

## ***Australian Universities' Reactions to Reduced Federal Financial Support for Coursework Postgraduate Awards***

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*Resource dependency and oligopolistic competition principles are used to frame an investigation into university reactions to the Commonwealth Government's phasing out of financial assistance for coursework postgraduate awards. It includes a trend analysis of changes to the length, entry standards, core subjects, research component and fee levels for coursework Masters awards in the field of educational administration. The conclusion notes the increasing tension on university campuses between maintaining academic values and responding to the marketplace.*

In its 1996 Higher Education Budget Statement, the Commonwealth Government announced that in order to cut higher education funding by nearly five percent over three years, it would reduce the total funded load for all universities.<sup>1</sup> These reductions would be principally focused on coursework postgraduate portions of university teaching profiles<sup>2</sup> because the public interest and therefore the public funding of subsidised places is directed toward students undertaking undergraduate award courses and those studying for research higher degrees.<sup>3</sup>

Many academics expected the policy change to decimate enrolments in postgraduate coursework awards and to exacerbate the already serious resource situation facing their universities.<sup>4</sup> Some abhorred the further 'commodification' of education as academics were forced to sell their services to fee paying students. The Council of Australian Postgraduate Associations was worried about 'the capacity of the present deregulated market to maintain the quality of postgraduate coursework programs'.<sup>5</sup> Widespread concerns therefore have been expressed about the adverse effects of these policies on higher education institutions.

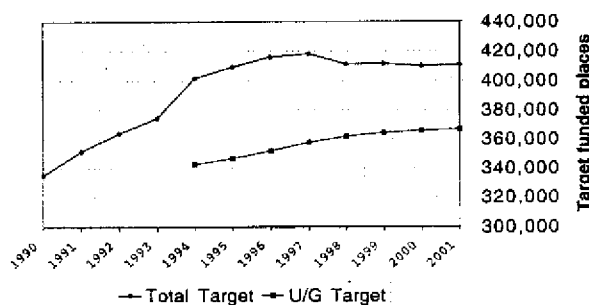
More than three years have now passed since these policy changes—sufficient time for university responses to have become apparent. This article first describes the changes then reviews trends in the late 1990s, first in state

university financial aggregates then in the Higher Education Contribution (HECS) status of enrolment commencements by level of award. A conceptual framework is developed to help understand these trends. The paper then investigates the fees being charged and changes in other relevant characteristics of coursework Masters awards in the field of educational administration. The article concludes by reflecting on the match between theoretical expectations of university reactions and their observed reactions.

### ***Funding Changes and University Reactions***

The Commonwealth's 1996 funding changes effectively held down total funded places at each university until the new century but required increases in undergraduate student places. Graph 1 interprets the new policy in terms of target load projections. The difference between the upper and the lower lines represents the reducing target load places allowed for postgraduate enrolments. Since universities were unwilling or unable to cut back the HECS places available for enrolments in research, postgraduate, and initial teaching and nursing registration awards, the brunt of place reductions had to be borne by places in coursework postgraduate awards. Institutions had to pay for any shortfall in HECS-liable postgraduate load. However, there was no 'reward' for overenrolling postgraduates, and there were no constraints on what a university could charge for enrolments in their full fee courses.

**Graph 1: Total and Undergraduate Target Funded Places at Australian Universities, 1990 - 2001**



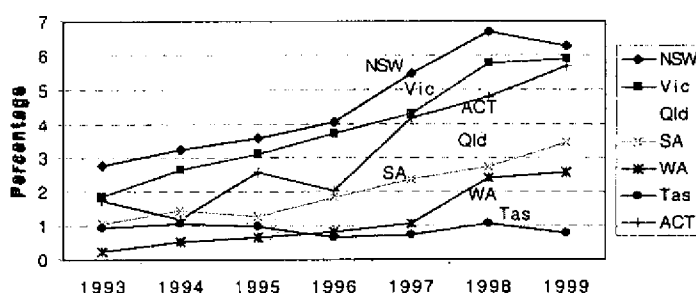
Source: AVCC website <http://www.avcc.edu.au/avcc/resource.htm>

Note: All target and actual figures are sourced from DETYA's respective Triennium Funding Reports, with the exception of the actual 1999 data, which was derived from the 1999 Preliminary Estimates provided to DETYA by universities.

University reactions to the policy changes varied. After allocating the 'remainder' HECS places to research postgraduate and professional preservice

awards, most universities had a reducing number of places available for funded places in their coursework postgraduate awards. Some 'protected' certain of their awards while charging full fees for others. Some universities used their available places to provide 'HECS equity scholarships' to postgraduate students who could demonstrate genuine need for financial assistance. Others took an entrepreneurial approach and pooled their 'spare' places to institute a 'subsidy/bonus' scheme for departments which enrolled full fee students. The University of WA, for example, was keen to encourage departments to increase their coursework postgraduate numbers to improve its overall enrolment profile. Departments were offered 0.77 of a weighted EFTSU in 1999, reducing to 0.5 EFTSU in 2001, for every full fee coursework postgraduate EFTSU enrolment. Since a department retains 70 per cent of its full fee income and this 'bonus EFTSU' would be received in full by the department, there was an incentive for departments to market their awards with some vigour. The incentive has stimulated the development of new awards (such as the Master of Criminal Law degree) and the adaptation of existing postgraduate awards to a fee-paying clientele.

