

Mid-Term Review
Research
Erasmus School of Economics
2015-2017

Prof. dr. J.H. Garretsen, University of Groningen (chair)

Prof. dr. M. Geuens, Ghent University

Prof. dr. F.C. Palm, University of Maastricht

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Contents

Executive Summary	3
Introduction.....	4
Research at ESE overall.....	4
Finance & Accounting	5
Econometrics and Management Science.....	5
Economics.....	6
Applied Economics.....	6
Marketing.....	7
Doctoral programme	7
Conclusions.....	8

Executive Summary

On December 14th 2018, the mid-term review committee (hereafter, the committee) performed a site visit for the mid-term review of the research at the Erasmus School of Economics (ESE), based on the school's self-assessment report and related information. The review covers the years 2015-2017.

Bearing in mind the requirements for the review, as expressed in the Terms of Reference, and taking into account international trends and developments in academia and society at large, our main conclusions are as follows.

The quality of research at ESE is very good. All five research programmes conduct high quality research, which is internationally recognized. The researchers' enthusiasm to work at ESE is high and the level of collaboration between the research programmes is encouraging. The research programmes address topics with high societal relevance and in recent years they have further increased their efforts to raise the societal impact of their work. All programmes represent sufficient critical mass and have a balanced composition, which secures high viability. In the context of the strong financial position of the school as a whole, the research programmes are very well equipped for the future.

ESE shows clear dedication to the five priorities for further improvement, which were defined after the last national research assessment committee for economics & business (the committee Kapteyn) in 2015. The measures taken towards producing more high quality papers, establishing stronger ties with top schools abroad, increasing the appeal of the doctoral training, raising the societal impact and obtaining extra funding are convincing.

Additional measures related to increasing diversity, especially in the higher academic ranks, are equally appreciated, but will take time to achieve broad effects. The improvements to doctoral training, for instance more elaborate support to obtain an international placement, are equally sensible but could benefit from more consistent application across the whole school. Attention for research integrity continues to be strong, and remains particularly relevant in the context of increased polarization in the (international) political climate.

Recommendations for further improvements relate to three aspects.

First, especially regarding new measures and services, to clearly communicate across the school what is available for faculty and doctoral students to enhance their success. Especially regarding the doctoral programme it is not yet fully clear to all students what is available at ESE to further their career.

Second, to show more allowance for heterogeneity in the faculty of ESE. It should be critically assessed where opportunities exist for more differentiation in the rules and regulations, to reflect differences in preferences depending on career stage, research programme and individual talent. Accordingly, it is recommended to assess if and how more room could be created for various ways of individual excellence in research, and in other areas that are all relevant for the success of the school.

Finally, to consolidate the measures towards societal impact and to elaborate the school's policy behind them. In particular, if ESE intends to further increase the societal impact of its research and engage more directly with agents outside academia, the support for it and the recognition for the effort it requires should be enhanced.

Introduction

On December 14th 2018, the mid-term review committee (hereafter, the committee) performed a site visit for the mid-term review of the research at the Erasmus School of Economics (ESE), based on the school's self-assessment report and related information. The review covers the years 2015-2017. During the site visit, the committee subsequently met with the dean and dean of research, representatives of ESE's five research programmes and a selection of doctoral students (one from each research programme). This report contains our main findings and conclusions.

Research at ESE overall

In line with the overall assessment by the most recent national research assessment committee for economics & business (the committee Kapteyn) back in 2015, research at ESE continues to be in a strong position. The quality of the research in all programmes is very high. All research programmes have sufficient size and scope to generate international visibility and to remain viable in the longer term. During the reporting period, and following the recommendations by the committee Kapteyn, several measures were taken to further raise the standing of ESE's research. The priorities that were defined after the previous review period (2008-2014) to drive these improvements, remain relevant. Initial results of the investments and the additional effort related to these priorities are encouraging. Examples of measures that were taken are: adjustment of promotion and tenure decisions with a stronger emphasis on quality over quantity, stronger dedication to international placements of doctoral alumni, hiring of a scientific journalist as a staff member to increase the visibility of the research outside academia, dedicated investment in research linked to the UN's sustainable development goals, development of stronger links with scholars at leading schools abroad and more international visits, and several measures to improve the gender balance in especially senior faculty.

Probably most critical to ESE's success is its ability to create a stable working environment that encourages excellence, in a context of a strong financial position of the school as a whole. This should be cherished. The number of students has grown in the past years. This has increased the revenue from teaching, fortunately without putting undue pressure on the quality of the research. Obviously, faculty and staff at ESE and their job satisfaction are key in this healthy situation. ESE is a large school in terms of (research) staff and many of the researchers we met, mentioned the breadth and depth of the available expertise and the (international) connections of their colleagues as an important reason to work at ESE. Notably, the level of collaboration between the five research programmes is encouraging and still seems to be increasing, adding to ESE's ability to address a wide range of topics in economics, and substantially enhancing its appeal to visiting scholars. As the level of collaboration required to generate original results in economics is expected to increase in the coming years, ESE is encouraged to further facilitate and stimulate work across the research programmes.

