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### **European Higher Education on the World Stage**

*“Attracting the best students, academics and researchers from outside the EU and developing new forms of cross-border cooperation are key drivers of quality. They can also be important sources of income for institutions. Although some Member States are a very attractive study destination, the EU as a whole needs to attract the best students and researchers if it is to compete with the US. Europe’s attractiveness can be enhanced if a number of concerns are urgently addressed: increasing cost and uneven quality; difficult academic recognition; non-transparent recruitment and unattractive working conditions for researchers; and problems in obtaining visas to study and work, including for intra-EU mobility” (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Supporting growth and jobs – an agenda for the modernisation of Europe’s higher education systems-COM(2011)567)*

Both public and private institutions are under multi-faceted pressures to change today, with various intensity in various parts of Europe. These institutions include governmental agencies, institutions of the corporate world, institutions of civil society and the core institutions of the public sector. Europe is experiencing the shattering of a stable world governed by modern institutional traditions, and in this context higher education institutions are increasingly expected to adapt to the changing social and economic realities.

The fundamental role of knowledge production in economic growth of knowledge-driven economies puts higher education institutions and outcomes of their teaching and research increasingly in the public spotlight. Higher education institutions are increasingly measured, compared and ranked both internationally and nationally; rankings and comparisons are publicly debated. The “economic relevance” of higher education institutions links, directly or indirectly, university activities with innovations in the private sector. Links between higher education and the economy are tightening throughout Europe. There are increasing policy

pressures, accompanied by new national and European-level funding mechanisms, to link university missions much closer to the economy.

*“In the past, neither public policy nor the higher education institutions themselves have tended to focus strategically on the contribution that they can make to the development of the regions where they are located. Particularly for older, traditional higher education institutions, the emphasis has often been on serving national goals or on the pursuit of knowledge with little regard for the surrounding environment. This is now changing” (OECD 2007).*

Highly competitive economies have excellent higher education institutions operating in increasing symbiosis with the business sector, and both higher education institutions and the business sector are operating in friendly legal and regulatory environments. Globally competitive higher education institutions in Europe operate in globally competitive regions and economies. It is difficult for higher education and innovation systems to go beyond their national social and economic contexts: they belong to national settings, are funded through national taxes, cooperate with regional companies, and produce graduates with skills necessary for national economies. The national settings are for higher education and innovation systems both burdens and challenges.

Between 2000 and 2009, the number of students in the EU increased by 22.3%, from about 16 million to 19.4 million. But despite the large-scale expansion of higher education systems, only 26% of the population aged between 25 and 64 in the EU has a tertiary education qualification, compared with 37% of the equivalent Australian population, over 40% in the US and Japan, and 50% in Canada. As part of Europe 2020 Strategy, EU governments have agreed an attainment target for higher education among those aged 30-34 of 40% by 2020. Currently, 13 Member States have reached or exceeded the target attainment level.

### **Social Dimension: Making higher education more attractive to all and opening up to non-traditional learners**

*“The Europe 2020 education headline target stipulates that, by 2020, 40% of young people should successfully complete higher education or equivalent studies . Attainment levels have grown significantly across much of Europe in the last decade, but they are still largely insufficient to meet the projected growth in knowledge-intensive jobs, reinforce Europe's capacity to benefit from globalisation, and sustain the European social model. [...]Therefore, Europe needs to attract a broader cross-section of society into higher education, including disadvantaged and vulnerable groups, and deploy the resources to meet this challenge; in several Member States, reducing higher education drop-out rates is also crucial. This increase in aspirations and achievement cannot be addressed at the tertiary level alone: success also depends upon policies to improve earlier educational outcomes and reduce school drop-out,*

*in line with the Europe 2020 target and the recent Council Recommendation on early school leaving.”(Communication... 2011)*

The last decade in Europe has seen far greater attention paid to the social composition of the populations entering European higher education institutions and graduating from them. The student body entering, participating in and completing higher education “should reflect the diversity of our populations” (London Communiqué, 2007). The underlying rationale for this commitment comes both from social justice arguments and human capital arguments. Increasing the numbers of students and graduates from “under-represented” social groups is a core objective of the “social dimension” of the Bologna Process.

Apart from a general or academic pathway to higher education, recent decades often introduced more vocationally oriented pathways. However there is still a need to develop clear progression routes into higher education from other education types. Fair implementation of qualification frameworks based in learning outcomes can in this sense facilitate access to higher education.

National and EU policies seek to prevent “dead-ends” in educational systems which prevent individuals from progressing to higher levels, as well as to reduce drop-out rates in higher education. The impact of demographic aging in Europe in the next decades, leading to declining student age cohorts in the majority of European systems, may provide an opportunity to increase higher education participation and attainment levels in the population as a whole. In addition to encouraging older learners to undertake their studies in mainstream higher education programmes, there is a policy need to provide shorter continuing education programmes to those in the labour market. This can be perceived as the important part of the “third mission” which is being developed next to two major traditional university missions: teaching and research, and is often referred to as the regional mission. The third mission reflects simply the change in attitude of universities’ external stakeholders: national and local governments, local businesses and industry, as well as, finally, students and their parents. The regional mission means opening up of universities to the regions in which they are located.

