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*ABDC Response to the Inquiry into Innovation and Creativity:  
Workforce for the New Economy*

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## **ABOUT ABDC**

The Australian Business Deans Council (ABDC) is the authoritative and collective voice of pro vice-chancellors, executive deans and heads of all 40 university business faculties and schools in Australia. Our member business schools graduate one-in-three university students in Australia (corresponding to over 101,000 graduates annually).<sup>1</sup> Australian business schools also contribute significantly to the fourth largest export industry (and largest export service industry) in Australia.<sup>2</sup> Australian business schools graduate three-in-five international university students in Australia.<sup>3</sup> These Australian business school students contribute an estimated \$5.3 billion in export earnings to the Australian economy per annum – equal to Australia’s eleventh largest export.<sup>4</sup>

ABDC promotes and advances excellence in business education and research through engagement across universities, with industry, the government and the community.

## **ABDC’S POSITION**

ABDC welcomes the opportunity to provide input into the House of Representatives Education and Employment Committee Inquiry into *Innovation and Creativity: Workforce for the New Economy*.

ABDC is concerned not just with the role business schools play in providing a large proportion of Australia’s graduate labour force, but also the ability of Australian businesses to pursue innovation, increased productivity and growth within Australia and internationally. To that end we commend the Federal Government on its commitment to the National Science and Innovation Agenda. ABDC wholly supports policies and initiatives that are of vital importance to Australia’s future prosperity.

However to ensure truly effective government policy that embraces and enhances Australia’s capacity for university-industry collaboration, improved innovation management, increased productivity and commercialisation, it is critical that business and management skills are considered a key element. ABDC welcomes the opportunity to provide further specific feedback, advice or input into how Australia can develop a more effective, high quality and internationally competitive labour force for the new economy.

## **THE EXTENT TO WHICH STUDENTS ARE GRADUATING WITH THE SKILLS NEEDED FOR THE JOBS OF TODAY AND OF THE FUTURE**

Graduating one-in-three university students in Australia, ABDC business schools are already at the forefront of delivering and developing increased work-integrated-learning opportunities, increased industry and community engagement, as well as developing new flexible delivery models, entrepreneurial programs and business incubators. Australian business schools also attract a relatively large proportion of the international student market. Therefore we need to ensure we are supporting and building an internationally competitive education and research system - one which attracts the very best international students, researchers and academics and one which supports employability of our graduates internationally and by organisations engaged in or wishing to grow their business internationally.

**Business and management skills are critical in delivering innovation, transferring technology and commercialising research:** Some of the most economically productive innovations have resulted from new business models; design, technology and business systems integration; improved business processes; and high performance workplace and management practices. Not only is science, technology, engineering

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<sup>1</sup> Calculated from Department of Education and Training, ‘Management & Commerce Completion Count’, [Higher Education Statistics \(uCube\)](#) plus Economics data provided on request, 2014.

<sup>2</sup> Department of Foreign Affairs and Trade (DFAT), ‘[Australia’s top 25 exports, goods and services, 2013-14](#).’ In 2013-14 education-related travel services were Australia’s fourth largest export at \$15.7 billion and included secondary, VET, ELICOS and pathways.

<sup>3</sup> Department of Education and Training, 2014.

<sup>4</sup> Calculated from Department of Education and Training, ‘*Management and Commerce International Student Load Count (EFTSL)*’, [Higher Education Statistics Data Cube \(uCube\)](#) plus Economics EFTSL data provided on request, 2013; and ‘*Australia’s International Education Industry - Analysis of Strategic Trends*’, February 2013, by Boston Consulting Group (BCG), p. 14, ‘each international student in Australia contributes an estimated \$49,240 per year to the local economy’. This figure related to fees, living and travel-related expenses.

and mathematics (STEM) research and innovation vital, but business and organisational innovation is an increasingly important element of Australia's long-term economic development and productivity. It is imperative that business research and management skills are recognised as a key element of developing an innovative and creative future Australian workforce - one that enables Australia to not only achieve important productivity increases but to develop new technology, commercialise research and compete globally.

