

EUR

# Report

Research Committee  
Agreements RSM - Business

29 May 2018

***Important notice:** this is a partial translation of the original report, which was written in Dutch. The original Dutch text takes priority in every case. The full report will be available in English soon.*

## Introduction

The Executive Board of Erasmus University Rotterdam set up an independent Research Committee Agreements RSM - Business, hereinafter called the committee.

The committee was chaired by Professor G.P.M.F. (Gerard) Mols. The members were Professor H. (Harmen) Verbruggen and Professor J.G. (Hans) Kuijl; RA. R. (Riëtte) te Lindert provided secretarial support.

This report presents the committee's investigation.

The report consists of eight chapters. First of all, we will explain the background to the investigation. The precise task allocated to the committee and the committee's approach to the investigation is described in Chapter 2.

In Chapter 3, the organisational structure and the foundation of RSM is described in more detail. There is an RSM faculty as well as a limited company, RSM BV. The framework in which RSM operates is also explained in the light of the committee's task.

In Chapter 4, the relationship between academic education and research, RSM and business is addressed.

Chapter 5 looks at the relationships between RSM and business and the content of the contracts.

In Chapter 6, the rules and guidelines regarding scientific integrity, ancillary activities and endowed chairs are described as an assessment framework.

Chapter 7 provides the findings of the committee.

Finally, Chapter 8 lists the conclusions based on the answers to the investigation questions assigned to the committee and the committee makes recommendations.

## 7. The committee's findings

### 7.1. Introduction

In previous chapters, we have described what type of institution RSM is and how the RSM Faculty relates to the RSM BV, the EUR Holding BV and EUR. We then focus on the general phenomenon of the relationships between universities and business, and indicate what rules and guidelines exist within RSM insofar as relevant for the task of the committee.

The committee studied numerous documents and talked to various staff members from RSM Faculty, RSM BV and the Holding BV to gain an impression of the way in which RSM is associated with business and the possible consequences of these contacts for education and scientific research. On this basis, the committee reached the following findings:

### 7.2. General findings

The committee finds that RSM Faculty, RSM BV and the EUR Holding BV maintain relationships with business, unsurprisingly in view of the nature of the academic field served by RSM, whereby intensive contacts with business are essential. Considering RSM's ambitions, the committee feels that the number of relationships and more particularly the revenue resulting from these contacts are fairly modest. In terms of revenue, this is not something that only applies to RSM. As far as the committee can see, compared to other business schools in the Netherlands, RSM does not occupy a special position.

### 7.3. About the independence of education

With respect to contacts with business in relation to academic education at RSM, the committee differentiates between relationships linked to education at School level; relationships which are directly linked to the curriculum; and relationships which are directly linked to the study programme or course within the curriculum.

The first type of relationship is the case when business is involved in the advisory councils. The second concerns so-called sponsor contracts, while the third concerns guest lectures given by representatives from a business as part of a course.

The committee has established that RSM entered into contracts with business which raise questions regarding the independence of the institution in the field of academic education. Contracts have been entered into with two companies whereby, in so many words, these companies are offered the opportunity of influencing the curriculum as well as the profile of the bachelor and master students. The committee has established that these contracts have been rather unfortunately formulated but that no influence has actually been exercised in practice. The content of the curriculum is determined by RSM, in close consultation with various bodies such as the programme committees and the faculty council. In its investigation, the committee did not find any indications which could lead to any other conclusion than that RSM is fully autonomous in determining the form and content of the education programme.

The second aspect concerns the profile of bachelor and master students with regard to admission to the study programme. Here too, there is a rather unfortunate formulation of this provision in the contract which is not the case in practice. RSM is autonomous in its admission policy, in which no other company exercises either a direct or indirect influence. In its investigation, the committee found no indications which could lead to any other conclusion.

The committee established that the formulations described here do not occur in any other agreement which they have studied. The dean has indicated that these formulations will not occur in the future.

