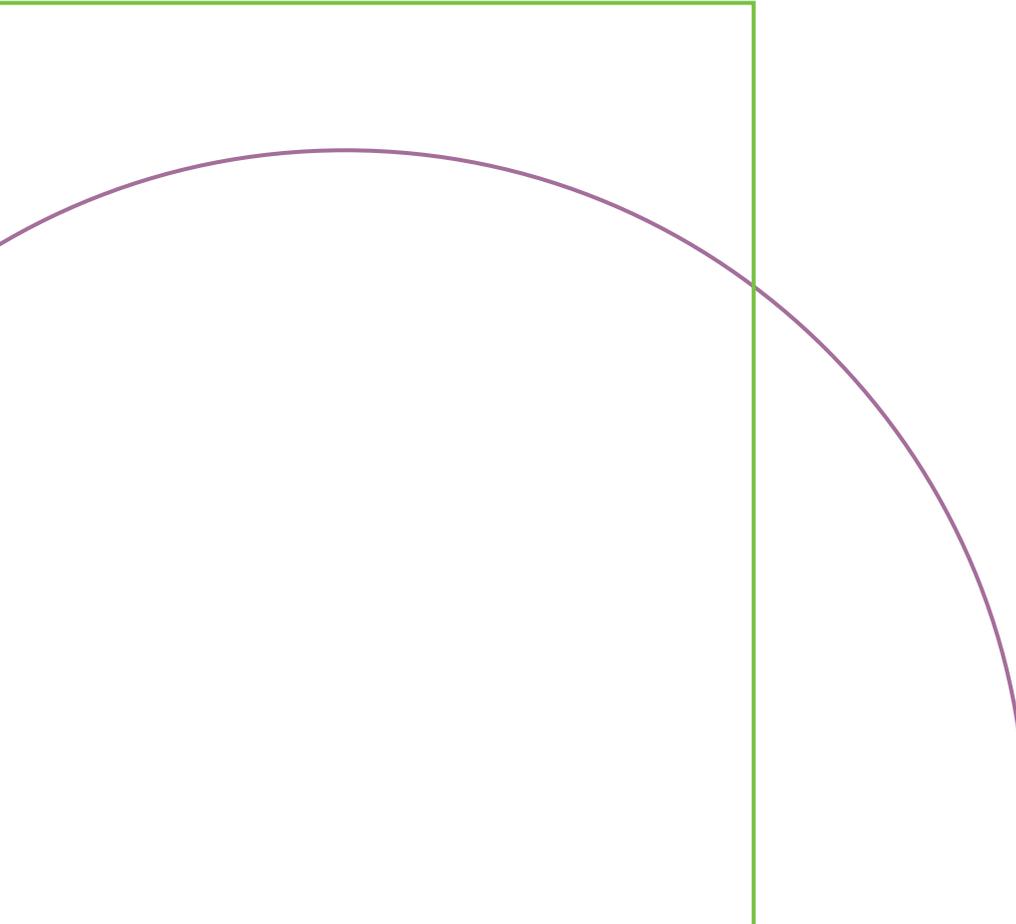


The Country Vignette Series 2019:

# Pre-experience graduate management education in the United Kingdom



Graduate  
Management  
Admission  
Council™



# The Country Vignette Series

The *Country Vignette Series* has been developed to illustrate how pre-experience business master's degrees have evolved over a 10-year period. Focusing on the supply of, and demand for, English-language taught master's programs in a single country, each vignette combines quantitative data—compiled from Graduate Management Admission Council™ (GMAC™) research on the entire market—with qualitative insights from domestic business schools.



# Graduate management education in the United Kingdom



Ten years ago, graduate management education (GME) in the United Kingdom was comprised of two main program types: specialist master's programs for fresh university graduates and generalist MBA degrees for experienced managers with six or more years of work under their belts. Generalist, pre-experience master's degrees were less prevalent; In

2005, the inaugural Financial Times Master in Management rankings featured only five UK programs. Yet today, generalist business master's degrees have become the best-known feature of GME in the United Kingdom and throughout Europe, and are likely to continue influencing the industry for years to come.



# The origins of UK GME

The professionalisation of management education in the United Kingdom took place in multiple waves with the initial stimulus provided by a government seeking to tackle poor productivity during the Second World War.

