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# Recent Trends in Enrolments for UK Economics Degrees

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## **Abstract**

*This paper examines the changing trends in enrolments on economics degrees in the UK. Other recent studies in this area are reviewed and a survey of admissions tutors is used to identify the most important factors contributing to the decline in applications.*

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## **1. Introduction**

**T**HIS PAPER attempts to explain the changing trends in enrolments for economics degrees in the UK. A survey of economics departments was used to discover the extent to which enrolments have changed over recent years. A key contribution of this paper is that it uses information from a survey of admissions staff in economics departments to evaluate a series of possible reasons for the observed decline in enrolments, so that an explanation of the changing trends could be obtained. The survey questionnaire is based on earlier work by Lewis and Norris (1997) for Australia.

Section 2 considers the recent evidence on degree enrolments in the UK and overseas. Possible explanations for the observed decline in interest to study economics at university are also considered. Section 3 outlines the survey methodology, analyses the results from the questionnaire responses and provides interpretation of the results. Section 4 offers some concluding comments.

## **2. Recent evidence**

A number of recent studies have highlighted the falling enrolments on economics programmes.

Lewis and Norris (1997), from a survey of 35 Australian economics departments note that on average there was a 12 per cent decline in first year enrolments from 1991 to 1996. Siegfried (1997) using a survey of US departments noted that from 1991-92 to 1995-96, the annual number of undergraduate economics majors awarded fell by 27 per cent. For the UK, Universities and Colleges Admissions Service (UCAS) data suggests that UK applicants to economics programmes have fallen from 4,905 in 1993 to 3,870 in 1998.<sup>2</sup> However, the number of EU applicants to Economics degrees rose from 520 in 1994 to 747 in 1998.

The wider range of programmes economics departments now tend to offer could partly explain these changing patterns. The widespread introduction of modularization across higher education and the increased demand for inter-disciplinary studies has meant that students can combine economics with at least one other subject. A number of economics departments have also introduced business economics degrees, which could also account for the decline in enrolments to single honours economics programmes. Consequently, while the workload of many economics departments may have remained unaffected, the type of student and the teaching undertaken has changed. This may restrict the ability of departments to offer specialist subject options, which are often used as a vehicle to input research into the curriculum (Lewis and Norris, 1997).

There has also been a marked decline in the number of students sitting A level economics, from 46,144 in 1989 to 18,377 in 1999.<sup>3</sup> Whilst prior knowledge of the subject is hardly ever

imposed as a condition of entry (Lawson, 1990), students are more likely to choose an economics programme at university when they have studied it previously (Finch and Frederikson, 1998). Using logit analysis on data obtained from a survey of post-16 students, Ashworth and Evans (1999) also found that those students who have a greater mathematical ability tend to choose A level economics rather than arts subjects and business studies.<sup>4</sup> However, students who are good at mathematics were also more likely to choose science subjects as opposed to economics. This study also found that the greater the general level of academic ability (measured by the average GCSE score) the more likely an A level student is to choose economics. Hurd *et al* (1997) note that approximately double the proportion of A level economics candidates gained a grade A compared to those sitting business studies. However, it may be more difficult to obtain a high grade in A level business studies because of the multi-disciplinary nature of the subject. If a higher proportion of the A level economics candidates have greater academic ability then the 'new' universities are likely to experience the largest rate of decline in demand, since they usually stipulate lower entry requirements. Students were also found to be more likely to take A level economics if they had studied it at GCSE.

Ashworth and Evans (1999) also note that because economics is not part of the National Curriculum, it has to compete with a range of 'new' subjects (e.g. media studies, sports science etc.), which students take for the first time as part of their post-16 education. Moreover, Hurd *et al* (1997) note:

There is a widely held view among teachers and others that standards [at A level] can differ between subjects and between examination boards for the same subject.

If this belief is correct there may also be a tendency amongst schools to switch away from the

perceived 'harder' subjects so as to improve or maintain their position in the school league tables.

