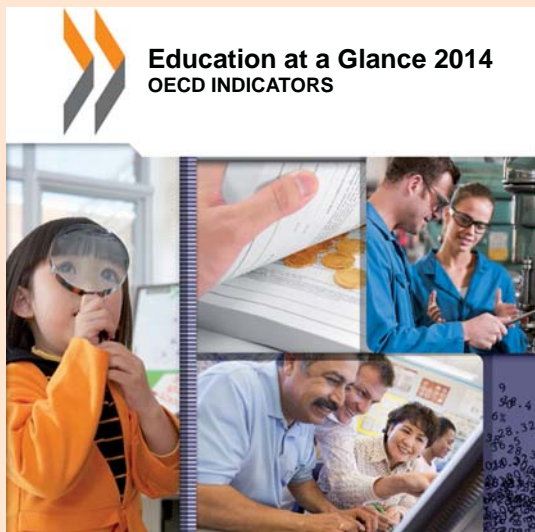


EDUCATION AT A GLANCE: 2014 OECD INDICATORS



In the fundamental research entitled «Education at a Glance 2014. OECD Indicators», which covers 34 OECD member countries and 10 partner countries (Argentina, Brazil, China, Colombia, India, Indonesia, Latvia, the Russian Federation, Saudi Arabia and South Africa), among which the data on Colombia and Latvia was provided for the first time ever, 4 areas of national education systems were analysed, namely: the output of educational institutions and the impact of learning; financial and human resources invested in education; access to education, participation and progression; the learning environment and organisation of schools.

At present, at a time when the world is moving slowly out of the worst economic crisis, it is becoming clear that economic growth is not enough to foster social progress, particularly if the growth dividend is not shared equitably. The social cost of the crisis continues to weigh heavily, with more than 46 million people out of work in OECD countries and relative poverty affecting millions more; the gap in the levels of life of the richest and the poorest is widening in many countries, social and economic differences deepen, and this makes the role of education and skills in fostering people's chances in life grow considerably. However, today not everyone can benefit equally from the widening access to education. In such circumstances different countries around the world are looking for ways to spur economic growth in a

more inclusive manner. Therefore, experts at the OECD provide ample evidence of the critical role that education and skills play in fostering social progress, and suggest various tools for decision-making in this sphere.

The analysis of the main tendencies present on the global education services market enabled experts to note that access to education continues to expand: close to 40% of 25-34 year-olds now have a tertiary education, a proportion 15 percentage points larger than that of 55-64 year-olds. At present, many people invest in their education with the aim of improving their chances for a better life.

The results of the research of the level of adults' skills show that not all countries with the largest increase in educational attainment rates are those with the largest increase in the proportion of highly skilled adults. Apparently, as experts note, the levels of proficiency in skills can be very different among adults with similar levels of education.

The labour market in today's world remunerates those with a high level of education and well-developed competencies. On average, over 80% of tertiary-educated adults are employed compared with less than 60% of people with below upper secondary education. But young adults with a tertiary education are very vulnerable to unemployment. The unemployment rate among tertiary-educated adults across OECD countries, stood at an average of 5.0% in 2012 (up from 3.3% in 2008), but among 25-34 year-olds, it was 7.4% (up from 4.6% in 2008). At the same time, the unemployment rate for 25-34 year-olds without an upper secondary education reached 19.8% in 2012 (and even higher in many countries), up from 13.6% in 2008. These numbers reconfirm that the economic crisis hit young, low-educated adults the hardest. And a lack of skills increases the risk of unemployment — even among people with similar levels of education.

The data on earnings also point to a widening gap between those who are more educated and those with less education. If we consider that the average income for 25-64 year-olds with an upper secondary education is represented by an index of 100, the income level for adults without upper secondary education fell to 76 in 2012 (from 80 in 2008), while the average income of tertiary-educated adults rose from 151 in 2012 (from 151 in 2000). This means that, in relative terms, mid-educated adults moved closer in income to those with low levels of

education, which is consistent with the thesis of the «hollowing-out of the middle classes».