**Graph 2: Australian States' Australian Fee-Paying Load as a Percentage of Total Non-overseas Load  
1993 - 1999**



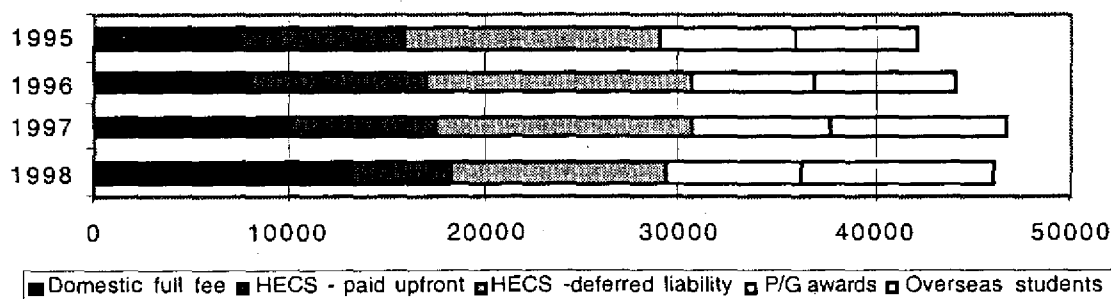
Source: Adapted from Curtin University of Technology *Management Update*. Series AFP—Issue 2, November 1998. 1999 data from *The Australian* 21/4/99, p.2.

A state overview of the responses of Australian universities to tuition charging is given in Graph 2. It shows that all states increased their domestic fee paying load relative to their total domestic load in 1997 and 1998 and some continued this increase in 1999. While these trends conceal variations within states, universities in most states lifted their fee paying base significantly in the last three years shown. This suggests that despite the antagonism of academics against the 'commodification' of education and doubts that their awards would be 'marketable', Australian higher education institutions appear to have responded positively to the introduction of full tuition fees in postgraduate—and in some universities, undergraduate—education.

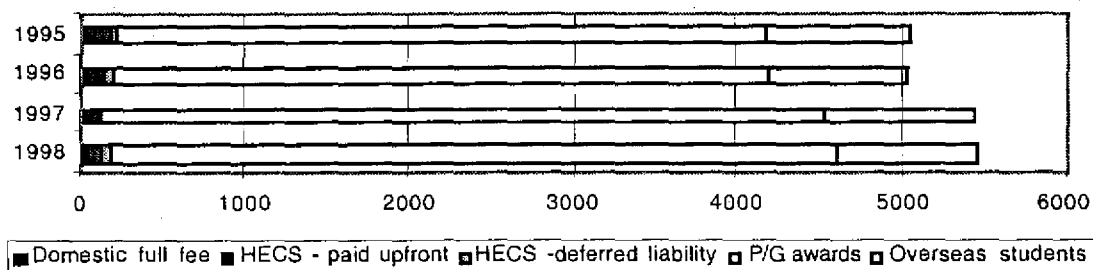
### *Trends in Postgraduate Commencements by HECS Status, 1995-1998*

Graphs 3 to 10 show changes in commencements in Australian universities over the four years, 1995-1998.<sup>6</sup>

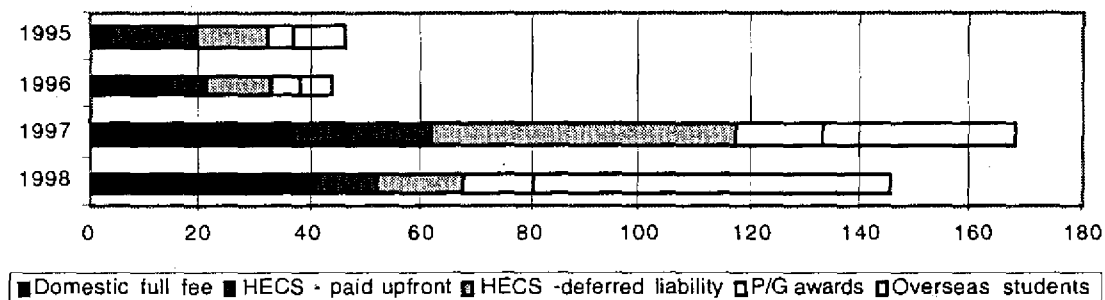
**Graph 3: Total Post-graduate Commencements by HECS Status, 1995- 8**



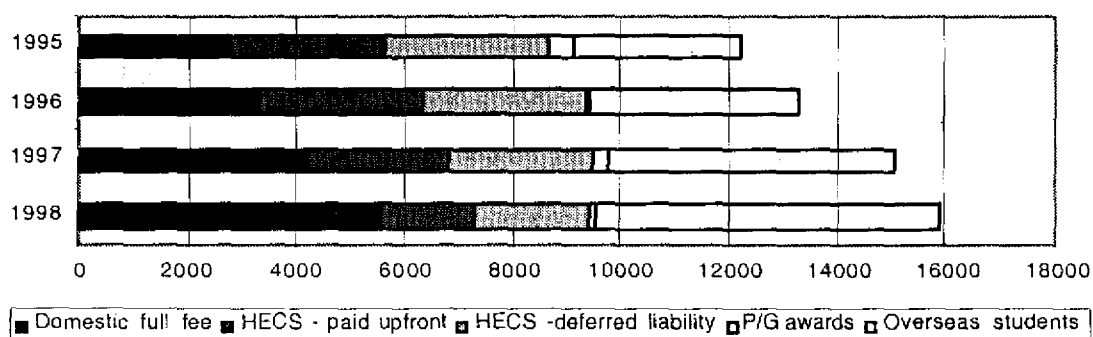
**Graph 4: Doctorate by Research Commencements by HECS Status 1995-8**



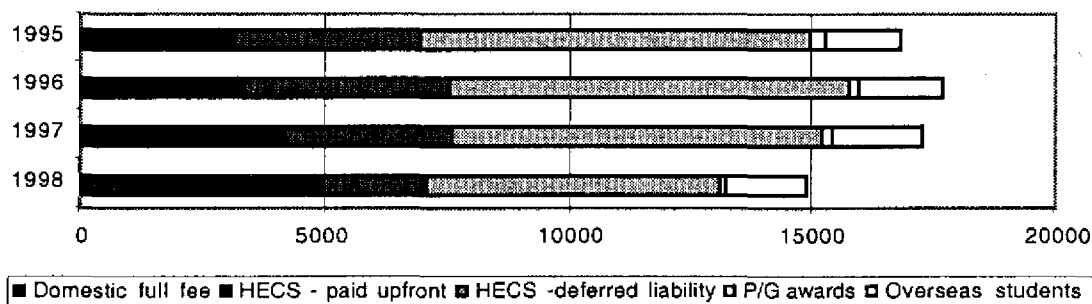
**Graph 5: Doctorate by Coursework Commencements by HECS Status 1995- 8**



