# THE INFORMATION FALLACY

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> *The perfectly informed customer of economic theory is nowhere to be seen.*
>
> (Gordon Winston, 1997)

## Introduction

1. In his IMF article *Financing Higher Education* (Barr, 2005) Nicholas Barr argues that "students are potentially well informed consumers, better able than planners to make choices that conform with their interests and those of the economy". David Watson has made similar claims (Watson, 2006). In this paper I want to look at the role which information about quality might play in the higher education market for undergraduates that is being created by variable fees and bursaries. My conclusion is that whilst more information about quality would certainly be desirable, there is no way in which valid and reliable information about comparative quality can be provided in the mass and diverse higher education system that we now have. I term this, with no great originality, the "information fallacy". This in turn means that there are severe limits to the extent to which a genuine higher education market can be created.

## The Theory of Information

2. The one thing – perhaps the only thing – on which economists seem to agree is that markets cannot function without adequate (ie sound and impartial) information about quality. Applied to higher education, this must require students and others to be able to make, and act upon, rational judgements about the quality of programmes and awards at different institutions (alongside information about programme price and availability), and for institutions to respond to those judgements (and actions) by improving quality.

4. If, on the other hand, these judgements cannot, or will not, be made, and the necessary consequential actions not taken (by students, funders and institutions), then there can be no justification for preferring particular institutions for purposes of resource or value allocation. In these circumstances the only legitimate economic argument for variable tuition fees concerns non-quality related costs such as the local price of inputs like staff and accommodation (this is leaving aside the case where fees may be lowered through public subsidy to promote or protect particular kinds of provision.)

5. In moving down the market route, therefore, the crucial question is whether it is possible to have sound and impartial (ie valid, reliable and consistent) information about the quality of programmes and awards at different institutions as a basis for students' and other judgements.

6. However that is only the beginning of the discussion. To be effective as a basis for decision making, such information must also:

   (1) be available to decision makers in a timely, accessible and equitable fashion;

   (2) be interpreted in a rational manner by those decision makers;

   (3) be acted upon by those decision makers; and

   (4) lead to responsive actions on quality by the providing institutions.

7. There has also to be a reasonable relationship between the overall benefits, costs and detriments associated with the collection, processing and publication of the information: other things being equal, the collection and publication of information about quality must represent the best use of resources for that purpose (greater welfare with fewer detriments). The remainder of this paper discusses these issues at greater length.

**Comparative Information about Quality**

8. Let us start by asking: what conditions would need to be in place for sound and impartial judgements to be made about the comparative quality of programmes of study and the associated awards at two or more different institutions? In other words, how can valid and reliable information about the comparative quality of programmes and awards be created?

9. The following conditions are suggested:

   (1) the programmes would have to be comparable in terms of aims, structure, content, learning outcomes, delivery and support;

   (2) similarly, the awards would have to involve comparable assessment methods, criteria and outcomes (marks or grades);

   (3) the assessment judgements would have to be valid, reliable and consistent; and

   (4) students pursuing the programmes (and/or interested in pursuing the programmes) would have to have comparable starting attainments, aspirations, motivations, learning objectives etc.

10. One has only to consider these points for a moment to see how unlikely it is that such conditions could be created in the diverse mass and diverse higher education system that we now have. Let us take a conventional academic discipline like history as an example.

11. The current UCAS website lists no fewer than 56 different types of course with history in the course title. Some students will be studying some aspects of history in a conventional single honours course. Others, possibly the majority, will be doing it as part of a combined programme with other subjects perhaps as a pathway or module or even as an elective (non-credit bearing).

12. Moreover, the interests of the students on these courses will vary. For example:

- Student A is a typical academic "high flyer". S/he wants to go to university because of their interest in history as a subject. To study it at university is therefore the logical next step. S/he isn't concerned with a career though they might be attracted to becoming a university lecturer. S/he has already gone to conferences organised by the Historical Association and is also involved with their local history group.

- Student B is also a "high flyer". S/he is also reading history but not for the sake of the subject. Their interest is more in personal intellectual development. S/he could have studied other subjects and could well switch. S/he has no idea of a career, their interest is in history as a source of intellectual stimulation.