In the first wave (1946 – late 1950s), the Administrative Staff College at Henley<sup>1</sup> was created and offered a five-year, part-time diploma for practising managers. Two years later the British Institute of Management was founded, and the entire sector was given a boost in the 1950s through a series of American initiatives under the Marshall Plan. As British firms remained sceptical of the value of management education, however, and universities refused to consider management as an academic field, momentum slowed.

The second wave occurred in the 1960s in response to societal concerns about Britain's economic decline. Many believed that educated and competent managers were needed to take advantage of the opportunities and challenges presented by rapid technological change. The first national schools were established, the London and Manchester Business Schools, and operated as semiautonomous entities within public universities, funded by donations from industry. The education they offered was modelled on the us system with an emphasis on the MBA and case-study methods.

Over the next 10 years, as the number of GME providers increased, business and management slowly became established in universities and accepted as an academic

discipline. This wasn't always regarded positively, however, as some thought it took business schools away from their original vision as partners between businesses and universities. Interestingly, one way the acceptance of management as an academic discipline was seen to manifest was the admission of students with little or no work experience into business programs.

Since this time, the number and types of programs offered has evolved. New undergraduate and postgraduate courses were launched to broaden the landscape of programs and included Higher National Certificates and Diplomas, Bachelor of Arts in Business Studies, and Master in Management. In the 1980s and 1990s, more specialist programs entered the fray and the PhD became a route to careers in business and management higher education and research.

In the most recent year for which data were available (2016/17<sup>2</sup>), more than 333,000 students were studying business and management at all levels; and business as a discipline accounted for 14 percent of enrollments. Among taught postgraduate programs and irrespective of origin, 20.8 percent of students were enrolled in business and management programs: 12.4 percent of UK citizens and 37.1 percent of those coming from outside the United Kingdom. This highlights a challenge for UK GME—how to appeal to domestic students.

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<sup>1</sup>The Administrative Staff College became Henley Management College in 1991 after receiving a Royal Charter, and, after merging with the University of Reading in 2008, is now Henley Business School.

<sup>2</sup>HESA. (2018). What do HE students study? <https://www.hesa.ac.uk/data-and-analysis/students/what-study>.

# Domestic students



In contrast with other countries, British students start narrowing their options at a young age and compound this by choosing, at the age of 16, a small number of subjects (typically 3-4) for further study. How a student performs in exams taken two years later has a direct influence on the type of bachelor's programs that they can enter. Unlike some other education systems, students at UK higher education institutions spend the majority of their time studying the subject chosen.

Such early specialisation means that, upon graduating with a bachelor's degree and entering the workforce, UK students already have significant subject knowledge and seek a different type of development. Professor Saul Estrin, founding head of the Department of Management at the London School of Economics (LSE), observed that, "Students are looking at getting into management roles much earlier in the UK."

# Employer demand



Historically, employers played a significant role in developing graduates for management positions. For example, many larger organisations offered fast-track graduate training programs to help degree holders develop the necessary skills and knowledge for leadership positions. The retention of management development in-house resulted in employers not seeking graduates with these skills direct from education. As training and development budgets have been reduced, however, what employers are looking for has evolved. Employers today expect universities to produce individuals with a range of knowledge and skills beyond their study major.

# LSE establishes a Department of Management

In part as a response to employer demand, LSE established its Department of Management in 2007 and brought the sole management program, the one-year MSc Management<sup>3</sup>, into it. Naturally, plans to expand the portfolio soon got underway as the university saw a gap in the market for general management education for those with little or no work experience.

Estrin recounts, “There was something missing in the UK. The model we followed back then was very American: you would go back to university after six or seven years to do an MBA in a professional school, which draws on your own experience in work to build the education and impart the knowledge. UK business education wasn’t unique at that point. No one admitted people [to MBA programs] with fewer than five years’ work experience. There were a few master’s courses in specialised fields—the Master’s in Finance for example—but there weren’t many master’s degrees in management, general programs, for pre-experience candidates. And that was the gap in the market that we saw.”

