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# Inaugural professorial lecture: "Education for business: the way I saw it and the way I see it"

Val Pervan  
*Edith Cowan University*

# Edith Cowan University

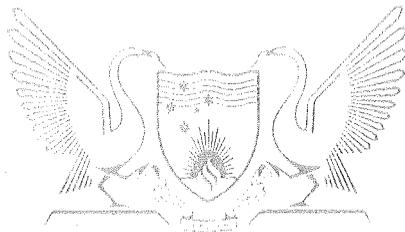
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EDITH COWAN UNIVERSITY

PERTH, WESTERN AUSTRALIA

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• INAUGURAL PROFESSORIAL LECTURE •

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**"Education For Business: The Way I Saw It  
and the Way I See It"**

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**Professor Val Pervan  
Professor of Business  
Edith Cowan University  
10 December 1991**

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**Professor Val Pervan, APTC (Com. B.Ec. M.Com. W.Aust) Ph.D. (PSU)**

Professor Val Pervan worked in the area of education for business for thirty-two years and taught in TAFE colleges, The Western Australian Institute of Technology and at Edith Cowan University. His commitment to teaching business extended to active participation in professional bodies at state and national levels and he served as state president and chairman of two major professional associations in the broad field of business. His contributions have been recognized by the award of Fellowships to the Australian Society of Certified Practising Accountants, the Australian Institute of Management, the Institute of Corporate Managers and Administrators and the Institute of Chartered Secretaries. Professor Pervan retired from the position of Dean of the Faculty of Business at Edith Cowan University at the end of 1991.



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# Education for Business - The Way I Saw It and See It

*Professor Valentine M.Pervan*

I feel honoured in being asked to give this address as one of the the University's foundation professors in 1991. I am grateful for this opportunity, particularly as it comes in the year of my retirement from full-time teaching and as Dean of the Faculty of Business of this University.

The title of this talk, "*EDUCATION FOR BUSINESS - THE WAY I SAW IT AND SEE IT*", implies that much of what I am going to say this evening comes from personal experience of 32 years of involvement in the education of business students, that is, from 1960 through 1991. Besides talking a little about the international arena I will refer mainly to what has happened in this State of Western Australia where I was born, raised and educated.

This evening I intend to refer to the following:

- History
- Courses
- Enrolments
- Funding
- Staffing
- Equipment
- Professional Bodies
- Industry
- International
- People

## 1. History

I will talk briefly on the history of education for business first in my paper as it identifies educational developments over some 130 years.

Here I refer to my Teacher's Higher Certificate dissertation on Commercial Education 1963/1964 in which I researched the history of this area. Briefly I identified the following:

### **GREAT BRITAIN**

City of London College offered commercial training from 1848,

The Royal Society of Arts commenced examinations in commercial subjects in 1856,

There was a Royal Commission on technical instruction in 1884,

London Chamber of Commerce commenced examinations in 1890,

Birmingham University established a Commerce Faculty in 1900. This was followed by Manchester, Leeds, Durham, London, Bristol, Southampton and Hull Universities.

From 1919 part-time 3-year courses were offered by the Board of Education. (The compulsory subjects were economics, accountancy, commercial arithmetic plus options in English, foreign language and office arts).

Instruction was extended to trade, finance, insurance and other commercial courses.

By the 1950s higher degree and research facilities were available.

The 19th and 20th century saw the birth of professional bodies.

By 1950, fifty such bodies including, accounting, actuaries, advertising, banking, estate agency, export, insurance, personnel, secretarial, transport and valuation existed.

### **UNITED STATES**

Commencing in the 19th century, business courses were available in Boston, New York, and Philadelphia.

Private schools sprung up after the Civil War of the 1860s.

The formation of the National Education Association led to the Education Act 1917.

In 1933 there was a national provision for Business Education.

By 1950, over 600 institutions of higher learning were offering curricula in business specialisations - seventy of these Colleges were members of the American Association of Collegiate Schools of Business.

