

PATH TO OPEN LEARNING

A Policy Framework for Enabling Incumbents and Empowering New Entrants

THE
Productivity
Project



CANADAWEST
FOUNDATION



THE CHALLENGE

HUMAN CAPITAL AS THE NEW COMPETITIVE ADVANTAGE

To keep pace with rapid change, regions need dynamic learning systems that develop both individual competencies and broader adaptive capabilities. The competitive advantage of many regions has shifted from proximity to natural resources to the quality of the region's human capital, operationalized through its labour force. Today, human capital is the resource that fuels a region's social and economic prosperity.

Today's labour markets are volatile, characterized by rapid technological change, demographic shifts, and economic disruptions. Competency demands are changing faster than the legacy learning system can respond. As a result, employers struggle with gaps between job needs and available talent, while workers face strict credentialing systems that undervalue both non-certified and informal learning. The result is a system that fails to align with both economic competitiveness and social fairness.

30%

decrease in U.S. airline prices after the removal of natural monopoly protections

26%

increase in customer satisfaction after competition was introduced in Scotland's water market

POSTSECONDARY SYSTEMS AS NATURAL MONOPOLIES

Canada's public postsecondary system is at the heart of this challenge. While it has led to a massive expansion of educational attainment, with Canada now having the highest tertiary attainment rate among OECD countries, these systems function as implicit natural monopolies. Similar to telecommunications, water, or electricity in the 19th century, they provide a necessary public service but face regulatory, financial, and cultural barriers that hold back innovation.

This natural monopoly in adult learning contributes to three systemic barriers:

1. **Credentialism:** The dependency on credentials as proxies for competence excludes skilled individuals who developed expertise through non-traditional learning pathways. This contributes to structural inequality, as it artificially reduces the potential workforce, thereby raising labour costs.
2. **Structural Advantages:** Public institutions enjoy benefits like subsidized land, institutional legitimacy, and core operational funding: these advantages suppress innovation by reducing learning provider competition.
3. **Regulatory Protections:** Accreditation and policy frameworks protect established institutions while establishing barriers to new entrants. This contributes to a culture that is resistant to change, preventing agility.

The result is a system that appears competitive while maintaining the existing credentialing hierarchy and institutional influence. Despite the scope of postsecondary, Canada ranks 18th in labour productivity among OECD countries, highlighting the gap between educational attainment and economic performance.

THE CONSEQUENCES OF INERTIA

If these monopoly conditions remain unaddressed, the competency mismatches will accelerate, further eroding workforce adaptability and reducing economic resilience. Public institutions are facing increased financial pressures, with many relying on international tuition or cross-subsidizing profitable programs to offset their expenses. Worldwide, hundreds of colleges and universities are at risk of insolvency. In Canada, without structural reform, systemic advantages will be amplified, reducing labour market adaptability and further eroding Canada's competitiveness. Policymakers must decide whether to maintain the current monopoly conditions that benefit established institutions or open the learning system to new models that prioritize competencies over credentials and innovation over stagnation.

THE OPPORTUNITY

LESSONS FROM OTHER NATURAL MONOPOLIES

History shows that natural monopolies can change. Telecommunications, airlines, and water utilities were once tightly controlled sectors. Over time, governments promoted competition, separated infrastructure, and set up regulatory protections. These changes sparked innovation, lowered consumer costs, and improved access. A similar transformations now needed in learning.

TOWARD OPEN LEARNING

Open learning uses principles of open innovation: collaboration, flexibility, and value creation across the ecosystem: for workforce development. It reimagines learning not as a rigid ladder but as a climbing wall, allowing learners to explore multiple entry points and tailored routes to competence. By valuing certified, non-certified, and informal learning, open learning builds more inclusive and flexible pathways.

Policymakers can speed up this shift by implementing a set of eight policy tools that dismantle monopoly advantages and encourage open systems:

1. **AI Personal Navigator:** Helps individuals find diverse learning paths that connect personal goals to labour market needs.
2. **Open Recognition:** Separates learning from assessment, verifying competencies regardless of where or how they were acquired.
3. **Labour Market Passport:** A secure, portable platform for verified credentials that allow mobility across sectors and borders.
4. **Personal Learning Accounts:** Provide direct funding to learners, granting them choice and motivating lifelong learning.
5. **Community Mentoring Networks:** Increase access to guidance, social resources, and career support, especially for underrepresented groups.
6. **Unbundled Learning Infrastructure:** Create public trusts for shared campuses and resources, levelling the playing field for new providers.
7. **Open Market Regulation:** Reduce advantages for established players, prohibit cross-subsidization, and provide precise data on competencies.

8. **Independent Coordinating Body:** Facilitate collaboration, innovation, and oversight across sectors to ensure fairness and scalability.

SCENARIOS FOR POLICYMAKERS

The report suggests three reform strategies:

Scenario 1: Open Learning Federation

A central, legislatively required body integrates all policy tools, removes advantages for incumbents, and builds federation-wide infrastructure. This is the most impactful, as well as the most scalable and sustainable, model.

Scenario 2: Open Learning Ecosystem

A decentralized framework supports collaboration while allowing institutions to opt in or out as needed. This offers flexibility but may lead to fragmentation and inconsistent adoption.

Scenario 3: Hybrid Open Learning

Establishes parallel open recognition and competency systems while keeping the existing postsecondary model intact. This approach provides a gradual solution but may perpetuate inequalities and limit innovation.

POLICY IMPERATIVES

Many policymakers recognize the essential need to transform adult learning. This report proposes five policy imperatives:

1. **Equity:** Shift from status-based credentialing to competency-based recognition, ensuring access for learners from various socioeconomic backgrounds.
2. **Competitiveness:** Align workforce development with real-time labour market competency demand, improving agility and productivity.
3. **Sustainability:** Reduce dependence on unstable funding by diversifying learning pathways.
4. **Trust and Quality:** Create independent, transparent systems for verifying competencies and credentialing.
5. **Collaboration:** Establish an independent body to coordinate innovation, prevent duplication, and disseminate effective practices.

THE PATH FORWARD

This study concludes that a structural reassessment of postsecondary education is essential. Without systemic change, current models will continue to undermine equity and economic resilience. Policymakers face a critical choice: uphold exclusionary status quos or pursue transformative openness. While ambitious, the proposed strategies offer pathways toward a more adaptive and inclusive learning system.

18TH

Canada's productivity ranking among OECD countries

40%

of UK universities are expected to run deficits in 2025

“Education is not preparation for life; education is life itself.”

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Refer to the full report for references. All Series 1 reports are available at ProductivityProject.ca
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