

The Impact Of The Current Economic Crisis On The Demand For Higher Education: An Analysis Of Spanish Distance Education Universities

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ABSTRACT

Spain is currently experiencing a difficult economic situation, and in recent years a significant change has been observed in the behavior of the demand for educational programs as a result of this situation. Recent studies reveal a change in student demand that does not have the same effect on all academic institutions. Bearing this behavior in mind, the present study focuses on providing an overview of the situation of the Spanish distance education university system over a six-year period, from the 2007/08 to the 2011/12 academic year, analyzing the different variables that influence the demand and new enrollment in official degree programs. We also conduct a comparative analysis of the patterns these variables follow depending on the methodology applied by the different universities examined in our study, making a distinction between classroom and distance education universities.

Keywords: University; Demand; Economic Crisis; Spain

1. INTRODUCTION

Universities are a key element in a country's progress, contributing to promoting and developing human capital and increasing scientific knowledge. The international economic crisis has hit companies and workers hard in many countries all over the world. The European Union is still far from achieving sustained growth, and the economic situation continues to be extraordinarily difficult. At this moment, political leaders are focusing all their efforts on adopting measures that will encourage recovery and achieve much-awaited growth, which is now more necessary than ever. All these measures are not exempt from debate among the public, and there has been an enormous surge of opinions, contributions, and studies in different fields, including education, one of the areas that has been directly affected by the situation and which will have important short- and long-term effects.

Spain is experiencing a profound structural adjustment, and the unemployment rate is extremely high, at 22.8% for the last quarter of 2011 and 24.1% for March 2012 (Eurostat, 2012). Forecasts for improvement in 2012 are scarce according to the European Union (European Commission, Directorate-General for Economic and Financial Affairs), with Spain ranking first in terms of unemployment, followed by Portugal (15.3%), Ireland (14.5%), and Slovakia (13.9%).

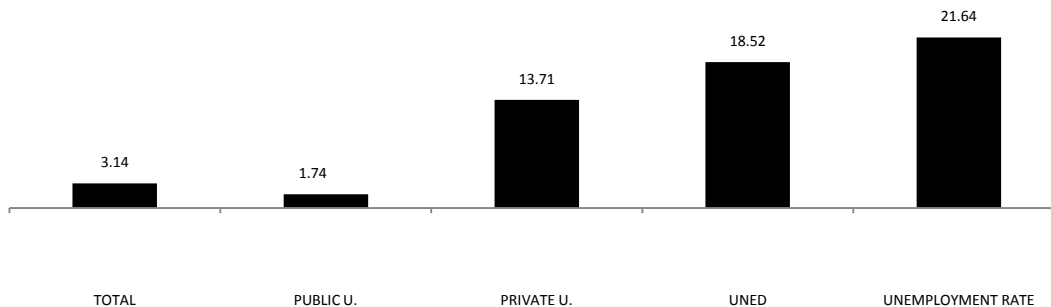
According to OECD research, higher education has a quantitative impact on employability and salary prospects. The statistics published by Eurostat in 2011 show that in OECD countries the employment rate was 83.6% for people in the 25-64 age group with higher education, as opposed to 56% for the same age group without higher education. Similar figures apply to the salary gap between people with and without higher education. In this scenario where employability increases according to the level of education, in recent years educational programs offered in Spain have been on the rise, both in the private and in the public sector.

The latest measures taken by the Spanish government in 2012¹ include a 3 billion euro cutback in education, which may make sense as a savings measure for the national budget, but which clashes head on with the approach and studies mentioned above in terms of the relationship between employability and educational level, and, above all, with the situation that has been developing since the economic crisis began in terms of the growing number of students enrolled in Spanish universities. All this places the higher education sector in a scenario that highlights the need to continue working without losing quality and with the goal of improving education and competitiveness among a growing number of students who belong to a population with lower purchasing power. And it all has to be achieved with 3 billion euros less in resources. Therefore, the current situation in Spain in terms of the provision of public education is facing the twofold challenge of containing expenditure and warranting higher quality that will result in increased employability for the population.

