PATHWAYS TO SUCCESS:

Strategic Groups of UK Business Schools

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FOREWORD

There has been strong demand from the members of the Chartered Association of Business Schools (Chartered ABS) for a comparative analysis across the sector that would reveal similarities and differences in the way that UK business schools are positioned, structured and strategically focused. This was confirmed at the Chartered ABS Annual Conference in 2016, at a plenary session held exclusively for business school Deans where the proposal for a survey-based study was discussed.

This report provides the findings from the first phase of this project. It does not provide a ranking of business schools. It uses unique survey data, coupled with public data, to map out distinctive groups which Deans can use to benchmark their own organisations. The findings provide a set of relative indicators to help position where business schools are now and where they might want to get to in the future.

A series of reflections on the insights and further questions from the survey appear at the end of this report. One popular myth about UK business schools is clearly overturned by the results. They are not all the same. There is significant variation in structures, strategies and business models and this is evidence of successful differentiation in the face of an increasingly competitive environment. They all deliver different kinds of value in different ways.

Given the wide range of evolving threats and opportunities facing business schools and HEIs more generally, in the UK context and beyond, we hope this analysis will help Deans and Heads of Schools adapt and develop to achieve their strategic ambitions.

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INTRODUCTION

This report gives an analysis of business and management education providers within the Higher Education sector in the UK. Specifically, it concerns the number and nature of competitive groups of business schools within the industry. The report addresses the current (2016/2017) relative position of business and management schools by examining the strategic similarities and differences between providers of management education in the UK. The data are drawn from an industry-wide survey conducted by Chartered ABS in combination with data available publicly from the Higher Education Statistics Agency (HESA). The results identify clusters of schools – strategic groups - that each take different strategic approaches to delivering value within the industry. The findings show a wide variety of strategic approaches by UK business schools within 11 (10 groups of two or more business schools and one business school as an outlier 'group').

Strategic group theory connects the strategic behaviour of organisations with their structure and performance relative to others in the same industry. Throughout this report 'the industry' is considered to include providers of business and management education at degree level and combinations of activities that flow from scholarship in the discipline, including teaching and research. The two-step statistical clustering technique used in this analysis helped to surface unapparent similarities (and differences) between business school organisations. That is, groupings that are not immediately apparent from business school rankings, accreditation, or scores from government audits including the Teaching Excellence Framework (TEF) and Research Excellence Framework (REF) when reviewed in isolation.

The following section of this report examines findings from the survey data as a whole. The subsequent sections address the strategic groups and their characteristics. The final section considers the implications that flow from the research findings.

ABOUT UK BUSINESS SCHOOLS

This study examines 39 UK business schools. This is approximately one third of business schools in the UK. The data comes from a survey completed by the 39 business schools, supplemented by national data sources. Table 1 compares the upper, lower and average values for our 39 schools, used for comparing strategic groups, with values for all UK schools. This indicates the degree to which our sample is representative of the sector.

Table 1: Sample of UK Business Schools Compared with all UK Business Schools

	39 Business Schools in Sample			UK Business Schools		
	Min	Max	Average	Min	Max	Average
Number of academic staff [1]	18	361	130.7	5	500	112.2
Number of students enrolled [2]	316	6,444	2,710	5	7,085	1,906
Student: Staff Ratio (academic staff ratio) [3]	7.02 (10.4)	39.4 (41.8)	16.9 (22.8)	6.3	53.1	20.6
School Revenue [4]	£1,646,000	£77,700,000	£31,616,075	£1,600,000	£81,000,000	£29,604,707
Total Research Income [5]	0	>£4m	£720,600	£-62,000	£5,103,000	£726,000

Table 2 shows further characteristics of the business schools in the sample. These include the number of degree programmes offered by the business school, the number of support functions (e.g. IT, PR, marketing), the number of organisational levels from the Vice-Chancellor to the Dean or Head of the business school, the number of accreditations held, and the grade point average achieved in the REF 2014 exercise.

[1] Data under UK business schools taken from HESA Staff Record (2015/16). Copyright Higher Education Statistics Agency Limited. Neither the Higher Education Statistics Agency Limited nor HESA Services Limited can accept responsibility for any inferences or conclusions derived by third parties from data or other information obtained from Heidi Plus.

[2] Data under UK business schools taken from HESA Student Record (2015/16). Copyright Higher Education Statistics Agency Limited. Neither the Higher Education Statistics Agency Limited nor HESA Services Limited can accept responsibility for any inferences or conclusions derived by third parties from data or other information obtained from Heidi Plus.

[3] Data under UK business schools taken from HESA Staff Record (2015/16) and HESA Student Record (2015/16). Copyright Higher Education Statistics Agency Limited. Neither the Higher Education Statistics Agency Limited nor HESA Services Limited can accept responsibility for any inferences or conclusions derived by third parties from data or other information obtained from Heidi Plus.

[4] Data under UK business schools taken from Chartered ABS Annual Membership Survey 2016.

[5] Data under UK business schools taken from HESA Finance Record (2015/16). Copyright Higher Education Statistics Agency Limited. Neither the Higher Education Statistics Agency Limited nor HESA Services Limited can accept responsibility for any inferences or conclusions derived by third parties from data or other information obtained from Heidi Plus.

Table 2: Further Characteristics of Business Schools in this Study

	Sample		
	Min	Max	Average
Number of Degrees Offered	9	150	41.2
Number of Support Functions within the Business School	0	12	2.7
Number of Organisational Levels between V-C and business school Dean	0	3	1.13
Number of Accreditations Held	0	3	.95
REF2014 GPA	0	>3	2.23

Although some business schools are independent, most are part of wider governance structures in universities. The study shows a wide variation in the relative centralisation / devolvement of decision-making, resources and the location of support staff and budgets, from centralised to decentralised. Some schools employ staff in up to 12 different support functions within their organisation, others use support functions controlled centrally by the university. Governance structures also vary with some Deans and Directors reporting directly to their Vice-Chancellor, while others operate in a more hierarchical structure with up to 3 levels (e.g. PVCs or heads of college/faculty) above them in the university structure.

The average age of business schools in the sample was 29 years. Alongside variations in structure and governance, the schools in the sample also differ significantly in terms of the range of degree programmes they offer (from 9 programme variants to 150) and whether or not accreditations have been pursued. A strategic grouping approach allows us to explore a range of similarities and differences, for example in scale, structure, strategic focus or market positioning, across the sample.

STRATEGIC GROUPS OF BUSINESS SCHOOLS IN THE UK

The strategic groups shown in this analysis were produced using a two-step cluster analysis technique. The groupings are derived from variables that indicate particular strategic behaviours by business schools. First, schools were grouped according to whether they operate an additional international campus alongside their UK business school. Second, the research intensity of the school was analysed. Third, the scope of teaching activities undertaken by each business school was analysed. Each of these represent a specific set of strategic choices that business schools must consider. For example, the decision to operate both a UK and international based school requires different types, and quantities, of resources compared with a strategy to operate exclusively in the UK. Similarly, different resourcing decisions must be made about how intensively to pursue scholarly research, how many degree programmes to offer, whether or not to develop specialist or bespoke programmes of study, the staffing mix, to name but a few strategic decisions by each business school. The analysis revealed 11 groups each containing business schools with similar strategic behaviours based on their international/domestic strategy, research intensity, and the breadth of degree portfolio offered by the institution.

