



'Brexit means...'

UK business schools are facing a perfect storm with transformational policy reforms in the Higher Education and Research Bill and uncertainties following the Brexit referendum. **Julie Davies**, a long-time London resident, and **Kimmo Alajoutsijärvi** and **Kerttu Kettunen**, from Finland, reflect on prospects for London's business schools



London in figures:

8.6m
population

400,000
students

111+
*providers of business
courses/internships*

45
*alternative providers
sponsoring student visas
for business courses*

8
*triple accredited UK
business (and UK branch
campus) schools*

3
*business schools in the top
40 FT Global MBA and QS
World University rankings*

Location still matters for business school students who want to experience the excitement of living in a world-class city. This is particularly true of the UK capital. But business schools in London are at a critical inflection point.

Aside from the shock of 'Brexit' (the shorthand term for the UK's decision to leave the European Union), far-reaching reforms in the Higher Education and Research Bill 2016-17 are set to shake up the system. At its core, this new legislation will create a single regulator, the Office for Students (OfS); establish a new research body, UK Research and Innovation (UKRI); and encourage the entry of new/alternative providers.

One in six students in London follows programmes in business and management and London is much richer than the rest of the UK. As a result, the effects of these changes will be felt disproportionately by the capital's business schools.

Other business schools might find this unfolding saga of London's schools both inspiring and cautionary. Business schools are densely populated in this vibrant world-leading city, a talent magnet and powerhouse. How might this double whammy of Brexit and regulatory reforms impact on London's business and management education offerings?

As we see it, extensive higher education (HE) policy changes will coincide (and collide) with the challenges of exiting the EU. As the UK's controls on net immigration include students, calls for simultaneous marketisation and tighter regulation present an interesting case of neoliberal reforms in a world hotspot.

What are the implications for business schools related to issues of financial sustainability, reputation, academic standards, student protection, and institutional autonomy?

London's 'wow' factors

London is unique in various respects. It is the only city in the world to have hosted the summer Olympic Games three times. It is the world's most visited city with the highest number of ultra-high-net-worth individuals. Including greater London, it is the EU's largest city with a population of 8.6m, compared with Berlin's 3.6m (although the estimated population of Paris and its surrounding suburbs is 10.5m).

London is a dynamic financial, political, cultural and educational mecca. Prospects of high-paying jobs in London's financial and business sector ("the City") have supplemented the capital's brain gain and wealth.

Importantly this metropolis hosts 400,000 university students, 111 plus providers of business courses/internships and 45 alternative providers of business education or internships that can sponsor student visas. It is home to four tripled-accredited business schools (Cass, ESCP London, Imperial, and LBS) and, four others with domestic branch campuses in London (Loughborough, Open University, Newcastle, Warwick).

Furthermore, London has three indigenous business schools in the top 40 of the *FT*'s 2016 Global MBA Ranking. In contrast, New Zealand has eight universities and three business schools with the 'triple crown', with none ranked in the *FT*'s Global MBA league table. In addition, LBS, London School of Economics, and Imperial are ranked respectively at 2, 9 and 36 in the list of top universities for business and management studies in the 2016 QS World University Rankings.

London also hosts overseas branch campuses such as Chicago Booth and there are several alternative providers with university title such as Regent's University that concentrate on business and management education in small classes. Other business school models include Laureate at Roehampton Business School, the Newcastle University in London partnership with INTO, and GSM's widening participation focus.

It would seem, then, that London is exceptional. It is an island on an island, vastly larger than the UK's other large cities (Manchester and Birmingham). So, what are the downsides?

These include pollution, the expense of studying in such a desirable location, getting lost in the crowds of commuters and tourists on the underground. Unsurprisingly, 60% of Londoners – who generally tend to be more cosmopolitan, multicultural, highly educated and younger than the rest of the country – voted to remain within the EU. This is where London's business school success story has the potential to unravel.

Brexit clearly revealed that London with its Westminster-centric public policy, like Washington DC millennials, is out of touch with sentiment elsewhere in the country.

Even within London, business schools do not seem to be in touch with members of parliament in Westminster. Instead, politicians seem to be



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400k

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3/40

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Above:
The Business School of London

focused on economics, science and technology to boost the economy. Ministers appear to have a blind spot about the global impact on business schools of institutions based in London such as the British Academy of Management, CABS guide to academic journal quality, and the *FT*50 journals list, as well as the *FT*'s rankings, which influence academics' careers hugely inside and outside the UK.

British business schools contribute important export revenue yet they are largely invisible in the public domain at home, where primary and secondary schools, taxes and health rather than universities are the dominant vote winners.

