

Quarternary Education

Opportunities arising for higher education
institutions from businesses' demand
for further education and lifelong learning

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Opportunities arising for higher education institutions from businesses' demand for further education and lifelong learning

Will our state institutions of higher education use the challenges of lifelong learning to undergo a change, or will they continue leaving the vast market of professional further education as an entrepreneurial platform to private programmes and to their own lecturers for their individual activities? Which position will they take in a market that is going to grow steadily and quickly? Even though “lifelong learning” used to be nothing more than a hip slogan for quite some time, further education has now become a recipe for survival for businesses and their employees. The demographic change makes the steady refreshing of knowledge an inevitable necessity for all of those who want to stay competitive in the future.

Will the higher education institutions actually recognise and shape “lifelong learning” as an institutional concept and a concept of education relating to practical contexts in life? While our educational landscape is to a large extent laid out clearly, structured and formalised up to the so-called “tertiary education sector”, a large yet primarily non-transparent, unstructured and hardly formalised market of academic offers is what can be found for the “educational period after that” – the quarternary education sector. Here, the state institutions of higher education are not top dogs but challengers. Contrary to higher education institutions in the USA, those in many European countries hold only a minimal share in the academic further education market.

It is not least due to the fact that political and institutional missions, aims and guidelines of higher education institutions in this area remain blurred and the state institutions of higher education do not orient themselves to the needs of their potential customers. Their programmes often do not meet the demands.

If state institutions of higher education want this to change, they will have to strategically and organisationally concern themselves with the question of what they can do better than the strong competition of the private programmes, where their specific strengths lie and which weaknesses need to be eliminated. What they have to learn first and foremost though is what their customers really want. It is exactly this question which the Stifterverband pursued together with its programme partners as well as many experts.

Something that became especially evident: In order to be successful in the market of “quaternary education”, new ways must be taken, old thinking and behavioural patterns must be shed and new strategies, systems of incentives, distribution and management have to be developed. In order to emphasise that, this publication sets itself apart from the term “academic further education” as it is generally used in this debate, because it supports thinking patterns and structures which should be dissolved or recreated, such as for example the programme orientation of institutional processes and structures at the higher education institutions, the



difference between “consecutive” and “further education” master studies, formal and quantitative frame guidelines, the differentiation between “further education” and “first cycle” bachelor studies and the questions of chargeability connected to that, BAföG (state student grant) regulations and much more.

How do we define the term “quaternary education”? Quaternary education is built upon tertiary education and describes the continuation or renewed uptake of an organised form of learning after having completed academic or professional training, usually after starting a job or a family. The term quaternary education explicitly does not focus on the structures from the programme side but rather on the perspectives of those in demand of corresponding programmes of qualification: Life-long learning implies putting the focus more on the respective learner during his educational process and to gear the education towards the competence requirements of the individual.

This change of perspective may appear pedantic; but it is especially important when looking at the expansion of the market possibilities of the higher education institutions and their participation in the market for further education, insofar as it demands from the higher education institutions not to perceive first cycle education and further education programmes as being self-contained segments of the market which are independent from each other, and to use them as such.

The purpose of the study is to present a basis for the further development of programmes in higher education institutions, which orients themselves to the needs of businesses. In the following, thought-provoking ideas and recommendations are given to the higher education institutions and the political framework conditions of higher education institutions are described, which are necessary for a better positioning of (state) higher education institutions in the market of further education.

I. Framework conditions

› *The framework conditions for quaternary education have to be further optimised*

If higher education institutions are to become active in quaternary education, the government ought to provide them with optimum framework conditions in this respect.

The German states should ensure the following framework conditions:

- Establishing quaternary education as an issue to be promoted by the government, especially as an indicator in the context of formula funding, as an aspect of regional development planning and in target agreements between the State Government and higher education institutions.

- Revenue from quaternary education ought to be made fully available to higher education institutions to be flexibly applied in block grant funding.
- The state regulations should provide for and facilitate the starting up of (private law) enterprises by higher education institutions.
- Permeability between vocational and higher education has to be ensured. This means that a multitude of access options should exist (incl. procedures such as entry exams or “trial modules” that have to be successfully completed to gain access) and crediting of previous vocational qualifications must be possible.

