PATHWAYS TO SUCCESS:

Strategic Groups of UK Business Schools
Second Edition

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FOREWORD

Business education in the UK is arguably coming to the end of several decades of exceptional growth. Business schools are hugely important to the higher education sector but face significant challenges in the years ahead. An increasingly competitive environment provides the context for our analysis of the sector, to provide insights for Deans and Directors developing strategies for their schools. Following a strong consensus across the membership of the Chartered Association of Business Schools (Chartered ABS) we launched the 'Pathways to Success' project in 2016 and produced the first report in 2017.

Our second survey of UK business schools extends the analysis to a total of 61 schools (almost half of the total population) across the two years 2016-2018. We also complement the survey with additional data from the Higher Education Statistics Agency (HESA) and other sources. This results in a comparative analysis across 12 strategic groups to examine similarities and differences in the way that UK business schools are positioned, structured and strategically focused. It is important to restate that this approach does not provide a ranking of business schools. It reveals similarities and differences in structures, strategies and business models through an established methodology popular in the field of strategic management studies, used to analyse firms.

The extended analysis in this report once again reflects the diversity of the portfolio of schools in the UK, rather than homogeneity. There are significant differences: in scale, from 18 to 341 academic staff and 316 to over 21,000 students; student to academic staff ratios, varying from 6.3:1 to 53.1:1; scope of course offerings, from 9 degree courses to 173; as well as accreditations, internationalisation, research-intensity and governance structures. One new addition is data on the relative levels of recruitment from low participation neighbourhoods across business schools, showing a variation from 1.4% to 25% as a proxy measure of 'inclusivity'. Taken together, these comparisons indicate that UK business schools make up a mature organisational ecosystem; each has a different set of value propositions for students and stakeholders.

We know that the data and analysis in this report can help in the accreditation process and provide evidence as an input into internal university discussions on resourcing and strategic trade-offs. But the report should also be of value to business school leaders looking to benchmark against peers and plan strategic and structural changes to take them down specific future growth paths. Historical legacy and path-dependency will always be powerful drivers of the current and future positioning of business schools, but well-informed leaders can also have a significant impact.

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INTRODUCTION

This report significantly extends our 2017 analysis of business and management education providers within the Higher Education sector in the UK. Specifically, it examines the number and nature of competitive groups of business schools within the industry and adds further granularity on what is known about these competitive groups.

The research covers the two-year period from 2016 to 2018 and shows the relative position of 61 business and management schools. The data are drawn from two industry-wide surveys conducted by the Chartered ABS in combination with data 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 increased body of data has produced findings that show a wide variety of strategic approaches by UK business schools. The greater insight generated by data from 61 business schools produced 12 strategic groups; an additional strategic group compared with last year's study. There is further depth added to show additional characteristics of these groups including the 5-year total of research income, the proportion of undergraduates from low participation neighbourhoods (England and Wales) and plans for apprenticeship degrees. In concert, this builds on the 2017 analysis and adds new insight into the industry.

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 enabling groups to be identified. That is, groupings that are not always 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. Hence it is a more comprehensive technique for analysing the industry.

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

CHARACTERISTICS OF BUSINESS SCHOOLS

This study examines 61 UK business schools. This is almost half of the business schools in the UK. The data comes from two surveys completed by the 61 business schools, supplemented by national data sources. Data collection covers a two-year time frame. Of the 39 schools included in last year's survey, 21 provided new data and 18 did not. A further 22 new schools were added to the study, extending the sample to 61 business schools. Table 1 compares the upper, lower and average values for our 61 schools, used for comparing strategic groups, with values for all UK schools. This helps to indicate the degree to which our sample is representative of the sector.

Table 1: Sample of UK Business Schools

	61 Business Schools in Survey Sample			UK Business Schools (HESA Staff and Student Records 2015/16)		
	Min	**Max**	**Average**	**Min**	**Max**	**Average**
Number of Academic Staff[1] (Full-Time Equivalent)	18	341	131	5	400	100
Number of Students Enrolled[2]	316	21,772	3,511	5	7,085	1,906
Student: Staff Ratio (academic staff ratio)[3]	9.5:1	194.4:1	28.8:1	6.3:1	53.1:1	20.6:1
School Revenue[4]	£1,646,000	£84,000,000	£32,904,881	£1,600,000	£81,000,000	£29,604,707
Total Annual Research Income[5]	£0	£7,000,000	£991,700	£-62,000	£5,103,000	£492,000

Data from HESA is shown in Table 1 alongside the sample of UK schools. For consistency with the 2017 study the reporting year 2015/16 is used. The number of academic staff is broadly comparable, but for the other indicators the figures for the 61 business schools in our sample are on average slightly greater than that shown in the HESA data. This is due to the expansion of the sector and that this study includes some business schools that are not included in the HESA data. The number of students enrolled at a business school also shows our sample to include larger bodies of students than shown within the HESA data. This can be attributed to HESA reporting enrolment by JACS (Joint Academic Coding System), which is based on degree subject. The data drawn directly from business schools concerns the numbers of students who are served by the business school as an administrative unit. The numbers may therefore include students not captured under JACS classification as being part of a business school; for example, students on joint honours degrees or studying allied disciplines with the business school as their home department. Hence, the numbers of students shown in our sample are much greater, and more accurately reflect the scale of business schools' operations. This will also account for the higher Student: Staff Ratio. It should be noted that the school with the highest number of students had nearly three times more students than the school with the second highest. This has affected the maximum values for the number of students enrolled and the Student: Staff Ratio but the effect on the average values is minimal.

The school revenue and research income is broadly consistent with the prior study conducted in the Chartered ABS Membership Survey. Although beyond the scope of this report, an area for further investigation is to examine the distribution of research income among business schools as the average total research income has fallen, while the maximum amount has increased since the Chartered ABS Membership Survey.

[1] Data under UK business schools taken from HESA Staff Record (2015/16) using the Heidi Plus Online Analytics service. 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) using the Heidi Plus Online Analytics service. 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) using the Heidi Plus Online Analytics service. 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) using the Heidi Plus Online Analytics service. 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 shows further characteristics of the business schools in the sample. This year's analysis includes an indicator from the HESA Participation of Local Areas (POLAR 3) dataset to examine the level of participation of students from low participation neighbourhoods in business schools. Widening participation is a significant challenge for universities, which are facing increasing scrutiny about the diversity of their student recruitment. The sample shows that the average proportion of undergraduates recruited by business schools from low participation neighbourhoods is 9.3%, lower than the national average of 11.4% across all undergraduate degrees. One school in our sample recruited only 1.4% of its students from low participation neighbourhoods, but at the other end of the scale, another school recruited one quarter of its undergraduate students from low participation neighbourhoods.

Table 2: Further Characteristics of Business Schools in this Study

	Sample		
	Min	**Max**	**Average**
Number of Degrees Offered	9	173	45.1
Number of Support Functions within the Business School	0	11	2.7
Number of Organisational Levels between V-C and business school Dean	0	3	1.2
Number of Accreditations Held	0	3	1.1
REF2014 GPA	0	>3	2.35
Proportion of undergraduates from low participation neighbourhoods (POLAR3) (Excludes Scottish Business Schools)[6]	1.4%	25%	9.3%

Although some business schools are independent, most are part of wider governance structures in universities. The study reinforces last year's finding that there is 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 11 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 schools in the sample also differ significantly in terms of the range of degree programmes they offer (from 9 programme variants to 173) and whether accreditations have been attained. A strategic grouping approach allows us to explore the range of similarities and differences, for example in scale, structure, strategic focus or market positioning, across the sample.

[6] Data taken from HESA Student Record [2016/17]. 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.

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 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 which considers research output and the level of research funding. Third, the scope of teaching activities undertaken by each business school was analysed which is based on the range of degree portfolio.

The measures of internationalisation, research activity, and scope of teaching activity 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 to develop specialist or bespoke programmes of study, the staffing mix, to name but a few strategic decisions by each business school.

This year's analysis revealed 12 groups. This compares with 11 groups in 2017, one of which contained a single outlier. Each group contains business schools with similar strategic behaviours based on their international/domestic strategy, research intensity, and the breadth of degree portfolio offered by the institution. In theory, groups demonstrate similarity (at the level of strategic choice of how to compete) as well as boundary conditions that can prevent schools moving from one group to another.

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, 7 out of 61 business schools (12% of the sample) had established a bricks and mortar presence overseas. Of course, various modes of internationalisation are available to universities. This international grouping concerns only institutions with a wholly-owned, or majority partnership, in an overseas location as these modes involve the considerable deployment of resources. 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 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 Directors 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 grade point average (GPA) achieved by the school in the last Research Excellence Framework (REF) in 2014 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 £7m. The average amount of income from research funding for 61 schools was £991,700 (compared with £720,600 in the previous study). 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 average REF GPA for all schools was 2.35. With an increased sample the separation between schools' research activities was less distinct, hence schools were mapped onto four, rather than five, descriptors of their approach to research: i) research led, ii) research focused, iii) 'hybrid' or iv) teaching focused.

Scope of teaching activity

Courses in business and management subjects remain the most popular overall in terms of student numbers in the UK higher education system. The third criterion used in this cluster analysis is the number of degree courses offered by a school which is used as a measure of the scope of teaching activities. Again, Deans and Directors of business schools must make strategic decisions about the number of courses to offer and the resource-base of the school to deliver teaching. The lowest number of degree courses offered was 9 and the greatest was 173 courses. The average number of courses was 45 and suggests a wide variety in the scope of teaching activity across UK business schools with some highly focused, and others offering many business subjects or modes of study (for example: joint honours, part-time, or with options such as a professional placement). To capture this key strategic choice, the analysis further grouped business schools by the number of degree programmes they taught. Table 3 and the diagram overleaf show the key characteristics of the strategic groups.

