



AUSTRALIAN BUSINESS DEANS COUNCIL

Australian Business Schools — A contextual statement

June 2022

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 system, 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 the landscape also includes 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 independent quality assurance and regulatory agency – the Tertiary Education Quality and Standards Agency (TEQSA).

Australia has 42 self-accrediting universities – 38 public universities, which are established by state government statute but funded nationally, and four private universities (Avondale University, Bond University, University of Notre Dame and Torrens University Australia). Australian universities have self-accrediting authority 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, there is one overseas university (Carnegie Mellon University), four University Colleges and eight Institutes of Education with self-accrediting authority, granted by TEQSA. A further approximately 135 Institutes of Higher Education operate under the regulation of TEQSA but do not have self-accrediting authority. Consequently, Australian universities are relatively autonomous in their operations, although their ability to set domestic 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



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quality expectations for programs at different levels, from technical and vocational certificates through to Doctor of Philosophy (PhD) and other doctoral degrees.

Each university is reviewed at least once every seven years by TEQSA as part of its registration renewal process and its research performance is reviewed every three to five 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 and the possibility of losing university status if research at world-class is not achieved in a threshold number of a university's teaching areas.

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

While much of the funding and the macro level regulation of higher education rests at the national level (see below), student entry and admission processes for bachelor programs 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 Commonwealth Grant Scheme (CGS) is the largest source of Australian Government funding for universities. It is allocated on the number of full-time equivalent domestic students in Commonwealth Supported Places (CSP) for bachelor programs and a small

number of master programs at each university. The contribution per CSP depends on the field of education with business in the lowest category.¹ 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. Domestic 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 the Higher Education Contribution Scheme-Higher Education Loan Program (HECS-HELP or HELP), is not repayable until the student graduates and earns above a defined income. HELP is to ensure that eligible students do not face any cost barrier to accessing higher education. The ‘student contribution’ is paid to the provider either directly by the student or by the Australian Government through the HECS-HELP loan system.

In contrast, fee-setting for postgraduate or international students is unregulated. Generally, 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. There are instances where domestic postgraduate courses can receive a government subsidy. 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 considerably 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. Up until 2017, a demand driven system operated with universities receiving CGS funding for unlimited places. However, this changed in 2017 to a capped system with the caps rising by a small amount each year subject to a performance-based funding system. So while universities can establish their own fee structures for international and postgraduate students, domestic bachelor student fees are effectively set by the 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 bachelor students typically constitute the majority of all student enrolments across the university. While universities may also receive government funding for research on a

¹ For 2022, the maximum student contribution for business degrees is \$14,630 per annum with \$1,099 being the Commonwealth contribution amount.

competitive application basis or from non-government bodies such as professional associations, trade bodies and business corporations for more applied research, 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 2020 there were approximately 1.5 million (1 million EFTL) higher education students in Australia.² Of the total student enrolments, 70% were domestic and 30% international; 67% were bachelor and 33% master and doctoral. Student enrolments in the management and commerce field of education were 380,050 (23%) split equally between domestic and postgraduate.

Despite the large number of alternate higher education providers, 90% 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 secondary 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. Australian Government requirements for international student visas permit international students to work up to 40 hours per fortnight.³

This Australia/New Zealand propensity for significant part-time employment is a barrier to bachelor students undertaking semester-length study abroad through international

² The most recent data at the time of writing from the Department of Education, Skills and Employment Analysis and Data Division.

³ To address workforce shortages due to COVID-19 temporary measures were put in place. Student visa work hours were relaxed for all ongoing students as well as new student arrivals, permitting them to work before their course of study commences and to work more than 40 hours a fortnight in any sector of the economy.

exchanges or other means because they may need to surrender their jobs. It has also encouraged the development of a practice whereby students go abroad for an overseas experience either before commencing, or 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 (New Colombo Funding) 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 bachelor 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, or across tri-semester.

