



Maastricht University

# Opening Academic Year

2008-2009

Monday 01.09.2008

Speeches on the occasion of  
the Opening of the Academic Year 2008-2009

[www.unimaas.nl/openingacademischjaar](http://www.unimaas.nl/openingacademischjaar)

# Opening Academic Year

Speeches on the occasion of  
the Opening of the Academic Year 2008-2009

*'India and Maastricht'*

*Dr Jo Ritzen, President Maastricht University*

*'Why Europe matters to the emerging countries and  
emerging countries matter to Europe?'*

*Mr Narayana Murthy, Chairman and Chief Mentor*

*Infosys Technologies Limited India*

[www.unimaas.nl/openingacademischjaar](http://www.unimaas.nl/openingacademischjaar)

# 'India and Maastricht'

*Dr Jo Ritzen, President Maastricht University*

## Ladies and Gentlemen, Honoured Guests,

I welcome the representatives of our national government, the provincial government and the municipalities of Limburg.

The name Maastricht University was adopted 12 years ago to reflect the Maastricht Treaty: a turnaround in the development of Europe as a major region in the world. At the same time, we remain committed to the whole Province of Limburg.

I welcome the representatives from foreign governments, in particular the Indian ambassador in the Netherlands, given the fact that this day very much focuses on India; representatives of the business community in Limburg, the Netherlands, Europe and worldwide; and representatives of the learning community in our area and beyond. A great welcome to our academic staff and their partners, as well as our Board of Supervisors. And finally, a special welcome to our guest speaker, Mr Narayana Murthy. We feel privileged that you are here today to enlighten us on the topic of 'Why Europe and India matter for each other in the globalized world'.

## Ladies and Gentlemen,

We celebrate today the start of a new academic year. A fresh group of eager young people has sought us – Maastricht University – out as the place to be to enjoy the thrills of learning: as an art in itself, and to develop their talents to be even more effective in the future.

We welcome you, new students and those who continue their studies with us. You are our main purpose. Our reason for existence is to serve you as best as we can. We make it a point to be a research university which wants to be the best possible place for learning: 'leading in learning' is our motto. Our university adopted Problem-Based Learning – PBL – throughout all our degree courses as a means to promote student learning when the advantages of this method over traditional lecture-hall teaching were demonstrated in the 1960s and 70s. We know of no other university which has adopted Problem-Based Learning throughout all disciplines and departments, with its inherent feature of student-centered learning in small groups with devoted tutors.

It is this attention to learning by Maastricht University since its inception which has brought us the highest levels of appreciation for our teaching and education achievements. All our degree programmes are already ranked among the very best in the Netherlands.

Last year, four of these programmes also participated in the German quality comparisons: Psychology, International Business, European Studies and Economics. It is with great pride and delight that we came out on top of the German university ranking – the *Spitzengruppe* – for each of these programmes.

Increasingly, our reputation is attracting students from outside the Netherlands. Around 40% of our new enrolments for this academic year come from abroad. And for the master's phase, the majority of them are foreign: about 64% come from abroad, and of this 64% about one third is from outside the European Economic Area.





Globalization has taken society by surprise: as a thief in the night, in utmost stealth, it stole the national and regional boundaries of our knowledge, of our production, of our social cohesion, of our institutions. Or so it seems to many of our citizens. Some were awake and might have observed what happened, if only they had been aware of it. In any case: we now find ourselves in a state in which most of our institutions have been overtaken by globalization.

Universities are a prime example: most of them have been unable to adapt to these new developments and are thus insufficiently serving society with the globalized leadership it needs.

Globalized leadership is the ability to function effectively on the international labour market in senior positions: where strategic decisions are taken in both the private and the public sector. These are the positions for which universities should develop the 'neuro-software' for their students, which both reflects past experiences in the selected fields of study and encompasses the potential for new and continuing insight.