Table 3: Key characteristics of strategic groups A-L

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 Led	Large number of Degree Programmes Taught
D	UK Based	Research Led	Average number of Degree Programmes Taught
E	UK Based	Research Focused	Large number of Degree Programmes Taught
F	UK Based	Research Focused	Average number of Degree Programmes Taught
G	UK Based	Research Focused	Low number of Degree Programmes Taught
H	UK Based	'Hybrid'	Large number of Degree Programmes Taught
I	UK Based	'Hybrid'	Average number of Degree Programmes Taught
J	UK Based	'Hybrid'	Low number of Degree Programmes Taught
K	UK Based	Teaching Focused	Average number of Degree Programmes Taught
L	UK Based	Teaching Focused	Low number of Degree Programmes Taught

Figure 1: Strategic Groups
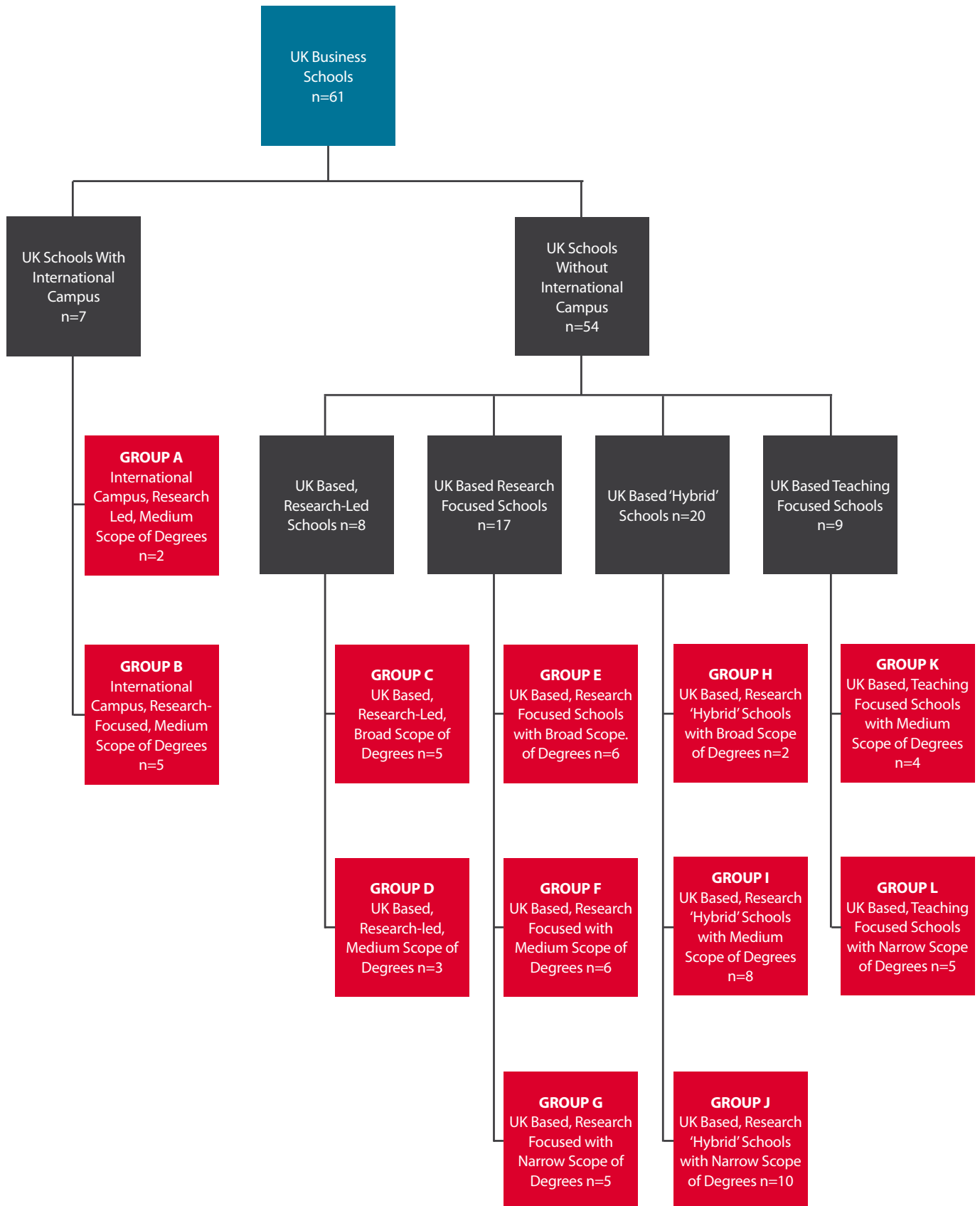
Analysis of strategic groups

Strategic groups reflect the 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 the organisations in each group. This is on the premise that important differences and similarities can be drawn between the groups and these reflect different business models adopted by business schools. The variables used to compare groups are as follows:

- Data from the 2018 National Student Survey (NSS)[7] 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.

- REF 2014 GPA

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

- The total research income for the business schools

- 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 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 to illustrate the profile of each group and to compare between the 12 strategic groups and the different kinds of strategies pursued. 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.

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[7] The National Student Survey 2018. Copyright the Office for Students.

Groups A and B: UK Schools with overseas campuses

The first factor used to group schools was whether they have 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. There are 7 business schools (12% of the sample) that operate an overseas campus, these are included in Groups A and B. Group A contains 2 schools and Group B contains 5 schools. The expansion of the study resulted in the addition of 22 new schools to the sample, only one of which operates an international campus and is included in Group B.

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, many academic (teaching and research) staff and support staff compared to Group B. These are characteristically 'full-service' business schools with undergraduate and postgraduate degree programmes, however, they offer a smaller number of degree programmes (32 compared with 45 for the whole sample). These schools are highly successful at securing research income and are among the top performers in the Research Excellence Framework (REF) exercise.

Figure 2: Strategic Group A

Comparison of Group A with all Schools

Group A — All Groups

	Group A	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	85.5%	83.0%
Average REF2014 GPA	3.15	2.35
Average Accreditations Held	3.0	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£15,725,500	£3,280,033
Average Total Research Income	£2,854,500	£991,706
Average School Revenue	£81,700,000	£32,904,881
Average Number of Support Functions Within School	7.5	2.77
Average Governance – Number of Levels from V-C to School	1.00	1.16
Average Scope (Number of Degrees)	32	45.11
Average Number of Staff (Academic)	223	131
Average Number of Staff	394	177.20
Average Size (number of students)	4612.8	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Business schools in Group A are distinctive as they have the second highest average REF GPA, have the highest average research income and school revenue, and they hold all three major accreditations (AACSB, AMBA, and EQUIS). In last year's study, Group A had lower than average student satisfaction compared to the sample of 39 schools. This year, student satisfaction for Group A has moved to third best out of all groups and above the average of the 61 schools in the study.

The five schools in Group B also operate a campus outside of the UK. Groups A and B are statistically distinct groups because of their research activities. The main differences are seen in the slightly lower REF GPA score and lower average research income for Group B than Group A. The report has also compared the 5-year total of research funding income as a further basis for comparison. Group A has secured a sum-total of £15m whereas Group B secured £3.8m.

Figure 3: Strategic Group B

Comparison of Group B with all Schools

	Group B	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	86.4%	83.0%
Average REF2014 GPA	2.83	2.35
Average Accreditations Held	1.4	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£3,798,000	£3,280,033
Average Total Research Income	£915,531	£991,706
Average School Revenue	£44,471,075	£32,904,881
Average Number of Support Functions Within School	2.0	2.77
Average Governance – Number of Levels from V-C to School	0.80	1.16
Average Scope (Number of Degrees)	52	45.11
Average Number of Staff (Academic)	160	131
Average Number of Staff	216	177.20
Average Size (number of students)	3270.2	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Schools in Group B tend to offer more degree programmes than Group A (52 compared to 32), despite having on average 1,300 fewer students. Not all schools have pursued 'triple accreditation' status, although schools will typically have at least one major accreditation.

Groups C and D: Research-led, UK-based Schools

Groups C and D consist of schools that have no international campus and pursue a research-led strategy, as seen in their ability to compete for research funding and their quality of research output. Schools in both groups typically hold multiple accreditations and 63% of schools in these groups are triple accredited. The analysis showed two groups when examining the scope of their teaching activities. Group C offers a large number of degrees whereas Group D offers fewer, reflecting a different strategic approach for these research-led groups.

Schools in Group C are larger than average in terms of total students and staff; they are roughly one and a half times the size by numbers of staff (total and academic) as well as students than schools in Group B. However, Group C has the highest average student satisfaction with the quality of their degree (87.2%) of all groups and manages to maintain a low student to staff ratio (see Table 5) despite their overall size.

Figure 4: Strategic Group C

Comparison of Group C with all Schools

Legend: ■ Group C ■ All Groups

Metric	Group C	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	87.2%	83.0%
Average REF2014 GPA	2.91	2.35
Average Accreditations Held	2.0	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£9,824,600	£3,280,033
Average Total Research Income	£3,371,513	£991,706
Average School Revenue	£57,130,615	£32,904,881
Average Number of Support Functions Within School	4.2	2.77
Average Governance – Number of Levels from V-C to School	1.00	1.16
Average Scope (Number of Degrees)	79	45.11
Average Number of Staff (Academic)	236	131
Average Number of Staff	307	177.20
Average Size (number of students)	4338.8	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Group D has the highest average REF GPA score in the study. However, it does not attract as much research funding as the other research-led Groups, A and C, but is substantially above the average for the sample. Despite their ability to attract research funding, the average school revenue is below that of the sample. This could be due to the narrow scope of degrees on offer or the ability to unlock economies of scale due to their smaller size.

Figure 5: Strategic Group D

Comparison of Group D with all Schools

■ Group D   ■ All Groups

	Group D	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	81.0%	83.0%
Average REF2014 GPA	3.17	2.35
Average Accreditations Held	2.3	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£6,120,333	£3,280,033
Average Total Research Income	£2,919,333	£991,706
Average School Revenue	£29,917,736	£32,904,881
Average Number of Support Functions Within School	1.7	2.77
Average Governance – Number of Levels from V-C to School	0.33	1.16
Average Scope (Number of Degrees)	24	45.11
Average Number of Staff (Academic)	104	131
Average Number of Staff	155	177.20
Average Size (number of students)	2091.7	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Groups E, F, and G: Research-Focused Schools

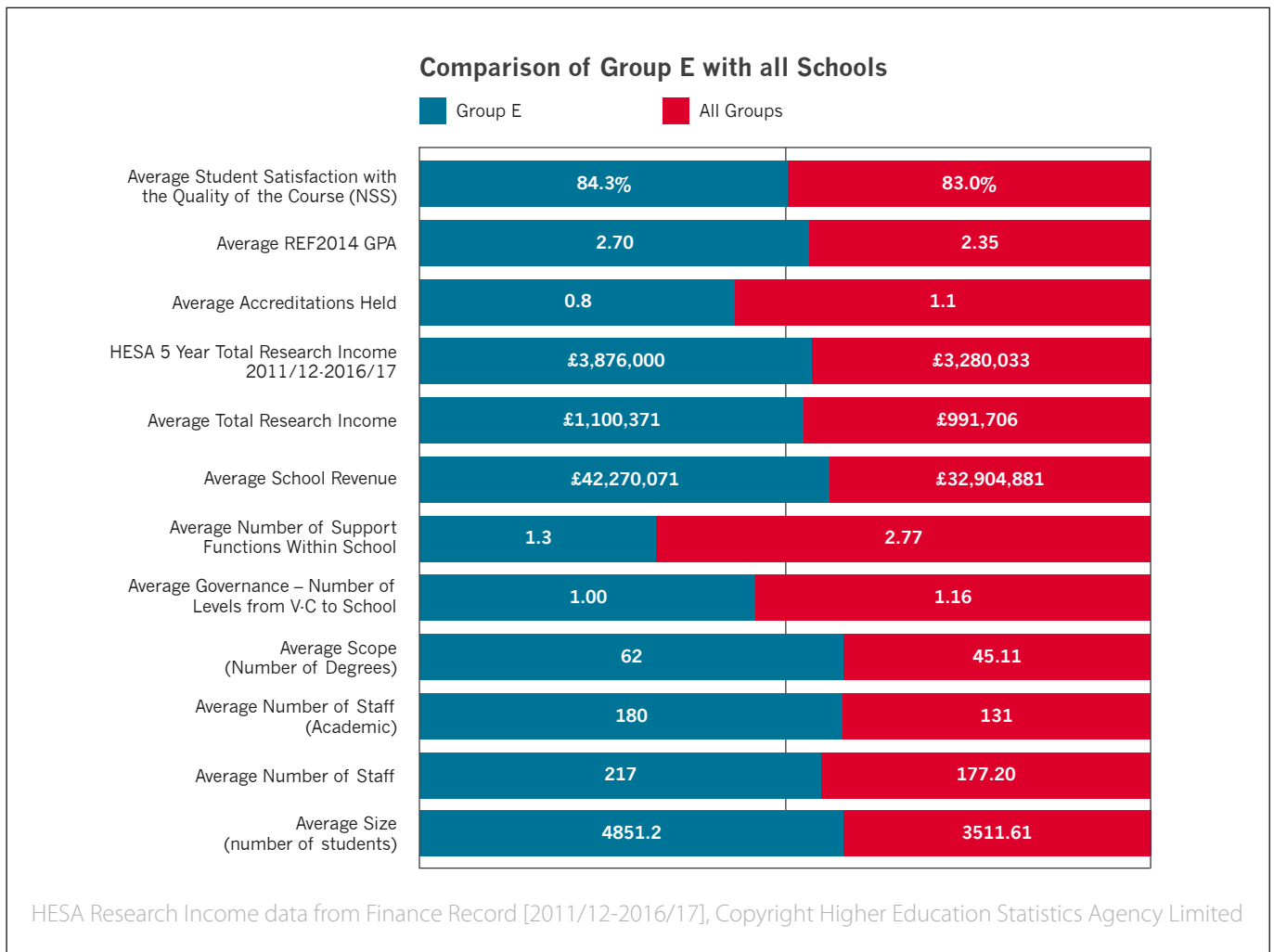Groups E, F, and G are business schools based only in the UK and have a substantial research focus. These groups differ from A, C, and D in terms of research performance. Typically, the quality of research output (REF GPA) is high; fractionally lower for Groups E (2.7) and F (2.79) than research-led groups; Group G (3.0) is similar to research-led schools in this metric. However, a distinctive difference is that Groups E, F, and G attract, on average, just over one third of the research income of Groups A, C, and D. There are differences in the scope of teaching activity between these research-focused schools.

