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PAN-EUROPEAN REPORT



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Current status of collaboration between HEI and SME on EU level

Micro, small and medium-sized enterprises (SMEs) constitute 99% of companies in the EU. They provide two-thirds of private sector jobs and contribute to more than half of the total added value created by businesses in the EU. Various action programmes have been adopted to increase the competitiveness of SMEs through research and innovation and to provide better access to finance. Achieving carbon neutrality and the digital transition have also been considered in the strategies adopted to ensure better framework conditions for SMEs.

Furthermore, the impact of the COVID-19 pandemic has stimulated new thinking about economic recovery, reconstruction and building SME resilience. In 2015, just under 23 million SMEs generated EUR 3.9 trillion in value-added and employed 90 million people, constituting an essential source of entrepreneurial spirit and innovation, which are crucial for the competitiveness of EU companies. EU policy for SMEs aims to ensure that Union policies and actions are small business friendly and contribute to making Europe a more attractive place to set up a company and do business.

During the COVID-19 crisis, SMEs were severely affected by supply chain disruptions, employee absences and temporary closures. In 2020, the number of European SMEs fell by 1.3%, employment in SMEs by 1.7% and SME value added by 7.6%. More than 60% of SMEs experienced a decline in turnover and about 66 % of them postponed investment decisions or downsized investments¹.

It is possible to assert that research and innovation are crucial to the sustainable success and growth of SMEs in the EU. Because of this, the European Commission wants to improve the quality and broaden the participation of SMEs in innovation partnerships, as these have been reported to be considerably low, resulting in less cross-sectoral cooperation between knowledge providers and smaller companies. Many SMEs continue to struggle to adopt the right strategy, business processes, skills, or other resources to participate in European funding partnerships².

¹ European Parliament – The June 2021 plenary – State of the Union of SMEs,

[https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690633/EPRS_ATA\(2021\)690633_IT.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690633/EPRS_ATA(2021)690633_IT.pdf)

² European Parliament – Fact Sheets on the European Union – Small and medium-sized enterprises

Considering the low success rate and missed opportunities for more strategic cooperation between HEIs and SMEs, the availability of training programmes to enhance this collaboration is crucial, especially for the key role of SMEs in the EU. Below are some of the most important European programmes whose main aim is to close this collaborative gap and strengthen the European SME business sector.

UNITE 4 HORIZON EUROPE

The existence of this gap inspired an international consortium of partners from Cyprus, France, Finland, The Netherlands, Spain, Germany and Ireland to undertake a brand-new Erasmus+ project “Unite for Horizon Europe” (UNITE4H), which aims to identify the limitations and help build strategic engagement capacity between academics and SME representatives to develop, apply and implement projects within the Horizon Europe framework.

Throughout the life of the project, they will produce several outputs. The project starts off with an investigation into the needs and challenges experienced by HEI and SME representatives, resulting into a programme framework. Based on this framework, we will develop a training programme and toolkit to increase awareness, skills, and knowledge capacity among academics and SME representatives.

The two training programmes, one for SMEs and one for HEIs, each consist of several modules. During the last phase, these modules will be pilot tested among academics and SME representatives within the partners’ institutions and networks³.

Erasmus for Young Entrepreneurs

This is a cross-border exchange programme which gives new or aspiring entrepreneurs the chance to learn from experienced entrepreneurs running small business in other Participating Countries.

The exchange of experience takes place during a stay with the experienced entrepreneur, which helps the new entrepreneur acquire the skills needed to run a small firm. The host benefits from fresh perspectives on his/her business and gets the opportunities to cooperate with foreign partners or learn about new markets⁴.

³ <https://unite4horizon.eu/the-project/>

⁴ <https://www.erasmus-entrepreneurs.eu/index.php/members/page.php?cid=09&id=679>

Entrepreneurship education

Launched in 2016 as part of the New Skills Agenda for Europe, the Commission established a European entrepreneurship competence framework (EntreComp). It intends to support and inspire actions to improve the entrepreneurial capacity of European citizens and organisations.

EntreComp creates a shared understanding of the knowledge, skills and attitudes needed to become entrepreneurial, while at the same time emphasising that entrepreneurship is a competence that all citizens should have the opportunity to develop. The framework also aims at creating a common language between different levels of education and training, as well as bridging the worlds of education and work⁵.

