
CHAPTER 16

# Understanding How the Marketisation of Higher Education Contributes to Increased Income Inequality and Decreased Social Mobility

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## 1 Introduction

For a long time, higher education was exalted as the primary and most important tool in promoting social mobility and reduced income inequality. This is because traditionally, education has been identified as the main discriminant between the rich and the poor (OECD, 2011). In his essay on education-based meritocracy, Goldthorpe (2002) argues that a merit-based higher education system can offset the role of social class in determining economic outcomes. In a merit-based system, he points out, education filters parents' economic position from simply passing straight through to their children. The above arguments have been the key drivers

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for the expansion of higher education, first in the United States, followed by the remainder of the world.

In recent years, both developed and developing countries have experienced increasing levels of income inequality. The *Economist* (2012) has identified this as one of the biggest social, economic, and political challenges of our time. While the real disposable household income in OECD countries increased by an average of 1.7% a year over the two decades before the onset of the global economic crisis of 2008, the household income of the wealthiest 10% grew faster than those of the poorest 10% (OECD, 2011). Corak (2013) highlights the correlation between high-income inequality and low social mobility.

In the last thirty years, increasing inequality worldwide has been accompanied by the greatest expansion of higher education. This has raised questions about higher education's relationship to inequality and social mobility (Greenstone et al., 2013; Haverman & Smeeding, 2006). There is a growing recognition that higher education, rather than being a tool of social mobility, could now be reinforcing income and wealth inequality (Blanden, 2020; Collins, 2019; Marginson, 2016a; Parker, 2016). There is little understanding, however, of how and why higher education might be contributing to inequality. This chapter, therefore, seeks to address how marketisation of higher education contributes to increased inequality and reduced social mobility.

In this chapter, I argue that two major recent trends in higher education (marketisation of higher education and the corresponding expansion of higher education) have contributed to rising inequality and decreased social mobility. The marketisation and expansion of higher education have simultaneously been accompanied by a reduction in state funding per-capita. The value of education as a discriminant of talent and capability has been reduced, and coursework, in contrast to examinations, favours students with wealthier and more educated parents.

The chapter continues by reviewing the marketisation of higher education and its features. It then overviews the relationship of education to the emergence of a meritocratic society and its implications for increased equality and social mobility. The chapter continues by highlighting the recent economic trends of increasing inequality in society and decreased social mobility. It then explores recent evidence highlighting the relationship between class structure and educational achievement. Finally, the chapter shows how the marketisation and expansion of higher education have reduced education's value as a ticket out of poverty while simultaneously entrenching the class structure stasis.

## 2 The Marketisation of Higher Education

The 2009 UNESCO report *Trends in Higher Education* identifies marketisation and expansion of higher education as a significant development in higher education in the last twenty years (Altbach, Reisberg, & Rumbley, 2009). Williams (1995) points out that globally there is a trend towards marketisation, and higher education will not be spared. Briefly, marketisation can be described as the introduction of market elements and processes in the provision of specific goods and services. The market is a means of economic coordination whereby the supply and demand for goods or services are balanced through the price mechanism rather than controlled by the state. Before the 1980s, the price and quantity of education controlled by the state also controlled the providers in many countries except for a few countries like the United States of America. Education was frequently free, and public funding for higher education was justified on the grounds that it serves the public good (Lynch, 2006).

The 1980s were characterised by two significant pressures on the state concerning higher education—the first was a growing demand for higher education from both industry and society. Second, a challenging economic environment characterised by inflation and budgetary pressures (Foskett, 2011). These pressures contributed to a massive expansion in higher education (Tight, 2019), but this was not accompanied by a proportionate increase in state funding. The OECD reported a 4.3% average annual growth in tertiary enrolment worldwide—a very rapid growth when compared to the 1.6% average annual growth in the world population over the same period (OECD, 2012). For example, in the UK in the mid-1980s there were fewer than 60 universities, and participation rates were approximately 6%; twenty years later the landscape of higher education was transformed, with some 140 universities and university colleges providing undergraduate programmes for 42% (and rising) of all 18-year-olds (Foskett, 2011). The growth in enrolment in tertiary education over the past four decades has been more obvious in emerging countries, notably Sub-Saharan Africa (8.4% average annual growth), the Arab states (7.4%), East Asia and the Pacific (7%), and South and West Asia (6%) (OECD, 2012).