2. AN ANALYSIS OF THE SITUATION OF HIGHER EDUCATION IN SPAIN: THE SPECIFIC CASE OF THE UNED AS THE LEADING DISTANCE EDUCATION UNIVERSITY

At a moment of structural changes in the Spanish university system (with the introduction of the higher education reform) and serious economic problems, it has become apparent that the economic crisis has had a surprising effect, at least in Spain. Student enrollment has increased considerably in all Spanish universities (both public and private), as we can see in Graph 1, and in all degree programs, even those that appeared to have lost their social prestige. In fact, there has even been a demand for degree programs that have been discontinued due to the new plans and their scarce popularity in previous years. Graph 1 refers to three categories in the Spanish university system: Grado, the new four-year undergraduate degree offered since the Bologna Convention was adopted, and the previous First Cycle (first 3 years) and Second Cycle (next 2 years) from the traditional 5-year Spanish undergraduate degree referred to as Licenciatura.

Graph 1
Student enrollment in Spanish universities for Grado (Bachelor),
First, and Second Cycle programs and unemployment rate from 2011 to 2012 (in percentages)



Source: Prepared by the authors, based on data from the INE (Spain's National Institute of Statistics) and the Information Treatment Office at the UNED.

The reason for this increase in enrollment is based on the fact that many of the people who used to have access to the labour market now do not, and seek to broaden their education by enrolling in a university or complementing their former studies with a second degree aimed at a career path that is more appropriate for current times. A second reason for this increase in enrollment is a widespread intention among the unemployed to take advantage of their time and gain academic benefit from their new unemployment situation.

Graph 1 shows the pattern of enrollment at private universities, the UNED, and other public universities in 2012. All of them show an increase in enrollment, although not in the same proportions. The university that has experienced the highest increase in the current academic year is the UNED, with 18.52% more admissions than the year before, 2010-2011, as opposed to the 1.74% increase experienced by public universities as a whole. It seems logical that for most of the people who were part of the workforce until recently, and thus removed from the

¹ Royal Decree-Law No 14/2012, of 20 April

academic world, the best option given their new unemployment situation is to attend a university that does not require their physical presence and gives them greater freedom to continue seeking a new job.

The reason for the UNED to be included in this graph along with most private and public Spanish universities is not only the high percentage of the increase in enrollment it experienced, but also that it has always been the leading distance education university in Spain. According to the data collected by the Ministry of Education, Culture and Sports² shown in Table 1, in 2011, 1,445,392 students enrolled in Grado (Bachelor), First and Second Cycle programs in public universities, and 1,239,575 of these students attended institutions offering classroom instruction. Out of the remaining 205,817 students, 156,759 enrolled in the UNED, which means that 76.16% of all students enrolled in distance education universities did so at this specific institution.

Table 1
Grado (Bachelor), First, and Second Cycle students. 2010-11 academic year

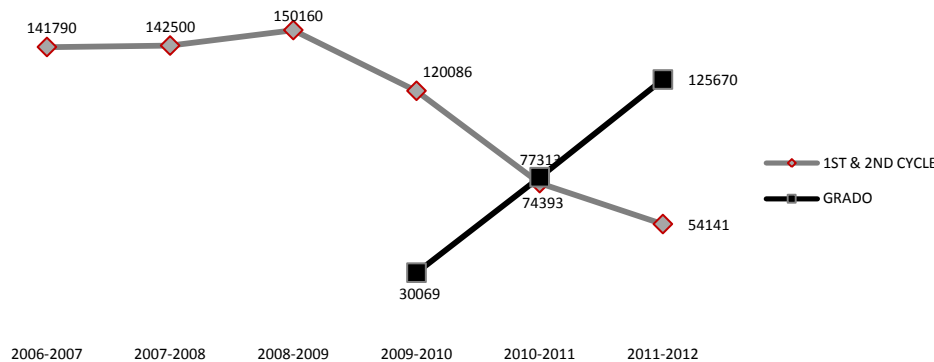
	Total enrollment	Grado	First and Second Cycle
Total	1,445,392	547,797	897,595
Classroom education universities	1,239,575	440,328	799,247
Distance education universities	205,817	107,469	98,348
A distancia de Madrid (UDIMA)	1,406	1,406	0
Internacional de la Rioja (UNIR)	3,567	3,567	0
Internacional Valenciana (VIU)	42	42	0
Nacional de Educación a Distancia (UNED)	156,759	84,458	72,301
Oberta de Catalunya (UOC)	44,043	17,996	26,047

Source: Ministry of Education, Culture and Sports

The UNED's importance in relation to other distance education universities currently operating in Spain and the close professional bond between the authors of this paper and this institution are the two reasons that motivated focusing the analysis of classroom versus distance higher education and the effects of the economic crisis on the UNED.