ABDC supports the University of Technology Sydney's inquiry submission which defines *innovation* as the successful exploitation of new ideas (e.g. new products, new services, and new ways of running or doing business) and *creativity* as the generation of new ideas (e.g. new technologies, new or changing markets). UTS provides an excellent breakdown of the important skills and attributes graduates need to be successful in today and tomorrow's workforce. Not only do graduates need basic employability skills, knowledge and technical skills but they also need to have entrepreneurial and business skills as well as management and leadership skills to grow globally competitive Australian businesses.

**Promoting and sharing best practice in learning and teaching supports good student outcomes:** As a provider of over 101,000 university graduates to Australia annually, ABDC emphasises the critical role of a quality learning and teaching environment in graduating students with skills needed for today and transferable skills needed for tomorrow. Quality learning and teaching programs require major investment in modern teaching spaces, technology and facilities; work-integrated-learning programs; appropriately qualified staff (increasingly with cross cultural competencies); and programs to provide appropriate support for students from different language and learning style backgrounds. As these elements require significant investment, universities would greatly benefit from increased sharing of excellence and best practice across the higher education sector.

ABDC promotes the sharing of excellence through the collaborative nature of our Learning and Teaching Network. However government policy needs to invest long-term in recognising, showcasing and developing both excellence and innovation in learning and teaching practice across the entire higher education sector. Doing so would play a fundamental role in universities ongoing capacity to provide 1) industry-relevant learning opportunities; 2) an education that ignites a student's passion for lifelong learning; and 3) ultimately achieve successful student outcomes in the current job-market and the future new economy. ABDC recommends that the government ensure that the proposed model (replacing the Office for Learning and Teaching (OLT)) retains a long-term, well-funded and autonomous national governance structure to ensure credibility, transparency and impartiality.

**Incentivising industry-relevant learning opportunities:** Business schools in Australia already invest heavily in developing and delivering career services and work-integrated-learning opportunities. ABDC believes that identifying relevant work experience and graduate employment opportunities are among the most vital aspects of a student's experience. Evidence of the importance of this area is reflected in global student surveys, which consistently identify work experience and internships as a high priority and expectation of students. It is critically important that we meet these expectations, but it is an area that still has a lot of potential to expand to a much greater scale by breaking down cultural bias both within and outside universities, misinformation and industry reluctance to engage time and resources in supervising, mentoring and guiding students in these work-integrated-learning (WIL) programs. For SMEs their capacity to offer workplace learning opportunities is a significant constraint.

The ABDC has been involved and welcomes the National WIL Strategy. The success of this strategy however will depend on appropriate policy to encourage and incentivise individual businesses to take up the opportunities and benefits offered through employment or engagement of students during the course of their studies and in particular in relation to international students. Policies which encourage businesses, especially SMEs, either financially or administratively are essential of overcoming the capacity constraints, either perceived or otherwise. At the very least we recommend the development of

government funded communications materials (including a website) which brings together the currently fractured information which can help employers consider either employing or offering internship opportunities and how these can be extended for the right candidates. This information would provide an understanding of the benefits; the processes and rules around offering work integrated learning opportunities or employing students (especially international students or graduates) such as insurance, workers compensation, taxation and rights; information on visas; and information on how to support student learning and engagement.

On top of the above concerns, there is more opportunity within the university sector to recognise and incentivise academic staff to engage more with industry. This would mean that academic promotion criteria would give more weight to industry engagement, particularly outside commissioned research and in areas which provide graduates with more 'real-world' experience.

### **LAWS AND REGULATIONS THAT MAY ACT AS A BARRIER TO EDUCATION PROVIDERS BEING ABLE TO OFFER QUALIFICATIONS THAT MEET THE NEEDS OF THE NEW ECONOMY AND FASTEST GROWING SECTORS**

In all recent key policy documents for research, innovation and international education, the science, technology, engineering, mathematics (STEM) and health disciplines are identified as key areas of activity in growing Australia's innovation system, international links and influence, as they should be. However in many universities the ongoing success in these areas is supported by business schools and their ability to both attract and educate a large international student cohort (the key discipline to which international students globally are attracted).

