

**Book Review – Economics of Distance and Online Learning:
Theory, Practice and Research**

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Volume 12, Number 2, February 2011

URI: <https://id.erudit.org/iderudit/1067629ar>

DOI: <https://doi.org/10.19173/irrodl.v12i2.948>

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Publisher(s)

Athabasca University Press (AU Press)

ISSN

1492-3831 (digital)

[Explore this journal](#)

Cite this review

Laaser, W. (2011). Review of [Book Review – Economics of Distance and Online Learning: Theory, Practice and Research]. *International Review of Research in Open and Distributed Learning*, 12(2), 138–142.
<https://doi.org/10.19173/irrodl.v12i2.948>

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International
Review of
Research in Open
and Distance
Learning

Vol. 12.2
February – 2011

Book Review

Economics of Distance and Online Learning: Theory, Practice and Research

Editors: Bramble, W. J. & Panda, S. *Economics of Distance and Online Learning: Theory, Practice and Research* (2008). London: Routledge. 312 pages. ISBN-13: 978-0415963893

Reviewer: Wolfram Laaser, FernUniversität in Hagen, Germany

The book edited by Bramble and Panda provides a comprehensive overview of the organizational models of distance and online learning from an international perspective and from the point of view of planning, costing, management, and decision making. Chapters are written by different experts working in the field. For those not familiar with costing and distance education it provides a valuable introduction to the different facets of handling the economic aspects of distance education and online learning. Experienced scholars will find some interesting viewpoints and methodologies to inspire further discussion and research.

Chapter 1: Organizational and Cost Structures for Distance and Online Learning

The chapter written by the editors themselves introduces the term *distance education* and highlights the generations of distance education according to Taylor. It then goes on to list models of delivery following Peters. Finally general factors are listed that influence costs, such as country characteristics, system design, organizational type, and curriculum focus. The chapter ends with a listing of cost categories and types of cost analysis. (The definition given of cost effectiveness is not shared by the reviewer. “A cost effective system is one that minimizes cost and maximizes effectiveness of outcomes.” In my view cost can only be minimized for given output; minimization and maximization are not achievable at the same time.)

Chapter 2: Changing Distance Education and Changing Organizational Issues

Written by Canadian authors Garrison and Kanuka, the chapter describes the changes that are related to the spread of online learning to both distance education and campus-based education. “Blended learning is a disruptive technology in that it has the potential to overcome the resistance to change of any large educational institution” (p.20). In this respect, bottom-up and top-down strategies are mentioned to motivate administrative staff to adapt to changes. The authors furthermore state that the diversity of institutional and pedagogical settings will increase and the distinction between the two educational models will become blurred.

Chapter 3: Online Learning and the University

Curran extends and deepens the topics raised in the previous chapter. He gives an overview on growth of online learning both in the US and Europe and tries to identify the different effects of online learning on the role and model of the traditional university. Due to constraints of context, cost, and culture, he concludes that radical or revolutionary changes in universities are an unlikely prospect.

Chapter 4: Virtual Schooling and Basic Education

Clark extends the perspective of the university to the school level with special reference to the US context. Types of virtual schools and their different funding policies are explained. The author doubts that online distance education via virtual schools will catch on outside North America.

Chapter 5: Historical Perspectives on Distance Learning in the United States

This chapter written by Edelson and Pittman brings us back to the US context. The authors cite a study that predicts online courses will eventually account for 31% of all course enrolments at the postsecondary level. The authors claim that developing online courses is more costly than conventional print-based independent study. Cost savings are however expected from cooperation with professional publishers. The authors expect nevertheless a rise of online courses of up to 50% of all enrolments. The US government is supposed to lower some funding restrictions and thereby increase support for students learning at a distance.

Chapter 6: Funding of Distance and Online Learning in the United States

From an historical perspective, Smith and Bramble explain why, unlike in Europe, in the United States dual-mode institutions, rather than single-mode institutions, are the prevailing educational model. With respect to higher education, US federal government influence has been exerted

through accreditation, land and financial grants, and financial aid to students. State influence has been achieved through direct budget contributions. Due to economic constraints, however, state funding has lost some of its importance. The authors complain that the greater need for distance and online learning is for recurrent, rather than project-based, funding that tends not to fit the funding priorities established for traditional institutions.

Many institutions have adopted a business-like model to operate distance education as a separate business operation or profit centre. Often profits generated are then absorbed into the general budget. The authors conclude that rather than a pioneering national effort to meet a national need to educate the masses, distance education in the United States is most often a supplement to traditional campus-oriented education.

