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# The Entrepreneurial University in Europe

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# The Rise of Entrepreneurial Higher Education in Europe

Entrepreneurialism in HE has a history: itself the subject of prolific research going back beyond Burton Clark's 1998 classic. However, it has gained increasing impetus recently because of:

- the growing importance of the 'knowledge economy' sectors
- promotion by national governments and the EC in Europe
- the squeeze on public funding for universities in the face of financial crisis.

As a means of diversifying funding, it has often been welcomed as a means of bringing greater autonomy to HE institutions and – potentially – of strengthening applied research, although sometimes at the cost of non-applied or 'pure research.'

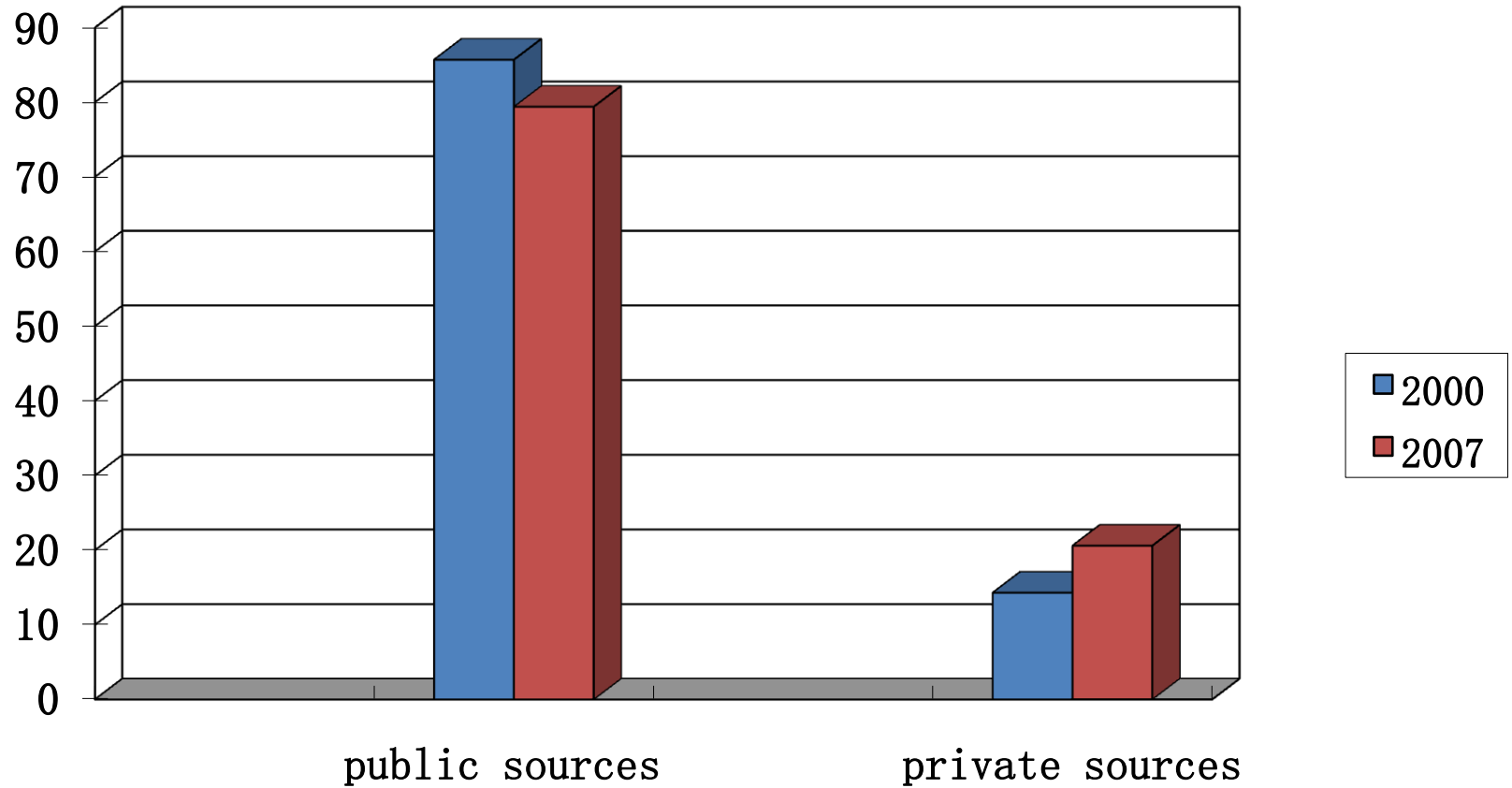
However, as a Trojan horse for privatisation of universities it defeats its own objective. Private universities in Europe rarely do much research and are not very entrepreneurial.