Here the link with India and our other target countries becomes evident. At last year's opening of the academic year, I presented Maastricht University's strategy as focusing on four regions outside Europe to attract in the long run some 800 master's and PhD students annually.<sup>1</sup> These countries are India, China, Turkey, the Gulf states and Saudi Arabia. This strategy represents a 'no-regret' approach leading in the next 10 to 20 years, when we will see a demographically induced and significant decrease in the number of students in Europe, while at the same time the demand for university graduates on the European labour market is expected to increase. The combination of this decrease in the supply of and increase in the demand for university graduates could well be viewed as a 'perfect storm'.<sup>2</sup>

This insight has prompted Maastricht University to adopt a model of 'brain circulation' rather than 'brain drain' to bring students from outside Europe to Maastricht for master's and PhD programmes. In this approach we are cooperating closely with Dutch companies abroad and foreign companies from the target countries in the Netherlands. In addition, we are seeking associations with universities in those countries. And lastly, we want to establish a Knowledge Resource Centre in Maastricht to focus areas of cooperation with these target countries.

Against this backdrop we are very fortunate to have with us today our speaker, Mr Narayana Murthy, from whose experiences we as a university can learn a great deal. First of all, because India as a country has been very successful in converting brain drain into brain circulation. But also because the company Infosys – of which he was both a founder and the long-time CEO – has been a model company due to its innovative approaches, and has signalled India's change towards more service-oriented industry. So we are very happy you could be here with us today.

For the target countries, this brain circulation model indicates the contribution that degree programmes in Maastricht can make towards the employability of their graduates. It also involves a potential brain gain for the Dutch economy as well for the emerging economies. It includes intellectual capacity creation in the associated universities in the target countries by setting up joint research and education programmes, which helps in the worldwide dissemination of knowledge.

In the UK, foreign students – who pay the full tuition fee – contribute substantially to the economy (this is known as 'export' as it involves the transfer of money from outside the UK into the UK). The British Council recently concluded that the education sector in the academic year 2003 - 2004 almost generated £28 billion of export earnings for the UK,

<sup>1</sup> 'Inspired by Talent', Maastricht University Strategic Programme 2007–2010, 2007

<sup>2</sup> J. Ritzen, 'Higher Education's Perfect Storm', presentation at the UNU/UNESCO Conference in Tokyo, 2007: [www.unimaas.nl/bestand.asp?id=8792](http://www.unimaas.nl/bestand.asp?id=8792)

mostly derived from the enrolment of non-EEA (European Economic Area) students in UK universities.<sup>3</sup> And this does not even include the indirect effects on trade. From casual observation, we have to assume that trade relations with foreign countries outside Europe are improved by the presence of graduates of European universities in those countries.

All explorations lead to the conclusion that well-focused initiatives by European universities to attract students from outside Europe are a win for the student in question, for the country of origin, for the country of study as well as for the university from which the student graduates. Then why have so many of these initiatives taken in the past on the European continent failed?

I now give three reasons for this underperformance in the past, and comment on how they are taken into account at our university.

The first is that past initiatives did not adequately consider the nature of the demand for studies abroad. According to market research by the Academic Cooperation Association (ACA), students in Asia are overwhelmingly interested in studying in English-speaking countries, because they see the acquisition of any language other than English as an unnecessary burden.<sup>4</sup> Maastricht University deals with this not only by providing its degree programmes in English, but by translating the whole university environment into English, including faculty and university policy documents but also the service delivery to our students and staff.

A second reason is that non-EEA students choose in favour of a certain university on the basis of the perceived reputation of that university.<sup>5</sup> Until recently these perceptions could not be verified reliably through published rankings. With the so-called 'Shanghai ranking'<sup>6</sup> and that of the Times Higher Education Supplement, however, published information (albeit also quite arbitrary) is now available. Maastricht University is quite high up in the 2007 World University Rankings from the Times Higher Education Supplement; namely, number 111 out of the 40,000 universities which were considered worldwide.

Given the importance that students attach to this ranking we are proud to be so high on the list.