The committee has established that RSM enters into a sponsorship contract with a(nother) company every year for the honours programmes in the master programmes. These agreements stipulate that RSM receives a certain amount of money, in return for which RSM offers the company the opportunity to give one or more guest lectures and perform recruiting activities. Furthermore, the company's logo may be used on educational material and on the programme's website. In short, this therefore concerns four aspects relevant for the committee. The first concerns the receipt of a sum of money by RSM; the second concerns the guest lectures; the third concerns the use of the company's logo on the educational material; and the fourth concerns recruitment activities.

With regard to receiving a *sum of money*, the committee has established that the sponsorship contracts involve RSM receiving a certain sum of money. The sums vary considerably, ranging from €1,500 to €15,000. Apparently, the value of the sum is partially determined by the scope of the company with which the contract is concluded. In general, the committee deemed the sums to be fairly modest. The committee established that sponsorship was essential to be able to execute an honours programme, because such programmes do not fall within standard public funding. Honours programmes are, however, an important supplement to the standard programme because they offer an additional challenge to the more motivated and talented students. They are also essential to retain these students. It would appear to the committee that such sponsorship cannot be objected to, provided that the university's *quid pro quo* is transparent and that the university ensures no powers are transferred which could have an impact on its independence in the areas of education and research. It did not appear to the committee that this was the case regarding the sponsor contracts for RSM's honours programme.

In respect of *guest lectures*, it was apparent to the committee that experts from the sponsoring companies concerned were offered the opportunity of arranging one or more of the guest lectures in the programme. The choice of the experts and the choice of the subject were decided in consultation with the responsible lecturer concerned. The quality of the guest lectures was evaluated, and the evaluation forms part of RSM's regular education quality cycle. The committee did not find any indications that by offering one or more guest lectures within an honours master degree programme, RSM was relinquishing its autonomous power over the education or, to any great extent, lessening this power. For many years now, guest lectures have been a familiar phenomenon in universities. They can contribute to the quality of the programme, provided the general quality requirements imposed on the education in a master degree are complied with. The committee has been convinced that this is the case within RSM. This is not altered by the fact that, as a rule, the guest lecturers do not have a Basic University Teaching Qualification. In the opinion of the committee, it would be going too far to impose this requirement on the occasional guest speaker. Such a requirement would cause a considerable reduction in the number of potential guest lecturers with specific expertise while, as it stands, the programme leaders exercise sufficient supervision of these lectures. In this context, the committee also attributes sufficient critical acumen to the students who follow and evaluate these lectures.

The *third aspect* which, in the opinion of the committee, is relevant in the sponsor contracts relates to the fact that the *sponsor's logo is shown* on the educational material and on the website of the relevant programme. Within the context of transparency, it is definitely desirable to make it known that the programme is sponsored and to state the name of the sponsoring company. However, the committee

wondered if that had to be done by placing the company's logo on the educational material and the website of the relevant programme. This could easily create the impression that the company is jointly responsible for the content and form of the programme whilst, in fact, the faculty is exclusively responsible for both the content and form. The committee would therefore suggest that the faculty consider reviewing this aspect and stating, on both the educational material and the website, that while the programme is jointly funded by company X the responsibility for the content and the form lies with the faculty.

The *fourth aspect* relates to the *recruitment activities* the companies carry out among the honours students. As already indicated in Chapter 4, activities which focus on the recruitment of students are definitely not an exceptional phenomenon; in fact, quite the opposite. Students also reap benefits when they come into contact with potential employers during their study. That applies to all students, including honours students. The committee completely understands that companies are particularly interested in the best students. However, in the opinion of the committee, these students can also be found in other programmes. The committee would also question the obligations imposed on RSM in the contracts, namely that RSM organises meetings and actively co-operates in making available information about the best students. The questions that arise in this context are: who decides who the best students are? and on what grounds is this decision based? as well as to what extent could making faculty information about the students available potentially breach the law, in particular the Personal Data Protection Act, or, after 25 May 2018, the General Data Protection Regulation (GDPR)?