Table 3: Key characteristics of strategic groups A-K

Group	Key Characteristics		
A	International Campus	Research Led	Average number of Degree Programmes Taught
B	International Campus	Research Focused	Average number of Degree Programmes Taught
C	UK Based	Research Intensive	Average number of Degree Programmes Taught
D	UK Based	Research Focused	Large number of Degree Programmes Taught
E	UK Based	Research Focused	Average number of Degree Programmes Taught
F	UK Based	Research Focused	Low number of Degree Programmes Taught
G	UK Based	Hybrid	Large number of Degree Programmes Taught
H	UK Based	Hybrid	Average number of Degree Programmes Taught
I	UK Based	Hybrid	Low number of Degree Programmes Taught
J	UK Based	Teaching Focused	Average number of Degree Programmes Taught
K	UK Based	Teaching Focused	Low number of Degree Programmes Taught

Internationalisation

Many UK business schools offer a highly international experience with an inward and outward flow of students to and from global destinations (see *'UK business schools & international student recruitment'* Chartered ABS, 2016). However, in this report, internationalisation is used to differentiate between the strategic approaches of UK business schools, namely whether they have established an additional campus overseas. This constitutes a major strategic move for a business school and concerns the deployment and organisation of its resources. In this study, 6 out of 39 (14%) business schools had established a bricks and mortar presence overseas. This formed our first criterion for analysing strategic groups and produced two clusters: i) business schools with an international campus or ii) business schools based solely in the UK.

Research activity

As business schools are engaged in various configurations of scholarship which revolve around learning and teaching, and academic research, Deans and Heads of business schools must make decisions on the scale and focus of research activity within the organisation. To capture the research activity of each business school in this study, two variables were used for the cluster analysis. The first was the grade point average (GPA) achieved by the school in the last Research Excellence Framework (REF) in 2014. This measure was used in combination with the total research funding income for each school in the last 12 months. Income from research funding ranged from nothing to over £4.1m. The average amount of

income from research funding for 39 schools was £720,600. Business schools in the sample ranged from having no REF return (and no REF GPA) to a GPA of over 3.2 (in the top 10% in terms of research quality in the UK). The cluster analysis indicated five levels of research activity which were named i) research led, ii) research intensive, iii) research focused, iv) hybrid, or v) teaching focused.

Scope of teaching activity

Courses in business and management subjects remain some of the most popular in terms of student numbers in the UK higher education system. The third criterion in this cluster analysis is based on the number of degree courses offered by a school. This was used as a measure of the scope of teaching activities in a school. Again, Deans and Heads of business schools must make strategic decisions about the number of courses to offer and the resource-base of the school to enable this. The lowest number of degree courses offered was 9 and the greatest was 150. The average number of courses offered by 39 schools was 41 and suggests a wide variety in the scope of teaching activity across UK business schools with some highly focused, and others offering many management subjects or modes of study (for example: joint honours, part-time, or with options such as a professional placement). The analysis further grouped business schools by the number of degree programmes they taught. Table 3, and Figure 1 overleaf, show the key characteristics of the strategic groups.

Figure 1: Strategic Groups
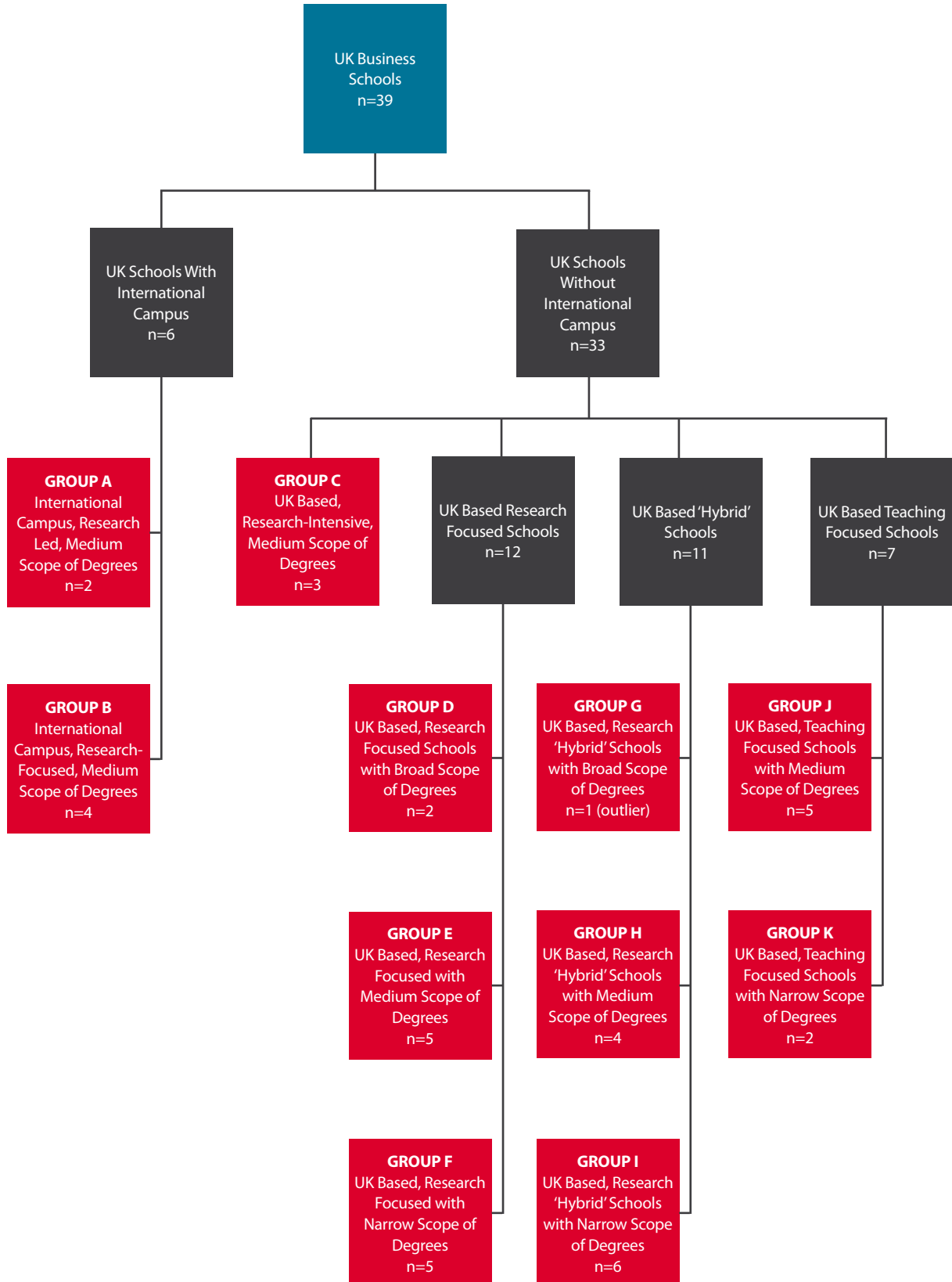
Analysis of strategic groups

Strategic groups reflect strategic properties of their constituent organisations. In this section, we provide further analysis of the characteristics of the groups by examining the average characteristics of organisations in the group. The variables used to compare groups are as follows:

- NSS survey data showing the average student satisfaction as measured by responses to the statement 'overall I am satisfied with the quality of the course'. This is a proxy indicator for the quality of teaching and learning.

