

# The future of graduate management education

in the context of the Bologna Accord



**Task force members:**

Joint Chair: **Sir Paul Judge** (UK)

Joint Chair: **Kai Peters** (Ashridge, UK)

**Carlos Cavallé** (IESE, Spain)

**Claude R Charles** (France)

**Roberto Donà** (SDA Bocconi, Italy)

**Ann Ewing** (BP, UK)

**Valérie Gauthier** (HEC, France)

**Peter Gomez** (HSG St Gallen, Switzerland)

**Jeanette Purcell** (Association of MBAs, UK)

**Gordon Shenton** (EQUIS/efmd, Belgium)

Sponsored by:

**David A Wilson** (GMAC®, USA)

Report written and produced by:

**Rebecca Loades** (GMAC®, Italy)



# Introduction

One cannot cross a chasm in two steps; sometimes a daring leap is called for. The 29 countries that initially signed the Bologna Accord in 1999 saw higher education in Europe as a metaphorical chasm. Their commitment was a heroic leap in an endeavour to bridge this chasm and bring coherence where there is chaos.

What did the signatories find when they examined Europe's higher education systems? They saw a *mélange* of degree titles, no two of which meant quite the same thing. They saw academic programmes that ranged from three to seven years (and sometimes longer) in duration. They saw discrepancies in commitment to higher education funding from governmental agencies. They saw employers confused by the smorgasbord of academic credentials that students presented.

Perhaps the most profound impact of the Accord's recommendations will be on business and management education. Global employers already struggle to distinguish between titles such as *Bachelor*, *Laurea* and *Diplomkaufmann*. While a Bachelor degree in business administration may be more clearly understood under the Accord, a potentially confusing array of new Master degrees hovers on the horizon. There will be degrees where no work experience is required, which are granted simply as an extension of Bachelor study. Post-experiential degrees, specifically targeted at students with a professional background, may flourish but it is equally possible that they will be lost in the alphabet soup of Master level credentials.

For 50 years, the Graduate Management Admission Council (GMAC®) has been committed to creating and improving access to graduate management education around the world. Since its inception, it has invested resources in the study of the future of this type of education. Today there is no more worthy nor challenging opportunity for study than the impact of the Bologna Accord.

In 2003, the Council established a task force of education and business leaders to study the potential effects of the Accord on graduate management education. This document reports the task force's findings.

The report is not intended to be encyclopaedic; its focus is limited to management education rather than the consideration of other disciplines. The content is also limited to address specific audiences that need to understand the impact of the Accord: university administrators, government funding agencies, students and employers. The intention is to provide a catalyst for debate and to emphasise the need for concerted effort to maintain the impetus stimulated by the signing of the Accord in 1999.

Crossing the chasm by signing the Bologna Accord is part of a long, complex journey to the future of higher education. Today 11 more countries have joined the original 29 signatories. Together they will have to take many more steps, both great and small, to achieve progress. Progress will not always be uncomplicated; there will be times when the challenges appear insurmountable. Their action, however, represents a fundamental shift in European higher education.

If just one idea or suggestion from this report improves the lot of Bologna, GMAC® will have achieved a positive return.

*David A Wilson, GMAC®*

# Preface

The landscape of European higher education, and of European business schools, is changing radically.

The Bologna Declaration and subsequent communiqués have now been signed by 40 European countries. The signatories have agreed to align their systems of higher education to facilitate greater transparency, increase mobility, and rationalise the granting of degrees across Europe.

The introduction of the Bachelor–Master progression (4 plus 1, or 3 plus 2 years) instead of the traditional European long-cycle degree system (5 years) is at the heart of the Bologna Declaration. All European students will henceforth graduate firstly with a Bachelor degree. They can subsequently choose to continue their studies in the same subject at the same university, change subject or university nationally or internationally, or go directly into employment. All signatories have agreed that these changes will be implemented by 2010.

While superficially these changes appear to create a system like the traditional Anglo-American system across the continent, the reality is much more complex. The continental system of elitist, long studies based on Humboldt's view of education is deeply rooted. Many students will continue directly on to a pre-experience Master programme, rather than seeking employment. Others will not. Some may pursue MBA studies, others will not. The challenge is therefore to understand how the behaviour of students, employers and institutions in continental Europe will change as a result of the Bologna Accord. With millions of students having new choices and thousands of new Master programmes being launched, the stakes are huge.

From an Anglo-American perspective, all of these new post-Bologna Bachelor graduates offer an attractive pool of prospective Master students. Conversely, all of the new continental European higher education institutions will seek to recruit students not only among Anglo-American Bachelor graduates, but from around the world. Some programmes and universities will benefit enormously and create global reputations. Others will be less fortunate, and may very quickly be under tremendous financial pressure.

What the future may bring is uncertain. What is certain is that we live in interesting times.

*Kai Peters, Ashridge, and Sir Paul Judge*

# Préface

## Les vrais enjeux de la formation supérieure au management en Europe

La diversité des pays et des formations, le flux international d'étudiants se déplaçant d'une institution à une autre sont des richesses uniques que seule l'Europe est capable d'offrir dans un périmètre de proximité.

Dès 2005, les accords de Bologne vont s'appliquer à l'enseignement supérieur dans pas moins de 40 pays européens signataires. Ces accords vont faciliter la mobilité des professeurs et des étudiants entre les différents pays, favoriser la création de réseaux internationaux d'apprentissage et garantir les équivalences entre les différentes formations nationales.

Pour donner à l'Europe une chance de puiser dans sa richesse et sa force incarnées par la diversité des différents systèmes d'éducation qui la composent, il est indispensable d'aider les différents acteurs sur ce marché en pleine mutation à jouer un rôle productif et constructif. C'est en donnant des repères communs à l'ensemble de ces systèmes d'éducation que chaque pays de l'Europe de l'après-Bologne pourra affirmer son identité propre et offrir une prestation de qualité à toute personne recherchant une formation, une éducation à dimension européenne.

Les normes et standards doivent être respectés pour espérer être présent sur les différents segments de l'enseignement supérieur dont les frontières ont été élargies et se trouvent de plus en plus internationales et concurrentielles. Seuls les institutions et gouvernements capables de définir des stratégies cohérentes par rapport à ces normes et standards sauront tirer leur épingle du jeu. Ils devront notamment se positionner sur chacun des segments (pré/post expérience, undergraduate/graduate) et définir une politique capable d'attirer les meilleurs candidats. Il s'agit bien d'une logique de marché. Ce qui n'est pas gênant en soi, mais s'applique ici dans un environnement complexe de service, touchant en outre à ce domaine particulier, porteur d'une identité culturelle et nationale: l'éducation.

L'Europe va devoir faire face à un véritable défi pour la mise en œuvre effective de ces nouvelles structures au sein des universités, défi auquel s'ajoute les enjeux du double système français avec les Universités et des Grandes Ecoles.

Ce rapport est en cela un appel à la mobilisation des différents acteurs impliqués dans le processus afin que ces accords de Bologne soient une plateforme pour la réussite de l'Europe sur le plan de l'éducation.

*Valérie Gauthier, HEC, and Gordon Shenton, efm*

## The challenge for management education in Europe

Europe is the only region in the world that is able to offer such a diverse wealth of countries, cultures and educational systems within such easy geographical reach. The intensity of cross-border flows of students within this space is already a unique phenomenon.

As of 2005, the Bologna Accord will be implemented through legislation in the higher education systems within most of the 40 signatory countries covering much of the continent. These reforms will further facilitate the mobility of professors and students between the various countries of Europe, stimulate the creation of international learning networks, and guarantee easier international recognition of national degrees.

If this enormous common effort to bring our different national systems closer together and to make higher education more competitive and more responsive to the needs of society is to succeed, it is essential that all the key actors, notably governments, institutions and employers, work together to define a framework of principle and practice. A common European framework, but one within which each country can maintain its own identity and offer its own distinctive learning experience to people seeking a quality education.

In order to be present in European and international management education competition, institutions must respect the norms and standards that apply to the different segments within which they are seeking to compete. Only those institutions, and indeed only those governments, that are capable of defining coherent strategies in relation to these segments (pre-experience/post-experience, undergraduate/graduate, Bachelor/Master) will prosper in the new competitive landscape. The positioning of programmes in these different segments, the overall coherence of the range of offerings, and the careful targeting of students to be admitted will be a basic strategic requirement for all institutions.

To a much greater extent there will be a need to define educational programmes that are competitive on an international scale. However, it is no easy matter to be competitive in a complex service environment like education, which is so deeply rooted in national and cultural identity. The weight of tradition reinforces the status quo and opposition to change. It will be no easy matter for France to align its dual higher educational systems with the Bologna norms, but the challenge for both the Grandes Ecoles and the University system, as for all European higher education systems, is to be proactive, creative and innovative in order to seize the opportunities that are opening up.

This report is a call to action for all stakeholders across Europe to make Bologna work.

*Valérie Gauthier, HEC, and Gordon Shenton, efm*

# Vorwort

Im deutschsprachigen Europa wird das höhere Bildungswesen durch die Einführung von Bologna einen tiefgreifenden Wandel erfahren. Bologna ist nicht nur ein neues System, das mehr Mobilität und ein strafferes Studium ermöglicht, sondern es beinhaltet einen eigentlichen Kulturwandel in der Bildung.

Die Deutschen, Oesterreicher und Schweizer sind stolz auf ihre Studiengänge, die zum Titel des Diplomkaufmanns, des Magisters und des Lizentiaten führen. Sie war bis vor kurzem noch überzeugt, dass diese Abschlüsse in der Welt einmalig seien und deshalb erhalten werden sollten, unabhängig davon, wie die globale Bildungslandschaft sich entwickelt. Mit Bologna entsteht nun aber eine neue Realität: Der gesamteuropäische Bildungsraum. Und damit vorerst auch eine grosse Unsicherheit und ein Wirrwarr von neuen Bildungsstrukturen und Titeln. Alle Betroffenen – die Bildungsinstitutionen, die Studierenden, die künftigen Arbeitgeber, die staatlichen Instanzen – sind verunsichert, und sie reagieren auf die neue Herausforderung oft mit einer Abwehrhaltung. Wie wäre es sonst zu erklären, dass z.B. in Deutschland Bologna zwar (zögerlich) eingeführt wird, aber unter paralleler Weiterführung der bisherigen Strukturen? Dies ist nicht nur aus Gründen der Mittelknappheit im Bildungsbereich eine Sackgasse, sondern verhindert auch dringend notwendige Innovationen, die in den kommenden Jahren mühsam nachgeholt werden müssen.

Bologna ist keine Gefahr, sondern eine einmalige Chance für die höhere Bildung im deutschsprachigen Europa. In den kommenden Jahrzehnten wird es kaum mehr eine solche Gelegenheit geben, die heute doch oft verkrusteten Strukturen aufzubrechen und neue Wege zu gehen. Dies haben jene wenigen Universitäten bewiesen, die bereits voll auf Kurs sind. Dass viele andere noch zögern zu folgen, liegt sicher auch daran, dass Bologna für sie ein Buch mit sieben Siegeln ist.

Dieses Buch zu öffnen und einen Ueberblick zum heutigen Stand und möglichen künftigen Entwicklungen von Bologna zu geben, ist das Ziel dieses Berichts. Er soll Orientierungs- und Entscheidungshilfe für Bildungsinstitutionen, staatliche Instanzen, Studierende und Arbeitgeber sein und diese ermutigen, den Weg in den gemeinsamen europäischen Bildungsraum entschlossen zu gehen.

*Prof. Dr. Peter Gomez*  
*Rektor der Universität St. Gallen, Schweiz*

Higher education in German-speaking Europe will experience profound change as a result of the implementation of the model proposed by the Bologna Accord. Bologna is not just a new system that enables greater mobility and a tighter organisation of study programmes; it involves a real change in the educational culture in these countries.

The Germans, Austrians and Swiss are proud of curricula that lead to the titles *Diplomkaufmann*, *Magister* and *Lizenziat*. They were until recently convinced that these qualifications were unique and should therefore be preserved, regardless of how the educational landscape might change at the global level. However, Bologna has created a new reality – a pan-European educational area – and this has, for the moment, led to great uncertainty and a confused flowering of new educational structures and academic titles. All those concerned – educational institutions, students, future employers and governments – are suddenly uncertain, and they have often reacted defensively to the new challenge. How else can one explain the fact that, in Germany, Bologna is indeed being (hesitantly) introduced, but the traditional structures are continuing in parallel with it? This is a dead end, not only because resources are scarce in the field of education, but also because it prevents urgently-needed innovations, which will have to be painfully implemented in the coming years in order to catch up with the leaders in this reform.

Bologna is not a danger but a unique opportunity for higher education in German-speaking Europe. In future decades, there is unlikely again to be such a chance to break up often decrepit structures and strike out along new paths. This has been proved by the few universities that have whole-heartedly taken on board the implications and opportunities offered by the new system.

If many others still hesitate to follow, it is surely because, for them, Bologna is a closed book. It is the aim of this report to open that book and to give an overview of the current state of play and possible future developments of the Bologna system. It sets out to help educational institutions, governments, students and employers in their decision making and in orienting themselves in the new educational landscape, and to encourage them to enter resolutely into the common European educational area.

*Prof. Dr. Peter Gomez*  
*Rector of the University of St. Gallen, Switzerland*

# Prefazione

Il sistema universitario costituisce senza alcun dubbio l'elemento fondante del sistema economico di un paese. L'Università è il luogo dove si svolge la ricerca, si formano le nuove idee, crescono e si sviluppano le competenze e le conoscenze delle nuove generazioni. L'Università è anche la prima vera esperienza nella carriera professionale di un individuo caratterizzandone in modo deciso i primi passi. E perciò naturale pensare che l'Università debba essere moderna e coerente con le necessità presenti e future e quindi aperta ad un mondo sempre più globale. Il senso della 'Bologna Accord' va proprio in questa direzione. Si tratta di un protocollo di intesa che è stato firmato da circa 40 differenti paesi che hanno concordato sulla necessità di adeguare il proprio sistema universitario alle esigenze di un mondo sempre più aperto ed orientato alla libera circolazione delle idee e delle persone. E' un obiettivo ambizioso, difficile, ma assolutamente condivisibile in particolare se perseguito avendo come linee guida l'adeguamento e non la rifondazione del sistema e la necessità di vivere in un mondo aperto ma non necessariamente omologato. La distinzione è molto importante perchè lo spirito della 'Bologna Accord' è principalmente quello di creare le condizioni per favorire l'interscambio tra studenti, docenti e ricercatori di diversi paesi. I benefici attesi sono molti: per gli studenti un'offerta formativa più ampia di quella attuale, per i diplomati l'accesso ad un mercato del lavoro più allargato, per le aziende un bacino di risorse significativamente più numeroso e per le Università un sistema competitivo molto più sfidante.

La 'Bologna Accord' costituisce però solo il primo passo, quello della dichiarazione dei principi, quello in cui solitamente è facile trovare l'accordo. Ora viene la parte più complessa del processo, quella delle interpretazioni, dell'adeguamento normativo, della modifica vera e propria del sistema universitario di ciascun paese sottoscrittore. Questo lavoro rappresenta in modo chiaro e completo il grado di complessità del problema avendo cercato di descrivere alcuni scenari futuri, di misurarne gli impatti e di formulare dei suggerimenti indirizzati ad ognuna delle categorie coinvolte (studenti, università, imprese, istituzioni). Le attese sono molte e la speranza è quella che le Istituzioni di ciascun paese sappiano cogliere l'enorme opportunità varando delle riforme che nel rispetto delle tradizioni culturali favoriscano l'evoluzione del sistema Universitario in modo coerente con lo spirito della 'Bologna Accord'.

*Roberto Donà, SDA Bocconi, Italy*

The university system constitutes, without a doubt, a founding element of a country's economy. Universities are places where research is carried out. They are the laboratories for new ideas and the places where new generations develop their skills and competencies. The years spent in higher education represent the first true experience of a student's professional career and can be considered the first steps. It is therefore natural to require universities to be modern, current and coherent to present and future needs. They have to be open to the larger world. The sense of the Bologna Accord heads in this direction. It represents a letter of intent between 40 different countries to alter higher education systems and orient them to a world where ideas and people circulate freely. It is a difficult and ambitious objective but one that is needed. It provides guiding principles for adapting, not rebuilding, the higher education system. This is necessary as we live in an open, heterogeneous world. This distinction is very important because the spirit of the Bologna Accord is principally to create conditions that favour the exchange of students, teachers and researchers in the signatory countries. The expected benefits are that students will have a wider range of educational programmes to choose from; graduates will be able to enter an enlarged labour market; employers will have access to a larger pool of resources, and institutions will compete in a more challenging environment.

The signing of the Bologna Accord, however, is just the first step. It represents a time of good intentions when everybody agrees on common principles. Now comes the most difficult part of the process, that of interpretation. The Accord must be transformed into a set of rules, laws and regulations that modify and adjust the systems of higher education in each country. This report aims to clarify the complexity of the task ahead. Possible futures are described and attempts are made to forecast future effects. These are formulated as suggestions for each category of stakeholder (students, universities, businesses and governments). A long wait is involved and it is hoped that the institutions in each country realise the enormous opportunities being presented. The reforms need to respect cultural traditions while favouring the evolution of a university system coherent with the spirit of the Bologna Accord.

*Roberto Donà, SDA Bocconi, Italy*

# Prefación

La formación superior en management ocupa la atención de los profesionales de la universidad y de la empresa. No sólo se vislumbra un cambio, sino que ya estamos inmersos en él.

Entre los factores del cambio quiero destacar tres. El primero procede de la oferta actual. En los EE.UU. los MBA son una commodity. Las empresas conocen y valoran esta preparación. En Europa, por el contrario, en países como Alemania, Francia y España no hay consenso en que la mejor formación es un buen MBA en una buena Escuela. En cualquier caso, el formato clásico de MBA tiene cien años de vida y exige una revisión.

El segundo factor es el creciente interés de las empresas por la formación interna, con profesores externos, en la que se invierte mucho talento, dinero y tiempo. Europa corre el peligro de que se valore más la formación interna que la ofrecida por las universidades.

El tercer factor es la Declaración de Bolonia. Para el ciudadano corriente, Bolonia es un cambio de formato que pretende adoptar el sistema anglosajón de 3 más 2, es decir, tres años para un 'bachelor' y dos para un 'master', con o sin experiencia práctica. Esta visión es una simplificación peligrosa. Lo que pretende 'Bolonia' es una Europa más competitiva y para ello un sistema universitario más competitivo, que estimule la competencia de las ofertas universitarias europeas.

Estos factores alimentan el cambio en la formación universitaria a un ritmo acelerado. Muchas universidades se están preparando y tratan de dar respuesta a tres preguntas enfocadas al mercado:

- 1. ¿Qué necesidades formativas tienen los jóvenes candidatos y las empresas que les contratarán?**
- 2. ¿Cuál debe ser la respuesta formativa de las universidades?**
- 3. ¿En qué formatos debe ofrecerse esta respuesta formativa?**

Del acierto en contestar a estas preguntas dependerá la competitividad del sistema educativo y de Europa.

Sería equivocado pensar que el factor crítico para la implantación de Bolonia será la financiación. Es cierto, como analiza el presente informe, que la implantación exigirá recursos sin precedentes. Pero, ¿qué mejor empleo puede darse al dinero que la formación de los líderes empresariales del futuro? Por otro lado, debemos ver en Bolonia un campo de 'oportunidades'.

La principal oportunidad es que los protagonistas del desarrollo socioeconómico: gobiernos, universidades y empresas unan sus fuerzas en una estrecha colaboración para crear un marco legal y fiscal coherente, para dar respuesta a las tres preguntas señaladas, y para facilitar a las empresas la comprensión de lo que les aporta cada título. Sólo si los protagonistas colaboran eficazmente se podrá lograr una oferta formativa de valor para los estudiantes, para las empresas y para la sociedad.

El presente informe analiza las repercusiones de la Declaración a diversos niveles, sugiere medidas para cada estamento social y constituye un referente imprescindible para los implicados en la transformación del sistema educativo europeo, para hacerlo más competitivo en beneficio de la sociedad.

*Carlos Cavallé, IESE Business School, Spain*

Graduate management education currently has the attention of company executives and university professors. A change isn't just foreseen, we are already immersed in it.

Three drivers of change must be highlighted. The first stems from the actual offer. In the US an MBA programme is a commodity that companies understand and value. In Europe, for countries such as Germany, France and Spain, it is the opposite. Consensus has not been reached on the fact that there is no better education than a good MBA from a good business school. In any event, the classic format of MBA programmes is a hundred years old and needs to be revisited.

The second driver is the increased focus on in-company education delivered by external faculty. Companies invest vast talent, money and time in this area. Europe runs the risk of valuing in-company education more than that offered by universities.

The third driver is the Bologna Accord. Ordinary citizens see Bologna as a change in format which will lead to the adoption of the Anglo-Saxon system of 3 plus 2. Specifically, three years for a Bachelor degree and two more for a Master, with or without work experience. This vision is a risky simplification. What Bologna seeks is a more competitive Europe and, therefore, a more competitive educational system. To be precise, it seeks a system that fosters competition between Europe's universities.

These drivers will advance change in graduate management education at a rapid pace. Universities are getting ready and trying to respond to three market-oriented questions:

- 1. What are the educational needs of young candidates and the companies that will hire them?**
- 2. What should the educational response of universities be?**
- 3. In what formats should it be delivered?**

The competitiveness of Europe, and of its educational system, will depend on the success in responding to these matters.

It would be a mistake to consider funding as 'the' critical factor for Bologna implementation. It is true that, as this report analyses, implementation will require unprecedented resources. However, I cannot see a better investment than the education of our future business leaders. We must regard Bologna as a major opportunity.

Bologna is also an opportunity for the main players in socio-economic development – governments, universities and organisations – to join forces and create a consistent legal and fiscal framework; to respond to the three questions previously posed, and to convey to companies the meaning of every university degree. Only if the main players work together will a valuable educational offer be achieved.

This report analyses the impact of the Accord at different levels, suggests measures for every social layer and is an indispensable reference for those involved in the transformation of the European educational system in order to make it more competitive and beneficial for society.

*Carlos Cavallé, IESE Business School, Spain*



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The appendices can be found in the companion volume to this document.

# Executive summary

## Background

The first steps towards an open Europe for higher learning were taken in May 1998 when France, Germany, Italy and the UK signed the Sorbonne Declaration. This declaration set out the need to remove barriers to, and develop frameworks for, teaching and learning within Europe. Fundamental to the declaration was the need to converge higher education structures and thus a two-cycle system of undergraduate and postgraduate stages was proposed.

The Bologna Accord, signed in June 1999, built upon the foundations laid by the Sorbonne Declaration and represents a firm commitment to higher education reform. Twenty-nine countries signed this new agreement, which outlined the key objectives each country would undertake by 2010 in order to achieve higher education convergence. The objectives included<sup>1</sup>:

- **establishing a system of easily recognisable and comparable degrees**
- **creating a two-cycle system of university studies leading to recognised qualifications with relevance to the labour market at the end of each stage**
- **developing a European-wide credit system, with credits earned in studies or non-traditional learning paths, to promote student mobility**
- **promoting student and teaching/support staff mobility**
- **co-operation between quality assurance bodies to develop comparable systems, criteria and methodologies**
- **creating networks of European learning.**

Fundamentally, the Bologna Accord splits the traditional European first degree (roughly comparable to a Master degree in an Anglo-American curriculum) into two components: the Bachelor degree and the Master degree. Such an elemental shift will radically alter the landscape of European education and will have tremendous, though little understood, consequences for higher education, and in particular for business schools, in Europe and around the world. In Europe alone, more than 700m people will be affected by these changes at some point in their lives. The impact will travel far beyond national borders and become part of academic and professional life around the world.

In this new post-Bologna environment, students will graduate with a Bachelor degree after three or four years of study. They can then continue their studies or go directly into employment. The first wave of 'new' Bachelor holders has already begun in some European countries and the overall system must be in operation by 2010.

Sensing the shockwaves that could result as 2010 draws near, the Graduate Management Admission Council (GMAC<sup>®</sup>) decided to sponsor a project to assess the impact of the Accord on graduate management education. A specially selected task force was assembled that included key figures from graduate education, industry associations and employers. Their diverse perspectives and thoughtful reflections on the impact of the Accord have framed this paper, which outlines the major issues facing each of the four key stakeholder groups: governments, institutions, employers and students.

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<sup>1</sup> The full text of the Bologna Accord can be found in Appendix 1.

## Governments

The creation of a European higher education area in the 40 signatory countries represents fundamental changes to higher education. What is most surprising, however, is that the Bologna Accord is a voluntary agreement! Significant steps have already been taken but by 2010 all countries must fully implement the reforms. A lack of action will not only open up opportunities for non-state higher education providers but may also result in students travelling abroad to study. These students may not return to their own country.

The first post-Bologna Bachelors have graduated in countries that have already implemented the two-cycle structure. These countries are at an advantage since they offer high-quality, competitive degree programmes that will attract students from beyond the domestic marketplace. These students may choose to remain after their education finishes and become residents, employers and employees.

The Bologna reforms will reduce the recurring costs of higher education to government only after the investment that is required to implement the reforms has been made. It is estimated that every university will need approximately €3.4m to bring about curricula reform and introduce the European credit system. Given that these activities comprise only part of what will be needed, the final total is likely to be significantly higher. Governments should therefore provide ring-fenced funds to support higher education during the transition period.

Once the reforms are complete, ongoing education budgets will be more predictable. The length of Bachelor and Master degree programmes will be fixed, while enrolment and graduation rates should increase and enable more accurate planning for education budgets. Shorter study programmes will result in graduates entering the employment market and beginning to contribute to the public purse at a younger age.

The introduction of shorter, one- or two-year, Master degrees will make European higher education compatible with systems elsewhere in the world and therefore more attractive to international students. In an environment where funding for tertiary education is reduced, these students, who pay significantly higher fees than their domestic counterparts, could represent a potential revenue stream.

International student mobility, however, introduces two key issues, the first of which is language. A growing trend is for Master degrees to be offered in English: approximately 1,500 taught Master programmes were available during the 2003/04 academic year in countries where English is not the first language. Secondly, if higher education providers want to attract international students, governments must consider relaxing immigration and permit requirements. This needs to happen in tandem with simplifications in the process by which visas are changed from study to employment purposes.

Regardless of whether a government wishes to retain domestic students or attract foreign ones, it needs to promote higher education programmes and provide a single, comprehensive source of information for potential students. This should go beyond simple course listings and enable students to make informed choices.

As students become the purchasers of higher education, they will demand greater quality and service and be prepared to travel to find them. While this could raise the quality of the programmes on offer, a higher education system driven only by student demand would be unlikely to support the national education strategy. There is a danger that less popular programmes will be sidelined and governments may need to target funding at specific disciplines to ensure their survival.

In a competitive market which is open to a range of educational providers, controls are needed to maintain quality and prevent the growth of substandard 'diploma mills'. To protect the status and reputation of higher education, many countries have created quality assurance and accreditation bodies to monitor institutions and ensure that they comply with national standards and curricula. Countries that have not introduced such measures have until 2005 to do so.

For quality controls to be effective they must be pan-European. The European Network of Quality Assurance (ENQA) is developing agreed standards, procedures and guidelines that will enable national agencies to expand their remit and complement international mobility. However, unless membership of the ENQA is revised to include management and business accreditation bodies such as the Association of MBAs (AMBA) and the European Foundation for Management Development (efmd), their experience in international accreditation will be largely ignored.

In the post-Bologna higher education environment, governments can demonstrate clearly the benefit to society that Bachelor, academic Master and Doctoral studies deliver. The position of professional Master degrees, such as those in business and management, is less clear. The high private returns enjoyed by holders of these degrees make continued public support for such qualifications uncertain. If subsidies for professionally-oriented Master degrees that do not require students to have employment experience are removed, they will be in the same position as post-experience qualifications (like the MBA) where direct state support is minimal. As national funding for tertiary students continues to decline, this could result in further funding being withdrawn from these professionally-oriented studies.

A decrease in state funding levels, together with institutions being given greater autonomy to raise funds, is changing higher education's relationship with private enterprise. Increasingly, teaching and research activities are being undertaken in return for fees. This changing relationship increases higher education's accountability to business for the services they provide and introduces a complicated set of further issues such as intellectual property, research direction, data ownership and publication control.

**The GMAC® task force recommends that:**

- Governments provide additional support to institutions to restructure their programmes to the Bologna principles.
- MBA accreditation bodies join ENQA discussions to establish common European quality assurance standards, procedures and guidelines.
- Governments market their national higher education systems.
- Legislation related to the recruitment of graduates to national and supranational governmental bodies is updated to include the new qualification types. Any differentiation that exists surrounding the type of institution granting the award should also be removed.
- Governments create an information point for employers to inform them about the particular characteristics of each national higher education system and its qualifications hierarchy.
- The signatory countries adopt common reporting standards for student data.
- All students have greater access to accurate information about student support and the availability and portability of grants and loans.
- The signatory countries consider creating an education balance of payments system and a portable student support or loan system.
- Governments develop policies that support employees who want to return to education.

## Institutions

The introduction of a break point after completion of a first degree, the Bachelor, presents a new challenge to many European institutions where the traditional long-cycle degree still dominates. Institutions will need to sell themselves and their programmes to a different set of students.