Across OECD countries, adults with a tertiary degree earn about 70% more, on average, than those with an upper secondary education. Differences in skills also have an impact on earnings, even among people with the same level of education: on average, a tertiary educated adult who performs at the highest level of literacy proficiency earns about 45% more than a similarly educated adult who performs at the lowest level of literacy.

The risks of low educational attainment and low skills pertain not only to income and employment, but to many other social outcomes as well. There is a 23 percentage-point difference between the proportion of adults with high levels of education who report that they are in good health and the share of adults with low levels of education who report so. The levels of inter-personal trust, participation in volunteer activities, and the belief that an individual can have an impact on the political process are all closely related to both education and skills levels. Those societies that have large shares of low-skilled people are at risk of deterioration in social cohesion and well-being. According to experts, in this case the long-term costs to society – in healthcare, unemployment and security, – accumulate to become overwhelming.

Experts confirm that education and skills are increasingly important factors of social inequality, but simultaneously they are also an indispensable part of the solution to this problem. Education can lift people out of poverty and social exclusion, but in order to do so, educational attainment has to translate into social mobility, the slowdown of which is probably the biggest threat to inclusive growth. It is also noted that this risk is a real one across OECD countries. Comparative data analysis shows that the educational background of parents has a strong influence on the likelihood that the children would acquire a tertiary degree too: 43% of 25-34 year-olds have tertiary education, and only 23% of them are those with low-educated parents; in other words, the benefits of the expansion in education were shared by the middle class, moreover, even if higher education was accessible for them, their upbringing and skills acquired in schools did not help them to move up the social ladder.

Simultaneously, the expansion of education systems in many OECD countries has given 25-34 year-olds an opportunity to attain a higher level of education than their parents. On average across OECD countries 32% of young people have attained a higher level of education than their parents, while only 16% have not attained their parents' education level. Experts say that in all countries except for Estonia, Germany, Norway and Sweden, absolute upward mobility in education is

more common than absolute downward mobility. The expansion of education has been particularly pronounced in France, Ireland, Italy, Korea, Spain and the Russian Federation, where the difference between upward and downward educational mobility is 30 percentage points or more.

Despite the shrinking proportion of public expenditure devoted to education in two-thirds of countries between 2005 and 2011, during the shorter period of 2008-2011 – the peak of the economic crisis – public spending on education grew at a faster rate (or decreased at a slower rate) than public expenditure on all other services in 16 out of the 31 countries. Tertiary institutions and, to a lesser extent, pre-primary institutions obtained the largest proportions of funds from private sources: 31% and 19%, respectively. Public funding on educational institutions, for all levels combined, increased between 2000 and 2011 in all countries except Italy. However, with more households sharing the cost of education, private funding increased at an even greater rate in more than three-quarters of countries.

On average across OECD countries in 2012, 49% of 15-29 year-olds were in education. Of the remaining 51%, 36% held a job, 7% were unemployed. In 2012, more than 4.5 million students were enrolled in tertiary education outside their country of citizenship. Australia, Austria, Luxembourg, New Zealand, Switzerland and the United Kingdom had the highest proportion of international students as a percentage of their total tertiary enrolments.

The research carried out by the OECD contains both average and specific data on all the countries that come under the analysis, and their variations reflect different historical and cultural contexts and demonstrate the achievements and drawbacks of national policies. Some countries do better than others in breaking the cycle of social inequality that leads to inequality in education. The authors of the research stress that education and skills hold the key to future well-being and will be critical to restoring long-term growth, tackling unemployment, promoting competitiveness, and nurturing more inclusive and cohesive societies which need education systems that promote learning and the acquisition of skills in an equitable manner and that support meritocracy and social mobility.

Prepared by **V.Turchaninova**, Senior Lecturer, research associate of the Institute of Higher Education at the Kyiv National Economic University named after Vadym Hetman.

Source: OECD research (2014), «Education at a Glance 2014: OECD Indicators», OECD Publishing. (<http://dx.doi.org/10.1787/eag-2014-en>)

UNIVERSITY ENDOWMENT FUNDS EVENTS



Modern universities that occupy the first lines in most university rankings look at endowment funds as one of the important sources that finance all types of activities within their missions. As the National Association of College and University Business Officers (NACUBO), which investigates university endowment funds in the USA and Canada says, by the start of 2014 there were about 82 universities that had endowment funds of more than USD 1 billion.