# Definitions of Entrepreneurial Higher Education

- Clark (1998): breaking out of the constraints of restrictive funding systems or the conventions of state-run higher education systems...encouraging innovative academic behaviour, engaging in partnerships with external bodies .
- Shattock (2003): a drive to identify and sustain a distinctive institutional agenda which is institutionally determined, not one which is effectively a product of a state funding formula. Entrepreneurialism in a university is not simply about generating resources but about generating *activities*.

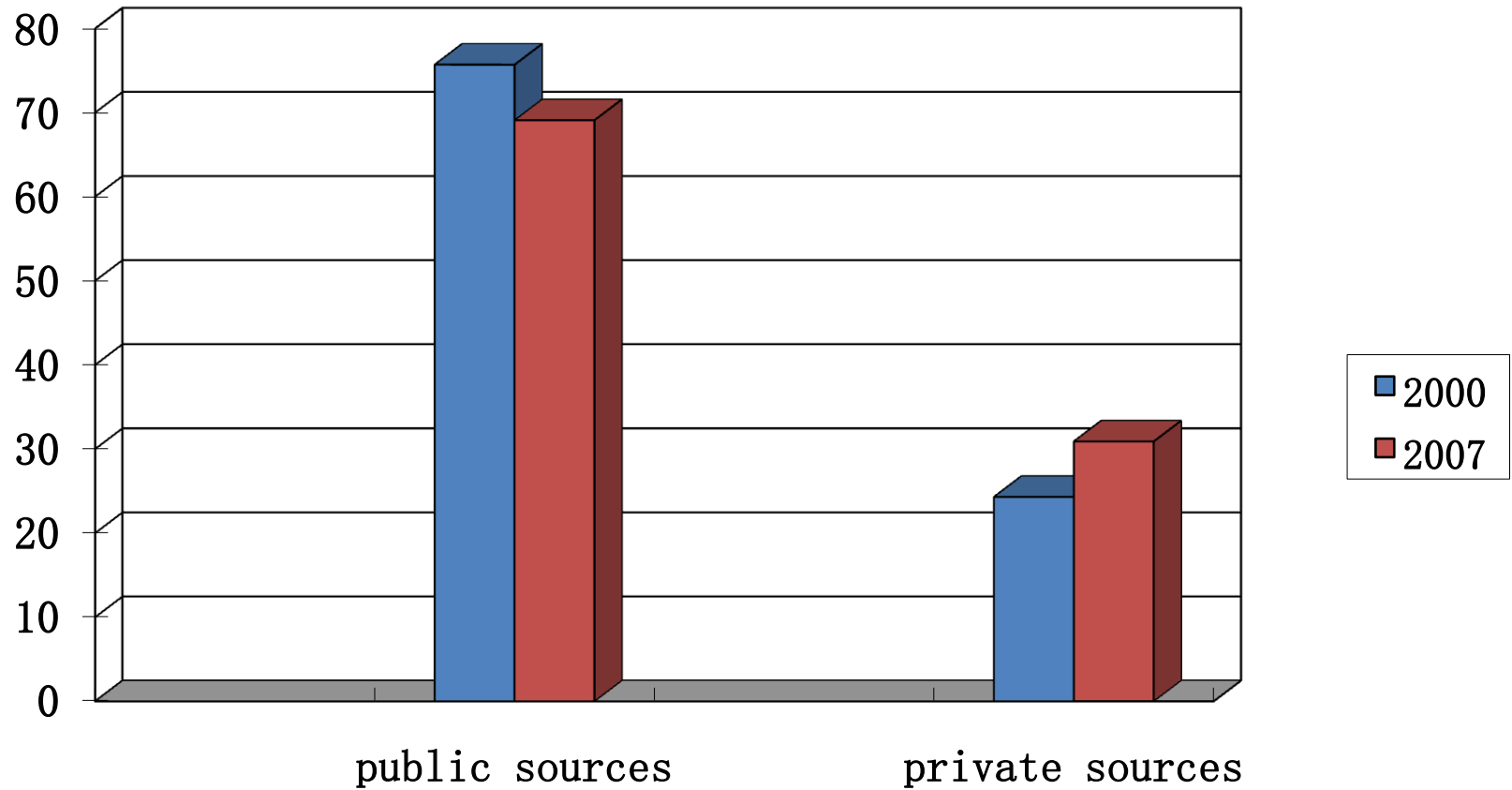
# EU 19 average proportion of public and private expenditures on tertiary educational institutions (2000, 2007)

