

**ICAEW Academic Roundtable  
Arora Hotel, Manchester, 24<sup>th</sup> March 2011**

**Accountancy and finance degrees  
today and tomorrow:  
the changing landscape for  
UK Business Schools**

**Professor Neil Marriott  
Director, Winchester Business School**

# Outline

- **Current issues facing universities and business schools in light of the Browne Review**
- **The need for flexibility, addressing current and future students' needs in the face of increased competition**
- **Will accounting and finance programmes remain attractive to students over the next few years?**
- **What the future might look like and the opportunities available?**
- **The changing demographics of accounting and finance faculty**

# The changing landscape



- **UK is a major HE provider on a global scale – the second most popular location for overseas students**
- **Since 1960s there has been growth in a model of business education based on academic US business schools and mass teaching institutions**
- **The US model in the UK is increasingly challenged by**
  - **Increased tuition fees**
  - **Cap on home/EU student numbers**
  - **Growth restricted to international students**
  - **Concern about contribution**
  - **Cuts in public spending**
  - **Restrictions on immigration**
  - **Competition from overseas and lower cost private providers**
  - **Changing demography**
  - **Changing planet/environment**
  - **Changing technology**

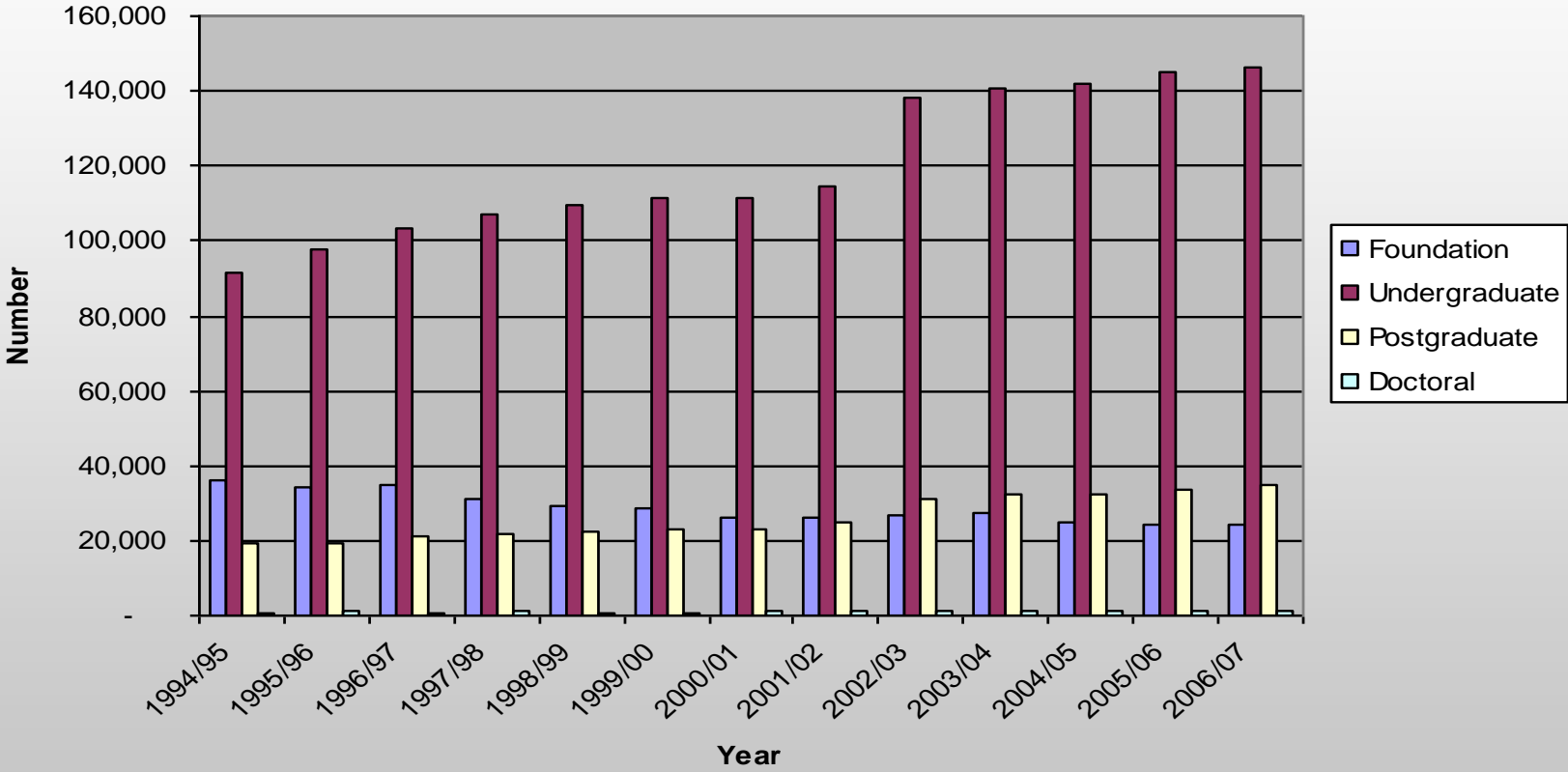
# UK is set to become one of the highest priced locations for HE in the world