Youth employment support

The Fund will support the full range of employment, education and training measures proposed by the proposal “A Bridge to Employment – Strengthening the Youth Guarantee”, as well as reforms of the vocational education and training system and apprenticeships.

This fund is an important source of funding. A dedicated SME window within InvestEU can help small companies meet their training needs and their capacity to employ young people⁶.

EnterMode

EnterMode aims to stimulate entrepreneurial skills of higher education teaching staff and company staff and develop the entrepreneurial mind-set and related skills of higher education students.

Its main objectives are developing higher education institution–business partnerships for the promotion of entrepreneurial education of higher education students and educating the entrepreneurial mindset, skills and competences of higher education students during their internships⁷.

⁵ European Commission, Employment, Social Affairs & Inclusion, The European Entrepreneurship Competence Framework (EntreComp) – <https://ec.europa.eu/social/main.jsp?catId=1317&langId=en>

⁶ European Commission, European Social Fund Plus, Commission Launches Youth Employment Support: a bridge to jobs for the Next Generation, <https://ec.europa.eu/european-social-fund-plus/en/news/commission-launches-youth-employment-support-bridge-jobs-next-generation>

⁷ E.n.t.e.r – European Network for Transfer and Exploitation of EU Project Results – Enter Mode, <https://www.enter-network.eu/project/enter-mode/>

Youth & Skilled Workforce – SMEUnited Annual Theme 2022

SMEUnited's mission is shaping Europe for SMEs and shaping SMEs for Europe. We act to create an SME friendly climate in the European Union in which SMEs can thrive. We build capacity with SMEUnited's member organisations and entrepreneurs across Europe, so that SMEs benefit from the opportunities offered by the European Union⁸.

These programmes are crucial for the future development of collaboration between HEIs and SMEs. Each project, with its own aims, contributes to the realisation of a larger objective, which is precisely to strengthen cooperation between universities and the world of small and medium-sized enterprises. Many programmes have training as their main activity because it is important to create and transmit the necessary skills in order to be able to bring added value to this collaboration whether you belong to a university or are employed in a small or medium-sized enterprise. Young people are the focus of these programmes because they will be the future protagonists of the challenges that will characterise both the academic and working worlds. Investment in young people is a priority aspect on which EU policy focuses.

After having explained the role of SMEs in the EU and having listed the main ongoing programmes to act on collaboration between HEI and SME, we will now take a closer look at the state of collaboration at European level.

There is some very important information about University-Business Cooperation proving both from studies conducted by some universities in Europe and from research in some countries commissioned by the European Commission. Some countries have this collaboration more present, other countries less so. Before giving an overview of UBC at European level, it is necessary to define what UBC means. The term refers to the interaction between universities, business and industry aimed at encouraging the exchange of knowledge and technology. The purpose of this interaction is to enhance synergy and strategic links between business and universities to increase their mutual benefit. This synergy contributes to the realisation and achievement of common societal goals such as the ecological and digital transition. the UBC is indeed an engine where heterogeneous policy areas converge from innovation to higher education, from entrepreneurship to social development, from globalisation to economic recovery.

⁸ SmeUnited, Crafts & SMEs IN EUROPE, <https://www.smeunited.eu/about-us>

The results showed in “The State of University-Business Cooperation in Europe” (2016-2017) The results showed that, given the right circumstances, UBC can be a highly positive activity for all parties involved. Particularly, businesses are starting to realise the benefits of partnering or working with HEIs as a source of future-oriented innovation as well as talent development that can build a competitive advantage. Moreover, since the last study in 2010/11, there is evidence that HEIs are being increasingly seen as a source of talent, entrepreneurship, and a lead player in regional development.

The majority of academics and businesses still do not engage in UBC, although the vast majority of HEIs do, to a certain extent. This limited engagement is reducing the labour market relevance of the study programmes, the employability of graduates and the impact of research. Despite significant efforts by European national governments and the European Commission to broaden the engagement in UBC, there is a lack of awareness of how HEIs and business can cooperate and how these activities (inter)relate⁹.