Data source: Educational at a Glance (OECD, 2010, p.235)



# OECD average proportion of public and private expenditures on tertiary educational institutions (2000, 2007)

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# Types of Entrepreneurial Activity

- Consultancy and knowledge transfer
- Commercial exploitation of research
- Spin offs and spin-ins
- Incubators
- Social entrepreneurialism
- Regional outreach and regeneration
- Distance learning ventures
- Innovative forms of teaching – virtual learning, short-courses, CPD
- Conference provision and facilities provision
- Entrepreneurship education

# Institutional Drivers of Entrepreneurial Activity

- Squeeze on core income, but not inadequate funds for new innovations.
- Freedom for universities to retain profits.
- Freedom for individuals and groups in universities to take share on income generated.
- Commercial institutional culture.
- Adequate regulation of individual free-lance entrepreneurial activity.
- University research in applied or commercially exploitable fields.

# Barriers

- Centralised bureaucratic control of universities
- Core income too generous
- Core income inadequate for risk taking
- Financial regulations too burdensome
- Traditional academic culture too dominant
- Lack of incentives to individuals – including financial

# National Policy Drivers

- Increasing demand for HE has put mounting pressure on public finances. Widespread government concerns to shift cost of teaching and research more onto students and businesses.
- In Europe, UK in the vanguard of developing entrepreneurial universities – increasing income to universities from foreign students and commercially funded research.
- Recent Browne review of HE funding in the UK recommends removing governments subsidies to HE teaching for most subjects (except science and maths).
- Increases in fees to cover 80% of tuition costs.

# Government Measures

- Gov't funding for innovations and spins offs (UK Higher Education Innovation Fund)
- National research funding system that rewards knowledge transfer (UK RAE/REF)
- Legal requirement for universities to collaborate with their regions (Sweden)
- Liberalisation of intellectual property laws transferring rights from state to universities and individuals.

# Organisational Support

- Creation of specialist support units:
  - Short-course centres
  - Research offices
  - Technology transfer units: incubators
- Flexible decision-making process able to respond to market
- Incentivisation schemes for researchers
- Creation of centres with more flexible regulation

# European Union Policy

The EU sees HE as a major factor in the future competitiveness of the European knowledge economy vis a vis the US and other competitors. Universities responsible for 80% of fundamental research in Europe and employ 34% of active researchers.

*‘Given that they are situated at the cross roads of research, education and innovation, universities in many respects hold the key to the Knowledge Economy and Society’*  
- E C, ‘The Role of Universities in the Europe of Knowledge’

*‘Our future depends on Europe becoming a true knowledge society. The European Research Area is the foundation on which this knowledge society must be built.’*  
- European Science and Research Commissioner Janez Potočnik

## Measures:

1. Bologna Process – making European universities more attractive
2. European Research Area – developing more world-class research through synergies and concentrating resources.

# The European Research Area (ERA)

The creation of a European Research Area (ERA) was proposed in EC '**Towards a European Research Area**' of January 2000. Achieving a ERA by 2010 was seen as a way:

- to make European economies more competitive
- to promote the 'European Dimension'
- to encourage industry to invest more in R and D (target 3% GDP)
- to foster innovation
- to contribute to job creation and sustainable growth.

# Problems in ERA

EC says European R and D too fragmented and lacking in coherence

- Researchers still see career opportunities curtailed by legal and practical barriers hampering their mobility across institutions, sectors and countries.
- Businesses often find it difficult to cooperate and enter into partnerships with research institutions in Europe, particularly across countries.
- National and regional research funding remains largely uncoordinated. This leads to dispersion of resources, excessive duplication, unrealised benefits from potential spillovers, and failure to play the global role that Europe's R&D capability would otherwise allow, notably in addressing major global challenges.
- Reforms undertaken at national level often lack a true European perspective and transnational coherence.

