



Policy brief

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Redefining Social Inclusion in the European University

By David B. Audretsch and Nancy S. Meyer

Summary

The traditional European University model prided itself on embracing values consistent with a free and democratic society—a model that encouraged education and the pursuit of knowledge for its own sake, free from the constraints of religious or government bodies. In more recent times, the European University also sought equality and inclusion by ensuring students a similar educational experience through standardization of curriculum among various institutions.

While this view of education worked when capital was the driving force of the economy, in the modern era of globalization the paradigm has shifted. Now knowledge-based capital has become the driving force of the economy. Universities can no longer shut themselves off from the outside world in their “ivory tower” of knowledge. Rather, universities must learn to play a more active role in the societies surrounding them.

In accepting this new paradigm and successfully operating within it, universities must redefine social inclusion: away from concentrating on the homogeneity of institutions, towards matching educational opportunities with the needs of local people, businesses and communities. Such a strategy will inevitably lead to a greater diversity in university goals and values, but universities will find their individual strengths from the particular societal demands surrounding them. While this evolution would seem to contradict the traditional notion of social inclusion, it ultimately allows for a transfer of knowledge that serves communities best.

Traditional University as a Beacon of Democracy

Twentieth century universities evolved from being extensions of religious institutions to being proud and independent institutions of higher learning, where freedom of thought, learning, and intellectual exchange became the cornerstone of the academic tradition. As universities broke free of parochial chains, they became committed to a fierce independence in thinking, learning, scholarship and research. Thus, throughout Europe and certainly the United States, the university emerged as an institution essential to the values requisite to a democratic and free society. The university was a place where young people learned to think freely and independently, and the place where the underlying values of western society were established.

But to say that the university made an essential contribution to social and democratic principles is not to say that it also made a positive economic contribution. In fact, during the capital-driven economy of the mid-twentieth century, the university was generally seen as an economic drain—or neutral to the economy at best. In an era where physical capital made the most economic impact in society, investing resources in the university seemed like a diversion from doing business in the real world. Furthermore, for industrial society to function properly, laborers were needed who were obedient, reliable and willing to do as they were told.

Thus, in the managed economy of the 1950s and early 1960s, the university undoubtedly made a valuable contribution to society in terms of passing on the values of civilization and democracy, but few felt that the university had much to contribute as an engine of economic growth. In fact,

the opposite was true; the university was typically viewed as a cost to be incurred for making sure that the cultural and democratic foundations underlying society prospered.

Shift in Comparative Advantage

In the post-World War II era, Europe saw a decline in their comparative advantage in capital-goods industries. Struggling to keep up with the emerging globalized economy, European companies chose to outsource and offshore in an effort to remain competitive. But rather than improve their economic situation, this shift led to a decline in growth throughout Europe and triggered a rise in unemployment that continued through the 1990s.

While more and more companies around the globe were gaining a comparative advantage through knowledge-based sectors, traditional European tools to promote growth, jobs, and competitiveness needed adjustment. Policy-makers began looking at the university as a source of economy-boosting knowledge and promoting these factors became central to policy decisions. As economic competitiveness became dependent upon knowledge, ideas and creativity, the university became a crucial element to attaining economic growth.

While the traditional university remained invested in the pursuit of basic knowledge areas, those areas had little applicability to the outside world. Due to a shift from the capital-based economy of the mid-twentieth century to the knowledge-based economy of the twenty-first century, European economies found themselves struggling to keep up with other global societies. Lacking the means to transfer knowledge advancements in academia to applied disciplines, a knowledge gap emerged between universities and “real world” applications of their research.

Seeking Returns on Educational Investments

Europe did not initially realize why they were not finding themselves more successful in this emerging knowledge-based society, since for the past century they had prided themselves and their scholars of university education programs. Coined by the European Union as *the European paradox*, they were reaping little in return by way of economic gains from their large investments into education.

Europe still managed to enter the 21st century strongly, but realized their shortfalls in remaining competitive in the new knowledge-based economy. To combat such issues as rising unemployment amidst a healthy macro-economic environment, the Union held the Lisbon European Council in March 2000. A main focus of the council was to strengthen Europe’s participation in the knowledge-based economy by filling market gaps such as services in the technology sector (European Parliament, 2000).