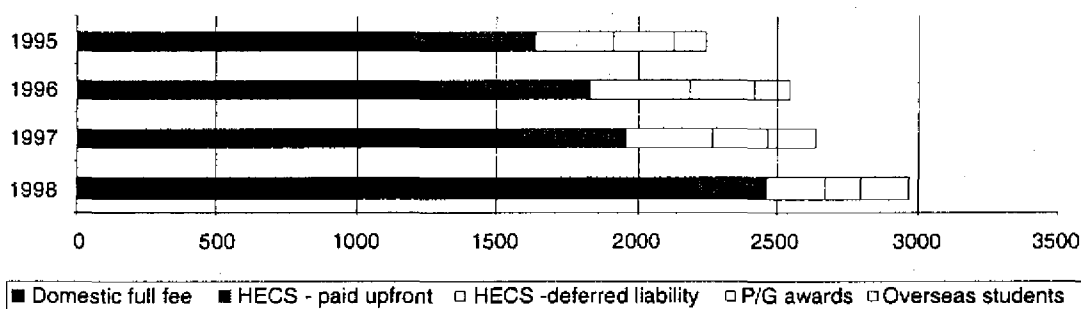
**Graph 7: Masters by Coursework Commencements by HECS Status 1995-8**



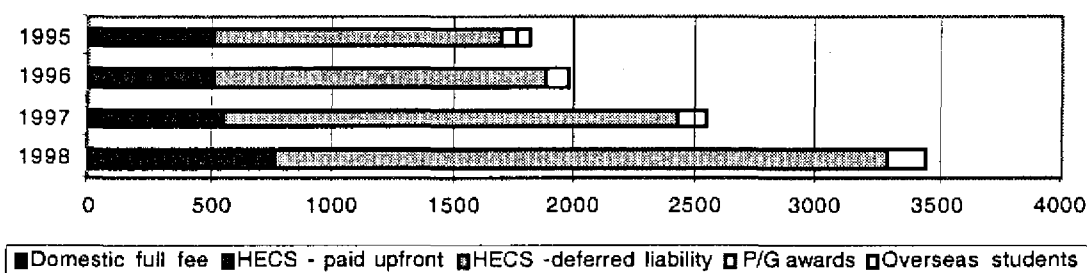
Graph 8: Grad Dip Commencements by HECS Status, 1995 - 8



Graph 9: Graduate Certificate Commencements, by HECS Status 1995 - 8



Graph 10: Graduate Entry Bachelor Commencements HECS Status 1995-8



Source: Commonwealth Department of Education, Training and Youth Affairs, Higher Education Division, Student Statistics.

Graph 3 shows that aggregate domestic postgraduate commencements changed little following the 1996 funding policy adjustments. The HECS status composition changed significantly, however, as new full fee enrolments supplanted HECS funded enrolments—particularly up-front HECS. Thus while the loss of HECS funded places may have suppressed growth, it failed to reduce overall commencement numbers. Throughout the period there was healthy continuing growth in new overseas enrolments.

Doctorate by research commencements were not affected by funding changes, for they depend heavily on the continuing flow of Australian Postgraduate Awards made available by the Commonwealth. Graph 4 shows that domestic commencements were stable for the 1995-6 and 1997-98

biennia, with an expansion in the number of awards and commencements in 1997.

Graph 5 relates to doctorates by coursework. These are doctoral level degrees in which the weighting given the thesis research component is less than two thirds of the total course assessment.<sup>7</sup> The numbers in this new type of award are quite small, as Graph 5 illustrates. There has been significant volatility in the relative domestic commencement numbers in these awards over the last three years—leaping 350 per cent in 1997—from and Australian total of 38 up to 133, only to fall back to 80 in 1998. There has been a steadier growth in overseas commencements, to the extent that in 1998 almost half of all commencements were from overseas.

Trends in Masters and other postgraduate commencements are particularly interesting, both because of their numerical importance and their being the ones most affected by the Commonwealth funding changes.

As mentioned, the chief criterion for a research Masters award is that at least two thirds of its assessment is given for an (externally examined) research thesis. The Commonwealth funding policy change did not include this level of award; not only are HECS places still available for enrolments for these awards but an increasing number of Commonwealth postgraduate awards has been provided—200 additional awards were offered by the Commonwealth in 1997. Graph 6 shows that these awards helped to reduce the impact of the steady decline in the number of domestic HECS and full fee commencements. Overseas student enrolment support for research Masters awards held up over all four years.

Graph 7 reveals that overall Masters by coursework domestic commencement numbers were stable over the four year period, although the HECS status composition changed markedly. Following the squeeze on available funded places in these awards, deferred and up-front HECS commencements fell by about one third, while domestic full fee commencements rose by some two thirds between 1996 and 1998. It is tempting to think that many who would otherwise have taken out a HECS debt, simply paid full tuition fees. It could, however, have been that a different cohort of fee payers enrolled and many of those who were expecting to enrol under the HECS scheme, simply did not enrol. Over the period commencements of overseas students doubled so that by 1998 they had become 40 per cent of total coursework Masters' commencements.

Domestic Graduate Diploma commencements remained fairly stable for the three years 1995 through 1997, then in 1998 they dropped significantly, as shown in Graph 8. This seems to be due to a reducing number of HECS places provided and a steadily increasing number of full fee enrolments. Possible reasons for the decline in domestic enrolments will be considered below. Overseas enrolments held up but these were a relatively small

proportion of total commencements.