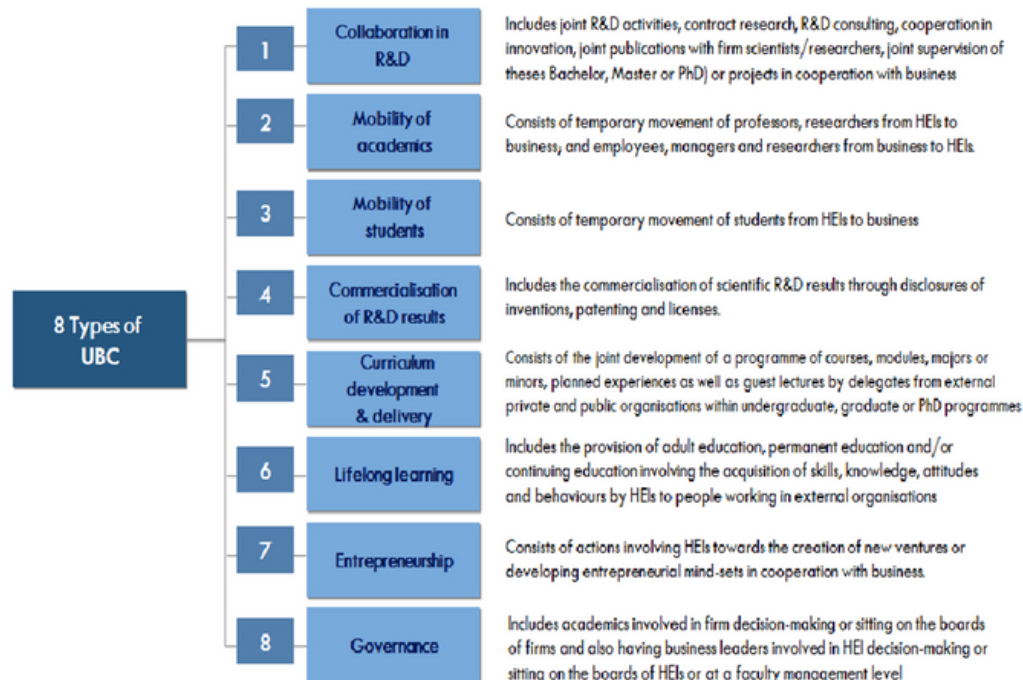
This is also confirmed in the final report on the state of university-business operations in the EU. The report identified some UBC activities in the areas of research, education, evaluation, and management but the level of cooperation is low in most of them. The most developed area is cooperation in research and development, followed by cooperation in education.

In order to better understand the world of the UBC and how it can become the strategic centre for both universities and businesses in this phase of transition and recovery, we need to understand how it can develop on a practical level, namely the types of collaborations and synergies that can arise between these two realities: HEIs and SMEs. This identification is also necessary in order to find out which are the main barriers and drivers for cooperation and consequently how to remove the obstacles and strengthen the drivers in order to search for a common path to follow in order to implement the potential contained in both HEIs and SMEs.

There have been recognised eight types of cooperation between university and business as found in the State of European UBC Report with the following descriptions:

Exhibit 1: Eight types of University-Business Cooperation

⁹ European Commission, The State of University-Business cooperation in Europe. Final Report., http://publications.europa.eu/resource/cellar/1b03ee59-67a4-11e8-ab9c-01aa75ed71a1.0001.01/DOC_1



Source: <https://www.ub-cooperation.eu/index/sweden>, The State of University-Business Cooperation in Sweden. Part of the DG Education and Culture Study on the Cooperation between Higher Education Institution and Public and Private Organisations in Europe, Science-to-Business Marketing Research Centre - apprimo - UIIN

The UBC country reports compare continental results of the major State of European UBC study, with the results obtained in a specific country. These reports included responses from academics and HEI management on what the main drivers and barriers of UBC were. Before reporting what emerged from the interviews, it is necessary to clarify what is meant by barriers and what is meant by drivers. A barrier provides a hindrance or obstacle to do something, while a driver provides the motivation to do that thing.

More specifically, removing a barrier does not create UBC, rather it makes UBC possible. So drivers are those factors that encourage academics or HEIs to engage in UBC, while barriers are those obstacles that restrict or inhibit the ability of academics or HEIs to engage in UBC. The table¹⁰ shows the most common and widespread UBC drivers and barriers in European countries¹¹.