We might argue then that while the British business school industry scores massively abroad because of high numbers of overseas students and branch campuses, at home this is not the case. And as London is so large, if a business school were to fail there it would largely go unnoticed in a way it would not in a one-university town.

What next for the UK's HE policy reforms?

From Finnish management researchers' perspectives, London's business school scene looks like a jungle, with three business schools located within spitting distance of the Sherlock Holmes statue just outside Baker Street underground station. We conducted an experiment over two days with a London pub crawl that took in multiple business schools to gain a sense of the field. Bizarrely, we sighted the Business School of London in the East End that

actually looks like a pub (pictured left). Of course, this is not to be at all confused with the world-leading London Business School located in leafy Regent's Park.

Markets

In 1986 under the then Prime Minister Margaret Thatcher, the City underwent a huge "big bang" with the sudden and wide-ranging deregulation of financial markets. Now it seems that something similar may be afoot in higher education.

The UK's most significant higher education reforms for 25 years are intended to stimulate competition and choice, to increase social mobility, boost economic productivity, ensure value for money for students, and strengthen the country's research and innovation.

In practice, this will mean that new entrants providing business and management education will have faster access to university title and degree-awarding powers in future. Why this matters to British taxpayers is that they are underwriting the student loans that students in some less traditional providers can access

In the October 2016 *Global Focus* issue, Mark Farrell and John Davis argued that "many universities are going to end up being outmanoeuvred by the Ubers of the educational world", disruptive models that challenge the bricks and mortar status quo. It seems that London's business schools are on the cusp of "interesting" times.

Regulation

Currently, the UK has more than 120 HE alternative providers with specific course designation, over 50% based in London, and the largest has recruited at least 6,500 students.

Amid the UK government's rhetoric of student choice, competition, mobility and quality, the new single regulator in the UK will be empowered to safeguard the reputation of higher education and students. There will be greater availability of data and a single register of providers whose students are eligible for student loans.

As business schools and London comprise such a large part of the system, it will be interesting to watch how the situation unfolds, particularly whether EU students will continue to access student loans and the possible issuing of Tier 4 (student) visas linked to institutions' performance in new Teaching Excellence Framework (TEF) gold, silver and bronze ratings.



Open to innovation

A recent report by academics at University College London, *The Entry and Experience of Private Providers of Higher Education in Six Countries*, offers useful insights into the different historical contexts and significance of private providers in various parts of the world, with Australia being particularly active in this arena. Europe has perhaps been far less of an experimental site for alternative and private business schools than other continents.

However, since the Brexit referendum, the Mayor of London has been campaigning that #LondonIsOpen, with assurances that "London will do all it can to maintain and strengthen its higher education sector, recognising that our European students, staff and collaborators are vital to the success of our universities".

Future prospects

Finally, we argue that in an age of unprecedented uncertainty over Brexit and a Donald Trump presidency in the USA, the only option for London's business schools (and many others globally) is to cut costs and innovate with new business models while communicating the public values of their activities.

They must also generate synergies with each other in an ecosystem rather than behaving individualistically. They need to explore relationships between public and private HE providers and corporate partners, and with the government and citizens in a quadruple helix model. There have been some very interesting innovations in UK HE recently in engineering from which business schools might learn. For example, the Dyson Institute of Technology's engineering undergraduate degree has just been developed by Warwick University's Manufacturing Group and Dyson engineers. The New Model in Technology & Engineering (NMiTE) is Britain's first wholly new purpose-built university in 40 years, developed with Warwick University and Olin College of Engineering (USA).

Yet there are confusing signals. The UK government is encouraging new entrants while at the same time clamping down on student visas to reduce immigration numbers. In 2015, 72 educational establishments in the UK lost their licences for non-EU student visas although some were later reinstated. There is also confusion over government ministers' rhetoric about "level playing fields" yet talk of post-study work visas



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only being issued to students graduating from high-quality teaching institutions.

We suggest that a fuller understanding of the diversity and value of different types of business schools already in the capital's melting pot (including alternative providers and back-street diploma and visa mills, which are often not in the field of vision of traditional public sector universities) helps to avoid marketing myopia.

The risk is that long-established business schools become too complacent in focusing on existing products, accreditations, and other business school industry games. We need to appreciate dynamic forces in in our wider environment so that new variants of business school models evolve to address society's pressing needs.

Indeed, hypercompetition and policy reforms affecting the UK's capital city will continue to present a perfect storm for business school industry watchers in the UK and abroad.

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72

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