Post-Bologna, higher education will be far more crowded than at present and competition will come from beyond national boundaries via a range of different providers. We estimate that in the field of graduate management education alone, more than 12,000 Master programmes will compete for students. In this environment institutions will have to assess their strengths and weaknesses, decide which markets they want to enter and position themselves carefully. In order to seize the opportunities inherent in a more open, competitive market they need to build upon their strengths and clarify their academic and/or research profile. Once these first steps are taken, institutions must define, design and position their portfolio of programmes so that they meet the needs of the new Bologna marketplace. They must also integrate quality assurance measures from the outset.

Institutions need to make clear exactly what their programmes offer so that both students and employers can distinguish between both the learning outcomes of Bachelor and Master degrees, and the differences between the various types of Master degree. For example, there should be a clear distinction between the MBA as a post-experience, executive qualification and other pre-experience Master degrees.

Successful Master programmes will need to identify what types of students they want to attract and target them effectively. This involves defining learning objectives in terms of the knowledge and skills students will acquire, and translating these learning outcomes into post-study employment opportunities that successful graduates can seize. The international competitiveness of European higher education will be enhanced as non-European students are attracted by clearly positioned offerings.

To realise these objectives institutions must create an effective admissions procedure and select which students will be granted entry. Selection enables the right students to get into the right programmes and promotes a better overall learning experience. As student mobility is enhanced, transparency about the learning outcomes and achievements of graduates becomes increasingly important. A system such as the Diploma Supplement facilitates this transparency; similarly, the European Network of Information Centres (ENIC) will become increasingly valuable as an information source that will help to facilitate cross-border degree recognition, and therefore guarantee the equal treatment of all students.

If institutions are to implement these changes to meet the requirements of the Bologna Accord, they need strategic autonomy and empowered programme management systems so that they can make decisions and take effective action.

**The GMAC® task force recommends that:**

- Guidelines for the nomenclature of Bachelor, Master and MBA degrees are agreed and adopted.
- Clear guidelines on what an MBA represents are defined, adopted and integrated into national qualifications frameworks.
- The signatory countries use a common framework to provide information on individual programmes.
- All state institutions are given the power to select students for programmes at both Bachelor and Master level.
- Tests like the GMAT® are used to ascertain the suitability of candidates from different educational backgrounds for graduate management study.
- Further work is carried out to enhance the quality of the information provided by the ENIC sites.
- All business schools adopt the Diploma Supplement.
- Institutions clearly communicate the differences between pre- and post-experience graduate management education so that students can make more informed choices.

## Employers

Employers play a key role in determining the success of the Bologna reforms. Unless they actively recruit Bachelor graduates, these degrees will be of little marketable value.

From an employer's perspective, the introduction of the Bologna Accord raises a number of issues, particularly in the field of business and management education. Since the business environment has changed rapidly over the last 20 years, management education must reflect and respond to those changes in order to prepare students for employment.

A closer relationship between employers, institutions and students will encourage the development of a productive workforce. It is important that education and employers work together to determine spheres of workforce development, and that both parties clearly understand what they want to achieve.

The challenge for educational providers is to develop the transformational potential of students in order to increase their employability. Higher education should equip graduates to get jobs and to develop as critical, reflective, lifelong learners. Employers recognise the importance of, and invest in, the development of leadership, interpersonal skills and business awareness and are prepared to build upon this capability.

As higher education changes and grows, the size and composition of the graduating classes will alter. A Bachelor degree will become commonplace and more students are likely to undertake Master degrees to differentiate themselves in a crowded marketplace. Employers will have a larger pool of potential employees but these are likely to be of variable quality and hold different levels of qualification. A common nomenclature for Bachelor and Master qualifications will help employers to understand what each qualification represents and promote graduate mobility. There is already high awareness of the MBA title but this appears to be one of the few qualifications broadly understood by employers. Employers, therefore, need to have easy access to information on all higher education systems, institutions and final awards.

In many countries, despite initiatives like the German 'Bachelor welcome' that aim to encourage the employment of Bachelor graduates, a pre-experience Master will remain the basic academic degree for the present. This will only change when Bachelor degrees gain recognition and status in the labour market. As the public sector is a major employer of graduates, its acceptance of Bachelor degrees will be critical.

Business-oriented Master degrees can offer a transformative education for students with Bachelor degrees in non-business subjects. This can create valuable combinations in graduates by making their skills more relevant to employers. In the longer term, the number of students embarking upon pre-experience Master degrees may decrease as the marketplace matures and employers seek both fresh Bachelor graduates and Master graduates with work experience.

A formal qualification alone does not give an accurate picture of how an individual will perform in the workplace. Employers from five European nations included work experience in their list of the top ten most desired graduate attributes. Previous experience has also been identified as a contributing factor in the salary differential between pre- and post-experience business Master graduates.



**The GMAC® task force recommends that:**

- Employers use the Diploma Supplement to find out more about candidates.
- Employers rethink recruitment and staff development policies in light of the new qualifications.
- Employers develop a clear understanding of the skills they require. In turn, higher education needs to listen to employers to produce graduates with the required generic skills without compromising academic integrity.
- Pre-experience graduate management education incorporates periods of work-based learning to assist employers in their recruiting decisions and enable students to relate theory to practice.
- Industry-led projects across disciplines should be an essential component in all graduate programmes.
- Employers strengthen their role in helping students to relate theoretical skills to practice by providing opportunities for work experience and contributing to the teaching of the curriculum.

## Students

The Bologna Accord presents new opportunities to students by splitting the traditional long-cycle degree into two stages. Students will have more options in an enlarged higher education environment.

One of the most significant changes that the Bologna Accord brings about is increased student mobility. It is anticipated that 2.4m European students per annum will graduate with Bachelor degrees; they will have to decide whether to seek employment or continue studying. If they choose the latter, they must decide whether to continue specialising or move into a different discipline. Furthermore, these students can study for their Master degree at a different institution, in their own country, elsewhere in Europe or outside Europe. Student decision making will become more complex.

Their decisions are likely to be heavily influenced by employer acceptance of the Bachelor and Master qualifications. In countries with a tradition of long-cycle first degrees, students are more likely to continue studying and enter a Master programme related to their first-degree programme. This behaviour will only start to change once employers demonstrate their commitment to the new qualifications through their hiring and recruitment practices. In markets where the 'new' degrees are more firmly established, indicators from the US and UK point to some 20% to 25% of Bachelor graduates studying for Master degrees in business and management.

In making choices about their future, students must also evaluate the benefits and costs (including tuition fees, travel, differential living and opportunity costs) of each mobility option. When considering whether to stay in their home country or study overseas, students will also be influenced by language issues, the equivalence placed on their earlier qualifications, and the availability and portability of grants, loans and other student support mechanisms. Only if governments and institutions provide easily accessible, comprehensive information about all aspects of study in Europe (including visa and residency regulations, support, welfare, social life and local culture) will students be encouraged to widen their horizons and consider alternative study options in new locations.

The Bachelor–Master structure is the dominant global model; by enhancing the compatibility of the 40 signatory country higher education systems, students from further afield will be attracted by Europe’s high-quality, competitive Master degrees. The process may work in reverse, however, with students encouraged to move outside Europe to complete their education. The cost of study is an important factor in determining where students go, and generous stipends offered by some international institutions can make it cheaper for them to study further afield. Mobility beyond domestic borders will continue to be discouraged if clear policies surrounding grant and loan portability are not developed. One clear obstacle to portability is the inability to collect loan or grant payments outside national borders. Within Europe, the development of a common loan programme with cross-border collection would encourage student mobility.

The significant difference between the tuition fees charged for a typical Bachelor (negligible) and pre-experience Master degree (approximately €7,500 per annum) reflects the general trend for state support to be ring-fenced for first degrees. However, as more students enter into, and successfully graduate from, higher education, financing models will change and state subsidies for higher-level study programmes are likely to be further reduced. The existing tuition fee differences between public and private higher education illustrate the effect of subsidised and market-pricing mechanisms. A reduction in state subsidies would therefore result in increased student contributions for all Master degrees. As the tuition fee gap between pre- and post-experience business and management Master degrees closes, students will need to be better informed as to the actual differences in purpose and value between each degree type.

**The GMAC® task force recommends that:**

- **Students receive comprehensive and pertinent information that enables them to make informed decisions about their programmes of study.**
- **Students consider not only the financial implications of studying outside their home country but also evaluate visa and residency regulations, support, welfare, social life and local culture which will impact on their educational experience.**

# Opening statement: Making Bologna work

The Bologna Accord is a unique opportunity to implement lasting, fundamental reform in European higher education, both generally and specifically for management education. Higher education has traditionally presented a complex array of qualifications. Long first degrees, roughly comparable to Master degrees in an Anglo-American curriculum, have dominated. Drawing comparisons between awards across the different national systems has been difficult. Change was needed to enhance EU competitiveness.

In 1998 the Sorbonne Declaration set out the need to remove barriers to, and develop frameworks for, teaching and learning within Europe. Fundamental to the declaration was the need to converge higher education structures; consequently a two-cycle system of undergraduate and postgraduate education was proposed. The Bologna Accord, signed in June 1999, built upon this foundation and 40 countries have made a firm commitment to align their higher education systems to facilitate greater transparency, increase mobility and rationalise the granting of degrees across Europe.

Fundamentally, the Bologna Accord splits the traditional European first degree into two components: the Bachelor degree and the Master degree. In the post-Bologna environment, students will graduate with a Bachelor degree after three or four years of study. They can then continue their studies or go directly into employment. The first wave of 'new' Bachelor holders has already begun in some European countries and the overall system must be in effect by 2010. By this date we predict that more than 2.4m students per annum in Europe will be graduating with a Bachelor degree.

## Realising the benefits

For the full benefits to be realised, both pre- and post-experience Master-level management education needs to focus on four main areas:

- **competitiveness:** higher education needs to engage more fully with the market
- **entrepreneurship and innovation:** the autonomy of institutions must be strengthened
- **quality:** governments need to nurture and encourage high quality in education
- **transparency:** all stakeholders must be informed and endorse the new degrees and systems.

Institutions must become innovative, agile and flexible in order to survive. They must develop alternative revenue streams and enter into partnerships with private business. They will have to compete with other institutions in the production and marketing of courses to students and will need to engage more proactively with the actual consumers of pre- and post-experience programmes.

Education is a very costly business. Without extensive funding and the right market attitude, some universities will not survive. Developing high-quality curricula requires top professors, a capacity for innovation, excellent research capabilities and a high-quality infrastructure. For the Bologna reforms to be completed, the culture within European higher education institutions needs to change to take these challenges into account.

## 1. A focus on competitiveness

Putting knowledge into the heart of Europe, building a 'Europe of knowledge', is a goal that cannot be realised without reform in higher education. Students and employers are the primary customers and consumers of education services. To be competitive, institutions will have to be market-oriented and broaden their dialogue with customers and other stakeholders. To do this, they must examine what the market wants, why these requirements are important, and what the educational outcomes need to be so that they can deliver programmes that are of value. The market will not support institutions that do not meet consumer demands when there are international alternatives available and a mobile population ready to seize them. With more than 2.4m new Bachelor graduates per annum, the Bologna reforms will create large-scale educational opportunities. The expected creation of over 12,000 'new' business-oriented Master programmes will increase competition.

Institutions will face tough questions about the role they play in local, national and international markets. In response they need to be realistic about what they can achieve. Self-analysis must include consideration of education strategies which are shaped by political and economic agendas. In domestic markets, clear direction from government defines the environment in which institutions operate.

Institutions must be ready to take risks. A market orientation should not result in homogenised higher education where institutions are wary of innovating or changing the 'accepted formula'.

The traditional model of a resource-driven higher education system cannot survive. Enabling institutions to strengthen their customer focus and deliver what the market wants takes courage from both governments and the institutions themselves. Proactive endorsement and action is needed for success. Educational change takes time. It is unlikely that establishing the groundwork for, and subsequently implementing, change will take place during the lifetime of a single government or institution's management. Benefits can take years to realise but investment is needed now to explore opportunities for the future. With a timeline extending to 2010 and beyond, this may present a considerable obstacle as resource providers focus on the here and now rather than looking to the future.

Engaging with employers presents another important challenge. Employers are key customers of higher education as they select their future workforce from the students produced by it. However, as no country has a tradition of employers directly paying institutions for this service (at either the Bachelor or Master level) other mutually beneficial ways of engaging with education must be developed to strengthen the link between the supply of, and the demand for, the future workforce.

The positive consequences of a market orientation include a greater responsiveness to demands for more relevant courses, and greater involvement of universities with the communities that surround them – the opening of the ivory tower. This will result in greater student and employer satisfaction.

If market orientation is taken too far, however, excessive consumerism could dominate. In an overly competitive environment co-operation may be hampered as institutions refuse to communicate with each other. Business education may also act solely in its own self-interest and become an elitist system, sold only to the economically strong. Master-level management education needs to react to stakeholders but must also avoid the merchandising of programmes – market whims should not become the predominant driving force for education development.

## 2. A focus on entrepreneurship and innovation

A market orientation alone is not enough. If it is not accompanied by the ability to develop and implement strategy, business schools cannot react to, and gain benefit from, it. Competition only becomes possible when schools become autonomous, responsive and flexible. At present they are limited by legislation surrounding selection and admission, curriculum and assessment structures, economic constraints and the ability to generate revenue independently. These constraints need to be removed if Master-level management education is to be delivered by organisations that have entrepreneurial structures and processes. Such an approach will drive European competitiveness and counter the ‘brain drain’ effect caused by students choosing to study at more innovation-led institutions abroad.

Within European higher education, institutions are slowly being allowed to work within a more autonomous framework. Autonomy does not simply mean greater freedom over academic matters but also covers economic and organisational powers. It influences the way in which institutions build relationships with the wider stakeholder community and drives education to be both accountable, and responsible, for serving them. The Bologna Accord should enable higher education institutions to decide strategies within the appropriate education and business environments. Strategic plans must be translated into action and decision-making powers granted across the spectrum of activities. True accountability can only be achieved if institutions have control over all elements of their business.

Autonomy gives institutions ownership of their own resources, intellectual capital and research direction. It goes beyond simple economic freedom and permeates to the heart of the triumvirate of curriculum, faculty and students. Institutions delivering Master-level management education need to decide who they will work with and on what basis. These working partners are not just direct employees but also the student and business communities.

The ability to select students is important. Selection mechanisms allow institutions to exert control over the profile of their student body and therefore the quality and outcomes of the study programme. Selection should take place on academic, not economic, grounds.

In this entrepreneurial environment a fully-tenured business faculty may not be feasible in a competitive market. Predicted staff shortages will require creative solutions that build networks of teaching, research and co-operation between potential rivals. Faculties must develop innovative curricula delivered to students that are not only receivers of, but contributors to, the educational experience.

Funding is important in relation to autonomy. The changed environment should not mean the end of state support for graduate management education; educational support can be delivered through both direct funding and indirect means. Mechanisms such as tax incentives for continued learning can stimulate demand for post-experience studies. Bologna does not signal the end of education as a public good, but institutions will need to be able to decide how to allocate funds and support students from all groups in society. Generous scholarship funding offered by institutions in the US needs to be countered so that students elect to pursue graduate management programmes in Europe.

If autonomy is taken too far, it could result in institutions serving their own interests. Alternatively, a pure market orientation could fail unless business schools are able to be proactive. Taken together, autonomy and entrepreneurship in education provide the building blocks upon which a truly knowledge-based society can develop.

### 3. A focus on quality

The post-Bologna environment should result in autonomous institutions delivering the education the market wants. This alone would indicate progress but what about the wider environment in which they operate; what kind of regulation, if any, is needed?

We have already argued for the need for pre- and post-experience Master-level management education to become market-oriented. Theoretically, if this happens the 'invisible hand' of the market should prevail and quality will be assured. This is true in static environments but the very fluidity which marks the metamorphosis of higher education post-Bologna, when more than 12,000 'new' Master qualifications may be offered, could make it difficult for the market to keep up. Formal methods are needed to prevent diploma mills and badly thought-out programmes from misleading all stakeholders.

Education is a time-consuming, and resource-intensive, process and often students are only able to determine the quality of education once they have entered the system. At this point switching programmes or institutions is costly and students will have already made considerable investment. It is not only students that need confidence in the quality of the learning experience but employers as well. If students are to graduate with any degree in management and subsequently enter employment, employers need to have trust in their education. Students cannot wait until after they graduate, or employers until after they recruit, to discover how effective that education really was.

Over-regulation would hinder some autonomous behaviours essential in a market-responsive higher education system. Credible alternatives are accreditation and quality assurance systems. Accreditation signals that agreed minimum quality standards have been met, while quality assurance builds in processes for continuous improvement. Both are needed as student decision making, selection, admission and completion take time; both provide a means of safeguarding quality and diversity in lieu of state regulation. They therefore provide mechanisms to protect students, employers, the government and national reputations. Education is an import/export business and graduates of national education systems travel far beyond domestic borders. Each student becomes an ambassador of both their school and the country in which it is located.

Post-experiential management education provides a model for taking accreditation forward. Supranational accreditation bodies routinely assess programmes and institutions along dimensions including their responsiveness to the expectations of an international labour market, their ability to deliver a flexible system of courses, the relevance of these courses to employment and how academic and personal values are integrated in the course of study. As Bologna changes higher education, international accreditation bodies should share their experiences and expand their remit to include pre-experience graduate management education. Conversely, national accreditation mechanisms must be widened to complement international mobility.

Any quality controls must encourage and enable convergence in education structures and outcomes but not dictate how to get there. Tying accreditation to the national recognition of qualifications and the ability to operate in a particular market would move accreditation beyond being another label. For example, MBA qualifications should be brought into the national qualifications framework. This is particularly important where pre-experience Master qualifications are new: *'I have a Master'* has commonly been interpreted to mean *'I have an MBA'*. For more mature markets, however, the reverse is true as graduate management education has been predominantly pre-experience. A consistent nomenclature will prevent these mental models from becoming entrenched.

If the quality framework is taken too far, however, it can become authoritative and dictate the form of graduate management education by discouraging diversity. If restricted to the 40 domestic markets rather than the pan-European level, mobility will be prevented rather than encouraged as countries refuse to recognise quality in Master-level management education awarded by other, non-domestic, providers.

## 4. A focus on transparency

Introducing new education qualifications into a market will always be a difficult process. The Bologna Accord splits the continental European long-cycle first degree (roughly equivalent to the Master degree in Anglo-American higher education) into two components – the Bachelor and Master. Few people outside the field of education understand the full implication of these reforms.

For students education is a significant investment that exceeds time and money. It includes personal investment in the form of hopes, fears and aspirations. Changes to education are a big deal for all so information and transparency are essential.

The first step towards building a transparent system is to develop a common qualification nomenclature. If this is applied consistently it will drive immediate, high level, understanding of the awards. If it is married with transparent international accreditation and quality controls, students and employers will be well informed.

A concern, however, is that some employers may use the reputation of the institution granting the award as a proxy for graduate quality. Getting onto, and through, some Master-level management degrees in specific institutions is considered sufficient. To prevent this, the Diploma Supplement enables responsible employers to compare applicants on an equal basis. The Diploma Supplement contains a description of the nature, level, context, content and status of studies. It provides a way by which employers can understand the competencies and skills of graduates and enable comparability across systems. This, in turn, promotes mobility.

The process of education also needs to be made more transparent. In-depth information should be available on the characteristics of national education systems: what are the key features of the pedagogic system, how are students selected and admitted and what assessment and examination techniques are used? Potential students also need information on visa and residency requirements, support and welfare systems, social life and cultural elements in the countries where they wish to study.

Transparency should stimulate a two-way conversation between education and stakeholders. Developing market-oriented Master degrees requires understanding of what they will be used for, what is needed now by students and employers, and what is essential for growth in the future. Employers need to be engaged with education and weave it into professional life. In return, the educational outcomes of specialist and generalist graduate management education need to be defined, delivered and communicated.

## Conclusion

While continental European MBA education has traditionally fallen outside of higher education, the Bologna Accord provides it with an opportunity to become an integral part of formal higher education. Inclusion should not mean that faculties offering post-experiential management degrees return to state control but rather that higher education learns from their operational model. One advantage of MBAs being created as distinct entities is that their organisational form is far ahead of traditional education in responding to stakeholders.

An additional benefit of the MBA's 'outsider' status has been the development of the very education characteristics Bologna seeks to promote: comparability and compatibility across degrees; education with labour market relevance; a mobile staff and student body; mechanisms for international quality control; and the development of a credible European alternative to American business education. Business schools can therefore assist more traditional pre-experience management education to respond to the four foci outlined above while contributing to a world-class education system that promotes European competitiveness. In return, MBA qualifications need to become an integral part of national qualifications frameworks and formally take their place beside pre-experience business and management Master degrees in developing skills on either the specialist or generalist level.

The Bologna Accord provides a unique opportunity to leverage the differences that currently exist within European higher education and celebrate them. In such a complex market only the institutions addressing the key quality, positioning and identity issues will successfully survive.

The signatory countries are on the cusp of producing an educational experience difficult to replicate anywhere else in the world.

*Rebecca Loades, GMAC® Bologna Project*



# Chapter 1: Background

The landscape of European higher education and business is changing radically. The Bologna Declaration and subsequent communiqués have been signed by 40 European countries. The signatories have agreed to align their systems of higher education to facilitate greater transparency, increase mobility and rationalise the granting of degrees across Europe.



# The Bologna Accord – history and background

**The Bologna Accord represents a fundamental shift in European higher education. Why are states voluntarily committing to convergence given that European higher education has its roots in three very different philosophies<sup>2</sup>?**

Pre-Bologna, Europe presented a complex array of curricula and awards. Long-cycle degrees, roughly comparable to Master<sup>3</sup> degrees in an Anglo-American curriculum, dominated. Drawing comparisons between awards across the different national systems was difficult. Major differences existed (Haug and Kirstein, 1999): in the existence or not of professionally-oriented education; the access criteria and selection mechanisms used; the funding of students; and the structure, duration and type of final award. As national boundaries have blurred, these differences have become more apparent.

The environment in which higher education operates has also changed in recent years: state control is relaxing, education is becoming decentralised and institutions have greater autonomy. However, there are a number of acknowledged problems:

- **the long duration of studies**
- **an incompatibility with other global education systems**
- **funding**
- **massification of higher education and a more heterogeneous group of students.**

In response, France, Germany, Italy and the UK crafted the Sorbonne Declaration in 1998. The aim was to rationalise the granting of degrees so that European competitiveness would be enhanced.

The declaration set out the need to remove barriers to, and develop frameworks for, teaching and learning within Europe. Fundamental to the declaration was the need to converge higher education structures and establish a two-cycle system of Bachelor and Master stages.

<sup>2</sup> European higher education has its roots in three broad models (Wright et al):

- a) Humboldtian: academics and students have complete freedom of study and teaching; research is at the heart of university activity and provides the basis for teaching, eg Germany, the Netherlands.
- b) Anglo-Saxon: education is structured in stages, grants access to the labour market and is oriented to a large number of specialties.

There is strong emphasis on the personal development of the student, eg UK, Poland.

- c) Napoleonic: education is under strict state control, has an elitist approach and is uniform, eg France and Spain.
- <sup>3</sup> The Master degree is a second-cycle higher education qualification, usually requiring a completed Bachelor degree at a recognised higher education institution. A full definition appears in the Glossary.

The Bologna Declaration, signed in June 1999, builds upon the foundations laid by the Sorbonne Declaration and represents a firm commitment for higher education reform. Twenty-nine countries signed this new declaration, which outlines the key objectives each country will undertake by 2010. The objectives include<sup>4</sup>:

- establishing a system of easily recognisable and comparable degrees
- creating a two-cycle system of university studies leading to recognised, labour-market relevant qualifications at the end of each stage
- developing a European-wide credit system, with credits earned in studies or non-traditional learning paths, to promote student mobility
- promoting student and teacher/support staff mobility
- co-operation between quality assurance bodies to develop comparable systems, criteria and methodologies
- creating networks of European learning.

There have been four follow-on conventions to discuss the reforms that need to be undertaken by the signatory countries<sup>5</sup>. The number of signatories has now grown to 40. In addition, between March 2002 and June 2003, 10 seminars were held. As a result, voluntary actions are changing into firm commitments.

The Berlin Communiqué defined three intermediate priorities that the signatories must implement by 2005. These are:

- 1 To develop a quality assurance system**
- 2 To introduce an overarching European qualifications framework and to implement a system based on Bachelor and Master cycles**
- 3 To issue the Diploma Supplement to all graduating students automatically and free of charge.**

While commitment to the Bologna reforms is clear, all stakeholder groups (including higher education institutions, employers and governments) need to work together to create a European higher education area (EHEA). Complete implementation of the Bologna objectives will require fundamental administrative, infrastructural and financial changes. One of the biggest risks is that institutions will interpret the recommendations mechanistically in reaction to external legislative or political pressures. Should this happen, the Bologna reforms would result in a two-tier EHEA where one group is poised to seize opportunities and the other trails behind and races to catch up.

## Scope of our report

Fundamentally, the Bologna Accord splits the traditional European first, long-cycle, degree into two components: the Bachelor degree and the Master degree. This shift will radically alter the landscape of European higher education, and have significant consequences for graduate management education<sup>6</sup> around the world. In Europe alone more than 700m people will be affected by these changes.

<sup>4</sup> The full text of the Bologna Declaration can be found in Appendix 1.

<sup>5</sup> The Salamanca Convention (March 2001), the Göteborg Declaration (March 2001), the Prague Communiqué (May 2001, which saw the addition of four more countries) and the Berlin Communiqué (September 2003).

<sup>6</sup> Graduate management education is study leading to the award of a Master degree either directly after completing a Bachelor degree (pre-experience) or after having spent at least two years in employment (post-experience).

In the post-Bologna environment, students will graduate with a Bachelor degree after three or four years of study. What was previously a *Diplomkaufmann*, a *Laurea*, a *Licenciado* or a *Doctorandus* (or whatever a first degree was called in each particular country) will now be split into Bachelor and Master stages. Students can then continue their studies or go directly into employment. The first wave of ‘new’ Bachelor holders has already begun in some European countries and the overall system must be in effect by 2010.

For higher education institutions all over the world, this has great potential: thousands of Bachelor graduates from continental Europe can go on to study for a Master degree. Given the historical popularity of graduate management education, this change will bring many new students into the market who can elect to study in business schools<sup>7</sup> either within or outside Europe.

Sensing the shockwaves likely to be produced as 2010 draws near, the Graduate Management Admission Council (GMAC<sup>®</sup>) sponsored a project to assess the impact of the declaration on graduate management education. A task force was assembled that included key figures from graduate education, industry associations and employers. Their diverse perspectives and thoughtful reflections on the impact of the Accord have framed this paper that outlines the major issues facing each of the four key stakeholder groups.

This document aims to develop responses to a number of fundamental questions. To draw a picture of the future graduate management environment, the task force considered the impact of the Accord from the perspectives of four stakeholder groups: government, institutions, employers and students. Figure 1.1 highlights the types of questions raised in deciding where to focus the report.

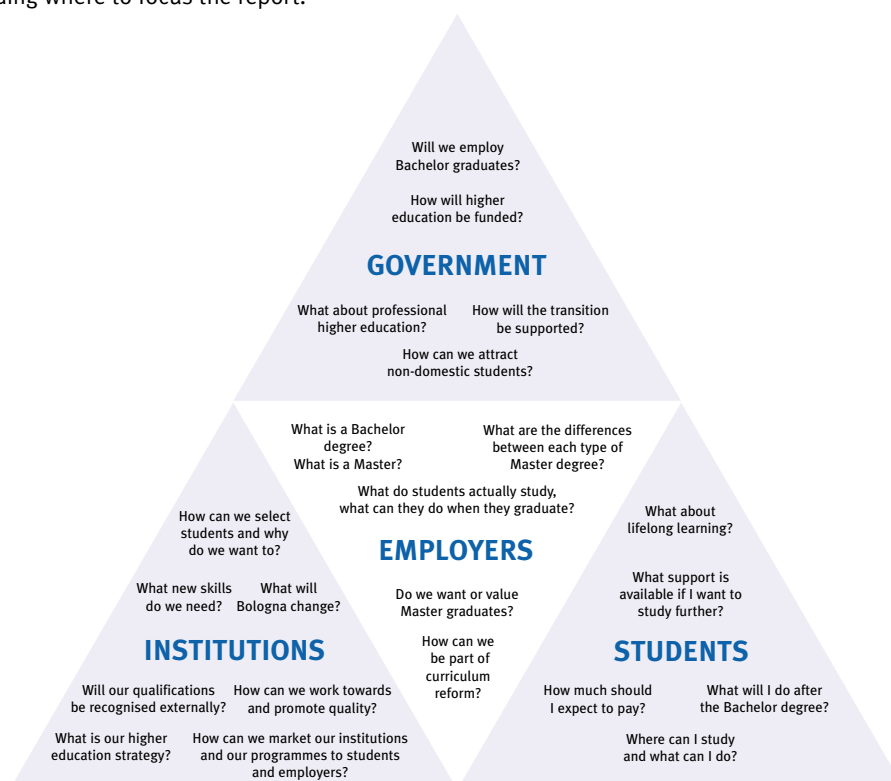


Figure 1.1: Questions posed by the task force

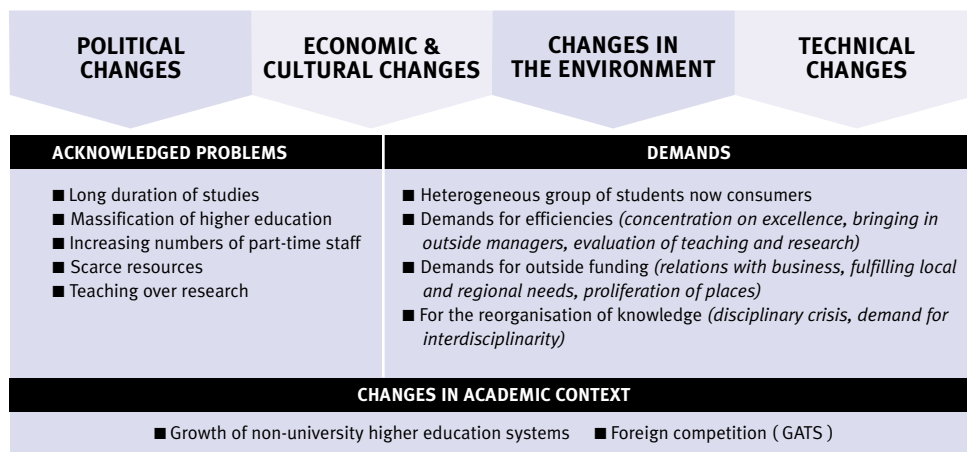
<sup>7</sup> A business school delivers graduate management education.