# European Commission Assessment

It ‘is fundamentally important for [HE Institutions] to make their contribution to becoming a leading global and knowledge-based economy. European Universities have enormous potential , much of which unfortunately goes untapped because of various rigidities and hindrances. Freeing up the substantial reservoir of talent and energy requires immediate, in-depth and coordinated change: from the way in which systems are regulated and managed, to the ways in which universities are governed.’

- EU MS spend 1.9% of GDP on research compared with target of 3%.
- Europe has about 5.5 researchers per 1,000 employees, marginally less than Canada or South Korea, but way below the US (9.0) or Japan (9.7).

## Problems:

- Standard model of university
- Insulation of university from industry
- Over-regulation
- Under-funding

Source: CEC – ‘Delivering on the Modernised Agenda for Universities, 2006,

# Assessments of Recent Research

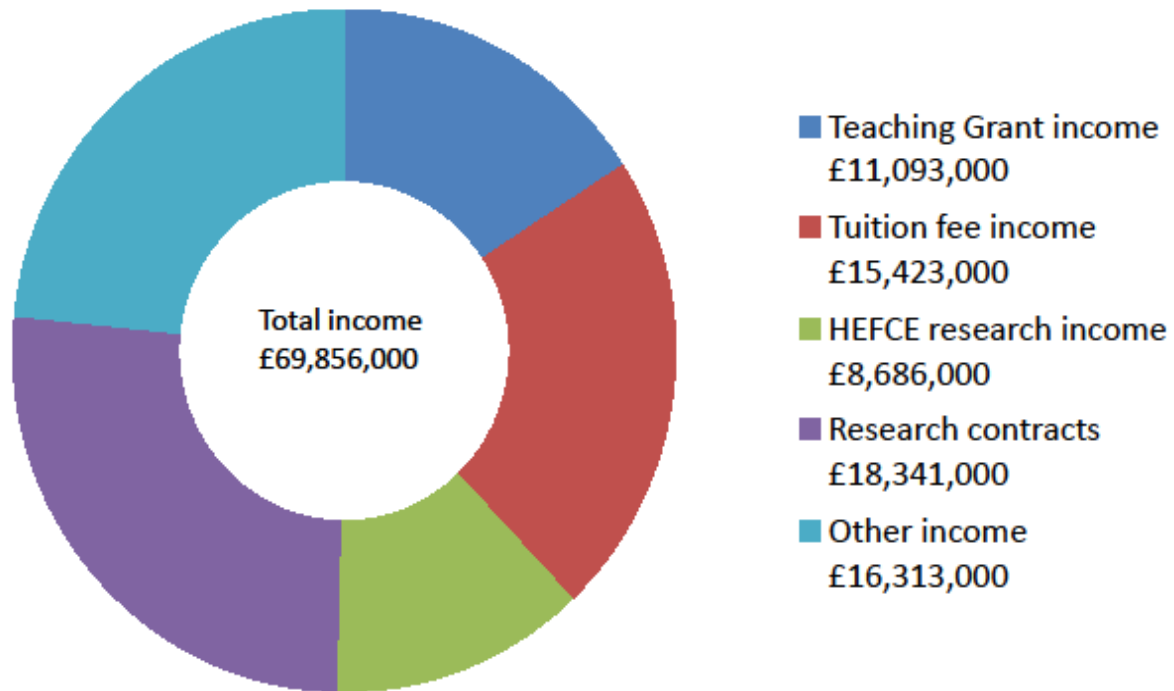
- Entrepreneurial education in Europe universities is not very highly developed
- Entrepreneurial activities are more widespread than is often believed

Table: Proportion of public and private expenditures on tertiary educational institutions (2000, 2007)

	2007		2000	
	Public sources	Private sources	Public sources	Private sources
Austria	85.4	14.6	96.3	3.7
Finland	95.7	4.3	97.2	2.8
France	84.5	15.5	84.4	15.6
Germany	84.7	15.3	88.2	11.8
Italy	69.9	22.0	77.5	22.5
Netherlands	72.4	27.6	76.5	23.5
Norway	97.0	3.0	96.3	3.7
Poland	71.5	28.5	66.6	33.4
Spain	79.0	21.0	74.4	25.6
Sweden	89.3	10.7	91.3	8.7
United Kingdom	35.8	64.2	67.7	32.3
Japan	32.5	67.5	38.5	61.5
Korea	20.7	79.3	23.3	76.7
United States	31.6	68.4	31.1	68.9
OECD average	69.1	30.9	75.7	24.4
EU 19 average	79.4	20.6	85.7	14.3

