



UNIVERSITIES' THIRD MISSION: COMMUNITIES ENGAGEMENT

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The purpose of the Business/Higher Education Round Table (B-HERT) is to pursue initiatives that will advance the goals and improve the performance of both business and higher education for the benefit of Australian society.

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In pursuing this mission BHERT aims to influence public opinion and government policy on selected issues of importance.

B-HERT believes that a prerequisite for a more prosperous and equitable society in Australia is a more highly-educated community. In material terms it fosters economic growth and improved living standards - through improved productivity and competitiveness with other countries. In terms of equity, individual Australians should have the opportunity to realise their full social, cultural, political and economic potential.

Membership of B-HERT comprises Australian universities, corporations, professional associations, the major public research organisations (Commonwealth Scientific and Industrial Research Organisation and Australian Nuclear Science and Technology Organisation).

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BUSINESS/HIGHER EDUCATION ROUND TABLE (B-HERT) POSITION PAPER ON UNIVERSITIES' THIRD MISSION: COMMUNITIES ENGAGEMENT

Universities have three missions: Teaching, Research, and what we have called 'Communities Engagement'. We have used "Communities" to stress the various communities involved: not only business, but all communities - eg. artistic, religious, educational, sporting, charitable, indigenous, professional associations, local councils, families, etc.

As the Social Policy Research Unit (SPRU) said in its 2002 report for the Russell Group of universities in the United Kingdom,

'Universities make contributions to government and civil society as well as the private sector, assisting not only with economic performance but also helping to improve quality of life and the effectiveness of public service ... Universities perform a wide range of roles, responsibilities and activities. They cut across different economic, political and social networks ... measuring of their Third Stream activities needs a holistic approach that examines the main channels that bind universities to the rest of society' (SPRU, p. iv).

This Paper outlines B-HERT's views on the scope and funding of this Third Mission of Universities: Communities Engagement. It addresses Communities Engagement in the context of Australian Government interest in developing strategies to support universities and industry working together in engagement activities.

B-HERT recognises engagement is not new and all universities are already engaged with communities in a number of ways. Whilst communities engagement is, and must be, a core business of universities, until now it has not received sufficient recognition as such.

A strong and diverse university sector is an important prerequisite for engagement. The university sector already has substantial infrastructure and intellectual property which can be, and is already, a very effective and valuable platform for Third Mission activities. With more widespread recognition, this infrastructure has the capacity to generate significant additional economic and societal value.

B-HERT sees the key issue in building Communities Engagement is primarily one of "facilitation". Some additional funding is needed to enhance the facilitation process. Funding for engagement should not be at the expense of teaching or

research, but must represent additional funding. The key driver is human capital.

It is important that Third Mission Funding is not used (either by government or universities) as some sort of substitute for any other source of funding that might, or might not, be under threat.

1. THE THIRD MISSION AND THE IDEA OF ENGAGEMENT

Interest in engagement and associated funding for universities has come into prominence in the context of growing attention being given to this *Third Mission* of universities and the *idea of engagement* between universities and society. The Third Mission complements the mission of teaching and the mission of research.

Communities Engagement has a broad vista that extends beyond business and economic aspects. Universities have a wider view of engagement which includes social, economic, environmental and cultural dimensions of capacity building. Universities make contributions to government and civil society as well as the private sector, assisting not only with economic performance but also helping to improve quality of life and the effectiveness of public service.

There already exists in universities varying levels of engagement through teaching and research. Universities already engage with and add value in partnership with industry, and can demonstrate significant contributions to regional capacity building. The commercialisation of the Intellectual Property (IP) owned by universities is but one example of engagement through research. A priority in this commercialisation process should be the creation and nurturing of Australian based businesses. Many teaching disciplines are based on extensive engagement, e.g. medicine and health sciences. All these activities represent some of the many other forms of knowledge transfer from universities to and from industry, business, government and society.

Engagement is a characteristic of a university's policy and practice and is reflected in the responsibilities given to senior staff, rewards and incentive mechanisms, career structure and promotion criteria, the learning experience of students and the number, nature and sustainability of relationships with organisations external to it. Engagement should also have a

two-way orientation, with institutions outside higher education committed to interactions with universities in a similar way.

