



ABDC
australian business deans council

Australian Business Schools - A Contextual Statement

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Introduction

This Statement was developed to provide international accreditation reviewers with an overview of the Australian higher education system and the general operating environment for Australian business schools. However, the Australian Business Deans Council (ABDC) anticipates that members may use it more broadly; for example, to support familiarisation of new international academics.

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Australian higher education system

The Australian higher education, which was developed on the UK model, traditionally has been dominated by large, comprehensive public universities. Most business schools developed within these universities without significant external competition. This situation is changing, however. University-based business schools remain the dominant force but are facing serious challenges from a second tier of institutions that includes private colleges, online providers and state-owned vocational educators such as Technical and Further Education (TAFE) institutes. Many of these have been approved to offer degree programs by Australia's higher education regulator – the Tertiary Education Quality and Standards Agency (TEQSA).

Australia has 40 accredited universities – 36 public universities, which are established by state government statute but funded nationally, and four private universities (Australian Catholic University, Bond University, University of Notre Dame and Torrens University Australia). In addition, there are two international universities (University College London and Carnegie Mellon University) providing limited areas of study and a smaller private specialty university. Australian universities are self-accrediting bodies by virtue of their establishing legislation, which means they do not require external government approval to provide or offer degree programs to prospective students. In addition, six non-university providers have partial or full self-accrediting authority, granted by TEQSA. Consequently, Australian universities are relatively autonomous in their operations, although their ability to set tuition fees is limited and they are subject to review and regulation by TEQSA. In addition, all higher education programs have to be aligned to the quality standards enunciated in the Australian Qualifications Framework (AQF). This sets quality expectations for programs at different levels, from technical and vocational certificates through to PhD and other doctoral degrees.

Each university is reviewed every seven years by TEQSA and its research performance is reviewed every three years under an evaluation system called Excellence in Research Australia (ERA). This is controlled and managed by the Australian Research Council (ARC), a national governmental agency with the mandate to distribute and manage public research funding. ERA is similar to the Research Excellence Framework (REF) in the UK, with universities submitting reports on the quantum of their research over the past five years, as well as portfolios of the work they regard as their best in the selected discipline areas. The research performance of the disciplines within the universities is then reviewed by panels of senior expert academic staff from Australian and international universities, and evaluated in terms of whether it can be regarded as world class, above world class or below world class. A relatively small component of Australian Government research funding is at risk; more important is the reputational risk of not performing well. As might be expected, the media plays close attention to the outcomes of ERA and uses the data to compose rankings.

As well as managing the ERA process, the ARC (along with the National Health Research Council) is responsible for distributing and managing the Australian Government's research funding. Each year two types of competitive research grants are made available for university academic staff – ARC Discovery Grants for more fundamental or basic research and ARC Linkage Grants for more applied research conducted in partnership with industry.

While much of the funding and the macro level regulation of higher education rests at the national level, student entry and admission processes are managed on behalf of universities at a state level, via tertiary admissions centres. Prospective students are assigned an Australian Tertiary Administration Rank (ATAR), which is a statistical distribution of the student population based on their Year 12 results. Students indicate up to six preferences for degree programs and for particular universities or providers. Universities and other providers determine the ATAR at which they will admit students and make offers to the desired students. Students accept or reject these places according to their interests and preferences. This process typically takes place at the beginning of the calendar year and is a time of considerable localised competition among universities.

Funding and fees

The Australian Government provides partial student funding (known as Commonwealth Supported Places) for undergraduate programs and a small number of postgraduate programs based on the number of enrolled domestic students at each university. Funding varies according to discipline categories, with business students in the lowest category. However, this funding comprises a relatively small proportion of the cost of delivering most courses or programs. Consequently, universities and other approved providers are permitted to charge students additional fees, known as 'student contributions' towards the cost of their programs. The amount universities can charge is capped by government regulation. Students are eligible for government loans for their contribution or the remaining amount of the total fee amount not covered by government funding. This income-contingent loan, popularly known as a HECS loan, is not repayable until the student graduates and earns above a defined income. The 'student contribution' is paid to the provider either directly by the student or by the Australian Government through the HECS loan system.

In contrast, fee-setting for postgraduate or international students is unregulated. These students are regarded as 'full fee-paying' as they are charged the full cost of their courses or programs and receive no government subsidy. Domestic fee-paying students are eligible for tuition fee loans provided by the Australian Government through a system known as Fee-HELP. Given that international students and postgraduate students together comprise a large component of most Australian universities, and certainly of university business schools, tuition fees constitute a very significant income source. Consequently, government funding now comprises significantly less than 50% of the total funding for most universities and business schools, with the majority of income coming from student fees of various kinds paid directly to the university or provider.