Enrolments for economics degrees are also likely to be affected by substitute courses, most notably business studies and business economics.<sup>5</sup> Salemi and Eubanks (1996) note that economics enrolments are likely to be influenced by whether the university has a business school. Their 'Discouraged Business Major' hypothesis suggests that those students who do not acquire high enough grades during their first year of majoring in business tend to switch to economics as an alternative. New enrolments may also be positively influenced, since if there is excess demand for a given number of business places, those students with less than the required grades may be offered an economics course as an alternative.

Finally, Willis and Peiper (1996) and Lewis and Norris (1997) suggest that the demand for economics degrees is strongly related to available job opportunities, particularly in the accounting and finance sectors and as professional economists. Willis and Peiper (1996) noted, for example, that the October 1997 stock market crash reduced the number of job opportunities available in the US finance sector and thus precipitated the decline in demand to study economics at university. Those students who switched to business studies would be more likely to choose a general management career, rather than compete for the fewer jobs in the finance sector.

The majority of UK economics graduates also enter the accountancy and finance sectors (18.1 per cent in 1998 according to AGCAS, 1998), though recent surveys would suggest that students who possess an economics degree are amongst the most employable and have relatively higher earnings potential. Blackaby *et al* (1999) using data from the UK Quarterly Labour Force Survey (1993Q2-1995Q4) found that economics graduates could expect on average to earn 37.9 per cent more than workers who obtained at least one A level but did not continue into higher education. This figure compares favourably with other social

science subjects (e.g. politics and sociology) were no significant returns to higher education were reported. Also from an earnings perspective, economics graduates were not at a disadvantage to business and/or management studies graduates, the average return to higher education being 33.5 per cent.

**3. Survey of economics departments**

In order to discover the significant recent trends in enrolments, a survey of 94 economics departments was undertaken using a mail database provided by the Conference of Heads of University

Departments of Economics (CHUDE). 46 responses were received, 30 from 'traditional' universities and 16 from 'new' universities. The questionnaires were completed by members of academic staff responsible for recruitment and admissions in each economics department.

*3.1 Types of programme and entry requirements*  
 Respondents provided details on the range of Economics programmes they offered, the number of new enrolments and the published entry requirements. The results are shown in table 1.

**Table 1: Enrolments and entry grades for 1997/98**

	<i>Enrolments</i>				
	<i>Number of Responses ('traditional')</i>	<i>'Traditional' (average)</i>	<i>Number of Responses ('new')</i>	<i>'New' (average)</i>	<i>Total (average)</i>
Number of students enrolled on BA Economics	23	62	13	37	53
Number of students enrolled on BA/BSc Management Studies	7	69	2	35	61
Number of students enrolled on BA Business Economics	9	30	8	36	32
Number of students enrolled on BA Business Studies	3	54	13	176	155
Number of students enrolled on joint honours Economics	26	52	11	18	41
	<i>Entry grades: A-level points</i>				
BA Economics	23	22	13	13	19
Management Studies	7	23	2	13	21
Business Economics	9	22	8	14	18
Business Studies	3	23	13	14	17
Joint Honours Economics	26	22	11	12	20

On average, the 'traditional' universities recruit nearly twice as many single honours economics students compared to the 'new' universities. The 'traditionals' also require higher average entry grades, 23 UCAS points, which from 3 subjects is equivalent to grades of BBC-BBB. By contrast, the new universities often require passes from only two subjects and on average the published entry requirements are 13 points or CC-BC. These published entry grades may differ from the 'true' price of entry. Given the problems in recruiting students many departments may either enter the UCAS clearing process and/or convert conditional offers at less than the published entry grades. The number of departments and enrolments for business economics are similar between the new and traditional universities, although fewer departments offer business economics programmes.

The average enrolments for business studies are over three times higher in the new university sector, which could possibly be explained by two factors. Firstly, the new universities have traditionally placed greater emphasis on offering vocational qualifications, dating back to their status as polytechnics. The growth of business education in the traditional university sector by comparison has been far slower, with greater emphasis being placed on offering more academic degrees. Secondly, the new universities have expanded

student numbers at a faster rate since the early 1990s, following government objectives of widening and increasing participation in higher education.