To successfully enter the knowledge-based economy, European policy makers realized that universities needed to find their place in working with outside companies and organizations to address local needs and demands. Similar concerns voiced in a 2006 report from the OECD Education Directorate also noted, “Europe’s universities are unlikely to catch up unless our governments succeed in creating and maintaining a system of diverse, sustainable, and high-quality institutions with the freedom to respond to demand and be accountable for outcomes they produce” (Schleicher, 2006). However, if such connections between universities and community needs are established, a synergy that reaps economic rewards for society at large can be realized.

The Entrepreneurial University

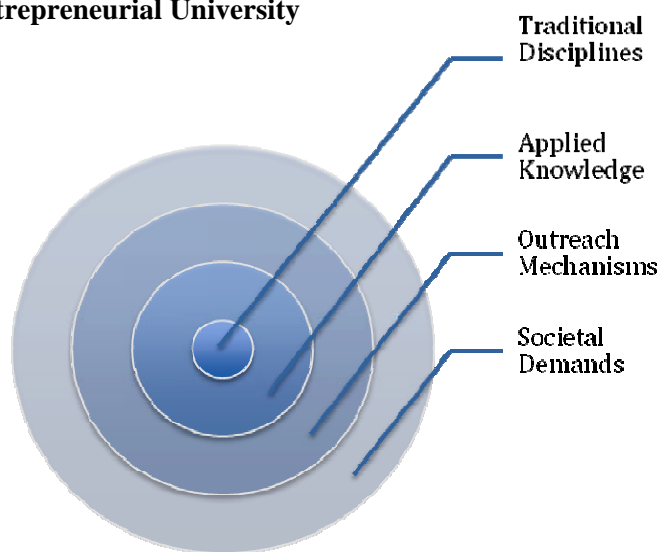
To create connections with the local community, the university should start seeing itself as what Audretsch terms as the “entrepreneurial university.” The entrepreneurial university aims to con-

nect basic knowledge fields into mechanisms that serve the demands of society. To understand how these connections take place, the university can be partitioned into three layers, each building on the other.

One of the most important contributions universities make to society is through the generation of new ideas and knowledge in the basic disciplines. At the traditional core of the university, these disciplines are a fundamental component of a democratic society—free from outside influence allowing for the pursuit of knowledge for its own sake.

However, knowledge for its own sake does not translate into anything tangible outside of the realm of the university; thus, it is important for universities to develop applied programs based on what society demands. These fields include business, policy, health, and informatics—all of which make crucial contributions to society beyond the ivory towers of the university. The development of such programs is shaped and sustained by societal needs and interests. Applied research and professional education does not single-handedly fill the knowledge gap between the university and commercial needs in the local economy. Therefore, a third layer or mechanism is needed to transfer university-created technologies and innovations to the outside world. These mechanisms include the establishment of incubator programs and university-based research parks, along with the creation of partnerships with local firms and non-profit organizations. Such instruments facilitate knowledge sharing and networking that can benefit society by fulfilling unmet demands, which in turn creates more opportunities and jobs for local citizens. 3

The Entrepreneurial University



Redefined Social Inclusion

In response to the newly emerging consensus that the traditional university model no longer suffices, public policy approaches are being taken in Europe to reject former principles of homogeneity and standardization. For example, Germany has adopted a new approach that injects competition across universities through the introduction of a policy instrument called *Exzellenzinitiative*, or the Excellence Initiative.

After years of perhaps admiring the top American universities, but writing them off as another example of American elitism and exclusivity to the disadvantage of those not afforded access to such universities, the Germans have radically reversed directions and are now embracing “elite” universities to spark innovation and develop high-technology strategies that force scientific research and the economy to work together. Some may argue that creating such a competitive environment for universities detracts from the foundational values of social inclusion, but such a shift in policy actually signifies a change in how social inclusion is defined. Whereas inclusion once meant the same education for all students, inclu-

sion can now be defined ensuring societal needs are met by matching educational opportunities with the needs of local people and businesses. As a result the creative bounds for new ideas and inventions are extended and based, at least in part, by demands from the local community. By allowing for more creativity and growth within their educational system and transferring those gains into the local economy, Europe may once again find its comparative advantage in the globalized economy.

In summary, redefining social inclusion in the European University translates into increasing the flow of knowledge from the core of the traditional university to other realms of society. Consequently, the synergy created from the university and community collaborations leads to improved local economies from which all members of society benefit.

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