The Australian higher education system, then, is somewhat paradoxical in that while universities and some non-university providers enjoy self-accrediting authority for their courses or programs, there are substantial government controls that limit their ability to set their own fees to reflect their market position. While the Australian Government recently removed caps on the number of funded student places (known as uncapping demand), undergraduate fees remain capped, thereby limiting the ability of the higher education providers to set market prices. So while universities can establish

their own fee structures for international and postgraduate students, undergraduate student fees are effectively set by government.

Although direct government funding no longer constitutes the majority of university or business school funding in most cases, it remains a very important source of revenue, as domestic undergraduate students typically constitute the majority of all student enrolments across the university. It should be noted that universities may also receive government funding for research on a competitive application basis or from non-government bodies such as professional associations, trade bodies and business corporations for more applied research. However, such funding typically is narrowly focussed on research and generally cannot be used to meet other university costs. Consequently, Australian universities and business schools are very dependent on income received from highly competitive student markets, whether domestic or international.

Student numbers and characteristics

In 2014 there were 986,084 full-time equivalent (FTE) higher education students in Australia, with nearly 1.4 million actual enrolments. Of the total FTEs, 73% were domestic and 27% international; 75% were undergraduate and 23% postgraduate (the remainder were enrolled in non-degree programs). In addition, more than 50,000 students (6% of all international students) were enrolled offshore, with 32 universities having an international presence, predominantly in Asia.

Despite the large number of alternate higher education providers, 92% of all tertiary or higher education students were enrolled at universities.

Most domestic students come from the city where the institution is based or the surrounding region. Only small numbers of students typically cross state borders to study, and then generally to a top-ranking university. Typically, there are no 'in-state' fee benefits or discounts to encourage students to stay in-state. Postgraduate domestic fee structures may vary across states but it is generally not on the basis of a student's state of origin. Consequently, most students on urban campuses commute to university, either from home or from private student rental accommodation. This pattern has general consequences for the level of student attachment and integration with their universities. They are less likely to live on campus and therefore less likely to engage with university activities. Students frequently retain local sporting and recreational club allegiances, along with friendship networks developed in their local high schools and communities.

Australian students, whether domestic or international, also place high priority on finding employment to provide an income while studying. Some work at their university but most find part-time jobs in restaurants and cafes, fast food outlets, retail stores and other casual employment locations. Recent surveys indicate that even 'full-time' students are working an average of 16 hours a week. Australian Government requirements for international student visas permit international students to work up to 15 hours a week.

This Australia/New Zealand propensity for significant part-time employment is a barrier to undergraduate students undertaking semester-length study abroad through international exchanges or other means because they may need to surrender their jobs. It also has encouraged the development of a practice whereby students go abroad for an overseas experience once they have completed their studies. Such travel may be either short-term for up to one year, or longer term

where expatriate students find employment and gain international experience for several years prior to returning home. One consequence of this tradition for Australian universities and business schools is that the student uptake of long-term international exchange programs and study abroad opportunities has typically been lower than in other developed countries. This has been recognised by the Australian Government, which has introduced a new scheme to support and encourage international exchanges and shorter-term international study experiences in Asia.

University governance, faculty and staff structures, and the Academic Calendar

Governance

In all Australian universities the Vice Chancellor (VC) plays a similar role to that of a President in Europe or the US and serves as the Chief Executive Officer. The VC reports to a governing body – usually the University Council – which is chaired by a Chancellor, who is generally appointed by that Council. The Council usually includes external, government-appointed members, alumni representatives, staff or faculty representatives and student representatives. Councils thus reflect the composition of the university and so are generally dissimilar to the board of a business corporation.

In most Australian universities the VC is assisted by several Deputy Vice-Chancellors (DVCs) covering particular areas of activity, such as research or learning and teaching. In some cases, universities have now adopted new titles such as Vice-President and Provost. In addition, many universities use the title of Pro Vice-Chancellor (PVC) for other senior management roles, including some that might be titled ‘Dean’ or ‘Director’ in other national systems.

Degree Programs and Academic Calendar

Most Australian undergraduate degree programs require three years of full-time study, or the part-time equivalent. The year generally is spread across two semesters with perhaps some summer school courses. A few universities offer two-year undergraduate degree programs with extended and more concentrated study periods. In this case, students would typically commence their programs earlier in the year and complete them later to ensure there is sufficient time to cover required degree materials.

Australian universities have developed two different types of master’s degree programs. The first is the more traditional ‘coursework plus research’ degree, which requires advanced study in the same discipline area as the candidate’s undergraduate degree, with at least one year’s work focused on a master’s level ‘thesis’ or dissertation. The second and more popular stream that has been developed over the last two decades is the ‘taught’ master’s, which involves solely coursework or coursework plus a research project. This is not as demanding as a traditional master’s research thesis. These taught master’s degree programs typically allow entry to students with undergraduate degrees from different disciplines provided there is evidence of sufficient ‘prior learning’ or students have completed appropriate introductory transition courses into the discipline area of the master’s degree. These ‘conversion’ master’s programs, as they are referred to, are particularly attractive to international students seeking to acquire knowledge and skills in a business discipline to improve their employability.

