

Chapter 11

Distance Learning: The “Risk Mitigation” Case for Independent Governmental Performance Measures in New Zealand

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ABSTRACT

Global challenges faced by Institutes of Technology or Polytechnics (ITP) are complex. With a particular focus on distance learning, this chapter discusses the key variables of global challenge (or threats and drivers) to ITPs and shows how these variables may be mitigated for organisational advantage. In addition, the focus of the argument is directed to an equity imbalance currently experienced in the distance learning ITP sector in New Zealand. Namely, that distance learning providers must compete under the same funding criteria as contact or face-to-face providers despite differences in learning delivery mode.

INTRODUCTION

New Zealand currently has eight universities and twenty polytechnics which compete for funding from the New Zealand government via investment plans which are negotiated with the Tertiary Education Commission (TEC). However, it has only one Polytechnic entirely dedicated to distance learning—The Open Polytechnic of New Zealand. Due to variabilities in government policy, market and operational conditions, and student demographics, for any Institute of Technology or

Polytechnic (ITP), even those with long and established histories and relative economic viability, it is difficult to predict the future and thus maximise advantage for the organisation to ‘progress’—or at least function optimally—in a ‘dynamic environment’. Murgatroyd and Woudstra note that there are generally three market strategies for blended and distance learning ITPs, and these are either their having: excellence as a provider, being a least cost provider (operating at basement prices for mass provision), or being the sole provider in a niche market (1989, p. 12). In this respect, and quite separately from the way the public perceives the organisation, ITPs are simultaneously ‘determin-

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ers' of markets as well as responding to them, in fact the measure of 'determination or response' is a key indicator of operational efficiency, if change is to be effective. Frequently, distance education providers have high 'up-front' curriculum costs but arguably lower delivery costs, although the distribution of delivery value is an ongoing issue for faculty and management in many organisations.

This chapter will argue that those ITPs with a focus on blended and distance learning that are able to adapt and remain flexible in a changing world whilst delivering their core educational services, are those most likely to have a future. Increasingly volatile market pressures have impacted on the way in which ITPs must integrate risk management into their planning and normal operating mandates. Distance learning organisations have to compete with contact tertiary education providers or hybrid tertiary learning organisations in environments where aspects of their market differentiation are recognised by consumers and employers but not always to the desired extent by central government funding agencies. This adds to risk exposure for distance learning organisations and needs careful strategic management. This discussion will focus on: the current environment for ITPs in New Zealand, arising problems of risk management facing distance learning tertiary institutes globally, differences in retention levels between distance learning and face-to-face learning, distance education and risk management, and strategies for risk mitigation. The authors consider The Open Polytechnic as a case study of capacity building and conclude with recommendations for the mitigation of risk to improve equity in distance learning tertiary provision.

THE CURRENT ENVIRONMENT FOR INSTITUTES OF TECHNOLOGY AND POLYTECHNICS IN NEW ZEALAND

The present employment environment in New Zealand remains influenced by the pressures for

increased efficiency and competitiveness instigated with the deregulation of the economy in the mid 1980s and 1990s with some divestment in manufacturing industry and infrastructure and growth in service industries coupled to a growth of the knowledge economy in the first decade of the new millennium. Within this climate, whilst correspondence or distance learning has long offered alternatives to face-to-face tertiary education, the present volatility of the labour market and the possibility of home study make distance education the first choice for learners who seek flexible learning options for the purposes of upskilling within or between careers, or transitional employment between vocations.¹ New Zealand's universities and polytechnics, all compete for funding from Student Achievement Component (SAC) or Performance Based Research Fund (PBRF) from the Tertiary Education Commission (TEC). The tertiary environment in New Zealand is characterised by insufficient public funding (although the government would argue it is enough provided services are run properly) and by the pressures to globalise, streamline curriculum portfolios, and take increased organisational responsibility for financial and educational performance (Waring, 2002, p. 26). As a result, there is strong competition within the ITP sector between providers for available government funding. As such, increasingly ITPs must be run as 'academic businesses'. Thus, there is a continual pressure to maintain financial as well as educational viability. Any business must operate with an awareness of external or internal threats from risks that, for the most part, must be balanced with drivers for achieving operational efficiencies or mitigated against by planning.

While many of the risk exposures faced by tertiary providers (contact delivery mode and distance education) are shared, there are also some factors of difference. For example, in New Zealand the Tertiary Education Commission currently links five percent of the ITP's Student Achievement Component Funding (funding that is supplied by Government) to the organisation's

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