Harvard University, which is known to have the biggest endowment fund of USD 32 billion now, created the Harvard Management Company back in 1974 as a unique investment management firm. For the last 20 years their endowment management has delivered an average annual return of more than 12% per year.

But for our readers a more important aspect is the way that endowment funds are being filled. And so we suggest taking a closer look at donations that are directed to these funds.

In February 2014 a self-made billionaire, US investor K.Griffin, announced a donation of USD150 million to Harvard University, which will be the largest single gift ever made to the Ivy League school. Kenneth Griffin, who himself graduated from Harvard 25 years ago, started his hedge fund in a dormitory room at Harvard University. The gift (represents about 3.5% of his estimated net worth at that time) would in the main support the university's financial aid programme — the money will establish 200 Griffin scholars and provide matching funds for a new programme designed to create 600 more scholarships.

Back in 2013 Canadian billionaire John MacBain announced a J75 million donation to the Virginia-based The Rhodes Trust at Oxford University to boost the scholarship programme. The gift, the largest since the establishment of the Scholarship in 1903, will enable the Trust to continue to send future global leaders to the University of Oxford.

Entrepreneurs Michael and Marian Ilitch donated USD 8.5 million to Wayne State University to create the Ilitch Chair for Surgical Innovation within the Department of Surgery at the School of Medicine. The money will establish an unrestricted fund to support research and development in surgical technologies just like development of the world's first patient-specific surgical simulator or «robotic finger with eyes» — surgical innovations under way within the department.

Chinese billionaire couple Pan Shiyi and Zhang Xin, who owns real estate giant SOHO China, are giving USD 100 million to fund disadvantaged Chinese students at top universities across the globe. The first USD 15 million are to go to Harvard University to establish «SOHO China Scholarships» aimed at encouraging less-well-off Chinese students to apply to study overseas. Having also established a foundation to support education in rural areas of China the billionaires were criticized inside the country for this donation.

A USD 1 million grant from David and Charles Koch Foundation to the Catholic University of America to underwrite the hiring of three visiting scholars and a «visiting scholar-practitioner from the business world» was met by criticism in 2013. The Koch brothers are known to be influential supporters of libertarian-style policies that run counter to the church's teaching.

Most donations come to universities from their alumni and most of them are not too big. But the Northwestern University's Kellogg School of



Management received a USD 17 million donation from the estate of alumnus James R. Russell in 2013. The gift is being used to fund a new one-year M.S. in management studies known as the Russell Fellows Program, establish a chaired professorship in the school's finance department and name a study lounge after the Russells in the school's new Lakefront Global Learning Center.

Universities are grateful for donations and try to capture the names of the most generous one in how buildings are called. For instance, this summer the University of Chicago announced naming its new economics building Saieh Hall in honor of the donor — the president of Chile-based CorpGroup Holding Alvaro Saieh who made a «significant donation» and support for faculty, students, visitors and initiatives that fuel collaboration and discoveries with global impact.

Three donors have given the University of Denver a combined sum of USD 40 million, with the largest in the history of the university USD 27 million gift coming from former chancellor Daniel Ritchie. Ritchie's gift is in the form of a working avocado farm. The new building will be called the Daniel Felix Ritchie School of Engineering and Computer Science in honor of his father. The donations will also add to the University of Denver an engineering and computer science building, which will house a new interdisciplinary Science, Technology, Engineering and Mathematics initiative.

Rich endowment gifts are also found in other countries. A Singaporean billionaire, Peter Lim, has donated USD 3 million to the Nanyang Technological University for a new professorship in peace studies based at the S.Rajaratnam School of International Studies. The Government of Singapore will match the gift dollar-for-dollar, bringing the endowment to USD 6 million in total.

In the UK billionaire inventor and industrial designer Sir James Dyson is donating J8 million to the University of Cambridge to provide enhanced

facilities for engineering undergraduates and postgraduates. The money will pay for two facilities: J6 million for a James Dyson building to provide additional research space and J2 million for the Dyson Engineering Design Centre, where undergraduates can develop practical projects, such as making solar-powered cars or underwater vehicles.