**Recognising the critical role of business schools:** Currently one-in-five Australian business schools are ranked in the top two percent of universities worldwide for economics and business.<sup>5</sup> In the latest QS World University Rankings by Subject 2016, on a per-capita basis, Australia had significantly more business schools in the top 50 worldwide than the other major English-speaking study destinations such as the US, the UK, New Zealand and Canada. Australian business schools continue to outperform their STEM counterparts with business, management, accounting and finance appearing more in the top 200 QS rankings than all major science and engineering subjects including medicine, mathematics, computer and information sciences. However with Government budget cuts or efficiency dividends to higher education in recent years, we are noticing a corresponding drop in the number of business schools appearing in these world rankings.

Recent Government consultation has suggested doubling the number of onshore international students by 2025 and increasing the number of offshore enrolments (including online) to 10 million. Given the significant cohort size that already exists in Australian business schools (who graduate three out of five international students in Australian universities) and the high concentration (often one or two nationalities) in particular schools and programs, sustainable growth is not possible without significant support for both business teaching and learning but also for business research. We need to ensure that fees from international students are not seen as a replacement for funding domestic students and research to avoid detrimental consequences to business student outcomes, our international reputation and a key source of income for our higher education sector.

**Enabling flexibility and agility to develop innovative programmes and meet changing market demand:** Although there is a need to ensure consistent quality development of curriculum through vehicles such as the Australian Qualifications Framework (AQF) and the Tertiary Education Quality and Standards Agency (TEQSA), it is important that universities can still have enough flexibility and agility to develop innovative

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<sup>5</sup> *Academic Ranking of World Universities (ARWU), 2014.* One-in-five Australian business schools are listed in the top 200 (or two percent) of universities worldwide in economics and business. In the *US News Best Global Universities Ranking 2014*, Australian business schools represent seven out of the top 100 universities for economics and business. Quaquarelli Symonds in their 2015 top 50 'QS World University Rankings', Australian business schools account for six in Accounting and Finance, five in Economics and Econometrics and six in business & management studies.

programmes. The reality is that the nature of postgraduate professional programs and what students require is changing rapidly. Employers and students are no longer only seeking certification in the way it was previously understood, but the need for shorter, sharper more flexible programs is increasing. Other overseas countries offer greater flexibility in award courses and these are proving to be very attractive to international students. The tension between being able to offer these flexible courses and meet the increased requirements to be able to offer award courses is growing rapidly and will put at risk our ability to continue to competitively offer award courses to meet changing global market demand.

**FACTORS THAT DISCOURAGE CLOSER PARTNERSHIPS BETWEEN INDUSTRY (PARTICULARLY SMES), THE RESEARCH SECTOR AND EDUCATION PROVIDERS; INCLUDING BUT NOT LIMITED TO: INTELLECTUAL PROPERTY; TECHNOLOGY TRANSFER; AND RAPID COMMERCIALISATION**

ABDC is concerned not just with the training of future business academics, but also the ability of Australian businesses to pursue innovation and growth within Australia and internationally. To that end we believe having innovative, well-resourced and flexible research training via a diversity of program types is vital for Australia's future prosperity. Many industry problems require very "immediate" solutions, and those solutions are often very proprietary. On the other hand, research that is high quality is rarely immediate, and in many cases a greater economic benefit potentially occurs from widespread dissemination. Australian business schools are acutely aware of the diverse and sometimes conflicting requirements of academic and industry research and the need for Australia to develop an effective, world-class research system that addresses both.

**Encouraging wider, SME and industry-relevant collaboration:** ABDC recommends that government policy needs to recognise its influence and how broad research, industry or industry-based policy can positively impact: commercialisation, industry-university collaboration as well as incentivise and strengthen commercial involvement; the application of existing National Research Priorities and embracing non-technical areas of business and management education and research scholarship; and creating more industry engagement in work-integrated learning activity, as previously mentioned.