The perspective from each group is discussed in the subsequent chapters:

- **Chapter 2: Governments.** We start with a look at higher education strategy and continue with a discussion of funding trends and mechanisms.
- **Chapter 3: Institutions.** The new break point challenges some institutions to market and attract students beyond the Bachelor level. How will their ambition drive course development and what will they need to do to target students at the Master level?
- **Chapter 4: Employers.** The behaviour of employers will drive the acceptance, or rejection, of the new qualifications. This chapter examines the purpose of Master degrees in employment and what employers should expect from students at each level. We will also discuss the educational role of employers.
- **Chapter 5: Students.** We discuss how current trends will impact on students. Is there value to mobility in subject or location, and what options are available? What should students expect in terms of financial support and how does this differ across the signatory countries?

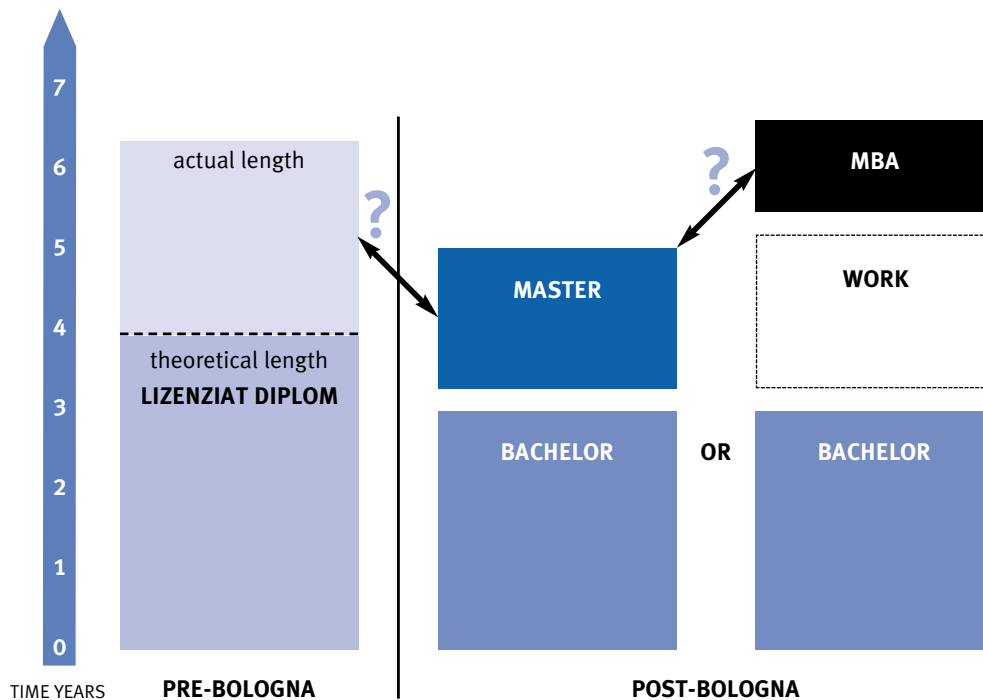
The final chapter presents four scenarios based upon our earlier discussions. The future, however, is unlikely to be so clear-cut. We envisage each country implementing its own unique changes under the larger umbrella of Bologna. Some will implement comprehensive change, while others may take years to fully realise the Bologna goals. As each of the 40 signatory countries grapples with the challenges and outcomes of reform, higher education in Europe will be in a continual state of flux.

The Bologna reforms bring to the fore existing challenges, not least of which is the widely recognised underfunding of European institutions. Managing institutions of higher education has become a complex task due to increasingly devolved levels of autonomy and a greater market focus. For graduate management education in particular, competition is coming from private schools and corporate universities. Figure 1.2 summarises the forces acting on contemporary higher education.



**Figure 1.2: The context of contemporary European higher education**  
(developed from Berndtson, 2003)

An example from Switzerland highlights the areas of tension. Figure 1.3 illustrates both pre- and post-Bologna study paths and qualifications. Pre-Bologna, first-degree studies leading to the *Lizenziat Diplom* were supposed to take 4 years but took an average of 6.4 years. This additional time (equivalent to an extra 60%) was costly for students, their families and the state. In addition, longer study periods have higher drop-out rates<sup>8</sup>. Graduates that successfully completed courses, however, suffered further disadvantages as they competed against younger graduates from other education systems with comparable qualifications.



**Figure 1.3:** Comparison of the pre- and post-Bologna higher education awards and study paths in Switzerland

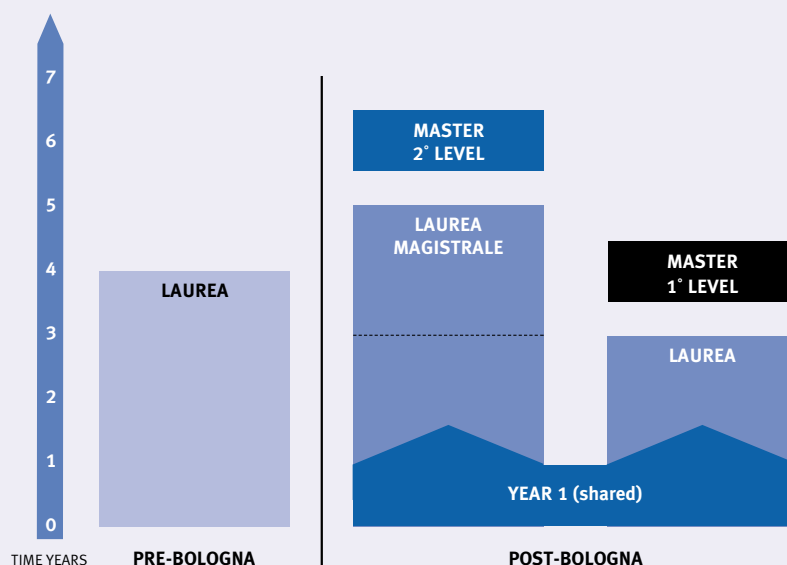
If a transition period is permitted between old and new as, for example, is happening in Germany, there are concerns about how employers will relate old and new qualifications to each other. What equivalences can be drawn and what is the risk that some countries will simply sell new labels rather than new contents? The following example ‘Demanding change in Italy’ highlights the challenges in this area.

<sup>8</sup> On average, an additional 11% of students fail to complete studies lasting 5–6 years compared with students undertaking 3–5 year courses (OECD, 2003).

## Demanding change in Italy

The most recent wave of higher education reform in Italy started in 1989 and resulted in a more autonomous higher education system, along European lines. Higher education institutions offered a single degree, the *Laurea*, and a variety of postgraduate qualifications, including Doctorates, specialist courses and 1-year Master courses. Unfortunately the system was inefficient and ineffective – only 42% of students in academic programmes (excluding Doctorates) actually managed to complete their studies (OECD, 2003) and only 10% did so within the prescribed time frame (the average time taken to complete a 4-year course was seven years).

In order to remedy this state of affairs, recommendations were made in 1997 that an intermediate certificate, the *Laurea Breve*, should be issued after the first two years of a degree. Some were awarded but did not prove popular because of their professional orientation. In 1998 Italy responded to the Sorbonne Declaration and declared that higher education was to be restructured around a two-cycle system. Reform introduced during the 2001/02 academic year, updated most recently in November 2004, made the *Laurea Breve* obsolete and introduced the structural change illustrated below.



Driving this reform was the need to address the failings of the earlier system but there are, however, already problems. Close integration of the first and second levels with the curriculum defined in law means that the system is not '3+2' but actually '3 or 5'. At the end of their first year of study, students must declare if they intend to take a *Laurea* (and enter the job market after the first cycle) or continue in their studies with a *Laurea Magistrale*. The choice must be made at this point as the curriculum diverges. Once the *Laurea* degree has been completed, however, the situation becomes more confusing as it is unclear how the *Laurea* degrees will relate to the Master awards. Differentiating between Master qualifications is complicated by the existence of two different types of Master degree – *Master Primo Livello* and *Master Secondo Livello*.

The most recent version of the law was required because some universities designed their curricula in the absence of any real external pressures. A lack of governance over the reforms was leading to old curricula being adapted to the new structures but without producing any substantial changes – 'old wine in new bottles' (Capano, 2002).



## Modelling the numbers: What is the potential market for graduate education?

The Bologna process will result in the introduction of Bachelor and Master stages where previously they did not exist. How many students will graduate per annum with Bachelor degrees and what will these students do? Will they carry on to study for Master degrees, either in the same or a different discipline, or will they take the opportunity to leave education? We have attempted to predict the number of Bachelor graduates and also the expected number undertaking either pre- or post-experience Master degrees in management.

There are two key routes into graduate education in the post-Bologna environment. Students can either continue in education when they have completed their Bachelor degree (and study a pre-experience Master<sup>9</sup>) or they can return after a period of employment (to study a post-experience Master). These study routes are summarised in Figure 1.4.

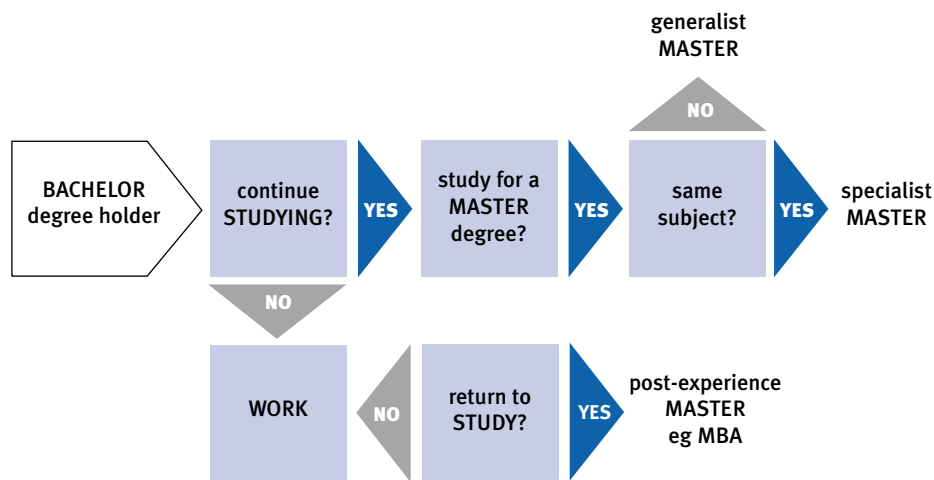


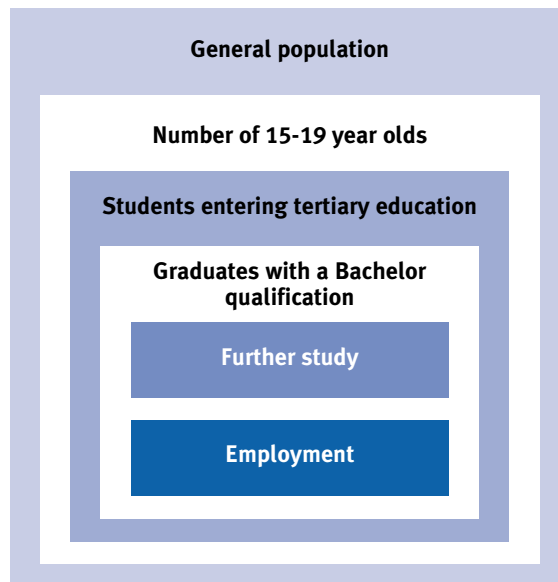
Figure 1.4: Student decision flow chart

To gauge the size of the potential market for graduate education, the first step is to determine the number of students who will graduate annually with the new Bachelor qualification in the signatory countries. Figure 1.5 provides a figurative representation of the demographically driven model developed. Our results<sup>10</sup> indicate that, assuming each country's enrolment rates remain at their 2000/01 levels and 76% of students successfully graduate, 2.4m students per annum will be awarded Bachelor degrees.

It is these graduates who can then either enter the workforce or continue in higher education and study for Master qualifications.

<sup>9</sup> Pre-experience studies assume no previous experience of working in a business environment. Students typically enter Master degrees immediately upon completion of a Bachelor degree. Post-experience courses require students to have professional experience in excess of two years. A full definition is given in the Glossary.

<sup>10</sup> The full model is presented in Appendix 3.



**Figure 1.5:** Figurative illustration of the model used to predict the number of Bachelor graduates per annum, post-Bologna

## What will students study at Master level?

Now that we have established our baseline student number, what will they study? Evidence from countries that already have the Bachelor–Master structure can help us predict student choices at Master level.

Studies on the first destination of Bachelor graduates in the UK<sup>11</sup> reveal that approximately 66% enter the workforce and 20% continue in education. Of those continuing and achieving Master qualifications, 23% (2001/02) received theirs in the field of Business and Administration. At Bachelor level, however, only 12% studied this subject. This suggests that non-business Bachelor graduates elect to complete a business-oriented postgraduate qualification. At the other end of the scale is Denmark where over 80% of Bachelor graduates continue directly into Master studies. Researching similar figures from other countries in order to draw wider comparisons has proved difficult. A lack of common reporting criteria and standards, coupled with the emerging nature of these new qualifications, make building a picture of student flows difficult.

Using the UK figures as a basis, however, we predict that the potential market for pre-experience business or economics graduate education in the signatory countries could easily exceed 87,000 students per annum once the full Bologna reforms are implemented (from 2010 on). For post-experience business education the potential market is smaller but this too could see demand increase over the next 10–15 years to more than 31,175 places annually. Applying the Danish proportions as a basis leads to an explosion in the demand for pre-experience Master degrees in management to 345,000 per annum while the annual demand for post-experience business education would reach 27,700 in the same timeframe.

<sup>11</sup> Data from HESA (Higher Education Statistical Agency) and can be accessed at <<http://www.hesa.ac.uk>>

Figure 1.6 illustrates three possible outcomes depending on the proportion of students electing to continue their studies or enter employment. For post-experiential qualifications we have also included the impact of non-business Master degree students electing to study for an MBA at a later point in their career.

Note: the projections represent students of the signatory countries undertaking further Master-level study. They do not represent the actual market for European higher education since students entering from non-signatory countries, or those electing to leave, are not considered.

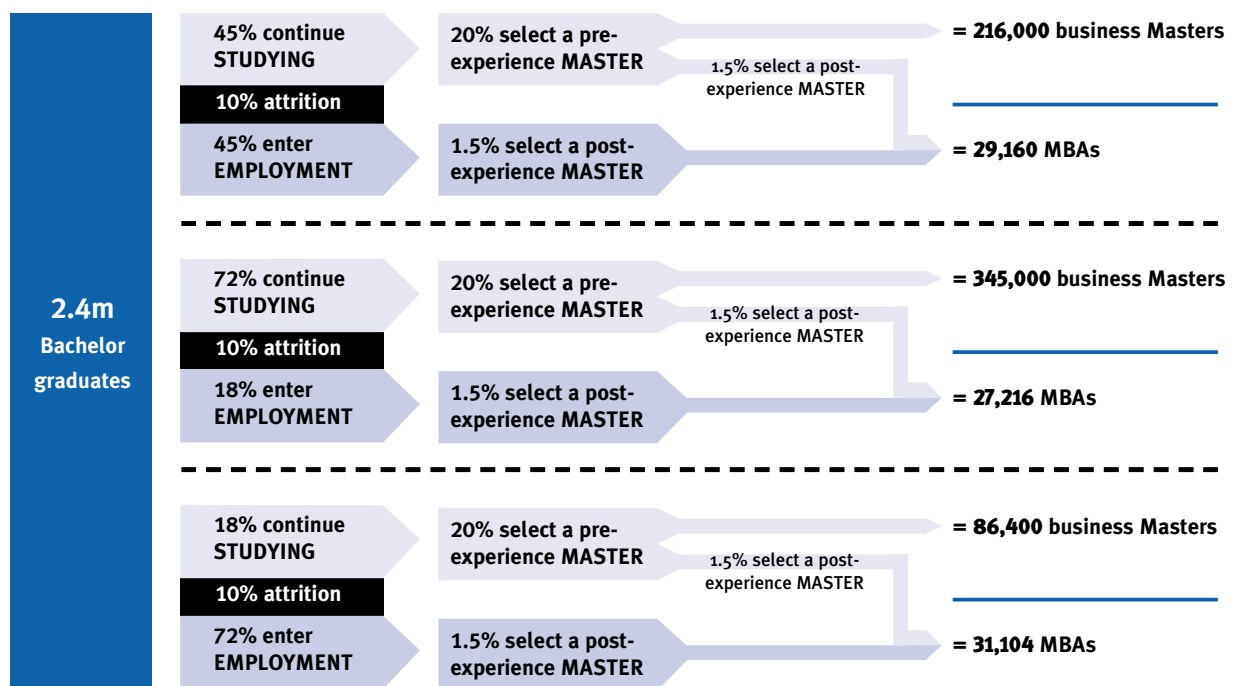


Figure 1.6: Estimating the potential market size for graduate management education

A final point must be raised. It is likely that the estimations do not capture the real breadth of reform. Running ‘reality checks’ against the model<sup>12</sup> confirms that, if anything, our model is cautious and that the actual figures could be as high as 373,000<sup>13</sup>. Appendix 3 outlines the full model and includes sensitivity analysis on the volume of Master degrees when considering the positive impact reducing study lengths will have on both enrolment and graduation rates.

<sup>12</sup> Detailed in Appendix 3.

<sup>13</sup> This figure represents the total number of Master degrees in the field of business that would be awarded if the signatory countries enjoyed the same levels of enrolment and graduation as Australia. Further details can be found in Appendix 3.

## Conclusion

The Bologna Accord represents a fundamental shift in European higher education that must be achieved by 2010; it will have worldwide impact. The reforms could bring comparability and transparency to European higher education. There is, however, a real risk that qualifications will be relabelled under a common banner and introduce greater confusion.

What is certain is that the Bologna Accord will alter educational structures and qualifications and will lead to changes in educational funding. Over 2.4m students will be graduating with a Bachelor degree per annum and it is their future that is in the balance.

# Chapter 2: Governments

This chapter examines the impact of the Bologna Accord on governments. We discuss national higher education strategies and look at funding trends and mechanisms.



## 2a: National strategy

The overarching strategy of higher education is outlined in the Bologna Accord and refined in subsequent documents. What impact will national higher education strategies have on its implementation?

### Introduction

The implementation of the Bologna reforms, particularly the introduction of a distinct second cycle of Master education, offers countries that implement it quickly a potential advantage because they will attract students from beyond the domestic marketplace.

Nationally, the Bologna reforms offer the opportunity to reduce the recurring costs of higher education. Not only will enrolment and graduation rates increase, but younger graduates with a reduced risk of knowledge obsolescence will enter the employment marketplace.

The length of study period also has an impact on the attractiveness of the national education system for foreign students. Bachelor programmes of 3 or 4 years should make the higher education system in some countries more attractive. At the Master level, the introduction of shorter, 1 or 2 year, degrees makes European higher education more compatible with other global systems. National higher education strategies are driving for greater levels of internationalisation.

### Legislative and financial framework

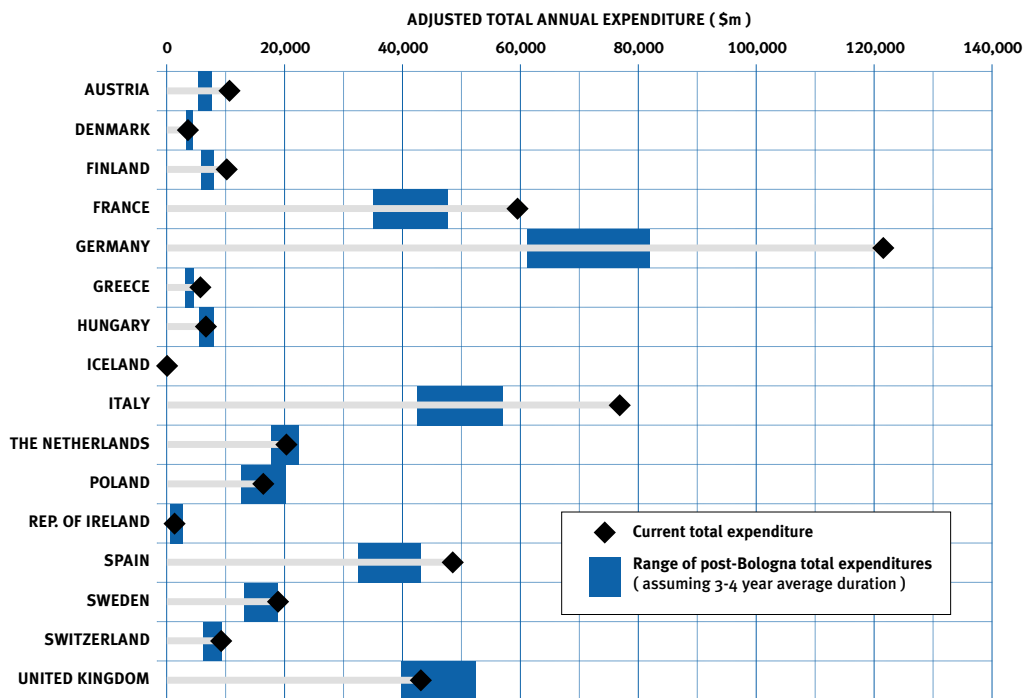
The Bologna Accord presents the opportunity for most countries to reduce the recurring costs of higher education by reducing the duration of studies. Figure 2.1 illustrates that Austria, France, Germany, Italy and Spain have the greatest potential to reduce costs and could therefore be expected to be the first movers.

Austria legislated for all new university programmes to adopt the two-cycle structure from 2002. France has the legislation in place but four-year government contracts prevent full roll-out until 2005/06. Germany changed its legislation in 1998 but is allowing the old and new structures to coexist during a transition period while Italy introduced the first *Laurea* courses in 2001/02. Spain, however, has yet to make firm progress<sup>14</sup>.

Despite establishing the legal basis for the new qualifications, countries have adopted different strategies to promote actual delivery. Only a few governments have provided assistance to encourage development of the new qualifications<sup>15</sup>. The responsibility for Bologna implementation has been mainly devolved to the institutions and they are expected to use existing sources of funding.

<sup>14</sup> Individual country progress towards implementation of the two-cycle structure, ECTS and the Diploma Supplement are summarised in Appendix 2.

<sup>15</sup> These initiatives include: funds to support internationalisation activities in Austria (*Fachhochschulen*), France and Germany; support for Bachelor programme development and long degree restructuring in the Czech Republic, and additional funding for the development of English language degree programmes in Finland.



**Figure 2.1: Current (2000) total annual expenditures on ISCED 5A higher education, adjusted for purchasing power parity (PPP), and projected reductions post-Bologna<sup>16</sup>**

Estimating the full cost of implementation is difficult. Swiss universities estimate (Reichert and Tauch, 2003; CRUS, 2002) that the cost of curricular reform and the introduction of the European credit system, ECTS, amount to an initial investment of €34m, and recurring costs in the medium term of €135m per annum (these figures equate to approximately €3.4m and €13.5m per university). However, these activities comprise only part of what is required; the full costs will be significantly higher. Given the potential benefits of the new structures to the state, governments should consider providing institutions with earmarked funds to implement these fundamental changes.

**We recommend that governments provide additional support to institutions to restructure their programmes to the Bologna principles.**

A potential barrier to implementation, however, is the institution itself. Transition periods between old and new give institutions time to adapt or create new courses rather than simply divide previous long-cycle education into two stages. However, if the old and new systems coexist, the market may be slow to accept the new qualifications. This could work in an institution's favour in the short term as uncertainty in the market may encourage more students to prolong their education.

Countries that have already embraced the two-cycle structure are seeing their first post-Bologna Bachelor graduates in 2004. They have not followed a single model for successful implementation but one characteristic they share is the active participation of institutions in implementing and delivering reform. The example alongside, 'Bottom-up change in Switzerland – the fast pace of educational reform', illustrates the significant contribution institutions can make to encourage and accelerate this change process.

<sup>16</sup> Figure 2.1 is illustrative in order to highlight the potential cost savings. Post-Bologna education costs have been estimated based on pre-Bologna, per annum, costs per student and then extrapolated across the size of the student body, based on 3 and 4 year course lengths (OECD, 2003). ISCED levels and PPP are summarised in the Glossary.



## Bottom-up change in Switzerland – the fast pace of educational reform

Shortly after the Swiss Secretary of State for Education signed the Bologna Declaration in 1999, two Swiss universities – the University of St Gallen and the Federal Institute for Technology – took the initiative to fundamentally restructure their curricula and introduce the new system step by step but at high speed. Their moves sparked off discussions within the Swiss Rectors' Conference (CRUS) and prompted other universities to follow.

Since there were no guidelines from the government on how to manage the change, the institutions worked together to develop their own. Despite finding it difficult to reach consensus on some topics during the early stages, a project group installed by CRUS consistently presented solutions for every design step. This iterative and collaborative process drove a bottom-up change process resulting in sustainable, long-term higher education reform. Finally, in 2003, agreement was reached between all universities to introduce the Bologna reforms, and to give up the old structures by 2010.

*Government welcomed the bottom-up changes as a 'highly goal-oriented democratic process that will change the higher education landscape for the better'.*

Charles Kleiber, Secretary of State for Education, Switzerland

### Study architecture at St Gallen

The University of St Gallen was one of the early movers in this process. Introducing the Bachelor–Master system provided a vehicle for a more fundamental restructuring of its study architecture. Some of the constituent parts are explained below.

**Three pillars** were established for all studies:

- 1 Basic field knowledge delivered through lectures and seminars (50%).**
- 2 Self-study activities supported by tutors and modern learning technologies (25%).**
- 3 Contextual studies to improve reflective as well as cultural abilities and action orientation (25%).**

At Bachelor level, the first **assessment year** aims to select the optimal student body. Typically 30% leave the university after this year. The whole architecture is oriented towards **integration** – previously the field of business administration had 15 specialisation tracks but now there are only five Master programmes.

The **language of instruction** is changing – at least half of all programmes will now be delivered in English.

Every student gets a **mentor** and students are requested to spend at least **one semester abroad** studying at a member institution of the extensive exchange network.

Implementing this architecture required a new design of the underlying processes and changes to the organisational structures of the university, but faculty, students and management agree that St Gallen is moving towards establishing a university fit for the challenges of the new century.

## Blurring of the divide

The primary development in European higher education in the past 20–30 years has been the creation of a non-university higher education sector<sup>17</sup>. This typically delivers professionally-oriented programmes. Initially many of these establishments could not offer the same degree types as universities but they are increasingly being allowed to implement similar degree structures up to the Master level. Germany, the Netherlands, Norway and Portugal have already legislated to offer the same types of degrees irrespective of the institution type. A number of countries (including Denmark and France) have replaced traditional vocational diplomas with professional Bachelor qualifications.

Blurring the distinction between university and non-university higher education for Bachelor and Master qualifications marks a clear move towards a single academic and vocational system. In the UK, polytechnics used to offer the same range of qualifications as universities, up to and including Doctorates, but in 1992 they were transformed into ‘new universities’. Hungary and Latvia plan to phase out their binary systems and Belgium (Flanders) is actively encouraging academic and vocational education integration by only allowing *Hogescholen* to deliver Master programmes in partnership with universities, and requiring research programmes to be integrated. By developing networks of learning, programme rather than institutional differences become important. These changes will promote greater equivalence in countries where vocational institutions are considered to be inferior to universities. Understandably, this reform is being met with some resistance.

One potentially negative consequence of allowing more institutions to deliver similar qualifications is that even more Master courses will be developed. Considering universities alone, more than 12,000<sup>18</sup> business-oriented Master courses could compete for students as a result of Bologna. In the medium term there is therefore a risk of oversupply. Institutions that develop inappropriate Master programmes in management with low labour-market relevance may not attract students or funding. Some programmes may not survive and put the entire institution at risk. This is of particular concern in countries such as Austria, the Republic of Ireland and Switzerland where input-oriented funding mechanisms<sup>19</sup> dominate. Institutions with an existing labour-market orientation may be at an advantage because of their experience in delivering market-oriented courses.

## International mobility

The significant difference between the tuition fees charged to domestic<sup>20</sup> and foreign students enhances the attractiveness of international students. Foreign students<sup>21</sup> often pay significantly higher fees; this is one reason why many governments have placed internationalisation as a core component of their higher education strategy.

