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Visualising the Hidden Value of HEROs

The Case of Spanish Universities

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1. Context and challenges for European universities

- Universities are characterised today by increasing uncertainty, growing competitiveness and new demands for accountability, transparency and socioeconomic relevance.
- As a consequence, they are immersed in intensive transformation processes.
- They need to build an intangible organisation with a vision of the future, while incorporating sustainable management methods.
- For that, it is crucial to develop and apply the necessary skills, methods and instruments
- However, given the nature of universities, it is sometimes difficult to implement “business thinking”.

2. Why introducing IC approaches in HEROs?

- Adapting the new requirement and challenges implies the introduction of management systems in order to govern universities according to criteria of efficiency and effectiveness.
- IC Report: is a tool for comprehensively visualising inputs, processes and outputs.
- The proper management of IC at universities has significant impact on the performance and efficient use of resources (Leitner, 2004).

3. Drivers for implementing IC approaches in HEROs

- University's main input and output are intangibles.
- Increasingly competitive environment forces HEROs to be more attractive.
- Universities are being provided with more institutional autonomy.
- New managerial and reporting instruments are required. New demands for accountability and transparency.
- New steering models: performance contracts and indicators.
- Changing university culture: strategic behaviour and “business thinking”.

4. Benefits of IC Report in HEROs

On an external level, as disclosure tool:

- It improves the level of transparency
- It provides comprehensive and valuable information to stakeholders: students, teaching personnel and researchers, Ministries, funding organisations, business sector, and society as a whole.
- It can enhance competitiveness.
- It can facilitate the presentation of results, which could contribute to attracting funds. However, HEROs also have intangible liabilities so if it is deteriorating, disclosure may prejudice the chances of getting future resources.

On an internal level, as a management tool:

- Defines and updates the mission statement.
- Helps to identify priorities in terms of research and teaching, defining the organisation's profile.
- Communicates strategy throughout the organisation.
- Allows the alignment of individual goals with institutional objectives.
- Links strategic objectives to long-term targets and annual budgets.
- Promotes an internal process of learning about the institution's structure and performance.
- Enables discussion on the intangible value drivers and success factors.
- Monitor the achievement of goals and assesses the organisation's performance over the course of time.

5. Voluntary initiatives in Spanish HEROs

- **Innovation and Knowledge Management Institute (INGENIO)**
 - In 2002 a project on the use of knowledge management technologies to improve quality management in universities was developed (INGENIO, 2002)
 - Tool: “Knowledge portal” to facilitate knowledge management through “follow up” indicators and the identification and dissemination of good practices.
- **PCI Project**
 - Development of IC Indicators Programme applied to the research activity of four universities and two research centers in Madrid (2000-2003).
 - Aim: how organisations manage their knowledge in order to improve their processes and relationships with stakeholders.
 - Based on Intellect Model (Euroforum, 1999).

5. Voluntary initiatives in Spanish HEROs

- **University of Basque Country**
 - Knowledge management project in a strategic cross-organisational process called “Research-Development-Knowledge Transfer” .
 - Aim: diagnose the current state of the management and improve the process under the IC framework (Rodríguez *et al.*, 2004).
 - Lesson learnt were incorporated in the Knowledge Network “UNIKNOW”.

6. What is the ICU Report?

- Defined under the European Observatory of Universities (EOU). Project developed under the PRIME (Policies for Research and Innovation in the Move Towards the ERA) Network of Excellence (supported by the VI Framework Programme from 2004 to 2006).
- Participants: 15 European universities from 8 different countries.
- Aim of the project: better understand the importance of managing intangibles in European public universities. Focus on research activities and third mission.
- Reference: Sánchez and Elena (2006)
- Main result: Methodological guide for universities. The last chapter was the Intellectual Capital Report (ICU Report)

- ICU Report has three sections:
 - Vision of the institution.
 - Summary of intangible resources and activities.
 - System of 43 indicators (following the classical classification: human, organizational and relation capital), financial and non-financial.
- Reference: Sánchez *et al.* (2009)

7. Testing the ICU report: Lessons from the Spanish case

- Aim: check the applicability of the ICU Report. Get insights about the perception of university managers on: (a) the usefulness of the ICU report management purposes, and (b) the willingness to disclose the proposed indicators.
- Methodology: Two case studies in Spanish universities: The Autonomous University of Madrid (UAM) and Pablo de Olavide University (Seville). It followed Grounded Theory.
- Data collection: 30 semi-structured interviews to main decision makers (among others, Rector, Vice-rectors, Deans, Directors of department, members of transfer units, Head of foundations, Director of Human Resources Department) and professors and researchers from different disciplines.
- Time period: June 2006 - January 2007
- Reference: Elena (2007)

Results from case studies:

- The perceived usefulness of the indicators was very high.
- No indicator was rejected.
- General willingness to disclose IC information. It shows that the interviewees were aware of the need for greater transparency.
- Growing interest in seeing the university defining measurable objectives. It shows a commitment to transparency and accountability.
- Although the empirical work has been done only in a limited number of cases, the results could be applicable to other Spanish universities since they have similar structures and governing modes.

7. IC information needs in Spanish universities

- Study on stakeholders (7 different groups) information needs in Spanish universities.
- Two-fold study: (a) better understand the importance given to publishing information on IC, (b) learn about different users' demands for information on IC.
- Methodology: online questionnaire sent to every member of the Social Council of Spanish universities (public).
- Response rate: 22.57% (247 out of 247 members)
- Time period: May 2009
- Reference: Ramirez et al. (2011)

Results from questionnaire:

- (a) The great majority of respondents (89.1 %) consider essential that universities provide information on IC. It was considered that it would increase the relevance of the information currently contained in the university accounting system.
- By user groups: public administrators: 84.4%, students: 100%, business organisations: 86.2%, teaching and research staff: 95.5%, university governors: 97.4%, administrative staff (66.7%) and union organisations: 76.5%.

(b) It is highly important that university publish information on IC but demands varies among stakeholders:

- Public administrators: relation with business sector, graduate employability
- Students: quality of teaching, satisfaction among graduates
- Business organisations: graduate employability, technological capabilities
- Teaching and research staff: institution's research capabilities and competences, teaching capabilities and competences
- University governors: graduate employability, relations with business sector
- Administrative staff effectiveness of human capital, institution's social and cultural commitment
- Union organisations: student satisfaction, training activities

8. Challenges of IC reporting in HEROs

- Diversity and heterogeneity of fields among universities and even within the same institutions.
- Diversity of stakeholders needs
- University culture (traditional vs innovative).
- How to define the boundaries of university?
- Not all institutions have a strategic plan.
- Level of data disaggregation/aggregation. How much disaggregation is useful for benchmarking analysis? How much is possible? And cost efficient?

- Lack of availability of data or scattered data.
- Few descriptive elements or narrative to contextualise the university activity.
- Usually lack of activity-related indicators.
- Interpretation of indicators.
- Auditing and control mechanisms.
- Reporting time: financial or academic year?

Thank you!

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