## **WESTERN AUSTRALIA**

Prior to World War II the main examining bodies of business courses were professional institutes. The Technical Division and private colleges prepared candidates for the professional body examinations.

Post-World War II the professional bodies, such as the forerunners to the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants, continued to facilitate examinations twice a year. Part-time students were the main candidates with the exception of Rehabilitation students who studied full-time after the war.

At this early stage the main business courses were accounting or secretarial studies.

During the 1950s and 1960s the James Street Annexe of Perth Technical College was the centre of business education in this State, offering Diplomas in Accounting, Business Administration, Public Administration, Banking, Insurance, Transport, Real Estate and Marketing.

The Chair in Commerce was established at University of Western Australia in 1962.

A business school was established at WAIT in 1967.

Churchlands College offered business courses in 1976.

Murdoch offered business courses from 1985.

TAFE still has large enrolments in certificates and diplomas in business.

## **2. Courses**

It is obvious from this brief history that until 1960 variety in business courses was limited. There was a dominance of accounting studies for many years. Business course planners over the past ten to fifteen years realised that an accounting course could not possibly cater for every aspect of business or government employee training. Even the accounting course that I taught in the early 1960s had one only unit of economics while the rest of the course was comprised of accounting and business law type units. To say that the course was very narrow in its scope is an understatement. Students are now more fortunate in being able to graduate with an accounting major with only fifty percent of the units being purely accounting and law. The professional bodies and the tertiary institutions now believe that an accounting graduate should have an insight into other areas that affect business operation. This can only lead to better communication and understanding of all facets of an organisation.

Today the four public universities in Western Australia offer a portfolio of courses in business that cover marketing, accounting, finance, economics, industrial relations, management, human resource management, tourism, hospitality management, local government, valuation, information systems, marketing, and business law; and they are looking into areas such as operations and total quality management. These courses are not only offered at undergraduate level but also at honours, graduate and postgraduate levels.

## **3. Enrolments**

Business education has been the fastest growing tertiary teaching area in Australia as well as in other parts of the world. The business-commerce faculties in the four Western Australian universities enrol the largest student numbers of all the faculties in their respective universities. Moreover, as there has been a tendency to restrict the number of students permitted to enter business courses, the business faculties have tended to enrol students with higher matriculation aggregates.

The Faculty of Business at Edith Cowan University provides a good example of this rapid growth over the last one and one half decades (see Table 1). However, it is expected that the growth at Edith Cowan will be negligible for the next few years. It is interesting to compare the size of the Faculty of Business with other faculties at the University (see Table 2). Currently the faculty - with some 3900 undergraduate students - is the largest faculty in the University.

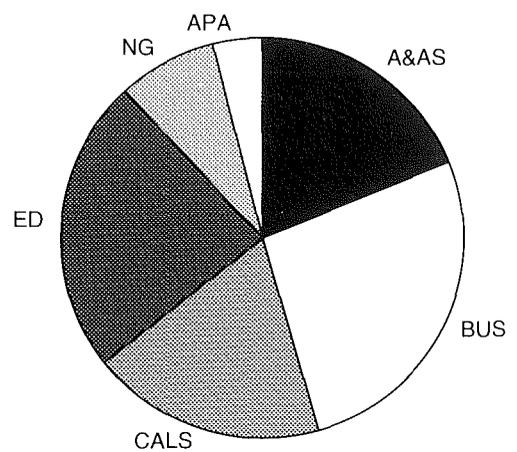
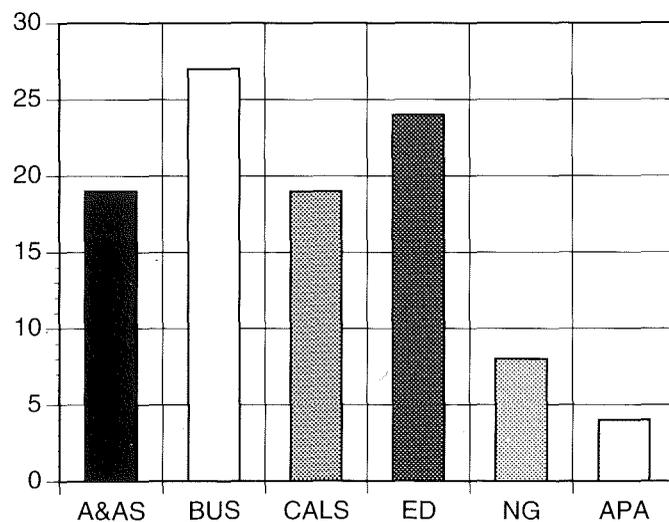
**Table 1**