<sup>17</sup> For example German *Fachhochschulen*, Dutch *Hogescholen*, French *Instituts Universitaires de Technologie* and Spanish *Escuelas Universitarias*.

<sup>18</sup> The European Commission estimates that there are over 4,000 universities in Europe. If each university delivered only three Master degrees in the field of management, 12,000 new courses would be on offer.

<sup>19</sup> The basis of funding is inputs, ie the number of students enrolled,

resources used, etc.

<sup>20</sup> For EU countries, domestic students also include those from other countries that are part of the EU.

<sup>21</sup> The 14 Bologna signatory countries that are not EU member states are Albania, Andorra, Bosnia and Herzegovina, Bulgaria, Croatia, Iceland, Liechtenstein, Macedonia, Norway, Romania, Russian Federation, Serbia and Montenegro, Switzerland and Turkey.

International mobility raises two key issues, the first of which is language. There is a growing trend towards offering Master degrees in English. This trend is understandable, if not particularly welcome in some countries, given that English is spoken by 47% of the EU population<sup>22</sup>. In contrast, French, German, Italian and Spanish are spoken by 28%, 32%, 18% and 15% of the population respectively. Countries outside this list are more likely to adopt English as their primary language of instruction. Table 2.2 shows that the number of English language taught Master programmes (ELTMP) available for the academic year 2003/04 was 1,889. International strategies are supporting this linguistic trend: in Finland, additional funding is provided to develop programmes taught in English.

	Total ELTMP	...of which business oriented	
		Pre-experience	Post-experience
Austria	8	1	3
Belgium	131	24	4
Bulgaria	13	4	0
Cyprus	19	5	2
Denmark	78	11	0
Estonia	17	0	8
Finland	40	11	1
France	129	55	24
Germany	239	22	17
Greece	81	24	19
Hungary	49	10	4
Iceland	14	4	4
Italy	37	24	19
Latvia	7	1	1
Lithuania	1	1	0
Luxembourg	1	0	1
the Netherlands	448	61	22
Norway	86	15	1
Poland	16	4	5
Portugal	6	3	2
Slovenia	13	1	6
Spain	29	7	17
Sweden	204	31	2
Switzerland	27	9	4
Turkey	196	30	15
<b>Total</b>	<b>1,889</b>	<b>358 (19%)</b>	<b>181 (10%)</b>

**Table 2.2: English language taught Master programmes (ELTMP) offering during the 2003/04 academic year<sup>23</sup>**

<sup>22</sup> Data on the languages spoken in Europe can be found at <[http://europa.eu.int/comm/education/policies/lang/languages/index\\_en.html](http://europa.eu.int/comm/education/policies/lang/languages/index_en.html)>

<sup>23</sup> The data sources used to compile Table 2.2 are listed in Appendix 7.

The second issue concerns the cross-border mobility of students. If states want to become sought-after study destinations, their immigration and permit requirements must support mobility. EU students can move freely across member states but non-EU students are more strictly controlled. In Germany, residence and work permit applications for students and researchers are being relaxed. Immigration branch offices are being established either in, or close to, campuses. A study of the policies of 15 EU member states (Nygård et al, 2000) reveals that it is easier to enter a country for study purposes than for employment. Changing the purpose of residency, however, so that students can move from education to employment is usually difficult and only granted under special circumstances. What all visa conditions have in common is that students must have sufficient funds so that they do not place a burden on the host country.

## Quality and accreditation

A major issue facing an expanded Master degree market is how to ensure the quality of programmes and prevent the establishment of 'diploma mills'. To protect the status of national higher education, many countries have introduced quality assurance and accreditation bodies to monitor institutions and ensure they comply with national standards and curricula.

The key differences between accreditation and quality are that while accreditation is the public confirmation that certain standards of quality are met, quality is an ongoing process that not only delivers agreed standards but also improves them. Quality assurance can provide transparency and protect consumers (students and employers) against substandard degrees. Accreditation is considered by many to provide an optimal solution for national and international purposes and usually focuses on the institution rather than the programme<sup>24</sup>. However, unless accreditation is tied to national recognition it is of little value and will not be taken seriously. In the Czech Republic and the Netherlands, for example, all higher education institutions, both public and private, must be accredited in order to operate.

Quality becomes more important when the number of providers grows, as is the case when foreign entities enter the local market and offer alternative awards. Professional qualifications have traditionally developed in response to labour-market demands while others are created specifically for foreign students. In both instances, these awards are rarely part of the national qualification framework and therefore fall outside quality assurance procedures. For business education, international accreditation bodies such as AMBA<sup>25</sup> and EQUIS<sup>26</sup> have stepped forward to fill this gap but have yet to receive national recognition.

In the Berlin Communiqué it was agreed that by 2005 national quality assurance systems should include:

- a definition of the responsibilities of the bodies and institutions involved
- evaluation of programmes or institutions, including internal assessment, external review, participation of students and the publication of results
- a system of accreditation, certification or comparable procedures
- international participation, co-operation and networking.

<sup>24</sup> For MBA accreditation, only AMBA (Association of MBAs) focuses on the programme.

<sup>25</sup> AMBA (Association of MBAs) is an international membership association for MBA graduates and promotes quality management education through its accreditation service.  
<<http://www.mbaworld.com>>

<sup>26</sup> EQUIS: European quality improvement system  
<<http://www.efmd.be/equis>>

At the European level, the European Network of Quality Assurance (ENQA) has been called upon, in co-operation with other European higher education bodies, to develop an agreed set of standards, procedures and guidelines. It is exploring ways to develop a peer review system for quality assurance and/or accreditation bodies. This is necessary to enable national agencies to complement international mobility.

Unfortunately, unless membership of ENQA is revised to include management and business accreditation groups like AMBA and EQUIS, their depth of experience in offering international accreditation will be largely ignored.

**We recommend that MBA accreditation bodies join ENQA discussions to establish common European quality assurance standards, procedures and guidelines.**

## Communication

A final element to any strategy is to engage with the target market. If a government is serious about developing the international dimension of higher education, it needs to promote its higher education programmes and provide a single, comprehensive source for potential students that goes beyond simple course listings:

*... [the] role of government is not to plan student choices, but to make sure that students have easy access to timely, accurate and relevant information and ... also to advise.*

Barr (2002)

As well as basic course information, additional detail should be provided, including:

- course title and final degree awarded
- duration and level of studies
- course summary
- language of studies
- academic and/or professional entry requirements
- visa requirements and process
- course application procedure/timeline
- breakdown of the estimated costs for the study period  
(eg tuition, other student contributions, textbooks, living costs, etc).

The Nordic countries, Germany, the Netherlands, Sweden and the UK provide examples of best practice in this area.

**We recommend that governments market their national higher education systems.**

## Conclusion

The Bologna Accord presents opportunities for national governments to reduce the recurring cost of education by fixing the length of studies. Implementing change once the new legislation is in place takes one of two approaches: either an immediate or a gradual implementation. Government support to enable institutions to make changes is essential but generally changes are being made without additional financial support.

While it is clear that significant steps have already been taken, not all countries are as far along the process as others. Given that we are almost halfway along the Bologna timeline, this is worrying. This lack of action not only opens up opportunities for private institutions to develop and deliver the new qualifications, but may also result in students travelling abroad to study.

The line between university and non-university higher education is becoming blurred, enabling both to offer Master degrees. In the short term, an abundance of business and management Master degree programmes will be created but it is unlikely that the market will sustain them all. Some programmes, and institutions, will not survive.

If the students for these 'new' programmes are to come from outside the national environment, governments must facilitate mobility. Even if immigration and entry barriers are eased, institutions deciding to teach in minor European languages will not be as attractive to non-domestic students. The general trend is for Master degrees to be offered in English.

As students become the purchasers of higher education, they are likely to demand greater quality and service levels and be prepared to travel to find them. While responding to student demand is a welcome development, there are concerns that less popular (and therefore less lucrative) study fields will be neglected as institutions rush to offer only the courses that are in high demand. This will make implementing national strategies more difficult.

Quality is important in a crowded marketplace to prevent substandard qualifications being offered. National quality assurance and accreditation bodies are being developed but these need to join up on a European scale to protect the quality of European higher education.

## 2b: Funding

The funding of Master programmes and the autonomy of institutions to raise funds outside of their public receipts is a burning issue. What is the longer-term impact of the new qualifications on financing?

### Introduction

The Bologna Accord brings additional strain to the changing relationship between national governments and higher education institutions. In general, public funding bodies are expected to support more students with fewer resources; they in turn pass this expectation on to the institutions they support. At the same time, institutions are expected to respond to new changes in the marketplace, in which Bologna plays a part, from their existing resource base.

The following trends are evident among the signatory countries (French, 2003):

- increased competition among institutions
- the use of market or quasi-market mechanisms to structure higher education
- for-profit organisations competing very effectively for the more lucrative areas of higher education, eg in Central and Eastern Europe, Greece and Spain
- a change in the approach to students, from treating them as recipients of academic wisdom to purchasers of educational services.

These trends will have a considerable impact, particularly on funding, as demographics and changing government–institutional relationships contribute to the pressures facing higher education across the globe.

### Sources of institutional funds

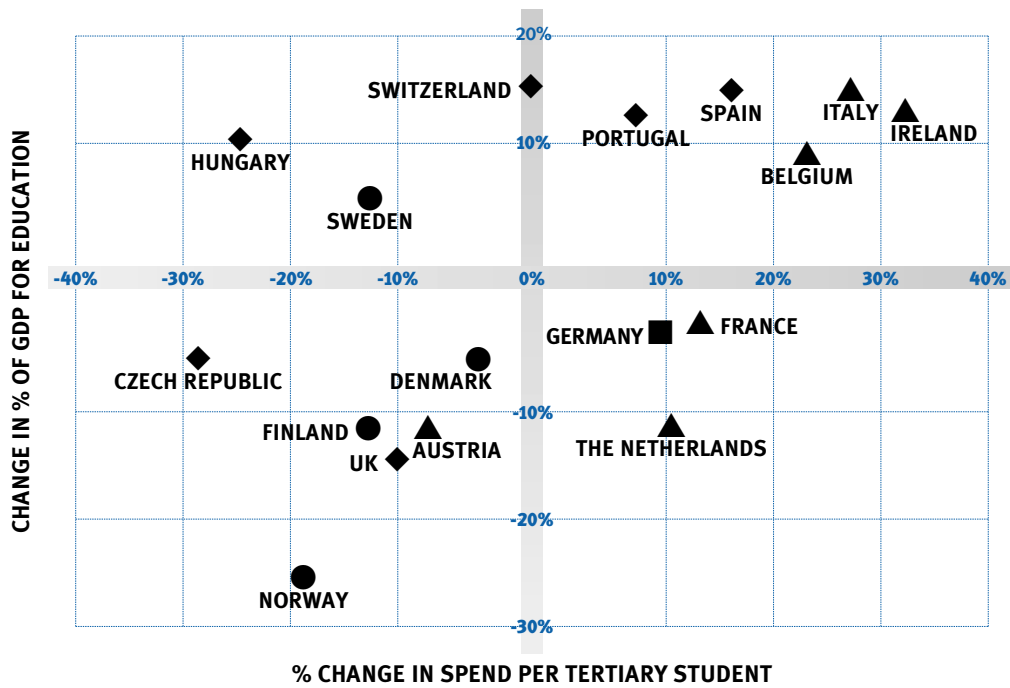
After World War II, funding for higher education was generally provided by the state but in recent years a gradual shift has taken place towards funding through a combination of private- and public-sector money. This continuing change is bringing a welcome increase in autonomy for public institutions but is also demanding greater levels of accountability and a corresponding focus on market orientation. Evidence of this market orientation includes (Johnstone, 1998):

- tuition, consulting fees and the sale of research and instruction, eg the creation of private business schools within public institutions; the provision of executive education
- the growth in education delivered by non-state providers (the private sector)
- regional decentralisation or devolution from central government
- institutional autonomy or devolution of authority to the institutions.

While in general terms the amount of funding given to tertiary education within the OECD (Organisation for Economic Co-operation and Development) countries<sup>27</sup> appears to be increasing, the growth in the total number of students has led to a reduction in per student spending, as illustrated in Figure 2.3. Funding for this growth is increasingly coming from the private sector<sup>28</sup>.

<sup>27</sup> Within Europe the OECD countries are Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, the Republic of Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey and the UK.

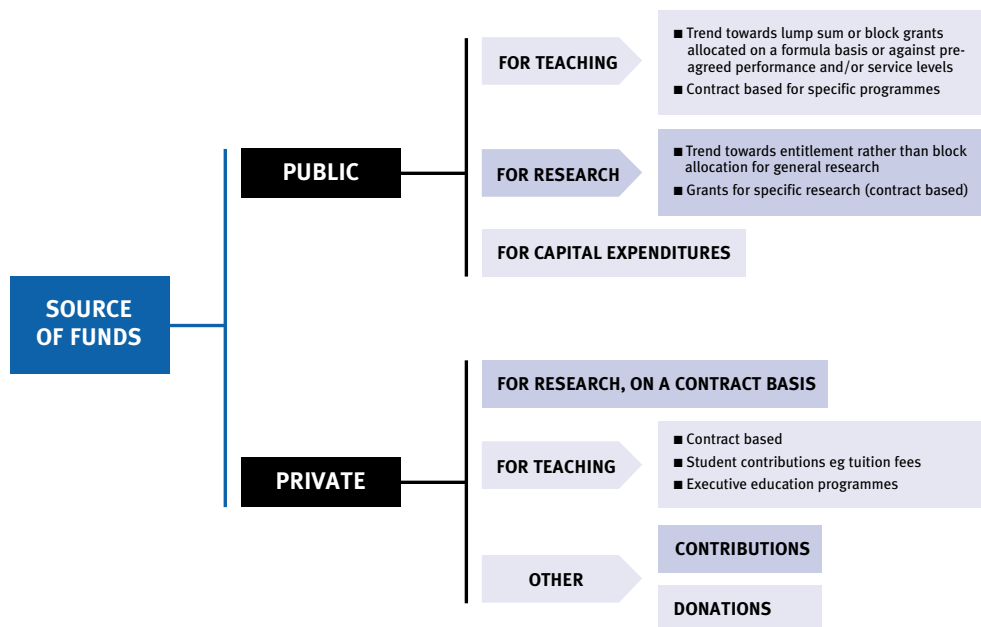
<sup>28</sup> There are some notable exceptions: the Czech Republic and the Republic of Ireland have both increased the proportion of public funds in tertiary education contribution (by 21% and 14% respectively) and private-sector contributions have decreased (by 50% and 31% respectively).



The symbols used indicate the percentage of funds from private sources in 2000  
 ● 0-5% ▲ 5-10% ◆ 10-15% ■ >15%

**Figure 2.3: Changes between 1995 and 2000 in state spending per tertiary student relative to changes in % of GDP invested in education (OECD, 2003 and online education database; UNECE)**

It is important to analyse not only the sources of funds for institutions but also the activities that are being funded. Figure 2.4 summarises the sources of institutional funds and highlights some recent trends.



**Figure 2.4: The source of funds for institutions**



## Current funding mechanisms for teaching and research

The mechanisms by which public higher education<sup>29</sup> funding is allocated are also changing to complement increasing institutional autonomy. Austria, the Czech Republic, the Republic of Ireland, Sweden and Finland have all recently moved from itemised budgets to lump sum, or block grant, funding for teaching and support. The basis of these budgets is often input oriented (numbers of students enrolled, resources used, etc), which reinforces the view that public funding offers greater autonomy than money received from other sources. At the same time, allocations based on performance (eg graduation rates or teaching performance) are on the rise, as evidenced in Finland, Norway, the Netherlands, Sweden and the UK. In the Netherlands, 50% of the funding in 2000 was based on output criteria (graduate numbers from the previous year). A move towards measuring the outcomes of education could alter institutional perspectives on market-oriented funding streams.

One clear benefit of lump sum budgeting for teaching is that institutions have to deliver against pre-agreed performance levels. In the case of Finland, these are agreed with the government every three years. This is in clear contrast to the trend in research funding where the lump sum model is being replaced by contract or entitlement mechanisms that award money for specific research activities. This type of allocation increases government control over how money should be spent.

## What role does selective funding play?

A potential outcome of the funding squeeze is the increased likelihood of selective funding, where money is awarded based on performance assessments and/or to deliver specific teaching or research programmes. It provides a mechanism by which governments could implement national higher education strategies through the 'reward' of activities that fulfil strategic priorities.

In the post-Bologna structure governments can clearly demonstrate the public benefit funding for Bachelor, academic Master and Doctoral programmes brings because of the returns to society as a whole. The position of professional Master studies, however, is less clear. The high returns enjoyed by individuals holding professional second degrees make continued public support for pre-experience qualifications uncertain, particularly in the context of decreasing national funding per tertiary student.

In response to a reduction in available funds for higher education, many governments have introduced tuition fees for students at Master level and allowed institutions to receive funds from private sources. Public and private education at Master level is therefore taking the first steps towards convergence.

<sup>29</sup> Public higher education leads to the award of Bachelor, pre-experience Master and Doctoral degrees.

## Tuition fees

By levying tuition fees (see Table 2.5), public institutions can raise additional revenues and offset reductions in state budgets. Despite debate over whether education is a public good, there are signs that students will pay, in principle, for higher education even if student support levels preclude any direct student contribution. Currently the rate of tuition fees in state institutions varies from €900 to more than €15,000 per annum. At the Bachelor level, the Nordic countries, Germany, Greece, the Republic of Ireland and the Czech Republic have all pledged to maintain free education. This has only been extended to pre-experience Master education in the Nordic countries.

	BACHELOR			MASTER	
	Tuition fees	Tuition fees for foreign students <sup>†</sup>	No tuition fees	Tuition fees	No tuition fees
Austria	■			■	
Belgium	■			■	
Bulgaria			■	■	
Cyprus		■		■	
Czech Republic		■			■
Denmark			■		■
Estonia	●			■	
Finland			■		■
France			■	■	
Germany			■		■
Greece		■		■	
Hungary	●			■	
Iceland		■		■	
Italy	■			■	
Latvia*	●			●	
Liechtenstein	■			■	
Lithuania	●	■			■
Luxembourg			■		
Malta		■			■
the Netherlands	■			■	
Norway			■		■
Poland		■		■	
Portugal	■			■	
Rep. of Ireland		■		■	
Romania	●			●	
Slovakia		■			■
Slovenia		■		■	
Spain	■			■	
Sweden			■		■
Switzerland	■			■	
UK	■			■	

● Tuition fees are only charged for students enrolled over state funding limits.

\* In Latvia two thirds of students are fee paying. The Latvian government is also discussing the introduction of participation fees for students to cover the shortfall between state funding provided and the real cost (currently made up by fee-paying students).

† Foreign students for the EU Member States are those coming from countries outside the EU.

**Table 2.5: Tuition fees for full-time domestic and foreign students in public higher education**

(Source: Eurydice)

Unfortunately the dynamic nature of higher education, particularly during this period of reform, makes many declarations fluid. In Germany there is debate about the policy of free education, which may be under threat in the near future. At an OECD seminar on external funding and university autonomy, Prof Dr Zöllner (Minister of Science, Further Education, Research and Culture, Rheinland-Pfalz, Germany) argued that ‘whoever has the main benefit should be required to pay correspondingly’. In the German context, this would mean that only education to the Bachelor level would be supported by the state. The Berlin Communiqué emphasises ministers’ commitment to making higher education accessible to all, by every possible means, but includes the phrase ‘on the basis of capacity’. Governments could use this lever to deal with limited public funding and their desire to shape higher education strategy.

The recent introduction of tuition fees is changing student attitudes towards paying for higher education. In Austria a 20% drop in student enrolments during the 2001/02 academic year was initially attributed to the recent introduction of tuition fees (approximately €363 per semester). It subsequently emerged that the decrease was a result of people no longer claiming to be in higher education in order to receive certain benefits. Recent data on Austrian student enrolment indicates that 2003/04 student numbers rose by 5.9% compared to 2000/01 and hit a new record (*Tiroler Tageszeitung*, 2004)<sup>30</sup> despite the introduction of fees.

## Private sources of funds

A decrease in public funding, coupled with increased institutional powers to raise funds, is changing the relationship between business and education. Higher education institutions are increasingly undertaking specific activities in return for fees. This makes higher education more accountable to business and raises issues relating to intellectual property, research direction, data ownership and publication control. One clear benefit, however, is that these contracts encourage institutions and business to work together and open lines of communication between two traditionally different sectors.

In general, attitudes towards the growth in ‘academic capitalism’<sup>31</sup> are negative. Many Europeans fear that institutions will sacrifice less commercially-oriented research in order to pursue additional revenue opportunities. Taken to the extreme, they suggest that private funding will allow commercial forces to determine the educational mission. This would hinder higher education in nurturing independent, critical thought. One possible solution would be for governments to require a maximum allowable ratio of private to public funds.

A cautionary note must be sounded about the potential depth of private pockets for higher education. In countries where institutions are significantly dependent on the state for funding, efforts to access external funding have not always been successful. Institutions are chasing a fixed or reducing amount of resources: some will win, some will lose.

In the UK, where education is further along the road to becoming market driven, Robert Stevens (Centre for Policy Studies, UK) has proposed a radical option: universities should become wholly private institutions. This would allow them to become ‘truly independent, living off the charges they receive. This approach would allow universities to choose their own future’ (Stevens, 2004). The premise behind this argument is that the combination of underfunding and legislation concerning maximum tuition fees is preventing higher education from fulfilling its purpose while under state control.

<sup>30</sup> Student enrolments for the academic year 2000/01 were 239,961 whereas this dropped to 197,143 in 2001/02. <<http://www.statistik.at/jahrbuch/pdf/k04.pdf>> For 2003/04 enrolments rose to 254,119.

<sup>31</sup> Academic capitalism refers to applied research carried out on a contract basis.

Stevens estimated the full cost of a Bachelor course at a top UK university to be around €21,000 per annum but institutions only receive €6,000 from the state and €4,500 from student tuition fees. This may result in the gradual exclusion of domestic students as foreign students, paying significantly higher fees, take their place. In this scenario:

*... [the] state's primary roles would be to provide funds for fundamental research and development, to provide funds for scholarships and to underwrite loans to students so that all could afford the university education of their choice.*

Stevens (2004)

The UK may be an early barometer but it is clear that there must be change. Higher education needs to serve the domestic market without incurring massive shortfalls or a decrease in standards.

## Conclusion

For European higher education, an increase in market orientation is being accompanied by a shift in funding mechanisms and sources. Funding models tend to be either input- or output-oriented but in view of limited resources, selective funding may be used to support the national education strategy. Tuition fees are becoming commonplace even if student support mechanisms preclude any direct student contribution, and institutions are being allowed to raise funds from private sources. Public and private institutions offering Master-level education are therefore taking the first steps towards convergence.

One of the main concerns about a market-driven higher education system is that some subject areas may be neglected because they are not commercially attractive. Selective funding helps to shape education to fit the national plan but is likely to involve a reduction in (or removal of) support for professional Master studies, with funds being diverted to curriculum areas deemed to be of national importance. International co-ordination may be required to maintain educational activities in transiently unpopular or minority disciplines.

# Chapter 3: Institutions

The new break point challenges some institutions to market and attract students beyond the Bachelor level.

This chapter examines how their own ambitions will drive course development and what they will need to do to target students at Master level.



## 3a: Institutional offering and ambition

**Each country will develop a portfolio of national study programmes. How will the ambition of institutions impact on this and how will Master programmes be positioned? What considerations must be taken into account in design and content development, and how will these translate into learning outcomes?**

### Introduction

The post-Bologna environment will be far more crowded than at present, with competition coming from beyond national boundaries and from a range of different providers – private, public, university and non-university. Successful institutions will need to define clearly their strategic priorities and both protect and develop the strengths and competences they need to deliver them.

We first discuss institutional profiles and the structures needed to deliver the agreed strategies. We then consider the impact of opening up educational markets that will introduce competition from outside and highlight issues of quality and recognition.

### Developing an institutional profile

As institutions compete in a larger and more market-oriented environment, their strategies and priorities become more important. No single institution can hope to do everything, in either teaching or research. They not only need to develop a clear understanding of their strengths, weaknesses and capacity for change but also need to know where they are now and where they want to go in the future. Students can now leave after the Bachelor stage and it is costly to attract others to replace them. This could put the entire institution at risk.

In terms of the institutional profile, what is the priority: teaching or research, academic or professional training, Bachelor or higher-level studies? What internal and external constraints exist? Internal constraints include people, activities and resources; external constraints are the legal, social and economic links with government, industry and professional organisations. Does the institution already possess the strengths to deliver against its objectives?

Figure 3.1 summarises some of the key considerations facing institutions, depending on their focus and ambition.

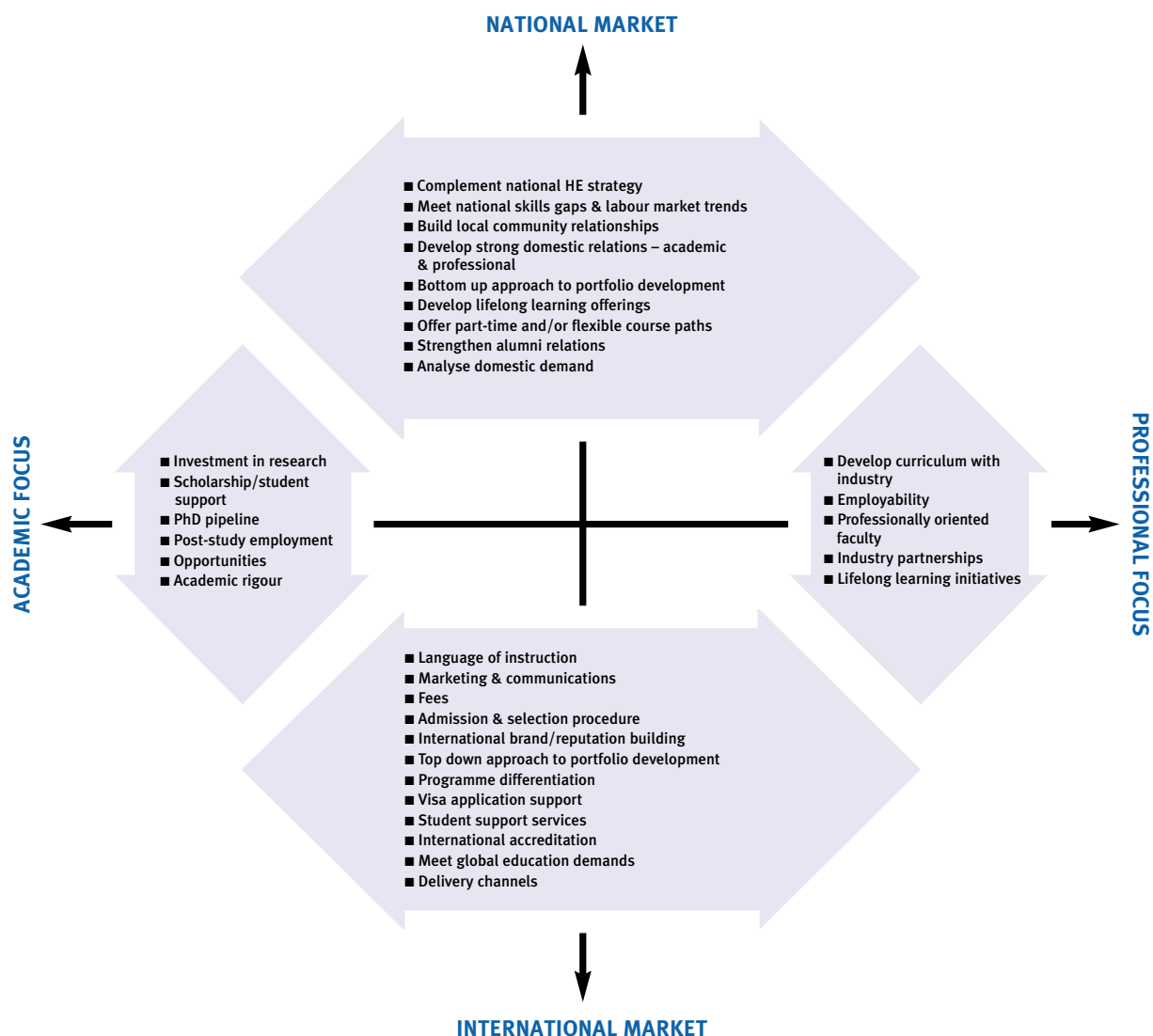


Figure 3.1: How programme ambition will shape activity and the considerations needed

## Institutional structure

The structure and operational policies of an institution play a role in this critical self-analysis. If the institution is considering whether to enter or expand Master-level management education provision, does its organisational form support this objective?

In the past, many state institutions recognised that their existing structures did not support entry into the post-experience graduate management education market. They created separate entities to deliver courses such as the MBA and executive training programmes. One of the primary reasons for this was concern over whether the traditionally



collaborative decision-making process in academia was appropriate to the entrepreneurial, market-responsive behaviour required of graduate schools. Another reason was that the MBA, indeed all Master, qualifications fell outside national curricula. Recent changes in funding mechanisms and an increase in the use of tuition fees, coupled with the structural changes being implemented in domestic markets as a result of the Bologna Accord, are prompting some institutions to rethink this decision. Decisions need to be made about whether pre- and post-experience management qualifications will share the same infrastructure.