The faculty has made it known – and the committee is also convinced of the correctness of this – that, in future, the contracts will explicitly include a statement to the effect that the content of the contract must comply with the General Data Protection Regulation. Furthermore, the committee recommended that the recruitment activities be carefully monitored to ensure that, at all times, they actually comply with the law.

As far as the business community's potential to influence the education through advisory bodies is concerned, the committee established that advisory bodies are brought in when new programmes are being designed. Bringing in so-called stakeholders is a normal and, moreover, desirable phenomenon as, when introducing new programmes, account can be taken of the requirements of the field in which the students will subsequently practise. It was not apparent to the committee that the business community's influence on the development of new programmes within RSM was such that it could be said that RSM has, either wholly or partially, relinquished its autonomy and independence in respect of the development of new curriculums.

The committee established that within RSM there is a lack of familiarity with the operation of the VSNU's code of conduct for education (VSNU is the Association of Universities in the Netherlands). Given that it looks as though education is to be removed from this code and, when that happens, EUR will have no code of conduct explicitly tailored to education, the committee would recommend that one be compiled. While EUR does have its own code of conduct, it is a general code of conduct and the core values defined in this code are of an open and, consequently, non-binding character which, in the view of the committee, are unable to give sufficient direction to ensure everyone within the educational field acts with scientific integrity.

#### 7.4. Regarding the independence of research

The committee considered the question of whether there were any indications that, within RSM, scientists could no longer undertake independent scientific research due to contact with the business community. From the contracts that the committee examined, it did not appear that these would cause the scientists to relinquish their independence, to either a greater or lesser extent, as a result of their being restricted in their choice of, for example, the research methodology or the formulation of the conclusions of their scientific research. Neither did it appear to the committee that independence was at risk. To the extent that RSM deals with lagging direct public funding, it attempts to structurally increase the available resources by expanding the privately funded educational portfolio. Additional funding for research is also often sought through scientific grants such as NWO (the Netherlands Organisation for Scientific Research) and also internationally via the EU, as this also has a positive influence on the scientific reputation of the School. That means, among other things, that the possible consequences for the independence of scientific research as a result of lagging research funding from the government, as recently detected by KNAW (the Royal Dutch Academy of Science), are less obvious for RSM because another route has been chosen in order to arrange additional research funding.

The committee has established that non-disclosure provisions are present in many contracts relating to projects for scientific research. However, these provisions are not exceptional and always refer to sensitive business information, the publication of which is undesirable for a certain time period or even at all. The committee deems the latter unacceptable. This applies to employees, but also to students who are engaged in research within companies as part of their graduation project.

For that matter the committee has questioned the completeness of the registration of contracts with regards to scientific research for third parties. Here, it has already been noted that the side letter (or side agreement) phenomenon may also occur, but moreover the committee has learned that not all research projects for third parties are registered, so that there is no complete picture of activities for third parties. The incomplete registration hinders the supervision of the researcher's independence.

Moreover, the committee remarks that when working for third parties it is worth recommending checks to ensure employees use market rates in order to prevent the possibility of public resources being assigned to private third parties. The committee has not investigated this further, since it considers this to be beyond its mandate.

#### 7.5. About ancillary activities

The committee has established that the VSNU's regulations for ancillary activities apply within EUR and the RSM Faculty, with specific policy for the RSM Faculty.

The committee has established that, upon commencing its activities, the registration of ancillary activities was not in order. A number of staff members had failed to register ancillary activities and the committee also found that it took time and quite some pressure in order to complete the list. Moreover, this list does not appear to be complete. In several cases it was not mentioned whether or not ancillary activities were carried out, and when it was mentioned that ancillary activities involved income, specific amounts were not always mentioned.

The committee has deemed the failure to fully register, check and publish ancillary activities a danger to scientific integrity. Not that a failure to register should lead to the presumption that the relevant employee is not acting with integrity, but that failure to register prevents the monitoring of potential

conflicts of interest, makes it impossible to check whether an employee is working with companies that the university and the faculty would rather not be involved with (such as the tobacco industry), and prevents proper monitoring of whether the relevant employee is operating with a sufficient degree of independence. The latter could occur, for example, when an employee conducts research for a certain company while he or she is also privately renting property to that company and therefore has financial interest in said company. A lack of transparency can damage the public's trust in the capacity of scientists to act with scientific integrity. It is easy to give an impression that you have something to hide, and even an impression of a lack of integrity can damage the trust that people have in the university. For this reason, the committee recommends being accurate and persistent in the supervision of the ancillary activities regulations.