➤ *Existing incentive options have to be made use of consistently*

The willingness of higher education lecturers to participate in quaternary education programmes run by higher education institutions depends on the incentive systems that are in place. One cannot assume that a higher education institution with further education programmes will make much progress if the corresponding activities are not rewarded with positive incentives. In the given framework conditions, a number of instrumental aspects already exist in terms of creating incentives, such as:

- Quaternary education programmes can become the object of development targets agreed between organisational units.
- Quaternary education programmes can be remunerated in the context of internal formula funding, i. e. there is an automatic allocation of budgets oriented on performance parameters in further education. The number of participants in further education programmes, the number of certificates or qualifications attained or revenue from quaternary education could be given particular consideration here.
- In the context of performance-related salaries for professors, the higher education institutions may define criteria for the payment of special performance bonuses; here too, quaternary education can and should be integrated.

What is also relevant is the way in which the academics can benefit from revenue in further education. Here, permitting complete freedom of choice is recommendable. Depending on personal preferences,

- revenue may yield personal income or
- be employed as third-party funding in research and teaching (which is linked with a tax benefit and affects academic interests) or
- teaching effort in quaternary education can also be credited to the teaching load (or other measures such as “paying to be relieved” of teaching commitments).

The wide range of performances in return for teachers’ services ensures that they can be “called up” according to their respective motivational situations.

➤ *New incentives for higher education institutions and teachers in further education have to be created*

New incentive systems are required for fundamental progress in this field as a task to be addressed by the higher education institution itself:

- creating a new “further education professorial chair” staff category
- creating further options for the professors to have their efforts in quaternary education credited: as part of the teaching load, as a supplementary income and as third-party funding for research and teaching
- creating the possibility to grant “further education sabbaticals”
- review of sideline occupation regulations (following the amendment of the Employee-Invention Act) with the aim of generally only authorising further education activities with the involvement of the higher education institution at which the professorial chair is located.

➤ *Capacity regulations need to be abolished*

The strict regulations on capacities and teaching loads need to be abolished. They can be replaced with agreement and incentive models between the state and higher education institutions as well as capacity planning and teaching load allocation models adapted to individual higher education institution requirements. Here, temporary or longer-term specialisation of teachers via variable teaching commitments ought to be possible, also in quaternary education.

➤ *Regulations by the Conference of Ministers of Cultural Affairs (KMK) representing an obstacle to quaternary education need to be changed*

Strict retaining of the 300 credits is resulting in Master's programmes that appear to be almost impossible to complete alongside a profession. It should be made possible to do Master's programmes alongside a profession that require the attainment of 60 credits.

➤ *The distinction between the consecutive and the further education Master ought to be abolished*

Distinguishing between a consecutive and a further education Master, as is current practice, ought to be abolished. While (what is primarily) state funding and the public sphere are assumed in the consecutive area, full privatisation of costs and revenues is regarded as a precondition in the context of further education. However, Masters in further education are increasingly going to become the rule alongside the consecutive Master; there is no argument why either of them should not turn out yields benefiting society that would justify funding in part by the state. The stringent requirement that further education costs be covered by the programmes themselves ought to be slackened for open Bachelor and Master's programmes in the further education sector. Regarding the question of the public financing of Master's programmes, the federal responsibilities must of course also be reconsidered. The previous distinction between the responsibility of the German states ("consecutive" academic teaching programmes) and that of the Federal Government ("further education" academic teaching programmes) is outdated.

The current BAföG (state student grant) regulations do not motivate graduates to enter a profession having obtained a Bachelor and to taking up part-time Master's studies alongside a profession. In future, they must no longer discriminate between consecutive and "further education" study programmes pursued alongside a profession. Legislation requires corresponding adaptation.

➤ *Quality assurance has to be extended to further education study programmes. Programme accreditation procedures are unsuitable in this context*

Companies are uncertain about what quality standards the further education programmes of higher education institutions offer. If institutions wish to be successful with their products, they have to become credible for businesses regarding quality, for this is the only way in which they can attract companies as clients.

The programme accreditation procedures are not flexible enough for the demands of quaternary education, especially in the development of programmes tailored to business demands. As far as system accreditation procedures are currently foreseeable, no criteria have been provided that specially consider further education activities. Processes related to further education should be integrated in the development of methods for system accreditation.

➤ *Access to higher education for professionals has to be standardised throughout the Federal Republic*

Owing to the sovereignty regarding cultural affairs, access to higher education is governed differently in each Federal State. Here, a standardisation is essential to implement. At the same time, binding regulations should be established throughout the Federal Republic on the recognition of vocational performance and qualifications.

➤ *The Bachelor's degree must be introduced in further education*

People with vocational qualifications wishing to pursue academic education require the further educating Bachelor's degree. It is up to politics and higher education institutions to create appropriate opportunities. The programmes have to be designed with a view to the target group of vocationally qualified people being addressed by the service structures and contents and to specific programmes being organised that facilitate the transition to and introduction of academic contents. This is a sophisticated task with which higher education institutions will largely be breaking new ground.

