

UK Higher Education - Drivers of economic success

Dr William Lawton, Policy Adviser, **UK Higher Education International Unit**, examines the leading role that universities play in the UK's national economic success – and in its standing and influence in the world

The UK economy has historically been one of the most open in the world. UK higher education in the form of universities make it one of the strongest. The ability to attract, nurture and keep the most talented young brains is crucial to – if not the very essence of – a country's capacity for innovation, its prosperity at home and its strategic position in the future international economy. UK higher education is at the heart of that endeavor.

UK higher education is an essential ingredient of UK national economic success and the UK's standing and influence in the world. In **2007-08** the total direct and indirect economic output of the UK higher education sector was some £59.2 billion (\$90.7 billion) and UK higher education sector's contribution to UK GDP was £33.4 billion (\$51.2 billion). This was 2.3% of GDP. Export earnings were £5.3 billion and the number of jobs generated 670,000. The UK higher education sector is big business in the UK – equal to the printing and publishing industry and larger than both pharmaceuticals and aerospace. In some parts of the country, the university is the largest local employer and the driver of the regional economy.



Even so, UK higher education is a tempting target for governments turning to public-sector debts as the global economic storm of the past two years clears. At the end of 2009, the UK's public debt was £870 billion (\$1330 billion). The UK government announced a cut in funding of almost £1 billion over three years at the end of the year. It is possible that UK universities may be able to absorb the cuts, but it is to be hoped that they will not be expected to absorb more.

As impressive as all these numbers are, the most important thing about UK higher education is not size – it is the ability to sustain and reproduce its excellence over time. A number of sectors in the UK are indisputably world-class. These include broadcasting and print media, publishing, the creative industries and advertising.

But UK universities have pride of place on this list because of their centrality to the economic and cultural spheres and to the intellectual life of the country. UK universities are also trump cards that help to ensure recovery from recession and provide resilience against future shocks. Governments everywhere increasingly show signs of understanding this.

TEACHING IN UK HIGHER EDUCATION

The quality of a UK university education is recognized around the world – and the global recession had no adverse impact on the UK's key recruitment markets. The number of international students in UK higher education, notably from Asia, Nigeria and the Middle East, continues to grow rapidly and the UK higher education excels in this regard at the postgraduate research level: almost half of its postgraduate research students are from abroad.

The US is the world's number-one destination for international students (with about 670,000 in 2008-09), but the UK attracts three times as many per capita (about 370,000 in 2008-09) and is by far the most popular destination for American students on study-abroad courses. In addition, some 15,000 American students undertake UK degree courses here each year.

Even as universities elsewhere in Europe and in Asia increasingly offer instruction in English, the demand from international students for places in UK higher education at UK universities continues to rise. The weaker pound of the past two years may have some part in that, but it mainly reflects the reputation for quality in teaching, research and student services.

A new report from the UK Higher Education International Unit on "enhancing the international student experience" looks at all aspects of student life in the UK – from the arrivals process to opening a bank account to the quality of teaching to student welfare provision.¹ It uses a wealth of data from the International Student Barometer, the largest ongoing study of international students in the world, and shows a higher level of satisfaction (averaging about 86%) in almost all areas as compared against an international index and against data from a few years earlier.

The fact that international students can also build on their academic qualifications with a period of work experience of up to two years after graduation is an important consideration – as is especially has been a magnet for internationally mobile young people for decades.

RESEARCH

The UK is an important producer of world-class research and it exhibits a more consistent performance than most countries across different disciplines. It is especially strong on natural sciences. Even with the surge in research output from countries such as China, the UK's output has been maintained at 9% of world papers and it has 12% of citations. This, of course, is achieved with less than 1% of the world's population. The UK's research productivity per researcher is first in the G8, with 1.5 times as many papers per researcher and 2.5 times as many citations per researcher as the comparator group average.