Departmental admissions staff were also asked whether they have experienced a decline in new enrolments over the last three years. 13 departments replied, six from the traditional university sector and seven from the new universities. Overall, the average percentage decline was 28 per cent, 32 per cent for the new universities and 22 per cent for the traditional universities. Many departments noted that while they had not experienced a decline in enrolments there had been a marked drop in the number of applications. As one respondent noted:

The problem is not one of declining enrolments for single honours economics, but of declining applications. It is still possible to recruit the desired number of students, but it is harder (relative to the position, say 6-7 years ago), for us to do so.

Table 2 suggests that the number of enrolments also varies according to region, particularly for single honours economics. The London and South East region clearly has the highest average enrolment, which is not surprising given many economics students are attracted to jobs in the

**Table 2: Average enrolments by region**

<i>Region</i>	<i>Number of respondents</i>	<i>BA Economics</i>	<i>BA Management Studies</i>	<i>BA Business Economics</i>	<i>BA Business Studies</i>	<i>Joint hon. Economics</i>
Scotland	6	26	-	33	71	50
Wales	3	28	-	50	-	50
North East	7	44	45	32	162	27
North West	2	11	-	24	-	-
Midlands	9	48	63	39	170	42
London & South	14	66	73	31	233	56

accountancy and finance sectors, where employment is predominantly in London and the South East.

*3.2 Possible causes of the decline in enrolments*

Admissions staff were also asked for their opinions about what factors could explain the observed national decline in enrolments. Each respondent was asked to rank a series of possible causes on a scale of 1 (denoting not important) to 5 (very important). The mean scores and standard deviations are shown in table 3 and ranked in order of importance.

Competition from business courses is ranked as the most important factor contributing to the decline in economics enrolments. 24 respondents gave a ranking of 5 to this cause, with the average

score being 4.44. This result is not surprising given the earlier evidence, which shows the increase in popularity of business studies at A level and degree level.

The survey also strongly suggests that economics syllabuses may be too abstract and theoretical for many students (average score 3.81). Over-emphasis on economic theory could give an impression that economics programmes are 'boring' (average score 2.91). There could be an argument for developing the economics syllabuses, so that they are more applied, so that students see the real-world application of economic theory and the value of using problem-solving techniques as a transferable skill for use in future career paths. For example, Finch and Frederikson (1998), found from a survey of Aberdeen

**Table 3: Factors explaining the declining enrolments in economics for the UK**

	<i>Traditional</i>		<i>New</i>		<i>Total</i>	
	<i>Avg.</i>	<i>S.D.</i>	<i>Avg.</i>	<i>S.D.</i>	<i>Avg.</i>	<i>S.D.</i>
School students opting for apparently easier courses such as business studies?	4.48	1.20	4.40	1.22	4.44	1.21
Economics seen as too abstract/theoretical?	3.81	1.16	4.27	1.14	4.00	1.15
Students being increasingly less-well prepared in mathematics?	3.57	1.18	3.93	1.25	3.72	1.21
Economics regarded as less career-focused than, for example, business studies?	3.00	1.27	3.60	1.29	3.25	1.28
Economics perceived as 'boring'?	2.91	1.15	3.80	1.19	3.25	1.28
Students' perception that assessment methods too onerous in economics?	3.00	1.29	3.13	1.03	3.06	1.19
Students seeking a more 'rounded' and 'pragmatic' approach than available from economics?	2.91	1.22	2.87	1.09	2.89	1.16
Students increasingly interested in interdisciplinary subjects?	2.62	1.24	2.67	1.06	2.64	1.16
A decline in the cut-off score for entry to business studies, etc.. courses?	2.67	1.28	2.47	1.04	2.58	1.18
Students perceiving a high first-level failure rate in economics?	2.57	1.28	2.40	1.04	2.50	1.18
Economists seen as being able to provide little practical contribution to real problems?	2.33	1.23	2.60	0.97	2.44	1.13
Economists seen as being unable to provide reliable forecasts of future events?	2.30	1.22	2.47	0.92	2.37	1.09
Economics degrees leading to lower expected incomes than alternatives?	2.29	1.23	1.80	1.30	2.08	1.26

University economics graduates, that quantitative and econometric courses were considered to be the most useful component of their economics programmes in future careers.