Group E offers a higher than average number of degrees (62). These also tend to be amongst the larger schools in the study, both in terms of student numbers and staff numbers as well as the amount of revenue generated (on average £42m).

Figure 6: Strategic Group E

Comparison of Group E with all Schools

	Group E	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	84.3%	83.0%
Average REF2014 GPA	2.70	2.35
Average Accreditations Held	0.8	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£3,876,000	£3,280,033
Average Total Research Income	£1,100,371	£991,706
Average School Revenue	£42,270,071	£32,904,881
Average Number of Support Functions Within School	1.3	2.77
Average Governance – Number of Levels from V-C to School	1.00	1.16
Average Scope (Number of Degrees)	62	45.11
Average Number of Staff (Academic)	180	131
Average Number of Staff	217	177.20
Average Size (number of students)	4851.2	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Group F contains schools that are very close to the sample average in their size (staff and students), number of degrees offered, research funding (for 2017-18), and average school revenue.

Figure 7: Strategic Group F

Comparison of Group F with all Schools

■ Group F　　　■ All Groups

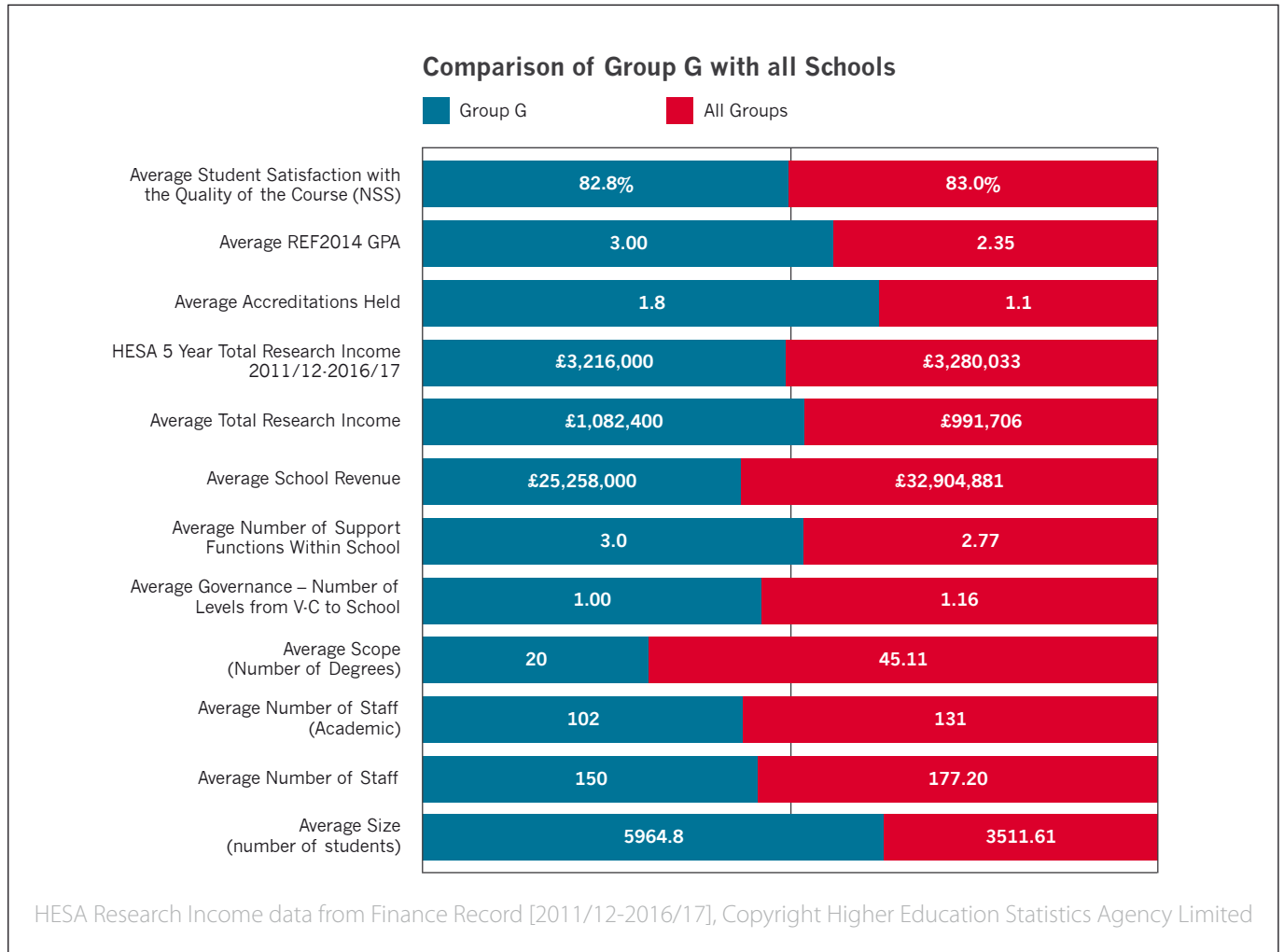|	Group F	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	80.7%	83.0%
Average REF2014 GPA	2.79	2.35
Average Accreditations Held	1.8	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£2,198,333	£3,280,333
Average Total Research Income	£1,101,366	£991,706
Average School Revenue	£33,820,798	£32,904,881
Average Number of Support Functions Within School	4.2	2.77
Average Governance – Number of Levels from V-C to School	1.50	1.16
Average Scope (Number of Degrees)	40	45.11
Average Number of Staff (Academic)	150	131
Average Number of Staff	205	177.20
Average Size (number of students)	3934.7	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Group G is distinctive as its constituent schools have a very focused offering of degree programmes (20). The average number of students has been skewed by a particularly large business school, the average size of school by number of students would otherwise be substantially lower than the wider sample. The size of these schools in terms of the number of staff is smaller than the average for the sample.

Figure 8: Strategic Group G

Comparison of Group G with all Schools

	Group G	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	82.8%	83.0%
Average REF2014 GPA	3.00	2.35
Average Accreditations Held	1.8	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£3,216,000	£3,280,033
Average Total Research Income	£1,082,400	£991,706
Average School Revenue	£25,258,000	£32,904,881
Average Number of Support Functions Within School	3.0	2.77
Average Governance – Number of Levels from V-C to School	1.00	1.16
Average Scope (Number of Degrees)	20	45.11
Average Number of Staff (Academic)	102	131
Average Number of Staff	150	177.20
Average Size (number of students)	5964.8	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited
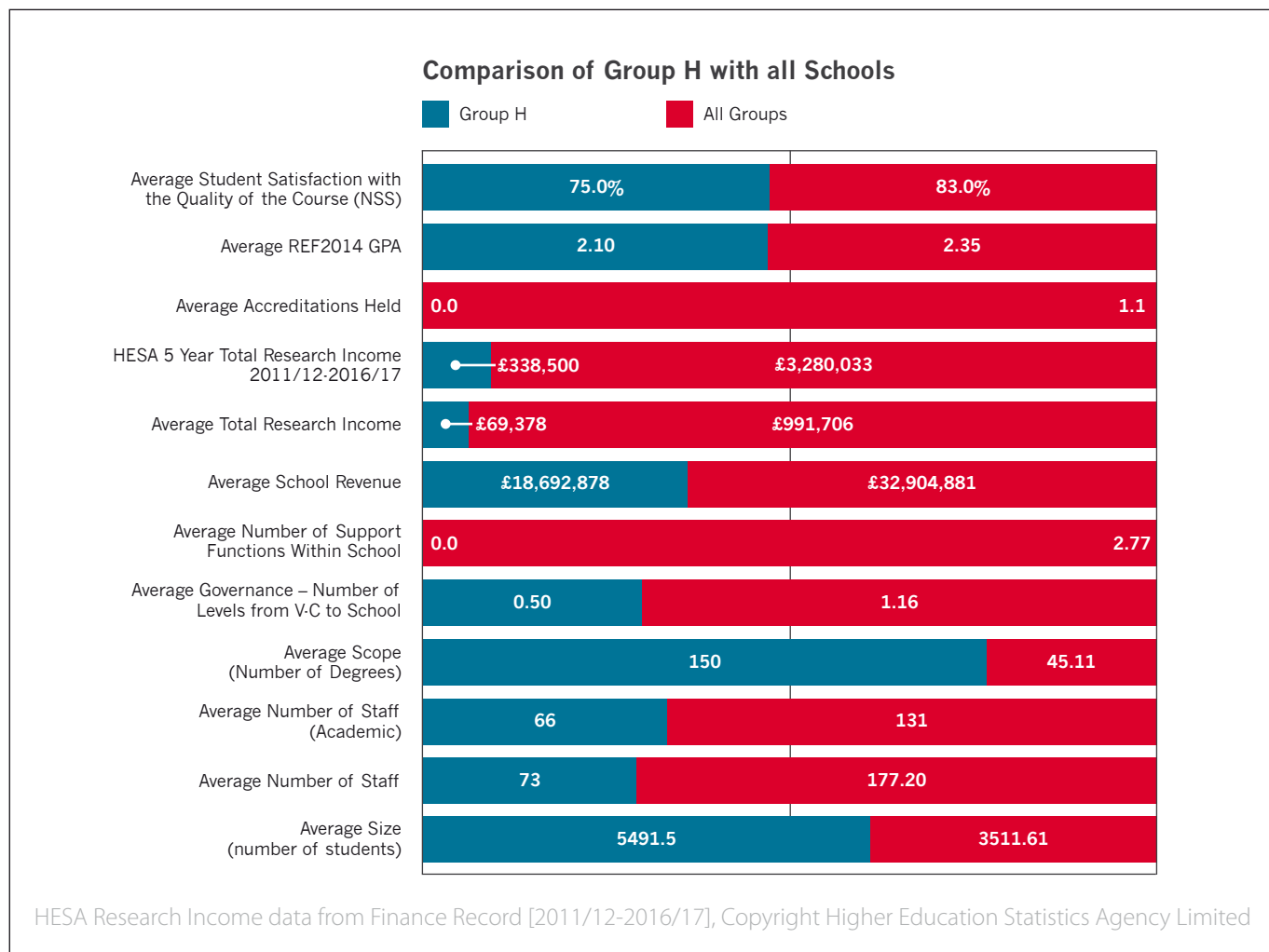
Groups H, I, and J: 'Hybrid', UK-based Schools