The UK produces more PhDs per capita than any G8 country except Germany (though fewer than Finland, Sweden and Switzerland). In the 10 years to 2007, the number of UK internationally co-authored papers rose from 22,500 (32% of the total) to 37,000 (45%). The UK remains the lead partner for American researchers but from the UK perspective, the incidence of co-authored papers with the US, Germany, France and India is rising, and the fastest increase is with China. Innovative ideas can and do arise anywhere; international research collaboration is a direct means of accessing them and increasing the UK's strategic capacity for innovation.

Public research funding is distributed through competitive research council grants and quality-related funding is distributed as block grants by the UK higher education funding councils. There is, of course, an ongoing debate on what the optimum distribution of research funding would best maintain world-class excellence. The key priority has been to ensure that there is an appropriate balance between funding top-rated departments to support excellence, protecting discrete areas of research excellence across the sector and encouraging the development of new areas.

The various international rankings of universities – something of a growth industry in its own right – reflect US and British dominance in research output and quality. Although US universities dominate these tables, the UK is a clear second, with four universities in the top 10 and 18 in the top 100 in the 2009 Times Higher Education – QS list. 2 UK university excellence reaches well beyond the top global brands. Although research activity (income, personnel and output) has become more concentrated in the top-rated research universities over a number of years, the most recent of a series of elaborate "research assessment exercises", in 2008, showed that in every region of the UK there are universities with research of international repute. Beyond the biggest hitters like Cambridge, Imperial and Edinburgh, examples of universities that ranked highly or shot up the table were York, Warwick, Queen Mary, Nottingham, Leicester, Loughborough, Leeds, Exeter, Brighton, Anglia Ruskin, Bournemouth and Derby.

UK HIGHER EDUCATION AUTONOMY AND QUALITY ASSURANCE

What are some of the factors that help to ensure the maintenance of quality and standards? One is that the university sector is autonomous from governments at all levels. This may not sound unusual to an American readership but it is worth pointing out that such autonomy does not exist in most parts of the world. Institutional autonomy provides an environment in which UK higher education academic freedom can flourish. It means that funding is not tied to requirements on curricula or research and it prevents direct government interference in academic decisions. The UK higher education sector is diverse and institutional autonomy provides the room for this spectrum of institutions to direct resources to meet the needs of students, employers and sponsors of research. Freedom to manage and direct resources means more responsive and effective delivery. The achievements of the UK higher education sector outlined above flow straight from institutional autonomy.

Autonomy does not exclude accountability. Considerable public funds go into UK higher education and UK universities recognize the need to remain accountable for that money. Autonomy therefore exists within structures of internal and external accountability. One such external process is that of quality assurance. Although the primary responsibility for academic standards and quality in UK higher education rests with individual universities themselves, the Quality Assurance Agency for Higher Education safeguards the public interest in the sound standards of UK higher education qualifications. It does this by monitoring universities, identifying good practice, making recommendations for improvement and providing guidelines to help institutions develop effective systems to ensure students get a high-quality education right across the sector.

A STRONG BILATERAL RELATIONSHIP

Many attributes discussed here apply also to the US higher education sector: university governance arrangements and the intellectual cultures are similar, and academic freedom and autonomy are cherished no less in the States. This is perhaps one reason why upping the level of engagement between UK and US universities is on the UK agenda. The US will always be an important ally politically to the UK and the same holds for the bilateral relationship in higher education. In an increasingly complex world, however, the relationship will not be based on exclusivity.

Last year, a group of UK and US university Vice-Chancellors and Presidents produced a report that makes the case for a new model for collaboration: to develop multilateral partnerships and bring the UK-US partnership in higher education to bear in third locations.³ The premise is that such collaboration is one route to maintaining the primacy of our two countries in higher education.

This theme was picked up in a new British Council report on realizing the potential of partnerships between our universities in the context of the explosion in higher education activity from China, India and elsewhere.⁴ This is already affecting many bilateral relationships and the way UK universities think about their aspirations and how they conduct business internationally – through collaborative teaching and research, student recruitment, exchanges, and forming long-term partnerships. A shift in thinking is underway – one in which markets for students are now thought of in collaborative terms – and the UK higher education is ahead in this strategic shift.



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