Similarly, the cost of higher education has also been increasing at a pace higher than inflation. In the United States, the College Board (2016) *Annual Survey of Colleges* reported that between 2005–2006 and 2015–2016, the published in-state tuition and fees at public four-year

institutions increased at an average rate of 3.4% per year beyond inflation, compared to average annual rates of increase of 4.2% between 1985–1986 and 1995–1996 and 4.3% between 1995–1996 and 2005–2006. The same study reported that median family income in the United States rose at an average rate of 0.7% per year from 1985 to 1995 and 0.8% per year between 1995 and 2005. Between 2005 and 2014, median family income declined at an average rate of 0.2% per year after adjusting for inflation.

To cover the difference between the shortfall in state funding and the increased cost of education, the state promoted the marketisation of higher education (Lynch, 2006). In many countries, major reforms contributed to the emergence of 'quasi-markets' (Le Grand, 1990), in which the hand of the government provides significant guidance and influence on how the market operates. Teixeira, Jongbloed, Dill, and Amaral (2004) characterise the introduction of quasi-markets in higher education as a combination of three main vectors:

> The first is the promotion of competition between higher education providers. The second is the privatisation of higher education— either by the emergence of a private higher education sector or through privatisation of certain aspects of public institutions. And the third is the promotion of higher education institutions' economic autonomy, enhancing their responsiveness and articulation to the supply and demand of factors and products. (pp. 4–5)

The marketisation of higher education in the United Kingdom entailed tuition fees for undergraduate and postgraduate certificate students at universities across the entire United Kingdom in September 1998, with students being required to pay up to £1,000 a year for tuition (Alley & Smith, 2004). This was increased to £3,000 for the academic year 2006–2007 by the Higher Education Act 2004, and further increased to a maximum of £9,000 following the Independent Review of Higher Education Funding and Student Finance in 2010 (Alley & Smith, 2004).

In many developing countries, higher education has been through the emergence of private for-profit educational institutions, where students bear the full cost of education with little or no support from the government (World Bank, 2010). For example, at independence in 1945, Indonesia had only 1,000 tertiary-level students. It now has 57 public universities and more than 1,200 private universities, with more than 60%

of the student body enrolled in private institutions (World Bank, 2010). In South Africa, roughly half of the country's students are enrolled in private institutions (World Bank, 2010).

Accordingly, universities are being asked to produce commercially oriented professionals rather than public-interest professionals (Hanlon, 2000). The World Bank (2010) report also observes that "[i]n this environment, education becomes more narrowly focused on providing a skilled labor pool for the immediate needs of the economy. Market forces predominate and the public benefits of—and responsibilities for—higher education recede from view" (p. 38).

The conclusion is that while the state has adopted the conventional wisdom of the benefits of higher education, and promoted the expansion of higher education, the state in most countries has refused to fund the expansion and has passed the costs on to the students, using the argument that the primary beneficiaries (students) ought to pay a greater proportion or the full cost of education. To overcome the main criticism that increased fees deter poor students from pursuing higher education, the state in most countries provides upfront loans to cover tuition fees and living costs of students. This is not only common in developed countries like the United States, the United Kingdom, and Australia, but also in developing countries like Malaysia, which has the PTPTN loan scheme.

The student loan schemes, while allowing students from low-income families to pursue higher education, have saddled students with huge debts to be repaid. Debt.org, America's Debt Help Organization reported that…

> [s]tudent loan debt has soared from $260 billion in 2004 to $1.2 trillion in 2014; average debt jumped from $18,650 to $33,000; and the number of people over 60 with student loan debt tripled to 2.1 million. That group's share of the debt has skyrocketed from $8 billion to $43 billion and five percent of them are having loan payments deducted from their Social Security checks.

Bolton (2016) reports that "[m]ore than £10 billion is loaned to students each year in the United Kingdom. This is likely to grow rapidly over the new few years, and the Government expects the value of outstanding loans to reach over £100 billion (2014–2015 prices) in 2018" (p. 3). In some developing countries, the high demand for student loans and funding constraints caused by unpaid loans from previous

borrowers have required the government to reduce the amount of money a student can borrow (StudyMalaysia.com, 2014).

