

## Summary of the 2nd Task-Force Meeting on September 18<sup>th</sup> 2013

27. September 2013

List of participants who attended the meeting: *see appendix*

Kerstin Born-Sirkel opened the 2<sup>nd</sup> Task Force Meeting. Her opening statement was followed by an opening statement by Jan-Eric Sundgren (JES) who highlighted the importance of education for the overall competitiveness of Europe's economy. In this respect he suggested that the future of Europe (and Volvo) depended on the good skills of its citizens. Large corporations such as Siemens and Volvo were competing at the global markets, here in particular with the corporations from Asia.

After a general introduction by all participants, Felix Roth (FR) presented first preliminary empirical results to be incorporated within the 3<sup>rd</sup> (Quality of Higher Education) and 4<sup>th</sup> chapter (Funding of Higher Education). FR's presentation pointed out, that if looking at the top 200 universities as ranked by the Times Higher Education World University Ranking (2012-13) and applying a methodology as proposed within the existent literature one indeed detected a "quality" gap between the EU and the US. In this respect Filip Van Depoele (FVD) commented that it would be important to distinguish between Universities which are at the top positions and the general quality of the skills of the labour force who attained a tertiary education degree. In this instance, he stressed that the European Commission and OECD will jointly present the results of the Programme for the International Assessment of Adult Competencies (PIAAC) on the 8<sup>th</sup> of October in Brussels. Along the same line, Christian Schutz (CS) emphasized that the largest number of graduates were trained outside the top (200) universities. Replying to these two remarks FR confirmed that indeed one should distinguish between an analysis of the top universities (an indicator of the innovation capacity of a country) and the overall quality of skills of a country's tertiary educated labour force. In addition, FR, mentioned several serious problems of the THE World University Ranking and the ARWU as pointed out in the existent literature. In this respect Marc Durando (MD) commented that the results from an analysis of the top 200 universities were biased. E.g. In France and Germany, e.g. important research facilities were not accounted for. FR continued his presentation by presenting results on the funding of higher education. He pointed out that in line with the existent literature there indeed existed a significant funding gap between the EU and the US (the US spends twice as much as the EU), that however, the funding is less pronounced than indicated by the previous literature. He put forward the three set of questions for the 2<sup>nd</sup> TF-Meeting: When exploring the quality of European universities why are EU universities performing poorly in contrast to US universities? In which dimensions do they lack competitiveness in comparison to the US (and China)? Are the existing university rankings adequate to rank international universities or are they flawed?

Commenting on FR's presentations Kim Lansford (KL) stressed that one needed to differentiate good teaching universities from good research universities and highlighted the concept of the employability of graduates should be given highest priority within the analysis.

Following FR, Helena Nazaré (HN) started to present. She pronounced that it was good that economists agreed on the point that education is important for competitiveness. She stressed that universities were key players for innovation and the training of researchers. She stressed that one should take university rankings very seriously. However, one should also be careful when interpreting the information from the given existing rankings. After highlighting that the numbers of rankings are growing (there are now 21 rankings) these rankings, however, face some serious flaws. The rankings i) continue to focus, almost exclusively, on the research function of HEI's, ii) are not able to do justice to arts, humanities and social science, iii) are biased as even the bibliometric indicators still have bias and flaws, iv) have severe limitations in measuring the teaching performance. She highlighted that these points are even underlined by the warnings from the ranking providers. HN continued to stress that, as the curves of the rankings do not follow a linear trend, after the 50<sup>th</sup> to 100<sup>th</sup> position the difference in values become insignificantly. This in fact means that only the first 100 universities can be accurately ranked. In addition, she pointed out, that only a portion of less than 4% of the world's 17,500 universities actually appear in the existent university rankings. Even if the Scimago ranking only ranked 3000 universities, whereas the THE ranking only ranked 400 and the Shanghai ranking only 500 universities. She clarified that the mere fact that within the top 200 universities of THE World University Ranking more than 50% were located in the US and UK should already raise caution when interpreting the results of the THE ranking.