We will now proceed to describe some relevant data concerning students enrolled in the UNED, the largest university in Spain with 179,811 students in official degree programs (First and Second Cycle and Grado) in 2012, according to the data provided by the UNED's Information Treatment Office.

Graph 2
Enrollment in Grado (Bachelor), First, and Second Cycle programs at the UNED



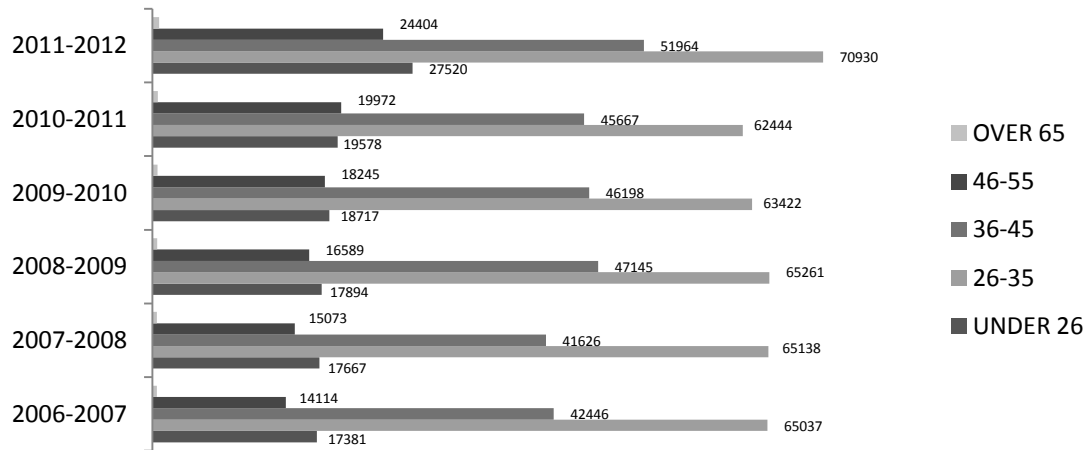
Source: Prepared by the authors, based on data from the Information Treatment Office at the UNED.

² Although the data offered by the Ministry of Education, Culture and Sports are not entirely accurate and differ from those collected by the UNED's Information Treatment Office, we considered it necessary to use them in so far as they are official data.

Graph 2 tracks enrollment patterns for the different Grado, First, and Second Cycle programs offered by the UNED as part of the EHEA. In the 2006-2007 academic year, the number of students enrolled in First and Second Cycle programs was over 141,000, and continued to rise until 2008-2009, when it reached 150,000. From that year on, the number dropped dramatically, down to 120,000 students, due to the introduction of 13 Grado (Bachelor) programs in which 30,000 students enrolled.

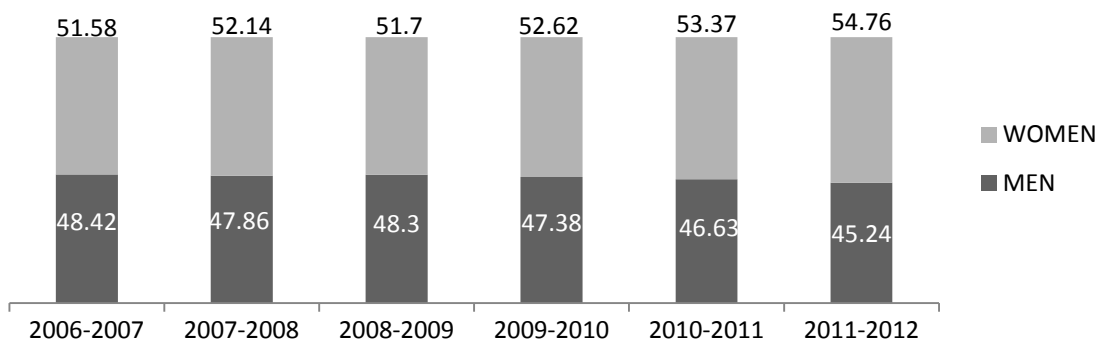
By the 2010-2011 academic year, all UNED programs started to be offered as Grado undergraduate programs, replacing the former Diplomatura (three-year) and Licenciatura (five-year) programs. This is clearly reflected in the figures: the number of students enrolled in First and Second Cycle programs dropped to 74,393, while Grado degree enrollment increased almost 40%. This trend has continued during the 2011-2012 academic year, reaching 125,670 admissions in the 27 Grado programs offered and slightly over 54,000 in the First and Second Cycle programs.