Advocates of marketisation argue that marketisation will turn higher education into a more flexible and efficient institution, which will provide better value for money, and ensure that the university sector will become more efficient and more responsive to the needs of society, the economy, students, and parents. However, it is important to understand that marketisation is as much a political/ideological process as an economic phenomenon (Amsler & Motta, 2019). Through marketisation, governments often promote clearly defined political agendas. This chapter examines the impact of marketisation on one area—inequality and social mobility in society.

## 3 Equality, Social Mobility, Meritocracy, and Education

Equality is one of the critical hallmarks of modern society. In his essay *On Meritocracy and Equality*, Bell (1972) observed that…

> [e]quality meant the chance to get ahead, regardless of one's origins, that no formal barriers or prescribed positions stood in one's way. This combination of attributes— the lack of deference and the emphasis on personal achievement— which gave the 19th-century America its revolutionary appeal, so much so that when the German '48ers came here, they abandoned socialism and became republicans. (p. 40)

As a principle, equality denies the primacy of birth, nepotism, patronage, or any other measure which is allocated according to position, rather than to fair competition, which is open equally to talent and ambition (Bell, 1972). In the words of Talcot Parsons (1937), equality is critical to a society based on universalism over particularism and achievement over ascription. Equality was also the critical difference between the Estate Society of the eighteenth century and earlier and modern society. Bell (1972) observes that while the Estate Society gave precedence to land, the army, and the Church, and only the birthright of inheritance could provide access to these institutions, modernity represented the replacement of this stratified order by the principle, change, and social mobility.

Both socialism and capitalism claim equality, the difference being 'equality of result' versus 'equality of opportunity'. Meritocracy became the hallmark of 'equality of opportunity' and modern capitalism. The meritocratic ideal has its origins in Confucian values, which were instituted in Chinese civilisations such as the Han Dynasty (circa 200 B.C.) (Kazin, Edwards, & Rothman, 2011; Sienkewicz, 2003). These social reforms were taken in order to displace a ruling class based upon family inheritance, with civil bureaucracy based upon merit, as demonstrated through educational attainment, competitive examinations, and performance of one's duties when appointed. Meritocratic ideals were eventually adopted by European Enlightenment thinkers (Voltaire, for example) in efforts to reconstitute the social order beyond the confines of the ancient regime. In Europe and the United States, it was used in the civil services as a protective measure against corruption and political favouritism.

Meritocracy also provided for significant differences in power and resources within modern capitalism, given the presumption that everyone has an equal or sufficiently reasonable possibility of succeeding by virtue of individual merit. The resultant inequalities are assumed as a social Darwinist natural order of things, and an indication of the inherent self-regulating tendencies of a free market in the distribution of resources (Adams, 1931; Carnegie, 1886; Hayek, 1945/1948).

Meritocracy, it is argued, provides for equality of opportunity through free and fair competition, and generates a high degree of social mobility, because talent, unconstrained by social origin, rises to the top (Alon & Tienda, 2007).

If meritocracy became the operative principle of 'equality of opportunity', educational achievement became the measure of merit and the mode for reducing inequality. It is assumed that education improves one's probability of gainful employment, and is, therefore, the most transparent means for social mobility and inequality reduction. The OECD (2011) goes on to identify education as the most critical tool in reducing inequality:

> Thus, the growth in average educational attainment appears to have been the single most important factor contributing to reduced wage dispersion among workers and higher employment rates. Based on these results, the evolution of earnings inequality across OECD countries over the past few decades could be viewed mainly as the difference between the demand for and supply of skills or, as neatly summarised by Tinbergen (1975), the outcome of a 'race between education and technology. (p. 31)

In the absence of society's commitment to an equal distribution of resources in capitalism, academic institutions are held to be central sites for the redistribution of resources, status, and power. Goldthorpe (2002) pointed out that in a merit-based system, education filters parents' economic position from simply passing straight through to their children, thus simultaneously promoting economic efficiency, social justice, and social mobility. This theory gained wide acceptance and influence among academics, policy specialists, and politicians, acquiring the status of conventional wisdom. Goldthorpe (2002), however, observed that this is only possible if…

> [f]irst, the link between individuals' social origins and their schooling must increasingly reflect *only* their ability. Second, the link between their schooling and their eventual employment must be strengthened by qualification acquired through education. And third, the link between schooling and employment must become *constant* for individuals of differing social origin. (Haverman & Smeeding, 2006, p. 127)