The faculty's appreciation of the working environment does not only relate to their academic colleagues, but also to the support staff at ESE. For instance, the available grant support is commended across the school and so are many of the services provided by the Erasmus Institute of Management (ERIM) and the Tinbergen Institute (TI) among others. Many procedures, for instance for tenure and promotion, are transparent and reinforce that in several respects "all animals are equal", with the same type of opportunities, obligations and rewards for all inside ESE.

At the same time it is clear that this uniformity also has its limitations. The five research programmes operate in somewhat different environments and inside programmes requirements of faculty differ depending on career stage, track record and individual talent and interests. Meanwhile, international competition for talent increases and demands on universities widen, for instance concerning societal impact. More flexibility should be considered to enable everyone to fully exploit their talents and contribute to ESE's competitiveness and appeal. Critically, the recommended flexibility should be incorporated into the procedures and rules and should not result from ad-hoc or informal exceptions and individual deals. The latter would reduce the transparency that is much appreciated. Instead, rules

and regulations should more clearly allow for a conscious and officially supported choice to develop oneself in one direction rather than another. The main findings per programme, described in the next sections, clarify where adjustments are most desired.

Finance & Accounting

Finance & Accounting is performing well and the quality of the publications in Finance is impressive. This programme experiences an increase in the already strong external pull on talented faculty. Schools in the UK and especially the US have traditionally offered significantly higher salaries, but in recent years schools in continental Europe, e.g. in Scandinavia and Italy, are also outperforming those in the Netherlands in this respect, by offering application bonuses and other benefits to new recruits.

This makes it even more important to fully exploit ESE's strengths that relate to other selection criteria for new faculty, such as a stimulating research environment or a promotion system that is rather flexible, at least in comparison to "competitor" countries like Germany. In some cases the ability to secure an interesting position for the partner of the new recruit as well (not seldom someone with a similar background) also helps to bring a new talent on board. This approach has enabled the programme to still recruit high quality researchers in the past years.

The overall teaching load is significant, for instance because ESE has many master students in Finance & Accounting. However, since the funding for a department is positively associated with the number of students, the increase in the number of students has also made it possible to hire more faculty. Moreover, because teaching is organized in blocks, faculty still have substantial parts of the year available without teaching obligations, with opportunities for international visits etc. In fact, in recent years opportunities for international exposure have been used more enthusiastically, partly as a result of the measures taken by the school.

While international career opportunities for doctoral students in Accounting are excellent, it remains difficult to recruit doctoral students in Accounting with a sufficiently quantitative background. Master students in Accounting typically lack such capabilities or aim for a career as a CPA in the private sector. Doctoral students in TI often have the suitable background, but usually do not consider Accounting as a specialization. In recent years the programme has extended its visibility in the research master curriculum of TI and it plans to further develop that channel for recruitment of doctoral talent.

It is appreciated that Finance & Accounting researchers at ESE have developed good relations with their colleagues at RSM and aim to present themselves very much as one coherent group towards the outside world, e.g. through the Erasmus Finance Group. This for instance allows them to act with more clout in the international job market.

Econometrics and Management Science

The increased recognition of Data Science and its impact on many aspects of our work and life create substantial opportunities for especially this programme. Many other universities, including some in the Netherlands, have already invested in their profile concerning Data Science, but ESE remains in a strong position to establish itself further as a centre of expertise in this area, especially through its track record in econometrics and its comprehensive coverage of many relevant aspects.

The creation of a stronger link between fundamental data science expertise and better decision making through "AI" in a range of areas, including health, transportation, environment and security, also provides an opportunity for the Econometrics and Management Science programme to increase its success in obtaining grants, including those for collaborative research performed in multidisciplinary consortia. Its excellent contacts with industry and the service sector add to its opportunities in this respect and also increase its appeal on the academic labour market. However, in this field as well the

recruitment of new faculty is challenging. Especially those with Data Science expertise are in very high demand at the moment, not only in academia but even more so in the private sector.

It is appreciated that to increase its societal impact, this programme has invested in the development of spin-offs in recent years, such as Erasmus Quantitative Intelligence (EQI). This allowed the academic work to be focused on high quality research, while providing a direct link to the application of results, consultancy and post-experience teaching through a dedicated limited company.