	<b>ANNUAL COST</b>	<b>TOTAL COST</b>	<b>ADDITIONAL LIFETIME EARNINGS</b>
<b>GOING TO UNIVERSITY</b>			
Proposed fee	£9,000	£27,000	
Living expenses	£6,000	£18,000	
Earnings forgone	£10,000	£30,000	
<b>Totals</b>	<b>£25,000</b>	<b>£75,000</b>	<b>£120,000</b>
<b>COMPARATORS</b>			
School pupil	£6,250	£18,750	£0
Benefit payments	£6,250	£18,750	£0
Job on minimum wage	£10,000	£30,000	£0
Prison place	£40,000	£120,000	-£50,000
State University in France	€400	€1,600	?
Grande Ecole in France	€5,000-10,000	€15,000-€30,000	?
State University in Germany	€1,000	€3,000	?
University in Spain	€300-1,000	€900-3,000	?

# Expansion of student numbers



Business and Management Student Numbers (1994/95 to 2006/07)



**1 in 7 undergraduates, 1 in 5 postgraduate taught and 1 in 20 Doctoral students are in Business and Management.**

# Student analysis

Full-time equivalent (FTE)	1994/95	2006/07	Change	Growth
Finance	5,255	15,769	10,514	200%
Accounting	20,586	25,949	5,363	26%
Business & Administrative Studies	159,700	225,514	65,814	41%
Other subjects	1,106,568	1,469,145	362,577	33%
All Higher Education	1,266,268	1,694,658	428,390	34%

# Student analysis

<b>First Degree</b>	<b>1994/95</b>	<b>2006/07</b>	<b>Change</b>	<b>Growth</b>
Finance	3,232	8,558	5,325	165%
Accounting	13,763	20,895	7,132	52%
Business & Administrative Studies	91,814	146,420	54,607	59%
Other subjects	806,606	1,007,222	200,615	25%
All Higher Education	898,420	1,153,642	255,222	28%

# Student analysis

Postgraduate Taught	1994/95	2006/07	Change	Growth
Finance	971	6,022	5,050	520%
Accounting	1,129	1,945	817	72%
Business & Administrative Studies	29,651	50,910	21,258	72%
Other subjects	124,589	187,445	62,856	50%
All Higher Education	154,240	238,355	84,114	55%



# Student analysis

Postgraduate Research	1994/95	2006/07	Change	Growth
Finance	31	218	187	595%
Accounting	189	192	3	2%
Business & Administrative Studies	2,282	3,833	1,551	68%
Other subjects	56,988	75,466	18,477	32%
All Higher Education	59,270	79,299	20,028	34%