She continued to highlight a study by the OECD which showed that the research efficiency (ratio between citations and research investment) gave a different picture than when analyzing the given university rankings. Once analyzing research efficiency Germany, France, Denmark, Ireland and Switzerland all perform better than the UK and the US. She highlighted that although the rankings have serious flaws there are nonetheless very important for the academic community as rankings can be a key factor in i) securing additional resources, ii) recruiting more students and attracting strong partners and iii) not ranked universities make an effort to get in. However, more problematic is the fact that rankings might be used for policy making such as that rankings might be used for funding universities (in fact the academic community was afraid that the AHELO Project would be used for the funding of European universities). She showed detailed evidence in how the rankings already drove policy decisions in the higher education sector in the Netherlands, Denmark, Russia, Brazil and India.

HN continued to comment on a survey on the internationalization in the European higher education among 175 higher education institutions in 38 countries (including institutions from all European Union member states, with the exception of Cyprus, Luxembourg and Malta) to be able to answer the question whether universities believe that it is the funding or the institutional autonomy which hampers their efforts in developing an institutional research capacity. 70% of all institutions reported that there are indeed obstacles in developing their adequate research

capacity. In this respect, 57% of those universities responded that funding is the real obstacle whereas as only 5% believed that it is the institutional autonomy. A similar picture is found once analyzing the obstacles to increasing the institutional international profile. Here 42% of the universities stated that it is the funding and only 4% the lack of institutional autonomy. Even more importantly, HN showed a pie chart of the overall dimension of the funding of European universities. The pie chart clarified that 73% of the overall funding of European universities are drawn from public funds. In this respect only 9% of the funding comes from tuition fees. Interestingly, many universities have over a 100 funding sources for a budget which only covers 27%. Concerning the tuition fees she highlighted that tuition fees should be taken exclusively at the Masters and PhD level but could not be taken at the Bachelor level as it would be against the constitution within most countries of the European Union to take tuition fees at the Bachelor level.

JES asked about the feasibility of tuition fees and whether it was fair that most of the funding stemmed from tax-payer money? HN answered that it will be difficult to increase/implement tuition fees as it not the student who pay but their parents. In this respect KL highlighted that in the US there was a large debate concerning tuition fees. She mentioned that tuition fees would act as change of the mindset of students as they would become consumers. Once they would pay tuition fees they would expect a job at the end of their graduation. CS commented that in Europe (Germany) there existed a 100% opposite culture towards tuition fees than in the US. Talks with students revealed a strong opposition concerning tuition fees. Christal Morehouse (CM) pointed out that university rankings, if based on a broad set of indicators, could make universities more transparent and competitive. She noted that European Universities should have a competitive edge because of their comparatively low fees as compared with the US. Yet no significant student mobility between from the US to European universities has been linked to the major difference in the cost of tertiary education. Whereas in Europe student fees are app. as high as a railway ticket in the US a 21-22 year old student who finalized a Bachelor degree could easily already have 150 000 US Dollar of debt. FR, after highlighting once more the significant funding gap between European and US universities, asked whether one could close the significant funding gap between the US and the EU by raising tuition Fees? HN replied that one had to take the political and social situation into consideration. In the case of the UK e.g. tuition fees were increased too fast. Thus an increase in tuition fees should be made gradually. However, she made clear that a system which charges full money for a Kindergarten but no money for higher education is a “ridiculous” system and stressed that tax-payers money is not enough to sufficiently fund European universities.

Gero Federkeil (GF) gave an overview of the U-Multirank project which results will be publically available at the beginning 2014. He started to point out that university rankings were here to stay as they i) receive high public attention, ii) have impacts on the HEIs and iii) have political impacts (e.g. on excellence initiatives, mergers, immigration policies). However, so far there are no rankings that help HEI as the current rankings had serious flaws and problems. However, disregarding these problems, they triggered policy initiatives. He pointed out that in

