

## **Thematic Evaluation: Institute of Economics, Zagreb Final Report**

### **1. Focus, mission and vision**

The Institute's mission and strategy are clear and well defined, with a focus on the Croatian economy and a strategy to specialise in regional economics. There is however some overlap in this field with the IJF and IMO.

The Institute could aim to become a regional centre of excellence. The main competitor institutes in the region are the Institutes of Economics in Ljubljana and Belgrade, and the Vienna Institute of Economics in Austria.

The Institute's market strategy is to succeed in bidding for commercial research projects from state institutions, EU funds and the private sector in order to supplement the limited funds provided by the State. If MSES would enlarge the funding per project and pay funds regularly, the need to seek out commercial projects would be reduced, and more time devoted to pursuing high quality research.

### **2. Cooperation**

International funding from EU sources and other sources is well combined with research, but the strategy of aiming for more business funding is probably moving the Institute in the wrong direction away from research.

The Institute could make better use of its potential through various innovations: (i) outside scholars should be invited to participate in the research projects; (ii) more communication could be encouraged within the institute between researchers; (iii) more regular presentations of ongoing research projects and activities should be made by, for example, making Tuesday seminars a regular event.

The Institute should strive to achieve funding from EU sources such as the Framework Programme. This would provide new channels of funding and new opportunities for collaboration with other research institutions within the European research Area.

The Institute is aware of the potential for knowledge transfer to the business sector, and this should be developed further. The Institute should also seek to establish greater cooperation with the media so as to be seen as a reliable provider of relevant information.

The International Graduate Business School Zagreb is based at the Institute premises. The Institute should consider carefully whether the Business School is a venture that is worth the costs in terms of space resources used. It is not clear that the Business School provides any benefit in terms of any spin-off into research output and quality. The space could perhaps be better used to support research activity directly.

### 3. Results of work

Research quality benefits from the support provided to the Institute's PhD students who are well funded and have adequate space and equipment. The young researchers have a desire to work and publish and are starting to publish in international journals, but the projects they are associated with do not always strive to achieve a high enough standard of publications. The Institute has a policy of sending the junior staff abroad, and this has shown results in the number of publications in international refereed journals.

The separation of the Institute from the University is sensible since this arrangement provides some protection of the time of the staff from teaching duties and enables more freedom and time for research activities.

The Institute does not seem to produce a satisfactory number of competitive publications, with an average of 1.1 peer reviewed publications per scientist between 2006 and 2010. In addition, some of these publications are in the in-house journals rather than in international refereed journals.

The Institute produces its own journals and other scientific outputs. The *Croatian Economic Quarterly* is a good quality journal focused on analysis of current economic conditions and forecasts. It is used widely by the national and international media and for professional audiences. The publication *Croatian Economic Survey* is of a similar level of quality. It should be considered whether the Institute of Economics and the Institute for Public Finances could save funds by setting up a joint publishing unit to carry out the technical work on their publications and reduce overhead costs.

The Institute's research productivity is increasing in quality, but further effort should be made to ensure a greater output in refereed foreign journals. Publishing in Croatian journals does little to support the aim of the Institute to become an international centre of excellence, and moreover uses up scarce resources.

There seems little purpose in publishing journals in the Croatian language if the aim is to reach a wide international audience. Ceasing the publication of journals published in the Croatian language could free resources for other activities. An alternative could be to reach an agreement with the government or a private organisation to subsidise the publication of outputs in the Croatian language for the domestic audience.

The Institute is established outside the university – an organisation model which supports its research activity. Absorption into the Faculty of Economics would have both advantages and disadvantages. On the plus side there would be a saving in administrative costs, and there would be an opportunity for a closer relationship between research knowledge and teaching input, possibly improving and updating the teaching level of the faculty. On the negative side, the absorption of staff into the teaching cycle would reduce the time available for research activity, especially given the current model of admissions to the faculty which overloads staff with teaching duties and excessive responsibilities for examining students. This would most likely lead to a reduction in research activity and limit the scope for developing a European level centre of excellence in economics research in Croatia. Unless and until the university system is further reformed in line with the Bologna approach to streamline the teaching

responsibilities of staff, the benefits of maintaining a separation between the Institute and the Faculty outweigh the costs.

#### **4. Management, quality assurance and resources**

The management seems efficient on the basis of the visit and the strategic documents. However, the management of the junior researchers could be significantly improved and mentors should be evaluated regularly. The ultimate criteria for evaluating mentors should include a metric describing the chances of the junior researcher to, upon completing of the post-doc or PhD, find a job on the international research market. If the mentoring process of the institute produces researchers that can only find employment in Croatia, or worse, only at the Ekonomski Institut Zagreb, the mentoring has failed. To this end, the incentives for junior researchers need to clearly be academic output and not participation in commercial projects.

Most researchers have their own office. This can be a valuable asset providing a strong support to research quality, while at the same time a serious impediment to communication. It is the practice for many years now in international institutes to favour communication and the exchange of ideas over the privacy of individual offices. The institute clearly lacks common spaces and should consider providing a large common room to foster internal communication and exchange of ideas and information. Consideration should be given to taking the space currently occupied by the MBA programme and converting at least some of this into a common staff room. Finally, there are sufficient support staff to release researchers from administrative overload.

The internal QA system should be improved. A non-prescriptive annual staff review process should be introduced, in which targets for research outputs could be discussed between junior and senior staff and through which performance monitoring could be formalised. The aim would be to provide staff with feedback and an opportunity for self-assessment. Publications should be assessed by a panel of peers in order to rate them based on quality and quantity.

The employment procedures should be opened up in order to attract scholars from abroad to work for periods of time at the Institute. The aim should be to attract both junior and senior researchers.

#### **Recommendations**

While the overall research quality of the Institute is good, there is much room for improvement, especially if the aim is to compete on the EU Research Area. In particular, there is a need to improve the number and quality of publications in international peer reviewed journals. There are significant opportunities to improve the quality of research output by promoting academic mobility. The Institute would benefit from opening up to foreign researchers in order to expose junior researchers to international contacts by creating the post of external research fellows. In addition young researchers should be encouraged to establish international connections. There is already some support to

young researchers such as funding for international conferences, and if internal cooperation is improved young researchers could become better informed about international research opportunities. Performance review could help in this aspect too by providing a stimulus to improved performance; and just as mentees are evaluated annually so should mentors be evaluated as well.

The role of the MBA school in the institute should be evaluated in order to establish the costs and benefits of having such a programme outside the university. Although it may be a potential generator of income, the Institute should look more closely into it and decide if it fits into their core strategic objectives. If not there may be a case for using the space it is taking up for other purposes.

There is great potential for deriving further funding from EU sources such as the Framework Programme. An umbrella structure should be established to support this Institute along with the other institutes to assist their access to such funding sources. A common research support office for all institutes should be set up to assist in the development of, and bidding for, research grant proposals. Also, such a common structure could manage the institutes' libraries, publishing, access to databases and journals, and software licences. This should be set up as an entity common to all institutes.