

Report on the evaluation of the Centre for Research
in Economics and Management (CREA) at the
University of Luxembourg

Based on a peer review as commissioned by the Ministry of Higher Education
and Research of Luxembourg

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COMPANY INFORMATION

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TABLE OF CONTENTS

1	INTRODUCTION	4
2	RESULTS OF THE EVALUATION	6
2.1	Overall assessment	6
2.2	Input	6
2.3	Output	8
2.4	Outcome and impact	9
2.5	Strategy for the future	10
3	SUMMARY AND RECOMMENDATIONS	11
3.1	Summary	11
3.2	Recommendations	11

I INTRODUCTION

The Ministry of Higher Education and Research (MESR) of Luxembourg mandated *Interface Policy Studies, Research, Consulting*, Switzerland, to organize and lead a research evaluation of the University of Luxembourg. Simultaneously, the Institutional Evaluation Programme (IEP) of the European University Association carried out an institutional evaluation of the University of Luxembourg. The results of the IEP evaluation are published in a separate report.

The research evaluation was conducted in 2016 and followed two earlier evaluations carried out in 2008 and 2012.

The University of Luxembourg has three Faculties with research units conducting research in different scientific disciplines. In addition, there are three interdisciplinary centres.¹ The evaluation focused on the research performance of the University research units and interdisciplinary centres. This report presents the evaluation of the Centre for Research in Economics and Management (CREA).

The observations and recommendations presented in this report are based on a peer review by the following three experts working in the research unit's research fields:

- Robert Elliott, professor, director of admissions and recruitment in the Department of Economics at the University of Birmingham, United Kingdom
- Beat Hotz-Hart, professor emeritus, member of the Board of the University of Zurich, expert at the Swiss National Science Foundation, Switzerland
- Berthold Wigger, professor, head of the Chair of Public Finance and Public Management at the Karlsruhe Institute of Technology, Germany

The peer review consisted of a self-assessment report written by the CREA and a hearing at the research unit that took place in September 2016. The evaluation assessed the period 2012 to 2015. The hearing, which was organized and moderated by Interface, consisted of a self-presentation by the research unit, a group discussion of the self-assessment report and several individual and group interviews. These included interviews with representatives of the management team, professors, PhD candidates², and further members of the research staff. Based on the experts' assessments, the report was finalized by Stefan Rieder and Milena Iselin of Interface. The report has been approved by the experts.

¹ The Interdisciplinary Centre for Contemporary and Digital History was established in 2016. It is not part of the evaluation, as the assessed period is 2012 to 2015.

² The University of Luxembourg calls its PhD students 'PhD candidates'.

The overall results of all unit evaluations are summarized in a synthesis report.³ The synthesis report includes the findings from the interviews with representatives of the management team at the University of Luxembourg.

The report is divided into two parts: The first part discusses the expert team's observations gathered during the evaluation process. The focus is on the input, the output, and the outcome/impact of the research unit:

- *Input* includes the preconditions for the research conducted, such as strategies, financial and human resources, infrastructure, organization, and quality assurance systems.
- *Output* includes the performance of the research unit, exemplified through research results and their dissemination.
- *Outcome and impact* refer to the medium- and long-term effects as well as the relevance of the output on science, society, economy, and politics.

The second part presents the expert team's recommendations for further development of existing strengths and overcoming observed weaknesses.

The evaluation team would like to thank everyone involved for preparing and implementing the hearing at the CREA, for making the documentation available, and for participating in interviews.

³ Rieder, Stefan et al. (2017): Evaluation of the University of Luxembourg, Interface Policy Studies, Research, Consulting, Lucerne.

2.1 OVERALL ASSESSMENT

The CREA has a strong focus on scientific excellence that translates into a research output of high quality for both the economics and the management group. The CREA's position in global rankings is considered a success, taking the research unit's age and size into account. The research unit offers attractive working conditions both for junior and senior academic staff, leading to generally high motivation on the part of its members. Points of criticism are the limited efforts in acquiring external funding and the relatively low number of PhD candidates supervised. In addition, even though the working atmosphere at the CREA is good, there seems to be a lack of discussion culture within the research unit. An indicator for this last point is that the self-assessment report does not seem to be the result of a broad discussion within the research unit. The director of CREA was responsible for the writing of the report with the help of an administrative assistant. The academic staff were given the opportunity to give their feedback. However, there seems to have been little contribution from the other members.