Graph 3
Students enrolled in the UNED, by age



Source: Prepared by the authors, based on data from the Information Treatment Office at the UNED.

Graph 4
Gender distribution for student enrollment at the UNED



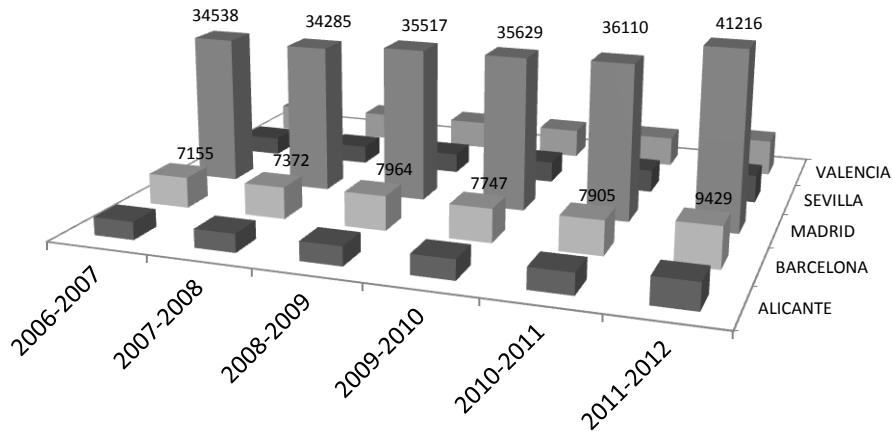
Source: Prepared by the authors, based on data from the Information Treatment Office at the UNED.

Ensuring equal opportunities is one of this university's stated goals. The UNED has made higher education available to people who would not otherwise have had access to a university degree due to their income level, their place of residence, or any other difficulty. The enrollment list includes many people who combine their work day with their university studies. That is why their profile is different from that of classroom university students. Graph

3 shows that a majority of these students is in the 26 to 35 age group. This profile has been dropping over time, from almost 46% in the 2006-2007 academic year to 40% in 2011-2012. The number of students in the 46 to 55 age group, on the other hand, has increased from 10% to 13.5%. Another noteworthy fact is the 3% increase of students 25 years old and younger in the 2011-2012 academic year as compared to previous years. The number of students in the 36 to 45 age group has remained stable over time, accounting for about 30% of total UNED enrollment.

One of the UNED's main goals is to provide women with access to higher education and to the workforce. Graph 4 shows that, at least since the 2006-2007 academic year, the enrollment figures for women are higher than they are for men, and this increase continues to rise, from a 51.5% of women enrolled at the UNED during the present academic year to over 54.5% in 2011-2012.

Graph 5
Spanish provinces with highest UNED student enrollment



Source: Prepared by the authors, based on data from the Information Treatment Office at the UNED.

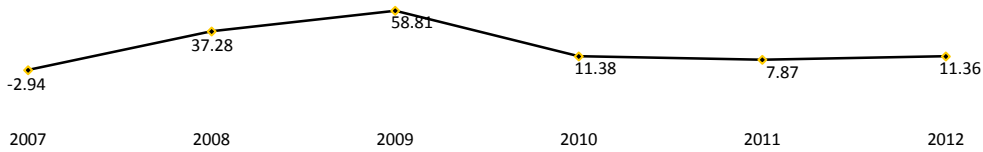
Finally, Graph 5 shows how Madrid is by far the city with the highest UNED enrollment, with a 8,245 student increase between 2006-2007 and 2011-2012 within this province alone. Barcelona ranks second in student enrollment, up from 7,156 students in 2006-2007 to 9,687 in 2011-2012. Next is Valencia, with a 2,293 student increase during the same period. From that point on, several provinces had enrollments of over 3000 students since the 2006-2007 academic year, and admissions have increased in all of them over subsequent academic years up until 2011-2012.