Economics

The success of this programme in publishing in the very top journals is clear and it is encouraging to see that it aims to broaden the base of faculty who can achieve the same output quality in the coming years. This clearly comes across as a joint departmental effort. It includes the recognition that a dedicated focus on publishing in top journals represents a significant risk that should be accommodated in the appraisal of individuals. The success rate of those in the tenure track is encouraging, showing that the approach is feasible. The success in obtaining grants, such as the recent Vidi grants, is also appreciated.

This programme in particular experiences strong competition from the schools in Amsterdam, for students in the TI MPhil. Those students live and study in Amsterdam and the default option is that they remain there for their PhD. Currently, the Economics programme tries to overcome this by recruiting students for a PhD position already in their first year of the MPhil. Still, ESE should put more effort in trying to create a sizeable community of Tinbergen students living in Rotterdam. Compared to 10 years ago, the Economics programme recruits significantly fewer doctoral students, but it puts more emphasis on their quality. Moreover, it gives more attention to creating placement opportunities for these students, through workshops, international visits etc.

The programme has increased its efforts towards societal impact. Decisions to collaborate with non-academic partners are made based on the opportunities they offer to enhance the quality of the research, e.g. because they offer access to unique data. In fact, many opportunities for that type of collaboration exist, because for instance public organizations are interested in scientific guidance on the policies they are considering. Several researchers in this programme are highly visible in the media, but the incentives and recognition for work towards impact remain somewhat limited.

Applied Economics

In the 10 years since it was founded, this programme has established a strong international reputation in a number of areas. It had relatively low exposure in ESE's educational programmes and instead has relied on obtaining grants to finance the growth of its research capacity and hence of the programme. It has been quite successful in doing so and grants have become instrumental to sustain the research of this programme. However, this approach has also pointed out clear limitations, given the regulations inside ESE. Because grants are temporary and the associated research work is organized in projects, at ESE new appointments based on grants can only be temporary ones. This makes it more difficult to recruit (and keep) researchers of high quality and to promote talents that reach the end of their projects. It should be considered to finance permanent positions on the basis of (subsequent) grants. Furthermore, during the reporting period researchers in the programme have become more involved in education, e.g. by teaching many of the methodology courses and by teaching more students in the master for Health Economics, to secure more structural funds.

Applied economics also experiences increased competition for talent, but the international visibility of its focus areas, e.g. Health Economics and Behavioural Economics, have helped to continue to attract doctoral students and researchers who are dedicated to those areas. Partly because the division between Economics and Applied Economics is somewhat arbitrary, Applied Economics maintains much collaboration with other researchers inside the school. Furthermore, it enjoys extensive collaboration with other schools at the EUR, most notably the Erasmus School of Health Policy &

Management (ESHPM). The recent Erasmus Initiative “Smarter Choices for Better Health” has further intensified such collaborations. Many of the research projects of Applied Economics have almost immediate societal relevance, e.g. projects concerning the economic effects of the Brexit. In some cases this has revealed a climate of increased political polarization that the programme’s researchers encounter outside academia, where scientific results are not automatically appreciated for the clarity and inspiration they could bring.

Marketing

This programme remains one of the leading ones in Marketing in Europe, however it is experiencing increased competition. In particular, the programme’s quantitative orientation towards marketing science and modelling causes increased competition in the market place for people with quantitative skills, as a result of the need for data scientists. This increased pressure applies to both the recruitment of doctoral students and faculty. The competition does not only consist of other schools but also increasingly constitutes the private sector, e.g. companies like Google.

The salary gap with schools in especially the U.S. is very significant and cannot easily be overcome. The fact that the EUR abandoned the system of “endowed professors” makes it more difficult to keep associate professors who have the potential to grow into a leadership role. The programme competes for talent based on development of critical mass in selected topics in marketing. Increased international visibility could in particular help to recruit excellent doctoral students.

Several opportunities to increase the international recognition of the programme as the place to be for certain topics were proposed. One example is providing more room for senior faculty to engage in high risk/high gain work over an extended period of time, to allow them to add significantly to the international visibility and prestige of the programme. Another is to critically assess the feasibility of the “2-legged system” inside ESE, where every teacher also needs to perform as a researcher and vice versa. Instead, (experimentation with) distinct career trajectories that are education focused or research focused could be considered, as a way to better enable faculty to develop in accordance with their talents and preferences.

Doctoral programme

Like the faculty, the doctoral students are appreciative of working at ESE. Doctoral education is to a large extent regulated and coordinated by TI and ERIM, with limited involvement of ESE as such. As a result, the proliferation of the measures taken by ESE to improve the quality of doctoral education differs.