Where universities created separate business schools, the school has become another potential source of competition. The primary institution could remove this by re-absorption. This decision hinges on the degree of separation required to deliver pre- and post-experience Master qualifications. Absorption would deliver a mature and developed graduate school and assign to it responsibility for pre-experience studies. Understandably, business schools are resisting this change. It is doubtful that the initial drivers<sup>32</sup> for establishing separate schools have changed and therefore it would be difficult to justify this move.

However, if institutions are to learn from the success of their offspring, or wish to engage them in genuine competition, there are a number of areas that require prioritisation, development and investment. The following need to rise in strategic importance (CVCP and HEFCE, 2000):

- **increasing market orientation through the consistent delivery of customer-focused education and training programmes**
- **lowering the boundaries between public and private organisations**
- **increasing the use of branding to exploit reputation**
- **development of new operating models that disaggregate function, increase specialisation and give priority to the identification of core businesses, niche opportunities and specialist functions**
- **widening educational values to include learning outcomes relevant to the workplace, personal development and flexibility**
- **collaboration for competitive advantage.**

Academic institutions that want to compete with specialist graduate schools may need to create separate organisations that have the freedom to meet market demands. The primary challenge will be to define their relationship with the graduate school and determine how the 'brand' is used. The example 'How HEC integrates the Bologna Accord into its portfolio strategy' illustrates what a clear strategy can achieve.

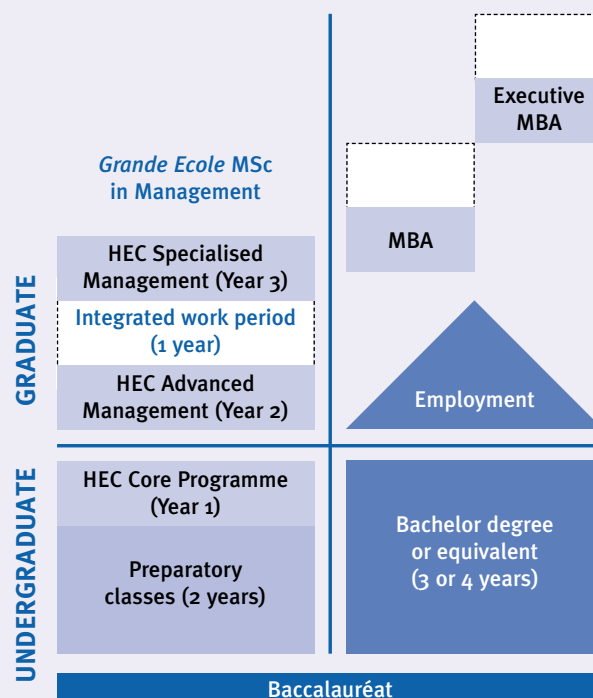
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<sup>32</sup> These drivers include slow decision-making processes, cost allocation and revenue sourcing problems, conflicting academic and vocational pressures and staffing issues.

## How HEC integrates the Bologna Accord into its portfolio strategy

Graduate management programmes in France have traditionally been targeted at students who have yet to enter the labour market (pre-experience). This positioning has its origins in the *Grande Ecole* structure, established at the end of the 19th century, which selected the crème de la crème of the student population to study engineering, business or *Ecole Normale Supérieure* programmes. This structure still exists today and selection is made on the basis of two years of intensive post-*baccalauréat*<sup>33</sup> preparation, called the *Classes Préparatoires*, which culminates in rigorous written and oral examinations.

The *Grande Ecole* programme will lead to a Master of Science in Management degree after students study for a total of 180 ECTS credits over the three years. In the post-Bologna higher education environment, the recognition of the *Grande Ecole* degree as a Master degree (*Grade de Master*) has been validated by the Ministry of Education.



The HEC *Grande Ecole* programme, leading to *Grade de Master* is targeted at pre-experience students, regardless of the requirement for HEC students to undertake, and have validated, at least one year of company-based internship. This experience is not comparable to the level of responsibilities and work experience expected from applicants for MBA programmes who have an average of six years of work experience, have worked in a number of positions and are usually around 30 years of age. This is also demonstrated post-study, as *Grande Ecole* students are recruited for junior positions with average salaries of €40,000 while HEC MBAs are recruited at a senior level, with an average salary of around €85,000.

With very few exceptions, the positioning of the management *Grande Ecole* system is now clear: it will deliver a Master of Science in Management while the MBA will be devoted to post-experience applicants. These approaches will co-exist and will strengthen the international recognition of their titles, as has been the case with HEC in recent years.

<sup>33</sup> The *baccalauréat* is roughly equivalent to a US high school diploma or UK A-levels.

## Consistent labelling

Once institutional profiles and structures have been decided, the institution needs to communicate its portfolio to the market. The development of an internationally-agreed nomenclature for Bachelor and Master qualifications will help this process.

By using titles in a consistent way, an institution's degree portfolio becomes clear. Both students and employers will be able to understand which types of Master degree are being awarded and this, if applied across all the signatory countries, will facilitate mobility.

	Pre-experience first-cycle awards		Pre-experience second-cycle awards		Post-experience (PE) and non-statutory (NS) titles
	Professional	Academic	Professional	Academic	
<b>Belgium (Flanders)</b>	Bachelor of <i>specific field</i>		n/a	Master of (Science/Arts in) <i>specific field</i>	
<b>Denmark</b>	U: Bachelor of <i>specific field</i> NU: AK, VVU, Professional Bachelor and Diplom	Bachelor of Arts/Science	Master of <i>professional field</i>	Master of Arts/Science	PE: Master of <i>professional field</i> , Diploma and VVU NS: Few institutions offer these degrees
<b>Finland</b>	Bachelor of <i>professional field</i>	Bachelor of Arts/Science ( <i>specific field</i> )	Not defined as being at Master level, all experimental programmes are post-experience		NS: M at polytechnic
<b>France</b>	Licence		Mastaire		NS: MBA
<b>Germany</b>	Bachelor of <i>subject</i> Note: subject defined in law	Bachelor of Arts/Science or Bakkalaureus Artium/Scientiarium	Master of <i>subject</i> Note: subject defined in law	Master of Arts/Science or Magister Artium/Scientiarium	NS: Bachelor/Master of Business Administration and Legal Law Bachelor/Master
<b>Italy</b>	Laurea ( Bachelor )	Laurea ( Bachelor )	Master of <i>subject</i>	Laurea Magistrale	NS: MBA
<b>the Netherlands</b>	Bachelor	Bachelor of Arts/Science	Master	Master of Arts/Science	PE: Master of <i>professional field</i> NS: Currently MBA but in future accreditation uses statutory titles
<b>Norway</b>	Bachelor		Master		NS: MBA, Master of Management/Laws/Arts/International Business
<b>Rep. of Ireland</b>	Bachelor, Bachelor of Honours/Arts/Science or Legal Law Bachelor		Master, Master of Arts/Science/Research or Legal Law Master		PE: Doesn't necessarily use Master title
<b>Spain</b>	Licenciado, Ingeniero		Doctor		NS: Master
<b>Sweden</b>	Kandidatexamen ( Bachelor )		Magisterexamen med ämnesdjup (long cycle) or med ämnesbredd (after previous degree)		No
<b>Switzerland</b>	Bachelor	Bachelor of Arts/Science	Master	Master of Arts/Science	NS: MBA, Master of MBA Arts/Science Advanced Studies
<b>UK</b>	Bachelor of Arts/Science ( with Honours ) <i>professional field</i> , Legal Law Bachelor		Master of <i>professional field</i> , Master of Arts/Science/Research or Legal Law Master		

### Reading the table:

*Italicised elements* denote specific information.

(Bracketed elements) denote optional information.

U (university) and NU (non-university) refer to the institution type, if a distinction is made.

**Table 3.2: Degree title convention in a selection of countries**

A consistent nomenclature goes beyond the simple Master title but must differentiate between the different ‘flavours’ of Master degrees. Germany, for example, has decided on the labels of Bachelor of Arts (BA), Master of Arts (MA), Bachelor of Science (BSc) and Master of Science (MSc) to indicate pre-experience programmes of a more theoretical orientation. Those of an applied nature will use the titles of Bachelor of *subject* and Master of *subject* where the subject is defined in law. Table 3.2 outlines the future degree titles to be conferred for pre-experience first- and second-cycle awards in 13 of the signatory countries.

Despite progress being made in some countries towards consistency, all the signatories must agree common standards to accelerate acceptance and understanding of the new qualifications. The European Foundation for Management Development (efmd) proposes three categories of Master degree (Shenton, 2002), summarised in Table 3.3. Despite progress to date, further clarification and agreement is required to define nomenclatures for pre-experience business qualifications to promote understanding in the marketplace.

**We recommend that guidelines for the nomenclature of Bachelor, Master and MBA degrees are agreed and adopted.**

Degree type	Typical characteristics
<b>Bachelor degree</b> Recommended titles Bachelor of Science in Management, BSc in Management	<ul style="list-style-type: none"> <li>■ Generalist</li> <li>■ Pre-experience</li> <li>■ Have completed a minimum of 12 years education</li> <li>■ Academic and/or scientific</li> <li>■ Basic</li> <li>■ Duration of 3–4 years</li> <li>■ Usually low tuition fees and eligible for state funding</li> </ul>
<b>Type A</b> <b>Generalist pre-experience Master</b> Recommended titles Master of Science in Management, MSc in Management	<ul style="list-style-type: none"> <li>■ Generalist</li> <li>■ Pre-experience</li> <li>■ All undergraduate degrees accepted</li> <li>■ Professional orientation</li> <li>■ Career enhancing</li> <li>■ Duration of 2 years but can be 1–3 years</li> <li>■ Usually low tuition fees and may be eligible for state funding</li> </ul>
<b>Type B</b> <b>Specialist pre-experience Master</b> Recommended titles of Specialised Master in Finance, MSc in Finance	<ul style="list-style-type: none"> <li>■ Specialised</li> <li>■ Usually pre-experience</li> <li>■ Requires previous study at an undergraduate/Bachelor level</li> <li>■ Academic/research or professional orientation</li> <li>■ Career preparation or career change</li> <li>■ Duration of 1 year</li> <li>■ Usually low tuition fees and may be eligible for state funding</li> </ul>
<b>Type C</b> <b>Generalist post-experience Master</b> Recommended title of Master of Business Administration, MBA	<ul style="list-style-type: none"> <li>■ Generalist</li> <li>■ Post-experience</li> <li>■ All undergraduate degrees accepted</li> <li>■ Professional orientation</li> <li>■ Transformative and for career enhancement/change/acceleration</li> <li>■ Duration of 1–2 years</li> <li>■ Usually high tuition fees and unlikely to receive state funding</li> </ul>

**Table 3.3: The different types of business degree**  
(Shenton, 2002 plus own information on Bachelor degree)

## The MBA title

Within European higher education there is a strong movement towards the exclusive use of the MBA title for professionally-oriented, post-experience management studies. While the convergence of qualifications towards a common nomenclature is welcome, success will only be achieved if all players participate.

Established standard-setting bodies and associations such as EQUAL (European Quality Link<sup>34</sup>) and AMBA emphasise in their guidelines that MBA students are expected to have a minimum of two to three years of work experience before they start the course. They also recommend that ‘programmes designed to help young graduates prepare for their entry into professional life should normally carry an alternative title’ (efmd, 2003).

However, a resolution passed by the KMK (*Kultusministerkonferenz*)<sup>35</sup> in Germany has legislated for the MBA title to be used by students who have completed a Master degree in economics (JQI, 2002). German institutions<sup>36</sup> therefore have the legal right to award an MBA for pre-experience professional Master programmes.

Debate is also ongoing in France about the use of the MBA title. One *Grande Ecole* has chosen to award the MBA to students with little or no work experience. Institutions that require MBA students to have significant work experience are understandably concerned.

By awarding the MBA for pre-experience study, institutions will negate some of the benefit gained by unifying qualification titles. This could adversely affect institutions offering genuinely post-experience qualifications, such as Mannheim University’s School of Business Administration in Germany. Mannheim started offering an MBA programme in 2002 and is currently having to ‘explain to companies the types of senior jobs our graduates can do [as] many German companies still underestimate this’ (*Financial Times*, 2004).

**We recommend that clear guidelines on what an MBA is are defined, adopted and integrated into national qualifications frameworks.**

## Other sources of competition

There are two main sources of competition to public graduate management education provision – private institutions and corporate universities.

The private sector has existed for some time in higher education in the form of denominational schools. In recent years, however, there has also been rapid growth in the number of commercially-run institutions. Decreasing levels of state support, combined with the use of tuition fees, have fuelled the growth of private, often transnational, institutions that offer qualifications in business. This change has been particularly apparent in Central Europe:

*... [in] entrepreneurial Poland ... more than a quarter of students at the higher level have gone private. In several other Central European countries, the figure is above 10% and rising.*

*The Economist (2002)*

<sup>34</sup> EQUAL (European Quality Link) is an association of national accrediting bodies. A full list of members can be found at <<http://www.efmd.be/equis/equal>>

<sup>35</sup> <<http://www.kmk.org>>

<sup>36</sup> In Germany there are currently 78 universities and 120 universities of the applied sciences offering degree courses in business administration, business and economics or economics.

Private education is more quickly adopted when there are gaps between demand and supply. Conditions in higher education that may impact on the growth of this form of education include (UNESCO):

- **systems where the supply of higher education is weak and/or the selection process is highly restrictive**
- **systems that do not match programme content with student and/or employer expectation**
- **rigid systems with little programme diversification, few opportunities for alternative learning routes and restricted language options.**

Corporate universities are also challenging the position of both public and private higher education.

The term 'corporate university' is used to represent a number of different activities ranging from re-branding a company's existing education and training activities through to partnering with a higher education institution to award full degrees. As the scope changes, so does the target 'student' body.

Corporate universities present both a potential opportunity and threat to graduate management education. They can offer new opportunities through forging strategic alliances with existing higher education institutions. At the same time they are a source of competition. Not only is the potential pool of students for Master-level management education reduced but some corporate universities may decide to 'sell' their products externally and therefore compete directly with business schools.

In Europe the growth of the corporate university is most strong in companies founded in countries with a strong tradition of apprenticeship such as Germany and France. The Corporate University Xchange (CUX<sup>37</sup>) estimates the actual number in Europe to be around 100 (compared to over 2,000 in the US) but growing. Drivers for establishing a corporate university include (CUX):

- **helping the organisation exceed performance objectives by equipping employees and future leaders with appropriate development opportunities**
- **managing enterprise-wide learning resources for consistency, higher quality and cost reductions**
- **defining the value generated through learning by monitoring the investment in learning in relation to business results**
- **focusing the learning programme on business needs coupled with the opportunity to address unique learning and development requirements.**

Slow progress towards the adoption of the Bologna reforms and poor educational offerings can therefore open up new markets for private providers and corporate universities.

<sup>37</sup> <<http://www.corpu.com>>

# Opening up international education markets

Within domestic markets, institutions should evaluate what private providers offer to determine how best to respond to them. State institutions are considered private providers if they access foreign education markets. The World Trade Organisation (WTO) General Agreement on Trade in Services (GATS) defines how access to these new markets can be achieved:

- **Mode 1, cross-border supply:** the service crosses the border but does not require the consumer or service provider to physically move. Examples include distance education and e-learning.
- **Mode 2, consumption abroad:** the consumer moves to the country of the supplier. This is the most traditional form of internationalisation in education as institutions seek to attract fee-paying students and free-movers.
- **Mode 3, commercial presence:** the service provider establishes a commercial facility in another country. Examples include branch campuses, franchising arrangements and joint ventures.
- **Mode 4, presence of natural persons:** people travel to another country on a temporary basis to provide a service. This includes professors or researchers.

GATS<sup>38</sup>, due to be finalised by January 2005, could also impact significantly on the level of competition in domestic markets. The agreement calls for WTO member states to liberalise their higher education markets and grant free and equal access for all other states. The GATS agreement, at the extreme, would therefore allow foreign institutions to access public funding, prevent the public support of students and remove the ability of governments to support and develop their own national higher education strategy and portfolio. State subsidies can be considered to be ‘trade distorting’ and therefore in a liberalised market must be available for all or none.

## Conclusion

A number of factors are contributing to gaps between the demand for, and supply of, quality Master-level management education. In turn, the monopoly that state higher education institutions historically enjoyed is being eroded as private providers and corporate universities enter the market. The increasing level of competition in domestic and foreign markets requires institutions to become more market-oriented. A clear institutional profile must be developed and supported by structures that enable entrepreneurial, market-responsive behaviour.

To succeed in this new landscape, institutions will need to offer programmes that students want and that can survive the competition. Developing a common nomenclature among all the signatory countries will enable institutions to communicate their portfolios of educational programmes. Institutions must also be prepared to invest in attracting students to their Master programmes.

Understanding the demand for educational programmes, both in terms of student motivation and the subsequent ‘use’, should play an important role in programme design and marketing. Challenging opportunities are also being presented for collaborative working and expansion into new markets.

<sup>38</sup> For a full discussion of GATS, see Appendix 4.

## 3b: Targeting students

**The Bachelor–Master structure opens up new opportunities for courses that can attract students from a wider region. What is the target market for these courses, and what can institutions do to find it?**

### Introduction

The introduction of a break point after completion of a first degree presents a new challenge to institutions – the need to sell themselves and their Master programmes to a different set of students. If institutions decide to offer Master degrees, they will need to actively recruit students after the Bachelor level since there are no guarantees that they will retain their existing student body. This necessitates marketing to both current students (who are often overlooked as there are implicit assumptions that their proximity leads to higher awareness of study programmes on offer) and to external potential students. The new break point presents exciting challenges for institutions and the potential to increase diversity in the student body. While there are some loose similarities with activities that target students for Bachelor programmes, Master-degree students are fundamentally different, particularly in their needs from, and expectations of, the educational offering.

We summarise the ability of institutions to select students for the first- and second-cycle programmes, discuss why selection is important and what skills institutions must acquire to do this successfully. We conclude with a discussion on how this impacts on Master-level education within the signatory countries.

### A new challenge – finding students

Post-Bologna, we predict that more than 2.4m students per annum will graduate with a Bachelor degree. Although not all of these students will move into Master-level education, they represent a potentially huge market for institutions. If there is complete mobility and intra-country degree recognition, finding the right students from this large pool will be essential. The tradition of students being captive for five years or more due to long-cycle degree programmes can no longer be relied on. Institutions now need actively to market and sell their graduate Master degrees.

Institutions need to develop a clear picture of their ideal student for each programme. They need to consider:

- **What previous studies have students undertaken, and what are the essential academic skills they should have?**
- **What non-academic skills, such as languages, will they possess and what type and level of previous work experience?**
- **Will they come from the local, national, European or international market?**
- **What personal traits and characteristics will they have (their geo-demographic profile)?**
- **What type of activities will they take part in?**
- **What age or life stage are they at?**
- **What ambitions and expectations will they have that the programme can realistically help them achieve?**



## Attracting the right applicants

Once an institution has developed a clear image of its ideal students for a particular programme, developing specific marketing strategies to attract the right applicants will be easier and cheaper.

Marketing to Master students is fundamentally different to marketing to Bachelors. A UK study (MORI, 2001) on postgraduate recruitment suggests that an institution's website is the most effective media for marketing post-Bachelor courses. It attributes this, in part, to the more detailed and specific information needs of Master students. The study also reveals that the overall reputation of the institution and the employment record of graduates are key selling points for international students.

Institution websites are the first, and often most popular, point of contact for a prospective student and should therefore contain appropriate and detailed information. In Chapter 2 we recommended that governments take responsibility for promoting their national higher education system and provide a 'one-stop shop' for initial learning enquiries. This is a good starting point, but interested students are likely to want further detail. The Diploma Supplement<sup>39</sup> provides a framework to describe the competencies of successful graduates.

**We recommend that a common framework is used to provide information on course offerings in the signatory countries.**

Attracting students to both pre- and post-experience Master programmes requires institutional investment. One outcome of the structural convergence in higher education will be the increased number of programmes competing for students that match their specific profile. In the field of management studies alone, more than 12,000 new Master degrees will be created, all vying for students. Approximate figures from Erasmus University, the Netherlands, put the cost of marketing to potential pre-experience Master students at around €1,300 per student. This jumps to approximately €3,000 for post-experience students. Developing good communications with the existing and previous student bodies can lower these costs, as it has been estimated that it costs five times more to attract a new 'customer' than to keep an existing one (*Education Marketing, 1999*).

## Admission and selection procedures

Once institutions have attracted potential students, they need to select the right ones. The legal right of institutions to select students for admission allows them to determine the profile of their student body. For some institutions, selection is a relatively new activity and they lack experience both in attracting their desired student profile and in the process of selection. Nevertheless, selection is important as demanding selection procedures impact positively on both the quality of the learning experience and the learning outcomes.

General eligibility for Bachelor studies is usually subject to the successful completion of 12–13 years of previous schooling and the attainment of a secondary school leaving certificate (or national equivalent). Admission to a Bachelor programme after this point varies between students having free access to most fields of study (Austria, Belgium, France, Germany and Italy); access being dependent on the results achieved (Latvia and the UK); students sitting national entrance examinations (Greece), or taking institutional entrance examinations (Finland, Spain and the majority of the Eastern European countries). In addition, *numerus clausus*<sup>40</sup> policies may also operate, eg in the UK and Sweden.

<sup>39</sup> The Diploma Supplement is defined in the Glossary and an example of the format can be found in Appendix 5.

<sup>40</sup> *Numerus clausus* refers to quotas imposed by the state that restrict the number of students admitted to particular study areas.

In countries with non-selective entry, the first year of the degree is used in lieu of a selection process. This results in high drop-out rates. Governments are therefore funding a group of students whose presence in higher education may be questionable. In Switzerland and the Netherlands, only two-thirds of the Bachelor student cohort is expected to continue to the second year.

The relationship between Bachelor and Master degrees also varies between countries: some grant automatic access to Master study upon successful attainment of a Bachelor degree, eg the Nordic countries and Switzerland; others apply selective admission criteria. Table 3.4 summarises the legal ability of state institutions to select students at both the Bachelor and pre-experience Master level.

	BACHELOR	MASTER		
	Institution selects	Automatic entry with Bachelor	Institution selects	No policy in place
Austria		■		
Belgium		■		
Cyprus	■		■	
Czech Republic	■	■		
Denmark	■	■		
Estonia	■		■	
Finland	■	■		
France		■	■	
Germany			■	
Greece		■		
Hungary	■		■	
Iceland	■	■		
Italy	■			
Latvia	■		■	
Lithuania	■		■	
Luxembourg	■	Students study abroad		
Malta		■		
the Netherlands			■*	
Norway	■	■		
Poland	■		■	
Portugal				■
Rep. of Ireland	■		■	
Romania	■		■	
Slovakia	■	■		
Slovenia	■		■	
Spain				■
Sweden	■	■		
Switzerland		■		
UK	■		■	

\* In the Netherlands, institutions may specify a single Bachelor programme that grants automatic access to a particular Master course.

**Table 3.4: Legal ability to select students at the Bachelor and pre-experience Master level**

MBA programmes are treated slightly differently. Some countries classify these as adult education or lifelong learning. This allows institutions to select students but also means that courses may not receive any direct state support.

Despite these differences in the ability to select students, the general trend is for institutions to have greater power in student selection.

## Why does selection matter?

Selection mechanisms allow institutions to exert some control over the profile of their student body and therefore over the quality and outcomes of the study programme.

Specialist Master degrees build upon knowledge acquired at Bachelor level. Despite convergence towards a single higher education structure, the content of programmes leading to the same final award will vary depending on both the national curriculum and the specific institution awarding the qualification.

If the ability to select students entering Master programmes is not granted, Bachelor graduates have open access to Master programmes (once basic eligibility criteria have been fulfilled). This poses the threat that graduates of 'lower' institutions may flood 'better' schools at the Master level. This could have a negative impact on second-cycle qualifications that lead to the award of a specialist Master since entry is normally dependent on the student having undertaken the same (or closely related) studies at Bachelor level. If all institutions do not require the same quality in their Bachelor degree graduates, how can institutions offering Master degrees determine the suitability of candidates without applying selection criteria? A possible solution would be for common curricula and standards to be agreed and implemented across all the signatory countries at Bachelor level. This homogenisation, however, would remove the national flavour and tradition of each higher education system and is neither practicable nor desirable.

**We recommend that selection powers are awarded to all state institutions for entrance to both the Bachelor and the Master level.**

For generalist pre-experience business Master programmes the situation becomes even more complex because Bachelors from all disciplines can move into them. If students are self-supporting and paying tuition fees, these 'customers' will not welcome a programme that accepts all applicants. A lack of selection criteria potentially weakens the overall quality of both their learning experience and the graduating cohort.

**We recommend that tests like the GMAT® are used to test the suitability of candidates from different educational backgrounds for graduate management study in English.**

## Recognition issues

Regardless of how a student is selected for a graduate management qualification, what is important is how their previous study is considered. The Lisbon Convention<sup>41</sup> addressed this issue and concluded that holders of qualifications from one country have the right to have them assessed by another in order to gain recognition. Unless substantial differences can be proven, the qualifications must be treated in the same manner as their equivalent domestic qualification. This includes granting access to further education, the labour market and the use of academic titles. To facilitate this, the convention stated that countries need to provide information on the institutions and programmes in their higher education systems. It also recommended the creation of national information centres to offer advice on foreign qualifications.

The European Network of Information Centres (ENIC) was established to implement the Lisbon Convention and to develop policies and practices for the recognition of qualifications. Each country has set up an ENIC body to provide information on:

- the recognition of foreign diplomas, degrees and other qualifications
- education systems
- opportunities for studying abroad, including information on loans and scholarships and advice on practical questions about mobility and equivalence.

The Lisbon Convention has put the legal framework for recognition in place but the diversity of higher education systems makes the need for reliable information increasingly important.

**We recommend that further work is carried out to enhance the quality of the information provided by the ENIC sites.**

## Issuing the Diploma Supplement to aid transparency

To accommodate the different information requirements of individuals, academics and the labour market, clarity is required about the orientation and profile of studies.

At the Berlin ministerial meeting on 19 September 2003, the signatory countries ‘set the objective that every student graduating [from state-recognised institutions] as from 2005 should receive the Diploma Supplement free of charge’ (European Commission, 2003a). The Diploma Supplement will therefore be attached to Bachelor and (pre-experience) Master awards and describe the nature, level, context, content and status of the studies pursued, and successfully completed, by the individual holding the qualification.

<sup>41</sup> The Lisbon Convention is the commonly used title for the Convention on the Recognition of Qualifications Concerning Higher Education in the European Region, adopted in 1997. All Bologna signatories have ratified this document. The full text can be found at <[http://www.bologna-bergen2005.no/Docs/02-CoE/970411Lisbon\\_con\\_165.pdf](http://www.bologna-bergen2005.no/Docs/02-CoE/970411Lisbon_con_165.pdf)>

Many schools delivering post-experience graduate management education have not yet made a firm commitment to issue the Diploma Supplement. This is partly due to the position that these schools hold within national higher education systems and the lack of state recognition for the MBA.

**We recommend that all business schools adopt the Diploma Supplement.**

**We recommend that employers use the Diploma Supplement to find out more about candidates.**

## Conclusion

Selecting who enters a particular programme is one of the final elements in an enrolment process that matches student and institutional characteristics and sets expectations that enable student decision making. It is as part of this process that the institutional offering, its marketing and student targeting become important. Assuming that the institution has created programmes that both complement their ambition and deliver against strategic priorities, the next step is to clarify the desired characteristics of the student body and, from this, develop the right tools to attract them.

The Bologna Accord will drive convergence in what was previously a differentiated market. As a result, institutions will need to actively communicate their basic differences and use faculty profiles and their core skills to interest potential students. The replacement of the European long-cycle degree with the two stages of Bachelor and Master effectively reduces an institution's revenue stream by more than 20%. This, coupled with the additional costs to attract students to Master programmes, will increase the cost base of higher education. Institutions must avoid sacrificing quality in the search for a larger student body to make up this shortfall.



# Chapter 4: Employers

The behaviour of employers will seal acceptance or rejection of the new qualifications. This chapter examines the purpose of the Master degree in employment and what employers should expect from graduates at each level.

We also discuss the educational role of employers.





## 4a: Employing graduates

Is a Master graduate someone employers actively seek to recruit? What are employers' expectations of these graduates once they enter employment? How does a graduate management degree support employment and benefit employers?

### Introduction

The business environment has undergone significant turbulence in the last decade, driven by factors that include globalisation, technology and competition. Competitive organisations have reacted by becoming more flexible in terms of their costs, responses and the level of engagement of stakeholders in strategic decision making (Harvey et al, 1997).

Prior to Bologna, the higher education systems of the signatory countries awarded a number of different qualification types and used different nomenclatures. This did not enable graduate mobility and hampered business from making full use of the available talent. Without prior knowledge, employers had difficulty comparing a German *Staatsprüfung*, a French *Licence*, an Italian *Diploma di Laurea*, a Norwegian *Siviløkonom* and a Polish *Licencjat*. In addition, graduates of these systems were all different ages. The Bologna Accord will bring transparency to the system and should lead to increased graduate mobility.