Business schools in Groups H, I, and J 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 (this is demonstrated further by the addition of the 5-year average for research income in these schools).
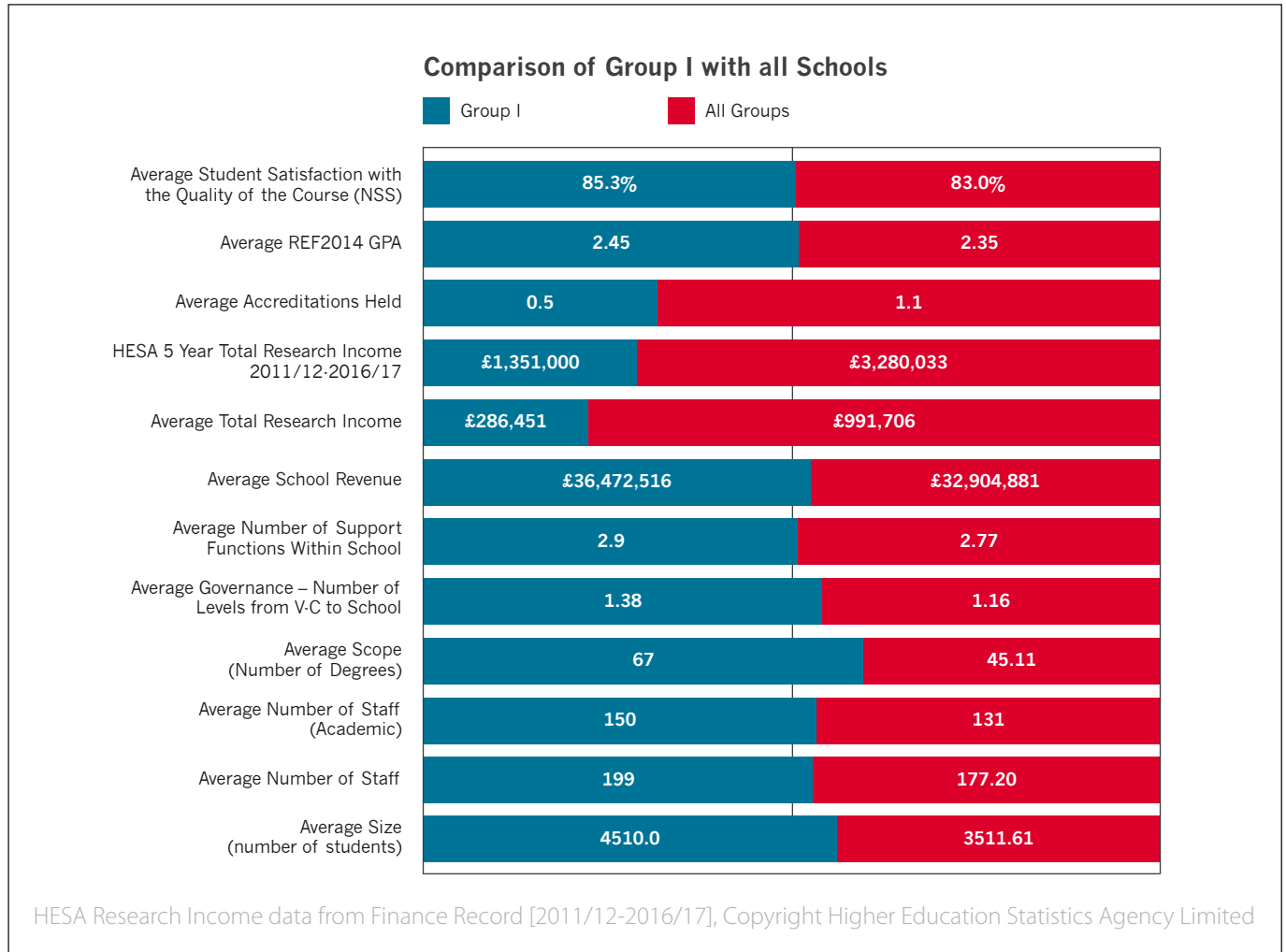
Group H tends to have a very large scope of degree offerings – an average of 150 degree variants between the two schools in this group. They are also very large schools in terms of student numbers at almost 2,000 students bigger than the average for the sample. Whilst there is high-quality research output from these schools, they are attracting very little research income. Furthermore, they operate with a very large number of degree variants with substantially lower than average numbers of staff. The lower than average student satisfaction for this group raises questions about whether a hybrid strategy can be delivered at scale (student numbers) or with a high level of complexity (number of degrees).

Figure 9: Strategic Group H

Comparison of Group H with all Schools

	Group H	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	75.0%	83.0%
Average REF2014 GPA	2.10	2.35
Average Accreditations Held	0.0	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£338,500	£3,280,033
Average Total Research Income	£69,378	£991,706
Average School Revenue	£18,692,878	£32,904,881
Average Number of Support Functions Within School	0.0	2.77
Average Governance – Number of Levels from V-C to School	0.50	1.16
Average Scope (Number of Degrees)	150	45.11
Average Number of Staff (Academic)	66	131
Average Number of Staff	73	177.20
Average Size (number of students)	5491.5	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited
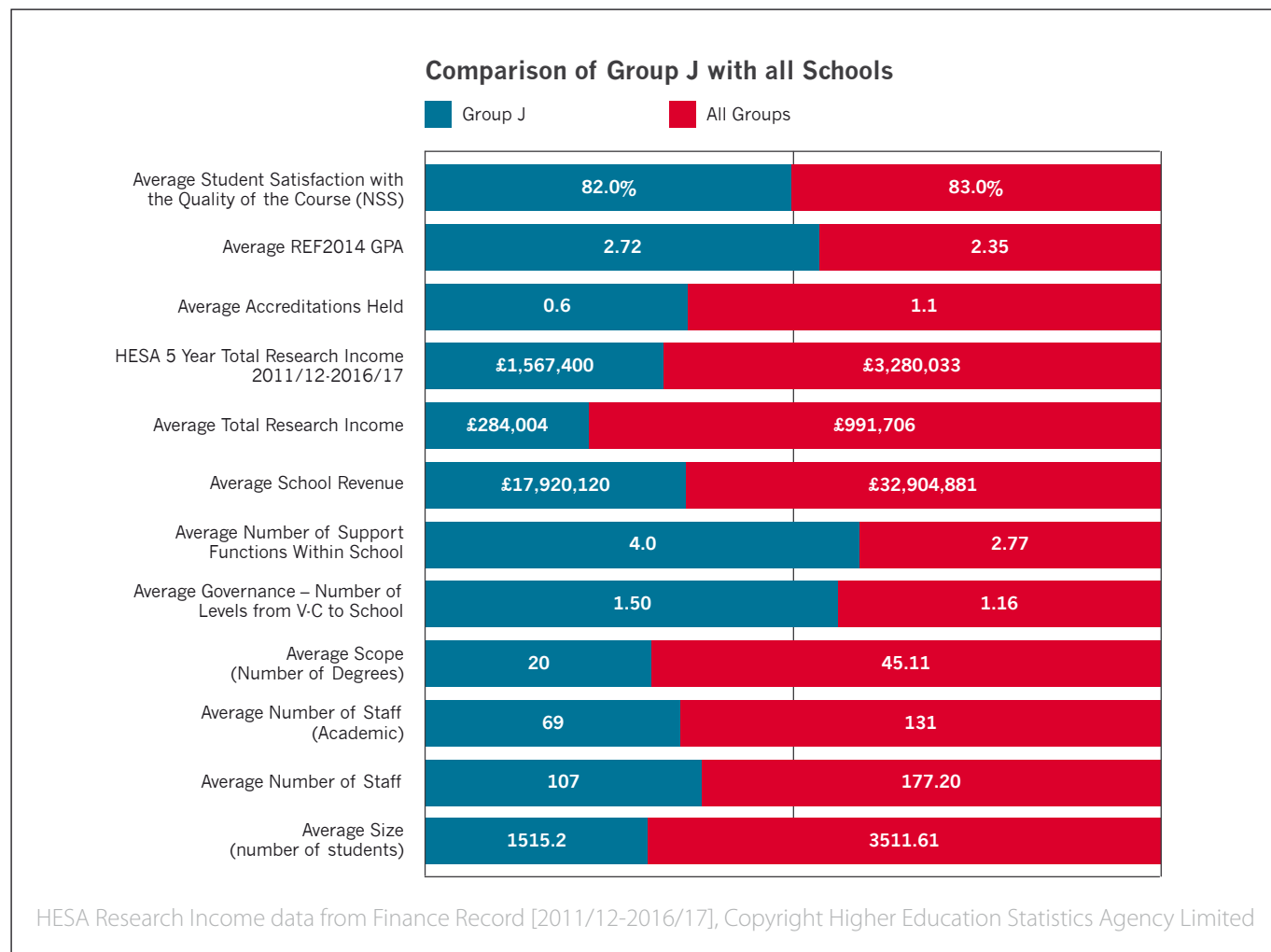
Schools in Group I are still larger than average, yet they also offer fewer degrees and employ more staff than Group H. These schools also deliver above average student satisfaction and generate more revenue, slightly above the sample average at £36.5m. This is the only 'hybrid' group to generate above average revenue.