2.2 INPUT

Research strategy

The experts observe that the members of the CREA are informally committed to hiring the most qualified people and publishing in the best journals. This strategy seems to be agreed upon by the members of the research unit. The professors are responsible for the implementation of this strategy but are given total freedom in terms of research focuses, as long as they produce good publications. However, there is no explicit strategy addressing issues like research topics, HR development, or the distribution of resources. The five research axes do not appear to be the result of a deliberate strategy but seem to have been created *ex post*. The experts see one reason for the missing explicit strategy in the fact that the head of the research unit has no incentives and no instruments to implement such a strategy (e.g. more influence on the hiring of senior academics for the unit).

Human and financial resources, infrastructure, and equipment

In the experts' view, the research unit is comfortably supplied with resources in terms of infrastructure and equipment. Researchers at the research unit also have access to considerable individual funding. The working conditions are perceived as excellent, offering an attractive environment for researchers on all academic levels that also withstands competition with similar research units in other European countries. The experts are of the opinion that the research environment is conducive to producing high quality publications, which is the focus of the CREA. The experts are impressed by the morale and high motivation of the members of the research unit. Research seminars seem to be well attended.

The experts also gained the impression that the quality of PhD supervision in the research unit is high. PhD candidates and postdocs are well funded and feel adequately integrated into the broader research environment within the research unit.

Of the 10 full professors currently employed at the CREA (not counting visiting professors), three are women. All three of these female professors belong to the management group of the research unit. Of the six associate professors, two are women, one of them belonging to the economics group. This imbalance of gender distribution, particularly in the economics group, is an issue discussed by the staff. Members of the research unit have raised concerns; they find that the promotion and hiring committees should have an appropriate gender balance. The experts support this as a first step towards attaining a more balanced gender distribution.

The experts critically observe an obvious lack of career planning within the research unit. This particularly affects the associate professors, as there does not seem to be a clear promotion scheme, and the process of transitioning from associate to full professorship does not appear to be transparent.

Organization

The CREA has a very simple structure with two groups (economics and management) and five research topics or axes (Regional Development and Globalization, Macroeconomics and Growth, Strategic Interactions and Organizations, Entrepreneurship and Corporate Governance; Empirical Methods). There is one head supervising the research activities in economics and management and a sub-head responsible for the activities of the management group. The management group is significantly smaller than the economics group (5 vs. 13 academic staff). The CREA will soon be joined by the Luxembourg Centre for Logistics (LCL). According to the experts, there is no need to alter this structure now, but the experts are convinced that a strategic discussion on research topics within the research unit is necessary. The experts also agree that the leadership of the research unit and the way that this leadership is chosen might be an issue of concern. Rather than being a research unit with clearly defined and institutionalized leadership, the CREA appears to be a community of individual researchers with a head who acts as a moderator.

The incorporation of the LCL, which according to the self-assessment report is planned to join the CREA in the second half of 2016, will cause a major change in the structure of the CREA. This will also affect the research unit's size in terms of human and financial resources. The experts see this expansion of the CREA through integration of the LCL as a challenge. In relation to that, the expert team points out the importance of a plan concerning the resources, management, and structure of the CREA. The experts observe that some members of the management staff have concerns about the independence of the CREA: They feel that the integration of the LCL was imposed on them and that this may cause negative effects on the freedom of research. These concerns should be addressed in the implementation plan of LCL. The acceptance of the CREA within the Faculty and the research unit's autonomy within the Faculty might be further critical issues. The CREA feels that its causes are not taken into account adequately when it comes to strategic decision making at the Faculty level. This situation could have negative effects on the motivation of the research unit's members. The economics

department is the only department within the Faculty that is not among the University's priority areas. However, the expert team is convinced that the research unit should try to put its research topics on the list of future priorities of the University.

External research collaborations and service provision

The experts appreciate the efforts that the CREA made to collaborate with other research facilities in Luxembourg, for example the Luxembourg Institute of Socio-economic Research (LISER). Another positive example is the four-year partnership programme signed between the Luxembourg Chamber of Commerce and the University of Luxembourg in 2014, leading to the creation of the master's degree programme in Entrepreneurship and Innovation. There are mutual benefits from such collaborations. In the experts' view, this may well strengthen the research unit's profile as a provider of services to society. Although the management unit shows efforts in terms of service provision, the economics group's activities in that area could be improved.