Ten years ago, the school canvassed employers about programs that might fill this gap. “Employers were very interested in this idea, I think because frankly already by then, the value proposition of the MBA from the point of view of firms was less clear than it previously had been,” Estrin explains. “People who did MBAs had expectations of very high income; in no small part because of the need to repay the loans they accumulated. And firms weren’t so interested in recruiting people with an average age of 31 to 35 to come into the firm. They were looking at people in their early-to-mid 20s who had the same training [as MBAs] that companies could develop and [who would] be more loyal to the firm.”

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<sup>3</sup>The MSc Management was a quantitative managerial economics degree.

# The expansion of UK GME



It was this combination of employer demand and student need that encouraged the rapid growth of GME programs in the United Kingdom and helped generalist business master's programs rise in importance. LSE contributed to this growth by launching a two-year Master in Management program in 2008. The program was broad in scope and the longer duration permitted the admission of graduates from any major into the program, as no prior business knowledge was required.

Research from GMAC shows that the number of business master's programs at UK business schools ballooned from 1,657 in 2007 to 2,208 by 2017, a 33 percent increase. The largest growth came from MSc degrees, which proliferated

from 1,212 to 1,918 during the same period, a headier 58 percent increase. Meanwhile, the number of MBA degrees offered by UK business schools fell slightly, from 309 in 2007 to 302 in 2017. The data clearly illustrates that demand rose for pre-experience management education in the United Kingdom, while MBA programs plateaued. In addition, the number of UK MSc courses using standardized testing, such as the Graduate Management Admission Test™ (GMAT™) exam, shot up from 1,021 to 1,791 in the same decade (up by 75%).

# Internationalization



International students have always been attracted to the United Kingdom, and at LSE, 90 percent of master's students in the Department of Management come from outside the country. A big lure is London, a global business hub that attracts many companies in the financial services, technology, and other sectors, and is a mecca for technology and innovation.

In response, the content at British business schools has become more global in focus. "We are offering more opportunities for students to travel and engage with other cultures than we did a decade ago," Laura Delfitto, head of marketing and external relations for the Department of Management at LSE, states. "It's because that's what the

workplace looks like now. Managers are required to work with and lead people from different cultures, often in virtual teams. With our overseas modules, we are trying to prepare students to be successful in their careers, many of whom choose to work abroad when they graduate."

# Competition from within Europe



Part of the appeal of UK higher education can be attributed to the ubiquity of English in academic and business life, an advantage also enjoyed by the United States and Australia. Between them, these three countries received approximately 44 percent<sup>4</sup> of internationally mobile students in 2016. The flow of international students, however, is slowly changing. In recent years, China has become a much larger education destination, as have major European countries such as France and Germany.

The growth in the attractiveness of destinations like France and Germany was given a boost when European higher education systems sought to align around the bachelor-master-doctoral paradigm (the Bologna Process).

In fact, one of the drivers behind the reforms was to increase the competitiveness of Europe in relation to other regions by making higher education compatible with other systems. One indicator for the success of these changes is growth in the number of master's programs taught in English. For example, according to data from StudyPortals, France offers 863 master's programs across all disciplines, and Germany, 1,426. These programs appeal to students seeking to study internationally and, while they are likely to help grow the market overall, offer alternative study options for students considering schools in the United Kingdom.

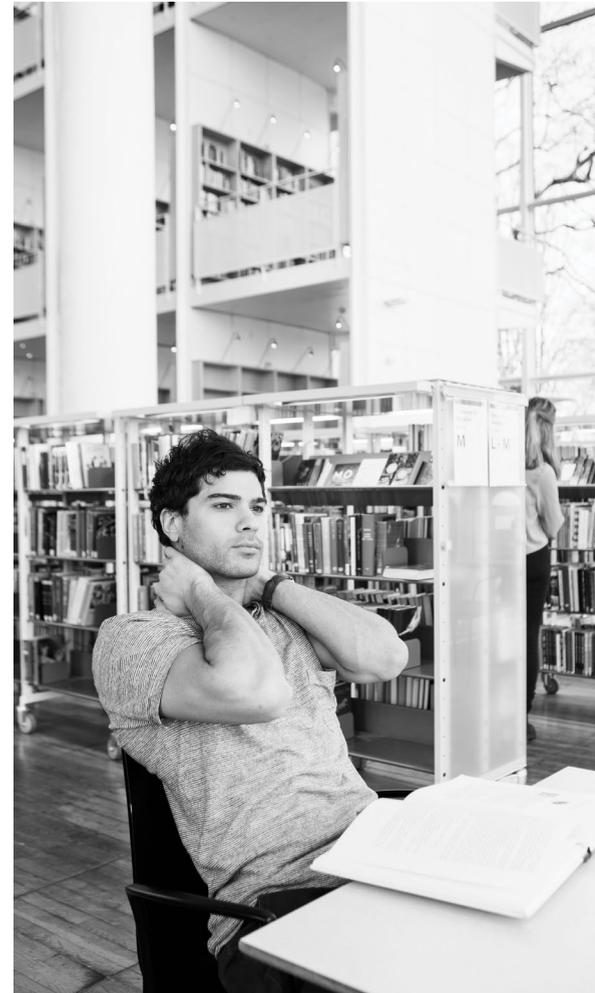
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<sup>4</sup>ICEF Monitor. (2017). Measuring up: Global market share and national targets in international education. Retrieved [insert date] from: <https://monitor.icef.com/2017/04/measuring-global-market-share-national-targets-international-education/>. <http://monitor.icef.com/2017/04/measuring-global-market-share-national-targets-international-education/>.

