

Differentiation in Higher Education and its Consequences for Social Inequality

Marita Jacob
University of Mannheim
School of Social Sciences

David Reimer
Aarhus University
School of Education

Summary

The higher education systems in Europe's Member States have become greatly diversified through the creation of second-tier institutions, such as *Polytechnics* in the UK and *Fachhochschulen* in Germany, and through a broadening range of degree programmes, courses and fields of study. This diversification in higher education has resulted in an overall increase in students from less privileged backgrounds, although higher-tier tertiary institutions have remained socially selective. Although diversification is one factor promoting widened access to higher education, socio-economic backgrounds of students also shape their ability to participate.

Policies aimed at sustaining this process of widening access therefore need to address both the institutional arrangements of higher education and the socio-economic obstacles to the participation of students from poor backgrounds. Our main policy proposals are that:

1. More generous stipends, or more transparent and flexible student loans, might reduce the pressure on poorer students to work through necessity, and this could increase their educational participation.
2. Examples of semi-tertiary institutions which combine higher education with employment and practical training could be emulated, as these have been shown to be successful in attracting poorer students. These might also reduce dropout rates by reducing students' insecurity about their future labour market prospects.
3. Any useful comparison of labour market outcomes for graduates in Europe must adopt a multidimensional approach that takes adequate account of the institutional specificities that exist in each country, rather than using average labour market outcomes.

Differentiation processes among Europe's higher education institutions

In order to meet the growing demand for higher education, national education systems in Europe have "diversified" through the creation of second-tier institutions, such as *Polytechnics* in the UK and *Fachhochschulen* in Germany. In many countries, higher education institutions also differ in terms of reputation and prestige, and in some instances these differences have been further reinforced by educational policies of recent decades.

In addition to this vertical differentiation between institutions of higher education, a process of horizontal differentiation within such institutions has taken place, through a growing diversification of programmes, courses and fields of study. Different types of programmes (e.g. academic vs. professional) and degree levels (e.g. bachelors' and masters' degrees) have been introduced. Partly in response to the harmonisation objectives of the 'Bologna Process', this differentiation has speeded up and is now widespread in higher education systems across Europe. Consequently, differentiation in higher education needs to be understood not only in terms of high-status vs. low-status institutions; it also refers to diversification of degree levels and fields of study.

In the context of the sustained endeavour to create a knowledge-based economy in Europe, and of the strategy to promote Europe as a major innovating economy through the Europe 2020 Strategy, the role of higher education in developing and extending Europe's knowledge base is vital. It is important, therefore, to understand the impact of these changes in the landscape of higher education on individual students, their choices and access to higher education, educational careers and labour market outcomes. In considering inequalities of access, we need to go beyond rough dichotomies (such as first-tier vs. second-tier), and examine in greater detail specific types of institutions (such as the semi-tertiary institutions in Germany), which might attract different social groups. In order to develop this picture, our research has examined students' access to higher education institutions, and the labour market outcomes of graduates, in several European countries and in the United States. This policy brief summarises the findings of this research and their implications for higher education policy in the EU.

What does differentiation mean for students' access to higher education?

According to our research, there are four main outcomes of educational differentiation:

1. The creation of lower-tier institutions has increased levels of enrolment into tertiary education among students from poorer backgrounds. An example of a particularly attractive higher education track for such students is provided by Germany's semi-tertiary institutions ("Universities of Cooperative Education"), which combine employment and practical training with higher education.
2. Although differentiation has enhanced the access of students from poorer backgrounds to higher education, these students are still markedly under-represented in the more prestigious institutions.
3. Differentiation is not the only factor affecting access to higher education, however. It also interacts with other dimensions of students' familial and living situations, such as their employment during study. Indeed, the likelihood of students gaining access to higher education depends not only on their socioeconomic background, but also on general household characteristics, such as the number and gender of siblings, which produce unequal outcomes across socioeconomic groups.
4. Graduates from the humanities, bachelors' degree courses and vocational education institutions are more likely to be 'over-educated', though their disadvantage varies significantly across countries.
5. There is great variation in the labour market destinations of students with degrees in diversified systems of higher education, in terms of the different types and fields of their study, and their effects of their family background.

What does differentiation mean for Europe's higher education policies?

We have three main recommendations to make for higher education policy on the basis of our research findings. All are focused on the removal of barriers to access to higher education among poorer or less privileged sections of the student population.

1. In order to support the removal of barriers to access, additional measures are also needed. Students from less privileged backgrounds have relatively high labour-market participation rates during their study periods, an indicator of the difficulties they face in covering their living expenses. More generous stipends, or more transparent and flexible student loans, might reduce the pressure on them to work through necessity, and this could increase their educational participation. It would also help to reduce their external work demands, releasing study time and thereby probably improving their educational performance.
2. Member States could emulate the example of Germany's semi-tertiary institutions ("Universities of Cooperative Education"), which combine employment and practical training with higher education, in order to roll out the establishment of institutions which have been shown to be successful in attracting poorer students. Offering an element of practical experience as a formal part of a degree programme might also reduce dropout rates by reducing student's insecurity about their future labour market prospects.
3. In view of the varied outcomes of study in diversified systems, calculating the labour market return of an 'average' graduate and comparing it across countries for policy purposes makes only very limited sense, and in fact, may be highly misleading. This is particularly true if different national systems of higher education are diversified to a different extent and if the composition of graduate populations varies widely across the dimensions of institutions, fields of study, degree levels and family backgrounds. Any comparison of labour market outcomes for graduates in Europe must adopt a multidimensional approach that takes adequate account of the institutional specificities that exist in each country.

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