Quality assurance system

Without doubt, the CREA's research output is on a high level in terms of quality. Still, the expert team stresses that there is no performance management system in place to formally secure this level. Also, there are no incentive schemes or sanctions available to the research leader to influence the performance of the members of the unit. Incentives, such as teaching buyouts in the case of a successful grant application or incentives for supervision of PhD candidates would be much appreciated by CREA staff. The experts are convinced that the introduction of a sensible and tailored performance management system for the CREA would help to ensure that the research unit's academic staff exploits its full potential. In addition, the implementation of a performance management system would support the career planning of the academics within the CREA.

2.3 OUTPUT

In the experts' view, the CREA produces high-quality research output. In certain areas, the experts even see evidence of excellence. This is true for both the economics and the management group. Highlights include work by the Regional Development and Globalization group, the Empirical Methods group, and the Strategic Interactions and Organizations group. In addition, the management group has proven particularly successful in establishing collaborations with the research unit's stakeholders, e.g. the Luxembourg Chamber of Commerce. As there is an overall good mix of senior researchers and juniors with strong potential, the experts expect the research unit to be able to maintain its high quality of output in the future.

In contrast to this, the quantity of the CREA's output remains relatively low. The experts learned that the research unit has been prioritizing quality over quantity of publications. As some of the members of the CREA stated, they do not publish an article at all if it is not accepted by a top journal. The experts agree that this is the way for the research unit to go if it is aiming to improve its reputation and its position in global rankings.

The experts raise concerns regarding the CREA's efforts in acquiring competitive external funding, both from funding institutions in Luxembourg and from the EU. They

state that grant capture is relatively low for a research unit of CREA's size and quality. Regarding this, the researchers at the unit claim that the selection processes for applications provided by the Faculty and the University are not supportive and too time-consuming. They explain that three different layers have to be passed in order to obtain a grant: pre-selection processes at the Faculty and the University and the selection process of the funding agency. In the experts' view, low capture could also reflect the lack of incentives like teaching buyouts in the case of obtaining a grant. Another factor could be the yearly research allowance, which according to the experts is quite comfortable.

Another critical observation made by the experts is that the number of PhD degrees awarded in the research unit is relatively low. Again, the experts trace this back to a lack of incentives, e.g. teaching relief in the case of supervision of PhD candidates. The experts believe that the success of the research unit in the recent PRIDE call⁴ has the potential to partially remedy this problem, assuming that supervisors for the additional PhD candidates can be found.

2.4 OUTCOME AND IMPACT

The experts state that the presentation of the CREA's relative position in Europe in the self-assessment report is accurate in terms of quantity and quality of research. The experts also see that the research unit is working towards improving this position. They are convinced that – under the condition that the research unit will be able to retain its excellent researchers and continue to hire well – the CREA should have a chance of further improving its research quality over the next five years and to become one of the top research locations in economics in Europe within the next 10 years. Initiatives like the organization of the APET (Association for Public Economic Theory) conference in 2015 are perceived to be an effective measure to increase the visibility of the CREA within the scientific community. The experts encourage the research unit to pursue and further develop such activities.

In relation to the outcome and impact of CREA activities, the experts discussed the research unit's efforts in communicating and collaborating with its stakeholders (e.g. ministries, private sector, society). Here the experts observe differences between the two groups within the research unit: The economics group seems to have a limited number of links to the stakeholders. The experts state that this may be a result of the group's informal strategy of concentrating its efforts on publications in highly ranked scientific journals. In the management group, however, there are a number of examples of knowledge transfer (e.g. collaboration with the Luxembourg Chamber of Commerce) without these efforts compromising the quality of the group's research.

The experts acknowledge the CREA's dedication to high quality research and encourage the research unit to maintain this commitment to quality. Nevertheless, the experts suggest that the CREA reflect upon the extent to which the research unit provides value to the broader Luxembourg society and if and how this value could be increased.

⁴ PRIDE is the programme of the Luxembourg National Research Fund (FNR) for funding doctoral research in Luxembourg. Under this programme, a block of PhD grants is awarded to a consortium of excellent researchers grouped around a coherent research and training programme (see <www.fnr.lu>).

2.5 STRATEGY FOR THE FUTURE

The experts highlight that for a young department like the CREA, the research unit's global ranking, as illustrated in the self-assessment report, can be considered a success.

