



Higher Education at a Time of Crisis  
Challenges and Opportunities  
28-30 June 2009



## Impacts of the crisis on Higher Education Institutions

**Report from the working group sessions at the OECD Programme on Institutional Management in Higher Education (IMHE) international conference on Higher Education at a Time of Crisis: Challenges and Opportunities, hosted by the Copenhagen Business School on 29-30 June 2009**



Photo of the lighthouse boat, Fredericksholms Kanal Copenhagen

This report was prepared with the help of student volunteers: **Anya Tonn, Júlía Björnsdóttir, Thomas Christensen, Rikke May-Olsen, Josefine Wolff**, International Business and Politics at Copenhagen Business School.

The 3 working groups discussed issues of: Local Responses to Global Crisis, Student Demand and Institutional Resources.

### Local Responses to Global Crisis

#### *Presenters*

- Gonzalo Rodriguez, Rector, ITSON – Sonora Institute of Technology, Mexico
- Zaki Akel Sobrinho, Rector, Federal University of Parana, Brazil
- Eulalia Petit de Gabriel, Coordinator of HE and Regions, Government of Andalusia, Spain
- Ellen Hazelkorn, Director, Dublin Institute of Technology and consultant, OECD, Ireland

Governments are looking to invest in innovation, human capital development and infrastructure as part of their policy response to mitigate the effects of the economic downturn. Though launched nationally, much of this investment will take place on the regional and local level. How can cities and regions and their universities and other HEIs seize this opportunity to improve their comparative advantage and focus public and private investment to maximize impact?

This workshop highlighted the tangible advantages for HEIs and their local and regional communities through stronger interaction and engagement. It showcased the challenges and opportunities linked to the economic downturn for the leading HEIs in the State of Sonora (Mexico) and the State of Parana (Brazil) as well as for the regional government of the Autonomous Region of Andalusia (Spain) which is responsible for HE.

Some impacts and challenges for local and regional communities were highlighted:

#### *Decreasing budgets*

Some examples of cuts in government funding were voiced, also for project funding, and no doubt there are cases where it is a mix of both situations. In some cases, this will imply (as the case of Dublin Institute of Technology) a reduced funding for research. In Andalusia, the pact made between the Regional Government and the Andalusian University Council (2007/2011) has protected the universities' budget for the period of 2007-2011.

#### *Human resources*

In terms of human resources there may be implications on the staff workload. There appears to be a lack of incentives. With reduced administration staff, and embargos on all administration posts, including admissions, academic registrar, counselling, restrictions on overtime, an impact will surely be felt in the service delivered to students.

#### *Research and community*

There are distinct fears for closing downs and mergers. Dr Akel Sobrinho mentioned how in the private system there will be fewer enrolments, a decrease of dropouts, which will of course impact those regions with a huge private higher education provision.

The working group was positive that for local and regional communities the crisis could present some opportunities and even act as a catalyst for a way out. It was stressed that enhanced collaboration among HEIs and between HEIs and their stakeholders is essential in order to recognise the benefits of working together as an HE system.

## **Student demand**

### ***Presenters***

- Anders Sørensen, Professor, Department of Economics, CBS, Denmark
- Bert Vandenkendelaere, Executive Committee member, The European Students' Union, Belgium
- John K Hudzik, President of NAFSA, USA

Anders Sørensen, opened his presentation by discussing the length and the extent of the current economic crisis. He pointed out that we are amidst a severe crisis, which is everything we've seen before - all at once. Many countries will experience negative growth rates of GDP until late 2010 and there will be increasing unemployment. The question is, therefore, how are new graduates hit by the crisis?

Even though unemployment rates are increasing dramatically, the return to education for the moment seems to be constant. However, he stressed that schooling only pays off in combination with wage experience, so that new graduates should go for wage employment rather than entrepreneurship. Sørensen's main conclusion was that "education pays!"

Bert Vandenkendelaere, represented the voice of 11 million students from 38 European countries and relayed their experiences during the crisis. Vandenkendelaere reported that problems for students are widespread: There are budget cuts in Latvia, Hungary, Italy, Poland and Lithuania, the Icelandic student grants fail to meet living expenses of Icelandic students abroad, and in Belgium there are less jobs for students. The conclusion is that both students and potential students are affected by the crisis. The ESU regards education as a human right, a social lever, a public good and a way out of the crisis. He therefore underlined the need to prioritise higher education and internationalisation of education by supporting mobility programs for students, teachers, researchers and administrative staff, and lifelong learning and pursuit of knowledge to reactivate the economy. However, to achieve this, sufficient funding is needed. A greater understanding of the crisis, its effects and European students' experiences is also need. To this effect, the ESU will survey all their member organisations this year.

The last presentation of the session was delivered by John Hudzik, Vice President for Global Engagement and Strategic Projects at Michigan State University and Professor of Criminal Justice. Hudzik commented on individual and macro level factors and their effects on student demand:

- Desire – we are socialised to believe education is a good thing.
- Career – a job supplies incomes and wages as well as intellectual development and personal growth.
- Preparation – the demands of “the knowledge society” show that students are not prepared well enough in secondary education.
- Can I do it: a money issue if the individual can afford it, as Hudzik regarded it essential that the individuals partner on cost; catering to non-traditional students, e.g. older students, students with families and students who work
- Student mobility – a doubling of global demand for education and education abroad in the last 15 years makes this a growth industry.

Hudzik concluded on a positive note, stating that with more students in the pipeline, who will have more products to chose from, the answer is rapid innovation, unless the desire is to experience the same fate as the American car industry and General Motors.

## **Institutional Resources**

### ***Presenters***

- Koen Debackere, General Manager, Catholic University of Leuven, Belgium
- Lucia A. Reisch, Prof. Dr, Center for Cooperate Social Responsibility, CBS, Denmark
- Jens Aaris Thisted, Vice Dean, CBS, Denmark

This working group focused firstly on what the impact of the crisis is having on institutional resources and what is being done in response. Jens Aaris Thisted said that at the Copenhagen Business School despite the crisis it was business as usual, as governmental funding has not decreased. However, there is evidence of more competitive bidding on the research side of the funding system.

Koen Debackere brought into debate the importance of financial management for the higher education institutions, as well as the role of the institutions and how they should not only passively participate but how they should help to support the society at large in the crisis.

Participants highlighted different examples on the level of financial resources that higher institutions receive from governments, from representatives of higher education institutions, and organizations. Although it is difficult to generalise the situation, the debate suggested that perhaps the dark clouds have not hit the horizon yet as higher education institutions are doing business as usual. There are evidently challenges that need to be addressed in the form of for example recruitment, the cost side of increased demand, and the cost issues of supply. An important point given in the debate was on the higher education institution's willingness to except scrutiny in the current crisis, as the eye of the public will be on the role of the higher education institutions in order to help society at large.

Secondly, the workshop focused on business education and ethics, as well as consolidation of the legitimacy of management education. Lucia Reisch explained how at the Copenhagen Business School students follow six different principles; purpose, values, method, research, partnership and dialogue, as well as having the students to report on progress to their stakeholders, and exchange effective practices with other academic institutions. The ensuing debate evolved around ethics and managerial challenges related to it. What emerged was that there are obviously deep moral, political and cultural issues, which are not necessarily new issues in the debate about higher education institutions, but these issues have been thrown into focus in the current economic crisis.

Finally these working groups may be summed by a comment made by one of the facilitators:

***“the current spotlight is on the bankers, but next week it might be on us and what we are doing with public money”.***