

Submission by



to the

University Advisory Group

on

Phase 1 – The role of the universities

31 May 2024

Introduction

The BusinessNZ network encompasses four large regional business membership organisations that together cover the entire country: the Employers and Manufacturers Association (EMA), Business Central, Business Canterbury and Business South. Membership of the network also encompasses special interest membership groups, including ExportNZ, ManufacturingNZ, the Sustainable Business Council, the Business Energy Council and Buy New Zealand Made. The network represents around 76,000 companies in total, ranging from New Zealand's largest businesses, to small local businesses.

We welcome the opportunity to make a submission to the University Advisory Group. The university sector plays a major role in New Zealand's businesses and in the lives of New Zealanders, and it is a role that we believe could be played better.

Much of what follows in this submission reflects what we said about the higher education sector in our submission to the Science Sector Advisory Group (SSAG).

General comments

BusinessNZ would like to see the universities doing more to support economic growth in New Zealand. If this were to happen, the living standards of the population would improve. Over time, a stronger economy would, in turn, benefit the universities because it would become possible to fund them better.

In our submission to the SSAG, we observed from the findings of Statistics NZ's latest R&D Survey that, especially when it comes to research and development activity the sector operates largely as a set of disconnected parts, with the business, university and CRI components having relatively little to do with one another. Based on feedback we have received from our members over time, we commented that businesses value the role of the university sector in training new entrants to the scientific workforce. We also noted they find it useful to tap into the expertise of individual university academics. However, we highlighted that they attach less value to the knowledge creation role of the universities. The latest R&D Survey results showed that only 1.5% of business R&D expenditure was in the universities.

The lack of business connection with the universities is partly because the latter develop knowledge that is often at too early a stage for use by the business sector, or because the knowledge is not transformed into commercially exploitable intellectual property (IP) that can be used to create goods and services that are potentially valuable in the marketplace. Business R&D is done in response to customer/consumer demand or gaps identified in the marketplace, whereas academic research tends to be investigator push, rather than demand pull.

A key problem associated with the university part of the system is that researchers are incentivised to publish the results of their work, rather than to seek to have them commercialised. Our expectation is not that the university sector delivers commercially exploitable intellectual property that is market-ready, but that the sector should at least progress knowledge beyond the initial concept to an idea that merits further investment.

A number of our members have also remarked to us that the university technology transfer / commercialisation offices can impede the development of relationships between businesses and academics that have the potential to result in the creation of IP with commercial potential. We would, therefore, like to see individual academic researchers having more ownership and control over the potential IP they create. There also needs to be a more realistic appreciation of the value of IP versus the cost to commercialise it. The former is not valuable at all unless the latter happens and the clock starts ticking on the duration of the IP the minute the patent is approved. A slow road to commercialization devalues the IP and makes it commercially unattractive.

Questions

We have less to say about the role of the universities than we did about the science sector as a whole. However, our responses to the consultation questions are as follows.

1. What should be the primary functions of universities for a contemporary world?

We are less concerned about what the functions of universities should be, than we are about how the functions are performed. We believe that the functions should combine mainly teaching and research, as has been the case for centuries, at least in other parts of the world.

However, we also believe that the delivery of teaching could be modernised and made more efficient, and that the focus of research should be on supporting economic growth, rather than on academic excellence.

One of the lessons COVID was that a lot of university teaching could be delivered effectively online in real time and made available on demand later in time. This enabled many students to use their time more efficiently. But, more importantly, it demonstrated the potential for delivering the same lectures across a number of institutions, rather than different lectures covering the same subject matter. It seems wasteful to have, for example, five or six universities delivering different series of lectures at the same time on law, accountancy or mathematics. Much of university teaching delivery is outmoded in this way.

Regarding university research, we would like to see activity focused more on supporting business and economic development in New Zealand. The problem, as we see it, is that university researchers are incentivised to pursue academic excellence and publication in journals, rather than seeking to effect improvements in the lives of everyday New Zealanders by focusing their research on practical solutions. Accordingly, we would like to see a shift in emphasis so that career advancement for academic researchers is at least as much based on impacts, as it is on the basis of excellence.

2. What should be the long-term shape of the university sector in New Zealand so that it meets these primary roles?

It is difficult to answer this question because it is not clear what is meant by "shape". However, we suspect that our concerns about the contribution of the sector would be more easily addressed by changing the way the universities operate than by changing the form of the sector.

3. What are the barriers (excluding fiscal) that limit the universities from operating efficiently and effectively for the benefit of New Zealand?

As we suggested above, a key problem is that the reward system for academic researchers, including their career progression, favours publication of research findings, rather than the creation of intellectual property (IP) that could be exploited commercially.