	Number of enterprises	Number of employees
Small (10–49 employees)	1,350,000 (5.9%)	21.18m (15.4%)
Medium (50–249 employees)	183,000 (0.8%)	14.36m (10.5%)
Large (250+ employees)	46,000 (0.2%)	46.16m (33.6%)
<b>Total</b>	<b>1,579,000 (6.9%)</b>	<b>81.7m (59.5%)</b>
<b>All businesses (includes those with 9 or less employees)</b>	<b>22.93m</b>	<b>137.37m</b>

Note: numbers in brackets indicate a % of the total.

Table 4.1: The size of the employment market in the EU and Switzerland<sup>42</sup>

<sup>42</sup> Data sources used to extrapolate this table are the Observatory of European SMEs (2002) and Eurostat (2003).

The need for transparency is particularly important because of the employer base. Within the EU and Switzerland, more than 22m enterprises provide employment for more than 137m people. Table 4.1 highlights that, if micro enterprises<sup>43</sup> are excluded, small, medium and large businesses (SMLs) actually employ over 59% of the total working population. Greater clarification regarding degrees could therefore encourage more small and medium-sized enterprises<sup>44</sup> to recruit graduates.

In this section we examine the business environment, the challenges for graduate employers and the role that governments as employers play in promoting acceptance of the new qualifications. We discuss what makes graduates employable and the importance of work experience that puts academic learning into a professional context.

## The business environment

To meet the demands of the changing business environment, companies have become more flexible and adapted their organisational structures. Downsizing is reducing the number of direct employees without an associated decrease in output; delayering is removing layers in the hierarchy; more flexible employee arrangements are building flatter organisations. In addition, technology has widened business networks and removed the necessity for a static workforce. Employees, and particularly managers, must therefore be multiskilled, able to work well in teams and possess a broad knowledge and understanding of the business environment in which they function (Cecez-Kecmanovic et al, 2002).

The shift from an elite to a mass higher education system has impacted on labour supply as more graduates enter the workforce. One outcome has been the global reduction in traditional 'fast-track' graduate jobs. Another has been the blurring of the divide between graduate and non-graduate roles. Career paths become more fluid in a 'buyers' market where supply outstrips (traditional) demand. Graduates therefore not only have to seek non-traditional employment opportunities but also have to take greater ownership of their careers.

In many countries the public sector is one of the largest employers. State employment has traditionally been well paid, secure and offered competitive benefits. Recent spending cuts, restructuring and privatisation have reduced the attractiveness of the sector and this is changing the profile of graduate employment.

As a result of these macro changes, students are now entering non-typical employment in larger numbers. As outlined in Table 4.1, only 1% of companies have more than 50 employees (accounting for 44% of the workforce), which means that the remaining 99% employ over half of the working population. These smaller employers are recruiting graduates and offering different opportunities. In turn they expect more of graduate recruits and, where special graduate training schemes are not in place, graduates are expected to progress at a faster pace.

*... smaller organisations often provide freedom for flexible, informal skill development, which contrasts with opportunities in larger organisations, where graduates may have to compete with others.*

Connor et al (2003)

<sup>43</sup> Micro enterprises have between one and nine employees.

<sup>44</sup> Small and medium-sized enterprises have fewer than 250 employees and an annual turnover of less than €40m or an annual balance sheet of less than €27m. In addition, they must be independent.

# Why recruit graduates?

There appear to be three general reasons for recruiting graduates to organisations of all sizes:

- 1 **For their potential:** graduates are expected to be the talent or leadership of the future.
- 2 **To enhance competitiveness:** graduates satisfy the need for trained and educated people in areas requiring professional or highly skilled personnel.
- 3 **To bring about change:** graduates are expected to introduce new ideas and techniques into an organisation and/or build flexibility or adaptability into the workforce.

Higher education provides educated people that match business needs while also renewing and enhancing the talent pool. Ultimately hiring decisions are made to balance the level of skills held with the needs of the company at the present time and the expected demands of the future. The impact of a graduate on an organisation can be modelled along an enhancement continuum, as illustrated in Figure 4.2. The ‘more that graduate employees are able to operate along the continuum the greater the potential evolution of the organisation’ (Harvey and Green, 1994).

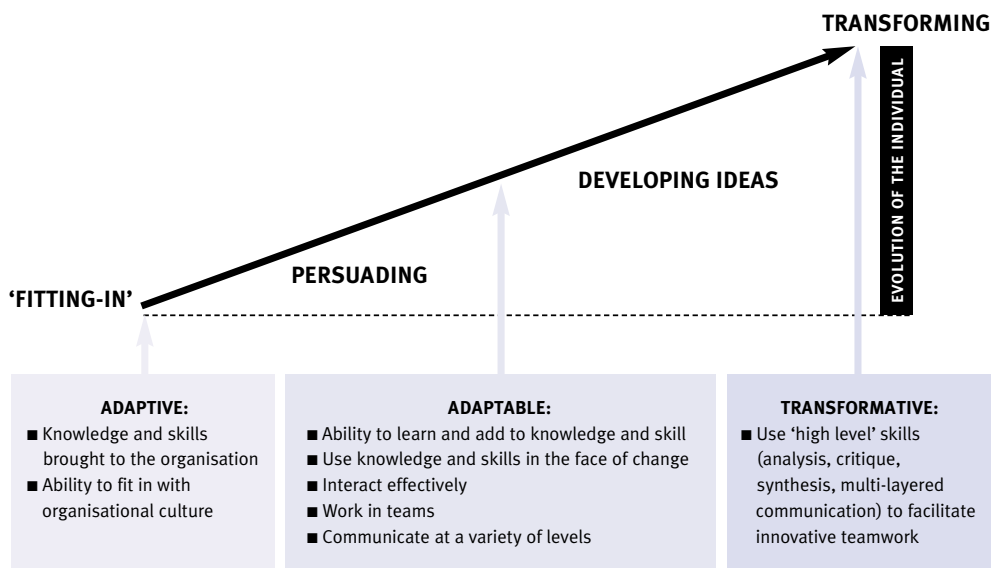


Figure 4.2: The enhancement continuum (adapted from Harvey and Green, 1994)

As recruiting to fill current skills gaps is not only easier but also more usual, one of the most important issues facing organisations is how to identify transformative potential:

*... [the] transformative agent is not a set of attributes but a person interacting with an environment, and that person is a complex of intellect and competencies that are not static.*

Harvey et al (1997)

The challenge for education is to develop transformative potential in students that will increase their employability.

## What is employability?

Employability is not just about the ability to get a job but is a blend of:

- personal attributes that help individuals get a job
- soft skills that help them work with others
- practical skills that help them to cope with change
- capabilities that help them to stay ahead of change.

The skills with which higher education equips graduates should not be solely focused on getting them into jobs, but should also develop them into critical, reflective, lifelong learners so they can ‘get in, get on and get out’ (Hillage and Tamkin, 1999).



Figure 4.3: Employers' views of employability (Rajan et al, 1999)

As higher education changes and grows, the size and composition of the graduating classes will alter. A Bachelor degree will become commonplace as education diversifies. This may prompt some students to continue in education and undertake Master degrees to differentiate themselves in a crowded marketplace. Employers will therefore have a larger pool of potential employees but these are likely to be of variable quality and with different levels of qualification. This will result in:

*... 'layers' of students coming out [where] not all can compete for the best jobs ... some take a while to realise that they are not in the top layer and need to lower their sights.*

Connor et al (2003)

Converging higher education systems will raise competition as students compete against the best from both domestic and foreign institutions with internationally recognised Bachelor and Master qualifications. This competition will fuel student demands for education to have greater labour-market relevance and employability will become more important.

## Graduates and state employment

A recent study of graduate employment (Schomburg and Teichler, 2004) highlights the strong position the public sector holds as an employer of graduates. In their research they revealed that 29% of social science graduates (which includes business and management) work for a public sector employer after graduation; it is also the largest employer for graduates in humanities, education and medicine. These numbers vary by country and range from 23% of Italian graduates to between 50% and 61% in the Nordic countries (summarised in Table 4.4).

	Public %	Non-profit organisation %	Private employer %	Self-employed %	Other %
Austria	33	11	45	9	3
Czech Republic	30	4	47	8	9
Finland	55	6	36	3	0
France	34	6	55	2	3
Germany	37	5	45	10	3
Italy	23	3	53	16	4
the Netherlands	27	20	42	5	6
Norway	61	3	32	3	1
Spain	30	4	57	9	1
Sweden	50	2	44	3	1
UK	36	6	52	4	2
<b>EU average</b>	<b>38</b>	<b>7</b>	<b>46</b>	<b>7</b>	<b>3</b>

**Table 4.4: Percentage of graduates in each country recruited by a particular employer type**  
(Schomburg and Teichler, 2004)

The significant role the public sector plays in recruiting graduates, and the entry qualifications it requires, will impact both on study trends and wider employer acceptance of the new qualifications. In most of the signatory countries, civil service legislation ties positions in the administrative hierarchy to the achieved educational level. The public sector must ensure that the new qualifications are integrated into these requirements and that any differentiation between the types of institution granting the award is removed.

**We recommend that legislation related to the recruitment of graduates to national and supranational governmental bodies is updated to include the new qualification types. Any differentiation that exists surrounding the type of institution granting the award should also be removed.**

## Understanding the qualifications

In order for the Bologna Accord reforms to take effect, a common nomenclature for Bachelor and Master qualifications needs to be implemented. This is essential to promote graduate mobility. At the same time, governments and institutions must also reflect the variety of ‘flavours’ that come under the Bachelor and Master umbrella.

The UK already awards the Bachelor and Master qualifications and one would expect UK employers to be clear about what they mean. However, a recent study (Moulton Hall, 2000)<sup>45</sup> exposed the confusion that still surrounds them. Three-quarters of recruiters found it difficult to understand the qualifications awarded and the report concludes that the titles of qualifications must be simplified to enhance understanding in the job market. Overall, employers understand that Master degrees come after Bachelor awards but few know the difference between academic (Master of Science and Master of Arts) and professional (for example Master of Engineering or Master of Education) qualifications. This confusion is echoed at Bachelor level.

The research confirms that there is, however, high brand awareness of the MBA title. This appears to be one of the few qualifications that international employers understand.

**We recommend that guidelines for the nomenclature of Bachelor, Master and MBA degrees are agreed and adopted.**

Before we discuss the role of Master graduates in employment we will first consider the Bachelor degree and the labour market.

## Bachelor graduates and employment

A Bachelor degree in management will prepare students for employment through the study of organisations, their management and the environment in which they operate<sup>46</sup>. If students are to leave education after gaining this award, however, employers must actively seek them. At present it is very uncertain how employers will react to Bachelor graduates.

In the new European higher education environment, employers have indicated in private conversations that they welcome bright Bachelor graduates for junior positions if they have broad degrees, good grades and recommendations. One significant fact in this acceptance is that they can then be ‘formed’ within the organisation through training courses that are selected and prepared with that particular employer in mind.

Students, however, are risk-averse and unlikely to change their behaviour without external pressure<sup>47</sup>. External pressure in the form of marketplace demand will only occur if employers understand how Bachelor graduates can be integrated into their organisations. The example alongside, ‘Anecdotal evidence from Denmark – academic reform in 1988’, highlights how important this is.

<sup>45</sup> The report is based on 150 interviews with recruiters in a representative sample of public and private UK employers on their understanding of the qualifications awarded by higher education institutions.

<sup>46</sup> Please refer to Appendix 6 for a summary of Bachelor degree characteristics and comparison with pre- and post-experience Master degrees.

<sup>47</sup> This pressure could be the result of marketplace demand, economic conditions or changes in student support mechanisms and higher education funding.

## Anecdotal evidence from Denmark – academic reform in 1988

The reform of Danish higher education in 1988 that introduced a distinct Bachelor and Master stage was, and continues to be, unsuccessful in encouraging students to leave after completion of the first three years of study. Students are staying in higher education beyond the first, Bachelor, stage because of an unwelcoming employment market and a state education system that provides free education up to and including the pre-experience Master level. Taken together, these factors give students little financial incentive to enter the job market earlier.

*The major reasons to introduce the university bachelor degrees were to reduce drop-out and the actual duration of study. Shorter degrees were hoped to enable more students to complete a degree.*

UVM (1994)

In 1988 the Danish Government implemented educational reforms specifically intended to reduce both the drop-out rate and the average length of study in higher education. These reforms allowed higher education institutions to start awarding shorter Bachelor degrees alongside their traditional uninterrupted 5-year *candidatus* programmes. In 1993 this structure was formally adopted and all degree programmes now award an academic Bachelor after three years and a *candidatus* (or Master level) award after a further two years of study. Faced with this new exit point, however, over 80% of students are still choosing to continue their studies, with the majority also staying within the same high-level subject area as that of their first degree.

A number of factors have contributed to the lack of students exiting higher education after the Bachelor phase, key among them being employers. In Denmark, the difference in starting salaries for Bachelor and *candidatus* graduates is minimal, so employers tend to recruit the more highly-qualified candidates. Those students who do elect to leave education at the Bachelor level are therefore competing with other more qualified *candidatus* graduates and this, combined with there being no real shortage of graduates available to the market, makes it more difficult for Bachelor graduates to find a job. In response to this, 1998 saw the Danish Government try to incentivise employers to hire Bachelor graduates by establishing a programme that offered employers subsidies for the first six months of employment of Bachelor graduates. Despite this government intervention, the lack of recognition by employers has led to little change in student behaviours and opinion is clear that this, combined with student funding policies, has led to changes in name only.

One positive change that was observed as a result of the introduction of the two-cycle system of higher education was the redistribution of students after the Bachelor, according to the areas of specialisation offered by universities other than their own. Business schools, building upon their existing experience in designing and delivering Master programmes, seized the opportunity to diversify their pre-experience Master portfolios. This has resulted in over 25% of their Master-level students coming from other national institutions. It must also be noted that, in common with institutions in France, the Netherlands, Sweden, the UK and the Republic of Ireland, Denmark is already an importer of students.

Germany is trying to change both student and employer behaviour through the ‘Bachelor welcome’ initiative, launched in June 2004. An impressive list of German employers<sup>48</sup> has realised that the success of the new study structures depends ‘not only on the quality of the offering but also on their own demand decisions’<sup>49</sup>. For employers to become part of the movement, they must pledge to offer Bachelor graduates attractive jobs and promotion opportunities. In addition they must stress their willingness to co-operate with higher education to integrate business concepts into course developments.

## The role of pre-experience business Master graduates

In many countries a pre-experience Master is, and will remain for some time, the basic academic degree. This perception is likely to remain in the short term until Bachelor degrees gain recognition and status in the labour market.

Businesses recognise the importance of, and invest in, training to develop leadership, interpersonal skills and business awareness. Business-oriented Master degrees are targeted at the labour market and aim to develop skills at a professional level to improve business and management practice. They should help graduates to draw upon the skills they developed during their first degree and understand how these skills can be used more effectively within the organisational context. General business Masters can therefore offer a transformative education for students with undervalued Bachelor degrees. This potentially benefits employers by reducing their development and training costs. Master graduates, in particular, would be more attractive if a company has a strict policy of hiring from within and stricter labour laws encourage a long average term in employment.

In the long term, however, the number of students embarking upon pre-experience Master degrees may decrease as the marketplace matures and employers seek Bachelor graduates.

**We recommend that employers rethink recruitment and staff development policies in light of the new qualifications.**

For graduates of UK pre-experience generalist business Master courses, salaries are generally 10% to 15% higher than for Bachelor graduates. This increase is attributed to ‘the recruit’s age and earning expectancy rather than the increase in human capital perceived by the employer’ (Martin, 2002). The low level of differentiation between Bachelor and Master graduates is mainly attributed to a lack of prior work experience; clear distinctions in the content mix are highlighted in Figure 4.5.

While pre-experience qualifications may not initially yield the higher starting salary MBA graduates enjoy, a management Master contributes to employability and opens up a wider range of career options. Furthermore, specialist Master degrees deepen knowledge acquired in previous Bachelor studies and further refine students’ post-study career paths. Surprisingly, and despite the strong programme specialisations, a number of commentators argue that even on these courses, approximately 30% of the curriculum should be focused on general management theory.

<sup>48</sup> Among the growing number of signatories are Agilent Technologies Germany AG, BASF Corporation, Bertelsmann AG, BMW AG, DaimlerChrysler AG, Dresdner Bank AG, German Lufthansa AG, German Telekom AG, IBM Germany, Philip’s GmbH, SAP AG and Volkswagen AG.

<sup>49</sup> ‘...der Erfolg der neuen Studienstruktur nicht nur von der Qualität der Angebote, sondern auch von unseren Nachfrageentscheidungen abhängt’, <<http://www.stifterverband.de/site/php/medien.php?SID=&seite=Pressemitteilung&pmnr=125&detailansprechnr=396>>



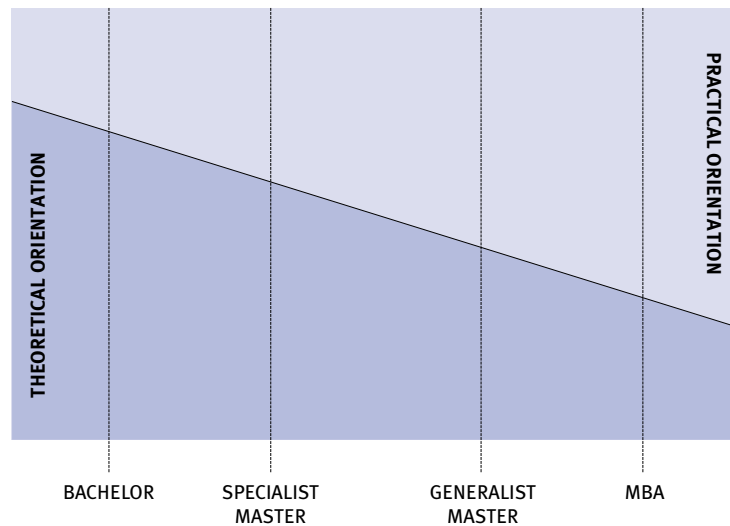


Figure 4.5: The theoretical and practical orientations of different degrees

## Work experience and pre-experience Master degrees

A formal qualification alone does not give an accurate picture of how an individual will perform in the workplace. Qualifications give information about technical competencies in a particular field but do not convey the individual's employment-related skills. This area is critical:

*...employers know they are more likely to terminate the employment of an employee or have serious difficulties with an employee because of inadequacies in employment-related skills than because of an inadequate knowledge base.*

Nunan (1999)

The combination of an information imbalance, a large pool of graduate applicants and difficulties in acquiring competence information has led many employers to use the reputation of the awarding institution, and the degree awarded, as a proxy for graduate quality. They also appear to value work experience as evidence of how individuals will adapt to working life.

When asked to list the top ten most desirable graduate attributes, employers from five European nations included work experience in their list. In general, graduate employers say that applicants with work experience of any kind have more of the skills they are looking for: they are better prepared for work, more knowledgeable about business, better able to make career decisions, have greater understanding, are generally more mature and, overall, are better performers (Harvey and Green, 1994). This previous experience has also been identified as a contributing factor in the salary differential between pre- and post-experience business Master graduates.

*During the interview process ... it often emerges that brilliant graduates of specialised masters somehow lack the flexibility and broad vision of an MBA.*

Paola Vecchio, Recruiting Manager at AT Kearney, Italy

**We recommend that pre-experience graduate management education incorporates periods of work-based learning to assist employers in their recruiting decisions and enable students to relate theory to practice.**

## MBA qualifications

In recent years despite an increasing number of European students having graduated with an MBA, it is still a relatively uncommon qualification in Europe. The limited supply of graduates, combined with the American pedigree of the award, has historically alienated many companies. The rise of the MBA in Europe, however, and the introduction of distinct Bachelor and Master stages should reduce these barriers as more MBA graduates enter the market.

Pre-Bologna, European students were reluctant to undertake further study in business or return to higher education once they had entered employment. This could be due to a combination of factors:

- a scarcity of available graduate management courses
- the lack of a formal credit system that recognises short blocks of study as part of a longer-term qualification
- state support that rarely required students to contribute to their own education costs and encouraged a 'one shot' approach
- long-cycle degrees that typically took longer to complete than their theoretical length
- employer behaviour that discouraged students from returning to study once employment had been entered.

These combined to mould a cultural reluctance. As a result of the Bologna Accord, many of these limiting factors are being addressed. For example, there has been a marked increase in the number of pre- and post-experience graduate management qualifications offered by ambitious institutions, while ECTS facilitates credit mobility.

Despite this lack of history, it is clear that when capability is enhanced by an MBA, employability is increased. High-quality graduate business studies provide a deeper understanding of the different elements that make up a business and leverage previous experience. It increases marketability and enhances future earning potential by opening the door to a larger pool of opportunity. In return, recruitment strategies need to become more sophisticated as prior work experience must also be assessed in combination with the MBA.

*The MBA degree is regarded as a shortcut to the executive level because the programme gives the student a holistic view of business.*

Gene Panganiban, Recruitment Manager for a leading US food manufacturer (from Harvey et al, 1997)

Evidence surrounding post-study benefits – in terms of both salary and career prospects – indicates that employers value Master graduates and also that these benefits are more marked if longer, full-time courses are undertaken rather than shorter, part-time courses (CEML, 2002). This value may be attributed in part to previous work experience, but could also be a result of the strict entry and admissions criteria coupled with, when considering MBAs in particular, students' willingness to undertake further study during their working life.

## Conclusion

The business environment of today is very different to that which existed 20 years ago and will continue to change at a rapid pace. Management education has to reflect these changes in order to prepare students for employment. Employers also need to play their part by increasing opportunities for students to gain experience in the real world through work placements and internships.

As major employers, governments play a guiding role in promoting acceptance of changes in higher education. In many cases, where they lead, private enterprise will follow. It is therefore essential that they 'walk the talk' and show commitment to all levels of Bologna reform.

Considering all Master-level management qualifications together, employers will only have enthusiasm for qualifications related to their business needs. Graduates of programmes that enhance management and leadership capability, business competence, self-awareness and skills valuable to the employer will be more attractive in a competitive labour market. Businesses are therefore beginning to value the positive benefits management studies bring to managers at all levels.

## 4b: Educational role of employers

**What is the purpose of a Master degree in the context of employment? Can and should employers contribute to curriculum design and be more involved in adding vocational elements to academic programmes?**

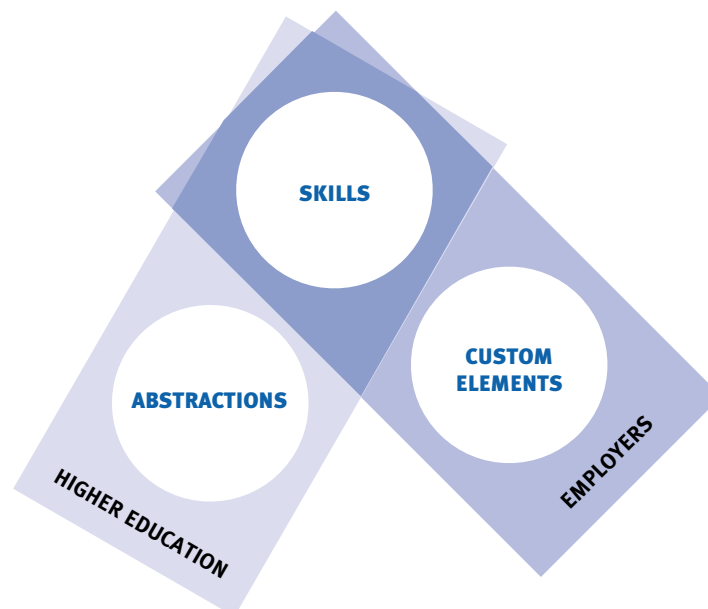
### Introduction

In discussions about employability and the relationship between education and employment, a key question is where the boundaries between the two environments lie. Where on the skills continuum should higher education stop teaching and employers start owning graduate/employee learning? A ‘one size fits all’ strategy cannot be employed since the line is dependent on the field of study, the learning level and the desired outcomes of the study programme. What is clear, however, is that links must be forged between the two groups, particularly in the light of our earlier employability discussion.

In this section we consider the differences between education and training and how these can be used to develop closer links between education and employers. We conclude with a discussion on how employers should be brought into the equation.

### The difference between education and training

The words ‘education’ and ‘training’ are often used interchangeably. This hides their different, yet complementary, meanings. Education teaches students principles that can be applied to a wide range of situations whereas training is a subset of education, with a narrow set of clearly-articulated objectives.



**Figure 4.6: Modelling the employer–higher education interface**

These differences provide the context in which the boundaries of higher education and employment can be determined. Each group needs to accept particular development responsibilities to minimise duplication. The unclear area of skills development (see Figure 4.6), shared as it is between the two spheres, is where the main debate about responsibilities is focused. The labour-market relevance of qualifications in the post-Bologna environment, however, should encourage employers and academia to engage in deeper discussion. Even in graduate management education, an area rich with professional elements, a line must be drawn between the roles of higher education and employers. If deeper partnerships are developed, complementary education and training can be delivered. This will meet business needs and provide an environment in which educational principles can be applied to practical effect.

## Access to further information

As well as understanding the hierarchy of qualifications, employers need to be able to access general information about higher education systems, institutions and final awards.

Governments should already have released information for their local market about their awards and national qualifications framework. Institutions should build on this by adding information about their own expertise and the particular skills and competences of their graduates. The example ‘St Gallen educates the market about the new Bachelor–Master system’ illustrates the type of activity that is required. A mechanism is then needed by which international employers can find out relevant, high-level information on the different national systems.

*Ministers encourage the member States to elaborate a framework of comparable and compatible qualifications for their higher education systems, which should seek to describe qualifications in terms of workload, level, learning outcomes, competences and profile. They also undertake to elaborate an overarching framework of qualifications for the European Higher Education Area.*

Berlin Communiqué, 2003

Appendix 6 outlines the purpose, knowledge and understanding, skills and employment skills of both Bachelor and (pre- and post-experience) Master business qualifications and could provide a basis for this type of information system.

**We recommend that an information point for employers is created to inform them about the particular characteristics of each national higher education system and its qualification hierarchy.**

# St Gallen educates the market about the new Bachelor–Master system

As a leading institution in the university reform process that is reshaping the higher education landscape in Switzerland, the University of St Gallen has been actively preparing the market for the first crop of Bachelor graduates at the end of 2004. Based on a series of surveys, presentations, workshops and discussion forums, involving students, alumni and corporate representatives, several lessons can be learned from the St Gallen experience about the value and acceptance of this new degree.

## Market perspectives

- Some recruiters have trouble differentiating between the old *Lizenziat* and new Bachelor and Master degrees.
- Approximately 40% of surveyed companies are in the process of actively recruiting Bachelor graduates. One reason is the relatively high level of understanding of the St Gallen Bachelor graduate profile.
- The remaining 60% demonstrate a ‘wait-and-see’ attitude and continue to recruit only *Lizenziat* graduates.
- Communication problems and knowledge gaps exist in the recruiting chain, particularly with respect to the new complexity in graduate profiles; the initial screening of candidates based on specialisms and practical experience is no longer satisfactory.

## Student perspectives

- Approximately 50% of Bachelor students intend to enter the workforce directly; of these, 50% have professed an interest in finding a short-term role rather than a permanent position.
- Generally speaking, Bachelor students lack self-confidence about their marketability.

## Meeting the challenge

- The University has been successful in partially educating and sensitising the market. While some companies are already actively recruiting Bachelor graduates, others are taking a passive approach. St Gallen is targeting a group of lead companies to educate them about, and challenge them to employ, Bachelor graduates. These companies will be promoted as exemplars of good practice and used to catalyse similar behaviour in their respective industries.
- Interest in Bachelor students seems to be closely correlated to having information and being aware of the attributes of Bachelor degrees and the Bologna process. Marketing education has a direct positive impact on company interest. However, even within larger companies, information is fragmented and recruiters are being supported in advocating and communicating information on the Bachelor degree internally.
- Students need more support and education in how to structure their profiles and present themselves to the market. St Gallen is offering specific presentations, workshops and counselling services in this area.

# Developing links between higher education and employment

Interviews with employers (Harvey et al, 1997) revealed five reasons why stronger links with higher education should be developed:

- 1 To enable institutions to run courses relevant to processes in the workplace.**
- 2 To provide students with practical experience and tuition.**
- 3 To bring together business and higher education in situations that are economically viable or rewarding.**
- 4 To increase feedback from higher education.**
- 5 To ensure students are learning in a way that meets their needs and the needs of the employer.**

An additional point should be added to these: to build greater understanding of higher education and the qualifications awarded.

Successfully forging stronger links would enable education and employment to work together for mutual benefit. Labour-market considerations could be integrated without compromising academic values. Higher education needs to take primary responsibility for developing students' *know that*<sup>50</sup> while employers' primary focus should be on taking these core principles on board so that graduate employees develop their *know how*. Professionally-oriented education cannot take place in a vacuum since employers play a role in enabling students to adapt theoretical skills to practice.

What is clear is that the relationship between business education and employment is little understood. Higher education is often self-referencing and produces what it wants (and thinks the market wants) when in fact this may not be the case. Some argue that this has contributed to the rise of the private university. How can education work with employers to determine spheres of responsibility if there is no clear understanding about the desired outcomes of both sides?

**We recommend that employers develop a clear understanding of the skills they require. In turn, higher education needs to listen to employers to produce graduates with the required generic skills without compromising academic integrity.**

## Bringing employers into graduate education

Post-experience graduate management education allows students to contextualise their actions in the light of previous work experience. This creates learning synergies within the group as practices are shared. Pre-experience students need similar opportunities to transform *know that* into *know how*. This can be provided by integrating periods of work experience and/or internships into the curriculum to provide practical opportunities for adaptation and reflection.