¹⁰ The table was created after consulting the following reports:

https://www.heinnovate.eu/sites/default/files/2021-09/UBF_Brussels_Forum_Report_2019_v5.pdf,

<https://www.ub-cooperation.eu/index/finland>, <https://www.ub-cooperation.eu/index/sweden>,

<https://www.ub-cooperation.eu/index/poland>, <https://www.ub-cooperation.eu/index/bulgariahei>.

¹¹ European Commission, The State of University-Business Cooperation 2016-2018, https://www.ub-cooperation.eu/pdf/final_report2017.pdf

Main barriers to UBC

- Lack of university funding for UBC
- Business lack awareness of university research activities/offerings
- Lack of financial resources of the business
- Lack of external funding for UBC
- Differing time horizons between university and business
- The need for business to have confidentiality of research results
- Differing mode of communication and language between university and business
- The limited absorption capacity of SMEs to take on internships or projects

Main drivers of UBC

- Existence of mutual trust
- Short geographical distance of the university from the business partner
- Prior relation with the business partner
- Existence of mutual commitment
- Understanding of common interest by different stakeholders
- Having a shared goal
- Employment by business of university staff and students
- Existence of funding to undertake the cooperation

Through research conducted by the member countries, it was also found that cooperation between universities and businesses is more pronounced when companies involved in the service sector are involved. On the other hand, companies in the IT sector have a lower level of cooperation with universities due to the changeability of the IT sector: the changes in this sector are too rapid and frequent to be accompanied by university research paths. The divergence between the timescales of universities and certain business sectors should be bridged to some extent, since SMEs would really need cooperation with technical realities, especially in order to initiate the modernisation of certain business processes that with technological innovations can bring added value by developing competitive products¹².

Although some forms of change in educational policy are being experimented with in some universities in some countries, it is necessary to extend this initiative to the whole of the EU's universities by changing the forms of evaluation, including non-teaching and non-research activities in the educational plans that provide for collaborations between universities and SMEs. This would allow university managements to expand their organisational structure on request and implement a series of processes that would initiate a systemic and coordinated collaboration with between universities and SMEs. To help this, organisational units within universities are deemed necessary and functional. One example would be the establishment of organisational units to promote the application of innovation and patenting.

¹² European Parliament, Relazione sul dialogo università-imprese: un nuovo partenariato per la modernizzazione delle università in Europa, https://www.europarl.europa.eu/doceo/document/A-7-2010-0108_IT.html

Another function of these organisational units could be to set up events and meetings to assist students and graduates in the development of entrepreneurial ideas and the creation of start-ups. another type of unit could be career guidance centres¹³.

Furthermore, there is a lack of a good communication system between companies and HEIs, which leads to gaps on what the real needs of SMEs are, such as what skills graduates should have in order to better access the world of work. On this point, it is important to add that it is preferable to focus on an open rather than sectoral training model in order to better develop the soft skills that allow flexible transfer from one sector to another.

In conclusion, we can say that the challenges to strengthen and increase the UBC are not few, but there are ways to accelerate this cooperation. The question is which aspects of this collaboration to work on in the light of what the most widespread barriers at the European level are. It would be necessary first to develop improved employment and recruitment pathways from higher education to employers. Then, embrace the HEIs role in providing entrepreneurship education, creating entrepreneurial ventures and facilitating a regional entrepreneurship ecosystem. It is also indispensable to finance project consortiums that extend the cooperation activities between SMES and HEIs beyond research into education, valorisation, and management cooperation. Providing funding for long term cooperation initiatives allows the stability for expertise to develop and relationships to mature. In addition, it would be very helpful to promote the benefits of UBC through guides, videos, roadmaps, e-courses, forums, workshop and to create more opportunities for cooperation with employers in education including more practical programmes both within and cross-faculty¹⁴.

¹³ European Commission, Una strategia per le PMI per un'Europa sostenibile e digitale, <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:52020DC0103>

¹⁴ Anpal servizi, Linee guida per lo sviluppo e il rafforzamento dei career service, <https://www.anpalservizi.it/documents/20181/20694/Linee+guida+rafforzamento+e+sviluppo+Career+service.pdf/e31a92e6-7756-4717-bd17-8145a5a78723>

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