Chapter 2
Redemption through MOOCs?
Valuing Aggregation and Pricing Disaggregation in Higher Education Markets

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ABSTRACT

Massive open online courses (MOOCs) have received considerable publicity over the last few years. Since they offer costless learning experiences, many have seen them as a way of reducing the costs of higher education. A commonly suggested approach is that learners should be able to take a range of MOOCs and use their certificates of completion to assemble a portfolio that reflects their learning accomplishments, with separate educational market-providers offering services such as advisement, assessment, and accreditation of the portfolio content. It is speculated that this fracturing, or disaggregation, of the current higher educating system would allow learners greater choice and reduce the costs of obtaining accredited degrees. This chapter explores the opportunities and challenges presented by MOOCs and the economic and educational implications of a proposed disaggregation of the higher education system. The analysis suggests that disaggregation would not necessarily reduced costs, but that it would inevitably destroy much of the unpaid-for-value that resides for graduates in the current aggregated system of higher education.

INTRODUCTION

Massive open online courses (MOOCs) provide simple solutions for difficult problems. Suppose that a pensioner living in Lima wants to gain a deeper understanding of the history and development of European classical music, but is financially and physically unable to attend her local college. Suppose that another student in Lisbon is presently enrolled in an electrical engineering degree program, but wants to independently explore production costs within a framework of contemporary microeconomics. Further, suppose that a marketing manager in London wants to continue her professional development.
by studying organizational culture, but has no available time to pursue a traditional campus-based study program. These three independent problems can all be solved if the would-be learners enroll in MOOCs. Each learner will participate, to the extent that he or she desires, with thousands of like-minded learners scattered throughout the world. Not surprisingly, because of their massiveness and openness, MOOCs are characterized by cultural diversity and geographic inclusiveness (DeBoer, Stump, Seaton, & Breslow, 2013; Kizilcec, 2013). Those learning in MOOCs will never physically meet their co-learners, but they will work with them to increase personal understandings, enhance the social capital of their learning networks, and perhaps even to make new friends. Unlike online distance learning courses offered by colleges and universities, those learning in MOOCs will pay nothing, unless they want to purchase formal certificates of completion. MOOCs solve the problems of the hypothetical pensioner, student, and manager with simplicity and with a degree of elegance. They also solve the educational problems and realize the learning aspirations of hundreds of thousands of real people every day.

With these win-win opportunities it is hardly surprising that MOOCs have been surrounded by so much publicity, enthusiasm, and excitement (Conole, 2013; de Freitas, 2013). Yet, in some quarters, the euphoria is clouded by persistent and troubling doubts. For instance, the completion rates for MOOCs are generally lower than 10 percent. Although some contend that the ways in which current completion rates are assessed are misleading, legitimate questions remain as to whether and how these rates can be increased in the future (Ho et al., 2014).

Many also see MOOCs as eroding the status of faculty, reducing teaching positions, and further dislocating a higher education landscape that already consists of 80 percent of adjunct, non-tenured, “contingent” faculty members (American Federation of Teachers [AFT], 2009, 2010). Will the greater use of MOOCs only lead to faculty alienation and redundancies, or will it actually revitalize the ailing academy?

Many characterize MOOCs as a wonderful idea in search of a realistic business plan. The question is whether a business plan can really emerge. More than 70 percent of present MOOC enrollees possess a baccalaureate or higher degree. The market potential for MOOCs lies with those who do not already have a college degree, but will that population be interested in MOOCs or will they be able to utilize MOOC learning in order to earn degrees? Can MOOC providers tap into this potential market, make returns on their investments, and at the same time reduce overall tuition costs – or is “conceiving of MOOCs as part of a digital revolution in higher education that opens up free education for all is… misleading” (Brabon, 2014, p.1)?

This chapter examines these and other questions and opportunities presented by MOOCs. The first section provides background by briefly describing the origins of MOOCs and distinguishing between the different forms they have taken. Although current attention is focused on the economics conditions and business plans that might work for MOOCs, it is important to keep in mind that MOOCs are educational products that will eventually be valued in the market based on the perceived benefits that they offer consumers. This section will therefore consider the place of teaching, learning, and pedagogies in the MOOC debate.

The second section examines the economic assumptions and marketplace dynamics of MOOCs. A key issue is the degree to which the educational process can be split – deconstructed, disaggregated, or unbundled – into separate components such as instruction, assessment, guidance, programmatic structures, and accreditation. It has been argued that each of these functions could be made available separately in the marketplace, with market participants assembling the pieces into final products such as