

Universities, employment and the knowledge-based economy

PHILIPPE CHALON, MANAGING DIRECTOR OF THE **CERCLE D'OUTRE MANCHE** CONSIDERS HOW AND WHY BRITISH UNIVERSITIES HAVE BECOME SO SUCCESSFUL IN DEVELOPING AND GROWING HIGH-TECH BUSINESSES AND WHAT MIGHT BE HOLDING THEIR FRENCH COUNTERPARTS BACK FROM DOING THE SAME

A recent study published by The Kauffman Foundation shows that from 1980 to 2005, nearly all net job creation in the United States occurred in companies less than five years old. It is clear that new and young companies – and the entrepreneurs that create them – are the engines of job creation and eventual economic recovery.

The global market has become so competitive that innovation is now as valuable an investment as sales and marketing. Markets are becoming more global, not less, so the value of innovation will continue to increase.

For the past 20 years or so, the UK has become a leader in the high tech sector. Key to its R&D success is the quality of its universities, which have become a platform for the development and growth of new businesses. Many British universities combine the activities of technology transfer, company incubation and early stage venture capital funding, providing a most interesting case study for France.

In the case of France, the 2007 reform giving autonomy to its universities opened the gates to a rush of new ideas. Some business clusters have been set up, some universities have created high-tech centres and most higher education institutions have sought international partnerships to lure and retain talent. Globalisation and technology enhancements have hastened the evolution, compelling France to adapt more rapidly in order to keep up with the pace of innovation and catch up with the leading pack.

Grandes Ecoles and some French universities have gained a reputation for excellence, mostly because both have succeeded in producing the technical and managerial elite of the country. Yet a few facts have rocked the boat. The Shanghai ranking, for instance, shows that France is not playing in the Major League

in terms of Academic and Research competitiveness. Lack of visibility and little foreign recognition have become an important issue. Let's take a look at what is not quite right:

- Top academic institutions remain scattered, with little or no inter/pluridisciplinarity. Although there are about as many university students in France as in the UK (around 2.5 million), there are almost 25 times more high education institutions in France: 4,300+ academia (most of them monodisciplinary), as opposed to only 162 British (pluridisciplinary) academia.

- France relies a bit too much on a form of negative selection: access to university is granted to anybody with a baccalauréat, but the failure rates are quite high at around 50% after the first year. On the contrary, the UK favours a more positive selection: access to academia is fairly selective, but each student is looked after from his first day at university until graduation day.

- French students' English level remains grossly deficient. Students, researchers and managers all perform poorly in tests, especially when compared to their European counterparts. According to several international surveys, 85% of French high school graduates hardly speak enough English to make themselves understood when going on a trip abroad. This is clearly a major

drawback in the global competition.

- All French researchers are tenured, and a large majority of them hold a public servant status, whereas most British researchers agree to five-year result-based contracts. British academics do have a direct interest in any commercial applications that may arise from their research. This can account



Cambridge University has been particularly strong in facilitating the development of a high-tech cluster

for the fact that, even if they find themselves in relatively similar situations as far as the patents are concerned, British researchers are more often interested in getting involved in startups than their French counterparts.

University reforms in the UK have come a long way over the past 30 years. In the 1980s, many British universities were reluctant to implement Margaret Thatcher's reforms to help the academic environment become the driver of entrepreneurship and wealth creation. A 1986 law allowed British universities to commercialise new inventions, and to have a say in the firms' profit-sharing, in exchange for licence agreements on these patents. Another key aspect is that universities have been exhorted by the state to create venture capital funds. The biggest funds, such as Imperial Innovations (Imperial College) for instance, now raise funds from international private

investors and some have even become publicly traded companies. Under the firm encouragement of both Tory and Labour governments, 'blue sky' researchers have managed to bury the hatchet with the business world.

By means of significant incentives and more flexible contracts, more academics have become involved in startups alongside their academic career, while the government has egged on universities to create their own venture capital funds. Over the last 10 years, British graduates have also developed a more entrepreneurial attitude, helped by a strong network of 50,000 business angels across the country which gives a chance to promising 25-year-old entrepreneurs.

It is not just coming up with new ideas that is important, but actually putting them into practice, bringing them to the market, and exploiting them in a manner that leads to job and wealth creation. ■

About the Cercle d'outre-Manche

Created in 2004 by Arnaud Vaissie and Pascal Boris, the Cercle d'outre-Manche (CoM) is a group of 30 French business leaders operating in the UK and France. The CoM is organised as a think-tank and its purpose is to compare French and British competitiveness. In particular, it is attempting to develop a benchmarking approach in order to depict the best practices in both countries and suggest new policies in France. The CoM has published studies on a wide array of subjects including employment law, taxation, innovation, digital economy and more recently immigration and diversity in the workplace. Their latest publication is about France and the UK facing the crisis (2008-2014): 'A tale of 2 countries'. www.cercledoutremanche.com