- REF2014 GPA

- Number of major accreditations held: AACSB, EQUIS, AMBA

- The total research income for the business school

- Total business school revenue

- The number of support functions (e.g. IT, PR, Marketing) staffed within the business school rather than the university

- The layers of governance - how many organisational levels are between the Dean of the school and the Vice-Chancellor of the university

- The scope of the degrees offered by the business school

- The number of academic staff employed

- The total number of staff employed in the business school

- The size of business school - the number of students enrolled
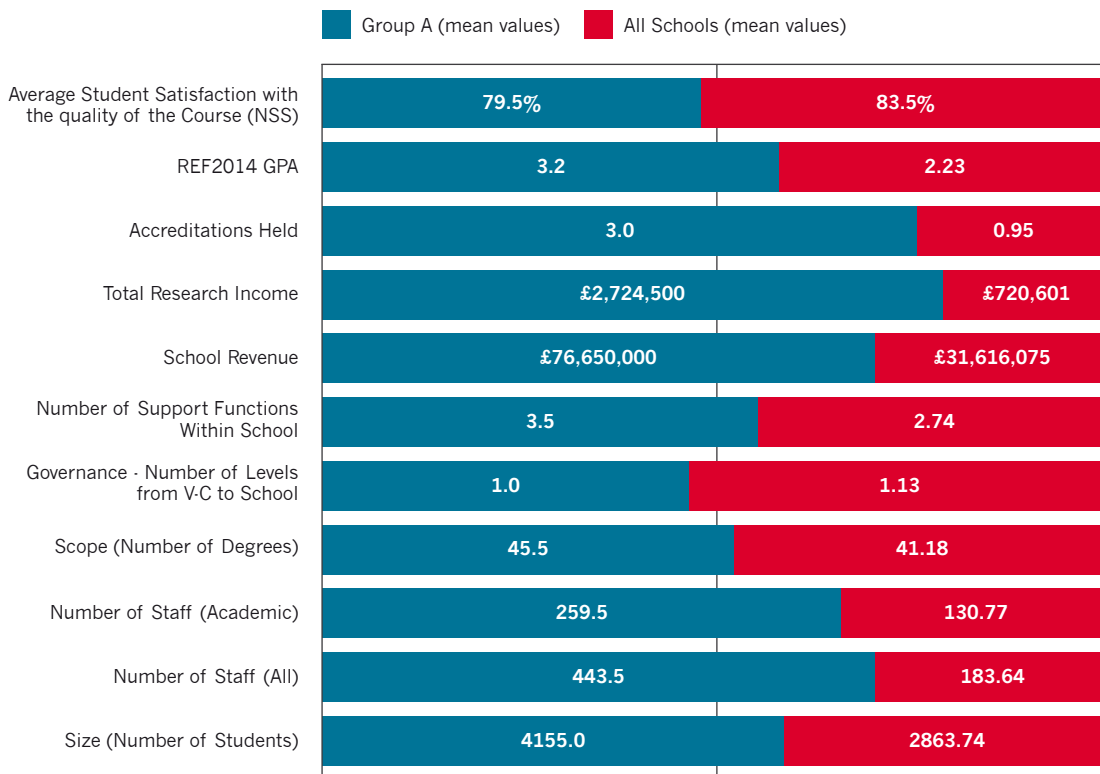
These serve as the basis by which to compare between the 11 strategic groups and the different kinds of strategies pursued by different groups. The findings are presented group by group and their characteristics relative to all schools in the sample are shown in each chart. This allows a meaningful comparison of how each strategic group is distinct from the others.

Groups A and B: UK Schools with Overseas Campuses

The first factor used to group schools was whether or not it had established an operation outside of the UK. This is a binary strategic choice for the scope of the business school's operations and establishing and running a campus outside of the UK will require a significant amount of resources. Only 15% (6) of business schools in the study operate a campus overseas. Of these, the cluster analysis revealed two groups of business schools within international campuses. Group A contains 2 schools and Group B contains 4 schools.

Business schools in Group A operate an international campus and are amongst the leading research schools in the UK. On average, these schools operate at a large scale, with substantially more students, a large number of academic (teaching and research) staff and support staff. These are characteristically 'full-service' business schools with undergraduate and postgraduate degree programmes and offer close to the average number of degrees for all business schools in the study. These schools are highly successful at securing research income and are among the top performers in the Research Excellence Framework (REF) exercise.

Comparison of Group A with all schools in sample

■ Group A (mean values)　■ All Schools (mean values)

	Group A (mean values)	All Schools (mean values)
Average Student Satisfaction with the quality of the Course (NSS)	79.5%	83.5%
REF2014 GPA	3.2	2.23
Accreditations Held	3.0	0.95
Total Research Income	£2,724,500	£720,601
School Revenue	£76,650,000	£31,616,075
Number of Support Functions Within School	3.5	2.74
Governance · Number of Levels from V-C to School	1.0	1.13
Scope (Number of Degrees)	45.5	41.18
Number of Staff (Academic)	259.5	130.77
Number of Staff (All)	443.5	183.64
Size (Number of Students)	4155.0	2863.74

Business schools in Group A are distinctive as they rank top for research quality, have the highest average research income and school revenue, and they hold all three major accreditations. They are large schools in terms of the number of staff employed and the number of students enrolled. However, they have the second lowest level of student satisfaction out of all the strategic groups.

The four schools in Group B also operate a campus outside of the UK and they are high-performing research schools.

Comparison of Group B with all schools in sample

■ Group B (mean values)   ■ All Schools (mean values)

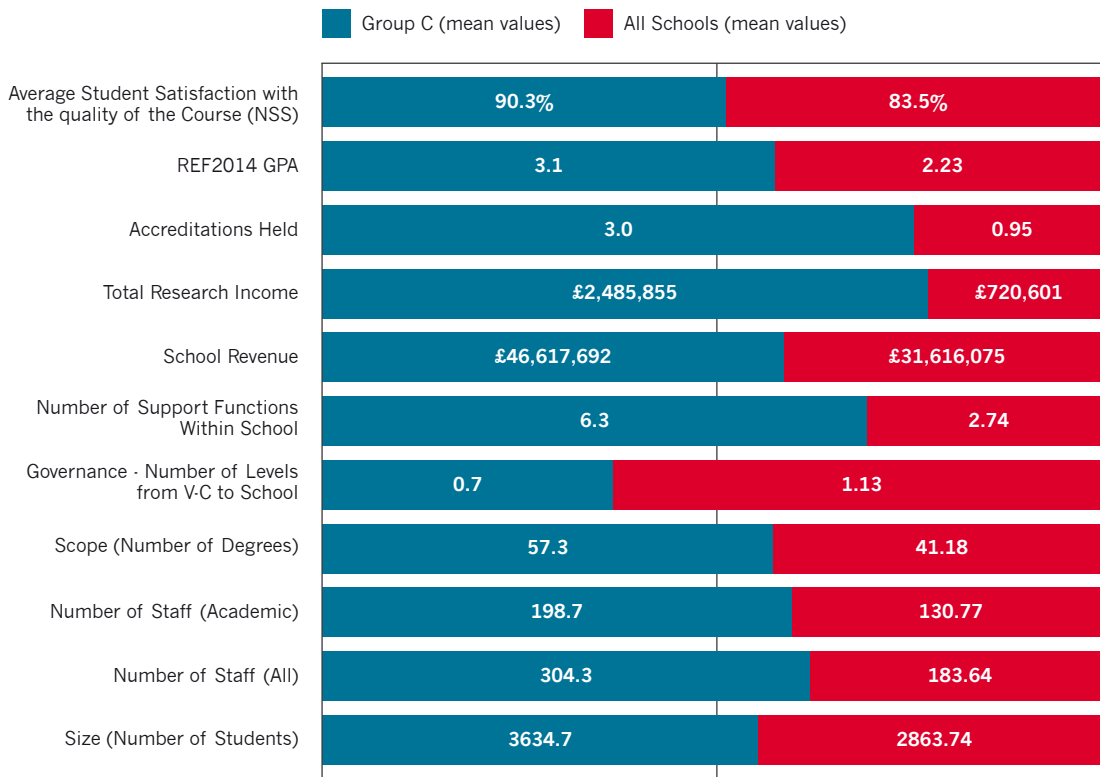|	Group B	All Schools
Average Student Satisfaction with the quality of the Course (NSS)	85.3%	83.5%
REF2014 GPA	2.9	2.23
Accreditations Held	1.5	0.95
Total Research Income	£545,218	£720,601
School Revenue	£41,483,656	£31,616,075
Number of Support Functions Within School	1.3	2.74
Governance - Number of Levels from V-C to School	0.8	1.13
Scope (Number of Degrees)	60.0	41.18
Number of Staff (Academic)	144.0	130.77
Number of Staff (All)	207.8	183.64
Size (Number of Students)	3183.5	2863.74