Australian universities have developed two different types of master 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 bachelor 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 degree, which involves solely coursework with embedded research learning outcomes, or coursework plus a research project. This project is not as demanding as a traditional master’s research

thesis. These taught master degree programs typically allow entry to students with bachelor degrees from non-cognate disciplines provided there is evidence of sufficient ‘prior learning’ or students have completed appropriate introductory transition courses into the discipline area of the master degree. These ‘conversion’ master programs, as they are typically 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 a bachelor honours program or a master 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. More recently, several Australian universities have moved 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 changing 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 master 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, start anytime models or block mode models. So, while the most common teaching calendar structure remains the traditional two-semester model, more frequent variation in this model is now observed, including variations in the length of the semesters across different institutions.



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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 disciplines or teaching areas, such as the 'Faculty of Business' 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. Academic appointments are generally teaching and research roles or research only roles, although teaching intensive roles and education- focused roles are becoming more common. It is also not uncommon for business schools to have adjunct appointments. Unlike in the US, adjunct appointments are unpaid roles that may contribute in varying ways to engagement, teaching or research activities.

While there is no formal 'tenure' process like that in the US, newly appointed academic staff, particularly those appointed at the entry level of Associate Lecturer or 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 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.

There are generous leave entitlements in the Australian system, including four weeks of annual leave, up to 12-months parental leave, long service leave after seven years' service and generous sabbatical or research leave opportunities. Furthermore, there is no mandatory retirement age. 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. That said, academic redundancies, travel restrictions and austerity measures in response to COVID-19 (refer COVID Addendum) have reshaped workforce profiles and impacted the support and opportunities for academic pursuits.

Business schools within the Australian higher education system

All Australian universities and many other higher education providers have business or management schools/faculties, which between them graduate almost a third (28.5%) of all university students and half of all international students.⁴ International education, in 2019, contributed an estimated \$37.6 billion to Australian export earnings, with international students enrolled in business schools contributing half of this. Data from the Australian Bureau of Statistics indicates that the pandemic led to a decline in export income to \$22 billion in 2021. Despite this, education remains Australia's largest service export industry.

Given the number of enrolments in business programs, business schools are significant contributors to university revenues; business education is viewed as an attractive investment opportunity 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 Business School Pty Ltd, and well-known professional bodies such as the Australian Institute of Management, which offers Graduate Certificates and an MBA, and Chartered Accountants Australia and New Zealand, which offers a Graduate Diploma in Chartered Accounting. There are also several international higher education providers entering the Australian market; perhaps the most notable is Torrens University Australia, originally launched in 2013 by the Laureate group as an accredited private university based in South Australia. Expanding operations across Australia, Torrens was purchased by US-based Strategic Education in 2022. In addition, as noted earlier, several publicly funded TAFEs (Technical and Further Education providers) are approved to provide business diplomas and degrees at both bachelor and master level.

In most Australian states there are multiple university business schools offering a wide range of degree programs. The number of universities offering comprehensive business degree programs based in Victoria, New South Wales, Queensland, Western Australia and South Australia is nine, eleven, eight, five and four, respectively.

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 more than 40,000 enrolled students and generally include very big business schools with more than 10,000 enrolled students.

Some universities, seeking a share of the urban market, have opened campuses or study centres in multiple locations outside their home city or state. Consequently, their business

⁴ Department of Education, Skills and Employment, Management and Commerce completions, 2020.



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schools offer programs, and frequently locate staff, across different geographical locations, both interstate and internationally. For example, in addition to multiple campuses across Queensland, Central Queensland University also has campuses located in Melbourne, Adelaide, Sydney and Perth. In addition to three campuses in Melbourne, Monash University has campuses in Malaysia and Indonesia, while RMIT has campuses in Vietnam. As a result of the pandemic, there has also been a significant increase in the number of universities and business schools now offering online programs, often through education partnerships, as an extension of their campus-based educational programs.