# The UK's decision to leave the European Union

A final factor contributing to uncertainty about where higher education in the United Kingdom is heading is the country's decision to leave the European Union (EU). One of the benefits of EU membership is that citizens of all member countries enjoy the same privileges as nationals of that member country, such as access to education, the same tuition fees, etc. If the United Kingdom is no longer an EU member state, it is unclear how EU students will be treated. Changes in policy may therefore drive European students elsewhere but the impact has yet to be realised as the UK exit is scheduled for the end of 2019. Examining the number of GMAT scores sent to UK master's programs may show some early signs of decline. The share of scores coming from EU nationals has decreased slightly, from 22.5 percent in TY17<sup>5</sup> to 21.4 percent in TY18. How this will change in TY19 is unknown.

At the moment, business schools in the United Kingdom appear to be enjoying a spurt in demand from international students coming from outside of Europe. Findings from the 2018 GMAC Application Trends Survey show that, despite the decision to leave the EU and fears of tightening immigration rules, 60 percent of responding MBA programs in the United Kingdom have seen their applications from international candidates grow, and 85 percent of business master's. One possible reason is the fall in the value of pound sterling, which has made master's programs cheaper.



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<sup>5</sup>TY17 refers to testing year 2017 which ran from 1 July 2016 to 30 June 2017.

# International students and the transition from study to work



Since post-study work visas were revoked in 2012, it has become more difficult to attract international students to the United Kingdom. These visas permitted foreign students to remain in the country for up to two years after graduating so that they could search for, or be in, employment. As an indicator of the impact this had, when the visa was revoked, applications from India dropped by 25 percent.

Today, international students need to find an employer willing to sponsor their visa before they graduate, and hope that they receive one of the capped 20,700 visas issued each year to skilled, non-EU nationals. A recent immigration paper released by the government, however, may bode well. Aside from proposing that the post-study work visa be reinstated (with a duration of six months), the cap on Tier 2 (general work) visas may also be lifted.

Removal of the cap is important as in December 2017, the monthly visa cap for skilled workers was reached for the first time in seven years<sup>6</sup>, raising concerns that this is the start of a long-term trend. “[Reaching the cap has] put more pressure on students. Things are more competitive,” says Dr. Connson Chou Locke, a senior lecturer in practice at LSE’s Department of Management. “There is a lot more pressure to find a job, and it’s become increasingly difficult for graduates to get graduate-level jobs, so there is more focus on starting a career plan early.”

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<sup>6</sup><https://www.theguardian.com/uk-news/2018/feb/18/uk-hits-skilled-worker-visa-cap-third-month-home-office-refuses-applications>.

# Admissions and student selection

With changes to the student population have come changes to the application process. At LSE, admissions staff are partnered with programme directors to review applications. Unlike many schools, candidates are not interviewed, but are required to submit personal statements and reference letters.

When evaluating candidates, the school considers educational history and, increasingly, students' prior work experience. While GMAC data show that the vast majority of UK master's degrees attract candidates with no work experience — 75 percent of candidates sending scores to UK master's programs in 2018 had not yet graduated from their first degree program — a growing number of applicants are also pursuing internships before applying to business school in the hope of differentiating themselves from the competition. "It used to be that pretty much 100 percent of the admissions focus was on the bachelor's degree and grades, but now it's more of an overall assessment," Delfitto says. "Education is still important but so are their personal statements and experiences outside of education. It feels like

we get more applications from people who have some work experience, and we take that into consideration, though the majority of our students come straight from undergrad."