II. Strategy

➤ *A balance between orientation on supply and on demand ought to be strategically and operatively enabled*

Open Bachelor and Master's programmes should form the core of the effort to develop further education if it is to become a significant element of the profiles of higher education institutions. Programmes tailored to business demands may "dock onto" this and can acquire various levels of relevance depending on the higher education institution. Explicit strategic decisions ought to be taken on the weighting of the two orientations; a combination of the two, regardless of the form it may assume, ought to be sought.

A higher education institution can only adjust to the requirements of companies if they fit in with it. Striking a balance between supply and demand orientations should also be addressed instrumentally. For example, on the supply side, higher education institutions require internal scouting for further education potentials. In the sense of relating to demand, procedures ought to exist with which new topics are identified among companies and the "brains" at the higher education institutions are subsequently sought for implementation.

➤ *Trends ought to be recognised and taken up by higher education institutions at an early stage*

Higher education institutions that are keen to co-operate with businesses have to adjust their further education programmes to future trends in business, especially with regard to typical changes in markets, organisational development and business activities. Many of the companies interviewed would explicitly like to see higher education institutions detect the future trends for companies and correspondingly set the course with innovative further education programmes. Some of the megatrends with impacts on higher education institutions that the survey among businesses has revealed are:

- Many companies have joined a move towards internationalisation and are tapping new markets especially in Eastern Europe and Asia. This is the main reason why the impartment of intercultural competencies is regarded by these com-

panies as an important element of quaternary education. Higher education institutions with corresponding focal points in the humanities offer particularly good conditions in this respect.

- Over the last few years, there have been counteracting developments in establishing human resources development in companies: on the one hand there is thinning out of staff departments and an outsourcing of responsibilities, and on the other, in some companies, the staff department and human resources development turn into partners of strategic management. Depending on the addressee, the higher education programmes of quaternary education have to assume different forms.

➤ *Both sides benefit from institutionalised strategic partnerships*

Most of the companies interviewed co-operate with just a small number of higher education institutions; i. e. the partnerships are shaped by a certain level of exclusiveness. This makes choosing a partner all the more important. Higher education institutions have the opportunity to develop lasting relationships with companies via strategic partnerships.

In addition, the higher education institutions ought to seek strategic institutionalised partnerships with companies. Via strategic institutionalised partnerships, further education relationships can be integrated in a larger context of “corporate relationships”. If company interests e. g. in recruiting of graduates from tertiary education, collaborative research, marketing patents and innovation as well as other forms of knowledge and technology transfer are considered as well, a broad base for co-operation between science and industry can be developed.

➤ *Strategic co-operation schemes require sensible role allocation*

In order to be able to successfully implement a change process, actors are required that can take on different roles: a power promoter ensuring implementation via his authority, a specialist promoter with a background in the respective discipline as well as a process promoter to steer the change process. Higher education institutions and companies ought to see to it that a power promoter is involved on the company side. In specialist and process promotion, a clear allocation of roles ought to be sought among the higher education institution and the staff department and human resources development or the responsible specialist department in the company.

➤ *While there is a scope for “further education institutions” in the higher education sector, it is certainly limited by the number of institutions that can actually perform this*

Quaternary education ought to become part of all higher education institution profiles. However, it cannot be of equal importance to all higher education institutions; depending on an institution’s situation and potential, different priorities may be set for quaternary education. Higher education institutions bearing a particular advantage in the further education context can even turn this into the core element in developing a trademark.

➤ *Universities of applied sciences (“Fachhochschulen”) should consider turning the further education Master’s degree into the centre of their Master’s programmes*

It may be a good strategy for universities of applied sciences to give high priority to further education Master’s programmes, which would distinguish them from the university programmes. Greater orientation on practice than among universities, which has been attested to the universities of applied sciences institutions by

companies, too, also forms the basis to sell individual modules of the further education Master's programmes to companies or to develop them together with companies.

› *Internationality is demanded first-hand*

Companies seeking internationality will demand "genuine" internationality via programmes abroad. German institutions have little chance of competing with international programmes run by institutions of outstanding reputation. Attempting to join this league is hardly worthwhile for the mass of institutions. So public-funded higher education institutions should preferably seek gaps instead of trying to satisfy a demand that is targeted on foreign higher education institutions or copying their concepts.

› *Higher education institutions should co-operate more on quaternary education programmes than in the past*

As long as a market is growing, competitors ought to co-operate in opening the new market. The right balance should be struck between co-operation and competition, and this also applies to quaternary education. The purpose of such collaborative tasks can be to raise market transparency and provide a thematic platform. Additionally, co-operating creates synergy effects while contributing to minimising risks. Moreover, collaborative schemes with other higher education providers can support the opening of new markets for the higher education institutions.