This two-way relationship is one in which the university forms partnerships with communities that yield mutually beneficial outcomes such as:

- Productive research outcomes that are, among other things, socially robust;
- Regional economic growth;
- Addressing social and environmental issues in the community;
- Linking the community and the world (boosting local/global connectivity);
- Social capital development;
- Progress towards a region's sustainable development;
- Human capital development;
- Development of corporate and private citizenship attributes;
- Driving social change including helping to solve some social issues especially in areas of disadvantage; and
- Development of the cultural and intellectual fabric of the community.

Third Mission funding supports the structures, processes and outcomes of interaction between universities, business, non-government organisations (NGOs), government and the wider community. As Michael Gibbons observes, this interaction derives from the need in both government, industry and the community to address complex problems, 'the provenance of which is often far removed from the world occupied by academics'. Third Mission funding goes beyond supporting extension programs and community service.

In practice Third Mission activities of universities seek to generate, apply and use knowledge and other university capabilities outside academic environments. At the same time, policy makers, industry leaders, business executives, and NGO managers understand the importance and contribution of scientific and humanitarian knowledge to innovation, resolving complex problems, and developing opportunities for productivity and performance improvement. These groups seek to draw on the distinctive capabilities of universities as co-creators of industrially, socially and environmentally relevant and applicable knowledge and in the application of it.

This growing national interest in the contribution of higher education to innovation and economic, industrial and business performance is also occurring at a time when some (but by no means all) State and Territory Governments are taking a close interest and involvement in the contribution of higher education

to state and regional economic and societal development. At the same time, however, effective engagement also depends on universities continuing to perform at high levels in relation to their other two missions.

The scope for moving towards higher levels of engagement will be constrained if higher education moves too far away from the core values of scholarship and excellence in teaching and research. Reaching the ideal involves building *relationships and institutions of engagement* that work at the interface between universities, industry and society at large. Building these relationships and institutions is a non-trivial issue and requires nurturing, investment, and ongoing maintenance.

2. THIRD MISSION AND KNOWLEDGE-BASED ECONOMIC AND SOCIAL/CULTURAL DEVELOPMENT

Higher education plays a pivotal role in providing a highly qualified workforce and a world-class science and engineering base. Alongside their more traditional roles of teaching and research, universities and public sector research establishments need to play a greater role as stimulators and facilitators of knowledge transfer to, and working with, business and society.

Higher education institutions are powerful drivers of innovation and change in the economy. All pursue the three missions, but different institutions have different contributions to make: some as world class centres of research excellence and players in global markets; others primarily as collaborators with local businesses and communities, and with regional bodies. Institutions must choose the role which best suits their strengths.

The interest of policy makers, industry and academic leaders in science, technology and humanities based development follows a number of themes. These themes, summarised below, vary considerably between States, territories, and regions.

- State and territory governments and regions are increasingly interested in creating industry clusters around complementary industry segments, and critical masses of talent, technology and capital for sustaining and growing their economies; technology is a major focus of these cluster efforts because of its importance to global competitiveness; knowledge transfer in regions can be particularly important in addressing local issues such as infrastructure, environmental problems, sustainability, and so on;
- States, territories and regions, business foundations and higher education coalitions are increasingly driving technology-based visions, strategies and action plans—much more than was apparent before 2000;
- Higher education leaders have a growing interest in contributing to economic development in a much

broader fashion than their traditional focus on research. These contributions include building talent through curriculum, customised training, and lifelong learning, technical assistance and problem solving, and regional and state leadership roles for higher education in economic development;

- Specific socio/cultural projects such as indigenous health and education, obesity, suicide prevention, water, child care, depression, and the performing arts, would be ideal engagements which would readily attract partners from business and the wider community;
- Engagement from a socio/cultural aspect has a long-term focus both in terms of investment and outcomes. In building institutional capacities there needs to be recognition of the need in these areas;
- An approach which requires participation by both universities and the community to succeed has a number of benefits. A useful business model in this respect is Bendigo Bank and their establishment of community banks, which has been a very successful business initiative with, in a number of instances, significant added community benefits through continued employment etc.;
- State Premiers and Chief Ministers have sought to better position their economies around technology and knowledge sectors, and have shown willingness to commit to sizable investments in spite of severe fiscal constraints—but the time delay between these investments and significant economic impact is likely to be a decade or more.