- Student C is also very bright. S/he is going to university because everyone else is doing so and they don't want to be the one left out. S/he is reading history because it was their best subject at school. S/he has no idea what to expect from the course but does know that it will help with their subsequent career.

- Student D is unashamedly going to university for a good time. S/he is studying history because they have heard on the grapevine that the number of required contact hours are limited and even indeed discretionary. S/he has no idea about a subsequent career.

- Student E is studying history because s/he believes (erroneously) that it is possibly to get good grades in what they believe (again wrongly) is an "easy" subject. S/he does know that class of degree – together with the university from it comes – is a predictor of subsequent career success (only true to a limited extent). S/he is therefore looking for the best result with the least effort.

- Student F is studying history because their teachers have said that it is a good basis for a subsequent career. S/he has seen surveys that show that history is a subject that is studied more than any other one by successful people in public life.

13. In terms of a range of purposes, A and B can be seen as having more of a "developmental" approach to the study of history whilst the others have a more "instrumental" approach. All apart from A see history as a means to an end rather than an end in itself. Each of these students is looking for something different from their history course. Moreover their prior attainment and background circumstances will also vary.

14. Finally, there is a good deal of evidence that assessment practices in British universities continue to leave a good deal to be desired (Warren-Piper 1995, HEQC 1994, HEQC 1997a, QAA 2003, QAA 2006). In any case, assessment is only a partial guide to the quality of student learning (Atkins, 1993).

15. In reality, the only way of fulfilling these conditions, or even of attempting to do so, would be to have a national curriculum with national tests

administered by national examiners. This is unimaginable but it can be confidently predicted that as markets develop there will be renewed calls for controls of this kind. This is what I have christened "Brown's Paradox": the fact that as the system expands the desire for comparability grows yet by the same token the possibility of achieving meaningful comparability recedes.

**Timeliness, Accessibility and Equitability**

16. Let us imagine nevertheless that it was possible for some person, group or organisation to arrive at such judgements. Having them of course is not sufficient. They will also need to be made available to each decision maker in a timely, accessible, and equitable fashion.

17. As regards timeliness, if information about programme quality is to be useful as a basis of student choice, it has by definition to be available well in advance of the decision. But higher education is an "experience good": something that is experienced through being consumed. So the only secure way of obtaining information about a course or institution is to experience it. By that time it may be too late given the difficulties of switching course or institution. This incidentally highlights another key assumption, that students are able to act on the information they receive.

18. As regards accessibility, leaving aside all the issues about disaggregating institutional information to the level of detail – programme or even module – in which the individual student may be interested, there is the undoubted difficulty that few students have the interest, the energy or the expertise, to usefully interrogate it (this may partly be about the quality of their secondary education). This is the "two clicks maximum" phenomenon.

19. As regards equity, it is notorious that some students are better able to access and use the available information than others. It has often been argued that working class students will benefit particularly from comparative information about quality because they lack the social and cultural capital of middle class students. This point is considered further below.

**Rationality**

20. Let us assume nevertheless that these conditions have been met (or that the difficulties of fulfilling them have been reduced by, for example, making it easier for students to switch programmes). There remains the question of the use made of the judgments.

21. Implicit in the markets approach is the notion of the rational consumer. However, as Jongbloed, in a recent and valuable discussion (Teixeira et al, 2006), points out, the idea of the rational consumer no longer holds currency amongst economists:

> *Research in consumer psychology has shown that consumer decisions are seldom the result of purely rational cost-benefit analysis based on a stable set of preferences. Instead, consumer decisions are highly complex and cannot be detached from the social and political contexts in which they take place. Individuals may select a product*

> *or service on the basis of non-rational considerations, for instance because of their desire to do what their environment expects of them. At best, such behaviour may be seen as based on the assumption of* ***bounded rationality*** *(Simon 1978), or partial rationality. This appears to be the case for both relatively unimportant routine decisions involving the purchase of inexpensive goods for instance, and more significant life choices concerning and individual's educational career (Menon 2004). In other words (see Meijers 1995) an "ideal type" consumer acting in a perfect market characterised by full information does not exist.* (2006: 24). Cf Stothart, 2007.