Standardized testing remains an important element of the application process, and LSE uses both the GMAT and the GRE exams. "I would say the GMAT exam is considered as one of the main aspects of the application, along with a personal statement and meeting the minimum academic requirements," says Delfitto. "If two people have the same level of academic requirements and similar personal statements, the GMAT scores could sway the decision. A score below a certain level — around 640 or 650 — would be unlikely to be a successful application. The GMAT exam also helps us compare applicants, especially with such an international applicant pool and with people having different degree structures in different countries. But it is quite important that an admissions decision is never made in isolation. We take an overall view of an application before deciding who to admit, or not."

# A growing interest in entrepreneurship



With the growing popularity of master's degrees and the increasing number of graduates entering the labour market with these qualifications, employers have largely responded positively, schools say. Yet, for LSE, one of the biggest changes over the past decade has been the increase in interest among students, inspired by success stories such as Google and Facebook, in pursuing entrepreneurship. Delfitto says, "We do see some students who want to make a difference: they don't want to work for an employer, they want to make their own way in the world. The best way they choose to do that is to start their own business and work in an agile way rather than joining a massive, bureaucratic organization. There's a growing feeling that students want to make an immediate contribution in work and that being an intern in a big firm doesn't allow you to make those contributions."

# Looking ahead



Business schools in the United Kingdom expect to see a continuation, and perhaps even an acceleration, of the entrepreneurship trend over the next decade. This, coupled with an increased emphasis on employment, will prompt changes to the way career services are delivered, and the types of services on offer. Says Locke, “One of the things we’re doing is beefing up our career services, partly in response to what our students want. For example: in our Executive Global Master’s in Management program, we didn’t think students wanted to change jobs. We now know that they do, and we provide career coaches for them. We plan to have more sessions that will help them, for example: How do you prepare a good cv and create a good LinkedIn™ profile, on the social network?”

Technology, such as social media, will also play a greater role in management education in the years ahead, she adds. “We all need to understand how tech is developing and how it will affect the world of education and work. Jobs are being replaced by automation; what new skills will need to be developed as a result and how does the education experience need to change?”

# Case Study: Executive Master's programs

Given a thriving market for business master's programs oriented toward those with little or no work experience in Europe, schools are also considering how to support the aspirations and needs of more senior managers. Research from GMAC has identified that executive master's programs—master's programs targeting candidates with three or more years of experience—are rare in the United Kingdom and account for just 4 percent of all business master's programs.

To meet the needs of this segment, LSE launched the Executive Global Master in Management program in 2012. Billed as an alternative to the MBA, the 17-month program is taught during seven short (1-2 week) classroom-based modules for a maximum of nine weeks out of the office. Despite the minimum work experience requirement being three years, applicants typically have much more than that, and the average age of students is 31. The modular format makes it easy for participants to work full-time and has helped attract 20 to 25 different nationalities, from a wide range of professional backgrounds, to each cohort.

The executive master's program couples a core business curriculum (including strategy, finance, and marketing) with LSE's expertise around the socioeconomic and geopolitical factors impacting business globally. Modules are taught in London, Beijing (China), and Bangalore (India), providing exposure to business cultures in key economic hubs. Professor Saul Estrin says the degree has been successful in terms of applications and prestige, and that “what it shows is a market gap even for more senior people in management. They are looking for more than an MBA.”





# Appendix: Graduate management education in the United Kingdom

A total of 175 institutions across the United Kingdom are legally permitted to award degrees—167 are public, and eight are private. While both public and private institutions charge tuition fees, public institutions also receive funding from the government. Where this funding comes from depends on where the university is located as education is the responsibility of each of the four countries that comprise the United Kingdom<sup>7</sup>. Business schools in the United Kingdom are typically based in universities with few exceptions.