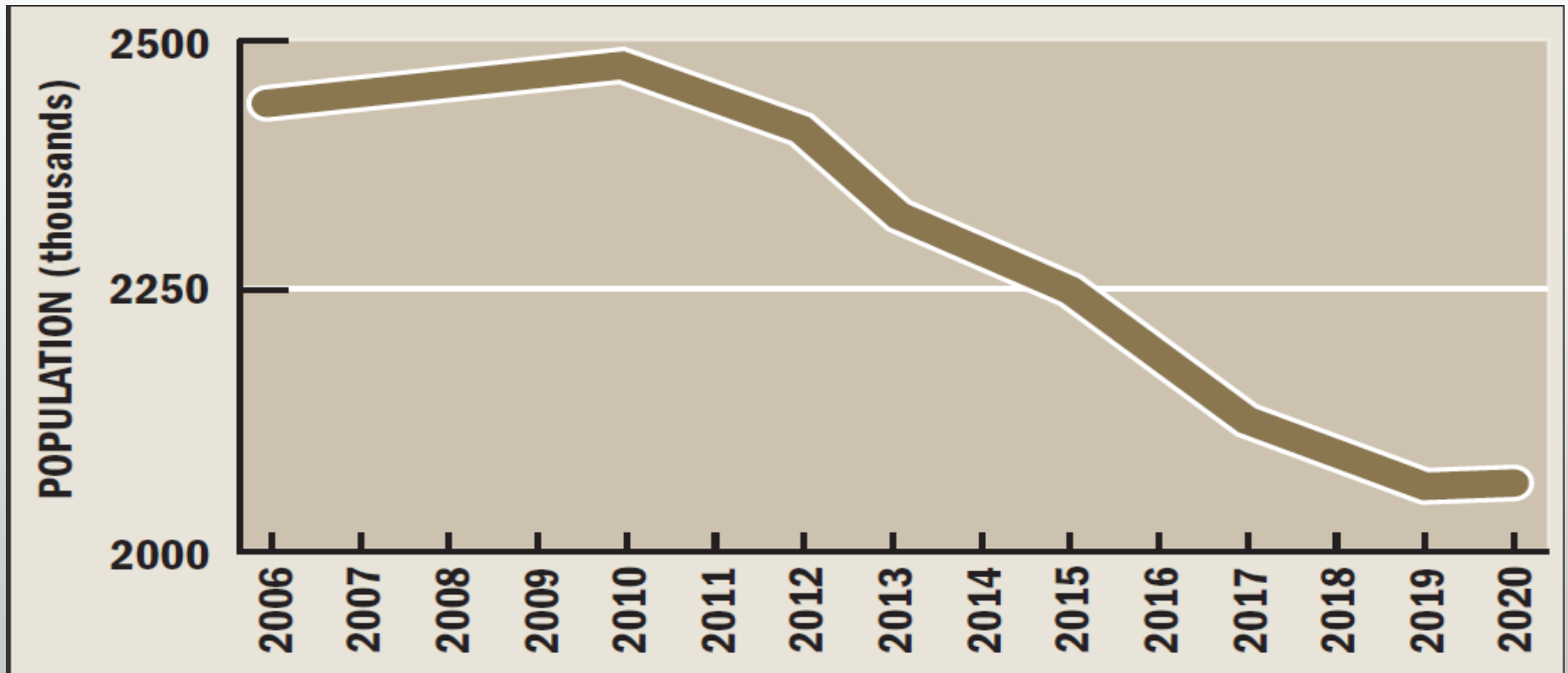
# Student analysis

<b>Finance</b>	<b>1994/95</b>	<b>2006/07</b>	<b>Change</b>	<b>Growth</b>
UK	4,197	7,585	3,388	81%
EU	316	1,102	786	248%
Other	741	7,082	6,341	855%
<b>Accounting</b>	<b>1994/95</b>	<b>2006/07</b>	<b>Change</b>	<b>Growth</b>
UK	17,798	19,485	1,687	9%
EU	340	1,070	730	215%
Other	2,448	5,394	2,946	120%