Figure 10: Strategic Group I

Comparison of Group I with all Schools

	Group I	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	85.3%	83.0%
Average REF2014 GPA	2.45	2.35
Average Accreditations Held	0.5	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£1,351,000	£3,280,033
Average Total Research Income	£286,451	£991,706
Average School Revenue	£36,472,516	£32,904,881
Average Number of Support Functions Within School	2.9	2.77
Average Governance – Number of Levels from V-C to School	1.38	1.16
Average Scope (Number of Degrees)	67	45.11
Average Number of Staff (Academic)	150	131
Average Number of Staff	199	177.20
Average Size (number of students)	4510.0	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Group J has a substantially more focused degree portfolio (20 degrees), consists of smaller schools (1,500 students) and delivers high quality research. Lower than average school revenue is logical given the lower student numbers involved.
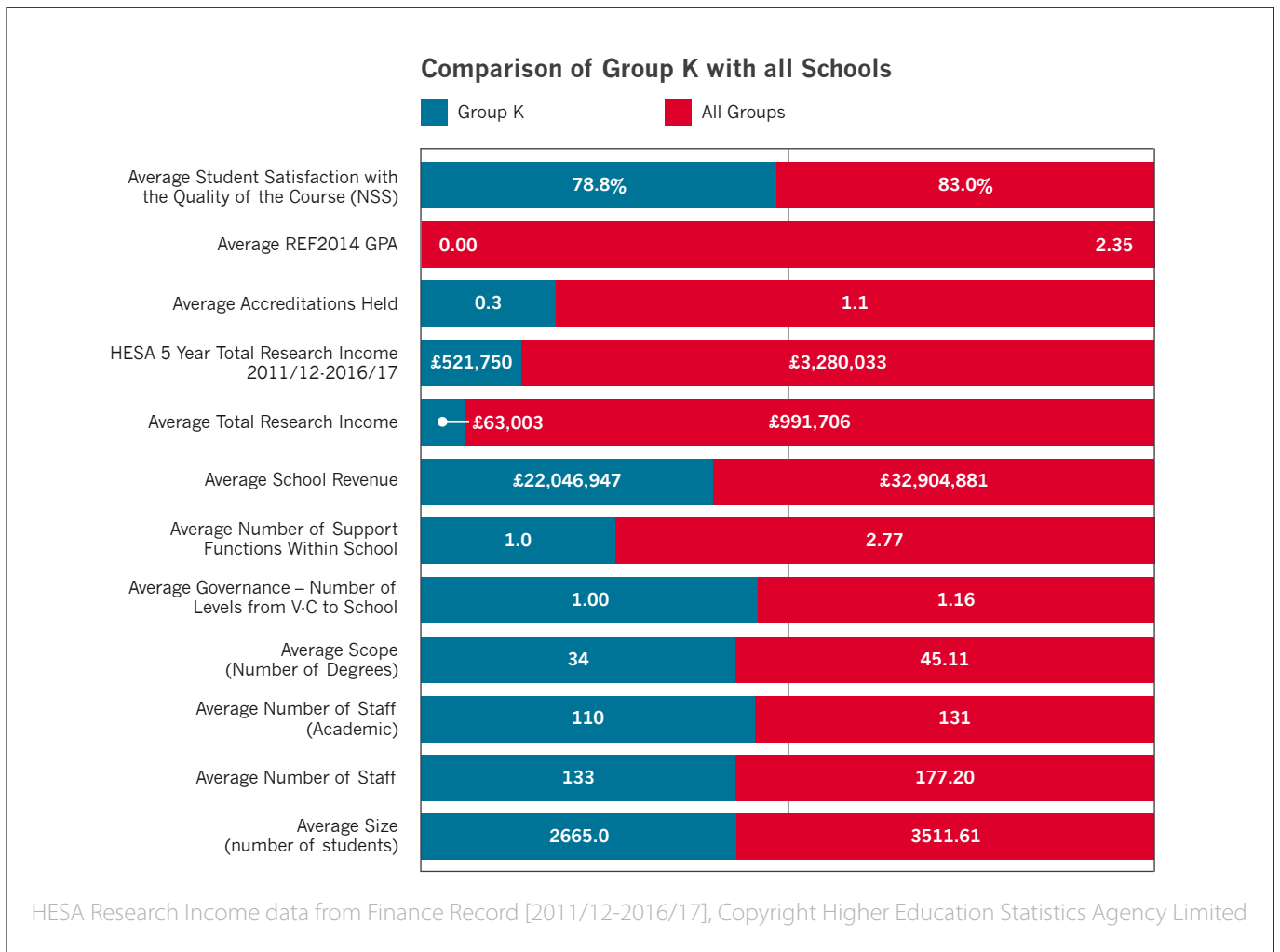
Figure 11: Strategic Group J

Comparison of Group J with all Schools

Legend: Group J (blue) — All Groups (red)

Metric	Group J	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	82.0%	83.0%
Average REF2014 GPA	2.72	2.35
Average Accreditations Held	0.6	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£1,567,400	£3,280,033
Average Total Research Income	£284,004	£991,706
Average School Revenue	£17,920,120	£32,904,881
Average Number of Support Functions Within School	4.0	2.77
Average Governance – Number of Levels from V-C to School	1.50	1.16
Average Scope (Number of Degrees)	20	45.11
Average Number of Staff (Academic)	69	131
Average Number of Staff	107	177.20
Average Size (number of students)	1515.2	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Groups K and L: Teaching Focused, UK-based Schools

Business schools in Groups K and L 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. Very few schools in these two groups are accredited by one of the three major accreditation organisations. The schools differ in the number of degree programmes offered as Group K offers twice as many degrees than Group L. The teaching focused groups differ in terms of their scale with schools in Group K being around 2.5 times the size of Group L as measured by student numbers.

Figure 12: Strategic Group K

Comparison of Group K with all Schools

■ Group K   ■ All Groups

	Group K	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	78.8%	83.0%
Average REF2014 GPA	0.00	2.35
Average Accreditations Held	0.3	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£521,750	£3,280,033
Average Total Research Income	£63,003	£991,706
Average School Revenue	£22,046,947	£32,904,881
Average Number of Support Functions Within School	1.0	2.77
Average Governance – Number of Levels from V-C to School	1.00	1.16
Average Scope (Number of Degrees)	34	45.11
Average Number of Staff (Academic)	110	131
Average Number of Staff	133	177.20
Average Size (number of students)	2665.0	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

Both groups have lower than average student satisfaction. While this is marginal for Group L, it could present a future challenge for Group K.

Figure 13: Strategic Group L

Comparison of Group L with all Schools

Group L   All Groups

Metric	Group L	All Groups
Average Student Satisfaction with the Quality of the Course (NSS)	82.0%	83.0%
Average REF2014 GPA	0.00	2.35
Average Accreditations Held	0.2	1.1
HESA 5 Year Total Research Income 2011/12-2016/17	£185,000	£3,280,033
Average Total Research Income	£89,400	£991,706
Average School Revenue	£13,329,200	£32,904,881
Average Number of Support Functions Within School	0.6	2.77
Average Governance – Number of Levels from V-C to School	1.60	1.16
Average Scope (Number of Degrees)	15	45.11
Average Number of Staff (Academic)	58	131
Average Number of Staff	64	177.20
Average Size (number of students)	1049.8	3511.61

HESA Research Income data from Finance Record [2011/12-2016/17], Copyright Higher Education Statistics Agency Limited

As observed in the previous study, an interesting characteristic of teaching focused groups is that they generate a level of research income (a similar amount to Group H). Last year's report on *Research Income for Business and Management* (Chartered ABS, 2017) shows both i) an overall decline in research funding over the last six years for the field of business and ii) research funding is derived from a wider variety of sources. This strategic group analysis does not attempt to examine the origin of research funding, but this finding raises the possibility that different business models help to nurture capabilities to compete for research funding from an increasingly wide variety of sources.

A comparison of the characteristics of all 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 Number of Staff	Average Number of Staff (Academic)	Average Scope (Number of Degrees)	Average Governance - Number of Levels from V-C to School	Average Number of Support Functions Within School	Average School Revenue	Average Total Research Income	Average Accreditations Held	Average REF2014 GPA	Average Student Satisfaction with the Quality of the Course (NSS 2018)
A	4,613	394	223	32	1.00	7.5	£81,700,000	£2,854,500	3.0	3.15	85.5%
B	3,270	216	160	52	0.80	2.0	£44,471,075	£915,531	1.4	2.83	86.4%
C	4,339	307	236	79	1.00	4.2	£57,130,615	£3,371,513	2.0	2.91	87.2%
D	2,092	155	104	24	0.33	1.7	£29,917,736	£2,919,333	2.3	3.17	81.0%
E	4,851	217	180	62	1.00	1.3	£42,270,071	£1,100,371	0.8	2.70	84.3%
F	3,935	205	150	40	1.50	4.2	£33,820,798	£1,101,366	1.8	2.79	80.7%
G	5,965	150	102	20	1.00	3.0	£25,258,000	£1,082,400	1.8	3.00	82.8%
H	5,492	73	66	150	0.50	0.0	£18,692,878	£69,378	0.0	2.10	75.0%
I	4,510	199	150	67	1.38	2.9	£36,472,516	£286,451	0.5	2.45	85.3%
J	1,515	107	69	20	1.50	4.0	£17,920,120	£284,004	0.6	2.72	82.0%
K	2,665	133	110	34	1.00	1.0	£22,046,947	£63,003	0.3	0	78.8%
L	1,050	64	58	15	1.60	0.6	£13,329,200	£89,400	0.2	0	82.0%

Across our 61-school sample and for comparison with the strategic group data in Table 4, the average business school in the sample has: £32.9 million in revenue, almost £992,000 in research income, 3,500 students, a student to total staff ratio of 20:1, and a student to academic staff ratio of 27:1. The student-staff ratios are higher than the previous study and reflect a more complete picture of the sector.

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. For example, schools in Group A earn an average revenue of £366,269 per academic staff member (the highest across the groups) and £207,108 per head of total staff, third highest across the groups, reflecting the larger proportion of support staff in these schools.

Table 5. Key Ratios Across the Strategic Groups

Group/School	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	11.7:1	20.7:1	£366,269	£207,108	£12,797	£7,236
B	15.1:1	20.4:1	£277,909	£205,784	£5,721	£4,236
C	14.1:1	18.4:1	£242,453	£186,071	£14,308	£10,981
D	13.5:1	20.1:1	£287,671	£193,018	£28,071	£18,834
E	22.4:1	26.9:1	£234,436	£195,057	£6,103	£5,078
F	19.2:1	26.2:1	£224,955	£164,658	£7,326	£5,362
G	39.8:1	58.7:1	£248,553	£168,364	£10,651	£7,215
H	74.9:1	83.4:1	£283,871	£254,845	£1,054	£946
I	22.6:1	30.0:1	£242,845	£183,090	£1,907	£1,438
J	14.2:1	21.8:1	£258,029	£168,027	£4,089	£2,663
K	20.0:1	24.2:1	£200,404	£165,751	£573	£474
L	16.5:1	18.0:1	£228,240	£209,579	£1,531	£1,406

There is a high level of variance in the amount of revenue generated per staff member and this confirms the numerous strategic approaches taken by business schools in the UK. It confirms the substantially different business models with regard to internationalisation, research and teaching activities. The precise staffing mix for business schools is a challenging proposition. A tentative analysis of the proportion of academics within a business school compared to student satisfaction reveals that oversaturation with academic staff delivers lower levels of student satisfaction (see Groups H, K, and L). Surprisingly, higher levels of student satisfaction cannot be attributed to a low student-staff ratio alone. The graph below shows that the staffing mix between academic and professional and support staff in the business school relates to student satisfaction. That is, professional and support staff within the business school play an important role in delivering student satisfaction and this staffing mix may be more important for student satisfaction than the ratio between staff and students.