contrast to the existing rankings the U-Multirank project will not construct an overall lead ranking. It will also not produce a learning output measure as would AHELO do. In contrast the U-Multirank project is a user driven ranking which compares equivalent HEI's on separate single dimension. This approach brings justice to many universities which are not ranked in the existing university rankings, e.g., although the German *Fachhochschulen* had excellent teaching facilities, they would have no chance to be covered among the existent league tables, among 3% of Top Worldwide Universities. GF admitted that there will be an underrepresentation of US and Chinese universities. After having presented the pro's of the U-Multirank project in contrast to the existing rankings CS commented that the U-Multiranking is more a rating than raking. FR asked why LERU officially opposed to the multi ranking and with the U-Multirank project not deciding to construct a league table nor a country ranking whether the U-Multirank consortium were not concerned that policy makers would just continue to use the traditional rankings such as the Shanghai and THE ranking. GF answered that i) LERU was afraid that the rankings might produce new results and had uttered concerns about the quality of the data and ii) policy makers would most likely not change in using the Shanghai and THE ranking after the publication of the U-Multirank project. He expressed the concern that future funding of HEI's should not be based on ranking results. He stressed that the strength of the U-Multirank project was its complexity and that policy makers might adapt to this complexity over the medium run. HN asked how the U-Multirank project controlled for the correctness of the information provided by the universities? GF clarified that the U-Multirank project secured the consistency of the data by statistical procedure. CS asked whether the U-Multirank project wanted to prevent policy makers to use the U-Multirank project and stressed that the other rankings will still exist and remain as amongst other they have a good PR-strategy. Rasmus Dahl (RD) asked whether the U-Multirank offered information on the performance over time, more concrete the evolution of an institution over the years? GF responded that this would indeed be feasible. FVD remarked that the U-Multirank project was not easy to exploit for politicians. However, it would be really interesting for students.

The presentation by GF was followed by Maria Graça Carvalho (MGC). First, she reminded the participants that she would send around a paper she wrote. She stressed that education is the key to growth and that if we wanted Europe to grow we needed investments in higher education. These investments are a necessary condition for growth. However, she argued that this growth would also need sufficient background conditions. In this respect she mentioned that the macro-economic conditions needed to be adequate and that an economy needed a private sector which would be able to absorb the graduates. If there were no competition law and a private sector people would remain in the public sector or move abroad. However given these background factors empirical evidence shows that top universities coincide with economic growth if the right regime is established around the universities. e.g. sme's are embedded around the universities. This is how it worked in the US.

She continued to stress that although the role of universities had been forgotten, politicians in general and the president of the EC Barroso, in particular, highlighted the important

role of universities as a catalysator for growth. In order to face the challenges of globalization European universities we needed both: an increase in budget and a diversification of the budget. This is why the EC proposed to invest at least 2% of public and private spending on higher education on top of 3% investment on R&D rounding up to the total sum of 5% of knowledge spending. Asked by FR whether the private spending of HEI's would have to be increased MGC answered that indeed the private sector spending should be increased as well as tuition fees. Concerning the European funding she mentioned that the problem was that the new member states only received 2% of the ERC funding and only 5% when including the complete framework program.

The presentation by MGC was followed by Patricia Wastiau (PW) who presented empirical results of the ICT use at upper-secondary education. PW mentioned that the European Schoolnet conducted a survey on the ICT use at upper-secondary education with an overall 190,000 responses and 156,634 replies from students. The empirical results from the survey indicated that there was a big gap between the ICT use of students at home and at school. Of the main conclusion of the study was the currently existing digital competence was not sufficient for Europe and that a dramatic progress would still be made to develop student's digital competence for the 21<sup>st</sup> century. Another study of the European Schollnet found out that also teachers competencies of ICT use was too low developed within the European countries. In this respect, it would be crucial if teachers were able to transfer their skills to their students. This on other hand depended on the teacher's confidence of ICT use. What would be needed is additional training by Mooc's. Here the challenges lay with i) quality control, ii) retention and iii) assessment and certification.

PW's presentation was followed by a presentation by Daniel Vertesy (DV) who showed a range of empirical results from work he has conducted together with his colleagues at the JRC in Ispra. Among others the empirical research results by him and his colleagues found that if constructing country rankings of the excellence of universities many European countries ranked better than the US. However, the EU-27 as a whole and the Mediterranean countries such as Italy and Spain performed significantly worse than the US. China ranked at the very bottom of the country ranking. A similar picture is attained once analyzing a composite indicator of S&T Research Excellence consisting of the three indicators i) Highly cited publications, ii) Top University Institutes and iii) PCT Patents. Here again a range of European countries outperform the US although the EU-27 as a whole is ranked worse than the US and China in the lower third of the overall distribution. However, if one looks disaggregated data from Chinese regions the picture for China changes as some Chinese regions already outperform some European member countries. The significance of this finding increased, the more universities were included within the analysis. In addition he presented empirical results on the research performance of European universities at the regional level by using the EUMIDA dataset. With the exception of some Greek and Spanish regions one finds a high correlation between the research performance of universities within a region and the labour market performance in this region.