**Faculty of Business, Edith Cowan University  
Summary of Enrolments**

Year	Undergraduate		Graduate		Total
	EFTS	No.	EFTS	No.	
1976	147	224			224
1977	341	532			532
1978	528	806			806
1979	631	962			962
1980	782	1132	12	24	1156
1981	900	1550	44	70	1620
1982	1207	1856	75	121	1977
1983	1405	2090	97	165	2255
1984	1683	2200	141	243	2443
1985	1740	2400	197	348	2748
1986	1833	2721	214	389	3110
1987	2011	2783	177	322	3105
1988	2493	3326	234	451	3777
1989	2614	3534	314	583	4117
1990	3025	3672	474	725	4397
1991	3207	3908	341	599	4507

**Table 2**

**% of EFTSU**



## Funding

High levels of enrolment have not brought prosperity to business faculties from either the level of Commonwealth funding or the distribution of funds within universities. It is probably no news to you here this evening that the business-commerce faculties in Australia are poorly funded. In fact they are the worst funded of all faculties. Not only are the Canberra funding indices poor, but those responsible for the distribution of funds within universities are equally reluctant to improve the situation. Business courses attract the majority of full-fee-paying students. However, the universities do not redistribute those full-fee paying monies to the business faculties in a proportion that reflects the contribution of effort by the business faculty members in earning those funds. Even the threat of withdrawal of accreditation of the university courses by the professional bodies until there is evidence of an improvement in funding continues to be ignored. A recent accounting investigative review which was followed by the Mathews Report has been given little regard to date by government funding authorities and the universities.

It is also obvious from my comments later in this paper on equipment that business faculties are no longer 'chalk and talk' teaching establishments. In fact the increasing use of technology in teaching and laboratory work, both supervised and unsupervised, makes the cost of teaching business students closer to that of science. To make matters worse, some longer established faculties in universities which have been overfunded for years are reluctant to agree to equity. (Tables 3 and 4 give a typical Australian example of the distribution of funds.)

I have little argument with high cost faculties such as science and nursing if they spend within reason and their funding index can be justified. My argument is with the faculties with a non-scientific base that are allocated an unreasonably high index and then spend in excess of their entitlement. The figures shown in Table 5 are the study area entitlements (funding indices), according to the Government. In actuality, these vary very little for business faculties in Australian universities generally who tend to adhere strictly to the Government guidelines.

The question I ask myself and you today is:

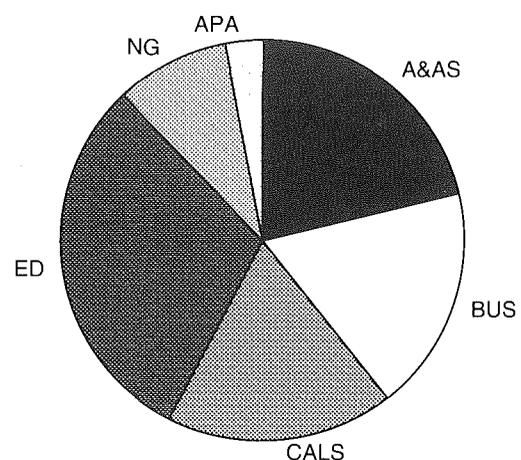
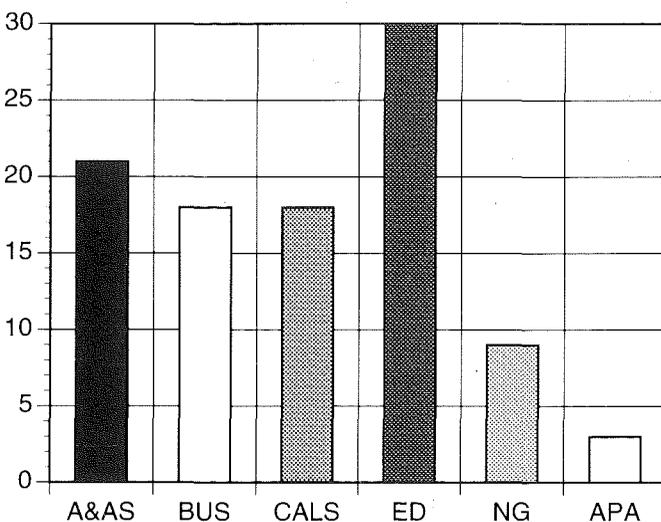
Does the lower funding base for business faculties affect the training of our students and therefore the quality of our graduates?

I believe it does. There is still a lack of adequate support staff; equipment often has to be purchased from staff salary savings; large classes are common, academic salaries are low in comparison to those paid in industry and, therefore, the ability to attract top academics is reduced; and the pressure on the need to publish rather than teach effectively must affect the quality of teaching.

I believe that the Commonwealth funding authorities should take the lead in changing the funding indices for business to a higher level than that for education. I suggest an index of 1.40; this would give Business a 28% funding increase and would have the effect of increasing the current staff establishment at ECU by forty. If this happened the universities would follow suit. Industry may be another source of funds but not in the current economic climate. In addition, full-fee paying Australian students may be closer to reality than we think.