Most university business schools provide a full range of programs from bachelor through to master and doctoral programs and attract significant numbers of international students at all program levels. Australian business education is a very attractive option for international students, especially from Asia, and China in particular. Since Australian borders reopened to international travellers, including international students, in February 2022, Australian universities have seen a diversity of international students with increasing enrolments from India, Nepal, Vietnam, Malaysia and Indonesia. While the recovery of enrolments of Chinese students has so far been slower, the greater diversity 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.

The provision of internship and career support services by business schools is an area of concern frequently raised by accrediting agencies. In Australian universities it is common for such services to be controlled and managed for all students centrally by the university, with business school students having full access to these services. Some business schools may provide their own career or 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.



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International rankings and global standing

Australian universities and university business schools perform very creditably in the various international rankings. Usually six Australian universities are ranked in the top 100 in the world with the vast majority of the others sitting in the top 500 on whatever ranking scheme is used. Australia is also the world's number one nation for the generation of world-class new universities, with 14 institutions in the Times Higher Education Top 100 Young Universities.⁵ Melbourne and Sydney are consistently ranked by QS as within the world's top 10 student cities.

Eight of Australia's business schools are ranked in the 100 universities worldwide for Economics and Business, with a further eight in the top 200.⁶ Many schools also seek international accreditation; approximately 50% 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.

Australian business school graduates make a significant contribution to Australian leadership and economic growth.

COVID-19 addendum

Australia had one of the strictest and longest travel bans during the COVID-19 pandemic. In March 2020 international borders were closed to everyone except citizens and residents and did not fully reopen until 21 February 2022. International students are an important part of the Australian community and a significant revenue component for Australian universities. Border closures prevented new commencing international students arriving in Australia as well as existing international students returning to Australia. Data suggests that Australia lost over 100,000 international students in 2020-2021 associated with the closures and other pandemic restrictive measures with expectations that recovery to pre-pandemic numbers will take several years. This presented challenges that impacted fee revenue for the majority of universities, particularly business schools given the significant number of international students studying management and commerce. In response to the challenging financial

⁵ 2021

⁶ US News and World Report Best Global Universities for Economics and Business in Australia, 2021

environment many universities initiated austerity measures. They also restructured their faculties and schools, moved to a greater centralisation of professional staff support services, and reshaped workforces with voluntary and involuntary redundancies.

In Australia, pandemic responses varied by state and territory. The response by the Victorian Government was particularly restrictive, with Melbourne spending more time in lockdown (262 days) than any other city in the world. For Victorian universities this effectively closed campuses for much of 2020 and 2021 with faculty and staff working from home, students engaging in learning online, and many industry engagement activities suspended. Sydney also spent over 100 days in lockdown and Western Australia closed its border to the rest of Australia from April 2020 to March 2022.

A report commissioned by TEQSA in 2021 notes the trends and changes that were occurring in the Australian higher education sector that were accelerated by COVID-19.⁷ These include the shift to blended and online delivery of programs, moves to diversify international student delivery away from the dominance of inbound (and substantially on-campus and face-to-face learning) to models that will increasingly incorporate the delivery of Australian higher education awards online, offshore and through third party arrangements.

The Department of Home Affairs temporarily changed the requirements for the Temporary Graduate (subclass 485) visa due to COVID-19 travel restrictions. Graduates from Australian universities could apply for a Temporary Graduate visa from outside Australia as a temporary measure. Further, if graduates studied online outside Australia, their online study counted towards the Australian Study Requirement (ASR) if they:

- studied online while holding a student (subclass 500) visa; and
- lodged the Temporary Graduate visa application within 6 months of completing their eligible qualification.⁸

⁷ TEQSA 2021, Forward Impact of COVID-19 on the Australian Higher Education System, Wells Advisory. Available at <https://www.teqsa.gov.au/sites/default/files/forward-impact-of-covid-19-on-australian-higher-education-report.pdf>

⁸ <https://www.homeaffairs.gov.au/covid19/visa-information/international-students/temporary-graduate-visa>