Sources: Education at a glance (OECD, 2010, p.235)

# Institute Income 2007/08



# NIRAS Survey of Entrepreneurship in Higher Education

- Survey covering 31 countries, including 27 member states and all types of HE institution with bachelors degrees and above. 664 responses.
- More than half of Europe's students do not have access to entrepreneurship education.
- European students are more likely to have access to entrepreneurship education if they attend a business school or a multi-disciplinary university with a business studies department.
- Most are taught by people without personal experience of entrepreneurship.
- More chances of access in the EU15 countries.

**Table 2-1: Results for different types of institutions on key aspects of the six dimensions**

	Business schools	Multidisciplinary institutions with a business school department	Multidisciplinary institutions without a business school department	Technical institutions*
<b>Strategy</b>				
Entrepreneurship part of overall strategy	In the majority of institutions (79 %)	In the majority of institutions (73 %)	In two thirds of institutions (71 %)	In the majority of institutions (73 %)
Strategic responsibility for entrepreneurship	President: 36 % Rest of top-mgmt: 21 %	President: 19 % Rest of top-mgmt : 46 %	President: 15 % Rest of top-mgmt: 36 %	President: 17 % Rest of top-mgmt : 30 %
Institution-wide entrepreneurial action plans for how to achieve E-goals	In the majority of institutions (86 %)	In half of institutions (53 %)	In half of institutions (42 %)	In half of institutions (59 %)
<b>Institutional Infrastructures</b>				
Entrepreneurial professors (avg.)	3.7	2.3	2.7	4.0
Presence of entrepreneurial centre	At two thirds of institutions (71 %)	At two thirds of institutions (61 %)	At half of institutions (46 %)	At half of institutions (59 %)
Research on entrepreneurial education	At majority of institutions (79 %)	At majority of institutions (80 %)	At two thirds of institutions (68 %)	At a third of institutions (36 %)

	Ph.D.: 3.9	Ph.D.: 2.6	Ph.D.: 3.5	Ph.D.: 3.0
Entrepreneurial degree available	In two thirds of institutions (71 %)	In two thirds of institutions (62 %)	In half of institutions (45 %)	In half of institutions (49 %)
Three most used teaching methods in entrepreneurial education	1: Entrepreneur in classroom 2: Case studies 3: Project teams	1: Lecturing 2: Case studies 3: Project teams	1: Lecturing 2: Project teams 3: Case studies	1: Lecturing 2: Project teams 3: Case studies

### Outreach

Involve alumni in entrepreneurial education	Majority of institutions (93 %)	In two thirds of institutions (71 %)	In two thirds of institutions (67 %)	In two thirds of institutions (66 %)
Stakeholders contributing to entrepreneurial education	Company: 79 % Entrepreneur: 62 % Investors: 62 %	Company: 65 % Entrepreneur: 61 % Investors: 47 %	Company: 60 % Entrepreneur: 48 % Investors: 35 %	Company: 70 % Entrepreneur: 61 % Investors: 51 %
Support entrepreneurship in local schools	Two thirds of institutions (71 %)	Two thirds of institutions (64 %)	Third of institutions (34 %)	Two thirds of institutions (66 %)

### Development

Avg. share of academic staff involved in entrepreneurial education	22 %	5 %	4 %	6 %
Provide recognition for achievements in entrepreneurial education	Majority of institutions (79 %)	Half of institutions (44 %)	Half of institutions (43 %)	In half of institutions (59 %)
Formalised procedures of evaluating entrepreneurial strategy	In third of institutions (38 %)	In third of institutions (33 %)	In half on institutions (41 %)	In third of institutions (33 %)

### Resources

Income-generating activities related to entrepreneurial education	Majority of institutions (79 %)	Majority of institutions (81 %)	Two thirds of institutions (61 %)	Two thirds of institutions (69 %)
Allocate dedicated funding to entrepreneurial education	Half of institutions (54 %)	Two thirds of institutions (64 %)	Two thirds of institutions (66 %)	In half of institutions (54 %)
Average size of entrepreneurial education budget per student	€297	€110	€104	€249

# Diversification not Privatisation

- ‘Entrepreneurialism in the area of research is dependent on a secure funding base and the creation of a supportive infra-structure.’  
(Shattock, 2009)