

# **GRENOBLE ECOLE DE MANAGEMENT**

## **CONCOURS HEC SESSION 2013**

### **EPREUVE ORALE D'ANGLAIS**

#### **Script n°9**

#### **Learning new lessons**

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On the face of it, American higher education is still in rude health. In worldwide rankings more than half of the top 100 universities, and eight of the top ten, are American. The scientific output of American institutions is unparalleled. They produce most of the world's Nobel laureates and scientific papers. Moreover college graduates, on average, still earn far more and receive better benefits than those who do not have a degree.

Nonetheless, there is growing anxiety in America about higher education. A degree has always been considered the key to a good job. But rising fees and increasing student debt, combined with shrinking financial and educational returns, are undermining at least the perception that university is a good investment.

Moreover, the promise that an expensive degree at a traditional university will pay off rests on some questionable assumptions; for example, that no cheaper way of attaining this educational premium will emerge. Yet there is a tornado of change in education that might challenge this, either through technology or through attempts to improve the two-year community college degree and render it more economically valuable. Another assumption, which is proved wrong in the case of 40% of students, is that they will graduate at all. Indeed, nearly 30% of college students who took out loans eventually dropped out (up from 25% a decade ago). These students are saddled with a debt they have no realistic means of paying off.

Some argue that universities are clinging to a medieval concept of education in an age of mass enrolment. In a recent book, "Reinventing Higher Education", Ben Wildavsky and his colleagues at the Kauffman Foundation, which focuses on entrepreneurship, add that there has been a failure to innovate. Declining productivity and stiff economic headwinds mean that change is coming in a trickle of online learning inside universities, and a rush of "massive open online courses" (MOOCs) outside them. Some universities see online learning as a way of continuing to grow while facing harsh budget cuts. The University of California borrowed \$6.9m to do this in the midst of a budget crisis. In 2011 about 6m American students took at least one online course in the autumn term. Around 30% of all college students are learning online—up from less than 10% in 2002.

To see how efficient higher education can be, look at the new online Western Governors University (WGU). Tuition costs less than \$6,000 a year, compared with around \$54,000 at Harvard. Students can study and take their exams when they want, not when the sabbaticals, holidays and scheduling of teaching staff allow. The average time to completion is just two-and-a-half years.

MOOCs have also now arrived with great fanfare. These offer free college-level classes taught by renowned lecturers to all-comers. Two companies, Coursera and Udacity, and one non-profit enterprise, edX, are leading the charge. At some point these outfits will need to generate some revenue, probably through certification.

The broader significance of MOOCs is that they are part of a trend towards the unbundling of higher education. This will shake many institutions whose business model is based on a set fee for a four-year campus-based degree course. As online education spreads, universities will come under pressure to move to something more like a "buffet" arrangement, under which they will accept credits from each other—and from students who take courses at home or even

at high school, spending much less time on campus. StraighterLine, a start-up based in Baltimore, is already selling courses that gain students credits for a few hundred dollars. Some signs suggest that universities are facing up to their inefficiencies. Indiana University has just announced innovations aimed at lowering the cost and reducing the time it takes to earn a degree. More of this is needed. Universities owe it to the students who have racked up \$1 trillion in debt, and to the graduate students who are taking second degrees because their first one was so worthless. They also bear some responsibility for the 17m who are overqualified for their jobs, and for the 3m unfilled positions for which skilled workers cannot be found. They even owe it to the 37m who went to college, dropped out and ended up with nothing: many left for economic reasons.

Universities may counter that the value of a degree cannot be reduced to a simple economic number. That, though, sounds increasingly cynical, when the main reason universities have been able to increase their revenue so much is because of loans given to students on the basis of what they are told they will one day earn.