The later sections will look at how recent trends in education have violated this condition. For the moment however, the conventional wisdom provides the basis for the greatest expansion of higher education worldwide. In 1970, the UNESCO Institute for Statistics (UIS) estimated that there were roughly 32.5 million students in higher education worldwide. In the year 2000, this estimation increased to nearly 100 million, and in 2010 to 178 million. This translates into a 4.3% average annual growth in tertiary enrolment, a very rapid growth when compared to the 1.6% average annual growth in the world population over the same period (OECD, 2012). The UNESCO Institute for Statistics (UIS) report also revealed an accelerating expansion starting in the mid-1990s, with a 5.9% average annual growth of higher education enrolments in the first decade of the twenty-first century.

Higher education participation has expanded in stages across countries and world regions. Altbach et al. (2009) noted that the United States and Canada were the first countries to achieve mass higher education in the 1960s, followed by Western Europe and Japan in the 1980s. This trend then spread to developing and underdeveloped countries. The growth in tertiary enrolment over the past four decades was more obvious in emerging countries, notably Sub-Saharan Africa (8.4% average annual growth), the Arab states (7.4%), East Asia and the Pacific (7%), and South

and West Asia (6%) (OECD, 2012). The growth in higher education participation has also been accompanied by increasing female participation, more diverse profiles of institutions, programmes and students, integration of new technologies, and internationalisation (OECD, 2012).

## 4 Increasing Inequality and Reduced Social Mobility

Recent developments in inequality and social mobility, however, do not support the conventional wisdom which was outlined in the previous section. Both developed and developing countries have experienced increasing income inequality levels over the last thirty years during the rise of global capitalism. While the real disposable household income increased by an average of 1.7% a year in OECD countries over the two decades before the onset of the global economic crisis of 2008, the household income of the richest 10% grew faster than those of the poorest 10% (OECD, 2011). In OECD countries today, the average income of the wealthiest 10% of the population is about nine times the poorest 10%—a ratio of 9 to 1 (OECD, 2011).

Between the mid-1980s and the 2000s, the Gini coefficient, a standard measure of income inequality which ranges from 0 (when everybody has identical incomes) to 1 (when all income goes to only one person), rose in 17 of the 22 OECD countries for which long-term data series are available. This trend is observed in the emerging economies of South Africa, the Russian Federation, China, and India. Income inequality in most Asian countries has been increasing since the mid 1980s (Asian Development Bank, 2007). Only Indonesia and Brazil recorded a decrease in the Gini coefficient, whereas Turkey, Greece, France, Hungary, and Belgium recorded no increase or small declines in their Gini coefficients (OECD, 2011).

The largest rise in the income share held by the top 1% of the population has occurred in the past 25 years. This has been dramatic in the United States, increasing from 10% in 1981 to 23.5% in 2007 (Volscho & Kelly, 2012). Researchers have shown that the shift of income towards dominant sectors has been sustained, increasing steadily from the 1980s with few trickle-down benefits (Hacker & Pierson, 2010).

The widening of income gaps was a reversal of the pattern during much of the twentieth century when inequality narrowed in many countries. In most countries, the top 1% share fell persistently from the 1920s

until the late 1970s. In 1955, Simon Kuznets, a Belarusian-born Harvard economist, famously described the relationship between inequality and prosperity as an upside-down U—inequality rises in the early stages of industrialisation as people leave the land, become more productive and earn more in factories (*Economist*, 2012). When industrialisation is complete, better-educated citizens demand redistribution from their government, and equality declines again (*Economist*, 2012).

There is considerable evidence that social mobility is closely related to income inequality—countries with high-income inequality have low-social mobility (Corak, 2013). The available evidence indicates a universal decline in social mobility (Solon, 2002). The literature on social mobility highlights that family background is a strong determinant of a child's future success as an adult in the labour market (Gregg & Machin, 1999; McKnight, 2000).

More recently, studies have focused on understanding why those people who are born to affluent families appear to be, to some extent, protected from downward mobility, even when their skill level would predict that they had come from a lower socio-economic position. This phenomenon provides evidence of 'opportunity hoarding' (Tilly, 1998) or a 'glass floor' (Reeves & Howard, 2013). Reeves and Howard (2013) found that a sizeable proportion (43%) of those who remain in a higher income household are of modest skill, and would be expected, based on skill, to fall to a lower income level.