Figure 14: Academic to All Staff Ratio versus Average Student Satisfaction

Academic to All Staff Ratio and Average Student Satisfaction

Legend:
- Academic Staff: All Staff
- Average Student Satisfaction with the Quality of the Course (NSS 2018)
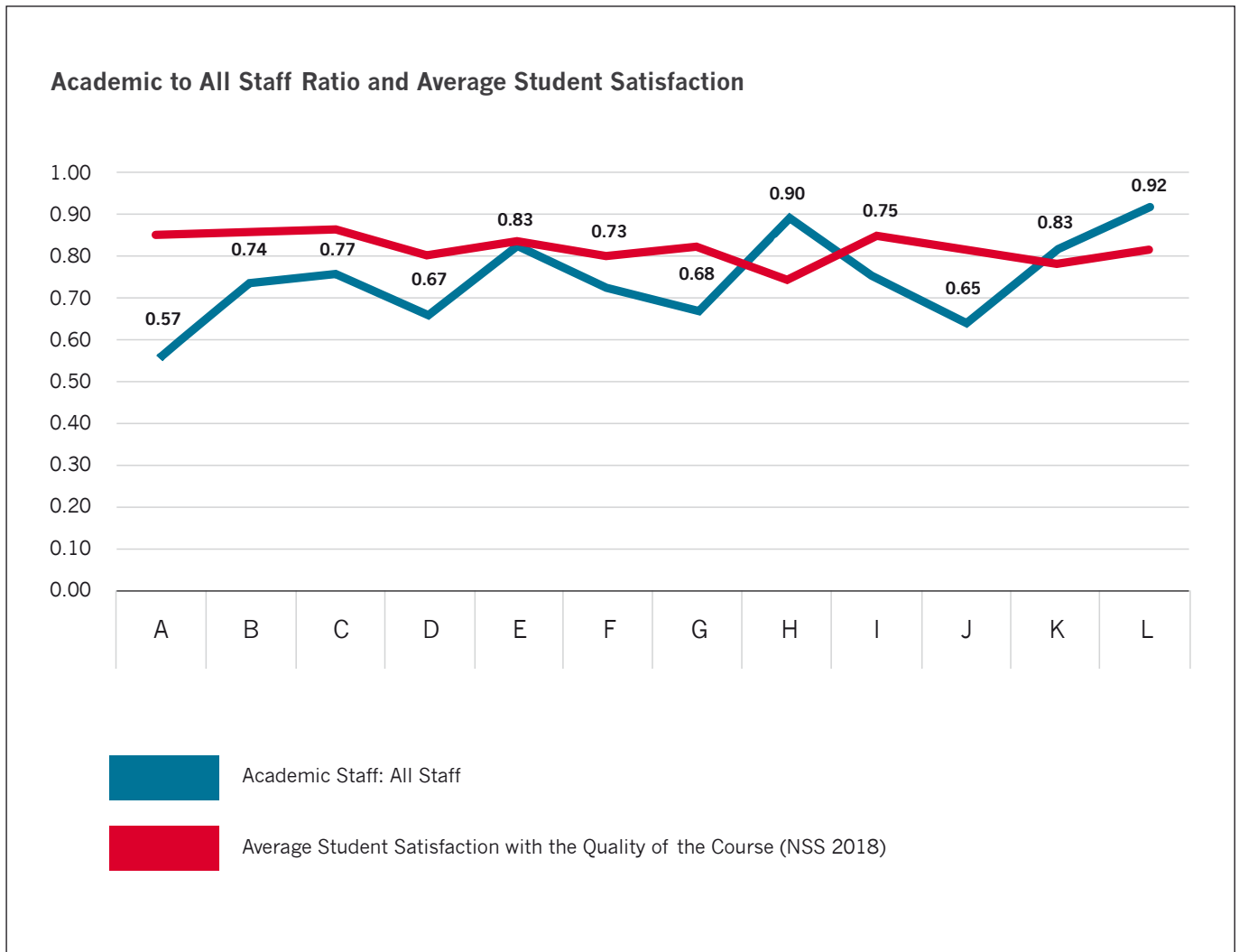
While anecdotally "if only we had another lecturer" is a common call, schools should also look to balance staffing to lighten administrative load on academics. What is unclear is the point at which diminishing returns occur for adding administrative support. A caveat is that this does not consider the seniority or quality of professional support staff as this will undoubtedly have an impact – whether on capability to secure research income or to deliver greater student satisfaction. Further analysis of school staffing (role and seniority) as well as the services offered to students beyond tuition should be examined more closely.

Teaching and research

The precise role and purpose of business schools has been the subject of heated debate for well over half a century. There is an inherent tension in business and management education; first, business schools seek legitimacy as part of academe and must 'prove' their scholarly credentials through the production of rigorous research. Secondly, business schools are charged with providing applied and value-enhancing management education. There is therefore the unanswered question of how (and whether) to reconcile the activities of teaching and research in business schools.

In this report, the strategic groups have been re-plotted according to their REF 2014 GPA output and the perceived quality of their degrees by their students. One of the advantages of strategic groups is this ability to position the relative performance of different groups. 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 to excel at both teaching and research activities.

In the graph below the axes intersect at the average for both REF GPA and for student satisfaction in the new sample based on 61 business schools. It is important to note that for the sample the lowest level of perceived degree quality is 59% (20% across all institutions in the NSS 2018) and the average is 83% (81% average for all institutions in the NSS 2018). As such, the standard of perceived quality of business school degrees is slightly higher for the 61 business schools in the study than all institutions in the UK. This provides a basis for comparing differences in strategic groups.

Figure 15: REF 2014 GPA versus Average Student Satisfaction
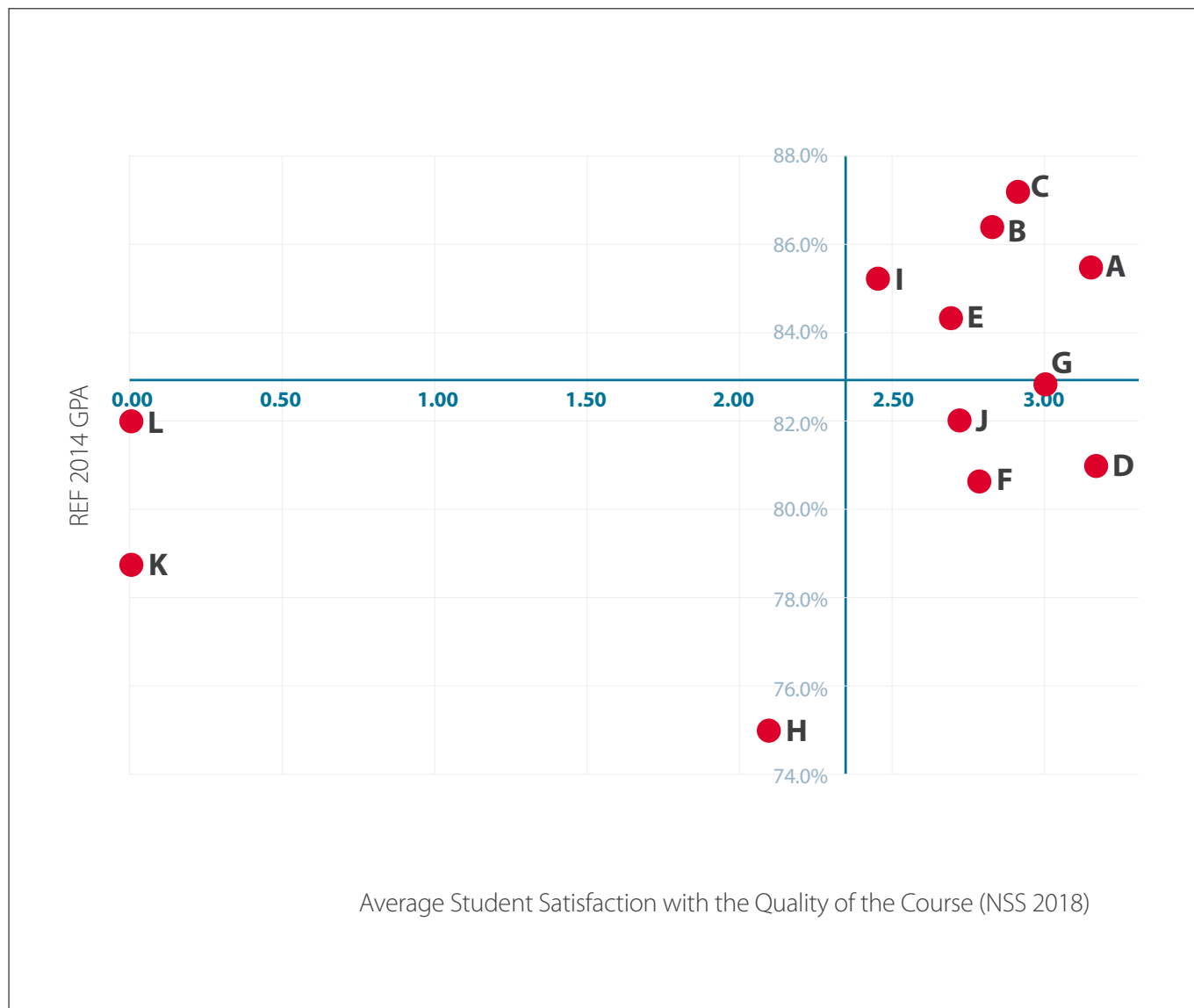
The analysis reveals strategic groups in three quadrants. Concerningly, the top left contains no groups of business schools that are providing high-quality teaching in conjunction with a diminished focus on research. This should be a natural home of teaching-focused business schools.

In the top-right: Groups A, B, C, E, and I 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 Groups A and C may provide important points of reference for developing business models that successfully combine teaching and research.

In the bottom-right Groups D, F, G, and J have highly developed capabilities to produce high-quality research yet are slightly less successful at providing teaching perceived as high-quality as other groups.

Finally, the bottom left quadrant contains schools that are below the industry average for both research output or perceived teaching quality.

Groups L and K have a teaching focus, although it may be of concern that Group K is slightly below the industry average for perceived teaching quality. The hybrid strategies of schools in Group H appear to show an imbalance between research and teaching priorities; these schools have lower levels of administrative support than others, have higher student numbers, have a very high number of degree programmes, produce some high-quality research, but in general under-perform relative to other groups.

The expanded sample of UK business schools has shown more groups than in the previous study as combining teaching and research at a very high level. However, it has also shown that research and perceived teaching quality are not mutually exclusive, rather different strategies can yield quite different outcomes.

Widening participation: Levels of recruitment from low participation neighbourhoods

A growing focus of policymakers is the level of students entering higher education from (conventionally) low participation neighbourhoods. The expanded strategic group analysis includes HESA data on undergraduate recruitment from low participation neighbourhoods as a measure of group performance. It revealed that student recruitment is lower across all strategic groups - except for Groups K and L - than the average across all subjects for all institutions in England and Wales (the POLAR 3 data excludes Scotland, and thus does not include Scottish business schools). In what are considered top-performing groups as measured by their research prowess, a very small proportion of students come from low participation neighbourhoods. Only two groups (K and L) recruit a higher-than-average number of students from low participation neighbourhoods.