3. THE ECONOMIC CRISIS AND THE DEMAND FOR HIGHER EDUCATION IN SPAIN

This new situation of the labour market as a consequence of the current economic crisis in Spain generates a demand for higher education made up of certain segments of *new potential students* whose profiles are different from those attending universities until now. This could be why the different types of universities we examined showed very different behavior patterns in their enrollment according to the academic year and the characteristics of the individuals who are unemployed for each one of the periods that cover those academic years.

This suggests a need to analyze the enrollment trends for each one of the five periods, contrasting the data for the three cases of the universities we observed, as well as the unemployment rate patterns for that same five-year period.

Graph 6
Unemployment rate (in percentages)

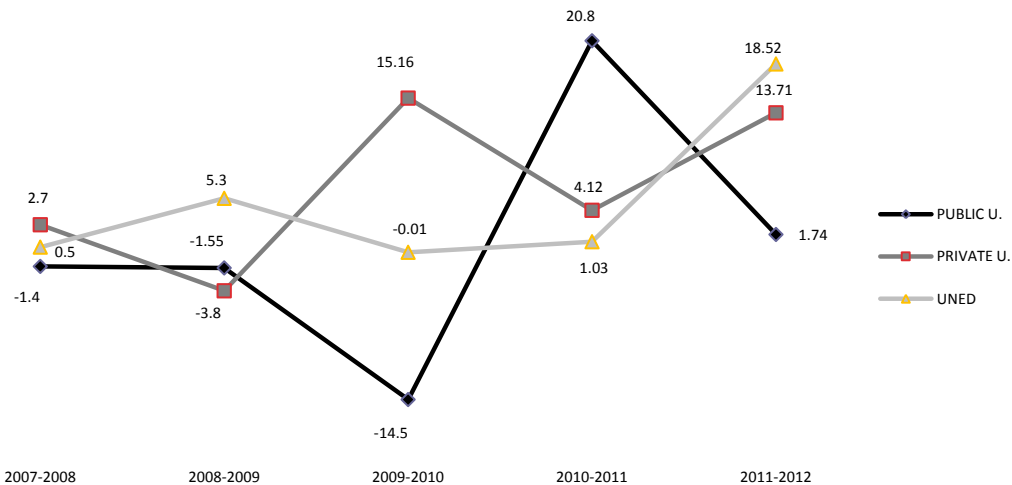


Source: Prepared by the authors, based on data from the INE (Spain's National Institute of Statistics).

An analysis of the unemployment rate over these six years shows two periods with particularly high increases: 2007 to 2008, with a 37.28% increase in unemployment (the period when the effects of the economic crisis started to show), in contrast to the year before, when unemployment had dropped 2.94%; and 2008 to 2009, when it increased 58.81%.

During these same periods, as we can see in Graph 7, the UNED was the only university that had an increase in enrollment, as opposed to other public universities in the 2007-2008 academic year, and to the other universities considered in this study (both public and private) for 2008-2009. During that academic year, there was particularly noteworthy behavior in student enrollment at the UNED, the only university that managed to increase its enrollment (up 5.3%) while others experienced as much as a 3.8% drop in the case of private universities.

Graph 7
Enrollment in Grado (Bachelor), First, and Second Cycle programs in public and private universities and in the UNED (in percentages)

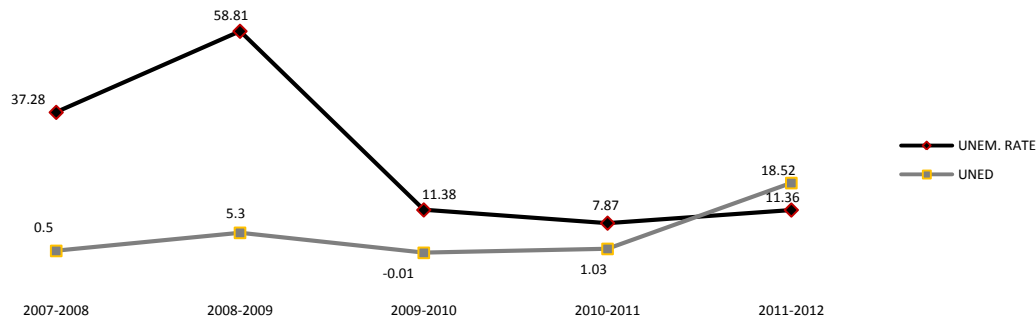


Source: Prepared by the authors, based on data from the INE (Spain's National Institute of Statistics), the Information Treatment Office at the UNED, and the Ministry of Education, Culture and Sports.