Graph 9 shows a different story, with steady growth throughout the period in aggregate commencements of students in Graduate Certificate awards. This was despite the fact that over the period, the proportion of new domestic students who paid full fees increased from 50 per cent to 75 per cent.

Finally Graph 10 is included, despite Bachelors' awards being classified as undergraduate, because these one year programs enrol those who are already graduates. In many ways, therefore, they compete with one year Graduate Diplomas. Because they are classed as undergraduate awards by DETYA, they are HECS-liable and escape the full fee funding arrangement.<sup>8</sup> The graph shows that new enrolments in these awards grew strongly in relative terms, increasing by 90 per cent over the four year period. Virtually all of this growth was internal, as overseas enrolment numbers were generally small and static over the whole period.

### ***A Contextual Framework for Understanding Trends***

Competition among Australian universities for students has always been intense—particularly for the best students (and staff) who can affirm and add to institutional prestige. In the last half decade, this competition has been intensified by a reduction in traditional funding sources and the need to attract additional fee income. Specifically, the Commonwealth's steady tightening of operating grant allocations and its refusal to supplement universities for staff salary increases have placed resource issues centrally on the academic decision-making agenda of all higher education institutions.

The resource dependence theory of Pfeffer and Salancik (1978) provides a useful framework for understanding universities' reactions to Commonwealth funding changes. The writers postulate two characteristics affecting the dependence of a recipient on a given resource supplier—the importance of a given resource source i.e. the proportion of total resource flows supplied by that source, and its criticality—its perceived irreplaceability from alternative sources.

Until the end of the 1980s, the Commonwealth Government was the dominant supplier of resources to Australian universities. In 1990 Commonwealth grants plus HECS income provided three quarters of university revenues (DETYA, 1998, p.9). At that time, Commonwealth funding was seen by academics as both important and critical. As noted, however, the funding base provided by the Commonwealth eroded significantly during the 1990s, particularly following the 1996/97 Budget.<sup>9</sup>

There are two possible types of institutional responses to the threatened withdrawal of such an important and critical source of funding. The first is a 'reactive' or 'defensive' response: if academics believe that the critical funding source cannot easily be replaced, they will want to make whatever

policy changes are necessary to preserve flows from this source. This could include changing university regulations and definitions to guarantee continued funding. For example, it may be possible to persuade those considering enrolment in a (full fee) Graduate Diploma to enrol in a relevant (HECS liable) graduate-entry Bachelor's award which can be completed within the same time frame.

The second response is to take a more 'active' or 'aggressive' attitude: if academics are confident that the original funding flows are not so critical and can be replaced from other sources, they are more likely to accept the policy changes and actively seek alternative revenues. If the search for alternative funding is through the marketing of places in fee-charging programs, market considerations need to be addressed, explicitly or implicitly. For example, those 'selling' individual programs will seek to widen their program's potential market.

One could call the market in which these 'program sellers' will be operating, a 'regional oligopoly'. For potential postgraduate students in a metropolitan area, there will be a choice of two or three institutions offering relevant courses in an on-campus mode. The 'regional choice' will be much wider for those prepared to undertake their studies by distance education. Whatever the mode, however, there is sure to be a relatively small number of institutions offering similar courses to a target clientele.<sup>10</sup> Under these oligopolistic conditions, theory predicts that with good information flows about the quality and price of competing offerings and potential clients who are prepared to compare all their options before signing up for a course, there will be a high degree of 'market interdependence' among course providers (Shows and Burton, 1972, pp.382-384). Any market initiatives taken by one competitor to increase the attractiveness of its awards or to reduce their time and fee costs are likely to affect significantly the client base of other providers. Under these conditions, one would expect to see relatively frequent changes in course characteristics, and following Hotelling's (1929) theory, some convergence over time in course characteristics and fee levels.

Tactics to make a course more attractive to the client market could include adjusting entry standards (to widen the number qualified to enrol), length (which will influence study load, fee costs and time to graduation) and unit fee levels, as well as assessment, content (for example, balance between theory and application) and method of delivery. Australian universities have the ability to use any or all of these tactics because 'universities in Australia are self-accrediting bodies free to determine their own curriculum content, teaching methods and assessment arrangements' (West, 1998, 77).



***Empirical Study***

In the light of these speculations, have universities manipulated key features of their coursework postgraduate awards in response to recent funding policy changes? The question is difficult to answer for a number of reasons. Firstly, the reduction in a university's target load available for postgraduate enrolments does not mean that individual universities have been forced immediately to charge full fees for all their postgraduate awards. In the short run at least, they are free to protect some programs with HECS places and charge fees for others. (The number of HECS places available for coursework Masters programs may not reduce significantly if there are enrolment shortfalls in the 'protected' initial postgraduate professional qualifications in teaching and nursing, or in research postgraduate awards.) Secondly, academic decision making processes are invariably long and uncertain. Those who attempt to change the characteristics of any award to make it more 'marketable' are not guaranteed a quick or easy authorisation of their proposed changes—particularly if other academics perceive their proposals to be potentially detrimental to academic standards. Such contingencies can cause considerable lags and variations in university responses to changing policy environments. Thirdly, there is the practical research problem of obtaining unambiguous information about study requirements and fees for individual courses. Different course directories frequently publish inconsistent information regarding length, entry requirements and fees for the same course in the same year. Finally, the lack of detailed student load data in specific awards prevents drawing strong inferences about the continuing viability of individual programs.

Competition in fee charging awards may already have affected the length and nature of postgraduate programs before 1996. Since 1989 when universities were first allowed to charge full fees to overseas students, there has been intense interinstitutional and international competition in offshore markets. Overseas students are presumably less knowledgeable about (and therefore less sensitive to) status differences among Australian universities. Also, catalogues of Australian offerings would allow direct comparisons of key course features such as length and fees. Those universities whose awards were longer and/or more expensive than others would have been under pressure throughout the 1990s to consider reducing the time and financial cost of their programs.<sup>11</sup>

It would be useful to undertake a 'case study' of a particular coursework postgraduate program at a number of universities to discover whether there have been any noticeable changes in program characteristics. Such a study can be indicative only because any specific field will be affected by its own market environment.