There is an apparent trend between high research performance and lower recruitment from low participation neighbourhoods. This raises two issues; the first is to examine why, in general, business schools recruit a lower proportion of students from low participation neighbourhoods than other disciplines within higher education. Secondly, within the business school sector, different business models show very different levels of recruitment from low participation neighbourhoods. Both of these issues form a platform for further debate about the accessibility of business and management education.

Figure 16: % of UK business & management UG entrants from low participation neighbourhoods

The percentage of UK full-time undergraduate entrants from low participation neighbourhoods

Group	%
Group A	5.10
Group G	5.43
Group D	5.73
Group B	5.95
Group C	7.02
Group F	8.05
Group J	8.32
All Groups	9.26
Group H	10.10
Group E	10.38
Group I	11.20
All subjects, all institutions	11.40
Group K	15.08
Group L	16.45

HESA Student Record [2016/17], Copyright Higher Education Statistics Agency Limited
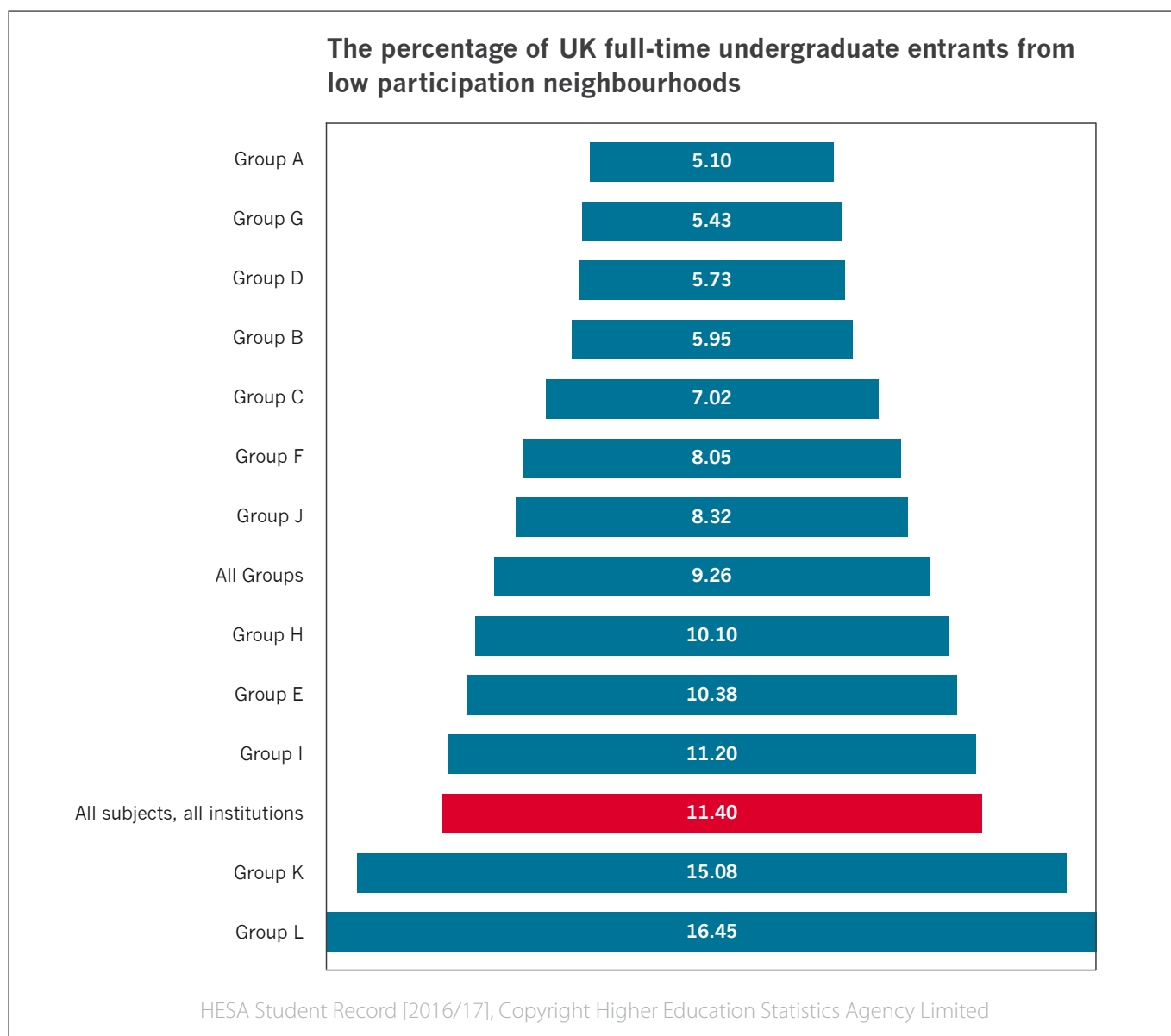
Degree apprenticeships

Degree apprenticeships are a recent addition to the HE landscape. As the recent report by the Chartered ABS (June 2018)[8] shows, business schools have established, or plan to establish, themselves as providers of degree apprenticeships. The report indicates that business school leaders anticipate over 6,500 degree apprenticeship students to be enrolled by the 2019/20 academic year. Degree apprenticeships are particularly pertinent to the future structure of the sector and will influence the resources required by business schools to deliver such programmes. This will impact the scope of operation for some schools with the prospect of adding more degrees to their portfolios.

Questions were added to the 2018 strategic groups survey to assess current and future provision of these programmes and 42 schools answered these questions. The results show that just under half of business schools that answered this question currently provide apprenticeships.

Table 6: Current provision of apprenticeships

	Does your school currently provide apprenticeships? (42 Schools)
YES	45%
NO	55%

The majority of apprenticeships will be provided at both degree Level 6, and Master's Level 7. However, it should be observed that business schools are currently also offering apprenticeships at Levels 4 and 5.

[8] Degree Apprenticeships: Analysis of current and planned provision by members of the Chartered Association of Business Schools. The Chartered Association of Business Schools. June 2018. Available: https://charteredabs.org/wp-content/uploads/2018/06/Degree-Apprenticeships-Survey-Report.pdf

Figure 17: Current Provision of Apprenticeships by UK Business Schools

Current Provision of Apprenticeships by Level in UK Business Schools

■ = Level 4   ■ = Level 5   ■ = Level 6 (degree)   ■ = Level 7 (Master's degree)
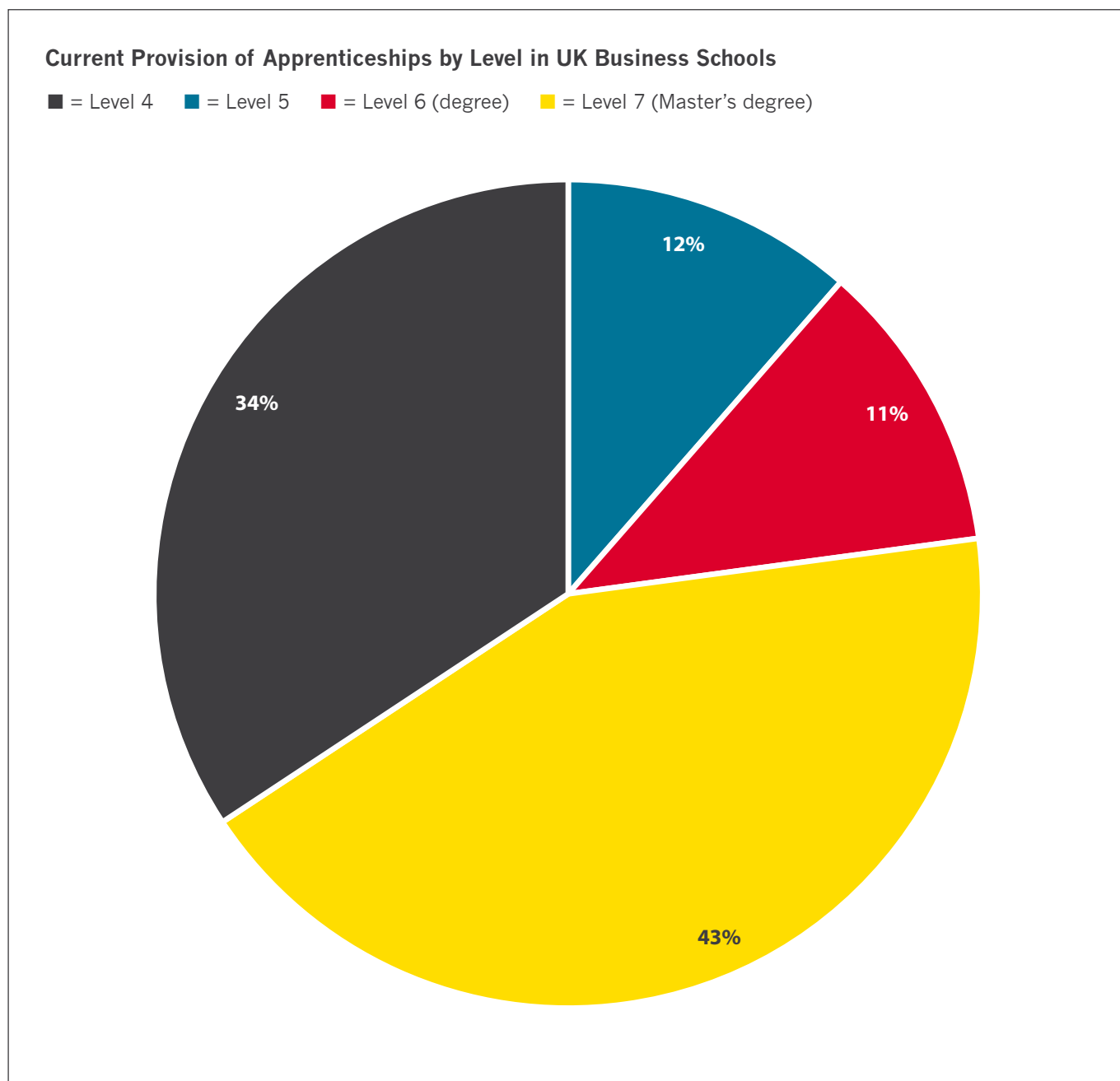
The number of schools from each strategic group provides a more granular analysis of the current provision of apprenticeships. Only one school from each of E, H, I, and K provide apprenticeships at Level 4 and only one school from each of E, I, J, and K provide apprenticeships at Level 5. There is far greater provision of Level 6 and 7 apprenticeships with 14 schools currently offering apprenticeships at these levels. Current provision of apprenticeships is not evenly spread across the strategic groups. Groups A, B, and F do not currently provide apprenticeships at any level. Furthermore, it is only Groups E, I, and K that contain at least one school that currently provides apprenticeships.