Building stronger connections to higher education institutions has become an important aspect of economic and societal development in North America and Europe. In Australia, the Queensland, Victorian, and the ACT governments have made substantial investments in higher education infrastructure e.g the synchrotron, bio-technology centres, high speed computing.

It follows that in looking at Third Mission funding options, state and territory government interests should also be taken into account. Cost sharing arrangements should be considered.

3. THE FORM AND CONTENT OF FUNDING COMMUNITIES ENGAGEMENT IN AUSTRALIA: A FRAMEWORK

The cost of being truly engaged is substantial but on the other hand can bring wide socio-economic and socio-cultural benefits. It is important to emphasise that funding for engagement should not be at the expense of teaching or research, but must represent additional funding.

Also, the contribution of universities to society is complex and non-linear, and universities differ in the focus and balance of their engagement activities. This is desirable in a system which supports ‘a variety of excellence’ and in which discipline areas differ in their range of knowledge transfer activities.

B-HERT considers that funding for Third Mission activities should be provided for two main purposes:

- *Institutional capacity building* – to establish ‘interface’ arrangements and develop skills that focus firstly on knowledge transfer and translation between universities and industry and communities in priority areas. Such arrangements would reflect industry and communities needs and opportunities and should give particular attention to cross-disciplinary research outcomes.

Funds could be used to provide infrastructure support for university research centres and groups to ensure ongoing viability and sustainability. Infrastructure is taken to cover physical, human and structural capital. Non-CRC funded university research centres are a critical resource for knowledge transfer and translation. Funds could also be used to build skills and capabilities in university technology transfer offices.

Secondly, to focus on arrangements which support socio/cultural engagement which may take many different forms. This might be evaluation, interpretation and/or analysis of something for someone. For example, it might be working with indigenous elders to understand how some research results about education can best be told in a story way that will be understood and acted upon by indigenous people in a broad geographic area from clans with different indigenous language groups and story lines.

- *Specific projects and initiatives* – to support ‘one-off’ ventures and activities that address a specific need and opportunity and have an identifiable and measurable outcome. These should not include purely commercial ventures.

Institutional capability building should be provided through *base funding grants* or *infrastructure funding* arrangement for universities, allocated on a basis to be determined. This will allow universities and industry and communities to undertake knowledge transfer and translation and socio/cultural activities that they have either not been able to undertake before or have only been able to undertake in a limited way.

The allocation of funds to each university should recognise established industry engagement activities. In this way base

funding would leverage existing Third Mission funding from industry sources. The basis for allocation is discussed below.

Specific project arrangements should be based on a competitive process where universities or associations of universities, industry organisations, community organisations, and local government have identified initiatives that will, with financial support, achieve identifiable economic, industry and societal outcomes. Funds would be allocated on a competitive basis having regard to economic, industry (productivity and competitiveness), social/cultural, and sustainability outcomes.

Any competitive bidding should not impose unreasonable burdens in the bidding process, perhaps a mix of formula funding giving somewhat greater predictability and a smaller competitive bidding allocation.

The project category will provide support for universities, businesses, NGOs, community organisations and individuals, and local government to develop collaborative projects at a local and regional level with a view to achieving sustainability in engagement strategies, structures and processes over the longer term. All external contributions would be included in the performance base for subsequent allocations under the block grant component.

Grants for specific projects could also contain a component where a regional university wishes to take on a specific developmental initiative and there is an absence of industry or community partners.

The larger proportion of funds should be allocated under base funding grants or infrastructure funding arrangements. The extent of this funding could be awarded as a percentage applied to the university's project funding for Third Mission activities. It would be a matter for universities to determine allocations of that funding within a framework and guidelines established by the funding body. Annual performance reports would be prepared and a monitoring and evaluation framework established.

In managing the application of funds, consideration should be given to utilising mechanisms, several of which are already in use, which optimise the benefits to be derived by both the university or research organisation and the industry collaborator.