The level of award chosen for investigation here is that of coursework

Masters and the chosen 'field of study' is that of educational administration. Masters is a popular award whose HECS status of domestic enrolments has been significantly affected by fee charging (See Graph 7 above). The general field of Education has lost out in university enrolment growth<sup>12</sup> and hence has lost institutional resource shares. One would therefore expect that those responsible for these awards would be more sensitive than other academics to enhancing the competitiveness and marketability of their programs in order to preserve the levels of critical resource flows.

Most educational administrators are graduates, many of whom could be interested in gaining further qualifications at the Masters level. Two contextual factors may be affecting their demand and willingness to pay for further study at this level, however. The first is that in state departments of education, the possession of a higher degree seems to have become a less important consideration in accelerating progress along salary scales and in the selection of applicants for promotional positions. The second is that there has been a tendency by a number of state education departments to provide for the 'in-house' professional development of their administrators—focusing on short, practical programs rather than longer, often more theoretical, university courses of study. Both factors could affect changes in the strength of enrolment demand in Masters degrees in the field of educational administration, independently of fee charging.

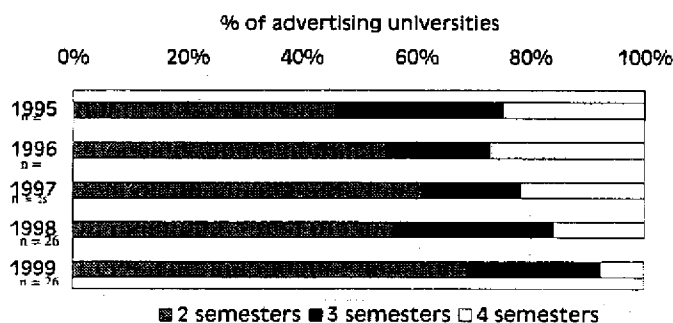
Some forty percent of Masters awards in administration or management are offered as designated degrees and about sixty percent as specialisms in Educational Studies or Education.<sup>13</sup> Without detailed enrolment data, it is not possible to ascertain how important an area specialism is in a generic degree, or indeed how important is the designated degree itself. The research approach adopted here has been to allow each university to express its own commitment to the field, by paying to identify its offering as an educational administration award for targeted marketing purposes. Thus the relevant information is taken from those institutions which have annually advertised their Masters awards under the category 'Education—Administration' in *The Post Grad Book* published by New Hobsons Press. For each year over the period 1995 to 1999, between 22 and 26 separate universities<sup>14</sup> have advertised their Masters awards within this category.

In order to obtain more detailed information of characteristics and fees of these advertised awards, reference was made to other annual directories—*The Good Universities' Guide*, the *AVCC Directory of Post Graduate Study* and the Queensland Institute for Educational Administration's *Australian Tertiary Courses in Educational Administration and Management*. Web pages were used extensively to obtain details of 1999 awards and those universities with relevant email addresses on these pages were asked to verify the accuracy of data collected on individual awards.

### **Characteristics of Coursework Masters degrees in Educational Administration**

One important characteristic likely to be affected by competition is the 'size' of the degree i.e. its study workload. The best indicator of size is the minimum time allowed for a full time student to complete course requirements. A contemporary benchmark can be taken from the recommendations of the 1989 Working Party of NBEET's Higher Education Council (HEC, 1989) which sought to codify a consistent, national basis for setting the length and nomenclature of courses. Appendix A reports its recommendations for graduate programs. The working party considered that the standard length of a coursework Masters degree was four semesters if the field of study was different from that of the undergraduate degree. Since the intention of the working party was to express what was then general practice, one could infer that four semesters was a common full-time minimum duration of a coursework postgraduate degree at that time.

Graph 11: Minimum time to completion of coursework  
Masters in Educational Administration, 1995 - 1999



Source: Queensland Institute for Educational Administration (annual) *Australian Tertiary Courses in Educational Administration and Management*. Brisbane: author. Passim.

Graph 11 reveals changes between 1995–1999 in the minimum semester 'workloads' of coursework Masters degrees advertised in the Education—Administration section of Hobson's *Post Grad Book*.<sup>15</sup> Even by 1995, no more than 25 per cent of these advertised programs were a minimum of four semesters, while almost half (46 per cent) required a minimum of only two semesters of full-time study. Thus a trend towards 'shortening' these awards had evidently already occurred in the first half of the 1990s. This trend has continued into the second half of the decade when the proportion of advertised awards with a four semester load requirement dropped from 25 per

cent down to 8 per cent while the proportion with a two semester minimum load increased to 70 per cent.<sup>16</sup>

This continuing reduction in the length of Masters programs is likely to have impacted on the viability of the less prestigious Graduate Diploma programs. More than one third of the universities studied currently offer Graduate Diplomas with the same study workload as their articulated Masters degrees. Unless there are significant differences in the content or the entry requirements of the lower award, it is difficult to imagine why potential candidates, given a choice, would choose to enrol in a Graduate Diploma rather than a Masters degree.

The situation is implicitly acknowledged by Kym Adey in his introduction to the Education section of the AVCC's Directory of Post Graduate Study, 1999:

The Higher Education budget foreshadowed the progressive introduction of coursework degrees. This will result in changes to course profiles with less emphasis on Graduate Diplomas.

Graduate Certificates (and in some cases Graduate Diplomas) may still have a role to play in 'upwards' articulation<sup>17</sup> with their Masters degrees. Certain universities seem to have 'articulated' these three levels of postgraduate award, allowing a student to begin their postgraduate studies at the Graduate Certificate level, then progress to the Masters level, or if the latter is a 3 or 4 semester award, to a Graduate Diploma, before undertaking the final Masters degree. The benefits for the student include not having to make the initial major time and financial commitment involved in enrolling directly in the full Masters program and for some, being able to gain admittance to the program without meeting the educational and/or experiential entry requirements of the higher level award.