For business schools in Group B, the average research income is around one-fifth of those in Group A. However, schools in Group B tend to offer more degree programmes than Group A (60 compared to 45), despite having on average almost 1,000 fewer students. Not all schools have pursued 'triple accreditation' status, although schools will typically have at least one major accreditation.

Group C: UK-Based, Research Intensive Business Schools

Group C consists of schools that have no international campus and are research intensive as seen in their ability to compete for research funding and the quality of research output. Business schools in this group offer a similar number of degree programmes to those in Group B, however, Group C has on average 770 more students than the average for all business schools in the sample. This group has the highest number of support functions staffed within the business school than any other group. Business schools in this group also have the highest average student satisfaction with the quality of their degree.

Comparison of Group C with all schools in sample

■ Group C (mean values)　■ All Schools (mean values)

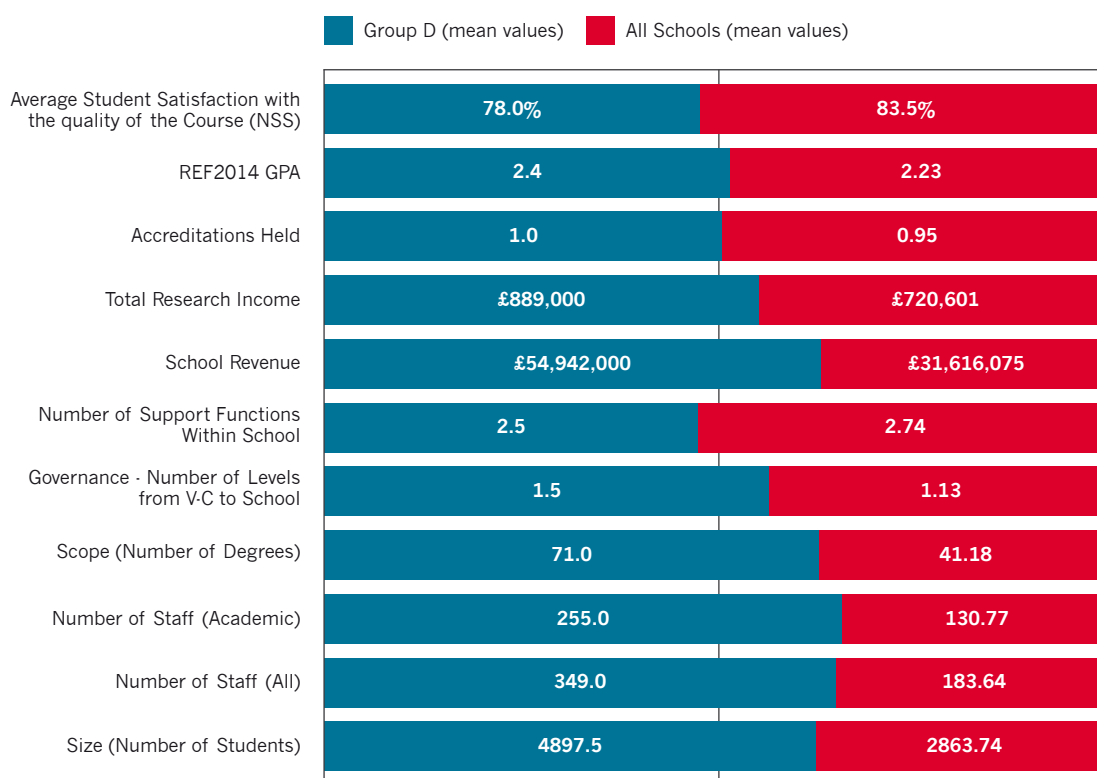|	Group C (mean values)	All Schools (mean values)
Average Student Satisfaction with the quality of the Course (NSS)	90.3%	83.5%
REF2014 GPA	3.1	2.23
Accreditations Held	3.0	0.95
Total Research Income	£2,485,855	£720,601
School Revenue	£46,617,692	£31,616,075
Number of Support Functions Within School	6.3	2.74
Governance - Number of Levels from V-C to School	0.7	1.13
Scope (Number of Degrees)	57.3	41.18
Number of Staff (Academic)	198.7	130.77
Number of Staff (All)	304.3	183.64
Size (Number of Students)	3634.7	2863.74

Groups D, E, and F: UK-Based, Research Focused Business Schools

Groups D, E, and F are UK-based business schools and operate with a substantial research focus. These groups differ from A and C in terms of research performance. Typically, the quality of research output is high, although fractionally lower than Groups A and C. A distinctive difference is that Groups D, E, and F attract, on average, slightly less than half the research income of Groups A and C.

Group D is distinctive due to the large number of degrees offered by business schools in the group. This group offers the greatest number of degree types (71) in this study. These are also characteristically large schools both in terms of student numbers and staff numbers as well as the amount of revenue generated (on average £54.9m).

Comparison of Group D with all schools in sample

█ Group D (mean values)   █ All Schools (mean values)