Figure 18: Current Provision of Apprenticeships By Strategic Group of Business School

Strategic Groups and Number of Current Providers of Apprenticeships
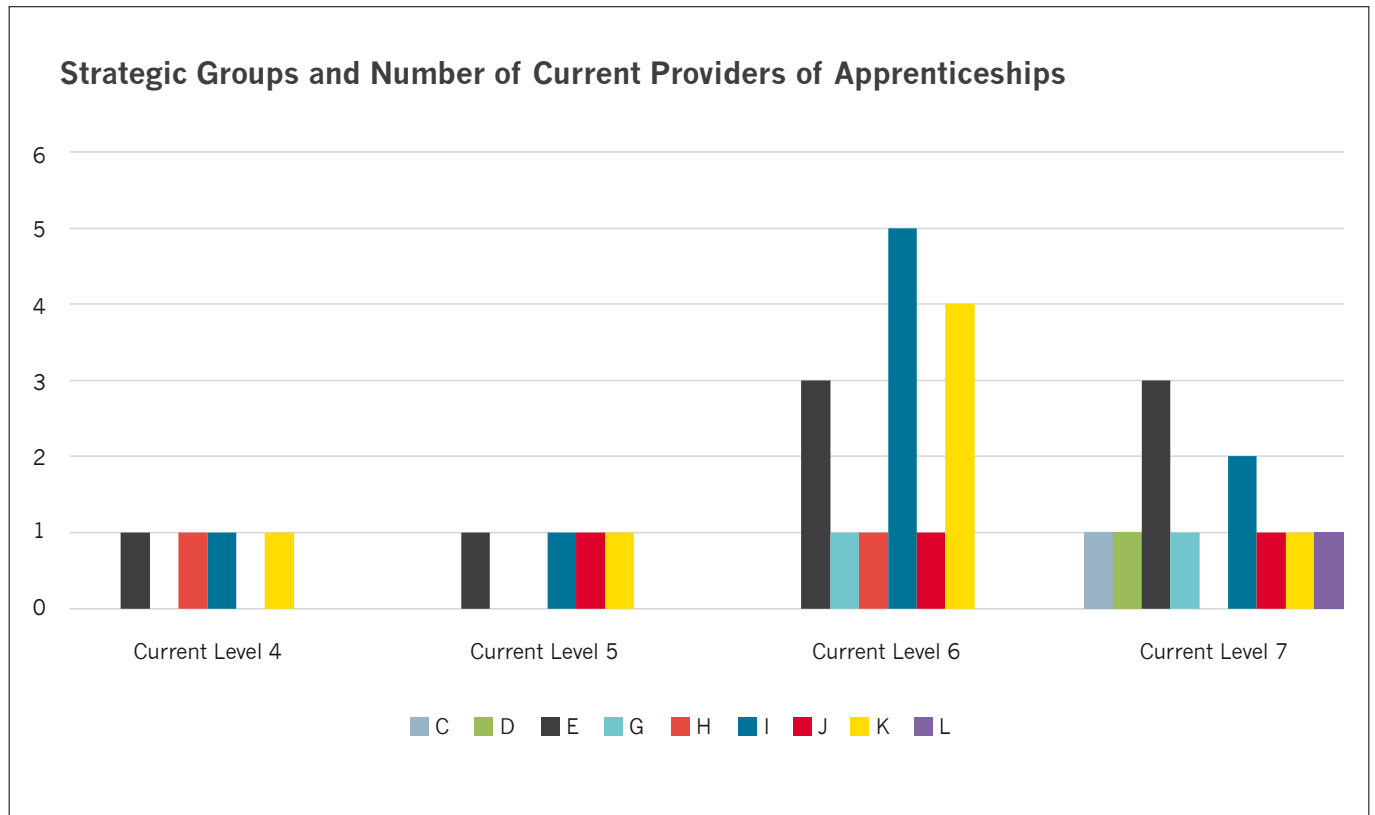
The survey also reveals that schools are intending to launch degree apprenticeships within the next two years:

Table 7: Degree apprenticeship plans

	Does your school intend to offer degree apprenticeships within the next two years? (23 Schools)
YES	39%
NO	61%

This shows the growth of apprenticeships and the variety of groups that currently offer, or will offer, degree apprenticeships in the future. When current and intended providers are considered, there is better representation across the strategic groups. However, this is concentrated at Levels 6 and 7 as there is no intention to provide apprenticeships at Levels 4 or 5 from any schools.

Figure 19: Current and Planned Provision of Apprenticeships By Strategic Group of Business School

Strategic Groups: Current and Planned Provision of Apprenticeships

Legend: A, C, D, E, G, H, I, J, K, L
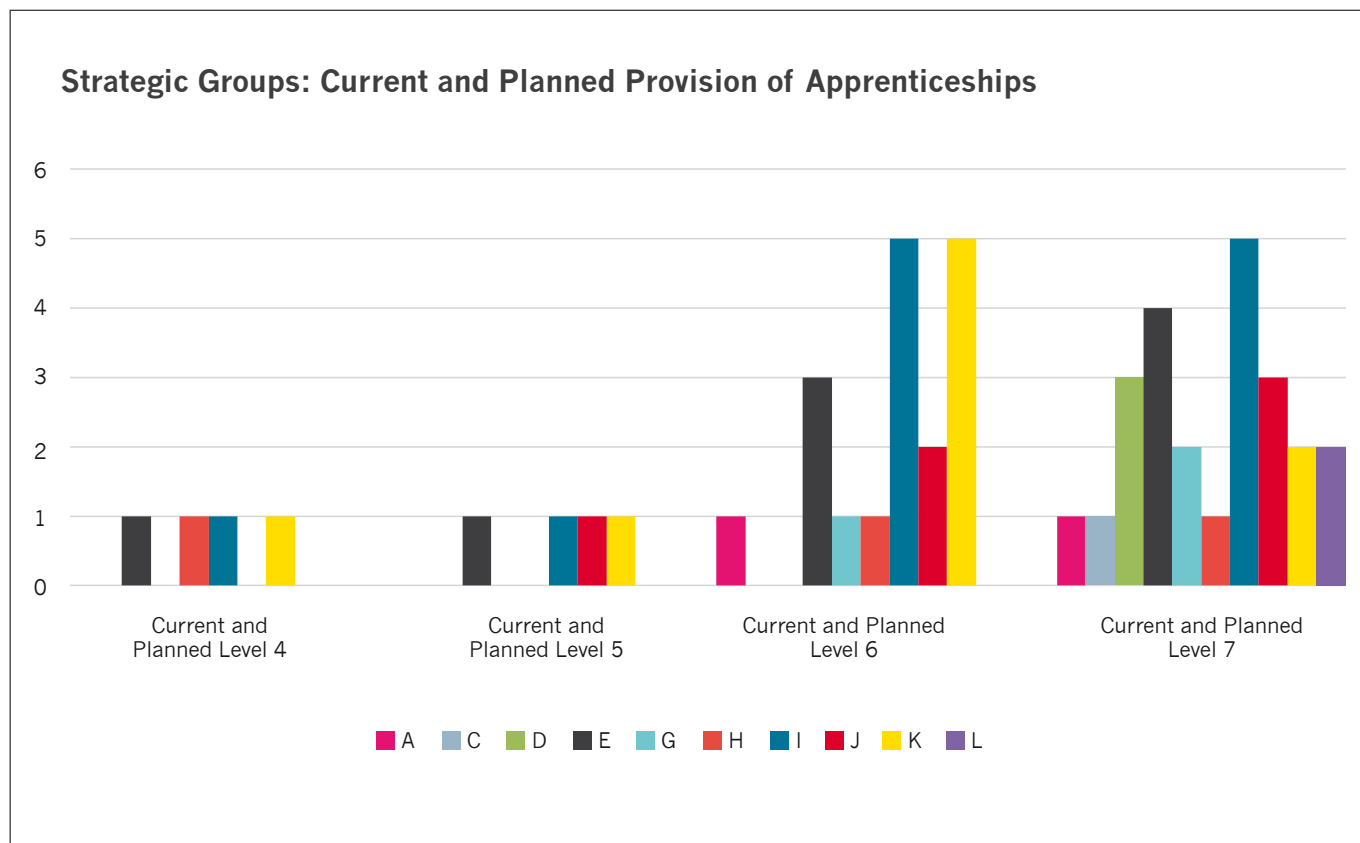
This has the potential to alter the competitive landscape for business schools as delivering these degrees requires different staffing strategies, a broadening of the scope of what a business school offers as well as student numbers. All planned provision will be at Levels 6 (3 new schools) and 7 (13 new schools) and will introduce new strategic groups (A and H to Level 7). It is also apparent that no schools from Groups B and F currently provide, or plan to provide, degree apprenticeships.

CONCLUSIONS

This report gives a comprehensive perspective on business school strategic groups and covers nearly half of the sector with data from 61 business schools. Grouping these schools gives a deeper understanding of the different strategic approaches adopted and the differences between the 12 groups. The analysis showcases the variety of business models in the UK business school sector with the number of degree programmes ranging from 9 to 173, a student body that ranges from 316 to over 21,000, and between 22 and 485 staff. The mix of academic and professional support staff also shows a very large range with business schools having anywhere between 29% and 100% academic staff.

This study saw the creation of an additional strategic group. By adding more schools into the sample we revealed a statistical similarity in terms of research activity in the 'research-led' grouping (what we referred to as research intensive in our 2017 analysis). But there was a distinctive difference in the scope of teaching activities; Group C consists of larger schools offering a far broader portfolio of degree programmes as compared with Group D. What was previously a single group of just three schools, has been divided into two groups. With a larger sample, Group H now contains two similar schools whereas there was a single outlier in this group in the 2017 analysis.

Group H is interesting as it consists of very large schools (over 5,000 students enrolled), offers the largest portfolio of degree programmes (150 programme variants) and maintains research activity with a comparatively small number of staff. Comparing this year's expanded analysis to last year shows the grouping has remained relatively consistent and only two schools have moved between the categories of research activity (e.g. from 'hybrid' to research focused). Each group provides a useful point of reference for benchmarking individual schools against the within-group averages and cross-group averages in the study.

This report introduced two new comparative measures to understand differences between strategic groups. The first was the recruitment of students from low participation neighbourhoods. This appears to show a gap between business schools and the rest of the university sector as well as between the groups in this study. This is flagged as an area where leaders of business schools may be asked to address broader policies around widening student participation in the future. This is therefore a tentative measure of the challenge that schools may face and address. The second was to examine the current and future providers of degree apprenticeships. This revealed that Groups B and F do not provide or intend to provide apprenticeships, this is 11 schools or 18% of schools in the study. It also showed that schools seeking to offer apprenticeships in the future were concentrating on provision at Levels 6 and 7 (degree and Master's level). Future providers would increase the mix of types of business school by bringing more research-led and research focused business schools into the arena. This is a significant development for business schools as apprenticeships necessitate different resource requirements which will have to be balanced with the current competing demands on business schools.

We hope this report further energises the debate about different business models for business schools. It highlights the evolving diversity of 'pathways to success' in the sector. Furthermore, it shows that certain groups are successfully reconciling the demands of teaching and research (Groups C, E, and I) and some (Groups A and B) are successfully reconciling these with building an international presence. Groups D, F, G and J are successful in producing scholarly research, yet may seek incremental improvements in teaching activity. Group H consists of very large 'hybrid' schools which show a balance between teaching and research activities. There are questions here about the benefits of scale and complexity, in particular the large scope of degree offerings by this group. Schools in this group do not have administrative functions within the business school which may be a possible constraining factor to further-developing either teaching or research activities. Finally, Groups K and L consist of teaching focused business schools but there are some indications, including average student satisfaction levels, that they have yet to develop a specialist education service which fully matches 'market expectations'.

Acknowledgements