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**Panel 2 · "Making the Grade: How Do European  
Higher-Education Systems Score Internationally?"**

Ladies and gentlemen, I am delighted to be here today at the plenary session of the Munich Economic Summit. I look forward to our discussion of university education in Europe. To me, as a member of the board of an international consultancy, worldwide university education is a highly relevant strategic topic. After all, our success is based on finding highly skilled employees worldwide.

In Europe we tend to be very self-critical, also of our university system. But, in the words of Karl Steinbuch, one of the early pioneers of German computer science, "Optimism creates vigor and pessimism paralyzes it". So we should also highlight the strengths of our educational system, build on them and go beyond mere criticism and pessimism.

What characterizes our university system? Definitely the cultural diversity and breadth of our higher education: In Europe there are some 4,000 universities with over 17 million students. In traditional disciplines such as physics, chemicals and mathematics, Europe is ahead of the US in some cases. Today, European countries are among top 5 international destinations for students: for example, the UK, which hosts 10% of all foreign students, or Germany and France with 7% each.

But what do we need to do to build on these strengths and cement our leading international position? Let me start with my two core hypotheses:

**University education is becoming more international.**

**But let us not forget to equip graduates for the working**

**world:** Today's students grow up in a globalized world. For many youngsters, school exchanges or volunteer work abroad is natural and important. We must continue to encourage this attitude of looking out into the world. It's incredible that pupils who return from a year abroad sometimes have to do that year again at home.

The European university system has already become much more global by introducing internationally comparable bachelor's and master's degrees. It is not unusual for young Romanian or French students to do their degrees in the UK or Netherlands. But I think there is still too big a gap between educational theory and practice. Universities are facing new challenges in dealing with the condensed modules found in bachelor and master programs: the curriculum has to be reduced to focus on material that is truly relevant to students' working life later on. Besides subject-matter expertise, this includes a direct link to practical work and personal development. A current study by Stifterverband, Germany's innovation agency for the German academic system, shows that improvements are still necessary.

Roughly half of all companies think graduates with a bachelor's degree need more help getting to grips with their work than those who started with the old-style German "Diplom". Companies complain that the degree is too rigidly taught and therefore fails to nurture independence among students. They would also like new graduates to be better at solving problems independently and managing their time more efficiently. Companies and universities should jointly look for solutions to tackle these issues. Universities must make their course modules more relevant to business through close cooperation with compa-

nies. In addition to subject-matter excellence, graduates need the right personality, problem-solving skills and independent thinking. Companies should launch suitable programs to better integrate these much younger graduates into business life. Thus far, only ten percent of companies have induction programs for graduates with bachelor's degrees. It is possible to integrate young graduates into business life, as Vattenfall clearly shows. The company has introduced combined work-study bachelor's degrees with dedicated work placements. At Roland Berger, we hire graduates with bachelor's degrees as Consulting Analysts. With suitable training, they can be gradually integrated into daily consulting life. As excellent academic qualifications are important to our employees' careers, we support high performers in doing a second degree – a master's or an MBA. At Deutsche Bahn and Lufthansa, too, there are management training schemes for future executives and part-time master's degrees done in combination with work. In times of skills shortages, companies must offer good prospects.

**View the war for talent as an opportunity:** We still need healthy competition between different European universities. Germany shows how this can work in the form of its Excellence Initiative<sup>1</sup>. Demographic change and the global war for talent will increase this competitive pressure even more.

At Roland Berger, we have therefore launched "Eight Billion Business Opportunities" – a special initiative designed to examine the consequences and opportunities of demographic change and the global population growth to over eight billion people by 2030. In Europe, the population will shrink and age, with a tangible impact: by 2030, Europe will need another 46 million and Germany over 4 million skilled workers. Today, for example, the lack of well trained engineers in Germany is causing economic damage of over EUR 3 billion a year.

In the long term, we need workers from emerging and developing countries to overcome our skills shortage. These countries have long since progressed from workbenches to think tanks

with well qualified workers. In the last few years, the number of university graduates in these countries has quadrupled and the number of patent applications has tripled.

15% of foreign students in the US are from India. In Germany, just 2% of foreign students are Indians. Europe must open up its universities even more to these young people. We need an excellent range of courses and research. We need to offer more language courses at our universities. And we ought to offer more visas and scholarships to promising and talented people. Then we will be a step ahead of our global competitors.

Integrating graduates into our labor market is no easy task. Graduates are often unaware of the career paths open to them. In our career advice, we must focus more on the specific needs of international students and graduates. We have to show them how attractive our labor market is!

Foreign students must clear another hurdle once they have completed their degree: to be allowed to stay in the country, they must present a permanent employment contract for a highly qualified job. The EU Blue Card<sup>2</sup> is a step in the right direction: in the future, it will make it easier for graduates from non-EU states to work in many European countries. This type of initiative will help ensure that more than the current 25% of foreign students who studied in Germany will stay on to work here.

Ladies and gentleman, governments and business leaders can jointly drive the development of higher education and improve the general framework. If they manage to do so, we can make Europe a magnet for tomorrow's top talent.

<sup>1</sup> The federal and regional governments' Excellence Initiative to promote science and research at German universities started in 2005/06. Universities selected in the first two rounds will re-

ceive EUR 1.9 billion of funding from 2006 to 2012, 75% of it provided by the federal government

<sup>2</sup> The EU Blue Card entitles the holder to reside and work in an EU member state on specific terms