After DV's presentation Peter Van Der Hijden (PVDH) suggested to once more discuss the three proposed questions by FR. In this respect he remarked that the European Curriculum of H.E. were not modern enough. The curriculum would need 1) more STEM and 2) more soft skills and iii) a stronger focus on the context of the learning.

Discussing FR's 1st question FVD highlighted that Europe's universities were performing well when analyzing a larger sample of universities and Europe attracted 45% of foreign students. He also mentioned to analyze the data by the PIAAC. PVDH commented that Europe was indeed good in numbers and volumes. RD highlighted that in particular the 2<sup>nd</sup> question needs to be addressed. In the case of engineering the question ought to be: how is it taught in Europe in comparison to the US? If one compares the teaching at the Stanford University with a European university one detects a cultural difference. KL highlighted that the teaching dimension is very important. But equally important would be the question where European companies would spend their research money. MD commented that for Chinese students European universities offered only a 2<sup>nd</sup> option. The 1<sup>st</sup> option was the US. In this respect JES wondered why European universities attracted so few students from the US and wondered whether US students believed that a free university system couldn't offer a good quality. CS confirmed the implications by MD by stressing that for Chinese students the US education is the top education, whereas Europe ranks 2<sup>nd</sup>. He additionally highlighted that the employability of specific universities should be the key for students decision to study at such a university. In India e.g. the employability is the most important fact. In this respect the alumni networks of the US are of crucial importance. The importance of Alumni was confirmed by JES. Finally CS went to the writing board and drew a pyramid with two layers. He claimed that theoretically, the world's top universities should were located in the US (top layer). Below it there were European and a range of US universities (Middle layer), in the lowest layer there were mostly US universities. In this respect KL mentioned that were 5 000 US universities and only a few offered Masters and PHD programs. GF stressed that one should not look at the pyramid but only compare those universities which are alike.

It was agreed that the next meeting (3<sup>rd</sup> TF meeting) will take place in the last week of November 2013. At the end of January a first version of the TF report will be circulated. The participants have agreed upon the fact that all presentations will be sent to each participant.

**Appendix:** List of participants who attended the meeting

Mr. Mikkel Barslund  
Research Fellow  
CEPS

Mrs. Kerstin Born-Sirkel  
Director of Corporate and External Relations  
CEPS

Mrs. Maria Da Graça Carvalho  
MEP (EPP), Member  
Industry, Research and Energy  
European Parliament

Mr. Rasmus Dahl  
Consultant  
Confederation of Danish Industry - DI

Mr. Marc Durando  
Executive Director  
European Schoolnet

Mr. Gero Federkeil  
Project Leader U - Multirank  
Centre for Higher Education

Mrs. Kimberley Lansford  
Senior Policy Adviser  
European Round Table of Industrialists

Ms. Ilaria Maselli  
Researcher  
CEPS

Ms. Christal Morehouse  
Senior Project Manager  
Bertelsmann Foundation

Ms. Diana Musteata  
Administrative and Marketing Assistant  
CEPS

Mrs. Maria Helena Nazaré  
President  
European University Association

Mr. Felix Roth  
Research Fellow & Editor of Intereconomics  
Economic Policy  
CEPS

Mr. Christian Schutz  
Head of Global University Relations  
Corporate Human Resources, University Relations Intranet Page  
Siemens AG

Mr. Stephen Stacey  
Director and Executive Representative  
Hyundai Motor Company

Mr. Jan-Eric Sundgren  
Senior Vice President & Head of Corporate Relations  
Public & Environmental Affairs  
Volvo AB

Ms. Anna Elisabeth Thum  
Research Fellow  
CEPS

Mr. Takahiro Tomonaga  
General Manager  
Strategic Information and Research  
Mitsui & Co. Benelux

Mr. Filip Van Depoele  
Advisor to the Deputy Director-General  
European Commission

Mr. Peter Van Der Hijden  
Policy Officer  
DG Research & Innovation  
European Commission

Mr. Daniel Vertesy  
Econometrics and Applied Statistics  
Joint Research Centre  
European Commission

Ms. Patricia Wastiau  
Principal Advisor for Research and Studies  
European Schoolnet