The committee has established that there is a policy within the RSM Faculty for the time that one may spend on ancillary activities during working hours without a reduction in salary. As mentioned earlier: for professors this is 40 days per year, for associate professors 30 days and for lecturers 20 days. The committee has two remarks in this case.

This policy, the committee has established, stems from the need to bind scientific staff to the RSM Faculty and to prevent them from departing to the private sector or another business school due to better remuneration, among other things. Indeed, remuneration within the university is linked to the CAO NU (Collective Labour Agreement of Dutch Universities) to which EUR is bound. It is common knowledge that the salaries in government-funded sectors lag behind those in the private sector and at the top international business schools. Nonetheless, the committee is of the opinion that such a policy compromises the time that is spent on the regular work for the university. This could be a threat to the effectiveness of the use of public resources.

In addition, such a regulation can be a stimulus for staff to make the maximum possible use of the regulation without considering the interests of the institution. Furthermore, the committee has established that the regulation can differ between Academic Departments. Apparently, there is a significant need for individual performance-based rewards within RSM. The committee advises exercising maximum transparency in order to prevent individual rewards providing incentives to either primarily focus on very lucrative activities or be tempted to downplay the standards set for scientists regarding scientific integrity. The committee recommends reconsidering the existing practice of the ample provisions for RSM employees to work for third parties and, if possible, to phase this out within the foreseeable future and set up a transparent system of additional rewards for exceptional performance.

The ancillary activities must also be announced on the freely accessible university website, so that all the interests that individual employees have in companies and other organisations can be optimally disseminated.

## 7.6. About endowed chairs

Within the RSM Faculty there are several endowed chairs, meaning chairs that are financed by external parties. Admittedly, a number of endowed chairs have been released, but this mainly concerns chairs that are part of a career path for current staff.

RSM Faculty has two unpaid chairs. The committee questions this ratio.

## 7.7. About the organisation

RSM's organisational structure is rather complex. Tasks and responsibilities are not always clearly designated. This is partly due to the existence of an RSM Faculty, as well as an RSM BV and an EUR Holding BV. In both the RSM Faculty and the EUR Holding BV, education is provided and scientific research is carried out, and consultancy activities may also take place. Staff members are able to stage activities within the RSM Faculty, the RSM BV and the EUR Holding BV. The committee has learned that the VSNU code of conduct is not automatically applied within RSM BV and EUR Holding BV. Regarding the RSM BV, there is only clarity about the norms for international accreditation, because RSM is fully accredited.

Within the EUR Holding BV, attention is paid to scientific integrity based on the VSNU code of conduct at the incidental level, but there is a definite lack of structural attention within all the BVs in the EUR Holding BV. It is equally unclear whether the personnel in the BV or the BVs under the EUR Holding BV have signed the agreement regarding scientific integrity. The committee is of the opinion that the chosen structures and the option for staff member to 'switch', depending on the nature of the work, put scientific integrity at risk. Not only is it unclear which core values apply, there also seems to be less supervision of the actions of individual members of the RSM Faculty staff within the EUR Holding BV.

Furthermore, the committee has noticed that it is not always clear which guidelines and policy documents apply. The question is, what is the status of the documents and are old documents withdrawn when new ones appear? The committee recommends the simplification of the organisational structure, the clarification of the status of policy through clear formalisation and the sharpening of supervision of scientific integrity.