› *Higher education institutions have to make a choice between different strategy options*

Standard strategies are the chief aspects in attaining credibility as a provider as well as in providing proof of quality for further education programmes. Certain strategy options suggest themselves in particular, although they are not suitable for every higher education institution:

- further education with a recognisable content profile
- further education linked to excellence in research
- further education driven by the humanities and the social sciences
- further education and competency in certain branches
- giving vocationally educated people an academic profile
- strategic staff development.

This is not a conclusive catalogue. Further strategies need to be developed via competition.

III. Structure

› *Higher education institutions have to make a choice between different organisational options*

There is a wide range of options to develop central organisational units that can be successfully carried out in individual higher education institutions. All the alternatives have their pros and cons.

Overview of conceivable organisational forms:

- centrally established academic unit
- state-recognised further education school as a PPP
- state-recognised further education college as a branch of a public higher education institution

- further education academy/outsourcing by the higher education institution as a private-law facility
- network resulting from several state-run higher education institutions joining forces.

Higher education institutions ought to assess the pros and cons from the angle of their respective conditions in order to find an optimum organisational form.

➤ *Central service points ought to be set up for quaternary education*

It seems sensible to establish and make use of a central service point for further education issues that also sees to the market-based view alongside the resource-based view. Nevertheless, the individual academics remain the true providers of quaternary education, which is why their motivation must not be jeopardised by any central solutions. Thus a central unit need not operate across the board, creating services for everyone, right from the onset; if good ideas emerge in a certain part of a higher education institution, they may represent a starting point for central activities that can then expand step by step. Ultimately, central co-ordination could turn into a sort of franchising system for decentralised initiatives.

➤ *Activities for central service points*

For companies, services in early phases of projects and in marketing are relevant to success. So the portfolio of activities provided by the central service could include:

- strategic planning of quaternary education programmes
- exchange platforms for those academics who are active in further education
- providing a trademark (name and reputation of the higher education institution or central facility)
- creating and providing material for a corporate design
- providing a teaching and learning environment and didactic concepts
- being contacts for decentralised ideas, providing market information and assessing feasibility, evaluating internal programme potentials
- attracting business clients to ideas from higher education institutions
- trend scouting for new ideas and topics for quaternary education, monitoring the market
- providing pump-priming funding for product development
- supporting the development of quaternary education programmes
- realising professional marketing of the programmes
- supporting the negotiations with businesses
- supporting the conclusion of agreements, in particular legal counselling
- project management in implementing the programmes
- developing material and media
- factoring, management of participants and lecturers, operative handling, organisation, accounting
- quality management for further education programmes.

IV. Management and marketing

➤ *Further education programmes require professional management*

Central further education service points require management familiar with entrepreneurial thinking. In addition, a range of competencies among the staff is needed that has been adapted to the service portfolio (programme planners, marketing experts, media designers, etc.).

For further education to be organised as part of the higher education systems, it also needs to be established in the higher education structures. Here, the introduction of a further education department in the institutions' management, the selection of members of a higher education council according to their know-how regarding further education, the setting up of corresponding senate commissions (provided that the senate holds responsibility) or the definition of special tasks in administration regarding further education ought to be considered. Special aspects of further education such as crediting of vocational education or the implementation of module-related fee models cannot be handled by administration as a sideline activity.

► *Higher education institutions run risks when they engage in quaternary education, which is why a professionalisation of finance planning and risk management is needed*

Higher education institutions developing customised programmes for businesses are running a risk. They may be realising malinvestments in an area that they will not be able to continue to be active in when they have lost their business partner. Generally, quaternary education means to them that they are entering new and partly unfamiliar markets, a situation that has so far hardly occurred in the tradition of public-funded and state-regulated higher education institutions.

This is why the management of higher education institutions ought to develop towards risk management. Initial approaches have been made in Germany in this respect (e. g. in Lower Saxony), whereas higher education institutions abroad partly already dispose of extensive procedures. Quaternary education could become a pilot area in the development of risk management. For example, to minimise risks, the design of programmes and choice of partners could be guided by the notion of risk spreading. Seeking more long-term contractual links can also be a measure to minimise investment risks, as well as co-operation among higher education institutions.

► *A balance ought to be sought between open enrolment and customising in target group orientation*

A higher education institution generally pursues an open enrolment strategy, developing study programmes and offering them on the free market. In the framework of given capacities, everyone is admitted who fulfils the generally defined admissions requirements. However, companies will often request customising, i. e. the development of products tailored to special business demands. Here, a mixed solution suggests itself. There ought to be a core of open programmes (Bachelor, Master) in quaternary education demonstrating the competencies of a higher education institution in a certain area. Customised programmes combining elements of the basic programme with company-specific contents can be coupled to these open programmes.