The professional emphasis of a graduate management qualification, delivered by a faculty with industry experience, exposes students to some of the necessary practical skills relevant to employment. A stark contrast exists, however, between pre- and post-experience programmes in how students apply theory to the real world.

<sup>50</sup> 'Know that' is when students understand the theory behind why something needs to be done; 'know how' is just knowing what to do without this deeper understanding.

The importance placed on integrating theory and practice in Master studies is leading to:

*... [a] drift, already apparent, to appoint postgraduates rather than undergraduates because of a lack of content and skills on undergraduate courses: 'already there is a tendency ... to go for MSc graduates. MBAs are also becoming the standard for entry to the commercial world'.*

Harvey and Green (1994)

Employers therefore play a role in enabling current students (who will be their future employees) to maximise the benefit of their pre-experience graduate education. Work experience and/or internships are essential but theory and practice can be further integrated by exposing students to business issues through visits and inputs from practicing managers.

**We recommend that employers strengthen their role in helping students to relate theoretical skills to practice by providing opportunities for work experience and contributing to the teaching of the curriculum.**

**We recommend that industry-led projects across disciplines should be an essential component in all graduate programmes.**

As employers become more involved in curriculum design and delivery, some branches of academia fear that they will want to exert complete control and thus compromise academic standards. In fact, most employers are unwilling to become involved in the design of the academic curriculum as they are more interested in the longer-term *know that* education of students.

The links between employers and institutions can take a variety of forms. BP, for example, funds chairs within institutions and these deliver greater long-term benefit to groups rather than individuals. Alternatively, short-term projects including commissioned research and internships can be used to open up dialogue between education and employment.

*Most organisations if they really wanted to could use people who are in education to do a lot more of their work rather than going to highly expensive management consultants, who are only using the same processes anyway. The spin off for those things are: we get work done, we get it done cheap and often at quite a high level of competence. It is done well.*

Director of Human Resources, medium-sized health service contractor (from Harvey et al, 1997)

## Conclusion

Employers are a heterogeneous group with context-dependent requirements. Companies employing graduates with either specialist or generalist graduate management qualifications realise that they can 'fine tune the university experience to meet the particular needs of the enterprise [and] not, contrary to the view of some, to have universities train people for specific jobs' (Harvey and Green, 1994).

To meet the needs of the changing labour market, it is essential to integrate employer demands into graduate education. The closer the relationship between all groups – employers, institutions and students – the better the chances of developing a productive workforce now and in the future.



# Chapter 5: Students

In this chapter we discuss the impact of current trends on students and assess whether there is value in mobility of subject or location. We also consider what students should expect in terms of financial support and how this differs across signatory countries.



# 5a: Mobility

**Is there value for students in changing institution, country or field of study? What are the important considerations and how does the Bologna Accord support mobility?**

## Introduction

The introduction of a two-cycle system of higher education will encourage greater student mobility. By dividing the traditional long-cycle qualifications into two, vertical mobility<sup>51</sup> can take place at an earlier point in the curriculum. This, coupled with the requirement that a Bachelor degree must grant access to further study, is likely to drive up mobility levels.

Altering the structure of higher education alone, however, is not enough. To facilitate mobility, information must be available that goes beyond course offerings and covers non-academic areas such as visa and residency regulations, support, welfare, social life and local culture.

In this section we review the four types of student mobility that will be possible once the Bologna recommendations have been fully implemented; subject mobility, national mobility, European mobility and international mobility.

## Subject mobility: What to study

In countries with a mature Bachelor–Master higher education system, such as the UK, a Master degree is generally seen as a higher education qualification that complements previous studies and helps candidates stand out in a crowded marketplace. For countries where these new structures are being introduced, uncertainty surrounding employer acceptance of the new qualifications is leading many students to continue directly into Master study and seek qualifications more in line with the ‘old’, long-degree system.

One option that students at the Bachelor level now have is to study for a specialist Master that builds upon prior learning. This will support the development of their career but may create a dependency on a particular labour market segment. Alternatively, students can undertake a generalist management Master, which will complement their first degree and could make them more flexible in a changing job market.

<sup>51</sup> Vertical mobility is a term used to refer to students changing institution to study for a full qualification. The destination institution can be domestic or foreign.

Bologna has brought about this subject mobility. Students can receive a Bachelor degree in any subject before deciding to move into graduate business education. Evidence from mature markets has noted that students often elect to study two different subjects (Werfhost, 2002) rather than opt for further specialisation.

Students who change their field of study often move into business and management. Indicators from the US and the UK point to some 20% to 25% of post-Bachelor students undertaking further study in this discipline<sup>52</sup>. The popularity of business can be attributed to the way in which it complements previous study fields. It can also add valuable business knowledge that ‘lifts’ the labour-market relevance of less sought after Bachelor degrees.

A period of employment may help students make a decision about what to study at the Master level. A study at St Gallen (Switzerland) of current Bachelor student attitudes to Master degrees<sup>53</sup> reports that a significant number of students are interested in continuing their studies to the Master level but would first like to take a gap year to gain professional experience. They see employment as a way to get practical experience, help them decide what to study and motivate them to continue their studies by helping them to relate practice and theory.

## National mobility: Students remain in their domestic higher education system

Once students have decided what to study, they must decide where to study. Pre-Bologna, there were few studies tracking student flows between first and second (pre-experience) degrees. This lack of information makes it difficult to predict student behaviours in the post-Bologna environment.

**We recommend that common reporting standards for student data are adopted by the signatory countries.**

A number of factors encourage students to remain in their domestic higher education system. These include the size/population of the country, the languages used in the education system and national economic considerations. Taken together they contribute to a cultural attitude to mobility. Of the seven factors outlined in Table 5.1, the three that contribute most to students remaining in their domestic system are language, finance and the recognition of previous qualifications (West, 2001).

One of the key benefits for students who remain in their domestic higher education system is the mitigation of risks caused by information asymmetries. Researching intra-national programme offerings is simpler and faster, and therefore of lower personal cost, and the portability of grants, loans and other student support mechanisms is not compromised. Administration ‘costs’<sup>54</sup> are also reduced and students can avoid ‘culture shock’ by continuing their studies in a pedagogic system and language that they know and therefore feel comfortable with.

<sup>52</sup> Data from NCES <<http://www.nces.ed.gov>> and HESA <<http://www.hesa.ac.uk>>

<sup>53</sup> A follow-on study one year later would be invaluable to measure how closely actual student behaviour echoed intention – will students return to undertake Master qualifications, how did

employers react to requests for work experience and what are their reflections on employer acceptance of the new qualifications?

<sup>54</sup> These include a range of activities such as admissions procedures, degree recognition, accommodation, visa issues and the post-study job search.

Students also take future employment opportunities into account when deciding where to study. This is significant as more than 55% of students remain in the same geographic area as their study institution (Schomburg and Teichler, 2004). Interviews carried out with a number of careers advisors confirm that students often select where they will undertake Master studies depending on where they would like to work after graduation. They believe that they will benefit from an institution's strong connections with local employers. This could spur students in economically weak areas to migrate, at the Master level, to regions of greater strength.

Factors <b>increasing</b> student mobility internationally	Factors <b>decreasing</b> student mobility internationally
Positive cultural attitude to mobility	Closed culture not valuing mobility
Lack of higher education places and/or highly selective admission policies	Sufficient places in institutions and/or more relaxed admission
Small population, therefore: <ul style="list-style-type: none"> <li>■ potentially reduced programme diversity</li> <li>■ mobility tradition</li> </ul>	Large population, therefore: <ul style="list-style-type: none"> <li>■ greater education diversity</li> <li>■ lower historical economic need to be mobile</li> </ul>
Multiple languages used in the education system	Widely used language OR few languages used in the education system
Strong relationships with other countries and fast, simple visa systems	Procedures making mobility difficult/onerous
Recognition of degrees earned outside the domestic higher education system	Limited recognition of degrees
Portable student support system and/or low level of self-financing	Low or limited portability of student financial support and/or high degree of self-financing
Proximity to other countries that are suitable student destinations	Geographical remoteness

**Table 5.1: Factors impacting on the international mobility of students**  
(extrapolated from OECD, 2001, and West, 2001)

## European mobility: Studying in Europe for a complete qualification

By studying abroad, students acquire the skills they need to cope with the challenges of multicultural environments. Studies in a number of countries reveal students' desire to experience other cultures, improve labour-market prospects and improve language skills. However, the actual numbers undertaking this is low – in 2000 only 2.3% of European students studied abroad (European Commission, 2003b).

A negative aspect of study abroad is the time required for planning and implementation. Tuition fees, travel costs, differential living costs and opportunity costs can be considerable and students must feel that these amount to less than the benefits they expect to gain. These benefits range from higher incomes to increased enjoyment of the study period, improved language skills, greater social and cultural awareness and a widening of personal networks.

The level of these benefits will vary according to the area of study and the labour-market demand for graduates with international experience.

**We recommend that all students have greater access to accurate information about student support and the availability and portability of grants and loans.**

Finally, students are more likely to leave their domestic market and study abroad as they progress further in education. One of the factors that explain this relates to the increase in economic benefit that makes the investment more attractive. Another explanation focuses on immigration strategies: mobility can fulfil the dual objectives of delivering a recognised degree in the country in which the student intends to work while also making job hunting slightly easier.

## International mobility: Students travel to, or from, outside Europe

The Bologna Accord aims to facilitate greater student mobility within the signatory countries but the structural reform that underpins this may also lead to students leaving to study outside of Europe.

Once the Bachelor–Master structure is fully implemented, higher education in Europe will be more compatible with the global standard. This will attract students from further afield. The concerted efforts being made in some countries such as the Netherlands and the UK to attract these foreign students (who pay significantly higher fees), and the success they are enjoying, indicate that this could be a very positive outcome of the Bologna reforms.

Institutions offering high-quality, competitive Master degrees may also attract students who would previously have travelled to the US<sup>55</sup>. The tightening of the US border has already caused foreign student enrolments to decrease<sup>56</sup> and this may therefore act in European institutions' favour in the short term.

However, one big driver for students electing to study in the US is the level of scholarships on offer. The generous stipends offered by US institutions often make it cheaper for European students to move overseas rather than stay at home. Within the signatory countries, scholarship funds are limited but should be increased if the free flow of academically-gifted students is to be encouraged.

## Conclusion

The structural reform of higher education complements mobility and may encourage students to choose programmes outside their domestic environment. Despite current low levels of mobility within the European Union, international experience is considered beneficial to students both during the learning experience and in subsequent employment. It is therefore essential that mechanisms be in place to support students who want to continue studying outside their domestic market.

<sup>55</sup> In 2000, a total of 80,584 European students elected to study in the US (<<http://nces.ed.gov>>) of which 27,674 were from Eastern Europe and 52,910 from Western Europe. The data does not indicate the final qualification for which students were studying.

<sup>56</sup> The number of student visas issued by the US decreased 20% in 2002 and a further 8% in 2003 (*Business Week*, 2004).

## 5b: Cost

**The idea of education as a public good is slowly being eroded, resulting in new mechanisms of student funding. How do the signatory countries differ in student support and the fees they levy? What should students expect to spend on their education?**

### Introduction

For students choosing between pre- and post-experience graduate education, the fees and available support will influence decision making. It is important to understand the current situation in each of the signatory countries to determine if state support extends to pre-experience Master degrees. If it does, more students may choose pre-experience studies which would reduce the demand for post-experience higher education.

In this section we examine current levels of support and the portability of grants and loans. We consider how a narrowing of the gap between the fees charged for pre- and post-experience graduate management education could affect student demand. Finally we look at ways in which lifelong learning is supported during employment.

### Tuition fees and student support for recognised programmes

Tuition fees vary across all signatory countries. In response to public pressure, many countries have pledged to provide education at no cost for domestic students (at least up to the Bachelor level). Others, including the Scandinavian countries, Greece and the Republic of Ireland, will not charge tuition fees<sup>57</sup> to either domestic or foreign students.

Increased levels of student mobility could increase the financial burden of education on the national budgets of these countries. Financing models may change in the long term as domestic taxpayers become reluctant to subsidise foreign students. This is particularly relevant since approximately 45% of students will return to their home country upon completion of their studies (Schomburg and Teichler, 2004) and will therefore give little in return to the country that provided them with a free education. Increased efficiency through the reduction of study length, and therefore cost, may be insufficient to offset this.

In 1996 the Nordic countries devised a solution to the problem of one country effectively subsidising the higher education of another (HØGUT, 1999). The Nordic Agreement grants equal admission to higher education for their citizens and allows money from the country of residence to follow the student. Denmark, Finland, Norway and Sweden each pay an annual sum for students studying in one of the other countries. This payment applies to 75% of the students receiving state support for study in another Nordic country; in 1999 it was 22,000 Danish crowns (approximately €3,000) per student.

At a European level, a balance of education payments system based on the Nordic approach could be established to prevent 'education tourism'. This would compensate countries that support large numbers of non-domestic students in their state higher education system. There are some obvious barriers to be overcome, such as differences in economic structures and variances in the unit cost of education. A formal structure of some description is required, however, since the Bologna Accord promotes student mobility.

<sup>57</sup> Tuition fee exemptions are for state-recognised higher education courses only and usually exclude MBA programmes as these tend to occupy a peculiar position within the official higher education system.

**We recommend that the signatory countries consider creating an education balance of payments system.**

Across Europe, education is often viewed as a public good and is therefore a public responsibility. It is necessary to guarantee access for all, even though this requires continued state financial and social support. This ideal is driving opinion against the idea of discriminating between students on the basis of their private wealth. Consequently tuition fees for public Bachelor courses are considered unacceptable. The Nordic countries reflect this most strongly: higher education is free for all and the state supports students through means-tested maintenance grants. In contrast, the UK has reduced state support for students at both Bachelor and Master levels.

	BACHELOR			MASTER		
	Tuition fees	Other fees	Support available*	Tuition fees	Other fees	Support available
Austria	■		■	■		
Belgium	■	■	■	■		■
Bulgaria			■			■
Cyprus	■		■	■		■
Czech Republic	■	■	■	■	■	■
Denmark			■			■
Estonia			■			■
Finland			■			■
France	■	■	■	■	■	■
Germany			■	■	■	■
Greece			■			■
Hungary			■	■		■
Iceland		■	■		■	■
Italy	■		■	■		■
Latvia ♦			■			■
Liechtenstein			■			■
Lithuania		■	■	■	■	■
Luxembourg			■			■
Malta			■			■
the Netherlands ♦	■		■			■
Norway			■			■
Poland			■	■		■
Portugal	■			■		
Rep. of Ireland			■	■		
Romania ▲			■	■		■
Slovakia		■	■		■	■
Slovenia			■	■		■
Spain	■	■	■	■		
Sweden			■			■
Switzerland			■	■		■
Turkey	■			■		
UK	■		■	■		■

\* Support includes means tested grants, scholarships and loans.

♦ Two-thirds of students in Latvia are fee paying.

• In the Netherlands, students over 30 years of age pay higher tuition fees than younger students.

▲ Romanian institutions can charge fees for students enrolled in excess of state funded places.

**Table 5.2: Tuition fees and living expenses funding mechanisms for domestic, full-time students in public higher education in a number of the signatory countries**



It is apparent that the concept of safeguarding education as a public good does not necessarily extend to the Master level. Table 5.2 illustrates that contributions expected from, and support offered to, students vary according to the qualification for which they are studying.

The Republic of Ireland and a number of Eastern European countries have introduced fees for Master studies. This allows institutions to generate considerable income from non-EU Master students, who are charged significantly higher tuition fees<sup>58</sup>. Consequently, institutions are making concerted efforts to recruit non-EU students because they are a source of additional revenue.

At the Bachelor level, public institutions in Europe charge between €1,000 and €3,000 per annum. At a pre-experience Master level, annual fees (when charged) range from €400 to €30,000, while for MBA programmes they are between €4,000 and €60,000.

Even differences in fee levels among the signatory countries are leading to non-domestic students being targeted for degree programmes. Germany is actively pursuing UK students with the promise of free tuition, low living costs and an active student life (Halpin, 2004). The first two of these incentives are particularly pertinent because of rising tuition fees and high living costs in the UK. The competition for students based on just one dimension – price – could herald a change in traditional student mobility flows.

## The portability of grants and loans for Master students

The portability of student financial support varies across the signatory countries and ranges from complete transferability to zero. A common pattern is for increased support, both in terms of eligibility and portability, to be offered at the Bachelor level and removed at the Master level.

Small countries like Luxembourg and Liechtenstein, which have a strong tradition of students studying abroad, have well-developed systems to support studies at all levels. A similarly comprehensive system is found in Scandinavian countries where overseas study is supported on the same basis as domestic study. This may, however, have time limits, such as the four-year limit applied by Denmark. As well as providing grants, Iceland subsidises the interest on tuition fee loans for postgraduates who study abroad. Other countries are not so accommodating. Support is often provided via specific allowances for the most able students but this rarely applies to Master studies. The overarching trend in all the signatory countries is for state support to be ring-fenced for Bachelor studies.

Many countries have yet to define fully the policies they will apply to grant and loan portability. One possible explanation for this is the issue of payment collection if the grant or loan requires repayment. At present no powers exist within the EU to facilitate this collection; jurisdiction to claim payment from someone who is now resident in another EU country would be difficult to write, gain agreement on and enforce.

**We recommend the creation of a portable student support or loan system  
in the signatory countries.**

Where portability restrictions do exist, future legal cases are likely to address any imbalances.

<sup>58</sup> Within both the UK and the Netherlands, fees for students from non-EU member states are significantly higher – often by a factor of three or more. It is interesting to note that of the signatory countries, 15 are not part of the EU and therefore student mobility may be hampered for economic reasons.

## The closing fee gap between pre- and post-experience degrees

In higher education systems that demand student contributions, the differences in tuition fees between pre- and post-experience business degrees were once significant. This gap is now closing. A proliferation in courses of both types has led to a range of prices being charged. There is now an overlap between the fees charged for top-end, pre-experience Master degrees and low-end MBAs<sup>59</sup>.

However, this blurring between fee levels is not reflected in all institutions. Some departments and faculties of business that offer both pre- and post-experience qualifications often have wildly different charging structures for the two. An example can be found at Erasmus University in the Netherlands. The fee<sup>60</sup> for the 1-year (pre-experience) MSc in Business Administration is €1,400 for EU students under 30 years of age; non-EU students pay €10,500 for the same course. This is in sharp contrast to its business school, the Rotterdam School of Management, where an MBA costs €34,000 for 15 months of instruction, regardless of the student's origin. The combination of a difference in fee levels and a lack of clarity between pre- and post-experience qualifications may result in students studying for pre-experience graduate management qualifications because of their lower fees.

This is unlikely to be sustainable. The current range of fees highlights the difference between subsidised and market pricing mechanisms for education. If state subsidies are reduced, this could cause an upward drift in tuition fees for pre-experience programmes.

Business schools have to differentiate their product in a market where, as illustrated by France and Germany (and discussed in Chapter 3), an MBA does not have a common definition. Adding to the confusion are pre-experience management qualifications that appear similar in content but not title, and this could lead to cannibalisation of the two qualifications.

**We recommend that institutions clearly communicate the differences between pre- and post-experience graduate management education to facilitate student choice.**

## Support for continuing education

When individuals consider whether to return to education after they have started employment, one of their concerns is the ease or difficulty with which they will re-enter the employment market. Paid educational leave (PEL) can support employees who want to further their studies whilst remaining employed.

In 1974 the International Labour Organisation developed a convention on PEL, C140, which was subsequently ratified by 15 European countries<sup>61</sup> (ETV). A number of other countries have introduced similar measures into their legislature without ratifying the convention. PEL allows employees to undertake further education, irrespective of level, for a specified period. During that period they are entitled to receive all or part of their wage. Table 5.3 summarises the eligibility criteria and leave available to employees. This leave could help employees gain a graduate management qualification. A number of countries (Austria, Denmark, France, Norway and Spain) allow employees to pursue a 1-year full-time course if they meet the eligibility criteria.

<sup>59</sup> ESSEC in France charges tuition fees of €12,600 for its 1-year specialist Master in Marketing Management while the 1-year European MBA offered by the University of Mannheim (which is tenth in the 2004 Junge Karriere MBA rankings) has tuition fees of €15,000.

<sup>60</sup> The fees quoted are for the 2004/05 academic year.

<sup>61</sup> Of the 32 countries that have ratified this convention, the following are also signatories of the Bologna Accord: Belgium, Bosnia and Herzegovina, the Czech Republic, Finland, France, Germany, Hungary, Macedonia, the Netherlands, Poland, Slovakia, Slovenia, Spain, Sweden and the UK.

	ELIGIBILITY	DURATION
<b>Austria</b>	Private sector employees with 3+ years continuous service with same employer	3-12 months (same benefits as if parental leave)
<b>Belgium*</b>	Employees in full-time employment under one or more contracts	32-80/120/180 hours per year (depends on the programme)
<b>Denmark</b>	Private and public sector employees over 25 years old	Up to 12 months full time
<b>Finland*</b>	After 12+ months with primary employer	Up to 2 years in a 7-year period (receive 60% of daily unemployment allowance)
<b>France*</b>	After 24 months (36 months for SMEs) continuous employment of which 12+ months in present company	Up to one year (or 1,200 hours for part-time courses) repeated at 6-72 month intervals
<b>Germany*</b>	After 6 months in same job	5 days/year or 10 days/2 years (can be transferred or merged)
<b>Greece</b>	Public (after a minimum of 3 years service) and private sector employees	Private: employers decide, but up to 20 days allowed for exams Public: Up to 5 years allowed during working life
<b>Iceland</b>	Private and public sector employees The unemployed	No general rule or restriction
<b>Italy</b>	After 5+ years of employment	Maximum of 11 months during working life
<b>Luxembourg</b>	After 6+ months of employment	20 days/2 years up to 60 days during working life
<b>the Netherlands*</b>	After 12+ months of employment	Employer discretion, average however is 5 days/year
<b>Norway</b>	After 3+ years of service, 2+ years of which with same employer	Maximum of 3 years full or part-time
<b>Rep. of Ireland</b>	At employer discretion	Unpaid leave of up to 3 years common in public sector
<b>Spain*</b>	After one year in the same company	Maximum of one academic year but payment only for first 200 hours
<b>Sweden*</b>	After 6+ months of employment or 12+ months over previous 2 years	From 1 hour/day, 2 days/week and up to a maximum total of 6 years full time
<b>UK*</b>	Employees aged 16 or 17 without level 2 qualifications	'Reasonable' time off (eg one day/week)

\* Countries which have ratified the International Labour Organisation convention on paid educational leave (C140)

**Table 5.3: Eligibility and duration of paid education leave (ETV)**

An alternative mechanism governments could use to encourage lifelong learning that would be more agreeable to employers would be to incentivise self-investment via the tax system. Individuals or their companies could receive tax rebates for investment in continuing education or employees would receive vouchers to use against external training.

Regardless of which approach is taken, an ageing European population, coupled with the need to retrain at least once during working life, will increase the demand for further education. Governments wishing to support this improvement in the skills of the workforce will need to explore new ways to develop learning throughout the lifetime of the population.

**We recommend the development of policies to support employees wishing to return to education.**

## Conclusion

Existing levels of student support vary across the signatory countries, as do fee levels. Both these factors are bound to influence students' decisions on what they study, where they study and how long they study for.

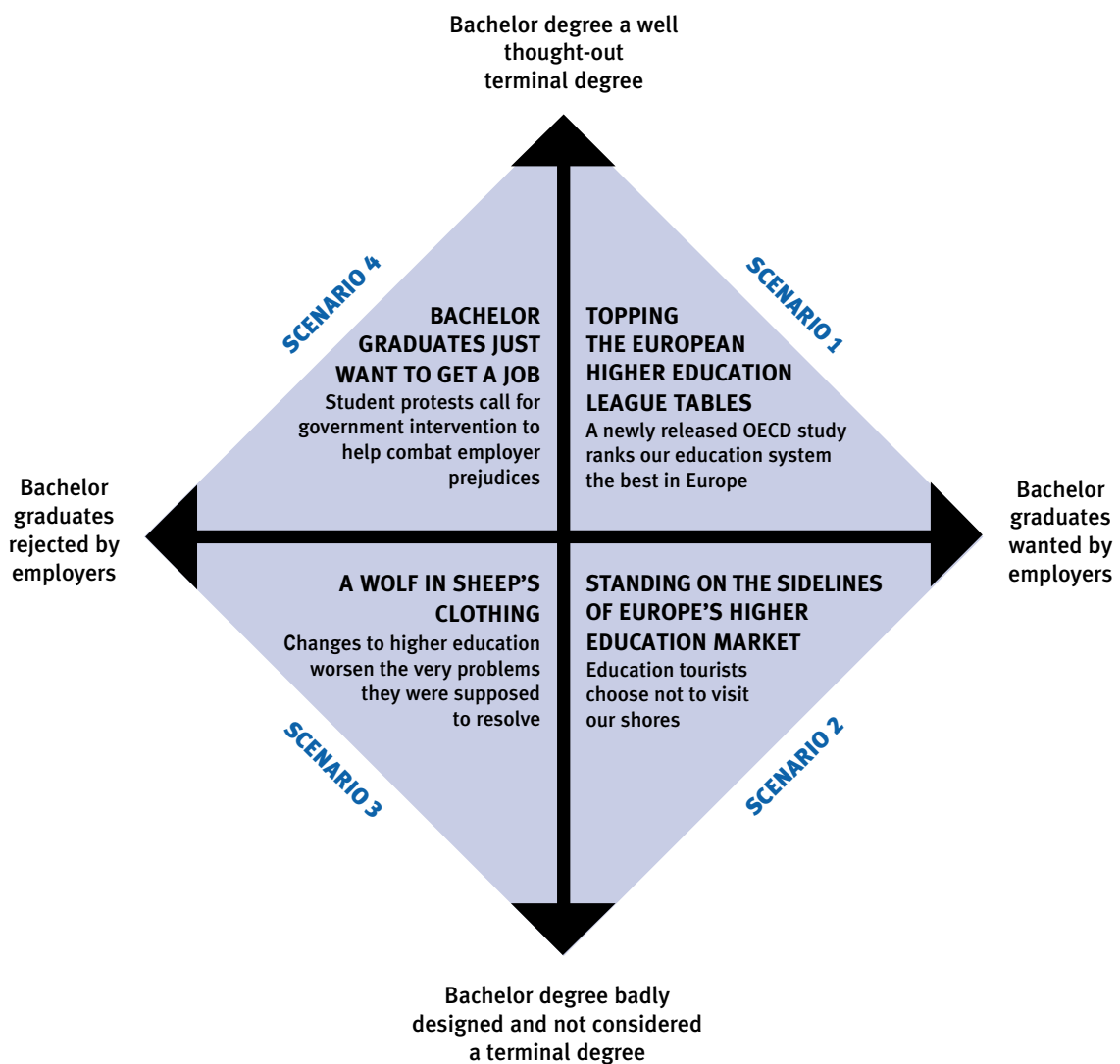
The general trend towards the reduction in the availability and scope of student financing is decreasing the tuition-fee gap between pre- and post-experience management qualifications. Governments will, through the choices they make about levels of student support for graduate studies, contribute to the take-up of Master level education in their institutions.

# Chapter 6: Scenarios



Scenarios are used to describe a coherent picture of a plausible future. They are intended to illustrate potential outcomes and provide food for thought for all stakeholders. These four descriptive scenarios are based on the two issues that present the greatest potential barriers to the successful implementation of the Bologna reforms: whether employers will welcome or reject Bachelor graduates, and how well the reforms will be implemented.

Newspaper articles have been chosen as a vehicle for each scenario. The figure below illustrates in which quadrant each one is located.



**Figure 6.1: The scenarios axes**

The key assumptions underpinning each scenario are summarised in Table 6.2 overleaf.