The value of this articulation for the student depends very much on the 'advanced standing' policy of the relevant faculty and university. Monash University, for example, gives credit in its Masters award for only half the units completed by Certificate or Diploma graduates.<sup>18</sup> On the other hand, the policy at James Cook University is that.<sup>19</sup>

A candidate who has been awarded a Postgraduate Certificate of Education from this University may use those units obtained as credit towards the Master of Education ... subject to the degree requirements, by surrendering the qualification to the University before the higher qualification is awarded.

Similar provisions apply at the University of New England and the University of Tasmania<sup>20</sup>, although there are no explicit requirements that any lower qualification must be surrendered in order to be awarded the higher qualification.

Another characteristic of coursework Masters degrees which might be affected by the introduction of full fees is that of entry standards. As mentioned in the conceptual framework section, reducing educational and experiential entry requirements could open an award to a wider, less qualified and/or less experienced clientele. To what extent have those who advertise their coursework Masters in the field of education administration gone down this track.<sup>21</sup>

Of the 16 universities which advertised their coursework Masters degrees in the 1996 and 1999 editions of Australian Tertiary Courses in Educational Administration and Management (QIEA, 1995 and 1998) 15 required four years of tertiary study as their educational entry requirement in 1996 while in 1999, only 11 required four years and five required three years. The average experiential requirement decreased slightly from an average of 1.3 years in 1996 to 1.2 years in 1999.<sup>22</sup> There is, therefore, evidence of some easing of entry requirements.

The introductory conceptual framework also suggested that the structure of courses could be affected by the need to make awards more attractive to fee-paying clients. Two relevant aspects of structure are published in the above-mentioned directory (QIEA, 1995 and 1998)—the number of core units which must be studied by all candidates and the presence or otherwise of a compulsory research project or practicum in the coursework award. The more compulsory units there are, the less choice students have in what they can study, while having to research and write a substantial investigation is often seen as a daunting, off-putting task by many potential students. Course providers, therefore, frequently perceive that dropping core subjects and any compulsory project will make their awards more attractive to potential students.

Of the 16 universities in the QIEA directory, six did not change the number of core units in their degrees between 1996 and 1999, five reduced the number by one, one by two units, two by three, and one replaced an eight unit core with one unit. Against this trend, the University of Sydney restructured its award, increasing the core from one to four units.

No university introduced or increased the value of a compulsory research study between 1996 and 1999. Two abolished their compulsory two unit project and two reduced their required two unit project to a project worth one unit. The remaining ten universities did not require any compulsory project to be undertaken as part of their courses.

### ***HECS Status and Full Fees***

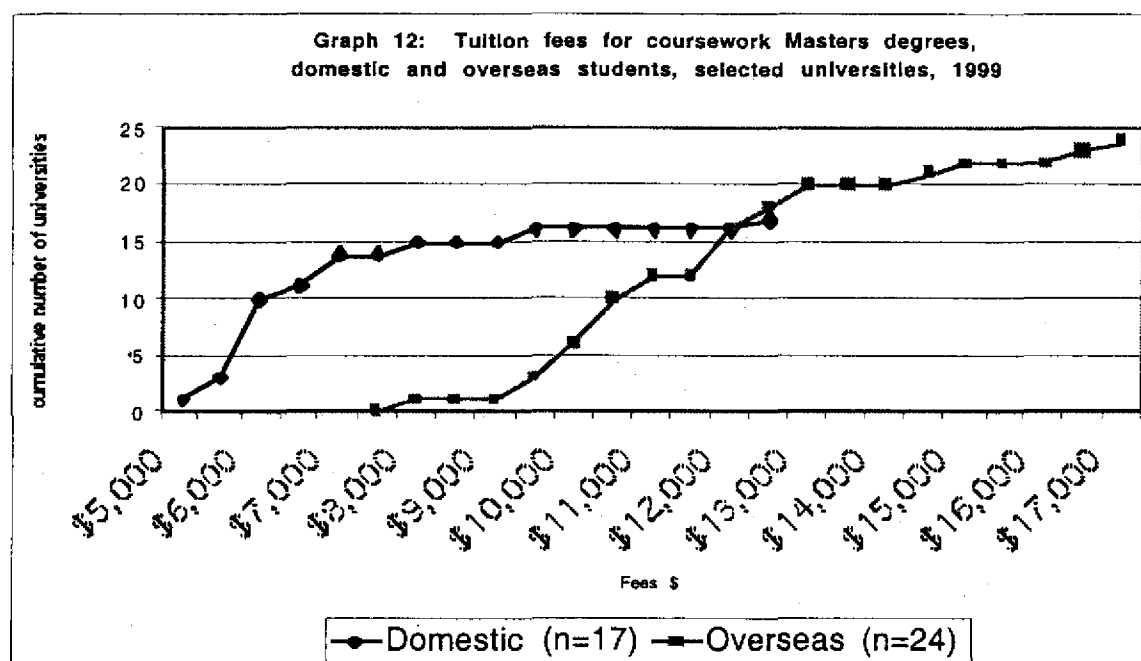
If one of the purposes of the Commonwealth's funding changes in the 1996/7 Budget was to force universities to charge fees for domestic students enrolled in coursework postgraduate awards, then this purpose is being achieved only

slowly—at least in the field of educational administration. Of the 26 universities advertising their coursework Masters through Hobson's *Post Grad Book* in this area, eight are still offering HECS places to all applicants and a further three say they are offering 'some' HECS places.