These main causes were also found to be highly significant in the Lewis and Norris (1997) survey, where the more career focused and applied business courses were considered to be major contributory factors to the decline in Australian economics enrolments. Interestingly, the Australian profession placed a greater weight on business studies courses leading to higher paid jobs than economics, compared to our UK survey, where this factor was ranked as being least significant. Again this is not surprising given the earlier evidence on the earnings potential of UK economics graduates.

#### **4. Conclusions**

This paper has reviewed the evidence of declining enrolments to UK university economics degrees. The findings are consistent with international evidence, where this problem has been faced in other countries such as the USA and Australia. The impact of the decline in the subject's interest has had a particular impact on the new university sector, both in terms of applications and enrolments. In an attempt to counteract the declining numbers, many departments have now started to offer alternative economics programmes to the traditional single honours, such as business economics and accounting and economics etc.

Our survey of the economics profession highlights competition from business courses as the major factor impacting on the demand for economics at university. Students may be attracted to business studies because they perceive it to be less theoretical and more applied compared to economics, as well as providing a better opportunity to secure a management career after graduation. Furthermore, if economics is perceived as a 'hard' subject then schools may be deterred from submitting candidates at GCSE and A level, which reduces the likelihood of students applying

for the subject at university.

Thus the goal for the UK economics profession must be to engender a new interest in the subject amongst students choosing the subject at advanced and degree level. Moreover, the new post-16 qualification system will provide an opportunity for students to take a broader range of subjects after GCSE. Thus more students will have to be interested from AS level economics if they are to continue with a full A level<sup>6</sup>. Demonstrating the practical application of economic theory is essential if economics is to compete on a long-term basis with business studies. Students also need to view the use of analytical techniques, which is a key element of any economics syllabus, as a transferable skill for any future career path.

#### **Endnotes**

1 Manchester Metropolitan University and Dundee Abertay University, respectively. The authors wish to acknowledge the assistance of the Conference of Heads of University Departments of Economics (CHUDE) in providing the mail database, from which the survey questionnaire used in this paper was distributed. The comments of two anonymous referees are also gratefully acknowledged.

2 These figures are derived from the PCAS, UCCA and UCAS statistical supplements and the UCAS web site (<http://wwwucas.ac.uk>). The economics data relates to UCAS codes beginning with the prefix L1, which therefore includes programmes such as single honours economics (L100); some business economics programmes and joint honours economics programmes.

3 Recently, the Nuffield A-level examination board introduced a modular business - economics syllabus. This development could partly explain the recent decline in A-level economics.

4 Greater mathematical ability is measured by the difference between the GCSE scores in mathematics and English.

5 Willis and Pieper (1996) note that the growth in business economics degrees resulted in a 40 per cent reduction in US economics majors enrolments over the 1987-1995 period, while business studies and business economics led to a 3.6 per cent reduction.

6 The new AS level will be equivalent to the first year of the A level syllabus. In the second year of post-16 education students will take an A2, which is the second year of the conventional A level syllabus.

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## **Special Supplement**

### **The Competition Act 1998**

A new prohibition-based competition policy, aimed at outlawing anti-competitive behaviour, comes in to effect on 1st. March 2000. This is a direct result of the 1998 Competition Act, which also led to the establishment of the Competition Commission on 1st. April 1999. The Act heralds fundamental and far-reaching changes in UK competition policy.

The aim of this special supplement is to provide a readily accessible but comprehensive review of the provisions of the Act and its likely impact. This should be of considerable interest to economics lecturers and their students.

Professor David Parker is a member of the Competition Commission and was formerly an additional panel member of the Monopolies and Mergers Commission.

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