

EUROPEAN UNION

Brussels, 23 June 2011

**EUROPEAN RESEARCH AREA
COMMITTEE**

**– ERAC –
Secretariat**

ERAC 1211/11

NOTE

To: ERAC delegations

Subject: ERAC Opinion on the Modernisation of Universities

The attached ERAC Opinion on the Modernisation of Universities was approved by written procedure on 14 June 2011.

ERAC Opinion on the Modernisation of Universities**Background and introduction**

A knowledge-driven economy needs strong, innovative, forward-looking universities. Many European universities have undergone a perceptible change during the last few decades from being pure research and higher education institutions to being central societal institutions and key elements in the European knowledge economy.

As stated in the Innovation Union flagship initiative the university systems in European countries need to be modernised at all levels. Excellence must be even more the guiding principle. Europe needs to further improve universities' performance, raise skill levels, diversify skills and attract top talent from abroad.

In this context the Innovation Union initiative underlines the need for reform of the higher education sector. Many European universities do not attract enough top global talent, with relatively few in leading positions in existing international rankings. European universities should be free from over-regulation and micro-management in return for full institutional accountability. Universities also need more diversity in their missions and outlook, with smarter specialisation across different fields.

The main challenges and obstacles regarding the modernisation of universities were set out in the communication from the Commission to the Council and the European Parliament – Delivering on the modernisation agenda for universities – Education, research and innovation COM (2006) 208. Member states broadly endorsed the analysis in the Council Resolution on modernising universities for Europe's competitiveness in a global knowledge economy (December 2007) and reaffirmed the need to advance the modernisation of Europe's universities, addressing their interlinked roles in education, research and innovation, as a key element of Europe's drive to create a knowledge-based society and economy and improve its competitiveness. However, in November 2008 the Commission's status report concluded that although progress is being made in all nine areas, there are still challenges to be addressed.

The Commission has announced that the 2006 communication on universities will be followed up by a new communication from the Commission to the Council and the European Parliament. As part of supporting the development of the European Research Area (ERA), the European Research Area Committee (ERAC) examined national initiatives regarding the improvement of excellence of research in universities. On the basis of the conclusions and experiences from the reports listed below and the underlying processes ERAC wishes to bring a number of observations and recommendations to the attention of the (Competitiveness) Council and the Commission in view of the forthcoming communication on the modernisation of universities and higher education.

The work of ERAC in this field has been documented in the following reports¹

- CREST OMC Working Group Report on “*Mutual learning on approaches to improve the excellence of research in universities*”, March 2009
- ERAC’s Report on “*Peer Learning Activities on Universities*”, December 2010
- Report from ERAC seminar on universities – “*Peer Learning Activities for the Modernisation of Universities*”, March 2011

In the following text ERAC presents a number of objectives followed by suggestions for actions at EU level, at member state level² and at institutional level. As a point of departure for all recommendation ERAC notes that university and higher education issues are within the competence of the individual member states. Nevertheless, an international dimension should be seen as a point of departure for the discussions of the current and the future situation of European universities.

¹ CREST OMC Working Group report “Mutual learning on approaches to improve the excellence of research in universities” can be downloaded on the following website: <http://ec.europa.eu/research/era/docs/en/areas-of-action-research-institutions-crest-omc-working-group.pdf>.

² In the following whenever the term member state is used it also includes the regional level.

Rethink, restructure and reorganise the existing institutional structures and landscapes of universities and research institutions

The work of ERAC on universities has confirmed that there is a need for reform and modernisation of institutional structures in Europe. It is assumed that such structural reforms will enable Europe to increase the global competitiveness of its universities, to develop stronger research environments, to enhance business ties and better secure and support cohesion across Europe in the field of university performances. In general, to strengthen growth and employment in Europe as emphasized in the EU2020 strategy.

In this context ERAC:

1. Observes that the performance of universities is closely linked to the universities' governance structures and level of institutional autonomy enabling universities to develop and implement clear strategies.
2. Encourages member states to support and if necessary to initiate institutional reforms as well as to initiate governance and management reforms at universities.
3. Recommends that universities should formulate clear strategies, including on the collaboration with other institutions and industry.