A third reason is the focus and structure of the initiatives. Some initiatives were launched top down, without sufficient commitment from senior faculty staff. Some were the result of the efforts of senior faculty staff without the proper financial and structural backing from senior management. In any event, they seldom had a serious 'business model' with the financial means for adequate investment. But we have learned from these mishaps with a strong business model which allows, for example, for the set-up of an office in Bangalore, an India Institute in Maastricht, as well as our initiatives in Saudi Arabia.

We should dwell on the significance of the increase of foreign students on the learning climate that Maastricht University offers its Dutch and foreign students alike, and how it affects their position in the labour market. We then realize that 80% of the European graduates indicate that they work in an international labour market.<sup>7</sup> How could they be better prepared for that labour market than through studying in an international environment, with fellow students from all over the world?

At the same time, we realize that we have not yet fully exploited in our approach to education the benefits of cross-cultural learning. This is another new challenge, which fits well with our motto 'leading in learning'. That motto is also about learning what a university ought to be. *Noblesse oblige*.

***Thank you for your attention.***

---

<sup>3</sup> British Council, Global value. The value of UK education and training exports: An update, September 2007

<sup>4</sup> Academic Cooperation Association (ACA), Perceptions of European Higher Education in third countries, Brussels: 2006: [http://www.aca-secretariat.be/02projects/completed\\_projects.htm](http://www.aca-secretariat.be/02projects/completed_projects.htm)

<sup>5</sup> Ibid

<sup>6</sup> Shanghai Jiao Tong University, Academic Ranking of World Universities (Shanghai Jiao Tong ranking)

<sup>7</sup> L. Borghans & J. Ritzen, 'The international dimension of higher education and the work of graduates in Europe', paper presented at the European Labour Market for Graduates conference, Maastricht 2006: <http://www.unimaas.nl/elm/>

# 'Why Europe matters to the emerging countries and emerging countries matter to Europe?'

*Mr Narayana Murthy, Chairman and Chief Mentor Infosys Technologies Limited India*

I am honored by the invitation to speak at the opening of the academic year of this famous university. There are two reasons why I feel privileged to be here in this great city. First, an agreement to create a very successful economic integration initiative leading to the formation of European Union was signed here in 1993. Today, the European Union is a strong and vibrant player in the global market with a combined GDP of over US\$ 18 trillion, contributing close to 30% of the world's GDP. Second, this is the hometown of my favorite conductor – André Rieu.

As I stand here, I see lots of young, confident, happy and enthusiastic faces ready to take on huge challenges. I am glad it is so since the world you have inherited is so different from the one that I opened my eyes to, thanks to a phenomenon called globalization that has brought nations together, that has made this world an integrated village, and that has created huge opportunities for corporations worldwide to explore new opportunities. Therefore, I will speak about how globalization has benefited the world, how you - the young Europeans pursuing your education at this great university - will have to embrace a new world, a new mindset, a new paradigm and a new set of opportunities and challenges, and how this new world would create an opportunity for developing countries like India and for developed countries in Europe to leverage each other's strengths.