Current DETYA funding is based on each university meeting a (static) total load target and a (rising) undergraduate target load (See Graph 1). The difference between the two is expected to be taken up largely by candidates in postgraduate research awards and in coursework postgraduate awards required for initial professional qualifications, particularly in teaching and nursing. HECS places could be made available if the demand for research awards and for initial professional qualifications was declining more sharply than the undergraduate HECS quota was growing, however, this might not be a desirable development for a university. Alternatively the Graduate Diploma awards required for teaching and nursing registration could be converted to graduate entry bachelors awards, thereby transferring the postgraduate to undergraduate HECS places. This tactic relies on persuading intending Diploma students that for the same study load and with the payment of HECS rather than full fees, they could gain a second bachelors degree and achieve the same result as completing a Graduate Diploma. The relative success of this tactic may be reflected in the rapid recent growth of graduate entry Bachelors commencements shown in Graph 10.

Whatever tactics are being used to preserve HECS places for coursework postgraduate enrolments, it is clear that the quotas made available for each protected award must be small and diminishing. One inference that can be drawn is that enrolment demand for these awards is weak. If applications were growing strongly, the HECS places would be inadequate and some applicants at least would be required to enrol on a full fee basis.

Full fee prices vary remarkably among universities for domestic and overseas students. This is partly due to different prices per unit and partly to variations in course length. Graph 12 reports the fees charged on-campus domestic and overseas enrollees in coursework Masters degrees in educational administration. Domestic student prices range from a minimum of \$5,400 (twice discounted upfront HECS) to a maximum \$12,500, with a mean of \$7,000 (standard deviation \$1,800). Overseas student prices are both much larger and vary even more—in a range from \$9,500 to \$16,875—with a mean of \$12,000 (standard deviation \$ 2,250).



Source: University websites and prospectuses.

In the cumulative graph lines of Graph 12, the greater the slope, the more rapidly numbers cumulate. This indicates that most universities included here are charging between \$5,500 and \$7,500 for places in their coursework Masters awards, with a mode of \$6,000. Overseas student prices are constrained by DETYA's indicative minimum annual course fees of \$8,380 for on campus students. The majority of universities charge between \$9,500 and \$12,500, with a mode of \$12,000.

Given that all these fees pertain to the same level of award in the same field, taught by the same on-campus means, their ranges for both domestic and overseas students is surprising.<sup>23</sup> There are two possible reasons for fee differentials—differences in costs of delivery and in perceptions of market strength. It is difficult to believe that variations in either of these factors are as great as is suggested by the price differentials. The current pricing situation can, therefore, be considered 'unstable'. As more accurate costings become known by individual institutions and as potential students are able to access fuller pricing as well as quality information about competing courses, we can expect a steady reduction in these price ranges. Those who set outlier fees will find that either they are not covering their costs adequately, or they are pricing themselves out of their market. Individual institutions can be expected over time to revise their fee toward modal prices as they gain better information about their teaching costs and as students gain better information about how much they must pay for alternative courses they are considering.<sup>24</sup>

### ***Has Theory Predicted Trends?***

Two complementary theoretical perspectives have been used to develop expectations regarding university reactions to the federal government's financial squeeze on coursework postgraduate awards. Resource dependency theory postulates that when an important, critical revenue begins to dry up, those immediately threatened will take whatever actions are deemed necessary either to replenish the flow or to seek alternative revenue sources. The first reactions, to replenish the flow, implicitly assume the 'criticality' i.e. the non-replaceability, of Commonwealth funds. These reactions, which have been termed 'passive', include attempting to redefine some unfunded coursework postgraduate awards into research awards and others into graduate entry undergraduate awards, and then trying to redirect students into these funded courses. While Graph 10 provides some circumstantial support for funnelling graduate students into undergraduate awards, further investigation is required of university offerings and student enrolments to test these propositions.

'Active' resource dependency reactions seek alternative non-Commonwealth revenue sources—primarily through enrolling full fee students. Much of this paper has investigated the consequences of efforts to enhance the marketability of awards to fee paying coursework postgraduate students.

The second theoretical perspective—that of oligopolistic competition, provides a framework for anticipating the direction and speed of these 'active' efforts. This theory assumes that there are well publicised, accurate information flows about the nature, quality and price of services being provided by a few competitors in a limited market and that the finite number of rational consumers actively compare offerings to choose the provider who promises best value for money. On these assumptions the competing providers will form an interdependent network, in the sense that the successful market initiative of one is likely to have a significant impact on the market demand for the services of all others. Each will, therefore, seek 'market intelligence' about the provision and pricing plans of the others in the network so that they can react quickly to their marketing initiatives. Further, Hotelling's theory (1929) predicts that over time there will tend to be convergence toward the median of course characteristics and fee levels.

The evidence collected from this empirical investigation provides some support for these theoretical predictions. It has found that in the selection of coursework Masters awards in the field of educational administration, there have indeed been trends towards 'lowest common denominators' in course length, educational and experiential entry standards, the number of core units required to be studied and a de-emphasis on dissertations and research projects. Nevertheless, the adjustments made in the latter half of the 1990s



have been neither as uni-directional nor as rapid as the theoretical perspectives might suggest. This is particularly the case with respect to fees. Further investigation is needed into trends in the levels and dispersion of tuition fees charged for overseas and now domestic students. The remarkably wide range of fees that are currently being charged suggests that if there is any convergence toward median levels, it is occurring very slowly.

In short, while the theoretical perspectives have provided some insight into the general nature and direction of intertemporal changes to coursework postgraduate programs, they cannot easily explain the hesitancy and inconsistency of these changes in individual cases. The explanatory problem could lie in theoretical oversimplification or in ignoring the internal culture and decision-making of universities.

Pratt *et al* (1999) characterise a London market for part-time Masters courses as 'segmented', allowing one prestigious older university to manipulate its fee levels with a certain impunity. Hesketh and Knight (1999, p.160) prefer to describe the broader UK postgraduate market as 'fragmented', for in a series of focus group interviews, they found (1999, p.157) that '[neither] UK nor American students were making systematic comparisons between programs and drawing on publicly-available performance indicators'. Both these ideas of segmentation and fragmentation could help explain the apparently low level of interdependence among universities in framing policy towards postgraduate course.