There are many other million dollar donations to well-known universities. The President of the Canadian technical consultancy company Tomay, Richard Rogelme and his wife Susan have pledged to donate USD 50 million to the University of Michigan. American casino and real-estate developer Neil Bluhm has donated USD 25 million to his alma mater Northwestern University in Chicago, including USD 15 million dedicated to the law school. David Rubenstein, American financier, philanthropist and co-founder of asset management firm The Carlyle Group, has donated USD 1.9 million to Duke University located in Durham, North Carolina. Billionaire Li Ka-shing's charitable organisation has donated USD 3 million to the School of Medicine at Stanford University to assist in the use of big data to improve health care.

To sum up, endowment gifts are viewed as a part of culture that supports sustainable development of nations and global society through education and research in various areas. Endowment funds are used as an important source for financing university activities in many countries, and Ukraine is still expecting its first million dollar donations from the nation's representatives. The management of endowment fund assets depends on legislation and the wishes of donors.

Prepared by **Denys Ilnytskyy** PhD, Associate Professor, research fellow of the Institute of Higher Education at the Kyiv National Economic University named after Vadym Hetman

Text based on <http://www.wealthx.com/> and university websites

THE FIVE FACES OF ONLINE EDUCATION

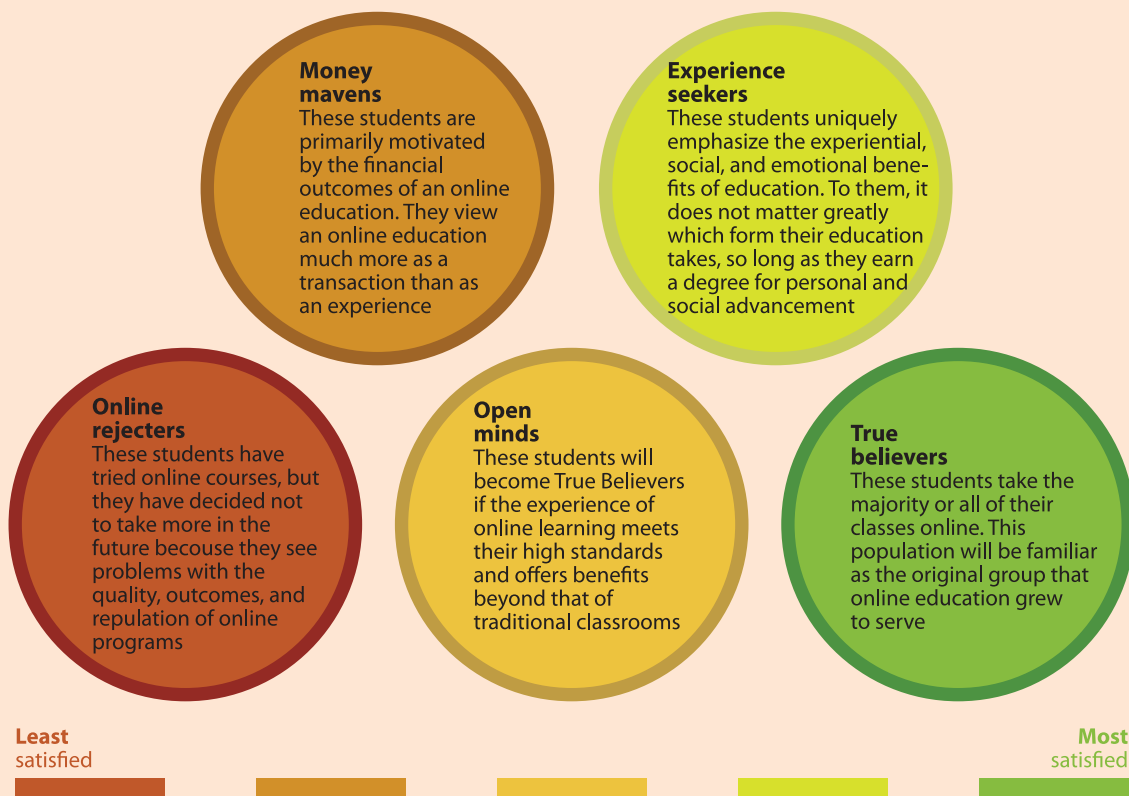
In the not so-distant past only a small number of people who were taking online courses considered them as a good alternative to the traditional education system. Today, online education has already become a leading trend in education.