22. The point about context is particularly relevant to students from backgrounds unfamiliar with higher education, as another contributor to the same volume shows:

> *the relationship between information and decision making appears much less straightforward than is assumed… People having access to identical information about higher education may construct it to come to entirely different decisions about whether or not to apply to university. These reflect their perceptions of the providers of information, as well as a whole range of contextual and identify factors (Hutchings 2003: 98 quoted by Callender, 2006)* (Teixeira et al, 2006).

23. This point is exemplified by Lesley Pugsley's study of decision making about higher education in South Wales: issues about information end up as being issues about social and cultural capital (Pugsley, 2004). The same point is made from another angle by Bob Zemsky (in Burke, 2005 (ed) where he argues that is doubtful whether even if the information issue could be resolved, it would have much impact on student or funder choices, given higher education's significance as a positional good.[1]

**Institutional Responses**

24. Whilst there is some evidence of institutions responding to critical external review reports by taking remedial action on quality, we know too little about how they respond to the kinds of market signals envisaged by government. Most academic institutions simply don't work like that and probably never will. One would need to show that the lack of student support was due to problems of quality. Given the lack of rationality exhibited by many students this would seem to be a forlorn hope. But without such evidence there is little chance of making the necessary adjustments.

**Benefits, Costs and Detriments**

25. A final issue, not yet greatly considered, is the question of who will bear the cost of collecting and publishing this information, and whether the benefits will be sufficient to justify the cost. In a recent report the Quality Assurance Framework Review Group (of which the author was a member) recommended the ending of the practice of placing (so called) qualitative information about quality – such things as summaries of external examiners' reports, outcomes of internal reviews, institutional learning and teaching

strategies, links with employers etc – on the national TQI website. This was on the basis that the costs to institutions of producing this information outweighed any potential benefits to students.

**Conclusions**

26. As Jongbloed says:

> *If individuals are fundamentally rational and the problems are …. (uncertainty, imperfect information), the potential role for policy would be to try to address those market imperfections by helping students make the decisions they want. If, on the other hand, students are fundamentally irrational then giving them more information or eliminating market imperfections will not necessarily improve outcomes. In the latter case there may not be a need to strengthen consumer choice in higher education, and it might be better to, for example, let educational authorities offer the programmes they deem best for students rather than let student preference drive programme selection* (in Teixeira et al, 2006: 25).

27. Jongbloed argues that the job of the regulator is (a) to ensure that some information about programme quality is available to students and (b) to try to ensure that wherever students study, the programmes they follow and the qualifications they achieve reach a minimum standard. However even this may be difficult.

28. In a study for the former HEQC some ten years ago which looked at the possibility of establishing threshold standards in four different discipline areas (law, psychology, life science and modern languages) a team led by Alison Wolf concluded:

> *Current trends in university organisation and assessment militate against the formation of common understandings and standards even within an institution and programme. Without mitigating action, they are likely to threaten marker reliability in the not-too-distant future. It is emphasised again that most current assessors were socialised into a system in which the links between course creation, assessment and awarding were very close. The effects of current trends towards fragmented marking, formula-driven awards and small examination boards are not currently being offset by any other developments; and the reduction in double marking found in some programmes makes it even harder to socialise assessors and maintain reliability. In the next decades, as a large proportion of current staff retire, the implications of these trends will become more evident* (HEQC, 1997a: 21-22).

29. Considerations of this kind underlay HEQC's doubts about the external examining system, traditionally the bulwark of comparability across the system.[2] Indeed, as I recorded in my book (Brown, 2004), HEQC might well have recommended more radical changes to the external examining system had we not been fighting to preserve some measure of self-regulation: our concern was that if we made major changes to external examining the Funding Councils might argue that Teaching Quality Assessment could be

extended to incorporate comparative judgements about standards. This was before concerns about Teaching Quality Assessment reached the point that they later did.

30. None of this is to argue against the provision of information about quality and standards by institutions. Indeed I believe that all institutions should be able to say what contribution they seek to make to the education of their students, how they measure or assess that contribution, and how they enhance it (Gibbs). What I am doubting is the point of trying to create sound and impartial information about **comparative** quality when there is simply no basis for it in the kind of system we now have.

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**NOTES**

[1] Working class students are further disadvantaged by league tables because these steer them towards institutions that are less prestigious and therefore less attractive.

[2] For earlier doubts see David Warren Piper (1995).