of many people (Arnold & De Lange, 2004; Kulik, 2005).

But to what extent does the student inhabit the role of the principal in today's consumer driven HE sector ? More importantly, are there any viable organisational mechanisms that may facilitate the role of the student in such a relationship? The humble student still sits in a very privileged role within a contemporary higher educational establishment but is the student position, which is often supported by the supremacy of student satisfaction scores on various metrics, enough to ensure that the university always acts in the interests of the student? Central to this argument is the common-sense statement that student satisfaction is in fact a concrete entity that can be effectively measured but as has been previously noted it is a fairly undefinable concept in its own right (Senior, Moores & Burgess, 2017)⁵. Unfortunately, the emerging importance of a customer focused approach to HE and the associated metrics that ensure a competitive edge in such a market place are starting to drive the emergence of a new type of university and one that is vastly complex in its design – an HEI that demonstrates excellence in both endeavours of learning and teaching as well as research i.e., the so called dual intensive universities.

THE DUAL INTENSIVE UNIVERSITY AS THE DOMINANT DESIGN

This term, recently conceptualised by Foster (2018), describes the emergence of an HEI with a mission statement that clearly results in excellence in both teaching and research activities. In light of the insidious rise in consumerism that is pervasive in contemporary academia an approach that facilitates excellence in both fields of academic practice will define a new dominant design in the emerging marketplace. Such a model is so termed as it readily becomes the de facto standard in any market environment (Suarez & Utterback, 1995).

The rise of these HEIs owe their success to fundamental shifts in the underlying philosophy of the central organisational practice which in turn results in a radical improvement in efficiency.

⁵ Our recent analysis revealed that the greatest predictor of satisfaction in the UKHE sector over the last ten years (approx. 2.3 Million students) was excellent teaching (Burgess, Senior & Moores, 2018). Indeed, it further seems that ensuring resources are identified to ensure the delivery of a well-managed academic programme would be a worthy endeavour for institutional managers as it is this sole factor that would likely predict a rise in satisfaction!

Excellence here is driven in part by ruthless implementation of a staffing strategy that maintains an excellent staff-to-student ratio (< 20:1). Implications of this particular staffing strategy are not trivial and some institutes have sought to create a bipartite culture of both teaching and research excellence with experts in either field carrying out their day-to-day activities that are aligned to the specific expertise with minimal cross over. Yet few HEIs can provide solid evidence that their research stars are also the stars in the lecture theatre. To achieve such a state of academic symbiosis would require a commitment from those research stars to “muck in” and deliver undergraduate lectures as well as handle the administrative load that is associated with the delivery of such lectures.

Yet the management of an effective staff: student ratio is not the only organisational practice that the dual intensive HEIs have perfected. Central to all research practice is the fact that it has to be funded. Research funders rarely pay for the full economic costs of research to be carried out (Olive, 2017). Hence a process of cross subsidising research has evolved which sees the learning and teaching portfolio effectively paying for the continued development of all forms of research. It is true to say that the growth of research excellence can be predicted by the expansion of the teaching portfolio.

Here some institutes have developed strategies to facilitate such a cross subsidy by driving excellent relationships between staff and students. By involving various student societies, institutional managers have encouraged the undergraduate student to become a true partner in their learning. The strategy here is to define a clear strategy that places the student at the heart of all University activities and also, perhaps more importantly empower them to make decisions in this regard. This would certainly see a productive consumer position start to develop yet students expect to receive good value for their money no matter how much research they support (Senior et al, 2018).

To be successful a university must now do more than merely champion the hiring of more research-intensive staff or develop accounting strategies that support the development of the all-important research impact. This is a complex operation and to ensure that it is successfully carried out will require a real need to develop a more enduring strategy that will see the development, and maintenance of the ever-important research impact, as well as the emergence of the dual intensive university.

Another strategy could be adopted that develops Fosters (2018) early recommendations, one that places students at the very heart of all university activity, drives excellence in both research and teaching and, perhaps more importantly may mitigate the effects of the agency problem which will invariably arise as the global HE sector embraces consumerism – put research at the very heart of *all* activities.

This is not the advocacy of a soft touch here, far from it, it is instead the advocacy of a ruthless re-positioning of the central mission statement that places research front and centre of the student's perspective from the first minutes of the open day visit to the last comments of the graduation day speech. Ensure that the latest discoveries are communicated to potential students when they apply to join a programme of study. Develop opportunities that will allow students to work side-by-side with academic staff members on a research project from the very first moment they arrive on campus. Ensure that the culture within the undergraduate programme is focused towards active research engagement e.g., there is no reason why a personal tutor is called this and the role would be better served by calling these individuals 'personal supervisors' as this is more aligned to what they actually do and can effortlessly ensure that students are moved towards an environment of research discovery.