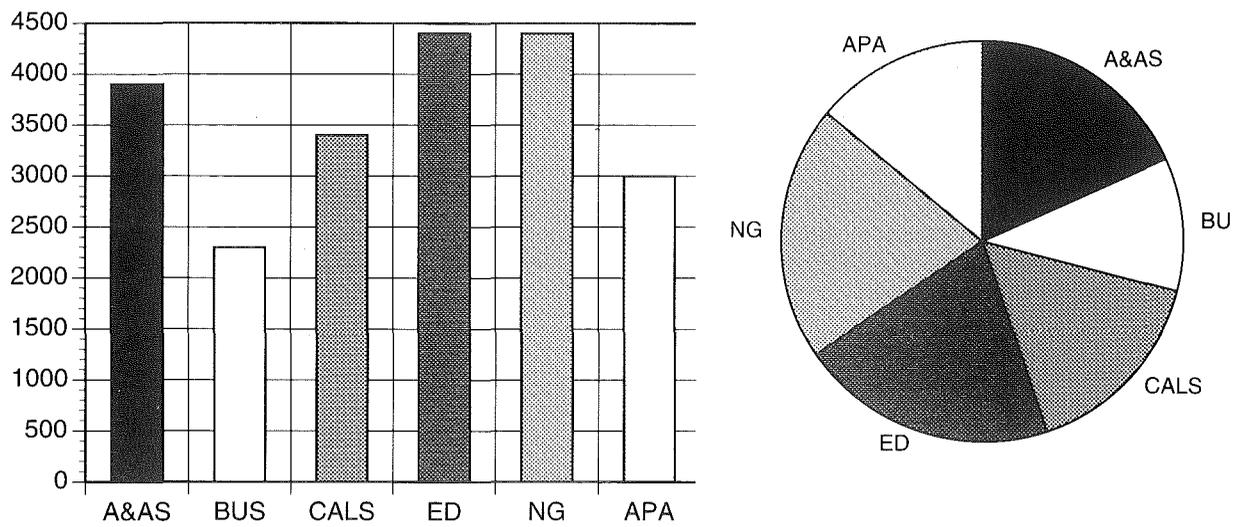
**Table 3**

### % of Expenditure



**Table 4**

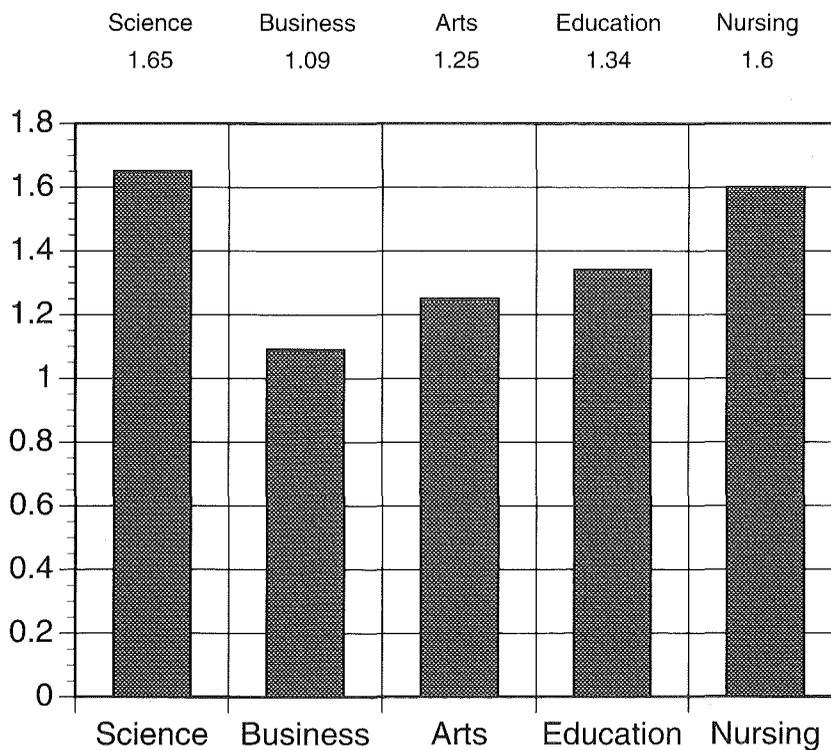
**An Australian Example, ECU 1991  
\$ per EFTSU**



Source: University Statistics

**Table 5**

**The Commonwealth Index Average Funding Weights**



## Staffing

Low funding, particularly for the supplementation of salaries for business faculties, has made it difficult to attract highly qualified staff, both academic and general. To solve the problem, the funding of staffing and equipment in business faculties should be directly linked to enrolments on an agreed formula. The worst staff-student ratios in Australian universities exist in the faculties of business (see Table 6). Large lectures and large tutorials seem to be the order of the day. There are two major reasons for this. One is that the funding offered by the Commonwealth and the distribution of funding within the universities place a constraint on the number and level of academic staff that can be appointed. The other is that it is difficult to recruit academic staff that fit the criteria set for appointments by university administration. The criteria may suit areas such as education and science where PhD's are plentiful but they are unsuitable for Business faculties. There is no doubt that deans of Business faculties would love to be in the same position as their education and science counterparts with highly qualified staff knocking on their doors. Business faculties and their programmes have survived by the use of experienced staff without substantial research and publication records and without doctorates. Some universities have recruited highly qualified staff from overseas to complement their existing staff. However other universities have then poached the staff offering such incentives as tenure, quicker promotion, salary supplementation, opportunities for research, a substantial conference attendance budget and regular sabbatical leave. I suggest that poaching does not get us anywhere. Someone eventually misses out. Australia has done little through its universities and its government to redress the low number of doctorates in the business area. It is time that the purse strings were opened in favour of business staff with the offering of scholarships, special paid leave and other rational incentives so that Australia can produce its own senior academics who can be complemented by some appointments from overseas rather than being dominated from overseas as at present.

