Chapter 1: Analysis and recommendations

Throughout this report we describe, analyse and comment on what is described in the SER and what we saw on our visit. We offer some observations on how we think some problems might be addressed and we provide some examples from international experience of how similar issues have been tackled. This chapter draws together these observations and suggestions. Subsequent chapters provide more detailed analysis.

1.1 Challenges inherent in the national context

The regional authorities and the higher education institutions in Amsterdam are operating in a national context which to some extent determines and constrains their scope for action. The key issues in this context are:

- Strengthening the capacity of the tertiary system for enhanced responsiveness and flexibility to address European and global transformations
- Greater efforts to integrate first and second generation non-Western migrant populations into the human capital and culture of the nation so as to encourage a more socially inclusive tertiary system
- A binary system of tertiary education which does not give adequate scope for variation in mission, programmes and modes of delivery within its two parts
- A relative lack of focus on the lifelong learning dimension of tertiary education
The Netherlands faces many of the same challenges as other European countries: a shift in focus from traditional physical capital and production factors to less tangible capital, where factors like formal education, lifelong learning, and public-private linkages are key to success. One of the biggest challenges is to ensure a sufficient supply of high skilled labour with competencies that match the needs of industry.

Our visit confirmed several of the insights from the tertiary review report, notably the relative weakness of lifelong learning policy, the pervasive impact of early tracking and the need to make better use of the potential of those from inhabitants with a non-Western background.

1.2 The specificity of Amsterdam

Within this context Amsterdam has its unique history, setting and set of opportunities. The picture overall is of a city which has a strong global brand image, but is not – and does not really aspire to be – on the A-list of global cites in the same league as Paris, London or New York. Rather it sees itself as on a level with Barcelona, Berlin, Brussels, and Stockholm.

The Amsterdam metropolitan region consists of the city and a number of neighbouring municipalities with a total population of some 2.2 million. It has notable strengths or aspirations in life sciences, the creative industries, finance and sustainability.

The population is relatively young and has a large allochtone minority. It has many of the characteristics – creativity, openness and diversity - that Richard Florida (Florida, 2002) has defined as likely to make it attractive to global talent. Our discussions with representatives of the business community suggest that it is the prevalence of the English language and the good transport infrastructure that have attracted several corporate headquarters or regional offices.

Whereas in some of the regions that have been reviewed by OECD teams as part of this project the key question has been one of identity: who are we? How is the region defined? or of higher education structure and policy education provision: how many universites do we need? With what missions? in Amsterdam the key questions are clearly Where and how should we focus our efforts? This is not an easy question to answer for a city which is an awkward size and has many strengths.

The city of Amsterdam has a long tradition of being a central gateway to Europe. This holds true also today: Schiphol Airport is one of the busiest in the world and the harbour of Amsterdam is the 4th largest in Europe. With this infrastructure the region has a great potential of being a central
innovation cluster in the heart of Europe. The physical infrastructure is supported by the knowledge infrastructure. Amsterdam has internationally recognised universities and research institutes. International companies are attracted to the city by its image and by the widespread knowledge and use of English. Nevertheless, compared to some other metropolitan areas in Europe, there is a feeling that Amsterdam is in danger of losing it advantage and of not reaching its full potential.

Advancing human capital development through education, research, and knowledge production is the key to transforming the Amsterdam city region into the national and global innovation cluster in aspires to be. All stakeholders must share this aspiration and recognise that research, highly skilled labour, entrepreneurship and knowledge intensive industry are key factors to achieve success.

There is a diverse, dynamic and developing higher education sector in the Amsterdam region. This is not a stagnant pond. The region has a strong research base and a high quality research based higher education sector. The main challenge is to find ways to align their capacities and the supply of graduates with the expectations and demands of the engines of growth in the private sector. For the region of Amsterdam as for others it may be necessary to create more incentives for firms to communicate their demand for highly skilled labour and for higher education institutions to meet these demands. More direct engagement between managers of higher education institutions and industry managers could support such a process.

1.3 Moving forward

The challenge for the Amsterdam region is to develop strategies reflecting the inherent qualities and values of the region. By making targeted investments in human capital the region can greatly enhance its innovative potential. Moreover, a large supply of highly skilled workers will help attract and retain firms and investment to the region. The region has a unique potential for combining its liberal mindedness, culture, creativity and diversity with its academic strengths. Although these are policy areas which are not entirely within the control of the region, special attention should be given to the development of lifelong learning policies and to building more flexibility into the binary system of higher education.