Chapter 7: Funding Distance Education – A Regional Perspective

This chapter by Panda and Gaba describes funding policies with special reference to the situation of India. The authors report that funding for Indira Gandhi National Open University, one of the mega universities, has decreased over time. Today open universities have to finance themselves mainly by student fees.

Chapter 8: Costs and Quality of Online Learning

Inglis starts with the following observation that the belief on the part of senior managers that moving to online education offers a way to reduce cost was misplaced; they now realize that the relation between cost and quality is more complicated than they had thought previously. After presenting the difficult definition of online learning, she proceeds to state the fact that compared to printed modules, more interactivity and multimedia components increase costs. Efforts to lower cost by joining consortia for course development and distribution have not been overly successful. For the moment, the same holds true with respect to cost savings via use and reuse of learning objects.

Chapter 9: Costing Virtual University Education

Jung again deals with factors that determine the cost of virtual university education. Her statement that virtual university education is characterized by high fixed costs and low variable costs, compared to conventional universities is difficult to accept without exact specification of system characteristics. Other authors of this book suggest for example that the development cost of classroom lectures is not very different from developing online courses.

Chapter 10: Cost-Benefit of Student Retention Policies and Practices

Simpson elaborates on the influence of reducing dropout rates and of respective retention policies. He shows that reduction of dropout rates is an important strategy to increase return on investment. This is especially important as high dropout rates were associated with traditional

distance learning environments. However, while increased interactivity or tutoring services may reduce the rate of dropout, they may also increase the cost of the system.

Chapter 11: Costing Virtual University Education

Berge and Donaldson discuss the use of return on investment (ROI) to assess profitability of training measures. They cite an example of cost calculations, comparing classroom and online learning. E-learning is said to take 25–60% less time to convey the same amount of information as in a traditional classroom setting. Less likely to be generalized and also difficult to demonstrate with concrete figures is their notion of differences in opportunity costs.

Chapter 12: Transforming Workplace Learning

To train the workforce, the authors Strattnner and Oblinger favour the concept of embedded learning, (i.e., insertion of learning activities into job tasks). Online embedded learning seems to lead to flexibility, time savings, and skill enhancement.

Chapter 13: Open Basic Education

In this chapter, Edisingha compares open basic education programmes with respect to audiences, curricula, and media. He comes to the conclusion that compared to regular programs open basic education programs have certain cost advantages and can achieve financial sustainability. (However, due to different definitions of statistical concepts, comparative data can be difficult to obtain.)

Chapter 14: From Baobap to Bonsai

In this chapter, Hülsmann reviews the history of costing distance learning and explains in detail the famous cost calculations of Wagner in assessing the cost of the British OU compared to conventional universities. He reports some historical calculations to cost different educational media. From a methodological point of view more than because of the credibility of the results, this part is interesting. A bit disappointing is the uncritical notion of Daniels' "triangle" based on simplistic reasoning that is quite difficult for an educated economist to accept.

The exciting part is Hülsmann's elaboration of the cost of distributed e-learning. According to Jewett, unbundling of teaching tasks shifts cost of content development and instructional design from variable to fixed costs and frees teachers for student-related workload. (However, the cost of familiarizing teachers with online teaching is neglected.)

Chapter 15: Implications for Planning and Management of Distance and Online Learning

Like the introduction, the final chapter is written by the editors themselves. They end with some general conclusions.

Evaluation

First of all, as literature about costing of distance learning and of online learning is relatively seldom treated, we can congratulate the editors for choosing this subject. However, at first sight I expected to learn more about the economics of distance learning in the sense of modelling economic decisions of stakeholders rather than about the historical development and organizational changes of distance learning. From the various statements, I learned that while online education might be more expensive than conventional education and probably also more expensive than the so-called “Fordist Model” of distance education, cooperation and modular production may reduce the potential gaps. However, in light of these statements, the rapid diffusion of e-learning technologies lacks explanation. Or is it that educational institutions wrongly believed in the promises of the software vendors?

In my view the book suffers a bit from the rapid application of technology to the field. Much of the literature cited in the book is from five to ten years ago. Today, although nearly every educational institution in industrialized countries uses learning platforms, in such varied contexts it is difficult to provide common definitions of the terms *distance learning* or *online learning*. Cost analysis is impossible without specifying the particular institutional and pedagogical environment and clearly identifying the stakeholders referred to. Copying and pasting and the comfort of actual platforms ease considerably the production of content. For detailed assessment of costs, online cost calculators are available today. The entire way of producing content and organizing communication has changed today; it is therefore not comparable to prior ways of doing so. Learning effects are another important issue to be considered here.

However, all in all, the different perspectives and expertise of the authors who come from different cultural contexts enriched the reader’s perception of the problems involved to determine the costs and benefits of educational offerings today.