Such a strategy will have an additional benefit that will see the students working more closely with various members of staff from an early stage of their academic journey and this will in turn see them become more and more affiliated to their department (Towl & Senior, 2010). This departmental affiliation could in turn see an increase in professional affiliation which should ultimately align the undergraduate student's expectations more towards the postgraduation aspirations (Senior & Howard, 2014). Thus, engaging within a research culture means that students start to develop a more effective and authentic relationship with their university which should in turn see the development of a positive service encounter (see above).

There is obviously more to gain by engaging within a research culture than merely developing a clearer professional identity (e.g., Fung, 2017). By immersing themselves within such a culture a student would indeed invariably encounter those 'hard' skills that are a prerequisite for effective research output such as record keeping, data analysis etc. But they would also encounter the opportunity to develop expertise in a set of important soft skills as well such as time keeping and team work (Tissington & Senior, 2018). Perhaps the most important of these 'soft-skills' will be the ready exposure to failure which, paradoxically, is an inherent aspect of successful research activity (Tough, 2011; Gerber, 2011; Loscalzo, 2014). It is this skillset that will ensure that the student of today who is immersed in a vastly complex consumer driven HE environment becomes a civic-minded success tomorrow.

MECHANISMS DRIVING MARKETISATION WITHIN A RESEARCH BASED HE CULTURE

There is little doubt that most members of academic staff are likely to be very familiar with the intricacies of performance-based research funding systems (PRFS; Box, 2010). These are national systems that evaluate research output to ensure that funding is distributed appropriately to universities (Geuna & Martin, 2003). In the UKHE Sector the Research Excellence Framework or REF is the funding system that currently oversees the distribution of approximately £1.6B to support and enhance research quality in the UK (Jump, 2015). Such funding systems like the

REF were developed in part to ensure that the desire for research excellence was met but also in response to the rise in a knowledge economy (Hicks, 2012). While the cash allocation for high impact research can be substantial it is the prestige that is linked to the high impact research that can have a significant effect on institutional league table rankings and therefore subsequent student application numbers (Curran, 2000). Yet despite its prestige research doesn't feature in the Jongbloed model significantly.

To this end it is perhaps not surprising that it is not the only factor that contributes to the competitive market positioning of a university. It is perhaps common sense to state that teaching excellence also plays a role in such positioning. As is noted above in the UKHE sector the assessment of the teaching excellence has ostensibly taken the form of the completion of annual National Student Survey (NSS) however, recent changes have seen the assimilation of the NSS into the larger performance rating competition of the Teaching Excellence Framework or TEF.

The TEF emerged in the UK from the 2015 Green Paper: Fulfilling Our Potential (Department for Business, Innovation & Skills, 2015) and 2016 White Paper: Success as a Knowledge Economy (Department for Business, Innovation & Skills, 2016). It effectively embodies the marketization of the Higher Education UKHE Sector, which brings consumer choice and competition to the fore. This economic rationality is evident within the rhetoric of the Green and White policy papers on TEF, which emphasise the need to increase graduate employability to ensure economic competitiveness and a highly skilled workforce in the global economy. The engagement between universities and industry is positioned as being instrumental for the economic success of the UK, which is exemplified by the repeated use of the phrase 'what employers want' in the Green paper (Collini, 2016).

There is very little doubt that the TEF is shaped by a market rationality and is firmly embedded in the neoliberalist ideology of choice and competition, which are repeated themes in both the Green and White papers. HE is positioned as an investment for students, which requires them to make the best 'choice' to maximise their return based on a rational cost-benefit analysis. In this light, the drive to improve standards is through HE itself as a provider to deliver a high quality 'product' that is both competitive and offers freedom of choice. As expressed in the White paper *'Competition between providers in any market incentivises them to raise their game, offering consumers a greater choice of more innovative and better-quality products and services at lower cost. Higher education is no exception.'* (Department for Business, Innovation & Skills, 2016, P.7). In other words, by making universities compete against each other they should raise their standards and offer value for money.