## 5 Education and Increasing Inequality and Reduced Social Mobility—The Evidence

There is a general consensus that education has a major role in increasing inequality and reduced social mobility in the current environment. The Hamilton Project (Greenstone et al., 2013) mainly attributes the decreasing intergenerational mobility to education. The study makes the following observations based on current literature.

A college degree can be the ticket out of poverty. Haskins (2008) found that a low-income individual without a college degree will very likely remain in the lower part of the earning distribution, whereas a low-income individual with a college degree could just as easily land a job in any income quintile—including the highest. The OECD (2011) observed that average educational attainment is the single most important factor contributing to reduced wage dispersion among workers, and to higher

employment rates. Various studies also show that few investments yield as high a return as a college degree (Card, 2001). Kane and Rouse (1995) found that the returns to one credit at a two or four-year college are roughly 4–6% for every thirty completed credits. The above returns are not only specific to the United States, but supported by twenty-seven studies across nine countries (Ashenfelter et al., 1999).

The children of high- and low-income families are born with similar abilities but different opportunities. Fryer and Levitt (2013) found that there is almost no cognitive ability difference between high- and low-income individuals at the earliest ages. By the age of four, however, children in the highest income quintile score, on average, in the 69th percentile on literacy and mathematics tests, while children in the lowest income quintile score in the 34th and 32nd percentile, respectively (Waldfogel & Washbrook, 2011). Research suggests that these differences are largely due to factors related to a child's home environment, and a family's socio-economic status (Fryer & Levitt, 2004). This finding is supported by the observation that high-income parents are willing to invest more money and time in their children's education.

There is a widening gap between the investments which high- and low-income families make in their children. Duncan and Murnane (2011) found that over the past four decades, families at the top of the income ladder increased spending on education from just over $3,500 to nearly $9,000 per child per year (in constant 2008 dollars), while parents at the bottom of the income distribution increased their spending (since the early 1970s) from less than $850 to about $1,300. There is also an indication that parental investment in higher education is increased when the parents themselves received parental financial support. This suggests continuity over generations (Steelman & Powell, 1991). Parents of higher socio-economic status invested not only more money in their children, but also more time (Guryan et al., 2008). Williams (2010) reported studies showing that children from poorer backgrounds were not predisposed to working less hard, but parents' attitudes were most important, making more of a difference than schools themselves. Schools also put in more effort with pupils from higher income homes, possibly because of the pressure exerted by their pushy parents.

The achievement gap between high- and low-income students has increased. Test results of children from families at the 90th income percentile, to those of children from families at the 10th percentile, has grown by about 40% over the past thirty years (Reardon, 2011). Dahl

and Lochner (2012) found that a 1,000 USD increase in parental income raised combined math and reading test scores of children by 6% of a standard deviation in the short-run. The relationship of ACT and SAT scores to parental income has become a subject of public debate in the United States (Rampell, 2009; Zumbrun, 2014).

College graduation rates have increased sharply for wealthy students, but stagnated for low-income students. A study of graduation rates for individuals born between 1961 and 1964 and those born between 1979 and 1982 found an 18% increase for the highest income quartile, and only a 4 percentage-point increase for the lowest income quartile (Bailey & Dynarski, 2011). Ellwood and Kane (2000) found that not only had the graduation rates widened, but enrolment rates in four-year college programmes had also widened between 1982 and 1992. Raftery and Hout (1993) attribute the small increase in university admission and graduation of children from low-income families in comparison to high-income families to the hypothesis of 'maximally maintained inequality' (MMI). The hypothesis claims that education expansion causes the decline in quantitative inequalities in enrolment rates, when the enrolment rate for the most advantaged socio-economic group approaches the saturation point. MMI predicts the decrease of family background effect on educational attainment after the saturation point for the high socio-economic groups has been reached. The hypothesis seeks to explain the persistence of educational inequalities despite the expansion of higher education.

High-income families dominate at America's selective colleges. At institutions ranked as 'most competitive'—those with more selective admissions and which require high grades and SAT scores—the wealthiest students out-populate the poorest students by a margin of fourteen to one. At institutions which are ranked as 'less-competitive' and 'non-competitive,' the lowest socio-economic status students are overrepresented (Carnevale & Rose, 2004; Carnevale & Strohl, 2010). These findings raise the question of whether or not colleges and universities have been making enough effort to admit and enrol qualified students. Two studies (Carnevale & Rose, 2004; Winston & Hill, 2005) which have attempted to answer this difficult question, conclude that the available pool of qualified students is far greater than the group of students who are admitted and enrolled at these prestigious institutions (Carnevale & Strohl, 2010). Furthermore, 1988 data showed that in the 146 top-tier

colleges and universities, 74% of the entering class is from the highest socio-economic quartile.