One of my senior staff, Terry Ord, did an analysis of staff qualifications in business-commerce faculties including the top universities in Australia (see Table 7). It is interesting to observe the information revealed. The sample of universities included, New South Wales, Australian National, Charles Sturt, Macquarie, Canberra, New England, Newcastle, West Sydney, Wollongong, Deakin, La Trobe, Auckland, Otago, James Cook, Queensland University Of Technology, South Australia, Curtin, Murdoch and the University of Western Australia.

The new universities are intent upon rewarding only those with long lists of publications. I partially agree with this, but to run a faculty effectively you need at least four types of staff:

1. Staff that are only interested in research,
2. Staff that are excellent teachers,
3. Staff that are excellent academic administrators,
4. Staff that are a combination of any of the above.

Each should be rewarded according to the contribution to the area of particular expertise.

**Table 6**

### **Edith Cowan University Staff (EFT) and Students (EFTSU) by School, 1991**

	EFT Staff	EFTSU Students	SSR*
Arts and Applied Sciences	134	2307	17.2
Business	126	3143	24.9
Community and Language Studies	131	2348	17.9
Education	159	2956	18.6
Nursing	73	983	13.4
<b>TOTALS</b>	<b>623</b>	<b>11737</b>	<b>18.7</b>

\* Staff-student ratio

Source: University statistics.

**Table 7****Academic Staff Qualifications - Proportions  
Sample - 19 Universities**

	Lecturers	S/Lecturer Assoc/Prof	TOTAL
M Com.	9%	12%	11%
M A	4%	3%	3%
M B A	8%	11%	10%
Masters-Other	15%	20%	18%
PhD	8%	34%	18%
Bachelors/Grad.Dip.	56%	20%	40%

N.B. Source of Information - University Handbooks.

**With the New Appointments for 1992 the Distribution of Qualifications in the Edith Cowan University Faculty of Business will be:**

PhD	16%
Masters	57%
Bach/Grad.Dip	27%

**Equipment**

The examples on the next page suggest that equipment funding at ECU is very good. Although the availability of equipment at this University is good there are universities in Australia that are underfunded in this regard. When I started teaching business courses in 1960 the only equipment that I used was chalk. I had come from industry where only a few years before, large organisations were installing those monstrosities called computers. They were monstrosities because they filled huge rooms and were complex to operate. At that time I used a calculator, a comptometer and a ledger machine. Almost a decade was to pass before there was any thought given to introducing computers to business education. Not only were the students in business denied access to computer training, but there were no staff competent to teach computing as they themselves were computer illiterate. It was no wonder that business courses were so low funded by the government funding authorities.

After a slow start in the 1970s, some acceleration in the 1980s and into the 1990s, the spread of computers into businesses, both small and large, and in business education had to be seen to be believed. Computers no longer fill large rooms and require the best airconditioning; today they are compact, efficient and effective machines with enormous memory banks. The cost of computers has declined dramatically. There are very few homes today without a computer. Primary education students know how to access the many computer games available. By the time students reach their tertiary studies they are well and truly computer literate. It is obvious that the universities teaching business courses had to lift their game by making available to their students the best equipment 24 hours per day. At Edith Cowan University we have endeavoured to fulfil that computer demand. There are numerous computer laboratories on every campus with 24 hour access. It is mandatory that all undergraduate business students complete a computing unit in their degree in their first year. Many of the units that follow require the use of computers. It follows, therefore, that the academic staff that teach them are also computer literate. This Business Faculty has provided every staff member with at least one up-to-date personal computer and appropriate software. During the last two years the cost of updating computers, purchasing software and networking has reached one and one half million dollars.

Equipment does not stop just at computers. The Business Faculty has spent large sums of money and intends to invest further in audio and video equipment and in linking computers to overhead transparencies. All this is aimed at improving lecture and class presentation. A good example is the new business graduate centre. Also, to ensure that the Business Faculty offers a highly successful tourism-hospitality programme, the Faculty, together with the University, have spent several hundred thousand dollars in providing an up-to-date hospitality training facility at the Joondalup campus.