In the five academic years we examined in our research, the UNED only experienced a drop in enrollment during the 2009-2010 academic year, which was 0.01% lower than the year before. This is the same period in which the unemployment rate experienced its greatest drop (from a 58.81% increase the year before to a 11.38% increase in 2010).

Graph 8

Unemployment rate and enrollment in Grado (Bachelor), First, and Second Cycle programs at the UNED (in percentages)



Source: Prepared by the authors, based on data from the INE (Spain's National Institute of Statistics), the Information Treatment Office at the UNED, and the Ministry of Education, Culture and Sports.

During the 2010-2011 academic year there was a striking rise in the number of students who enrolled in public universities, from a 14.5% drop in enrollment in 2009-2010 to a 20.8% increase the following academic year. If we look for a connection between this behavior and the unemployment rate for that same period, we see that in 2011, 53.34% of the unemployed were young people under the age of 26. As we pointed out in the previous section, the predominant profile for UNED students is in the 26 to 45 age group. During that year, 41.16% of the students who enrolled in the UNED were in the 26 to 35 age group, and 45.93% were over 35. Only 12.91% of UNED enrollment was under 26. This could explain why a large part of the unemployment rate was distributed among classroom education universities (mostly public), since their teaching method is better suited for the needs of a younger population.

4. CONCLUSIONS AND FUTURE LINES OF RESEARCH

The data we used and the different analyses we conducted in this study lead to several conclusions which deserve further thought, not only because of the social impact of the issue at stake, but also because of the implications they could have for the future.

At moments like this, when universities are undergoing considerable structural changes and suffering the cutbacks that result from the economic crisis, the increase in the number of enrolled students, far from being considered a source of income that under normal circumstances would ensure a prosperous future, is becoming a cause for concern for two entirely different reasons:

In terms of higher education, the philosophy and the objectives gathered in the new university reform (all of which are based on excellence in quality) will not only be reduced, but in many cases (as that of the UNED) will be difficult to put into practice.

In terms of employment, in not so distant a future we may witness a saturation of the job market in the fields and areas of specialization that are in highest demand among students right now.

It is crucial to establish clear public policies aimed at leading people who are unemployed towards the appropriate careers with funding and incentives, and to make accurate estimates in order to be able to allocate resources in a way that is capable of fulfilling students' growing demand in universities.

Among all the universities that now exist in Spain, those most affected in terms of our conclusions listed above are those whose methodology is based on distance learning, since their student profile is closest to the characteristics of the individuals who make up the current market segment that is unemployed. Distance learning offers added value for this segment of the population, and a competitive edge over other universities, which, although some of them are now adapting part of their curricula to distance learning, cannot yet compete with institutions that have always focused on this method.

An important point to consider is that there are now only five distance education universities in Spain, three of which are fairly recent (UDIM, UNIR, and VIU). The UNED is the oldest distance learning institution in Spain (celebrating its 40th anniversary this year), with the highest enrollment by far and the only one that is fully funded by the Spanish Government. These facts, together with the data drawn from the analysis conducted in this study (in so far as the pattern for enrollment is similar to the pattern for the unemployment rate), it should be taken into account and given special attention for defining the public policies mentioned earlier.

Lastly, we would like to point out several aspects that limit the scope of the results obtained from this study and that could lead to future lines of research:

First of all, the present study shows the limitations that are typical of a descriptive analysis leading to conclusions drawn from observing data from indirect sources.

Secondly, although we analyzed Spanish universities as a whole, making a distinction between public and private institutions, and deliberately focusing our analysis on the UNED, it might be interesting to broaden the scope of the study to include all the other universities in order to conduct a more in-depth comparison and specifically analyze the other four existing distance education universities.

It would probably also be appropriate to conduct a comparative analysis of the unemployment rate in other European countries that have also been hit hard by the crisis, analyzing their patterns for distance education university enrollment in order to determine similarities and differences in terms of the results.

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