Current regulatory (e.g. AQF) requirements can often prevent a dynamic, industry-responsive, internationally competitive and collaborative research environment from occurring. The current one-size fits all funding model and standard research training program length can restrict genuinely innovative programs, as well as the ability to incorporate aspects of overseas programs that have proven highly effective (e.g. US-style PhD programs including extensive coursework training) where such practice is deemed desirable. To ensure a truly effective research training system that embraces and enhances our capacity for university-industry collaboration, improved innovation management, increased productivity, commercialisation and global competitiveness, it is critical that business and managerial skills, training and research are considered. Our graduates are more likely to be internationally competitive if the best universities and institutions are free to implement dynamic, entrepreneurial and innovative approaches beyond the constraints of the current single research training system.

Previously, ABDC urged for recognition of how an "Economically Prosperous Australia" should be a fundamental objective of our tertiary education and research system. This view would ensure we are not limiting industry collaboration and rather that we are enabling both wider collaboration and increased application of innovative business models, systems and practices. In particular this approach is important for our significant SME sector, which represents 99.7 per cent of Australian businesses. Although they are considered the engine room for new ideas, new business activity and employment growth of Australia's post mining future, SMEs undertake a very small percentage of research and development. Australia's research and industry policy needs to address and support change in this area. ABDC recommends that the existing research priorities direct research and funding to areas best equipped to achieve collaboration - research that would connect with SME concerns. For example research into new business models, design and business systems integration and high performance workplace and management practices.

Not only is technological and scientific research vital, but non-technological innovation is an increasingly important element of Australia's long-term economic development and productivity. It is important that research priorities and R&D tax incentives acknowledge and can be applied to the innovative and industry relevant research occurring in the business management field and the need to support greater industry and university collaboration and knowledge exchange in this area to drive Australia's productivity in the SME sector and beyond.

## **SUMMARY**

In summary, for Australia's tertiary system to better meet the needs of a future labour force focused on innovation and creativity, ABDC recommends that Government recognise:

- the unintended consequences of funding uncertainty and changes on the higher education sector and its international reputation;
- the importance of government support for incentivising industry-wide (especially SME) engagement in research collaboration, commercial involvement and workplace learning opportunities;
- the impact on student outcome by government support of building and promoting best-practice in excellence and innovation in learning and teaching across the higher education sector.
- the crucial role that Australian business schools, education and research play in 1) the success and sustainability of the higher education sector; 2) developing Australia's future workforce and leadership capability; and 3) in enhancing Australia's capacity for university-industry collaboration, innovation management, commercialisation and development of globally competitive Australian businesses.

ABDC welcomes the opportunity to provide further specific advice, information or feedback into this inquiry.

*Submitted by:*



Professor Ian Palmer  
President

Australian Business Deans Council

*(and Vice President and Pro-Vice Chancellor (Business), RMIT University)*

## **ABDC MEMBERS**

### **Australian Capital Territory**

- Australian National University, College of Business and Economics
- University of Canberra, Faculty of Business, Government and Law

### **New South Wales**

- Charles Sturt University, Faculty of Business
- Macquarie University, Macquarie Graduate School of Management
- Macquarie University, Faculty of Business and Economics
- The University of New South Wales, UNSW Business School
- The University of Newcastle, Faculty of Business and Law
- The University of Notre Dame, School of Business, Sydney
- The University of Sydney, Business School
- University of New England, School of Business
- University of Technology Sydney, UTS Business School
- University of Western Sydney, School of Business
- University of Wollongong, Faculty of Business

### **Northern Territory**

- Charles Darwin University, Faculty of Law, Education, Business and Arts

### **Queensland**

- Bond University, Faculty of Business
- Central Queensland University, School of Business and Law
- Griffith University, Griffith Business School
- James Cook University, College of Business, Law and Governance
- Queensland University of Technology, QUT Business School
- Southern Cross University, Business School
- The University of Queensland, Faculty of Business, Economics and Law
- University of Southern Queensland, Faculty of Business, Education, Law and Arts
- University of the Sunshine Coast, Business School, Faculty of Arts and Business