### **Ensuring quality: excellence, quality and relevance**

*“Higher education institutions too often seek to compete in too many areas, while comparatively few have the capacity to excel across the board. As a consequence, too few European higher education institutions are recognised as world class in the current, research-oriented global university rankings. For instance, only around 200 of Europe’s 4000 higher education institutions are included in the top 500, and only 3 in the top 20, according to the latest Academic Ranking of World Universities. And there has been no real improvement over the past years. There is no single excellence model: Europe needs a wide diversity of higher*

*education institutions, and each must pursue excellence in line with its mission and strategic priorities” (Communication... 2011)*

*“Higher education enhances individual potential and should equip graduates with the knowledge and core transferable competences they need to succeed in high-skill occupations. Yet curricula are often slow to respond to changing needs in the wider economy, and fail to anticipate or help shape the careers of tomorrow; graduates struggle to find quality employment in line with their studies .” (Communication... 2011)*

The high quality of education and research should be the key driving force for reforms of higher education and research in Europe. The employability of graduates is now one of the main determinants of education quality. It involves, as a task of utmost importance, the creation of innovative study programs (also based on interdisciplinary curricula), adapted to labour market needs and students’ expectations as well as involving practically experienced staff from the business sector, economic and cultural institutions and local authorities. The third mission in general, and the regional engagement in particular, is expected to create new revenue streams for educational institutions. Economic competitiveness of nations and regions is increasingly linked to national and regional knowledge production, including knowledge production in higher education.

High levels of regional engagement of higher education institutions are taken for granted in knowledge-driven economies, and the graduate labor market is analyzed in detail in many European higher education systems. Systematic quantitative analyses of the regional engagement (or of its lack) of higher education institutions, including its support for the local labor market, are routinely performed. Methodologies and good practices for assessing the impact of particular educational institutions and regional educational systems on particular regions are available. There are standards of how to compare the performance of educational institutions in regions and for regions, based on benchmarks and good practices. Both internal institutional management and governance mechanisms in institutions and external pressures and financial incentives are important to support their regional mission.

*“The University is no longer a quiet place to teach and do scholarly work at a measured pace and contemplate the universe as in centuries past. It is a big, complex, demanding, competitive business requiring large-scale ongoing investment” (Malcolm Skilbeck, 2001).*

Higher education institutions function in multi-level, interdependent environments, and their regional engagement is closely linked to types of economies in which they function. But relationships between educational institutions and economic competitiveness of nations and regions are complicated and there is no easy one-way passage from systems of better developed educational institutions to more competitive regional economies. Growth, wealth and competitiveness are produced, first of all, at the level of companies, and if universities fit better into patterns of effective university-enterprises cooperation, regional economies have a chance to be more competitive. Macroeconomic, political, legal and social

circumstances underpin a successful economy – but are not sufficient, though: “wealth is actually created in an economy at the microeconomic level – in the ability of firms to create valuable goods and services using efficient methods. Only firms can create wealth, not government or other societal institutions” (Michael E. Porter 2008).

### **Funding Universities: diversification and good governance**

*“Public investment must remain the basis for sustainable higher education. But the scale of funding required to sustain and expand high-quality higher education systems is likely to necessitate additional sources of funding, be they public or private. Member States are increasingly striving to maximise the value of resources invested, including through targeted performance agreements with institutions, competitive funding arrangements, and channelling finance directly to individuals. They are looking to diversify funding sources, using public investment to lever funds from elsewhere and drawing to a larger extent on private funding; tuition fees are becoming more widespread, particularly at masters level and above. It will be important to monitor and assess the effectiveness and impact of these new developments, including on students from poorer backgrounds, and on equity and mobility” (Communication ... 2011).*

People, traditions, and values matter in higher education. The Strategy for the External Dimension of the Bologna Process from 2007, endorsed by the Bologna Follow-Up Group<sup>1</sup>, stresses, “innovations and renewal can, however, only be successful if they build on an awareness of traditions and values” and the process as a whole should “build on Europe’s heritage, values and achievements”. The apparently powerful role of values in European higher education systems needs to be maintained as these distinct core values have so far proved a successful “European dimension”. Challenges to both academic values and the organization of academic work in Europe have probably never been so powerful in the last half a century than today. And they are bound to intensify.

*“Historically, universities have survived by turning institutional confusion and crisis into reexamination, search, innovation and rejuvenation. There is no guarantee it will happen again. Developments will, as before, depend upon many factors the University can not control. What the University can do is critically to re-examine its self-understanding as an academic institution: its purposes, core values, and principles, its organization and governance systems, its resources and friends, and its social obligations” (Johan P. Olsen 2007).*

The possible new income sources for entrepreneurial universities in Europe include for instance: support from other public agencies, support from large business firms,

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<sup>1</sup> *European Higher Education in a Global Setting. A Strategy for the External Dimension of the Bologna Process*, <http://www.ond.vlaanderen.be/hogeronderwijs/bologna/documents/WGR2007/Strategy-for-EHEA-in-global-setting.pdf>

engagement with small- and medium-sized firms, philanthropic foundations, professional associations, university endowment income, university fund-raising from alumni and willing supporters.

In both scholarly research and policy documents, new management, organizational and financial options suggested to public higher education systems are increasingly related to academic entrepreneurialism (in teaching, research, and third mission activities) or financial self-reliance (and significantly smaller dependence of academic institutions on core state funding).