## 7.8. About relative autonomy

In the interviews held with members of staff and management personnel, the committee got the impression that relative autonomy of professors, particularly senior professors, can contribute to a culture in which members of staff do not feel free to express their thoughts regarding scientific integrity. This is a phenomenon that is not unknown elsewhere in the academic world and can lead to situations where behaviour in conflict with the requirements of scientific integrity may take place and can continue without being responded to internally. The committee recommends the change in culture that was recommended in 2013 be firmly implemented. The committee is of the opinion that a culture in which there is openness and debate about acting with scientific integrity is a better guarantee for the maintenance of scientific integrity than the development or sharpening of new rules and regulations. RSM has been provided with clear guidance regarding further professionalisation, the implementation of which can continue.

## 7.9. About transparency

The committee has noticed that there is no means of central registration for all contracts signed with third parties. Furthermore, there is a mandate arrangement allowing department chairs to enter into contracts with values up to €50,000. The registration of these contracts takes place at a low level in the organisation and the committee found them difficult to retrieve. RSM is working on a public registry of all contracts with the private sector. The committee is in itself a proponent of such a registry, but has questions regarding how a public register will be reconciled with the apparent desire existing in the private sector to deem contracts confidential. Admittedly, such a registry could take the form of a registry of contacts rather than contracts, but this does not entirely rule out the possibility of questions about the registry being asked regarding the nature of a contact and a contract that underlies it or originates from it.

## 8. Conclusions and recommendations

### 8.1. Conclusions

In this chapter the committee formulates its conclusions based on the research questions and on the basis of the above.

1. The committee was asked to investigate with which companies RSM has entered into agreements that are intended to or could be used to allow these companies to have direct or indirect influence on the content of RSM's curriculum.

The committee has identified two companies with which contracts have been entered into that could directly result in influencing of the curriculum. This concerns the contracts for long term partnerships. These contracts specifically state that the companies will be given the opportunity to influence the curriculum and to view the students' profiles and CVs. From these provisions, one could infer that these companies can directly influence education. The discussions that the committee has conducted do not show evidence of such an influence. The contracts are poorly worded and have not led to these companies influencing the curriculum or the students' profiles, or viewing their CVs.

Where indirect influence is concerned, the committee has established that there are various sponsorship contracts relating to the honours programme. Here, the sponsor is given the opportunity to stage one or more guest lectures and the company's logo is included on educational material. The company can influence the education provided through these guest lectures. The question that then arises is, is this undesirable? RSM uses a quality assurance system for education and participates in various accreditation programmes. Education is monitored and the guest lectures are also subject to evaluation. The committee is of the opinion that if and to the extent that an individual guest lecturer provides qualitatively inadequate education because that which he or she is offering does not meet the requirements for impartiality and scientific quality, the available evaluation tools are sufficient to ensure adequate protection of quality and integrity. As far as the content of the subject matter for the guest lectures is concerned, the committee has determined that the content is co-ordinated beforehand with the lecturer or the scientific programme director. Besides, education is meant to transfer knowledge and skills to students, and it is obvious that this will be influenced by the lecturer.

2. Here, the committee was asked to determine whether compliance with EUR's rules and procedures regarding the independence of academic education is provided for and taken care of to a sufficient extent within RSM.

RSM participates in various national and international accreditations, whereby the quality of education is measured. RSM is also subject to the VSNU code of conduct and follows the codes of international organisations such as the code of the United Nations' Principles of Responsible Management Education (UN PRME), for which a report is periodically produced<sup>1</sup>.

The committee has no reason to doubt the efficacy of the monitoring cycle with regards to the quality of the education. The committee has familiarised itself with the various accreditation reports, and these suggest that the involvement of the various designated bodies within RSM is in order. The committee has

---

<sup>1</sup> PRME values: <http://www.unprme.org/about-prme/the-six-principles.php>

found no evidence to suggest that the independence of education is not being sufficiently monitored within RSM.

In addition to the international code of conduct, the national VSNU code also applies to RSM. This code deals with both scientific research and education. The committee has determined that there is sufficient familiarity with the code with regards to scientific research, but that the familiarity with the provisions relating to academic education is less obviously present. This is no doubt a result of the fact that education is less prominently featured in this code, and it is generally assumed that scientific integrity is primarily a norm that applies to conducting scientific research. However, in the international accreditations that RSM participates in, education is a specific component.