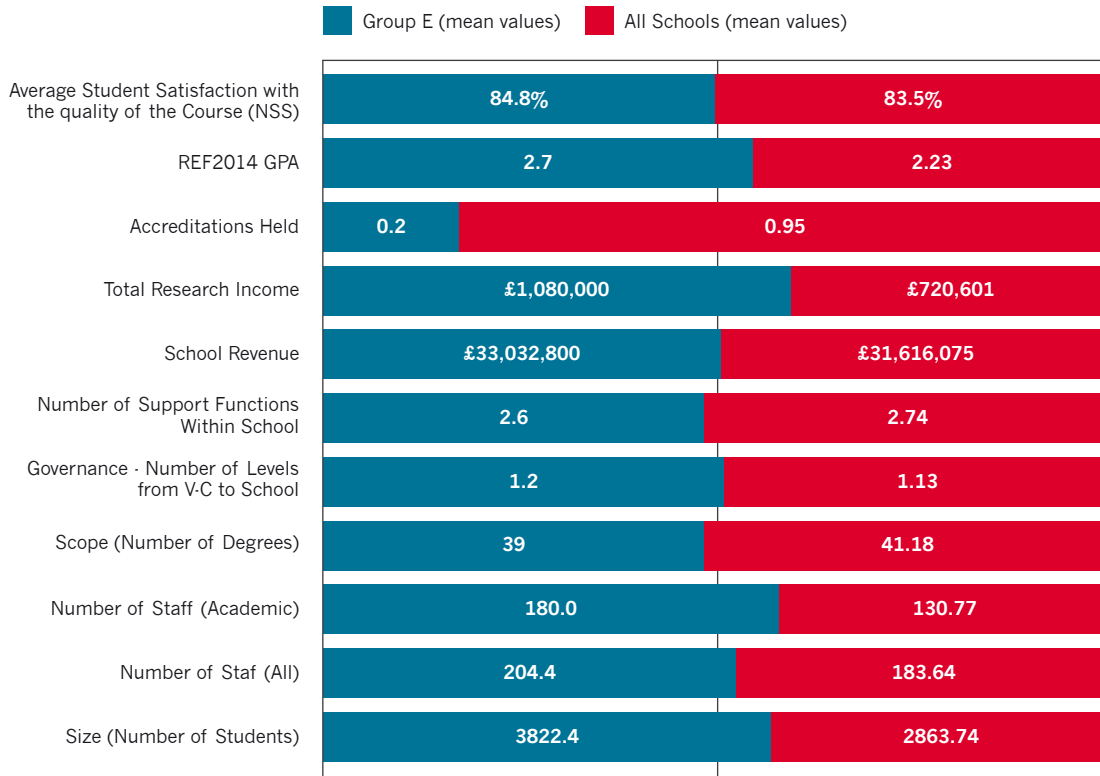|	Group D (mean values)	All Schools (mean values)
Average Student Satisfaction with the quality of the Course (NSS)	78.0%	83.5%
REF2014 GPA	2.4	2.23
Accreditations Held	1.0	0.95
Total Research Income	£889,000	£720,601
School Revenue	£54,942,000	£31,616,075
Number of Support Functions Within School	2.5	2.74
Governance - Number of Levels from V-C to School	1.5	1.13
Scope (Number of Degrees)	71.0	41.18
Number of Staff (Academic)	255.0	130.77
Number of Staff (All)	349.0	183.64
Size (Number of Students)	4897.5	2863.74

However, this group has a lower than average level of student satisfaction compared to all schools in the sample (perceived quality is high throughout the sample, with all schools scoring above 73%).

Group E consists of business schools with a more focussed degree portfolio, offering 39 degree programme variants. These schools are less likely to hold a major accreditation than the groups discussed above and Group F.

Business schools in Group F are, on average, smaller than Groups D and E with fewer students and staff than other research focused business schools. For Group F, research income is lower, and average school revenue is half that of business schools in Group E. This is despite producing higher quality research outputs than both Groups D and E.

Comparison of Group E with all schools in sample

■ Group E (mean values)   ■ All Schools (mean values)

Metric	Group E	All Schools
Average Student Satisfaction with the quality of the Course (NSS)	84.8%	83.5%
REF2014 GPA	2.7	2.23
Accreditations Held	0.2	0.95
Total Research Income	£1,080,000	£720,601
School Revenue	£33,032,800	£31,616,075
Number of Support Functions Within School	2.6	2.74
Governance - Number of Levels from V-C to School	1.2	1.13
Scope (Number of Degrees)	39	41.18
Number of Staff (Academic)	180.0	130.77
Number of Staf (All)	204.4	183.64
Size (Number of Students)	3822.4	2863.74

Comparison of Group F with all schools in sample

■ Group F (mean values)   ■ All Schools (mean values)

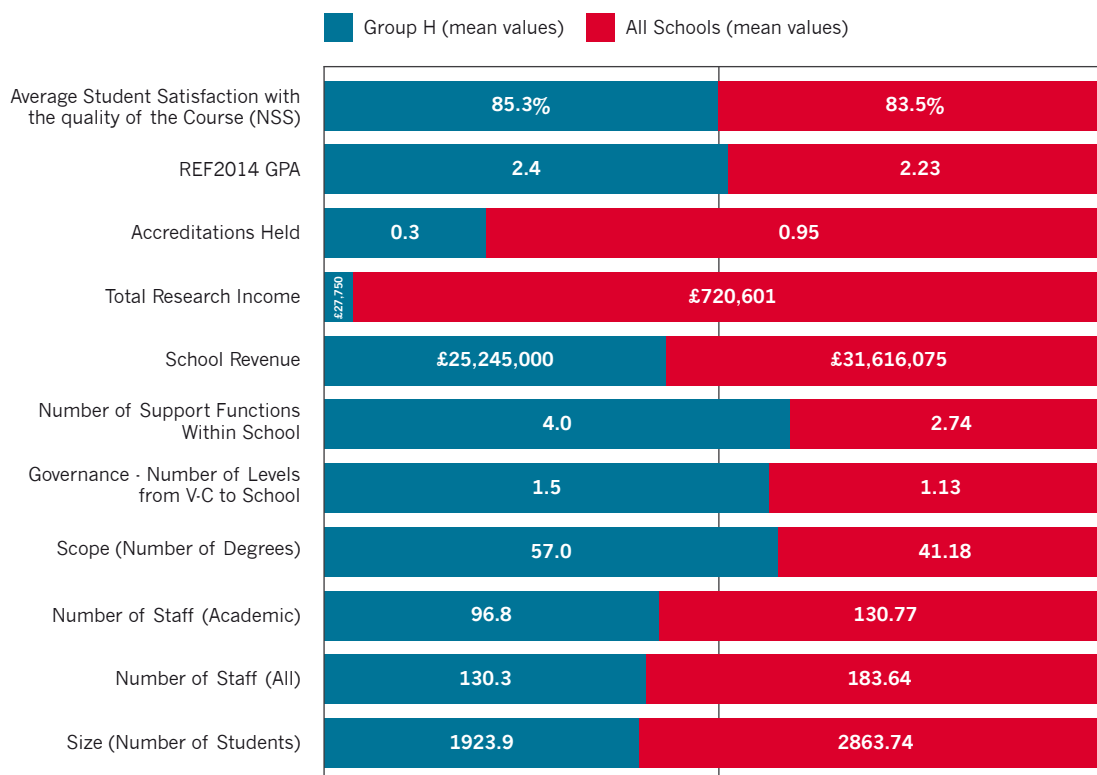| Metric	Group F	All Schools
Average Student Satisfaction with the quality of the Course (NSS)	83.4%	83.5%
REF2014 GPA	3.0	2.23
Accreditations Held	1.4	0.95
Total Research Income	£951,000	£720,601
School Revenue	£25,098,000	£31,616,075
Number of Support Functions Within School	2.2	2.74
Governance - Number of Levels from V-C to School	1.2	1.13
Scope (Number of Degrees)	21.0	41.18
Number of Staff (Academic)	106.6	130.77
Number of Staff (All)	167.2	183.64
Size (Number of Students)	2513.6	2863.74