Integrate or secure better interaction among research, innovation, and higher education

In a growth oriented knowledge society research should not be isolated from innovation nor from education. It is valuable to better integrate higher education, research and innovation aspects in countries', regions' and institutions' strategies towards excellence. Integration of education, research and innovation can be implemented e.g. by merging institutions or by creating collaborative networks.

In this context ERAC:

4. Acknowledges that the core mission of universities is education and research. However, there is also an important need to further develop other types of activities such as knowledge sharing with the surrounding society, lifelong learning, engagement in regional and local development and growth in general.
5. Advises the member states to recognise the need for universities to be encouraged to better integrate innovation, research and higher education. In this context, ‘Knowledge Alliances’ between business and academia and transnational campuses can be a useful tool.
6. Underlines the need for a discussion and action on challenges related to increased business-academia collaboration, i.e. in relation to intellectual property rights and technology transfer.
7. Acknowledges that the European Institute of Innovation and Technology can become a role model for the integration of education, research and innovation at an EU level and transnational level.

Promote, document and brand the diversities in the European university sector

European policy makers have a tendency to compare European universities with universities in the US. However, it is important to be aware of the differences between the European and US university systems. In the US there is a tendency to focus on the leading excellence universities, whereas in Europe, while supporting excellence, it is broadly acknowledged that universities also have a broader commitment to society. Therefore there is a need for further diversification of the university sector.

As stated in the Innovation Union, the Commission will in 2011, on the basis of the current preparatory work, propose an independent multidimensional international ranking system to benchmark university performance (U-Multirank). This ranking should support the idea of a diversified European university sector by documenting the multi-dimensional societal tasks of universities while at the same time stressing quality and performance in all segments. However, it is important to be aware that the performance of universities can not only be served by rankings but also by other transparency tools such as quality assurance based on the European Standards and Guidelines, qualification frameworks, ECTS (European Credit Transfer System) and the diploma supplement.

In this context ERAC:

8. Emphasises that Europe needs universities with different profiles that serve multiple stakeholders at the regional, national and global level. Therefore, ERAC encourages the universities to formulate clear university profiles and brands.
9. Notes that Europe has a unique higher educational system with an overall good quality. The universities' broad pledge commitment to society should be developed and sustained while supporting excellence.
10. Stresses that rankings could be a driver for European universities and member states to raise the quality of higher education and research; and that this will be a matter for member states in considering whether or not to support the U-Multirank process at both the national and institutional level.

Develop and implement comprehensive and coherent brain circulation strategies and policies

As stated in the Innovation Union flagship initiative, the number of researchers in Europe as a share of the population is well below that of the US, Japan and other countries. The EU will need at least 1 million new research jobs if it is to reach the R&D target of 3 percent.³ The number of researchers required is significantly higher, as many researchers will retire over the next decade. The EU and its member states should strengthen their capacity to attract and train young people to become researchers and offer internationally competitive research careers to attract the best and brightest from Europe and from abroad.

In this context ERAC:

11. Recommends that member states ensure good framework conditions which can enable virtual as well as physical mobility at national and EU level. Member states are encouraged to develop strategies on how to attract researchers. Universities are encouraged to promote circulation of knowledge e.g. by increasing staff mobility.
12. Recognises the importance of Marie Curie in encouraging mobility, strengthening the development of researchers' skills, and the careers of researchers across borders. ERAC therefore supports the continuation of this programme in the Common Strategic Framework.
13. Notes the paper by the Steering Group on Human Resources and Mobility "Towards a European Framework for Research Careers" as a guideline to recognise researchers' qualifications across borders and across sectors and the work carried out on examining the possibility of setting up a pan-European pension fund for researchers.

³ Commission Staff Working Document: A Rationale for Action, accompanying document to the Communication Europe 2020 Flagship Initiative Innovation Union, p. 86 (http://ec.europa.eu/research/innovation-union/pdf/rationale_en.pdf)

14. Recognises that portability of grants through EUROHORC's Money Follow Researcher's agreement can remove barriers to researcher mobility. ERAC recommends that public research organisations which do not already follow the agreement consider doing so.

Support researchers throughout their careers by a consistent focus on good framework conditions

It is important that Europe has an attractive, open, and sustainable labour market for researchers. The Peer Learning Activity on human resources and research careers has shown that many universities in Europe lack clear human resource strategies.