To reach its potential Amsterdam can and should make better use of the two legs it has to stand on: a strong knowledge base and strong businesses. Amsterdam’s problem is that it has too many strengths and the metaphor of the two legs cannot be applied across the board. The two legs need to be connected in specific cluster areas. For example in the area of life sciences
in which there is a strong knowledge base, the employment and business sector is weak, (outside the R&D sector itself). This underlines the importance of seeking to build ties to the other universities in the Randstad working in similar fields. With stronger ties to Leiden and Rotterdam, for example, Amsterdam may find it easier, at least in so far as the life sciences are concerned, to succeed in a dynamic but highly competitive sector.

At the same time, the Amsterdam region has some very strong businesses which are not yet sufficiently connected to a strong knowledge and science base. One example is the financial sector, where the Duisenberg School is a laudable, but still small and fragile initiative; another is the creative industries and media sector where some exciting connections have been made but a more systematic approach is needed.

Higher education can and should be seen more as a service industry in itself. Several Middle-eastern states have identified higher education as a key to growth and sustainable development and Amsterdam with its strong global image –especially amongst young people - can be an education hub with the city as main attraction. This would entail solving related issues like housing and transport (for students). The Amsterdam University College development is a recognition on a small scale of this potential, but there is room for more.

The most important conclusion, and this is something of which Amsterdam is clearly already aware, is that a much stronger shared vision is needed. No group of experts can determine what that vision should be – that is something which the city and its people must work out for themselves – but we can offer our perspective on what we have seen. What is most striking is that while there is abundant evidence of initiative no clear shared ambition can be discerned. The relevant parties need to work on developing a clear narrative for the region. The municipality could take a stronger lead in this process building on the networks that exist. Strategic leadership is needed to reap the best benefits of the good position that Amsterdam has.

Once the vision is in place an action plan can be established. Some elements of that are already clear.

Given the present unemployment trends and weak perspectives for a resumption of growth in Amsterdam and the Netherlands, more focus is being given to the competitiveness agenda and ways to push it forward. The performance of the regional innovation system is under scrutiny, as are the contribution of the main actors. Higher education institutions attract particular attention in this context because policy makers at all levels increasingly see them not only as developers of young educated minds and transmitters of culture, but more bluntly as major agents of economic growth and a driving force for the creation of new products and new companies. In
a nutshell, there is the feeling that HEIs are a resource that has been far from fully tapped.

The peer review experts certainly share this point of view and they have tried to analyse the implications. The first issue for the team has to do with the volume but especially the economic relevance of the knowledge generated and disseminated by the Amsterdam HE system. While the quality of higher education is good but not exceptional, scope for improvement (in the areas of HE attainment, and university-industry collaboration) should not be neglected. Excellence is required when competition is increasingly about innovation, i.e. about transforming information into valuable forms of knowledge. In the area, more research in relative terms is being executed by HEI thus raising the pressure for more demand driven R&D. There is a risk of Dutch disease syndrome. While the level of scientific publication in the two research universities remains high by international standard, the translation into new product and processes for the market is disappointing. In the UAS applied research is more in line with market requirements, but it suffers from bottlenecks, volume, and some relevance/quality problems.

The research universities must continue to aim for focus and to build centres of excellence in their research activity. Individually they are not strong enough to be world leaders in all fields; collectively they can hope to make a significant impact in selected areas.

A second concern addresses the problem of the relative failure of HEIs to amplify their internationalisation strategy in order to resonate with the global city formation process. In the 21st century, global cities are deeply transnational spaces; spaces associated with a fluid and evolving constellation of relations that cut across space at a range of scales. But they are, first and foremost, centres of calculation, of strategy, of control, and of innovation. Amsterdam clearly fits this definition. It is the place where many multinational companies, as well as international NGOs, have located their headquarters. Innovation potential is recognised with the presence of firms such as Shell, Microsoft, IBM, Logica, and TomTom. However Amsterdam’s long history has seen its relative position within the global city hierarchy wax and wane over time. The question is then how the city-region’s higher education institutions can – in the face of competing pressures to educate and research on the national and international scene - internalise the global city logic and map out a plan to enhance their role and integrate the “future of the city of intellect” (Brint, 2002). This said, we recognise that the Netherlands is a small country, and that Amsterdam’s HEIs have critically important national, as well as European, roles to play. A key challenge then, is to benefit from and shape the global city context, and in doing so magnify Amsterdam’s function as an engine of the Dutch and European economies.
Third, connecting HEIs and business remains a difficult task in Amsterdam, as elsewhere. There is considerable scope for improving the diffusion and impact of the knowledge generated by Amsterdam’s higher education institutions, for the benefit of the region. While large firms’ representatives are often members of research university boards and while there are opportunities for industrialists to become adjunct professors, HEIs have reached into only a very small fraction of the SME population. New initiatives on mobility such as the programme for temporarily sheltering industry engineers and researchers in universities strengthen the links at the high end segment of technology but have not much influence on the relationship with SMEs. Practical steps to document and communicate data about the many links between HEIs and firms should be taken.