According to a survey carried out by Boston Consulting Group (BCG) as part of the Consumer Sentiment series, 7 million students are now taking at least one online course. This is an all-time high of 34% of all higher education students. And for more than 3 million students (or 15%) online courses are the primary method of learning. Just about 10 years ago it was only 6%. Today, students choose online courses 5 times more often than traditional ones.

The results of another BCG survey, with 2500 students and 675 parents, confirm these educational trends and provide valuable insights about blended learning, which encapsulates both online and offline elements. The survey showed that across all demographic groups and educational levels students combine courses of all (online, offline, blended) forms to obtain various learning experience. A good example of this is 25% students choosing at least one blended course alongside others.

Meanwhile, the survey revealed that about 54% of all students have difficulty learning exclusively online, primarily due to the lack of contact with teachers, tutors and other students. Students also

The 5 faces of online students today



share some skepticism towards online degrees. At the same time, traditional courses also often fail to satisfy student needs for high quality education, primarily because of their static nature, and so a mixed system of training becomes the most promising.

However, despite the common desire of all students to acquire learning experience by combining different learning models, students' aspirations, goals and expectations from online and blended courses are different as is their satisfaction from online learning. According to these differences BCG researchers distinguished and identified 5 segments within the online education population: Experience Seekers, True Believers, Money Mavens, Online Rejecters and Open Minds.

1. «Experience Seekers». This segment makes up around 23% of all surveyed students and 12% of their parents, that are mostly oriented towards acquiring new experience. Members of this group usually live in cities and study in colleges or corporate courses. They are the most satisfied with online education and consider them a good way to personalize education. Blended learning is preferred among this entire group. About 88% of this group took at least one online course and only 19% of all courses they are currently taking are traditional.

2. «True Believers». This segment is 15% of all students and 19% of their parents, who are active supporters of online learning. Most of them live in rural areas and take a technical education. They are convinced that online education is not inferior or more anti-social than traditional education. They appreciated the opportunity to learn at their own pace more than other groups. Therefore, 76% of vocational courses that they take are either online or blended.

3. «Money Mavens». About 17% of students surveyed and 11% of their parents belong to this segment. More than other groups they are focused on earning and pleased with blended education. Preferably, they are bachelors who focus on receiving a return on investment in their education and consider getting an education as an important

prerequisite for a new job or an increase in their earnings. As 60% of the segment prefer blended learning, it is not surprising that a third of all courses taken by them are blended.

4. «Online Rejecters». This group includes 15% of students and 18% of their parents who are skeptical about the quality, effectiveness and career prospects of online learning. Therefore, they prefer the traditional form of education and just 15% of all courses they take are online courses. The average member of this group lives in the suburbs and studies social subjects.

5. «Open Minds». 30% of surveyed students and 40% of their parents who are focused on maximizing their benefits from online and blended learning. They appreciate the experience they receive from traditional education but also believe that online programs can be of high quality. And so 73% of students surveyed have passed at least one online course, and 53% have passed at least one blended course. It is obvious that this group represents the largest potential for the growth of online education in the near future.

The study proves that the specific needs of each of these groups should be considered as well as the common aspirations of all students wishing to get a high quality education. Educational leaders and institutions should attract appropriate attention to these segments in the context of ever-changing demand. Only those universities who understand how groups of students differ, which segments to target for growth and innovation will have new platforms for innovation, and the potential to transform the ways in which future generations of students learn.

Prepared by **Iryna Kulaga**, docent (associate professor, PhD in economics), senior researcher at the Higher Education Institute of Vadym Hetman KNEU on the basis of Boston Consulting Group (BCG) surveys conducted as part of the Global Consumer Sentiment series

Source: https://www.bcgperspectives.com/content/articles/education_consumer_insight_five_faces_online_education_what_students_parents_want/