Students are borrowing more to attend college and defaulting more frequently on their loans. In the United States, the outstanding student loan debt owed as a share of household income has increased from 15% in 2007 to 23% in 2010 (Fry, 2012; Lee, 2013).

Many other studies support these observations by the Hamilton Project. While the Hamilton Project focuses on the United States, the same is also true for most other countries. As highlighted above, the conventional wisdom that education is the best ticket out of poverty still holds true because college and university graduates earn more than non-college graduates. It is not working out that way for many young adults from low-income families, as highlighted by evidence in the previous section. The increase in income for university graduates is, however, not evenly distributed. Hacker and Pierson (2010) observed that while those at the top are often highly educated, so are those just below them who have been left behind: "[o]nly a tiny slice of the new educational elite has entered the new economic elite" (p. 159). Arshed et al. (2019) found that an increase in tertiary education will decrease income inequality, but that its large-scale implication "will increase income inequality because individuals who attain a higher level of tertiary education will demand higher wages compared with primary and secondary school graduates, which further increases income inequality" (p. 1064).

In popular literature, the blame for this outcome is that parents from low-income families do not invest the time and money to ensure their children's success. The fact is that the current system favours the wealthy, because the system is unfair and the playing field is not level. There is a growing recognition, however, that higher education, rather than being a tool of social mobility, could now be reinforcing income and wealth inequality (Marginson, 2016a; Parker, 2016), and that current systems favour children from wealthy parents. Marginson (2016a) attributes this to social stratification in higher education—that the degree value is unequal in labour markets, and that there is a weakening of conditions for equal opportunity. The important question is why is this happening?

## 6 How Marketisation of Higher Education Affects Inequality and Social Mobility

Prior studies have pointed out that marketisation of higher education is as much a political/ideological process as an economic phenomenon (Molesworth et al., 2011), and have hinted that it has an impact on social stratification (Furedi, 2011). This section will highlight two ways in which the marketisation of higher education increases inequality and decreases social mobility: (1) high student debt and stratification of educational institutions, and (2) changes in assessment methods.

### *6.1 High Student Debt and Stratification of Higher Education Institutions*

In Sect. 2, it was identified that to overcome the main criticism of increasing fees that deter poor students from pursuing higher education, most countries provide upfront loans to cover tuition fees and living costs of students both in public and private higher education institutions. The critical question is that, while students are saddled with huge debts in obtaining a degree, are they receiving a valuable education? And is the resulting job commensurate with their qualifications?

First, funding cuts have transferred education to students leading to high debt and inequality (Mitchell, Leachman, & Saenz, 2019). Second, a recent report by the Chartered Institute of Personnel and Development in the United Kingdom reported that overall, 58.8% of graduates are in jobs deemed to be non-graduate roles (BBC, 2015). The report also pointed out that the number of graduates had now significantly outstripped the creation of high-skilled jobs. "The assumption that we will transition to a more productive, higher-value, higher-skilled economy just by increasing the conveyor belt of graduates is proven to be flawed", said Peter Cheese, chief executive of the CIPD (BBC, 2015). Research also indicates an evolution of the lecturers' roles and responsibilities (Wong & Chiu, 2019).

Higher education quality is a highly contested concept, and has multiple meanings for people who perceive higher education and quality differently. It becomes more of a challenge in a rapidly expanding environment, and more so when it includes private for-profit institutions which are focused on producing a return for their shareholders. There have been very few studies on private for-profit higher education systems

because they are not a common phenomenon in many developed countries, except the United States. In 2010 the Committee on Health, Education, Labour, and Pensions of the United States Senate initiated an oversight into the proprietary sector of higher education. Its 2012 report was damning. The report concluded that the financial focus of these institutions was not on using their revenue to improve the quality of instruction which is offered, but instead on spending an increasingly large share of their budget on marketing.