It should also be noted that the Doctor of Philosophy (PhD) program in Australia is descended from that of the UK, with a very strong focus on individual research capability.

Typically, UK PhD degrees did not require coursework in the discipline area at all, assuming that the candidate had undertaken sufficient discipline-based education in either an undergraduate honours program or a master's degree in the discipline and was capable of moving directly into doctoral research under the supervision of an experienced academic staff member. This structure remains predominant in Australia, where students come directly into the PhD program and develop their research project and methodology in their first year prior to moving on to more in-depth research data collection in the second year, or once they have demonstrated the validity and value of their research project and that they have the ability to conduct it appropriately. Most universities can, and frequently do, require PhD candidates to undertake supplementary coursework in research methods and/or in particular discipline areas where there appears to be a gap in their knowledge. Also, a number of Australian universities are moving towards a United States of America (US) model, with more substantial disciplinary coursework required in the first year of candidacy.

Southern hemisphere universities and higher education providers typically organise teaching terms or semesters around a calendar year, beginning in January/February and ending in November/December with a short break between. Semesters vary from 10 to 15 weeks, including examination periods. TEQSA only requires the provider to demonstrate that the length of time and exposure to the learning period is appropriate for the level and type of study required. Historically, there has been a longer break over summer (November-February), although this pattern is breaking down as 'Summer Schools' increase in popularity and some universities move to trimester models, which require earlier starts and later finishes than the traditional two-semester model.

Some universities also have adopted different teaching term structures for postgraduate programs, particularly for MBA programs. There is increasing variability in the structure for such degrees, with some universities moving to six- or eight-week teaching terms. So while the most frequent teaching calendar structure remains the two-semester model, more frequent variation in this model is now observed including variations in the length of the semesters across different institutions.

The nomenclature and hierarchical structure of academic faculty members in Australian universities reflects the system's UK heritage and varies significantly from that of non-Commonwealth countries. Academics who undertake research and teaching within universities are not known as 'faculty' but simply as 'academic' staff, as compared to the administrative or support staff who are known as 'general' or 'professional' staff. The term 'faculty' is reserved for the collective entity composed of related discipline or teaching areas, such as the 'Faculty of Medicine' or the 'Faculty of Law'.

Academic staff are typically organised in a hierarchy from Associate Lecturer to Lecturer, then Senior Lecturer, Associate Professor and Professor. A few universities retain the title of 'Reader' for someone whose status is generally equivalent to an Associate Professor. Thus there are five levels in the academic hierarchy, with the higher positions generally reached through a promotion process.

While there is no formal 'tenure' process like that in the US, newly appointed academic staff, particularly those appointed at the entry level of Lecturer, are generally required to successfully complete a probationary period before being confirmed in their post. Indeed, in many Australian universities even academics hired at a senior level (Associate Professor or Professor) may also be

required to go through a probationary period. Confirmation is a formal process which generally results in a successful candidate being granted 'continuing' status, which is very similar to having tenure in the US system.

The employment of academic and administrative staff in universities and university business schools is generally governed by an industrial agreement between the university and staff unions. This agreement is generally renegotiated on a three- or five-year cycle and includes, in addition to salary levels, regulations and requirements around types of employment (e.g., casual/permanent, short-term/continuing), promotion and disciplinary processes, leave entitlements, performance management and workload. In addition, any major change in employment or the restructuring of university systems and structures typically goes through a 'managing change' process, which requires substantial consultation with staff and has defined steps that need to be followed. Inevitably, this slows down the ability of senior management to implement change.

In addition, there are generous leave entitlements in the Australian system including up to 12-months parental leave, long service leave and generous sabbatical or research leave opportunities. Furthermore, there is no mandatory retirement age, so most universities have some issues around aging academic workforce. Also, by and large Australian universities and business schools have quite generous conference and travel budgets, enabling academic staff to keep themselves active and engaged on the global stage.

Business schools within the Australian higher education system

All Australian universities have business or management schools/faculties, which between them graduate a third of all university students¹ and three-out-of-five international students. International students in business schools contribute an estimated \$5.3 billion to Australian export earnings, making education Australia's largest service export industry.

Given the number of enrolments in business programs, business schools are significant contributors to university revenues and are viewed as attractive investment opportunities for private providers. As noted earlier, the number of specialised private providers that target the Australian and international business student markets has increased in recent years. They include international brands such as Kaplan and well-known professional bodies such as the Australian Institute of Management, which offers Graduate Certificates and an MBA, and CPA Australia, which offers an undergraduate degree program specialising in accounting. There are also a number of international higher education providers entering the Australian market; perhaps the most notable is the Laureate group, which in 2013 launched Torrens University Australia as an accredited private university based in South Australia but with the potential to operate across Australia. In addition, as noted earlier, several publicly funded TAFEs (Technical and Further Education providers) are approved to provide undergraduate business diplomas and degrees.