And, as we commented in our answer to Question 1, teaching delivery could rely more on online technology. Duplication of course content across different universities could be reduced.

4. Can the eight universities function better as a holistic system to meet New Zealand's needs? If so, how to establish a more differentiated yet cooperative sector?

Arguably, there is a case for having fewer separate universities in New Zealand to achieve economies of scale in teaching delivery and managerial functions. However, the issue is not clear cut. In terms of universities per million people, New Zealand has roughly the same number as Australia, Canada and the UK.

In terms of the structure of the sector, there might be more to be gained from ensuring the sector works more collaboratively and efficiently, than from simply reducing the number of universities.

Funding levers could be applied to achieve more collaboration and efficiency across the sector. We have also been told by a number of our major company members that university governing bodies should be more professional, with more people who have strong business experience.

5. How research-intensive do New Zealand universities have to be? Do they need to be research intensive in all subjects?

We suggest that the universities should place equal emphasis on teaching and research. However, we do not believe that all the universities undertake should research in all disciplines, or aim to cover all subjects in their teaching provision.

In saying this, we note that some of the highest ranked universities in the world focus almost exclusively on science and technology. These include Caltech and MIT in the USA, and Imperial College in the UK.

6. What is the appropriate mix of offerings in teaching, research, and knowledge transfer across the system to meet economic, environmental, and social challenges?

It is difficult to define what the appropriate mix should be, although we have indicated above how each of these things could be improved.

7. What are the most appropriate approaches to ensure excellence in teaching, research, knowledge transfer and community engagement?

As we suggested in our general comments, we believe it will be important to change the incentive structures to which academics respond, to ensure that career advancement is not largely about research excellence.

8. How to ensure universities play their role in advancing all segments of New Zealand society without compromising on the goals of excellence?

We believe there is a distinction to be made between academic excellence, which is often measured in terms of publications in high status journals, and excellence measured in other ways. These other ways might include technology and knowledge transfer, and high-quality teaching. Changing the incentive structures for academics and funding allocations for universities would not have to mean sacrificing academic excellence, but it might affect the volume of research publications that meet the conventional standards of academic excellence.

9. What is the appropriate size for the domestic student body in the New Zealand universities?

According to Education Counts there are a little fewer than 150,000 students at NZ's universities, and about 40% of school leavers enter university each year. We would not say that too many young people go to university, but we would like to see an expansion of vocational education and training, especially apprenticeship opportunities, outside the university sector. More specifically, we would like to see the development of a system that is akin to the system in Germany in which apprenticeships and university study have broadly equal status.

10. How well are universities performing in the role as critics and consciences of society?

This is not a question we feel particularly well-equipped to answer. However, we believe that businesses and the wider economy will perform better when there are no constraints on academic freedom and freedom of expression.

11. How well are the universities complying with the requirements in the Education and Training Act 2020 with regards to the Treaty/Te Tiriti?

Again, this is not a question we feel particularly well-equipped answer. However, we think it is appropriate that the Act requires the Minister responsible to issue a tertiary education strategy that addresses, amongst other things, the development aspirations of Māori and other population groups.

Conclusions

It is clear that New Zealand's universities could operate more efficiently, and that they could do more to support the economic growth that is necessary to improve living standards and their own financial strength.

Within the system as a whole, the cost of teaching delivery could be reduced using online technology, and a lot of duplication in course provision could be eliminated.

In terms of research, there is little incentive for the universities and for individual academics to focus more on the creation of intellectual property that could be exploited commercially. Research funding mechanisms and the basis upon which academics gain career advancement need to change.

These things are easier said than done, however. The universities have a deeply embedded culture and cherished operating models. The members of their governing bodies often lack the will or professional skills to change things.

It is likely, therefore, that it will take time and persistence, on the part of the government to ensure that the universities operate more efficiently and contribute more to living standards. The business sector will support the necessary efforts, but it will be important for different political interests to align and accept the need for change.

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- [BusinessNZ](#) policy and advocacy services
- [Major Companies Group](#) of New Zealand’s largest businesses
- [Gold Group](#) of medium-sized businesses
- [Affiliated Industries Group](#) of national industry associations
- [ExportNZ](#) representing New Zealand exporting enterprises
- [ManufacturingNZ](#) representing New Zealand manufacturing enterprises
- [Sustainable Business Council](#) of enterprises leading sustainable business practice
- [BusinessNZ Energy Council](#) of enterprises leading sustainable energy production and use
- [Buy NZ Made](#) - country of origin licensing organisation for NZ-made products, NZ-grown ingredients, and NZ-coded software services

The BusinessNZ Network is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

The BusinessNZ Network contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and Business at OECD ([BIAC](#)).