> The colleges studied had a total of 32,496 recruiters, compared with 3,512 career service staff members. Among the 30 companies, an average of 22.4 percent of revenue went to marketing and recruiting, 19.4 percent to profits, and 17.7 percent to instruction. (Lewin, 2012)

The expansion of education and the introduction of private for-profit education institutions have contributed to greater stratification among higher education institutions (Alon & Tienda, 2007; Frank, 1999; Marginson, 2006). This would not be a problem for equal opportunity, provided that the remainder of the sector was also elevated. In much of the world, however, the world-class university movement has become combined with a crisis in the quality of mass higher education. Many students from low-income backgrounds, which are the majority of enrolments, are located in private institutions of dubious value (Marginson, 2016a).

### *6.2 Changes in Assessment Methods*

Choice is a major feature of the marketisation paradigm, and at the heart of a system which is assumed to ensure quality, diversity, and individual freedom (Nixon, 2011). It is also common that the market winner will be the popular choice of the customer. Yet detailed accounts of the nature of choice experiences that students face are missing from this literature and we might recognise that the learning-related choices that lead to complex individual transformations are not the same as the often fickle and short-term consumer-related choices that seem to dominate in the market (Nixon, 2011).

One of the major changes in higher education which has been driven by marketisation is the choice of coursework over examinations as the

preferred method of assessment. In his review of coursework versus examinations in end-of-module assessment, Richardson (2015) highlights that it was a rarity in the United Kingdom as late as the 1980s, and assessment texts made only a brief mention of it. "Today however it is not unknown for degrees to be awarded to students on the basis of their performance in coursework alone" (Richardson, 2015, p. 439).

Ideally, the form of assessment on a particular module ought to be determined by the module's design, and in particular, by the module's intended learning outcome. The evidence however, indicates that coursework, in contrast to examinations, has a significant impact on student performance. Studies in the United Kingdom indicate that, concurrent with the introduction of coursework, there has been a marked improvement in degree results. Macfarlane (1992) observed that in 1979, 32% of all graduates had been awarded good degrees (first-class or upper second-class honours), but in 1990 that proportion had increased to 49%.

Studies also indicate changes in module grades over time with the introduction of coursework. Starr (1968) found a correlation coefficient of +0.52 between teacher-training students in their coursework and their grades on examinations. In their discipline of geography, Gibbs et al. (1996) found a significant positive relationship between the proportion of coursework assessment on a module, and the average grades on that module. They obtained similar findings in nursing and midwifery.

Research also shows a strong relationship between ability, learning styles, personality traits, and a preference for assessment methods. Furnham and Chamorro-Premuzik (2005) found that participants who estimated their intelligence more highly tended to have more positive attitudes towards exams. Participants who estimated their intelligence less highly tended to have less favourable attitudes towards exams. The participant rating of their intelligence was also supported by IQ tests, showing a significant positive correlation between psychometric IQ and preference for multiple-choice exams. Thus, participants with higher IQ scores were more likely to prefer multiple-choice exams than were participants with lower IQ scores. They summarise their findings as follows:

> Brighter students favored multiple-choice tests, neurotics did not like (stressful) essay-type examinations, extraverts liked oral exams (viva voce), and conscientious students favored continuous assessment assignments over those who were less conscientious. (p. 1985)

Studies on the relationship between learning styles and assessment methods found that surface learners favoured multiple choice and group work, but did not like timed essay exams or dissertations; deep learners, on the other hand, favoured timed essays, oral exams, and dissertations—which require recall over simple recognition, and thus force greater understanding of information (Furnham et al., 2008). Coursework also helps wealthy students because they can afford private tutoring which helps raise their grades to get into good universities. Marshall and Fukao (2019) found that in Cambodia, secondary schools' extra classes are associated with higher test scores on standardised tests in mathematics and physics. In an interview to *Times Higher Education* Furnham (2005) summed up the findings of the above research as follows:

> The bright students always want traditional exams because they know they are capable of performing well. The less able prefer continuous assessment or group work because they can pool resources, freeload and get their friends or parents to help, or can plagiarise. It is not a rigorous form of assessment. (Furnham et al., 2008, p. 18)

It is the last part of Furnham's observation to which I would like to turn. Academic integrity or plagiarism has become a major issue in universities since the introduction of coursework. Every university has developed lengthy policies on combatting plagiarism, but evidence indicates that either they are insufficient, or academic integrity of coursework cannot be ensured. Paldy (1996), provides evidence that plagiarism is a problem which is growing bigger and 'will not go away'. The evidence is multidimensional, coming from many countries, including the United States (White, 1993), the United Kingdom (Ashworth, Bannister, & Thorne, 1997), and Finland (Seppanen, 2002), and includes both undergraduate and postgraduate students in public and private higher institutions of education.