In all major urban centres in Australia there are multiple university business schools offering a wide range of degree programs, some from regions outside the city or state but seeking a share of the urban market, as well as an assortment of non-university public and private providers. In the Brisbane urban area, for example, the three major Brisbane-based universities (University of

¹ Department of Education and Training, Management and Commerce completions and Economics and Econometrics completions 2014.

Queensland, Queensland University of Technology and Griffith University) offer comprehensive business programs, as do the Queensland regional universities (James Cook University from Townsville, Central Queensland University from Rockhampton, and Southern Queensland University from Toowoomba). In addition, multiple private providers offer diploma and degree programs.

As might be expected, the size and scale of Australian universities and university business schools varies considerably. While some regional universities are reasonably small, the large urban universities typically have in excess of 40,000 enrolled students and generally include very big business schools with more than 10,000 enrolled students. A number of universities also have several campuses, again with the consequence that their business schools offer programs, and frequently locate staff, across different geographical locations. In addition, several universities and business schools have significant numbers of online or distance students who are sometimes considered as functioning at a separate virtual campus and in other universities simply viewed as an extension of their campus-based educational programs.

Most university business schools provide a full range of programs from undergraduate through to postgraduate and doctoral programs and attract significant numbers of international students at all program levels. Indeed, the proportion of international students would exceed 30% in most university business schools and 50% in some. Australian business education is a very attractive option for international students, especially from Asia and China in particular. It would not be unusual for more than 3,000 Chinese students to be enrolled in a large university business school. This provides domestic students with great opportunities to experience business education in an internationalised environment.

Business schools generally operate with considerable but not complete autonomy within their universities, but there is a degree of variation. While some control and manage all or most administrative and support functions, such as marketing, HR, finance, and IT, in most schools all or at least some of these support functions are managed centrally by the university. However, in the latter situation, it is generally the case that central managers are allocated, and provide dedicated service, to business schools. In most situations this works out well as the allocated managers engage deeply with the school and, over time, develop a strong sense of commitment to it.

An area of concern frequently raised by accrediting agencies relates to the provision of placement or career services in business schools. In Australian universities it is commonly the case that such services are controlled and managed centrally by the university for all students, with business school students having full access to these services. Some business schools may provide their own placement services in addition to that provided centrally, or at least provide services to their post-experience graduate students, such as MBA students. This situation is not universal, but it is generally the case that the career development interests of business students are met appropriately and sufficiently by a central career development or job placement service in partnership with the business school academic and professional staff. Whichever the model, Australian business school graduates are in demand. Two-thirds of CEOs of the 50 largest Australian Stock Exchange-listed companies hold a business school qualification² and Australian business school MBA graduates earn the second highest average salary world-wide at US\$115,600.

² Suncorp Bank, '[Power Index](#)', August 2012. Survey of the 50 largest ASX-listed companies.

International rankings and global standing

Australian universities and university business schools perform very creditably in the various international rankings. Usually four Australian universities are ranked in the top 100 in the world with the vast majority of the others sitting in the top 500-600 on whatever ranking scheme is used. Australia is also the world's number one nation for the generation of world-class new universities, with 16 institutions in the *Times Higher Education* Top 100 Young Universities³. Australia also produces 3.7% of the world's total publications and 5.36% of the top 1% of highly cited publications across all disciplines⁴. This is a very good performance for a country of 24 million people and places Australia towards the upper end of global higher education systems.

One-fifth of Australia's business schools are ranked in the top 2% of universities worldwide for Economics and Business⁵ and Australia has significantly more business schools in the global top 50 on a per-capita basis than other major English-speaking study destinations, including the US, the UK, New Zealand and Canada.⁶ Many schools also seek international accreditation; more than 25% of all university business schools have international accreditation with either AACSB International or EQUIS; a good number have both.

In other words, Australian universities and business schools are recognised globally for their overall high quality and excellent performance. They are part of a robust system that is subject to federal regulation and quality control and are very much aware of the need to maintain their high standing as excellent, innovative, and well-managed institutions. This is evidenced by the high number of excellent international partnerships Australian universities and business schools have, and by the thousands of international students who choose to come and study in them each year.

³ 2016

⁴ Table A9 Quality measures of Australia's research publications, Office of the Chief Economist, Department of Industry and Science, sourced from InCites 2015.

⁵ [Academic Ranking of World Universities \(ARWU\), 2014.](#)

⁶ 2014 Academic Ranking of World Universities