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German Program Helps Schools Slow Brain Drain

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FRANKFURT -- Prof. Ernst-Ludwig von Thadden at the University of Mannheim gathered his colleagues recently to wait for news from the German Research Foundation, or DFG. The team hovered around a computer watching for a fateful email that would reveal if the school won funding as part of the country's €1.9 billion (\$2.4 billion) Excellence Initiative.

The group held its breath while a colleague opened the email to discover the university will receive about €6 million in extra funding over the next five years to expand the doctoral program in economics. The team popped open the sparkling wine, toasted each other on the achievement -- and headed back to work.

Under the proposal, the University of Mannheim will introduce a year of mandatory coursework for Ph.D. candidates to prepare them for the job of research, expand the graduate school of economics and start two new Ph.D. programs -- one in business and one in social and behavioral sciences. Unlike in the U.S., where graduates of doctoral programs frequently go into academia, the Ph.D. is considered an asset in business in Germany.

The schools of economics at Mannheim and at the University of Bonn were the only two schools to receive funding for business-related research as part of the two-phase Excellence Initiative sponsored by the federal and state governments. The universities were two of 18 to win in the "graduate school" category in phase one of the initiative, which will give each winning school more than €5 million.

The Excellence Initiative is part of continuing overhauls at German universities spurred by a drop in Germany's business competitiveness and by the country's inability to attract and retain top students and professors at its universities, most of which are state-funded. More than anything, the Excellence Initiative has spawned a culture of competition at Germany's universities and put an official end to the notion that all schools are equal because they

received equal funding.

Universities have repeatedly stressed the need for the new money to flow past the five-year term so they can hire professors for the long haul and begin longer research projects. Mannheim will hire three new professors with its award money. But the school is hiring them on long-term contracts in order to attract high-quality applicants.

"If you want to have long-term success with short-term money, you have to find creative methods of financing," says Prof. von Thadden.

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