Bachelor's degree programs are usually three to four years duration (in Scotland all last four years) and may include a year of internship or study abroad. A common credit system is used—the Credit Accumulation and Transfer System (CATS)—and one year of full-time academic study is typically worth 120 credits. Bachelor's degrees require students to earn at least 300 credits; while those studying for a bachelor 's with honours must earn at least 360. Master's degrees are of one to two years duration and have minimum credit requirements of 120 to 240.

Tuition fees were introduced for undergraduate studies in 2007, and in the most recent academic year, students from the United Kingdom and other EU member states

paid up to £9,250 (~US\$11,800) per year while international undergraduates paid over £10,000 (~US\$12,800) annually. At the master's level there are no centrally controlled limits, and the average domestic/EU tuition fee according to *Times Higher Education* is £7,392 (~US\$9,500) per annum, and £14,620 (~US\$18,700) for international. Beyond the 2019/2020 academic year, it is uncertain how the treatment of EU citizens will change after the United Kingdom leaves the EU in 2019.

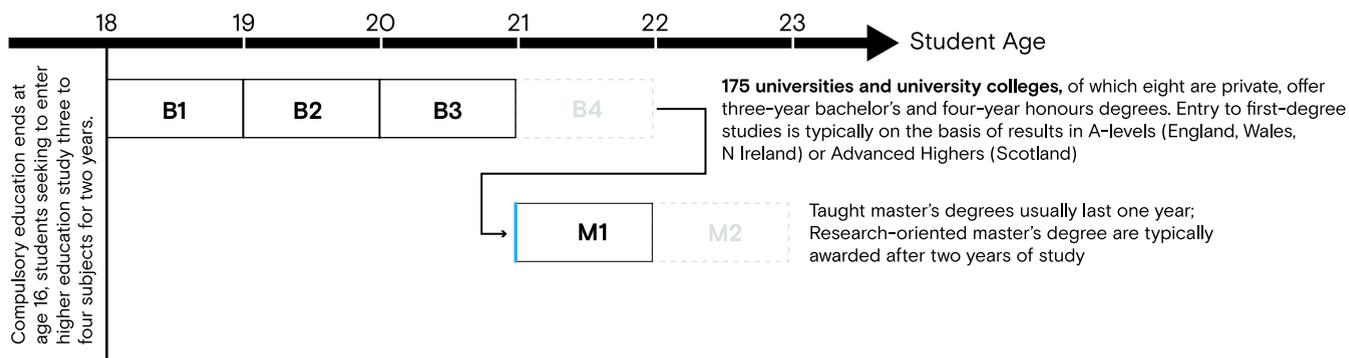
Institutions are responsible for their own curriculum, and programs typically focus on a single subject of study through the combination of a defined core and options that enable students to specialise in a specific domain within the study field. The Quality Assurance Agency (QAA), an independent monitoring agency, ensures standards are upheld and provides subject benchmark statements for both bachelor's and master's studies.

Irrespective of study level, each institution sets their own admissions policies and minimum entry requirements. They are therefore also able to request additional admission tests specific to the subject of study (such as the GMAT exam). Interviews are commonly used for both undergraduate and graduate admissions.

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<sup>7</sup>The UK Government is responsible for England, the Scottish Government for Scotland, the Welsh Government for Wales, and the Northern Ireland Executive for Northern Ireland.

## High-level diagram of UK higher education



### Notes

B1-B4 indicate the three to four years of the bachelor's degree  
 M1-M2 indicate the one to two years of the master's degree

▮ Indicates a competitive entrance process



For questions or comments regarding this vignette, please contact GMAC at [masters@gmac.com](mailto:masters@gmac.com).