According to the experts, it was reasonable for the research unit to build up competence in a number of fields by focusing on high quality output as a first step in order to establish the research unit. A challenge that the CREA faces now is to consolidate and build on this position. For that purpose, the CREA should develop a strategy that includes issues like resource planning, hiring procedures, and research topics. According to the experts, the creation of a strategy would also be beneficial for smooth integration of the LCL into the research unit. The CREA currently lacks an explicit strategy or agreement on these issues, mainly orienting its activities towards the implicit aim to publish in highly ranked scientific journals. Given the position of the CREA within the Faculty, the experts also observe that there is currently no process defining how such a strategy could be implemented.

The experts point out that when creating a strategy in the described manner, the research unit should take into account that any future strategy is of course subject to the support of the Faculty and the University.

3.1 SUMMARY

The CREA shows good-to-outstanding performance in terms of research quality, and given its age and size, it is already well positioned internationally. The working conditions at the CREA are excellent, with junior and senior researchers benefitting from an agreeable working atmosphere, good infrastructure and equipment, and considerable individual funding. The management group has proven particularly successful in establishing collaborations with the research unit's stakeholders, whereas knowledge transfer activities of the economics group leave room for improvement. Further concerns are the research unit's efforts to acquire external funding and its output in terms of PhD supervision. Both could be higher for a unit of the CREA's size and quality. Still, given its good mix of well-performing senior researchers and juniors of high potential, the CREA is expected to progress even more in terms of quality and to become one of the top research locations in economics in Europe within the next 10 years. Although the unit was successful in building up competence in a number of fields by focusing on high quality output, a challenge is to consolidate and further build on this position. The research unit should intensify its efforts to highlight and further develop the value that it provides to the broader Luxembourg society. Furthermore, the CREA is advised to develop a future strategy including issues like resource planning, hiring procedures, and research topics.

3.2 RECOMMENDATIONS

Based on the observations stated above, the expert team formulates the following recommendations for the research unit.

Recommendation 1: Develop an explicit research strategy for the research unit

The experts observe a lack of an explicit strategy that includes issues like resource planning, hiring procedures, and research topics. The CREA's research axes as well as the implicit aim to focus on high quality scientific output does not seem to be the result of a deliberative process but rather to have evolved rather incidentally. The experts advise the CREA to discuss and consolidate its research agenda among its professors. This should lead to the setting of reasonable priorities in terms of research topics, and this would strengthen the research unit's identity. This process should entail reflection upon whether and how these research priorities could be linked to the demands of society. These efforts do not necessarily need to impact the research unit's structure. In relation to strategy development, the CREA should have the ability to influence the research areas of senior hires.

Recommendation 2: Reflect upon academic leadership

At present, the CREA appears to be a community of individuals rather than having clearly defined and institutionalized leadership. The research unit has a head, but this position is less the position of a leader and more that of a moderator. Since there are

currently no rewards for assuming the lead position, it seems to be completely undesired by CREA's senior staff. The experts believe, however, that stronger academic leadership is required if the research unit is to improve further. They therefore recommend the CREA to reflect upon its leadership and implement appropriate incentives to senior academics to assume a leadership position within the unit.

Recommendation 3: Demonstrate relevance of the research unit to stakeholders

The research unit has had a strong focus on quality of scientific output in the past. For the economics group, this has led to little effort in collaborating with stakeholders and a rather low level of knowledge transfer to industry, to Luxembourg's public administration, and ultimately to society. The experts are of the opinion that the CREA should initiate a process of reflection upon its contribution to the future research priorities of the University of Luxembourg but also its possible contributions to society. The research unit should demonstrate its relevance to the University and to the society of Luxembourg and beyond. The CREA should maintain and further develop existing initiatives pointing in that direction.

Recommendation 4: Create a quality and performance management system

There is currently no system in place to trace and supervise the performance of the research unit. Also, there are no incentive schemes or sanctions available to the head of the unit as a response to the performance of CREA's members. The experts suggest that the unit consider implementing a performance management system to ensure that the academic staff of CREA reach their full potential and to help with career planning of these researchers.

Recommendation 5: Implement instruments for career planning

The experts observe deficits concerning career planning of the members of the research unit. This particularly affects the associate professors. Reacting to this observation, the experts recommend that the research unit develop instruments for career planning and define clear-cut criteria for promotion, particularly for the promotion from associate to full professor. The peers should define these criteria. Of course, the criteria need to be agreed upon at both the Faculty and the University level. The promotion process should be transparent (time schedule, etc.). For hiring and promotion committees, an appropriate gender balance should be an aim.