The problem in detection comes when the work which is presented is entirely original. It would not show any similarity with other work which is submitted for the assessment, and it would not be found online. The problem is that the student who submits the work is not the author of the work. This form of plagiarism can vary from the entire work being done by a ghostwriter, to major assistance from parents, or professional help in producing the work. This is clearly an affront to academic integrity. But how is it to be detected? Jenkins and Helmore (2006) carried out

an experiment in which they obtained a programming assignment, then passed it off as a student's assignment, the aim of which was to test if it would be detected. They found that it was not only simple and easy to obtain an assignment online, but that is was also very inexpensive, generally within the financial reach of most students: "Programs that would gain a first class mark in each assignment were available for under £20, and often much less" (p. 124). The purchased assignment scored a first-class grade with some ease. The cheating was also not detected. This form of cheating practically allows a student to buy a degree when it is awarded to students on the basis of their performance in coursework alone (Richardson, 2015).

## 7 Conclusion

Education, and particularly higher education, has been the foundation of a meritocratic society, and has been promoted as the most effective ticket out of poverty. A merit-based higher education system, it is argued, can offset the role of social class in determining economic outcomes. In a merit-based system, education filters parents' economic position from simply passing straight through to their children. These arguments have been the key drivers for the expansion of higher education, first in the United States, followed by the remainder of the world.

In the last thirty years, however, the greatest expansion of higher education worldwide has been accompanied by increasing inequality and reduced social mobility, thereby raising questions about the relationship of higher education to inequality and social mobility. There is a growing recognition that higher education, rather than being a tool of social mobility, might now be reinforcing income and wealth inequality (Marginson, 2016a; Parker, 2016).

Prior studies have frequently attributed increased income inequality and reduced social mobility to a child's home environment and family's socio-economic status (Fryer & Levitt, 2004), because higher income parents are willing to invest more money and time in their children's education (Guryan et al., 2008). This study to a large extent challenges the above and it is argued that, it is changes to the education system introduced by marketisation that is contributing to increased inequality and reduced social mobility.

This chapter illustrated how two major recent trends in higher education which are driven by marketisation (increasing student debt and

stratification of higher education, and the increasing use of coursework rather than exams) have contributed to rising inequality and decreased social mobility. A degree is supposed to be discriminant of talent and capability. But in a world where everyone has a degree, its role as a discriminant is reduced. In an environment where the value of a degree as a discriminant variable is reduced, other variables such as social capital and networks play an important role in securing well-paying jobs. Marginson (2016a) summarises this as a declining commitment to student learning by both students and institutions:

> It is difficult to pin this phenomenon down conclusively, but there is some evidence that suggests a retreat from solid learning content and an increased focus on the selection function of education, navigating the educational hierarchy, student consumer satisfaction, and credentialing—aspects that are highlighted in a positional market. These practices break the link between hard work, content, and educational outcomes. This denies aspiring students from poor backgrounds a learning technology that they can invest in, while placing greater emphasis on the institutional smarts— the social and cultural capital— that they do not possess. This is as fatal for equality of opportunity as are financial barriers.

The reduction in state funding per-capita and the corresponding growth of private education have also contributed to the stratification of higher education with educational quality dependent on payer ability. Consequently, poor families and students are saddled with high debts and qualifications of little value. As pointed out by the CIPD report, many graduates end up in non-graduate positions, with salaries which leave them struggling to pay off student debts, thereby further increasing inequality in society.

Coursework has contributed to grade inflation, and further strained the link between diligence, content, and educational outcomes. In contrast to exams, coursework is more susceptible to plagiarism, which favours students with wealthier and educated parents who can either assist their children with their coursework or pay for ghost writers.

In combination, the expansion of higher education and the expansion of coursework assessment have enabled wealthy parents to secure degrees for their children, regardless of their intelligence and capability, resulting in the reduced value of a degree as a discriminator of excellence. The two trends have facilitated opportunity hoarding, and protected those born to affluent families from downward mobility.

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