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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
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Subject:	The potential of universities for regional growth and for promoting entrepreneurial and innovative skills - <i>Policy debate</i> (Public debate in accordance with Article 8(2) of the Council's Rules of Procedure) [proposed by the Presidency]

Following consultation of the Education Committee, the Presidency has prepared the attached discussion paper, which is submitted as the basis for the policy debate at the EYCS Council on 22 May 2018.

The potential of universities for regional growth and for promoting entrepreneurial and innovative skills

Presidency discussion paper

Higher education has a unique role to play in building knowledge based and inclusive societies.

Through education and training, higher education institutions (HEIs) equip students and PhDs with advanced knowledge, skills and competences, thus contributing to the growing demands of markets for highly-qualified human capital, and act as a strong driver for promoting democracy, fundamental values and diversity. **Through research and innovation**, HEIs create new knowledge, develop solutions to societal challenges and lay the foundations for the innovations of the future. **And through cooperation with business, the public sector and civil society**, HEIs strengthen the economic, social and cultural fabric of the local communities and regions and drive inclusiveness and growth in many types of settings.

As knowledge institutions, HEIs are of growing importance for opening up and networking local and regional communities and markets within the European Union and outside.

The Presidency, in cooperation with the European Commission organised a series of key events to further explore opportunities for promoting sustainable R&I public-private partnerships to increase innovation and inclusiveness within Europe. The events were:

- University-Business Forum, University-Business Cooperation – A partnership for Modernisation and Growth, Sofia, 22-23 February 2018;
- HEInnovate – Make innovation work in higher education, Brussels, 27-28 February 2018;

- Entrepreneurship Conference “Follow your ideas”, Sofia, 6 March 2018;
- Flagship Conference “Research Infrastructures beyond 2020 – sustainable and effective ecosystem for science and society”, Sofia, 22-23 March 2018;
- EIT Awareness Day, Sofia, 18 April 2018.

Increased cooperation on education, on research and with businesses could further enable the regional potential in the EU and build strong inclusive and innovative societies. The areas of cooperation of the HEIs with different stakeholders are inter-connected. Accordingly, they should be implemented through strategies integrating education, research and businesses at all levels and covering all concerned from governance to students.

The Presidency would like to concentrate on HEI partnerships and their relevance to building stronger regions, fostering regional growth and tackling regional disparities.

During the Bulgarian Presidency forums and events, the discussions emphasised that strengthening, in particular, the university-businesses partnership will be crucial to boosting the EU’s social and economic innovation potential, which in turn will be key to securing its global competitiveness and to fostering social cohesion. Cooperation brings mutual benefits for universities and businesses. While industry, including the SMEs, primarily face knowledge challenges in accessing the latest research and best talents, universities are faced with practical challenges relating to adapting quickly their curricula to new emerging technologies and market demands as well as the exploitation of research.

Factors that used to drive competitiveness and growth, such as the cost of production (e.g. labour), monetary devaluation or state aid, can no longer be relied upon when goods and services can be easily imitated or when competition policy and the monetary union in the single market creates a 'level playing field'. This means that regional economies have to find innovative, distinctive and less replicable paths and increase their productivity through the use of new technologies and attracting a skilled labour force.

Moreover, in order to remain competitive, regions need to increasingly specialise their economic activity. Specialisation in high-value activities is boosted by a readily available supply of knowledge and skills that can be developed and nurtured by HEIs, both through formal and non-formal education.

Smart Specialisation is an approach to knowledge-based development for smart, sustainable and inclusive growth. Smart specialisation calls regions to identify, through an 'entrepreneurial process of discovery', the innovative domains that have most potential, and establish these as priorities for public investment.

HEIs should be closely involved in the design and the implementation of Smart Specialisation Strategies. They can provide human capital for developing new areas of knowledge-based activity, they interact with other actors within the quadruple helix, and they span boundaries between education, research, innovation and regional policies.

In particular, by structuring innovative doctoral and post-doctoral training programmes that train talented researchers in specialised domains (e.g. through the Horizon 2020 Marie Skłodowska-Curie Actions COFUND programmes), HEIs have the opportunity to partner with regional authorities, local businesses and civil society organisations and to position themselves as key actors of regions' smart specialisation strategies in R&I.

Promoting entrepreneurial and innovative skills

The needs of the labour market are rapidly evolving. Employers look for individuals with business and customer awareness, an ability for problem-solving and team-work, as well as communication, literacy, numerical and IT skills, who demonstrate a 'can-do' and 'know-how' approach, are open to new ideas and have the drive to generate value from these ideas. 'Employability requirements' overlap with the competences and skills associated with entrepreneurship, both in the broader sense of being 'enterprising' as well as in terms of starting-up and running a business. Achieving these learning outcomes require learning environments and teaching strategies that offer students opportunities for experiencing and exploiting knowledge and skills for encouraging them to take ownership of the learning process.

HEIs can benefit from increased cooperation with businesses and other stakeholders (schools and other education providers, civil society, local and regional government, for example) to develop relevant and engaging curricula. Such cooperation provides opportunities for learning skills that are not available in regular classroom programmes, such as soft skills. Not only students but also teachers, researchers and staff are given opportunities for participating in the real world of work and for engaging with their communities in fostering an entrepreneurial mind-set, creativity, critical-thinking and innovation skills.

Regional actors and HEIs could also work together to jointly develop and deliver courses for reskilling and upskilling adult including professionals interested in further developing their professional expertise.

Remaining challenges

There are a **number of obstacles** which prevent HEIs from actively contributing to regional development and growth. One important issue is the tendency to focus on specific activities carried out by HEIs, rather than considering the overall contribution of HEIs to regional growth. In addition, local and regional developments are addressed by different ministries, often at different geographical levels. Regional strategies may prioritise specific R&D and innovation strengths that are not aligned with the strengths of local HEIs. In structurally weaker regions, even if there is a comparatively strong HEI, there may be limited 'absorptive capacity' among local businesses for cooperating effectively with academic partners. Moreover, the focus on regional innovation of individual institutions very often depends on their individual leaders and academic staff, rather than on an institution-wide strategy.

Opportunities

Higher education institutions, government, business and civil society are the four actors in the 'Quadruple Helix'. Governments can incentivise collaboration with HEIs and industry, encouraging collaborative R&D and education, cluster-based development, people-based knowledge exchange and two-way mobility schemes, which allow part-time exchange industry representatives to HEIs for teaching and research and HE staff and students to industry. Cooperation between HEIs, and between HEIs and other education providers can improve the supply and demand of the HE and RDI through creating joint pathways for student progression, training of new generation of teachers and tackling societal problems via joint education and research projects. In this respect, the initiative on European Universities, which will be based on long-term institution-wide strategies on education, research, innovation and service to society, gradually built over time and progressing to higher and deeper levels of cooperation with public and private partners, could act as exemplary models.

To assist HEIs to develop and strengthen their innovative and entrepreneurial capacity provide for closer links between their education, research and engagement missions and to enable stronger partnerships with businesses, the European Commission and the OECD have developed and implemented the HEInnovate tool. It allows individual HEIs and national/regional higher education systems (via country reviews) to assess where they stand in their journey towards an innovative and entrepreneurial HEI or HE system. Based on the outcome of the assessment, relevant action plans can be defined.

Questions to be discussed:

1. What type of measures and incentives can be put in place by governments and regional authorities to foster the potential of higher education institutions for regional growth and for promoting entrepreneurial and innovative skills?
2. How do you see the role of smart specialisation strategies and synergies among relevant instruments for future enhancement and strengthening the role of higher education institutions in Europe?