# Student analysis

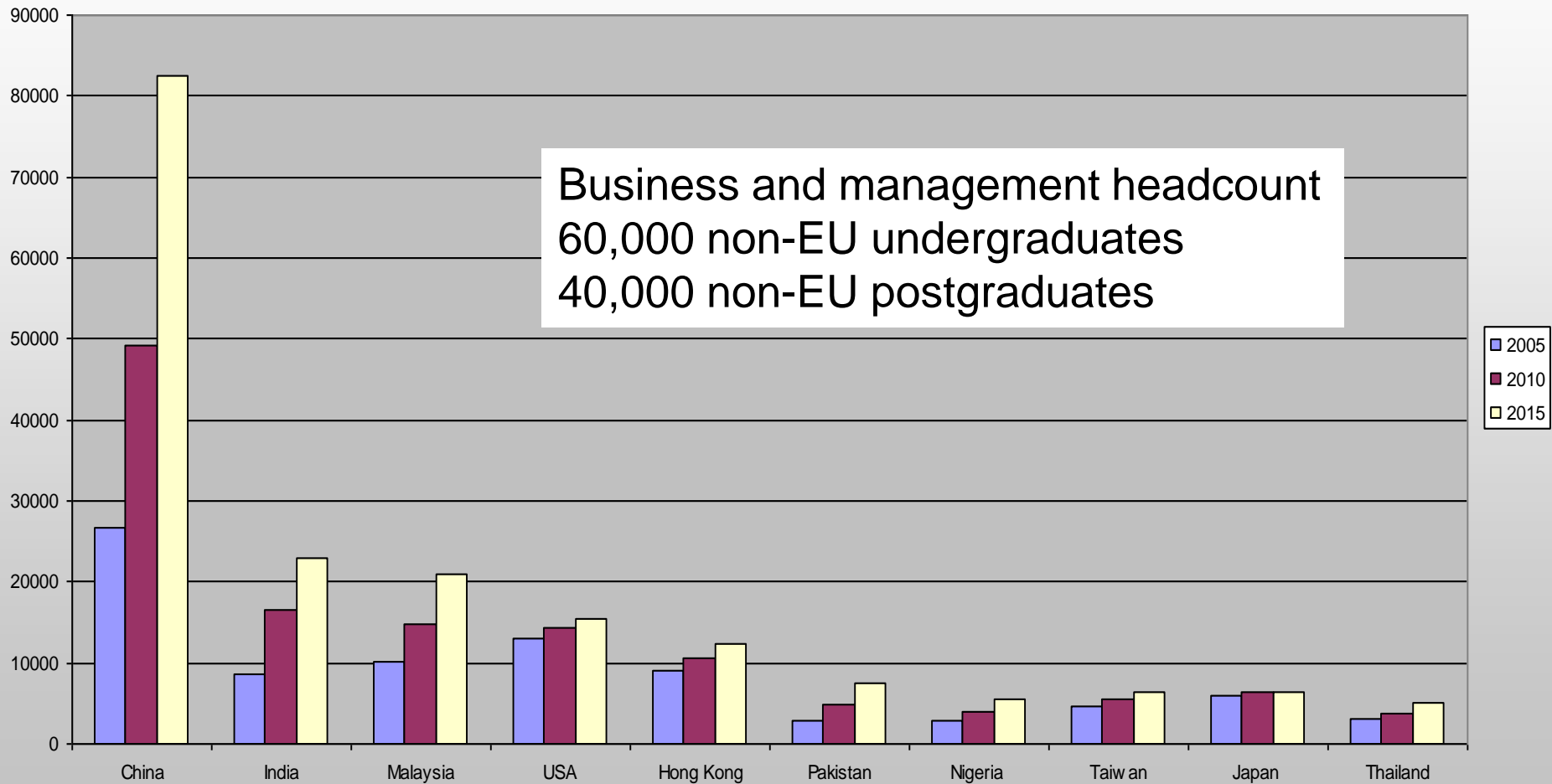
<b>Business &amp; Administrative Studies</b>	<b>1994/95</b>	<b>2006/07</b>	<b>Change</b>	<b>Growth</b>
UK	137,487	157,561	20,074	15%
EU	8,461	16,705	8,244	97%
Other	13,753	51,248	37,495	273%
<b>All HE</b>	<b>1994/95</b>	<b>2006/07</b>	<b>Change</b>	<b>Growth</b>
UK	1,140,697	1,427,940	287,243	25%
EU	47,724	86,149	38,425	81%
Other	77,847	180,570	102,722	132%

# Changing student population



Projected UK Population, aged 18-20, 2006-2020

# International students by country of origin (2005, 2010 and forecast for 2015)



Business and management headcount  
60,000 non-EU undergraduates  
40,000 non-EU postgraduates

**Average age and highest qualification level in the UK, like mainland Europe, is increasing**



**Winchester Business School**

# Increased Competition



**There is growing competition from private sector, for profit and not for profit institutions and FE colleges**

## **Why study at BPP? (Extract from website)**

**Our buildings are designed to create a business-like environment and are equipped with the latest e-learning technology including smart boards and blackboard, our student intranet which offers a variety of learning resources and revision aids including interactive modules, podcasts, videos and multiple choice tests.**

**Our specialist business and law libraries have long opening hours and our laptop loan scheme enables you to take advantage of wireless networking and 24 hour remote access to our online business library.**