An organisational explanation of the loose fit between theoretical expectations and reality could lie within university culture. Universities see themselves as academic, not commercial enterprises. Academics particularly deal in status and standing rather than corporate profits (Tilley, 1998). The majority of academics pay more attention to the rigour of their courses than to 'marketability'. Many reject the very idea of 'looking over their shoulders' at what competitors are doing.

Nevertheless the tensions between academic values and economic pragmatism are heightening. The reality is that diminishing operating grants are forcing both academics and administrators to think and act in ways that are foreign to their culture. Academics are not used to reconfiguring awards to gain market advantage or to set fees on an informed, rational basis. It is not surprising, therefore, that the theories of resources and markets fail to explain fully current university behaviour. One would expect, however, that as Commonwealth funding continues to dry up and as potential students become more sophisticated in finding out about fee levels and alternative institutional offerings, academics will inevitably be forced to adopt more flexible approaches to designing, presenting, pricing and marketing their courses.

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## NOTES

1. *Sydney Morning Herald* 27th August, 1996, p.1
2. It was implied that coursework postgraduate degrees are sought principally for career advancement and in most cases by persons already in employment who have the capacity to pay tuition fees.
3. Vanstone, Senator A. *Guidelines for domestic fee-paying undergraduate students in award courses*. Canberra: DETYA, 28.4.97.
4. Garcia, L. 'Tighten Your Belts, It'll be a Bumpy Ride' *Sydney Morning Herald* 28th August, 1996, p.3
5. Clark, T. (1999) 'Concern' for Coursework? The neglecting of Postgraduate Coursework Studies in Australia. South Melbourne: Council of Australian Postgraduate Associations Incorporated, p.1.
6. The figures are based on the information from the universities' first annual submission, which reported March 31 enrolment data. The first semester is therefore the actual semester figure and the second semester is based on first semester data. The difference between estimated and actual annual student load for Australia in 1997 was 0.1%. (DETYA supplied information 25.2.99.)

7. These are usually called 'professional doctorates'. Those professional doctorates which give more than 66% of assessment weighting to a thesis component are classified as doctorates by research and are included in Graph 4.
8. A similar phenomenon might also have occurred between coursework Masters and Bachelor honours awards. An eligible graduate who faced paying for a one year's Master's degree could have preferred to enrol in an appropriate HECS liable Honours award and perhaps to write a thesis.
9. These included the government's refusal to supplement operating grants to help meet staff salary increases.
10. While the curricula and course titles may differ, they are likely to be seen as homogeneous for employment and promotional purposes.
11. It is a principle followed by all universities that the composition and standards of awards must be the same for both overseas and domestic students.
12. In 1993 Education enrolled 21% of all higher education students. By 1997 this had dropped to 11% (DETYA, Higher Education Student Data Base, 1998).
13. Counts from entries in Hobson's *The Post Grad Book* (annual).
14. Multicampus institutions are treated as single universities
15. Apparent inconsistencies occur between individual years because different universities advertise. Individual universities also make changes to their own awards and policies.
16. This is an underestimate, for while James Cook University (as an example) advertises a three semester minimum course, it allows one semester's advanced standing for any student who has two years of full-time professional experience—an experiential entry requirement of some two semester Masters courses (Source: <http://www.soe.jcu.edu.au/postgraduate/requirements.html#MASTERCOURSE>).
17. 'Downward' articulation occurs when a student is awarded a lower qualification if he/she fails to meet the full requirements of the higher level award in which they are enrolled.
18. [http://www.monash.edu.au/pubs/handbooks/education/ed006.htm\\*Headings436](http://www.monash.edu.au/pubs/handbooks/education/ed006.htm*Headings436)
19. Reference: See Footnote 13.
20. <http://www.admin.utas.edu.au/UTASHANDBOOKS/COURSE/E58.html>
21. Since the traditional clientele of educational administration courses has been those employed as teachers in public education systems, most candidates can be expected to have completed four years of tertiary teacher education. A reduction of this educational entry requirement could signal that a university is attempting to attract a non-teacher clientele e.g. bursars and administrative staff.
22. Those which made no mention of experience in the field as a requirement of entry were given a '0 years' rating.
23. Fees differ significantly for similar courses, even within a single university. The 1999 Curtin University fee for the Master of Educational Administration, taught by its School of Business, was \$1,100 per unit and \$9,900 for a full-time year. The Master of Education (with an Educational Leadership specialism) taught by the Division of the Humanities was \$825 per unit and \$6,600 for a full year.
24. The difficulties faced by the writer in obtaining and confirming fee levels suggest that universities are reluctant to engage in price competition or even to assist potential students to learn about the fees for the courses they may be considering. From the overseas students' perspective, moreover, tuition fees are only one of a number of considerations in selecting a course and university at which to study.

## APPENDIX A

*Recommended national standards of entry requirements  
and lengths of graduate programs, 1989*

The Council considers that, if offered within an institution's educational profile, courses leading to the following types of awards should be funded by the Commonwealth:

TYPE OF AWARD	NORMAL ENTRY REQUIREMENTS	MAXIMUM FUNDING PERIOD
Graduate Certificate	Satisfactory completion of a degree or diploma course	1 semester
Graduate Diploma	As above	2 semesters
Master degree (after an 8 semester program in same or allied field)	Satisfactory completion of an honours degree or an acceptable 8 semester higher degree program, together with demonstrated potential in study and/or professional practice	3 semesters (coursework) 1.5 calendar years (research)
Master degree (in different field from first degree e.g. M.Ed following a B.A. or B.Sc.)	As above	4 semesters (coursework) 2 calendar years (research)
Doctoral degree (professional and research)	As above	3.5 calendar years

Source: Higher Education Council (1989) *Course Length and Nomenclature: A Discussion Paper*. National Board of Employment, Education and Training. August, pp.4-5.