Groups G, H, and I: UK-Based 'Hybrid' Business Schools

Business schools in Groups G, H, and I are less research intensive than the prior six groups. Group G consists of one outlying school and its data are not reported here. Business schools in these groups have been termed 'hybrids' because they appear to balance the activities of teaching and research in more equal terms than other groups. While business schools in these groups still produce high quality research output, they attract far less income from research activities (Groups A-F attract, on average, at least 17 times more research income than 'hybrid' business schools).
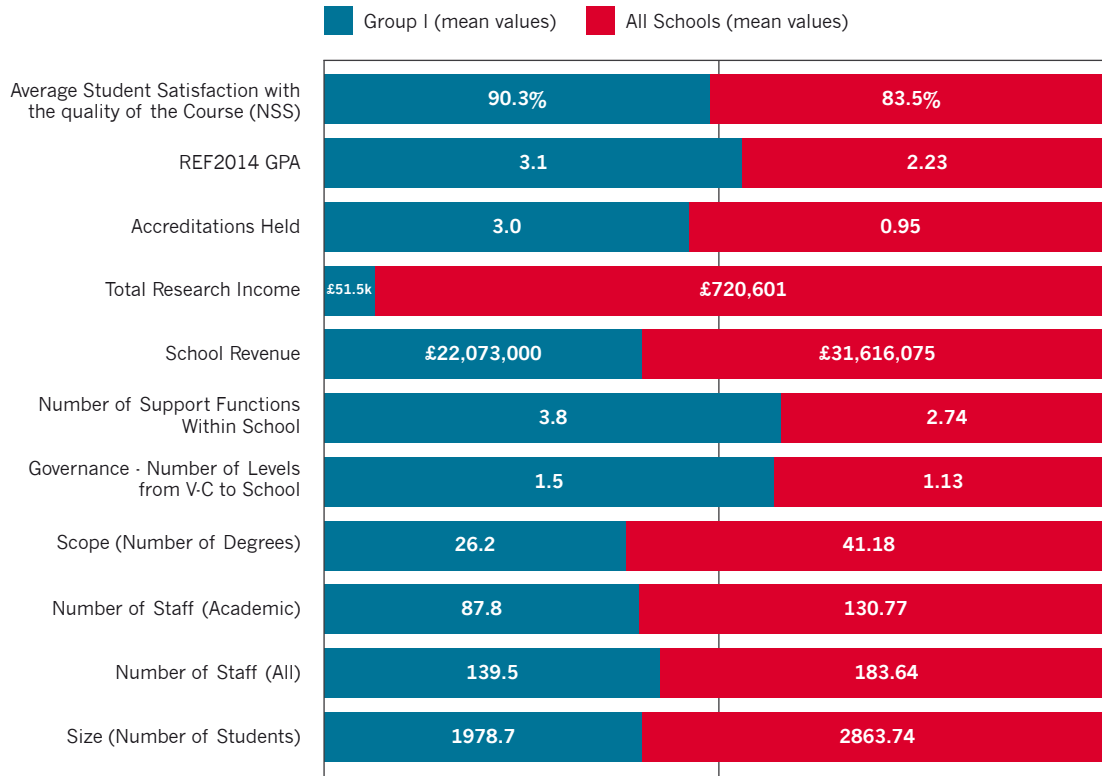
Groups H and I have a higher than average number of support functions within the school compared with other groups. They are also similar in terms of their size, quality of research output, and their average revenue.

Comparison of Group H with all schools in sample

Group H (mean values) ■ All Schools (mean values) ■

	Group H (mean values)	All Schools (mean values)
Average Student Satisfaction with the quality of the Course (NSS)	85.3%	83.5%
REF2014 GPA	2.4	2.23
Accreditations Held	0.3	0.95
Total Research Income	£27,750	£720,601
School Revenue	£25,245,000	£31,616,075
Number of Support Functions Within School	4.0	2.74
Governance - Number of Levels from V-C to School	1.5	1.13
Scope (Number of Degrees)	57.0	41.18
Number of Staff (Academic)	96.8	130.77
Number of Staff (All)	130.3	183.64
Size (Number of Students)	1923.9	2863.74

However, Groups H and I are different from each other because of the differences in the scope of their teaching activities; Group H offers over twice as many degree types as Group I. However, Group I has fractionally lower than average student satisfaction with the quality of their degree course, while Group H has higher than average student satisfaction. This could be due to the higher academic staff to student ratio for schools in Group H.
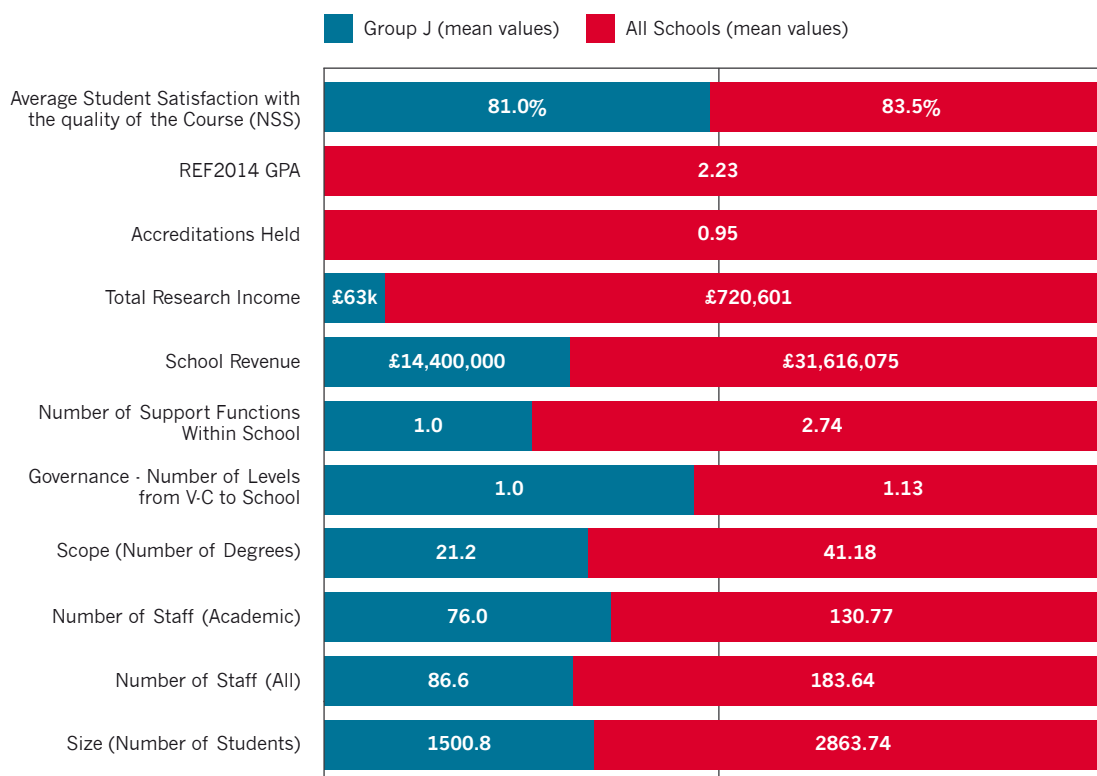
Comparison of Group I with all schools in sample

■ Group I (mean values) ■ All Schools (mean values)

Metric	Group I	All Schools
Average Student Satisfaction with the quality of the Course (NSS)	90.3%	83.5%
REF2014 GPA	3.1	2.23
Accreditations Held	3.0	0.95
Total Research Income	£51.5k	£720,601
School Revenue	£22,073,000	£31,616,075
Number of Support Functions Within School	3.8	2.74
Governance - Number of Levels from V-C to School	1.5	1.13
Scope (Number of Degrees)	26.2	41.18
Number of Staff (Academic)	87.8	130.77
Number of Staff (All)	139.5	183.64
Size (Number of Students)	1978.7	2863.74

Groups J and K: UK-Based, Teaching-Focused Business Schools

Business schools in Groups J and K are different from the groups discussed above as they have no REF output score, suggesting that the production of research in academic journals is not necessarily a strategic priority. Both groups are similar in terms of their student numbers, revenue, and both operate with fewer support functions within the school than the average for all groups.