Support for doctoral students is generally appreciated. Especially ERIM students enjoy opportunities to attend international conferences and other services. Both TI and ERIM offer support to prepare for the international academic job market. Students clearly perceive a push to obtain a placement at a school in the US, but generally they do not consider that aim realistic at the moment. Placements in the US are still very much the exception. Moreover, some doctoral students prefer to stay in the Netherlands and do not aim for an international career. Furthermore, a significant number of doctoral students do not intend to proceed into academia. That last group experiences limited support only. If ESE aims to make employment outside academia the exception for its doctoral students, that should be more clearly reflected in its recruitment. If it considers positions in research-intensive organizations outside academia viable options as well, then placements there should be better supported. For a good placement in especially the US, a contract of 3 years following an MPhil seems too short, also in the view of the doctoral students themselves. In the past, extensions of contracts were especially provided to students who struggled to complete their dissertations. Instead, extensions should be provided also or even primarily to those who have a good chance of obtaining an attractive placement abroad, to give them some extra time to distinguish themselves.

The teaching load for doctoral students is fair and involves significant responsibilities, with opportunities to develop didactical skills. Teaching is largely assigned; doctoral students have only limited influence on the choice.

Until recently doctoral students were located together at one floor, separate from their departments. Since the ESE moved to other buildings, the doctoral students reside inside their departments. This is what the doctoral students prefer and this should be kept in mind when ESE returns to its own building in a few years.

Conclusions

In the addition to the observations listed per research programme we present the following main conclusions, with relevance across the school.

One issue that surfaced in almost all the meetings was the increased international competition and the fact that the gap between the international leaders and the laggards in schools of economics is increasing. This makes it even more important to adopt the practices of the leading schools as much as possible and to remain connected to the best. Where it concerns salaries this is almost impossible. However, in creating an open, stimulating environment which is really research-intensive, the approach towards publishing, the training of doctoral students and several other areas it remains feasible to adopt the practices of the very top. To a large extent ESE has already been doing that consistently for quite some time. With a healthy dose of realism it has tried to “get closer to the fire” during the reporting period, systematically and successfully taking action where the IPRC and especially they themselves had identified room for improvement.

We endorse the priorities which ESE has defined to improve its research and we encourage it to pursue and expand them where possible. At this early stage it is difficult to assess the eventual effect of these measures, but it is fair to conclude that first effects look encouraging. Where we suggest additional effort is especially concerning the visibility of these measures. Especially with regard to the improvement of the doctoral programme, the measures taken have not yet fully proliferated throughout the school. This also stems from the fact that a significant part of the doctoral students do not aim for an international academic career.

This relates to the second, and probably most critical, issue: the tension between uniformity and flexibility in the application of measures across the school. In the past 10 years, ESE has benefitted significantly from increased uniformity, including the reduction of the number of research programmes, but that has also gradually clarified where more flexibility may be necessary. We are aware of the fine line that marks where an exception becomes an escape and when increased flexibility stops to contribute to increased quality. We see the risk incorporated in lack of unity. And yet, we encourage ESE to critically assess where opportunities exist for more differentiation in the rules and regulations, and to clearly and officially create more room for individual excellence in distinct areas that are all relevant for the success of the school. This could for instance be reflected in more appreciation for differences between requirements of the research programmes or of various career stages. In other words, for ESE to further push its knowledge and research frontier outwards, the committee recommends somewhat more room for heterogeneity between the departments and research programmes. An area where we especially encourage clearer rules regarding reward and recognition for extra effort and achievement, relates to generating societal impact based on research.

This leads to our third issue. We encourage ESE to consider differentiation of another kind, in line with the increased political pressure on universities to generate more impact in society as a whole, also bearing in mind the comments of the IPRC in this respect. During the review period all of ESE’s research programmes have put extra effort in generating societal impact based on their results, in different ways. This is very encouraging, but the overall policy behind these efforts is still not very elaborate and explicit. Moreover, these efforts have shown that the added value of scientific input is

far from automatically taken for granted. In fact, in a context of increased polarization, scientific results are increasingly marginalized as “just an opinion”. A school like ESE that aims to more clearly leave its fingerprints on important decisions which will influence the future of our society, with all the political controversy that surrounds them, should take the opportunity to reconsider its position in this respect. We suggest that it will put more effort and expertise, possibly with external help and maybe in collaboration with other schools, in making sure that its results are more decisively used as authoritative input for economic, managerial and political decision making. That requires fundamental reflection on what it would require to really go beyond *theoria*, the serene realm of the gods, and penetrate into *politeia*, the messy affairs of the state; to really unite town and gown, and to stand on the shoulders of Jan Tinbergen, not just methodologically but also in terms of social engagement.

Based on these conclusions and recommendations, the committee congratulates ESE with the quality, impact and viability of its research and wishes it much success in further development during the coming years.