**A generous student/computer ratio ensures you won't need to wait for equipment to become available.**

**BPP offers the flexibility of face-to-face study held at our prestigious Business School in the heart of the City of London or distance learning via complete online study with the option to choose between these forms of study for each module you undertake. Even if you choose to complete the business studies course entirely online, you will still be affiliated with a group of local students so that you can meet up when feasible.**

**360 credits is priced at £10,800 for a degree you can complete in two years.**



# BPP's USP

- **Small group teaching**
- **Flexible delivery**
- **Live lectures recorded for download on your iPod as MP3 files**
- **Access to international electronic databases and sources**
- **Extensive range of books and materials provided**
- **Specialist careers advice and guidance**
- **Personal tutor and learning support**
- **Price competitive**



# Yes but BPP are only in London

- ...and Birmingham ...and Bristol ...and Cambridge ...and Manchester ...and Milton Keynes ...and Nottingham ...and Southampton
- In July 2009, BPP Holdings Plc was acquired by Apollo Global, Inc. a US for profit conglomerate Apollo (valued at over \$1 billion) intends to make a range of investments in the international education services sector targeting investments and partnerships primarily in countries outside the U.S. with attractive demographic and economic growth characteristics such as the UK

# The new business models are challenging for established providers



	<b>Old model</b>	<b>New model</b>
<b>Academics</b>	Teach 8 to 12 hours, per week	Teach 18 to 22 hours per week.
<b>Buildings</b>	Bought and built to house activity in iconic space	Endowed, leased or rented. Focus on ROCE
<b>E-learning</b>	Variable and blended	Comprehensive and supports asynchronous study
<b>Location</b>	Campus based	City centric, good transport connections and links
<b>Overheads</b>	High 50% to 60%	Low 20% to 30%
<b>Pension</b>	Underfunded final salary scheme	Employee funded defined contribution scheme
<b>Price</b>	£18-21,000 per student	£11,000 per student
<b>Reputation</b>	Broad base REF related	Narrow core FT and Times related
<b>Support</b>	3 x 8hr and 2 x 4hr for 200 days	7 x 12hr for 360 days

# Changing Accounting and Finance Curricula

- IFRS
- Behavioural Finance
- Personal Finance
- Corporate Governance
- Carbon Trading
- Business Ethics
- Islamic Finance
- Skills Development
- Internships/placements
- PRiME



# Skill development

- intellectual skills (technical and functional aspects)
- behavioural, attitudinal and personal skills
- communication skills
- interpersonal skills
- analytical (critical analysis)
- planning
- leadership
- cross cultural



# Curricula analysis - summary

- Curricula will change (dramatically) to reflect the changes in society and the economic challenges it faces
- The exact nature of the changes and the speed of reform will vary according to nations, institutions and more importantly, individual faculty members
- Professional bodies are playing “catch up” – concerned with immediate needs of employers
- It is for academic accounting and finance professionals to take the lead and influence the profession in these new and challenging curriculum areas

# Teaching methods: Context

- Growth of developing countries
- Need for low carbon solutions
- More overseas students/demand for education
- New curricula e.g. Islamic finance
- Generation Y
- Increased use of technology

# What is Web 2.0?

“the changing trends in the use of World Wide Web technology and web design that aim to enhance, creativity, communications, secure information-sharing, collaboration and the functionality of the web”

- Wikipedia definition
- Wikipedia itself is a Web 2.0 phenomenon



Think blogs, social networking, wikis, on-demand software, file-sharing sites, open, user-created content, free email, Google apps.