The first TEF was conducted in 2017 with over 130 universities submitting an application to be considered. From this first raft of submissions there were 45 institutions who received gold, 67 awarded silver and 25 bronze. The results were well publicized in what some regarded as a

symbolic representation of the marketization of HE. Students are now positioned as consumers whose decisions to enter HE are purely gleaned in economics of investment and return. That is, student choice for HE is assumed to be driven by a rational cost/benefit analysis of the financial investment against the earning potential post-graduation. The TEF has positioned HE in relation to other economic markets which provides choice for students and competition between HEIs (Department for Business, Innovation & Skills, 2015, 2016). This raises a number of issues for HEIs in terms of their practices going forward to ensure they have a good return on TEF. Given the design of the TEF metrics it is feasible to see the implementation of conservative policies on student recruitment (target traditional student populations) and the range of course portfolios offered (courses linked with fast and high employment rates). In this light, TEF may have a transformative effect on HE in the UK, which may then be adopted globally as a means of regulating institutions by judging teaching quality purely in terms of economics.

The TEF, as a set of performance indicators, regulates the student recruitment strategies of HEIs and make them directly accountable for their success. As Gunn (2018) argues, the TEF is designed as a transparent tool, which opens up the 'black box' of HE for public scrutiny and regulatory oversight. TEF ratings for each HEI last for a period of 3 years and are made transparent and available for public consumption, so it is assumed this in itself will be a measure that prospective students can use when deciding to study in HE.

Inherent within the assessment strategy for the TEF is the assumption that the learning environment itself is responsible for student success and progression rates, and thus students are positioned as passive members of this relationship (Entwistle, 2009). This draws on the consumerist rhetoric described above where the product (i.e., course, which includes learning environment) itself is purchased to achieve an outcome (i.e., degree awarded). The responsibility of delivering the outcome is therefore shifted solely on to the university but students themselves do play an active role in their own learning and success. A well-known analogy drawn upon by academics to illustrate this point is that of gym membership. You might for example desire to get fit and healthy and select a gym that has the all the latest equipment and personal trainers to support you but if you do not engage with the gym then you will not get the desired result. In this light, the student decision making process whilst studying in HE needs to be considered to contextualise and give meaning to this measure. In other words, student input is a fundamental component to the success of the TEF and therefore ultimately to the continued success of the development of an effective market strategy.

A MODEL OF HYBRID MARKETISATION THAT SUPPORTS UNIVERSITIES?

As is described above, the research and now the teaching excellence framework is vital to the current market positioning of universities in the UKHE sector. Indeed, their *raison de etre* is to ensure a more market focused HE environment. However, paradoxically, due to the fact that they

are essentially regulatory tools ensures that they cannot facilitate a true market environment within HE. The imposition of a regulatory framework ensures that any such market structure will inevitably face failure. Yet, on reflection it is unlikely that a HE sector can exist without some form of government oversight. The question to address now is whether university managers should eschew the core principles of a neoliberal market environment and embrace the imposition of a regulatory framework?

Such market behaviour would look very different to that currently in place today. Market entry and prices would be closely regulated and students would have very little choice in where they get to study. The price that a university would be able to charge for its offerings would not be linked to the number of students that it can recruit to its books and, related to this, students would not be required to contribute to the cost of their learning. But perhaps most importantly there would be no information guiding a student to make a specific choice. Hence, the important position of performance-based funding mechanisms such as the REF and TEF would become untenable. This is in direct contrast to their design principals which, as stated above, is to facilitate choice and drive competition. Furthermore, central to the TEF is the notion of the student as a key, authentic and effective partner. Therefore, they act as a mechanism for the inclusion and involvement of students within the delivery of excellence across a university. More importantly is the fact that without input from these metrics the rise of the dual intensive university simply cannot materialise.

Here we would argue for any university to thrive it would need to both borrow from the clear positioning of the market environment but also aspects of the non-market environment such as regulatory oversight. Such a hybrid model for organisational practice is not without precedence and has great utility in other sectors (Nee, 1992; Parnell, 2018). However, it is within the HE sector that the embrace of the hybrid model of consumerism can both benefit from the competitive power of the key performance metrics as well as maintain the primacy of the student position.

CONCLUSION

Here we have argued that while the rise of consumerist HE is inevitable institutional managers must be wary of issues that it may cause such as the so-called agency problem. This is not a trivial issue and its can be very significant indeed. However, by framing the organisational setting within a very clear research focused environment it may be possible to ameliorate the impact of such problems as well as ensure that the students develop effective professional skills that will enable them to succeed after graduation. University managers should indeed pay heed to the changing market structures but at the same time don't fall headlong into a strict market focussed relationship with their students. The humble undergraduate remains a fundamental component to the effective delivery of excellent academic programmes. However, a strict market relationship may not be completely effective in supporting students. A hybrid model that borrows from both

market and non-market factors may ensure that the advantages of market forces and the relative safety of regulatory oversight combine to ensure that student learning journeys continue to be defined by excellence.

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