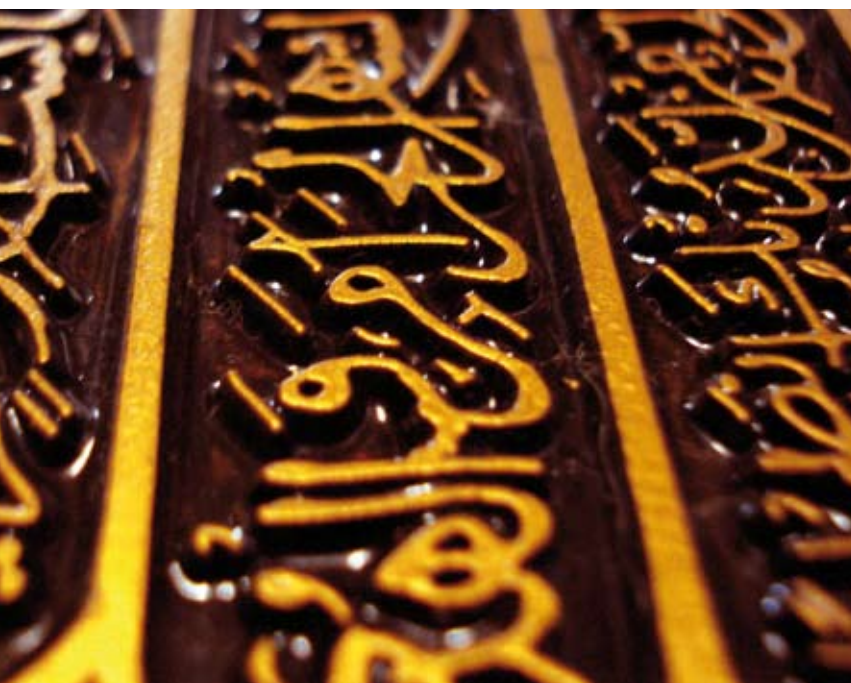
What is globalization? I will define it at two levels. At the macro level, it is about frictionless flow of capital, services, goods and labor across the globe. It is also about global sharing of ideas, knowledge, and culture. It is about creating a shared concern and plan to fight global issues like poverty, AIDS, terrorism and global warming. At the microeconomic or firm level, it is about sourcing capital from where it is cheapest, sourcing talent from where it is best available, producing where it is most efficient and selling where the markets are, without being constrained by national boundaries. Infosys, IBM and Adidas are all good examples of globalization at the firm level.

Thanks to globalization, today, we live in a world where every nation that has something to contribute to the global bazaar can improve the lives of not just her people but people throughout the globe – the rich and the poor, the powerful and the weak, the educated and the not-so-educated. Globalization has given an opportunity for developing countries to take their share of limelight in the global bazaar both as producers and consumers. In fact, currently, more than half of world's GDP, measured in purchasing power parity, is generated by developing countries. The air travelers in the US going from La Guardia airport to Ithaca flying Embraer aircraft from Brazil; well-known European companies running heart-beat systems designed by Indian software engineers; the Indian companies and the Indian operations of companies like Intel, GE, CISCO and Texas Instruments filing over a thousand patent applications with the US patent office in the year 2004 alone; and sophisticated electronic gadgets like iPods, manufactured in China and filling the

shelves of supermarkets in the US and in Europe, are all good examples of the global integration and the contribution of the developing world to the global economy.

What are the implications of globalization?

- First, corporations worldwide will face extreme competition as innovation could come from anywhere in the world – both developed and developing nations.
- Second, lifestyles of people across nations, developed as well as developing, will undergo transformation. In the case of developed nations, consumers will find the imported products



cheaper and better. In the developing nations, millions will be pulled out of poverty as the disposable incomes will increase on account of improved employability and enhanced per-capita incomes.

- Third, the consumer base will shift to developing economies, thanks to their fast-growing economies, higher disposable incomes and demographic differences, with countries like China and India having a large number of consumers in the less-than-thirty age category. Thus, you have to stop thinking of just the 'rich' customers of developed economies.
- Fourth, innovation will become the key to success. Because there are so many competitors who will commoditize your innovation quickly, you will have to learn to innovate faster than your competitors. The flat world or the globalized world is essentially about how fast you can develop new ideas, implement them, and gain competitive advantage in the marketplace so that you can create a better company, society, country and world.

There are many reasons why globalization and emerging economies (EEs) should be on the top of your agenda. First, thanks to globalization, EEs have been growing fast. Several indicators show that the emerging economies are gaining dominance in the world economy. According to 'The Economist', their share of world exports has jumped to 43% in 2006, from 20% in 1970. EEs consume over half of the world's energy and they have accounted for four-fifths of the growth in oil demand in the past five years. They also hold almost three quarters of the world's foreign-exchange reserves. China, with an average annual growth rate of over 10% in the last fifteen years, and India, with over 7% average annual growth rate during the last ten years, are just two examples.