# What is Generation Y?

Born late 70s, early 90s

Current age 15 - 30

Smaller birth rates

Wealthier households

No knowledge of communist or  
dictatorial regimes

Economic liberalisation in  
China/India/Eastern Europe

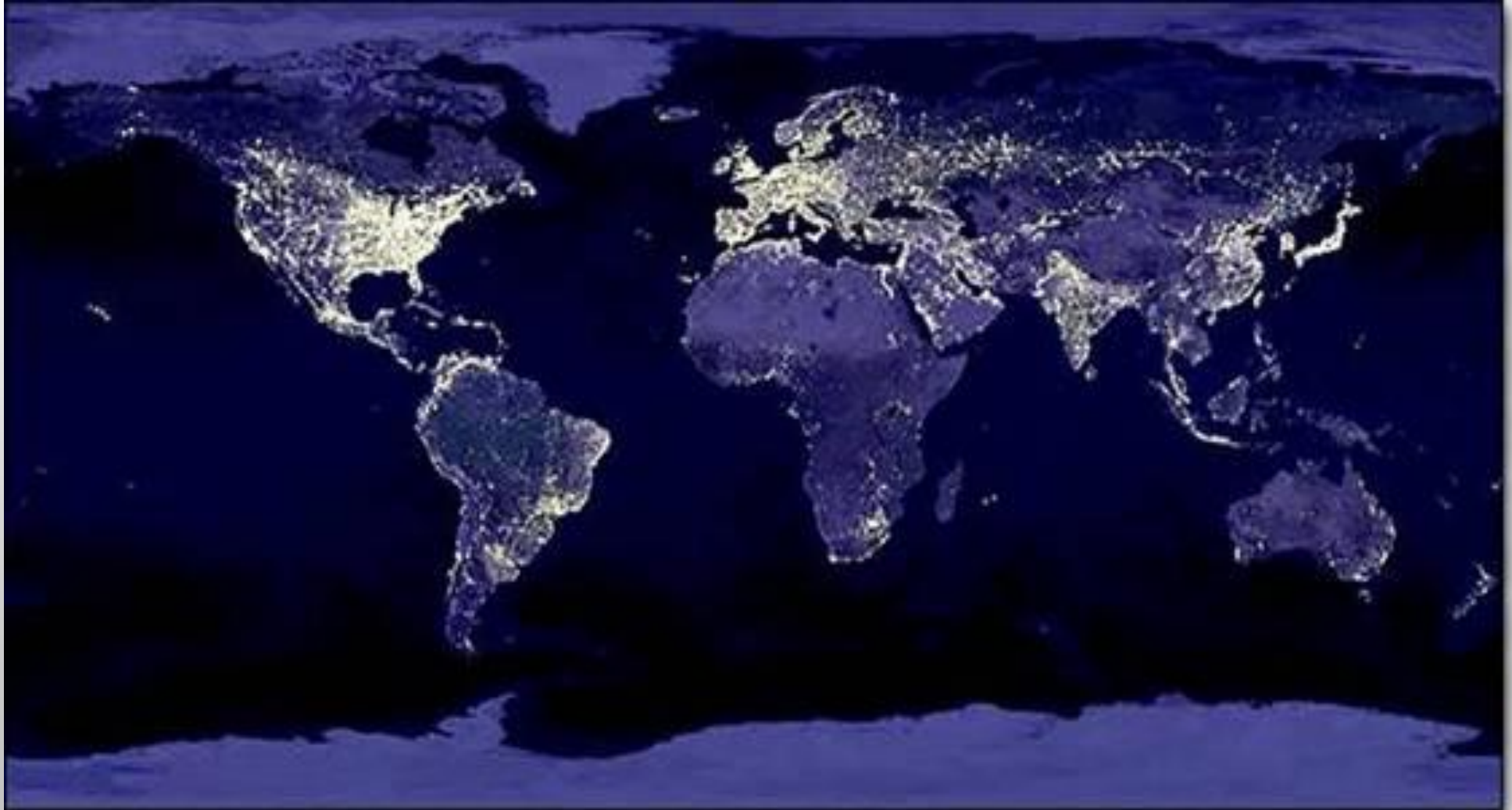
Keep in touch with parents

Extensive use of technology

Multi cultural exposure



# Where can you find Gen Y?



NASA

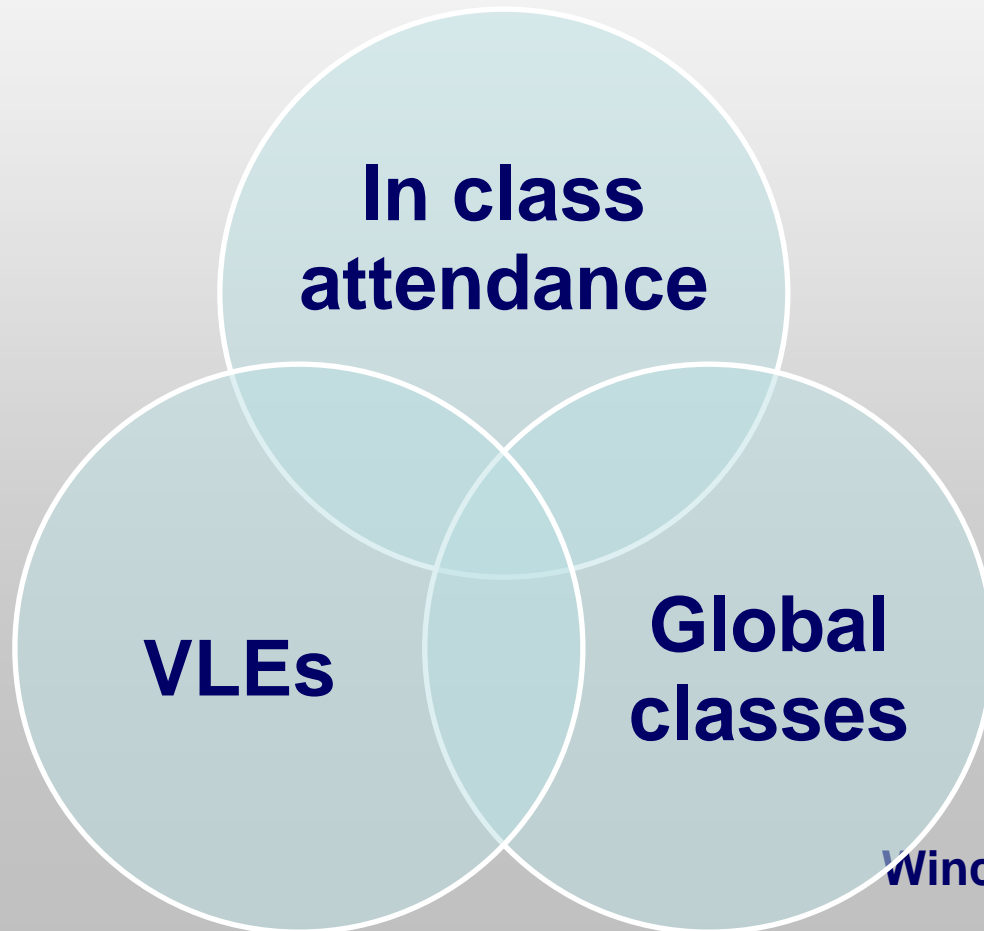
# Can HE join the social networking phenomenon?

“In 10 years, the idea that there was once one social network will seem ridiculous, like it would if there were one TV channel or one radio station”

Will McInnes, MD of social media consultancy  
Nixon Machines



# The response of Higher Education (HE)



# Faculty analysis

	All HE			B&M		
	1994/95	2007/08		1994/95	2007/08	
Under 40	45.9%	40.3%	-5.6%	35.8%	28.7%	-7.1%
40-44	14.0%	14.9%	0.9%	18.3%	14.6%	-3.7%
45-49	16.3%	13.7%	-2.7%	21.9%	14.6%	-7.3%
50-54	12.2%	12.5%	0.3%	12.7%	16.2%	3.4%
55-59	7.8%	11.1%	3.3%	7.6%	15.9%	8.3%
60-64	3.1%	6.3%	3.2%	2.9%	8.6%	5.7%
65 and over	0.3%	1.2%	0.9%	0.1%	1.3%	1.2%
Not Known	0.4%	0.1%	-0.3%	0.6%	0.2%	-0.4%

# Faculty analysis - summary

- Aging faculty despite massive increase in demand for teaching and research capability in A&F discipline
- Over one quarter will retire in next 10 years compared to 11% in 1994/5
- 32% increase in staff, but over 60% increase in students
- Gender inequality remains, gap closing less than in other disciplines
- More staff on permanent contracts
- More staff non-UK

# Summary

- **The changing landscape in the UK Business School environment will impact on what and how we teach**
- **Less undergraduate, more postgraduate**
- **Less home/EU, more international**
- **Less full time, more part time**
- **Increased competition, especially private sector, means we have to focus on our value added proposition**
- **The UK faculty in A&F, like all B&M, is aging and is being replaced by international faculty**
- **Research active teaching staff, use of new technology, learning resources expenditure, extra support and services, student satisfaction all important in our USP**

# Discussion

- **How do universities envisage the future and what are the implications for accounting & finance degrees?**
- **The value and distinctiveness of UK based accounting & finance degrees**
- **Pathway to the profession for UK and non-UK students – what the future might look like?**
- **The changing profile of accountancy and finance lecturers**