3. The committee was also asked to investigate whether and to what extent collaboration with the private sector represents a risk to the integrity of scientific practice.

Collaboration with the private sector can be a risk when the core values of scientific integrity are not taken into consideration. There are several stimuli that can contribute to making it attractive to downplay independence when formulating outcomes of scientific research in favour of the client, for example, or when overenthusiastically disseminating confidential information about students.

The committee came across various circumstances at RSM that represent a possible risk to the integrity of scientific practice.

This primarily concerns the failure to fully comply with regulations regarding ancillary activities. The committee has established that the regulations are not fully complied with because by default not all ancillary activities are declared on time. There is also a lack of clarity concerning the status of consultancy activities. In the committee's opinion, these are covered by the ancillary activities regulations.

Secondly, the committee has established that it is possible for the staff of the RSM Faculty to perform activities within the EUR Holding BV that are not covered by the regular supervision within the faculty in compliance with regulations relating to scientific integrity. Individual employees are tempted to perform activities by means of special arrangements with lower overheads and the handling of contracts via the various companies. This situation is unclear and not very transparent.

The committee is also of the opinion that the organisational structure associated with the relationship between the RSM Faculty and RSM BV on one hand and the RSM Faculty and EUR Holding BV on the other is complicated. As a result, it is not always clear who is responsible for what, thereby creating a vacuum for *free riders*. The structure can lead to a lack of visibility and supervision of activities and scientific integrity. Particularly the relationships between individual employees of the RSM Faculty and the operating companies of EUR Holding BV and the associated risks must be transparent and verifiable for the responsible sub-managers and the dean of RSM.

There will always be risks in the collaboration with industry, for example because individual researchers at the RSM Faculty cannot resist the pressure from the contracting party to draw particular conclusions. This risk cannot be entirely ruled out, but the committee has not found any evidence in its investigation that this risk is greater within RSM than elsewhere.

4. The committee has also been asked to investigate whether this is adequately provided for within RSM in rules and procedures that guarantee the integrity of scientific practice.

The committee has established that there are sufficient rules and procedures in place within the RSM Faculty to guarantee scientific integrity. The committee does not see which rules and guidelines could still be added to guarantee scientific integrity, with the possible exception of a code that explicitly relates to academic education. However, it is important that the same rules and procedures also apply in full to RSM BV and the companies resorting under the holding company, because the policy is still too fragmented and of recent date. For the time being, it is more about the culture within the institution. The committee would like to mention that attention is paid to the culture that can contribute to scientific integrity both within the EUR and within RSM. To this end, important recommendations have been made, including the appointment of co-ordinators and counsellors for integrity issues, and the committee recommends that these recommendations should be implemented if this has not happened yet.

## 8.2. Recommendations

Based on its abovementioned findings, the committee has already made a number of recommendations. The most important of these are summarised here.

1. It is recommended that the EUR examine ways to enhance scientific integrity in academic education.
2. RSM should closely monitor compliance with the General Data Protection Regulation in recruitment activities and other relationships with the business community where information about students and their CVs is shared.
3. It is recommended that RSM strictly and persistently monitors compliance with the ancillary activities regulations, also and in particular with regard to consultancy activities. Furthermore, in addition to the registration of ancillary activities, which can also be consulted via the EUR website, consideration should be given to adding a list of other positions to the profile pages of all employees. The committee recommends that the 20-30-40 days regulation be reconsidered and terminated in the longer term and that the current remuneration policy be amended.
4. It is recommended that RSM simplifies the organisational structure. The committee recommends that RSM BV be transferred to EUR Holding BV. In addition, the committee recommends a strict segregation between the private and public domain, particularly with regard to responsibilities, which should in any case lead to a reconsideration of the role of the dean at RSM BV. It will then also become clearer who is responsible for what within the field of scientific integrity.
5. Finally, it is recommended that RSM forcefully implements the cultural change initiated in 2013 by continuing to structurally incorporate the recommendations made at the time by PWC and the university committee into its policy and organisation.