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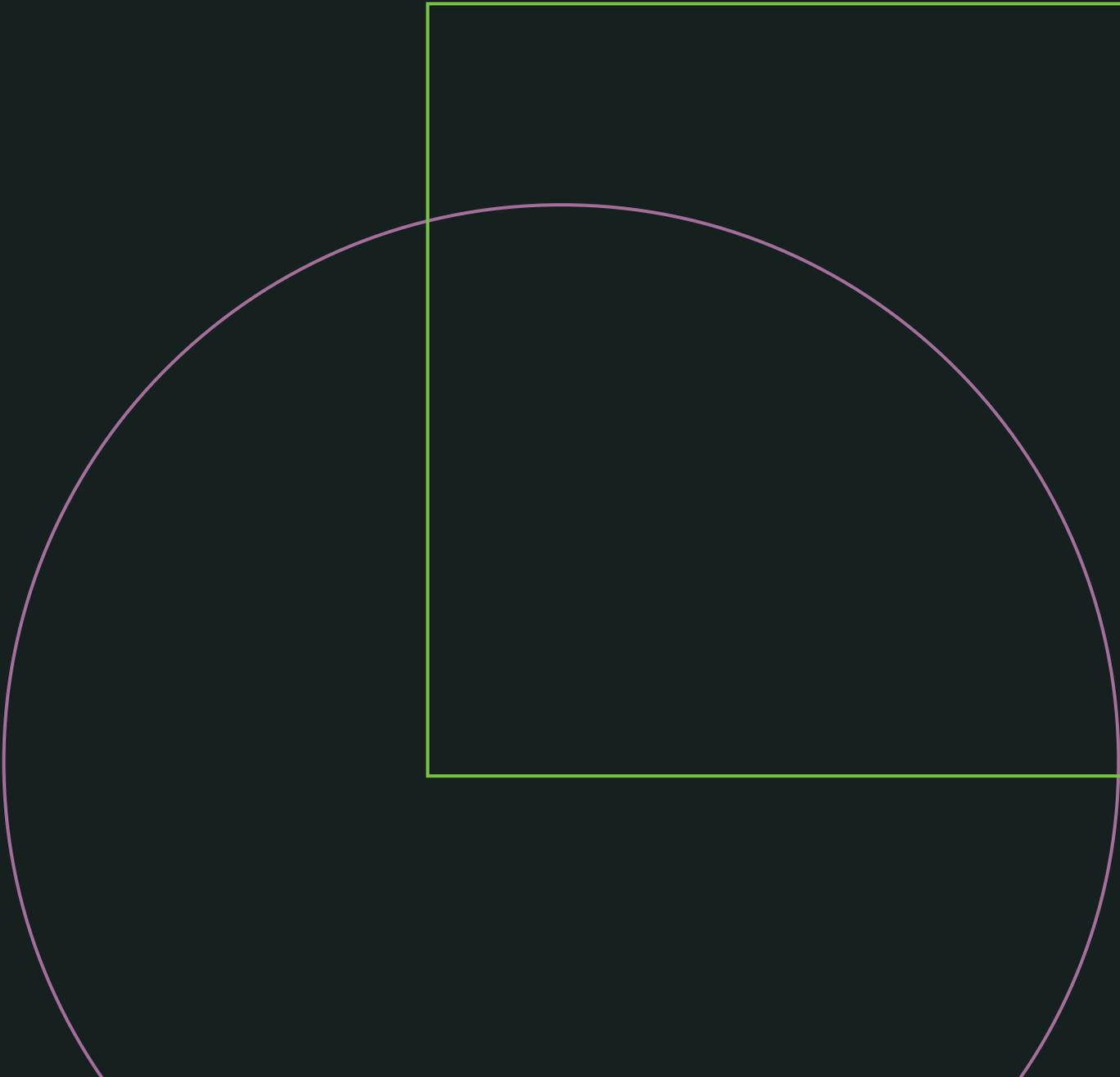
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**About GMAC:** The Graduate Management Admission Council (GMAC) is a global association of leading graduate business schools. Founded in 1953, we are committed to creating solutions for business schools and candidates to better discover, evaluate, and connect with each other. We work on behalf of the schools and the graduate management education community, as well as guide candidates on their journey to higher education, to ensure that no talent goes undiscovered.

GMAC provides world-class research, professional development opportunities, and assessments for the industry, designed to advance the art and science of admissions. Owned and administered by GMAC, the Graduate Management Admission Test™ (GMAT™) exam is the most widely used graduate business school assessment, recognized by more than 7,000 programs worldwide. Other GMAC assessments include the NMAT by GMAC™ exam, for entrance into graduate management programs in India, South Africa, and the Philippines, and the Executive Assessment, specifically designed for executive programs around the world. Our flagship portal for graduate management education resources and information, [mba.com](http://mba.com), receives six million unique visitors a year, and features the School Search search tool and GMASS™ search service, matching candidates and business schools.

GMAC is based in the United States with offices in China, India, Singapore, and the United Kingdom. To learn more about our work, please visit [gmac.com](http://gmac.com).





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