## **Professional Bodies**

It is obvious from my brief reference to history early in this paper that professional bodies play an important role in training and development. They form the link between tertiary institutions and industry. The larger professional bodies such as the two Australian accounting bodies, which have in excess of 70,000 members Australia wide, are well organised. They cater for and fund research, and have very ambitious professional development programmes; they review legislation and lay down professional standards. Their education committees work closely with tertiary education institutions and reach agreement on course content and educational standards which meet their entry requirements. These organisations have substantial libraries and therefore are an excellent literature research source. They are a bench mark for universities that may get carried away with impractical esoteric course content at the expense of realistic and practical studies which are useful to industry. The professional body examinations, such as for the Professional Year and Certified Practising Accountants, are a good guide to the educational standards required of graduates from the various Australian universities. The professional bodies visit tertiary institutions annually to meet teaching staff and assess teaching equipment and resources before they grant accreditation and recognize graduates for entry to their ranks. These bodies have continually expressed their concern with the high student-staff ratios existing in business faculties and, as already mentioned, have threatened withdrawal of accreditation. We cannot continue to ignore these demands. A number of academic staff are on the executive or are divisional councillors of these bodies. It is important that academic staff interact with members of the professions and that they join professional bodies with the intent of being active members in many of the committees that exist. These bodies also facilitate the opportunity for academic staff to give conference papers. Many professional body members are members of university business faculty advisory committees where their contributions are invaluable.

## **Industry**

It is appropriate that I refer to industry in the same context as professional bodies as they comprise intersecting sets of people and organisations. Industry, whether government or private, employs our graduates. University course planners must be conscious of industry's professional and research requirements for at least a decade ahead. Industry representation on the advisory committees of Business faculties contributes to course design and evaluation and is as important as the representation of professional bodies.

United States universities use industry as a major funding source. It is known that industry funds scholarships, research and professorial chairs. Much of this money is channelled through the alumni, although some funding comes direct from large firms. Besides money donations, business faculties overseas receive equipment, furniture and contributions to building construction from major suppliers. Western Australia does not have this kind of resource available to it from industry to support a business faculty like this one but hopefully the day will come when such contributions are available.

Our graduates are continually filtering into industry with most of them keen to put into practice the theory they have accumulated over years of study. With rapid changes in technology, restructuring and organisational change I am sure that some employers and managers need retraining or professional updating. Tertiary business faculties should provide short courses, which could be used as credits towards an MBA, for such business people. The advantage of this would be that our graduates and recently retrained employers could then work together using the acquired pool of expertise to improve communication and to achieve harmonious working relations which would ultimately lead to the success of the organisation. Industry could, therefore, not only be a source of funds but a source of students - students who would normally be funded by the government as well as self-funded students.

Academic staff are encouraged to do consulting work for industry. This ensures industry contact and brings a practical influence to teaching programmes. It also enables industry to use specialist expertise that academic staff may have. It is my opinion that industry links should be stronger than they are.

## **International**

In the first section of this paper under the heading of "History" reference was made to some seventy or 9% of United States higher institutes of learning being members of the American Association of Collegiate Schools of Business. Recently I was invited to attend a meeting in Frankfurt, the first conference after the establishment of an International Commission for the Accreditation of Business Schools and Programs. The conference was held on 9-11 November, 1991 and was sponsored by ACBSP (Association of Collegiate Business Schools and Programs of the United States), and FIBA (Foundation for International Business Administration) of Germany. Currently there are 500 colleges and universities that are members of ACBSP. The conference was the first time that representatives from business schools/faculties and programs from around the world were presented with the opportunity to discuss with their peers the content of their business programmes and the possible accreditation thereof.

I will talk briefly on the meeting in Frankfurt.

The theme of the meeting was "Global Accreditation". There were 39 participants at the conference including four from Australia. Fourteen countries were represented.