It is not expected that funds would duplicate or overlap existing arrangements that focus on, or emphasise research outcomes (such as the ARC Linkage Program).

It is critical that the focus is on the measurement of the extent of Third Mission *activity*, rather than the *impact* of each category of

activity. Impact data in this area are, according to SPRU, 'extremely skewed, uncertain and often attributable to serendipity'.

4. BASIS FOR ALLOCATING BASE FUNDING GRANT FUNDS

It has been suggested that public support for Third Mission activities should be based on performance in attracting industry and community funds. Industry is taken to include both private and public sector agencies and organisations – but not competitive granting bodies. On its own this is too narrow a view as it does not address the socio/cultural aspects, or the different socio/economic context of the various universities. Also, funding should be allocated on the breadth and depth of engagement activity rather than on 'performance' measures. The following comments relate to industry funding, which is only one aspect of total funding.

OVERVIEW

There is a range of sources of industry funding that currently support engagement activities in Australian universities. These can be grouped as:

- Research cooperation, collaboration and contracts;
- Commercial activities;
- 'Unrequited' sources;
- Development income.

The base should *not* include *pro-bono* extension and community service activities such as faculty membership of company boards or boards of NGOs. These activities should be seen as part of the job of an 'engaged academic' and form part of internal performance appraisal and performance assessment process.

Further comment on the content of each third mission category follows. Each component is capable of being quantified and measured.

RESEARCH COOPERATION, COLLABORATION AND CONTRACTS

This category would cover engagement activities relating to:

- Industry contributions to support research centres, schools and colleges on an ongoing program basis;
- Industry contributions to support specific projects involving a number of parties;
- Industry payments for specific research and teaching contracts.

Many universities receive substantial funding through the competitive grants processes such as the ARC Linkage and the CRC Program. Only the industry contribution to these programs should be included in the base for determining industry engagement performance.

COMMERCIAL SOURCES

This category would include a range of activities where universities seek to commercialise aspects of capability through:

- Joint ventures with business in the form of spin-off companies;
- Revenue from licensing of Intellectual Property to Australian sources;
- Income from fee for service activities, including expert advice and consultancy;
- Revenue from non-award short courses, conferences and seminars for industry and business.

Support through a Third Mission funding base would provide universities with an incentive to undertake these activities. It would also 'legitimise' academic consulting activities as declared consultancy income would be included in the third stream funding base.

“UNREQUITED” SOURCES

Unrequited income refers to gifts, donations and endowments that do not carry an obligation to provide a tangible service in return.

It might be argued that inclusion of this category in the Third Mission funding base would encourage universities that do not receive significant income from this source to develop strategies to tap into potential donors among their constituencies.

However, the capacity of institutions to secure 'unrequited sources' of income will vary according to the nature of the institution—this is not a level playing field. For example, institutions with established medical research are more likely to attract bequests and donations, as are institutions with alumni drawn from higher socio-economic strata.

DEVELOPMENT SOURCES

Development income includes funds provided by industry and government for new facilities and services – including buildings, equipment and people development

5. CONCLUSION

The framework outlined in this submission is intended to provide the basis for facilitating and funding higher education in areas where additional benefits can be gained through engagement between higher education and industry and the diverse communities that universities could and should meaningfully engage with as defined in the introduction of this paper. It is also intended to provide an incentive for universities to actively seek funding from a broader community base, including but not restricted to business and industry – both privately and publicly owned.

B-HERT recommends that Third Mission funding be based on:

- A funding program that has two elements: a base funding grant component and a component for specific projects;
- The base funding grant component be directed towards capacity building within universities to facilitate transfer and translation processes;
- The base funding grant be allocated to universities on the basis of performance in communities engagement activities.
- An allocation for specific projects be assessed according to developmental criteria and allocated on a competitive basis;
- It would be expected that project support would be sustainable over the longer term with contributions from communities, including business and industry, being reflected in the performance base for base funding grant allocations.

Third Mission funding should not be seen to duplicate or replace competitive funding for cooperative and collaborative research provided by granting agencies;

Third Mission funding should not replace grants programs administered and funded by Government agencies for which universities may be eligible (for example, Sustainable Regions Program, Natural Heritage Trust).

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