	<b>Scenario 1: Topping the European higher education league tables</b>	<b>Scenario 2: Standing on the sidelines of Europe's higher education market</b>	<b>Scenario 3: A wolf in sheep's clothing</b>	<b>Scenario 4: Bachelor graduates just want to get a job</b>
<b>Government: national strategy</b>	<ul style="list-style-type: none"> <li>■ Support for the creation of new Bachelor and Master qualifications</li> <li>■ Has educated market about the new qualifications</li> <li>■ Clear nomenclature of Bachelor, Master and MBA qualifications</li> </ul>	<ul style="list-style-type: none"> <li>■ No support provided to create Bachelor and Master qualifications</li> <li>■ Has educated the market about the new qualifications</li> <li>■ Clear nomenclature of Master and MBA qualifications</li> </ul>	<ul style="list-style-type: none"> <li>■ No support provided to create Bachelor and Master qualifications</li> <li>■ Did not educate market about the new qualifications</li> <li>■ Clear nomenclature of Master and MBA qualifications</li> </ul>	<ul style="list-style-type: none"> <li>■ Support for the creation of new Bachelor and Master qualifications</li> <li>■ Did not educate market about the new qualifications</li> <li>■ Clear nomenclature of Bachelor, Master and MBA qualifications</li> </ul>
<b>Government: funding</b>	<ul style="list-style-type: none"> <li>■ Full funding for academic Master degrees, none for professional</li> </ul>	<ul style="list-style-type: none"> <li>■ Full funding for academic Master degrees, none for professional</li> </ul>	<ul style="list-style-type: none"> <li>■ Fees for academic and professional Master degrees</li> </ul>	<ul style="list-style-type: none"> <li>■ Fees for academic and professional Master degrees</li> </ul>
<b>Institutions: offering and ambition</b>	<ul style="list-style-type: none"> <li>■ Private providers target post-experience and specialist Master students</li> <li>■ State institutions focus on specialist Master and post-experience degrees</li> <li>■ Generalist Master degrees offered to international students</li> </ul>	<ul style="list-style-type: none"> <li>■ Private providers target post-experience students</li> <li>■ State institutions focus on specialist Master degrees</li> </ul>	<ul style="list-style-type: none"> <li>■ Private providers target post-experience students</li> <li>■ State institutions focus on specialist Master degrees</li> </ul>	<ul style="list-style-type: none"> <li>■ Private providers target post-experience and specialist Master students</li> <li>■ State institutions focus on all types of Master degree for domestic and international students</li> </ul>
<b>Institutions: targeting students</b>	<ul style="list-style-type: none"> <li>■ Actively target international students</li> <li>■ Target cream of the domestic Bachelor graduates</li> </ul>	<ul style="list-style-type: none"> <li>■ Target cream of the domestic Bachelor graduates</li> </ul>	<ul style="list-style-type: none"> <li>■ Target cream of the domestic Bachelor graduates</li> </ul>	<ul style="list-style-type: none"> <li>■ Actively target international students</li> <li>■ Target cream of the domestic Bachelor graduates</li> </ul>
<b>Employers: employing graduates</b>	<ul style="list-style-type: none"> <li>■ Master graduates recruited for specialist skills</li> <li>■ MBA qualifications become more common</li> </ul>	<ul style="list-style-type: none"> <li>■ Master graduates recruited for specialist skills</li> <li>■ MBA qualifications become more common</li> </ul>	<ul style="list-style-type: none"> <li>■ Master degree is standard entry criteria</li> <li>■ Master graduates recruited for specialist skills</li> </ul>	<ul style="list-style-type: none"> <li>■ Master degree is standard entry criteria</li> <li>■ Graduates recruited for specialist skills or broad Bachelor – Master subject combinations</li> </ul>
<b>Employers: educational role</b>	<ul style="list-style-type: none"> <li>■ Employers support lifelong learning</li> <li>■ Employers involved with higher education to define learning outcomes</li> </ul>	<ul style="list-style-type: none"> <li>■ Employers support lifelong learning</li> </ul>	<ul style="list-style-type: none"> <li>■ Internships offered to students during their studies</li> </ul>	<ul style="list-style-type: none"> <li>■ Internships offered to students during their studies</li> <li>■ Employers involved with higher education to define learning outcomes</li> </ul>
<b>Students: mobility</b>	<ul style="list-style-type: none"> <li>■ Most students leave upon completing Bachelor</li> <li>■ Full range of mobility enabled – subject, national, European and international</li> </ul>	<ul style="list-style-type: none"> <li>■ Most students leave upon completing Bachelor</li> <li>■ Students undertake specialist Masters at the same institution or another domestic one at most</li> </ul>	<ul style="list-style-type: none"> <li>■ Students undertake specialist Master degrees at the same institution or another domestic one at most</li> </ul>	<ul style="list-style-type: none"> <li>■ Full range of mobility enabled – subject, national, European and international</li> </ul>
<b>Students: cost</b>	<ul style="list-style-type: none"> <li>■ Generous state support</li> <li>■ Portability of grants and loans enabled</li> </ul>	<ul style="list-style-type: none"> <li>■ Generous state support</li> </ul>	<ul style="list-style-type: none"> <li>■ Limited state support</li> </ul>	<ul style="list-style-type: none"> <li>■ Limited state support</li> <li>■ Portability of grants and loans enabled</li> </ul>

Table 6.2: The bases for the four scenarios



# Topping the European higher education league tables

## A newly released OECD study ranks our education system the best in Europe

16 September 2017

Outstanding curriculum reform, strong employer–education links and world-recognised Bachelor and Master degrees have won country X its hard-earned position at the top of Europe’s education league tables, writes **Rebecca Loades**, our higher education correspondent.

In 2010 Europe saw the end of a decade of reforms as new Bachelor and Master degrees took their place in the higher education qualifications framework. Implemented as part of a bundle of changes, which comprise the Bologna process, observers cautiously waited to view the results. The newly-published OECD study, *Education at a Glance 2017*, signals that they have been a resounding success in some countries.

Higher education in country X has much to be pleased about. Enrolment rates have increased to an all-time high of 48% and more than four out of five students graduate with a Bachelor degree. Selecting students at entry, criticised by many at its inception in 2010, has enabled institutions to provide high-quality education.

At Master level the news is equally impressive. International students from around the globe have targeted the education systems and the balance of educational payments is consistently in the black. Government initiatives to market higher education to an international student body have resulted in the envisaged maximum ratios of 50% international to 50% national students actually having to be enforced.

There has been a resulting boost to the economy. A relaxation of the visa requirements for students, combined with a system designed to allow those who want to stay being able to enter employment, has attracted investment from global business. Institutions have successfully managed to educate the market about both the competences of their graduates and the

potential roles they can fill. This, together with the relaxation in 2012 of the labour laws to encourage employers to accept the new batch of Bachelor graduates, has worked in their favour as graduate unemployment drops to an all-time low.

Lifelong learning has moved from rhetoric to reality as more students return to education during the course of their working lives. The franchising of state institutions abroad has spawned a distance learning market worth more than €20m per annum. Paid educational leave programmes, initially resisted by employers, have increased the average length of employment.

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*Our workforce is more focused. The programme has introduced changes extending beyond simple cost–benefit considerations and has actively participated in shaping our future*

---

Rachel Holmes, HR Director of a leading national manufacturing company in country X, told us in a recent interview.

The faculty crisis, which worried many observers at the turn of the decade, has proved to be an unfounded concern as centres of excellence attract researchers and feed a thriving academic economy. Research and development investment has helped fuel this recovery since the government met the target of 3% of GDP allocated to research in 2011.

The only black spot on an otherwise bright horizon has been the fiercely opposed introduction of institutionally-determined tuition fees for Master degrees. In its defence, government points to the success of selective funding mechanisms designed to encourage studies in less popular fields, and a grant system providing generous support on a means-tested basis for all levels of education. With the OECD report praising the education reforms and confirming the international position of country X’s higher education, perhaps they were right.

# Standing on the sidelines of Europe's higher education market

## Education tourists choose not to visit our shores

23 May 2017

Seven years ago radical reforms shook the European world of higher education as the Bologna process concluded. International student flows have changed beyond compare as Europe became the premier higher education destination but 'why are they not visiting country Y?' asks **Rebecca Loades**, our higher education correspondent.

In 2010 country Y saw the culmination of ministerial plans to stake its claim in the international higher education market. By splitting traditional long-cycle higher education into two – resulting in the award of the Bachelor and then Master degrees for those willing to stay for the full five years – it was hoped its rich educational heritage would be leveraged and result in country Y becoming a leading study destination. Campuses would be bustling exchanges of cultural experience, and national students could boast of having shared a classroom with the next European president. However, theory and practice have failed to converge.

Transparently clumsy attempts to relabel the traditional long-cycle higher education degree into Bachelor and Master awards have not convinced international students to grace campuses. At the same time, employer demand for graduates is high and graduate unemployment levels continue to fall. Final-year Bachelor students choose between multiple job offers and, as last year's figures indicate, over 90% are leaving to enter employment. Commentators attribute this change to the relaxation of employment laws implemented under the centre-right government in 2012 and the steady growth in enrolment rates to their current level of 45%.

The few students who elect to stay in education and enjoy the state commitment to free tuition for academic Master and PhD degrees are insufficient to fill research and faculty pipelines.

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*Academia is grappling with staff shortages and we are about to reach breaking point. Unless we can find significant numbers of new faculty, the future looks bleak*

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commented Harriet Taylor, head of the education think-tank EduFutures. Finding ways to get employers and education to work together, and wide-ranging changes designed to attract foreign students, may provide the only light at the end of the tunnel.

Changes in legislation in 2010 removed limits on the tuition fees that could be charged to non-EU students. It was hoped that these would provide a vital source of revenue for state institutions. However, the shortage of high-quality, stand-alone Master degree courses has deterred a potentially receptive market.

Add to this competition from the private and corporate universities and the schisms between academia and the labour market are thrown into stark relief. Humboldt's ideal that research should be at the heart of higher education activity has been successfully challenged, as high-quality, accredited qualifications are offered to a growing horde of post-experience students.

Country Y needs to fight if it is going to become a market player. International recognition for Bachelor qualifications coupled with innovative moves to design pre-experience Master degrees would be a first step in the right direction. In its current form, higher education has become inwardly focused and country Y trails behind in attracting students and becoming a preferred study destination. Only investment and genuine reform will take its state higher education to an international level, but is the new centre-left government up to the challenge?

## **A wolf in sheep's clothing**

### **Changes to higher education worsen the very problems they were supposed to resolve**

*24 July 2017*

Education funding cuts, and institutions without the resources to fulfil the changes called for by the Bologna Accord, are effectively closing the borders in Europe that they were supposed to open up, writes our higher education correspondent **Rebecca Loades**.

Piecemeal changes to higher education that amount to relabelling the traditional long-cycle higher education degree into a Bachelor and then a Master award have not convinced employers of their value in the marketplace. Students are denied the opportunity to leave after successful completion of the first cycle for either employment or further study at other institutions. Neither can they enjoy the envisioned mobility higher education reforms were supposed to bring, as few countries and employers recognise our Bachelor qualifications. As a result our higher education has become inwardly focused as other countries attract students from home and abroad and become preferred study destinations.

When the accord was signed in 1999, universities complained that education Ministers committed them to spending a large proportion of their allocated budgets without prior consultation. Early estimates predicted the cost of reforms to require an initial investment of €3.3m followed by €1.35m per annum. The real costs

appear much higher. Budgetary constraints led many institutions to cut corners and play a strategic game to conform to political rhetoric but this was little more than 'window dressing'. Academia blames the state for not providing additional funds to make the costly reforms; the state blames academia for executing curriculum reform badly. Someone needs to separate the children in the sandbox.

The problems facing higher education have not changed. Enrolment rates have fallen back to their 2009 levels (29%); only one in three students actually graduates after successfully completing both the Bachelor and Master stages, and few foreign students elect to study in the nation's institutions. The funding crisis has been eased slightly through the introduction of student contributions at Master level but has driven the elite into the hands of private providers. Private schools have invested in and developed their offering; they now provide better teaching, better facilities, generous scholarships for the gifted few and, more importantly, internationally-recognised degrees.

It would be unfair to disparage our higher education system. Institutions award thousands of Master degrees every year and indications are that employers are happy with the specialists we produce. What we lack is a presence on the international stage. Unless institutions and the state work together to create Bachelor qualifications that open doors at home and abroad, we face an isolated future that does not maximise the potential of a battered, but still functioning, higher education system.

# Bachelor graduates just want to get a job

## Student protests call for government intervention to help combat employer prejudices

2 March 2017

Student protests calling for the state to intervene and reward companies for accepting Bachelor graduates came to a head yesterday, writes **Rebecca Loades**, our higher education correspondent. Reforms completed in 2010 introduced the Bachelor and Master degrees to our higher education system but these have failed to live up to the grand promises made by the state.

Intended to increase the number of 18 year olds undertaking degree studies, the new Bachelor courses, lasting just three years, enabled the state to fix education budgets to complement enrolment rate targets for 2018. Unlike the old system, students must complete their Bachelor studies within the allotted three years or pay for higher education themselves. Tuition fees, however, are charged for all Master degrees.

The outcome? Only the state budget appears to be a winner. The number of students undertaking higher education increased between 2010 and 2015 by 12% (34% of 18–20 year olds) but an unreceptive labour market has forced many to incur further debt by continuing their studies and competing fiercely for one of the few funded places in the state's elite academies. The only current alternative for Bachelor graduates is to join the hamburger economy and face a gloomy future. Despite these state-funded courses, enrolment rates have dropped to pre-Bologna levels.

For those continuing in education, however, education tourism is a booming business. Estimates value the total higher education market in the enlarged EU at more than €2.5bn per annum, of which Master degree courses contribute the lion's share. Students, forced to pay the full cost of Master degrees here (state support was removed in 2012), are electing to finish their studies in lower-cost countries such as country Z which now boasts world-class institutions.

Losers in the competition for European supremacy attribute country Z's economic success to its large population of foreign workers. Graduates have elected to stay after completing their higher education in one of the country's renowned institutions and have significantly boosted country Z's economy, but commentators point to them further exacerbating the problems of 'brain drain' in other states.

Educators are disappointed by the lack of demand for Bachelor graduates.

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*We invested significant time, effort and money into rethinking our curricula*

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the dean of a prominent university told us in a recent interview.

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*One wonders why we continue to try and adapt the new degrees to employer demands.*

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Ironically, faculty constraints have led to more schools employing the services of part-time academics borrowed from employers at a time when businesses still insist on employing Master graduates.

Student protesters yesterday called for the government to fight employer resistance to employing Bachelor graduates and to reward those that do. In the current climate, employers simply aren't giving students the choice.

---

*They are too focused on employing specialists and don't recognise our potential*

---

was the cry from students who only want to be given the chance. Surely it isn't too much to ask to get the state to step in?

### **A note from our sponsors:**

The *University Of Learning™ plc* would like to congratulate Nicola Saraceno for successfully completing his studies in our popular Master of Business and Management course. Nicola is our one-millionth graduate since we first awarded Master degrees in 2008 and we wish him all the best for the future.

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## Further information

The next Bologna summit is scheduled to take place in Bergen, Norway, in 2005. The following website contains links to fundamental documents and acts as a focus for progress to date:

<<http://www.bologna-bergen2005.no>>



# Glossary

## Accreditation

Accreditation is the public confirmation by an external body that certain standards of quality (benchmarks) are met at either the programme or institutional level and is valid for a certain period of time. The decision at the end of the accreditation process is usually a yes/no (or variations in between, including not yet!). This makes it a particular form of quality assurance that certifies the results of quality assessment.

## Bachelor degree

The Bachelor degree is a **first-cycle** higher education qualification at the **undergraduate** level with a course load of 180–240 ECTS credits (typically 3–4 years of full-time study) undertaken after a minimum of 13 years of previous schooling. It can also be referred to as a first degree and successful achievement grants access to further study at the Master level.

## Diploma Supplement

The Diploma Supplement is a document attached to higher education awards that aims to increase the transparency and academic and professional recognition of qualifications. The document itself is composed of eight sections: information identifying the holder of the qualification; information identifying the qualification; information on the level of the qualification; information on the contents and results gained; information on the function of the qualification; additional information; certification of the Supplement; and information on the national higher education system. It is designed to provide a description of the nature, level, context, content and status of the studies that were pursued and successfully completed by the individual named on the original qualification to which it is appended. A high-level outline of the content of the Diploma Supplement is presented in Appendix 5.

## ECTS – European Credit Accumulation and Transfer System

ECTS is a student-centred system based on the workload required to achieve the programme objectives. ECTS is based upon a convention whereby 60 credits are equal to the workload of a full-time student in one academic year (based on 36–40 weeks per year, 1 credit being equivalent to 24–30 working hours).

## ENQA – European Network for Quality Assurance in Higher Education

ENQA was established in 1998 on the basis of recommendation 98/561 of the Education Council of the EU. The network aims to promote European co-operation in the field of quality assessment and assurance for all actors in the process – public authorities, higher education institutions and quality assurance agencies. The current membership involves 20 countries – Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, the Republic of Ireland, Italy, Latvia, the Netherlands, Norway, Portugal, Slovakia, Spain, Sweden and the UK.

## EU – European Union

Twenty-five states are currently members of the EU: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, the Republic of Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the UK.

## Higher education systems

There are two predominant types of higher education system – unitary and binary/dual. **Unitary systems** offer both academic and professionally-oriented programmes, of various lengths and levels, using universities or university-like institutions. **Binary** or dual systems, however, have a traditional university sector and a separate and distinct non-university sector that delivers the professionally-oriented programmes.

## Horizontal mobility

Mobility during the course of a single cycle of studies is termed horizontal mobility. For this to occur, a formal agreement must exist between the home institution (where the student is registered and which awards the final qualification) and the host, but tuition is paid at the home institution only. Students are typically hosted for 4–10 months and return to the home institution to complete their degree.

## Internationalisation

This is the process of integrating an international dimension into the teaching, research and service functions of higher education institutions.

## ISCED – the International Standard Classification of Education

The OECD ISCED is a framework by which to classify higher education systems. ISCED levels 5A, 5B and 6 are used to describe the first and second stages of tertiary education and Table G1 summarises the key characteristics of each.

ISCED level	Summary	Classification criteria	Cumulative theoretical duration	Position in the national structure
5A	Largely theoretically based and provides entry to advanced research programmes and professions with high skills requirements	<ul style="list-style-type: none"> <li>■ Minimum theoretical duration is 3 years full time</li> <li>■ Faculty must have advanced research credentials</li> <li>■ A research project or thesis may be required</li> <li>■ Strong theoretical foundation</li> </ul>	<ul style="list-style-type: none"> <li>■ Medium: 3 to less than 5 years</li> <li>■ Long: 5–6 years</li> <li>■ Very long: more than 6 years</li> </ul>	<ul style="list-style-type: none"> <li>■ Intermediate</li> <li>■ First</li> <li>■ Second</li> <li>■ Third</li> <li>■ Further</li> </ul>
5B	More occupationally specific than 5A programmes	<ul style="list-style-type: none"> <li>■ Practical orientation</li> <li>■ Do not grant access to advanced research programmes</li> <li>■ Minimum duration of 2 years full time</li> </ul>	<ul style="list-style-type: none"> <li>■ Short: 2 to less than 3 years</li> <li>■ Medium: 3 to less than 5 years</li> <li>■ Long: 5–6 years</li> <li>■ Very long: more than 6 years</li> </ul>	<ul style="list-style-type: none"> <li>■ Intermediate</li> <li>■ First</li> <li>■ Second</li> <li>■ Third</li> <li>■ Further</li> </ul>
6	Leads to the award of an advanced research qualification and programmes are devoted to advanced study and original research	<ul style="list-style-type: none"> <li>■ Requires submission of a thesis/dissertation of publishable quality that is the product of original research and represents a significant contribution to knowledge</li> <li>■ Not purely based on coursework</li> <li>■ Prepares recipients for faculty posts in institutions offering ISCED 5A programmes as well as research posts in government and industry</li> </ul>		

**Table G1: ISCED levels for higher education**

## Master degree

The Master degree is a **second-cycle** higher education qualification, one of the two **postgraduate** awards, requiring 60–120 ECTS credits if taken after the Bachelor degree, or 300 ECTS credits if taken as (the increasingly outmoded) long-cycle qualification. For the postgraduate Master, entry usually requires a completed Bachelor degree at a recognised higher education institution. Both types of Master should grant access to further, Doctoral studies.

## Pre- and post-experience programmes

**Pre-experience** studies are those where no previous experience of working in a business environment is required, whereas **post-experience** courses are specifically targeted at those with a professional background. Pre-experience courses typically prepare for a career while post-experience courses can be used to facilitate a career change or accelerate a student's career trajectory upon completion.

### PPP – Purchasing power parity

Purchasing power parity theory states that the prices of identical goods in different countries, say a basket of goods or a McDonald's Big Mac® hamburger, should be equal after adjusting for the rate of exchange between the two countries.

### Quality

Quality assurance is an ongoing process that ensures the delivery of agreed standards, with the goal of improving education. It should therefore take place at the programme, faculty and institutional levels. Quality assurance systems have the following key aims:

- To safeguard the quality of higher education within the domestic context while taking into account the European dimension.
- To encourage and help institutions to use quality assurance as a way of improving the teaching, learning and research training.
- To stimulate a mutual exchange of information at the European and global level and encourage co-operation between institutions.

### Signatory countries

To date, 40 states have signed the Bologna Accord and ratified the Lisbon Convention. The full list includes Albania, Andorra, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Holy See, Hungary, Iceland, the Republic of Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, the former Yugoslav Republic of Macedonia, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the UK. All states party to the European Cultural Convention (Council of Europe<sup>62</sup>, COE) are eligible for membership provided that they declare their willingness to pursue and implement the objectives of the Bologna process with the aim of establishing a European Higher Education Area (EHEA) by 2010. The states yet to join the Bologna process are therefore Armenia, Azerbaijan, Georgia, Moldova, San Marino and the Ukraine. Belarus and Monaco are candidates for COE membership and may therefore also join. See also Table G2.

### Transnational education

Transnational education is a term used to describe all types of higher education study programmes, sets of courses of study, or educational services (including those of distance education) in which the learners are located in a country different from the one where the awarding institution is based. Such programmes may belong to the education system of a state different from the state in which it operates, or may operate independently of any national education system<sup>63</sup>.

### Two-cycle degree structure

A two-cycle degree structure is characterised by a first cycle that lasts 3–4 years and leads to a Bachelor qualification (the undergraduate stage), followed by a second cycle that includes both 1–2 year Master degrees (graduate qualifications) and 3+ year Doctoral degrees (postgraduate awards). This is not to be confused with the **two-tier structure**, which refers to the Bachelor–Master stages only.

### Vertical mobility

Vertical mobility is the movement of students, after successful completion of the first cycle of studies, to a different institution to complete the second cycle. No formal agreement is needed between the institutions and the student undertakes a full cycle of studies.

<sup>62</sup> For further information on the Council of Europe, see the website <<http://www.coe.int>>

<sup>63</sup> UNESCO–CEPES/Council of Europe – Code of Good Practice.

European country	COE	Bologna	EU	ENQA	Erasmus	WTO
Albania	■	■				■
Andorra	■	■				□
Armenia	■					■
Austria	■	■	■	■	■	■
Azerbaijan						□
Belarus	■					□
Belgium	■	■	■	■	■	■
Bosnia & Herzegovina	■	■				□
Bulgaria	■	■			■	■
Croatia	■	■				■
Cyprus	■	■	■	■	■	■
Czech Republic	■	■	■	■	■	■
Denmark	■	■	■	■	■	■
Estonia	■	■	■	■	■	■
Finland	■	■	■	■	■	■
France	■	■	■	■	■	■
Georgia	■					■
Germany	■	■	■	■	■	■
Greece	■	■	■		■	■
Holy See	■	■	■			□
Hungary	■	■	■	■	■	■
Iceland	■	■			■	■
Italy	■	■	■	■	■	■
Latvia	■	■	■	■	■	■
Liechtenstein	■	■			■	■
Lithuania	■	■	■		■	■
Luxembourg	■	■	■		■	■
Macedonia	■	■				
Malta	■	■	■		■	■
Moldova	■					■
the Netherlands	■	■	■	■	■	■
Norway	■	■		■	■	■
Poland	■	■	■		■	■
Portugal	■	■	■	■	■	■
Rep. of Ireland	■	■	■	■	■	■
Romania	■	■			■	■
Russian Federation	■	■				□
San Morino	■					
Serbia & Montenegro	■	■				□
Slovakia	■	■	■	■	■	■
Slovenia	■	■	■		■	■
Spain	■	■	■	■		■
Sweden	■	■	■	■	■	■
Switzerland	■	■			■	■
Turkey	■	■			■	■
UK	■	■	■	■	■	■
Ukraine	■					□

□ These countries are observer governments and, with the exception of the Holy See, must start accession negotiations within five years.

**Table G2: Organisational groups in Europe and their membership**

# The task force and GMAC®

## The task force

*The Joint Chairs of the task force were:*

**Sir Paul Judge**, key benefactor of the Judge Institute of Management (University of Cambridge), previously led the buyout of Cadbury Schweppes' food companies to form Premier Brands Ltd. He is currently Chairman of the Royal Society of Arts, Manufactures and Commerce, President of both the Chartered Management Institute and the Association of MBAs, Senior Warden of the Worshipful Company of Marketors and a Director of Standard Bank Group Ltd of South Africa, Tempur-Pedic International Inc, and Schroder Income Growth Fund plc.

**Kai Peters** is Chief Executive of Ashridge, one of the world's leading providers of executive education. Previously he was Director of MBA programmes and then Dean of the Rotterdam School of Management (the Netherlands). Kai holds a number of board positions for organisations in the technology and telecommunications sectors. He is a frequent lecturer on management education and strategy and leadership, and holds degrees from York University, Toronto, the University of Quebec in Chicoutimi (Canada), and Erasmus University (the Netherlands).

*The remaining members, in alphabetical order:*

**Carlos Cavallé**, the Dean of IESE Business School until 2001, previously served as the President of the Strategic Management Society, GMAC® and EQUIS. He is currently Chairman of Columbus and Euroforum, serves as a board member for Polycrom and Beta-Sanmiguel and, since 2001, has promoted and funded two organisations (The Social Trends Institute, of which he is the Chair, and The Institute for Media and Entertainment). He holds several honours and decorations including the *Creu de Sant Jordi* of the Catalan Government.

**Claude Charles** is President of Great Tangley Corp. which provides strategic financial and business development advice to international companies. He has managed investment banks and private investment partnerships in the international financial centres of Europe, Asia and North America. He also devotes time to being 'entrepreneur in residence' at INSEAD where he counsels MBA students in areas of entrepreneurial business activities.

**Roberto Donà** is Director of the innovative SDA Bocconi part-time MBA programme and an active faculty member. He has been involved in international projects and committees, and was a visiting Researcher and Professor at NYU Stern in 1996 and 1998. Roberto is also Chairman of Innovando, an IT consulting group, and holds a number of board positions.

**Ann Ewing** is BP's Vice-President, Organisational Capability, and a member of the global Human Resources leadership team. Ann has worked in a wide range of roles within BP in business, strategic planning and HR, principally in the refining, marketing and chemicals businesses. Ann now has responsibility for supporting the Group's resourcing strategy, talent management and career management of high potential staff. Ann is a fellow of the HR Society and a corporate representative on the Board of the European Foundation for Management Development (efmd).

**Valérie Gauthier**, since becoming the Associate Dean for the HEC MBA programme in 2002, has introduced innovations into the curriculum and forged stronger links with the business world. As part of her global vision of women in business, she is also involved in Careers + Choice: Women in the MBA and HEC NOW (Network of Women).

**Peter Gomez** is currently President of the University of St Gallen and has a career spanning both academia and business. Previously he was the Senior Vice-President of both the Ringier and Distral Groups, a founding partner of Valcor (a mergers and acquisitions consultancy) and in 1990 became both Professor of Management at the University of St Gallen and a Director of the Institute of Management.

**Jeanette Purcell** joined the Association of MBAs as Chief Executive in 2003 after being Director of Education and Training at the Association of Accounting Technicians. She has over 20 years, experience in a wide range of business contexts, is a published authority on competence-based assessment and is a visiting lecturer on leadership skills.

**Gordon Shenton** currently divides his time working for both the European Foundation for Management Development (efmd) and EM Lyon. After receiving an MA from Oxford University and a PhD from Harvard University, he became an Assistant Professor and has held a number of teaching positions. He joined EM Lyon as Head of their Language Department and then Dean of the ESC programme and in 1997 became a Director of EQUIS.

**David Wilson** has been President and CEO of the Graduate Management Admission Council (GMAC®) since 1995. Prior to joining the Council, he was Managing Partner and National Director of Professional Development for Ernst and Young LLP and has also served as faculty in a number of universities. Dave is currently a Director of Laureate Education Inc, the Board of Junior Achievement International and is President of the Conférie de la Chaîne des Rôtisseurs in the United States.

## The Graduate Management Admission Council (GMAC®)

GMAC® is a non-profit association of 138 business schools from around the world. The Council has taken a leading role in studying the possible effects and outcomes of the Bologna Accord because of its commitment to fostering the growth and availability of high-quality business and management programmes throughout the world.

GMAC® began as a small coalition of business schools whose aim was to design a standardised assessment to gauge the academic aptitude of applicants to graduate business and management programmes. In 1954, the Council began to offer the assessment now known as the Graduate Management Admission Test, or GMAT®. The GMAT® is specifically designed to predict an applicant's likelihood of academic success in the core curriculum of a graduate business programme.

Throughout its 50-year history, the GMAT® has maintained its statistical validity as a predictor of academic success in the graduate business curriculum. This validity has been tested and proved in hundreds of programmes internationally and in gender studies and studies involving various U.S. minority groups. The Council is confident of the test's relevance as a means of choosing the most able applicants and of upholding high academic standards through the use of selective admissions. Approximately 1,800 programmes worldwide use the test in their admissions process to help select qualified applicants for business and management studies.

The increasing stature of the MBA degree as a mark of excellence and ability throughout the world has been made possible in part by the use of the GMAT® as a means of selecting qualified students for admission to MBA programmes. The Council feels confident that the test can be a valuable asset to European graduate programmes in business and management that seek selectivity in admissions and a high level of academic excellence as they comply with the educational reforms prescribed by the Bologna Accord. Furthermore, the GMAT® can be used by such programmes as a standard, objective measure to compare applicants from different educational systems and backgrounds.

The GMAT® test is a widely recognised hallmark of quality that can assist European governments, students, and employers in distinguishing one graduate business programme from another for the purposes of deciding funding, choosing where to enrol, and selecting promising candidates for employment. It is the hope of the Council that the GMAT® will facilitate the implementation of some of the recommendations offered in this report.