Effective interaction between education and the region is dependent not only on the transfer of knowledge but on the mobility of people. There is a need to stimulate direct HEI/cluster links through the enhancement of HEI forum and debate functions. Bridging the gap between firms and HEI can also be facilitated by the presence of intermediates and intermediary organisations. These organisations in the case of Amsterdam are fragmented and often relatively new making assessment of their impact difficult. Some economists have warned that such organisations may market research which has been initiated according to the traditional ‘tech push’ approach. While the team has found no sign of such a trend, this risk needs to be taken into account if this institutionalisation process is to expand.

The creation of the lectoraten has been an important development and the time is right to review the experience: whether they are achieving what is expected of them, whether those expectations are the right ones, and how well they are able to resist the pressure towards academic draft which besets the higher education sector.

Specifically at the level of technology transfer the review team noted the recent creation of TTOs in the two research universities and their still relatively limited scope and low level of investment. While expectations should not be too high in terms of return on investment, these initiatives are important to stimulate transfer of technologies from higher education research and to develop a culture of entrepreneurship among students. Emphasis should be put not only on obtaining patents but above all on exploiting them through licenses. Efforts to launch incubators and expand TTOs are long term endeavours. To bring about results, they need a certain degree of ambition and large scale approach encompassing industry research partnership, industrial extension and technical assistance and transfer of technology programmes as demonstrated by US experience. Expectations regarding the impact of TTOs also need to be tempered, for the historical record demonstrates that most TTOs lose money, and ‘impact’, broadly
defined, can take decades to emerge amidst a litany of failed ventures. This said, TTOs, and broader mandate university-based corporate relations offices, have much potential in acting as key hubs in regional innovation systems, if well-resourced, respected, and powerful.

We note that there is no systematic policy, nor strategy, regarding the value of service learning or co-operative education more broadly. This needs to be addressed.

In terms of regional capacity-building the role and functions of the Kenniskring should be reviewed after 15 years of activity. The city should consider whether it can take on the role of providing more strategic advice. In this context, there is a need to develop a broader view of innovation that factors in the activities of NGOs and non-profit organisations and to devise mechanisms to enhance linkages between them, firms, HEIs, and government. A broader view of innovation would take into account emerging patterns of open access and open source knowledge production, and inventions with low revenue potential but high societal return. It should capitalise on Amsterdam’s globally recognised history, and current status, as a place of creativity and free-thinking.

Finally, although it is not our role, nor are we competent, to comment on policies for the integration of inhabitants with a non-Western background, we were inevitably made aware of some of the tensions that the growth in numbers of the non-Western minorities has engendered and the scope for making greater use of their potential. The low participation rates of non-Western minorities are of concern at national level, and although progress has been made in terms of access to tertiary education this needs to be matched by improved completion rates.

Finding the right balance between complacency and self-criticism is not easy. Amsterdam has achieved great success and recognition in many ways. It is not a city in decline. Rather it is at the point on the ‘S’ curve identified by Charles Handy (Handy 1995) where it needs to reinvent itself for the future. That process has begun and must be pursued with vigour. Its people and its institutions offer great potential. Making the right choices and backing them is essential.
References


OECD reviews of higher education in regional and city development

Universities and other higher education institutions can play a key role in human capital development and innovation systems in their cities and regions. In the context of global economic and financial crisis, OECD countries are seeking to mobilise higher education institutions (HEIs) to support more strongly their economic, social and cultural development.

In 2008, the OECD/IMHE launched a second series of OECD Reviews of Higher Education in Regional and City Development to address the demand by national and regional governments for more responsive and proactive higher education institutions. As a result, 14 regions in 11 countries have undergone the OECD review process in 2008-10.

This OECD Review of Higher Education in Regional Development of Amsterdam in the Netherlands (http://www.oecd.org/dataoecd/20/6/46006696.pdf) explores a range of policy measures and institutional reforms to mobilise higher education for the development of the region. It is part of the series of the OECD reviews of Higher Education in Regional and City Development. The reviews analyse how the higher education system impacts local and regional development and help how this impact can be improved. In addition to human capital and skills development, technology transfer and business innovation, the reviews also considers higher education’s contribution to social, cultural and environmental development and regional capacity building.

To know more about the OECD review process and requirements, visit Higher Education and Regions’ website at www.oecd.org/edu/imhe/regionaldevelopment.