There are two main characteristics that differentiate Groups J and K. First, is the number of degree programmes offered as Group J offers twice as many degree variants than Group K. Average student perception of degree quality also varies with Group K's perceived quality above average for all groups, while Group J has slightly lower than average levels of student satisfaction.

An interesting characteristic of these two groups is that they generated more research income than groups H and I. The recent report on *Research Income for Business and Management* (Chartered ABS, 2017) Chartered ABS shows both an overall decline in research funding for the field of business and management and research funding coming from a wider variety of sources. This strategic group analysis does not examine the origin of research funding, but this finding raises important questions about different business models and the capability to compete for research funding by business schools.

Comparison of Group J with all schools in sample

■ Group J (mean values)   ■ All Schools (mean values)

	Group J	All Schools
Average Student Satisfaction with the quality of the Course (NSS)	81.0%	83.5%
REF2014 GPA		2.23
Accreditations Held		0.95
Total Research Income	£63k	£720,601
School Revenue	£14,400,000	£31,616,075
Number of Support Functions Within School	1.0	2.74
Governance · Number of Levels from V-C to School	1.0	1.13
Scope (Number of Degrees)	21.2	41.18
Number of Staff (Academic)	76.0	130.77
Number of Staff (All)	86.6	183.64
Size (Number of Students)	1500.8	2863.74

Comparison of Group K with all schools in sample

■ Group K (mean values)　■ All Schools (mean values)

	Group K (mean values)	All Schools (mean values)
Average Student Satisfaction with the quality of the Course (NSS)	84.0%	83.5%
REF2014 GPA		2.23
Accreditations Held		0.95
Total Research Income	£132,500	£720,601
School Revenue	£13,063,000	£31,616,075
Number of Support Functions Within School	1.5	2.74
Governance - Number of Levels from V-C to School	1.0	1.13
Scope (Number of Degrees)	10.0	41.18
Number of Staff (Academic)	54.5	130.77
Number of Staff (All)	59.0	183.64
Size (Number of Students)	1288.0	2863.74

Summary Data and Key Ratios

A comparison of the characteristics of the strategic groups in this report is summarised below in Table 4.

Table 4. Summary of Strategic Groups of UK Business Schools.

Strategic Group	Average Size (number of students)	Average of Number of Staff	Average of Number of Staff (Academic)	Average of Scope (Number of Degrees)	Average of Levels from V-C to School	Average of Governance - Number	Average Number of Support Functions Within School	Average of School Budget	Average of Total Research Income	Average of Accreditations Held	Average Number of REF2014 GPA	Average of Age of Business School	Average Student Satisfaction with the Quality of the Course (NSS)
A	4,155.0	443.5	259.5	45.5	1.0	3.5	£76,650,000	£2,724,500	3.0	3.2	51.5	79.5%
B	3,183.5	207.8	144.0	60.0	0.8	1.3	£41,483,656	£545,218	1.5	2.9	42.3	85.3%
C	3,634.7	304.3	198.7	57.3	0.7	6.3	£46,617,692	£2,485,855	3.0	3.1	38.7	90.3%
D	4,897.5	349.0	255.0	71.0	1.5	2.5	£54,942,000	£889,000	1.0	2.4	76.5	78.0%
E	3,822.4	204.4	180.0	39.0	1.2	2.6	£33,032,800	£1,080,000	0.2	2.7	23.2	84.8%
F	2,513.6	167.2	106.6	21.0	1.2	2.2	£25,098,000	£951,000	1.4	3.0	29.4	83.4%
G	Data not presented for 1 (outlier) school											
H	1,923.9	130.3	96.8	57.0	1.5	4.0	£25,245,000	£27,750	0.3	2.4	15.8	85.3%
I	1,978.7	139.5	87.8	26.2	1.5	3.8	£22,073,000	£51,500	0.8	2.6	23.3	81.0%
J	1,500.8	86.6	76.0	21.2	1.0	1.0	£14,400,000	£63,000	0.0	0.0	12.6	81.0%
K	1,288.0	59.0	54.5	10.0	1.0	1.5	£13,063,000	£132,500	0.0	0.0	10.5	84.0%

Across our 39-school sample, based on the strategic group data in Table 4, the average school group has: £31.6 million in revenue, almost £721k in research income, 2,700 students, a total student-staff ratio of 14.6:1 and a student-academic staff ratio of 20.7:1.

Table 5 provides some key ratios for each of the strategic groups, including students, school revenue and research income, per head of total staff (professional services and academics) and for academic staff alone. So, for example, schools in Group A earn an average revenue of £295,376 per academic staff member (the highest across the groups) and £172,830 per head of total staff, 4th highest across the groups, reflecting the larger proportion of support staff in these schools.

Table 5. Key Ratios Across the Strategic Groups

Strategic Group	Student: Total Staff Ratio	Student: Academic Staff Ratio	Average School Revenue per Academic Staff Member	Average School Revenue per Staff Member (all)	Average Research Income per Academic Staff Member	Average Research Income per Staff Member (all)
A	9.4	16.0	£295,376	£172,830	£10,499	£6,143
B	15.3	22.1	£288,081	£199,681	£3,786	£2,624
C	11.9	18.3	£234,653	£153,180	£12,513	£8,168
D	14.0	19.2	£215,459	£157,427	£3,486	£2,547
E	18.7	21.2	£183,516	£161,609	£6,000	£5,284
F	15.0	23.6	£235,441	£150,108	£8,921	£5,688
G	39.4	41.3	£260,317	£248,485	£1,317	£1,258
H	14.8	19.9	£260,930	£193,820	£287	£213
I	14.2	22.5	£251,306	£158,229	£586	£369
J	17.3	19.7	£189,474	£166,282	£829	£727
K	21.8	23.6	£239,688	£221,407	£2,431	£2,246

Teaching and research

The precise role and purpose of business schools has been the subject of heated debate for well over half a century. On the one hand business schools seek legitimacy as part of academe and must 'prove' their scholarly credentials through the production of rigorous research. On the other, they are charged with providing applied and value-enhancing management education. This raises the question of how (and whether) to reconcile the activities of teaching and research in business schools. Using the strategic group analysis, the groups have been plotted according to their REF 2014 GPA output and the perceived quality of their degrees by their students. In competitive theory, performance is relative to other players in the industry, hence there is no 'right' way to address the strategic challenge for business schools of excelling at both teaching and research activities. The axes intersect at the average for both REF GPA and for student satisfaction in the sample. It is important to note that for the sample the lowest level of perceived degree quality is 73% (32% across all institutions in the NSS survey) and the average is 83.5% (82% average for all institutions in the NSS survey). As such, the standard of perceived quality of business school degrees is high for the 39 business schools in the study.