► *The key to linking up open and customised programmes is the modularisation of study programmes*

The individual module has to be seen as a product unit; it is an object of marketing, price policy, etc. Flexible packages of contents can be compiled by combining the modules and, if necessary, by supplementing them with company-specific modules. Also, the requirement for customised combinations of modules relates not only to the companies but to individual demand for quaternary education as well. Here, "customised" means a combination of modules according to previous personal qualifications and requirements for qualifications. Thus modularisation also resolves the conflicts between individual and business interests in quaternary education.

► *Successful higher education institutions in the area of quaternary education frequently opt for a certain product idea*

Looking at existing good practices at higher education institutions, one will notice that quaternary education units frequently bring a certain product idea to the fore. This product idea is then retained across all programmes.

Some successful examples:

- a blended learning concept
- a phased concept (towards theory at the higher education institution, towards practice in the business, concluding with a combination of both)
- a general orientation of all programmes on a certain content aspect (e.g. Europe, linking up industry and law)
- an orientation on a certain market segment (e.g. programmes for young high potentials, qualification of staff from 50 on)
- further education as comprehensive process support (incl. evaluation, supporting career tracks, coaching, etc.).

A suitable product idea is an especially good way of demonstrating companies the advantages of co-operating with higher education institutions. Further education units at institutions should seek to develop and implement such product ideas.

► *Businesses demand an all-in-one package in quaternary education*

When companies register for an education programme, they will as a rule expect an all-in-one service package. From the angle of the individual participants, too, there are special requirements for supplementary services, such as an informal and cultural fringe programme, tours of businesses, organising accommodation, online access to study material, etc. These services result both from the peculiarities of a course alongside a career and from the incentive character of quaternary education when companies take advantage of them as a staff retaining instrument. Higher education institutions have to be willing to assume overall responsibility for an all-in-one package and operatively implement all facets.

► *Higher education institutions ought to communicate output, and not input, when counselling and marketing*

The survey results indicate that dissatisfaction on the part of companies refers largely to the development and introductory phase. Institutions have to concentrate on this in particular, demonstrating their professional abilities. Interaction between higher education institutions and companies ought to pursue a counselling and marketing approach: the institution does not present a finished product but concrete requirements and options to meet them result from dialogue between the partners. Here, it is important to create a basis for communicating by a mutual acceptance of the co-operation partner's language and terminology. In the discussion between a higher education institution and a company, especially in the introductory phase, it is advisable to focus on the competencies to be acquired. Once companies and institutions have agreed on an output of competencies for a certain further education product, scope remains for the higher education institution in operative implementation while success can simultaneously be assessed (related to results).

► *Product quality is at the forefront among companies, not its price*

Regarding business demand for higher education programmes in quaternary education, the price is of secondary importance; what is demanded is quality. The

chief shortcoming regarding quality from the angle of businesses referred to in the survey was the treatment of executive staff and experienced professionals by higher education lecturers. Treatment of students with (professional) experience differs fundamentally from that of students in basic courses. Academics ought to be able to specialise in this respect and attend corresponding further education programmes. Supplementing staff with external employees also makes sense, although a core of subject competencies has to exist. Potentials may also be available among the emeriti.

› *Higher education institutions should take advantage of a wide range of aspects to maintain continuous links with businesses*

In the context of quaternary education, a multitude of communication channels are used, such as:

- Internet (requires professional web pages oriented on target groups)
- networking (in committees, chambers of industry and commerce or background talks, also with the management of businesses)
- contacts via the employers' confederations
- integrating representatives of businesses in higher education councils and advisory committees
- presenting quaternary education programmes and lecturers in the context of presentations for businesses
- presenting businesses at higher education institutions,
- auditing by businesses,
- co-operating in the context of endowed chairs
- integrating practitioners in the basic curriculum (practicals, final theses, guest lectures).

What is crucial is the combination of a wide range of approaches. However, companies must not gain the impression of uncontrolled proliferation. Rather, individual measures ought to be planned and co-ordinated. Those responsible have to dispose of concise information about the measures. This can be supported with modern, IT-aided systems of customer relationship management administrating all contacts with company representatives and institution alumni.

In addition, the higher education institutions ought to create a sort of after-sales service by, for example, continuing to advise their (satisfied) clients about programmes and developments in higher education. One option would be to integrate the alumni from the further education programmes in an alumni management system.

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