### **South Australia**

- Flinders University, Flinders Business School
- The University of Adelaide, Faculty for the Professions
- University of South Australia, UniSA Business School

### **Tasmania**

- University of Tasmania, Faculty of Business

### **Victoria**

- Australian Catholic University, Faculty of Law and Business
- Deakin University, Faculty of Business and Law
- Federation University Australia, Federation Business School
- La Trobe University, La Trobe Business School
- The University of Melbourne, Faculty of Business and Economics
- Monash University, Faculty of Business and Economics
- RMIT University, College of Business
- Swinburne University of Technology, Faculty of Business and Enterprise
- Victoria University, College of Business

### **Western Australia**

- Curtin University, Curtin Business School
- Edith Cowan University, Faculty of Business and Law
- Murdoch University, School of Management & Governance
- The University of Western Australia, Business School

## AUSTRALIAN BUSINESS SCHOOLS - THE FACTS

***Australian business schools graduate one in three Australian university students.<sup>6</sup>***

***Australian business schools graduate three out of five international university students in Australia.<sup>7</sup>***

***Australian business school students contribute an estimated \$5.3 billion in export earnings to the Australian economy per annum<sup>8</sup> – equal to Australia's eleventh largest export.<sup>9</sup>***

***One-in-five of Australian business schools are ranked in the top two percent of universities worldwide for economics and business.<sup>10</sup>***

***Two-thirds of Australia's top 50 CEOs have a business school qualification.<sup>11</sup>***

***Australian business school MBA graduates earn the second highest average salary world-wide at US\$115,600.<sup>12</sup>***

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<sup>6</sup> Department of Education and Training, 2014 - 32 per cent of all university completions in 2014 were from a management, commerce or economics discipline.

<sup>7</sup> Department of Education and Training, 2014 - 57 per cent of all university completions by overseas students in 2014 were from a management, commerce or economics discipline. This figure equals enrolment figures for management and commerce in offshore Australian campuses - Australian Education International – '*Research Snapshot: Transnational education in the higher education sector*', Oct 2014.

<sup>8</sup> Calculated from Department of Education and Training, '*Management and Commerce International Student Load Count (EFTSL)*', *Higher Education Statistics Data Cube (uCube)* plus Economics EFTSL data provided on request 2013 and '*Australia's International Education Industry - Analysis of Strategic Trends*', February 2013, by Boston Consulting Group (BCG), p. 14, Each international higher education student contributes an average USD44,000 to the Australian economy (fees plus living costs). Exchange rate accessed from [xe.com](http://xe.com) on 29 August 2013.

<sup>9</sup> Department of Foreign Affairs and Trade (DFAT), '*Australia's Trade in Goods & Services, Australia's top 25 exports, goods and services, 2013-14*'. In 2013-14 education-related travel services were Australia's fourth largest export at \$15.7 billion and included secondary, VET, ELICOS and pathways.

<sup>10</sup> *Academic Ranking of World Universities (ARWU), 2014*. One-in-five Australian business schools are listed in the top 200 (or two percent) of universities worldwide in economics and business. In the *US News Best Global Universities Ranking 2014*, Australian business schools represent seven out of the top 100 universities for economics and business. Quaquarelli Symonds in their 2015 top 50 '*QS World University Rankings*', Australian business schools account for six in Accounting and Finance, five in Economics and Econometrics and six in business & management studies.

<sup>11</sup> Suncorp Bank, '*Power Index*', August 2012. Survey of the CEOs of the 50 largest ASX-listed companies. 64 per cent have a business qualification; 40 per cent have an undergraduate business degree and 25 per cent hold an MBA

<sup>12</sup> QS Intelligence Unit, *QS TopMBA.com Jobs & Salary Trends Report 2014/15*, p.44.