In this context ERAC:

15. Recommends that universities address human resource (HR) questions strategically and professionally. In this respect ERAC recognises the "HR Strategy for Researchers", which supports research institutions and organisations in the implementation of the Charter & Code into policies and practice and which provides institutions with the logo "HR Excellence in Research" (HRS4R). ERAC recommends institutions and organisations which have not already incorporated the Charter & Code for researchers to consider doing so.
16. Encourages universities to ensure open and transparent recruitment procedures for all researchers whether on fixed-term, open-ended or permanent contracts, e.g. through EURAXESS.
17. Acknowledges the challenge in regard to creating stable framework conditions for researchers in a time of financial constraints and increased competition.

Ensure more interaction between universities and non-academia

Europe's universities work in collaboration with a wide range of partners in the private, public and third sectors in order to increase the value of public money invested in research. Huge benefits can come from collaborative efforts in accelerating the exchange of knowledge from the research base into new businesses, services and policies. By working in collaboration universities have the ability to leverage both the resources and expertise which enable us to deliver the greatest possible impact.

Over 50 % of doctoral graduates move into careers beyond the academic sector (EUA DOC-CAREERS). Today's researchers need to be adaptable and flexible in an increasingly diverse, mobile and global research environment. They also need to acquire skills besides their primary field of studies to respond to the needs of society.

In this context ERAC:

18. Stresses the importance of increased cooperation between public research institutions and R&D intensive businesses. R&D companies should be made aware of the added-value of employing researchers.
19. Encourages universities to ensure that researchers are well prepared for a career outside academia in public or private institutions e.g. by ensuring that training involves the development of transferable skills.
20. Recommends universities to increase business-academia interaction e.g. by developing new curricula addressing innovation skills and interdisciplinarity.
21. Recommends that the Commission facilitates member states' exchange of experience on how the member states can develop policies that better match higher education programmes with societal needs while respecting the autonomy of the universities.

22. Encourages the Commission to secure better integration and/or interaction between initiatives and programmes in the European Higher Education Area (EHEA) and the European Research Area (ERA).

Improve the funding conditions of universities

Key factors for success of public research funding systems are a mix of appropriate framework conditions. The majority of European universities are publicly financed. With an average of 70 % of funding coming from government, this source remains the biggest funding stream for the universities in Europe. In general, governmental funding is perceived as providing stability for universities which should be maintained. However, relying heavily on one funding stream could potentially create instability, whereas the use of more diversified funding sources could lead to more stability and increased autonomy for the universities. In order to enhance quality and growth in the sector, a diversification of universities' income streams should be considered.

In this context ERAC:

23. Stresses the need for discussion of best practices on how to diversify the funding streams of universities.
24. Stresses the importance of stable core funding. However, ERAC recommends that member states in their funding models also include elements of performance-oriented funding. The optimal combination depends on the strategic objectives and the structural boundaries in the member state.
25. Recommends funding models be based on simplified application and reporting processes and that competitive calls are open to all researchers or research groups.

26. Recognises that transparency and simplicity of the entire national research funding system is a goal to strive for. Accordingly, ERAC recognizes that full cost models for external competitive funding lead to more transparency, informs decision making, enables better choices and motivates cost efficiencies even when full cost cannot be funded. At the same time, there must be room for adopting the full cost principle to the different national systems.
27. Acknowledges that at institutional level an increased awareness of real costs is important as it enables the management to undertake rational decision-making and strategic planning. Carrying out a cost analysis in universities is a difficult exercise and pragmatic models are needed to calculate direct and indirect project costs.

Promote competitive funding models

Funding is a key concern for universities worldwide. This topic is particularly relevant as the global economic crisis lingers, affecting the financial decisions concerning universities. To achieve a better quality of research, clearer concepts and selectivity mechanisms should be developed. In this context focus on performance and the establishment of appropriate indicators is important for the success of research funding. This is especially important considering potential changes in political priorities. At the same time, funding instruments focusing on performance and results should be considered as replacement of excessive control and interventions by public authorities. However, simplified instruments, focusing on performance and results have not yet been fully tested and evaluated.

In this context ERAC:

28. Recommends member states to use output performance indicators within their funding instruments, where appropriate.

29. Recommends the member states to use both ex ante (future) and ex post (past) performance indicators supplemented by peer review and rewarded accordingly.
30. Recommends that indicator based funding models should include indicators taking into account different institutional missions and specialties of disciplines.