Domestic markets in the EEs are growing faster than ever. For example, the retail sector in China has been growing at 15% for the last 20 years. China is already the largest mobile telephone market with over 400 million subscribers. The mobile telephone market in India is growing at 9 million new subscribers each month. The fast moving consumer goods (FMCG) market in India is around US\$ 10 billion and is growing around 7%. China adds 33 million PCs a year while India adds 8.5 million PCs a year. I can go on and on with such data. The message is clear – there is fortune to be made in these markets, in general, and from the poorest segment of these societies, called the bottom of the pyramid (BOP), in particular.

Second, the world has moved from viewing emerging economies as perennial recipients of aid from the rich countries to viewing them as sourcing zones, manufacturing hubs and markets. The flat world phenomenon has created a large number of jobs and has started the eradication of poverty in EEs. In other words, there is a consensus that creating a level playing environment leads to sustainable economic prosperity as against providing economic aid to the EEs. China's success as the factory of the world and India's emergence as the software development center of the world are good examples of this paradigm.

Third, a significant percentage (as much as 65% to 70%) of the population of these EEs lives with an income of just about US\$ 2 a day. What is interesting is that these poor people are value-conscious consumers who will buy products and services as long as they get value-for-money. While per-consumer revenue and profits may be low, their large volumes will, indeed, add up to a tidy sum of profit. Performance of European corporations like Philips, Nokia and Unilever has proved that there is money to be made at the bottom of the pyramid. So far, the EEs have mostly been out of the radar screen of most MNCs who were used to western business models. The challenge is to lure the bottom-of-the-pyramid consumers by enabling dignity and choice through markets, as Prof. Prahalad says. This bottom of the pyramid market is close to 120 million households in just India alone. What is needed is to look at the poor as profitable consumers and provide affordable solutions through innovation. Let me give you just two examples to illustrate my point.

Philips, a firm with over 20,000 inventions to its credit, is targeting the bottom of the pyramid households very seriously. Philips has come up with several products and initiatives to improve the lives of the masses. Let me give you two examples. In the villages of India, women are forced to cook on indoor wood-burning stoves. This means blackened ceilings and walls, and a long wait. Philips has piloted a woodstove that reduces pollution due to smoke by 90 per cent. Philips is also piloting an initiative called SMILE (Sustainable Model in Lighting Everywhere). This initiative is aimed at providing affordable, high-quality energy-efficient, clean lighting solutions to rural India which is home to over 650 million people. Philips has also created two bottom-of-the-pyramid products - a rechargeable lantern and a hand cranked LED flashlight - in the lighting category.

Another European firm, Nokia, has created a mobile phone for less than US\$50 for the Indian markets.

This has become a runaway hit and Nokia has introduced this model in other developing economies, making the model the best selling mobile handset model ever with 200 million pieces sold worldwide.

Fourth, the growth rates of companies in several sectors like food, personal care, automobiles, banking and retail in the developed world are flattening. These companies are looking at the emerging markets in Asia and Latin America for maintaining their growth rates, and margins. Open any magazine and you will see that the contribution of Asia is increasing steadily in the revenue and profit profile of several well-known corporations. For example, India and China are some of the fastest growing markets for auto and airline industries. A recent report by PricewaterhouseCoopers notes that the BRIC countries — India, Brazil, Russia and China — will account for more than 40 percent of the forecast for global light vehicle assembly increases, and represent 52 percent of the industry's forecast for global capacity expansion during 2005-2010.

Fifth, most of the anger, violence and terrorism that we see today is due to the huge economic divide that exists between the haves and the have-nots. A sure way to reduce this divide is to focus on bringing the poorer world into the mainstream by making them trade partners so that it is a win-win proposition. A world concentrating on improving the quality of life through international trade is likely to be a peaceful world. In doing this, you, as the future leaders, have an important role.

Folks, I have no doubt at all that you, the future leaders of this nation, this continent and this world will adapt to this new world, face the challenges, seize the opportunities, exceed our expectations and leave a planet richer, happier, greener and safer than the one you have inherited.

*Best wishes for a great future at this university.*

*Thank you.*