Group Performance: Perceived Degree Quality and Research Outputs
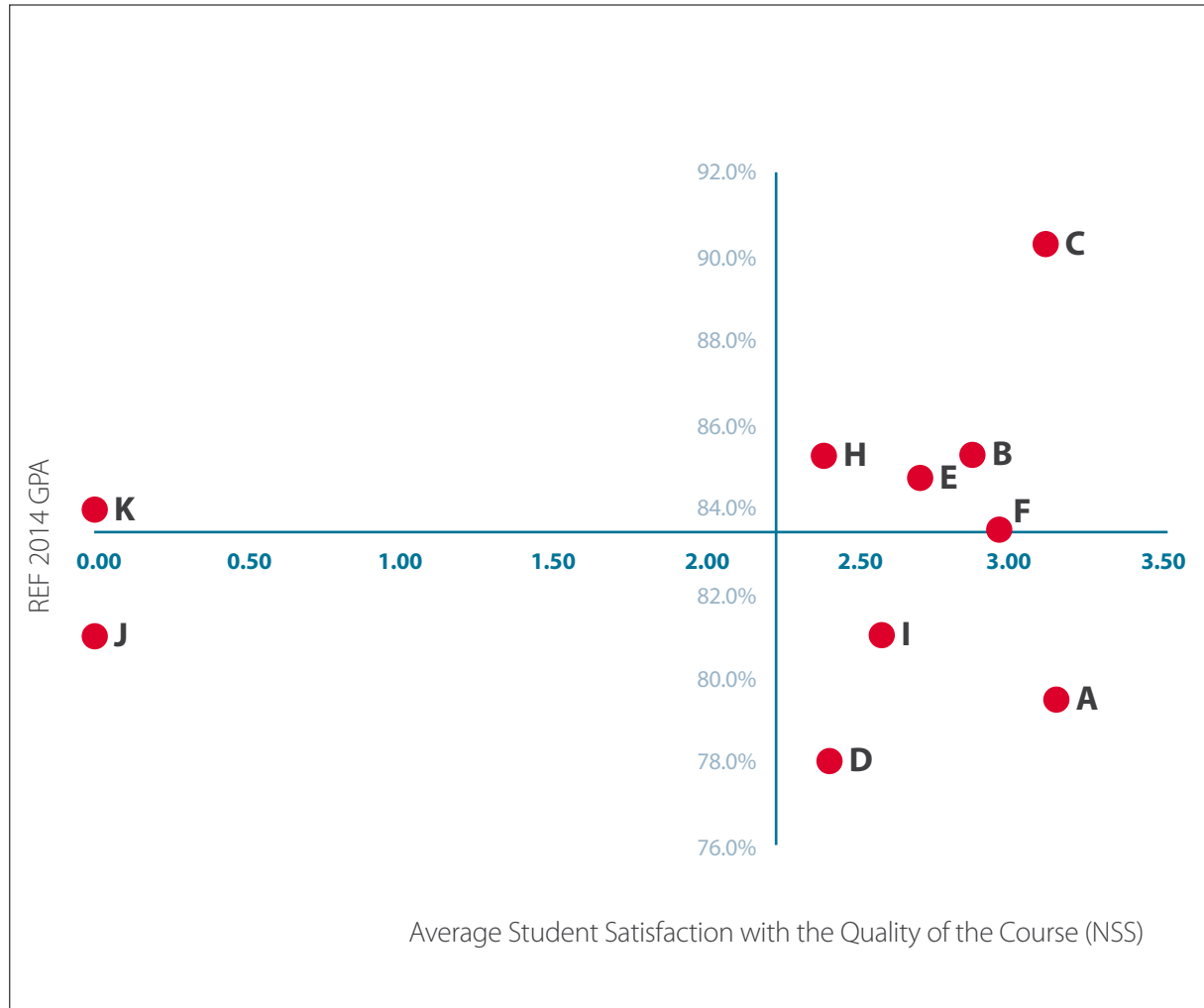
The analysis reveals strategic groups in each quadrant. Starting at the top left, Group K, contains business schools that are providing high-quality teaching, but with no evidence of research being a strategic focus. This should be a natural home of teaching-focussed business schools. In the top-right: Groups H, E, B, and C contain business schools that provide high-quality teaching and research. Seemingly, schools in these groups have developed business models that enable both high-quality teaching and research to be nurtured. Business schools in Group C may provide important points of reference for developing business models that successfully combine teaching and research. In the bottom-right: Groups D, I, and A have highly developed capabilities to produce high-quality research, yet are not as successful at providing teaching perceived as high-quality as other groups. Finally, Group J contains schools that are teaching-focussed. While teaching is perceived as high-quality, these business schools are vulnerable from competition, particularly from Group K, where teaching quality is perceived as higher in a group of teaching focused business schools.

CONCLUSIONS

This study provides some clear insights into the UK business school sector. Critically, it disproves the common myth that the sector is increasingly homogenous. Business schools vary widely in their size, shape and focus. The 39 schools included in this sample have teaching portfolios ranging from 9 to 150 programmes and revenues of less than £2 million to over £77 million. Student-staff ratios vary from 10 to 42. Wide variations also exist in the governance, decision-making and resourcing structures, with some schools hosting no support functions, but relying entirely on college / faculty or centrally-based functions, whilst others manage up to 12 support functions at the local level.

While we cannot say anything definitive about performance, given the proxy measures used, some schools do appear to be managing higher-than-average performance in both teaching and research, looking at the right-side of the axis in our final graph. But quite a few that are above-average on the research scale are below average on teaching. Additional data from future TEF and REF exercises will add further granularity but there will always be a reliance on proxy measures.

There are strong indications that some schools are managing to balance the trade-offs between different strategic activities (research, teaching, engagement, impact, international expansion etc.) better than others. Some are also focusing on a specific sub-set of activities, underpinning their differentiation from the pack. This focus may have evolved unconsciously for reasons of legacy, external pressure or by accident, or it may be the result of a conscious, consistent strategy. A number of interesting questions, therefore, flow from the findings.

FURTHER QUESTIONS AND FUTURE ANALYSIS

Rather than robust correlations the survey findings present some interesting connections and relationships, particularly when the sample is compared to the national data across some indicators. For example, there appears to be a link between lower student satisfaction and size and/or research-intensity of a school. There may be diminishing returns to scale above and beyond the 4,000-student mark, when we look across the sector. Larger schools, with more students, faculty, staff and revenue, have considerable economies of scale and usually a wide portfolio of programmes, which reduces their exposure to specific markets (UG, PG, MBA, international etc.) and sources of revenue (research, executive education, student fees etc.). But there may be a trade-off in terms of scale vs. some kinds of quality or added-value for these schools.

Future analysis could look more closely at individual schools within and across these groups to understand the variety of pathways they have followed to reach their current position. These historical narratives would help inform strategic insights into the future pathways current schools might follow, to further differentiate or actively target particular kinds of performance or impact. These narratives about future strategic direction are important for a school-level 'sense of purpose' but external stakeholders and accreditation agencies also look for a distinctive 'game-plan'. Advisory Boards, the university executive and other stakeholders may also advocate or help resource a future pathway that takes a school from one of our strategic groups to another. More and better analysis across the sector would help inform these kinds of development plans.

Future research should focus on an expanded set of measures of quality and 'added-value' to better-understand the variety of ways in which business schools engage with and impact on their host economies and societies via their education, research and outreach activities. Multiple definitions of performance would also help provide further insights into the strengths and weaknesses of different business models in relation to different stakeholders. Some stakeholders will rate 'profitability' highly if the primary function of a school is to financially subsidise other parts of the host university. Others value research impact, the ways in which faculty can help improve business performance or the role of business schools in training and skills-development. Expanding our understanding of current business models for business schools would help leaders shape their organisations to become 'fit for purpose' in the future.

This is particularly important as the competitive environment for UK business schools and higher education institutions in general becomes tougher and more complex. Deans and Heads of Schools are looking for analysis and intelligence which will help them make sense of the wide variety of opportunities, threats and challenges they face. This report provides a starting point to provide this kind of strategic insight.