The main areas of discussion were:

- Standards of Business Administration degrees in Europe.  
The business administration degrees were offered mainly by private institutions and not by the traditional universities in Europe. It was evident that these offerings varied in standard.
- Mode of accreditation by the Association of Business Schools and Programs (ACSBP).  
The ACSBP was an alternate accrediting body to the AACSB (American Association of Collegiate Schools of Business). While the latter concentrated accreditation on United States universities only, the former was interested in extending its activities outside USA. Both bodies adhered to strict guidelines for accreditation.
- Lack of formal accreditation in Europe  
The European institutions present were concerned with the lack of a formal process of accreditation and of course they were concerned with the variation in standards of degrees offered.
- The two outcomes of the conference:
  - (i) The establishment of a European task force to draw up accreditation guidelines similar to those of the ACSBP.
  - (ii) The future establishment of an international body with objectives of international accreditation and the promotion of business education. (See Table 8).

I believe that business courses in Australia are at least equal to those offered elsewhere in the world. However, I believe that global accreditation and an international forum promoting business education should be major objectives to ensure the international recognition of business qualifications.

## People

This being my inaugural and farewell lecture in one, I take this opportunity to talk about people. One cannot overlook the contribution of people to the success of organisations and individuals. I look back over the years and can identify main contributors in the organisations in which I have worked and with which I have been associated. Many of these people go unrewarded and not "mentioned in dispatches". I look at people who have guided and supported me and will mention them briefly:

My mother, who died at the age of 39, always stressed to me and my brothers and sisters the importance of education;

My father who believed that honesty was most important of all;

Bob Horner, a neighbour in Herne Hill, who in 1943 encouraged me to take a leading role in developing Australian Rules Football in the Swan Valley;

Bill Taylor, a neighbour in Caversham, who encouraged and nominated me to become the Secretary/organiser of the Viticulturists Union;

Fred Morgan, my senior in Westrail, who influenced me to study accounting;

Dr Hayden Williams, who, as Director of TAFE in 1959, gave me my first appointment as a lecturer and thus began my career as an academic;

Ted Jones, Head of Business, Perth Technical College, who encouraged me to do further Studies;

Colin Sears, Head of Accounting and Business Studies, 1967, who encouraged me to take an active role in the professional bodies;

Bernard Wright, past Australian President of the Australian Society of Certified Practising Accountants, who nominated me and encouraged me to take executive roles in professional bodies which led to my membership of national committees and State presidencies;

Professor Doug Jecks of this University who in 1975 gave me an opportunity to establish a Business Faculty;

The unknown persons who nominated me for the Order of Australia Award;

My wife Anne, who stood by me in whatever I did even when it meant that I would be spending less time with her; and

My daughter, Roslyn Breen, and my son, Associate Professor Graham Pervan, who took part in family discussions and never caused me any anxiety.

There are many more than those listed above who have helped me in one way or another to achieve the goals that I have set myself and the Faculty of Business of this University. I am personally grateful to them all.

## **Concluding Remarks**

I make my closing remarks with a feeling of sadness. I have, among other things, watched and supervised the development of the Faculty of Business at Edith Cowan University over 17 years. That Faculty to me has been like a child. It is not yet an adult. It is a teenager that needs care and attention to ensure its continuing success. At the end of this year I leave behind a band of dedicated staff who have the Faculty at heart. I hope that the University administration does not forget these people; because if it does it will certainly harm their morale which would render them ineffective. This would have serious consequences for the Faculty and its five Schools. The University should be proud of its Business Faculty. It is the largest in Western Australia and ranks amongst the largest in Australia. Recent information in the Bulletin indicates that this business faculty ranks amongst the best in Australia for marketing its courses, the spread of business courses available and its computing and teaching facilities.

In my endeavour to obtain a better deal for the Faculty I may have upset some people in this University because of the way that I have approached the task before me. I make no apology. I hope that those in the Faculty that follow me are equally vigilant when it comes to matters that affect the Faculty. As they are well organised and efficient business persons who believe strongly in fairness I can see that the Faculty should have a good future.

My retirement is from full-time work but it is my intention to continue teaching part-time for a few more years while I feel I have the capability to do so.