Letter from the President, Professor Thomas Durand

The field of Management in the ERC Grant Scheme

As management scholars, we generally tend to feel that management research does not get proper attention and funding from public agencies and bodies, including the EU Commission. We observe that our domain is still most often aggregated to economics. We also observe that most selection committees covering the field of management are controlled by economists who, we fear, orientate funding towards economics away from management through some form of selection bias. Further, we hear that fields of social sciences related to management research (such as economics, sociology, psychology, anthropology) perceive us as easily and significantly funded by Industry. In other words, not only are we accused of being under the influence if not the control of Business, we would also be seen as extensively funded by the private sector, thus not in real need of public research money. As we know, this is wrong to a large extent but remains deeply rooted in some minds. This may lead, in our view, to the legitimization of selection biases from social scientists sitting in committees covering management topics. We usually further argue that the result of the above is a very low incentive for management researchers to submit proposals to agencies and funding bodies. As we see it, a vicious circle is at work: low prospect, low submission numbers, low number of projects funded. QED.

The above line of reasoning seems to be widely shared in our community. Yet, is it empirically grounded? Are we not jointly ruminating anecdotal pieces of evidence that we bring together from our individual experiences?

I put our case to Jean-Pierre Bourguignon, the ERC president. (He left his position end of December but kindly accepted to dig into the matter even just before leaving). As you know the ERC funds frontier research. For decades, and because research was not a shared responsibility of the EU until 2007, the European Commission left it to member States to fund fundamental (upstream) research and focused its research funding on networks to enhance cohesion and on pre-competitive applied research to contribute to wealth creation. This was done under the Framework Programmes. This lasted until 2007 when the ERC was created after much debates. The 8th Framework Programme bears the name of Horizon 2020. The next one will be called Horizon Europe.

The ERC funds four categories of grants: Starting grants (for young scientists 2 to 7 years after PhD completion; up to 1,5 M€ over 5 years), Consolidator grants (7 to 12 years after PhD; up to 2 M€ over 5 years), Advanced grants (for senior scientists; up to 2,5 M€ over 5 years) and Synergy grants (for 2 to 4 scientists without restrictions of affiliation in a Member State or an Associated country, with the possibility for one of them to come from a country outside the European Research Area; up to 10 M€ over 6 years). It also supports ERC grantees with Proofs-of-concept (smaller grants up to 150 k€) to help them bring their research results get closer to markets or to societal needs The bulk of the ERC funding goes to grants under the responsibility of individual scientists. The full ERC scheme reached 2b€ per year in 2019, and 2.2 b€ in 2020. Since 2007, ERC received about 90000 submissions and funded about 9500 projects of which almost half were Starting grants. This is quite remarkable.

The ERC president kindly accepted to have his ERCEA team look at submissions to ERC by management researchers, and the results of the selection process.

Here are the main findings of the investigation that his team conducted on the matter. (Unless indicated otherwise, typically *"in italics with quotes",* the wording is mine: I am thus the only one to be blamed for the formulation and interpretation).

1-Management scientist submissions essentially fall under the SH1 category. Below is the total number per year of proposals submitted (in blue) and funded (in red) for the three main categories (Starting/Consolidator/ Advanced) of SH1: since 2007 for Starting grants and Advanced grants and since 2013 for Consolidator grants.

Proposals Evaluated and Funded
SH1 panels
2007-2018

The total number of submission per year in SH1 category (where management topics fall) reached about 190 /year for 2016-2018.
Of these about 45% came for Starting grants, 30% for Consolidator and 25% for Advanced.

The success rate has been around 13,9% on average for 2016-2019, in continuity with previous years and roughly in line with other scientific fields.

Proposals Evaluated and Funded

SH1 panels
2007-2018

SH1: Individuals, Institutions and Markets | All
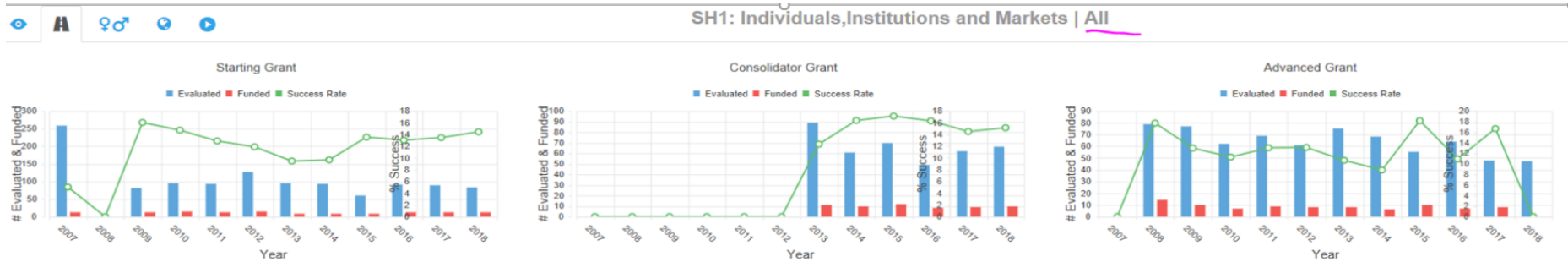
Total SUBMITTED proposals by descriptor (as at the panel level, at submission time); 2016-2019*

Code	Descriptor	StG 2016	StG 2017	StG 2018	StG 2019	Total StG	COG 2016	COG 2017	COG 2018	COG 2019	Total CoG	AdG 2016	AdG 2017	AdG 2018	AdG 2019	Total AdG	GRAND TOTAL EVALUATED (STG+COG+ADG)	Evaluated (%)
SH1_1	Macroeconomics; monetary economics; economic growth	6	8	6	8	28	5	7	2	2	16	3	5	4	14	26	70	9.2%
SH1_2	International trade; international business; international management; spatial economics	4	6	2	2	14	2	4	4	1	11	1	1	3	2	7	32	4.2%
SH1_3	Development economics, health economics, education economics	4	6	4	7	21	3	1	6	4	14	3	2	3	9	17	52	6.8%
SH1_4	Financial economics; banking; corporate finance; international finance; accounting; auditing; insurance	11	9	4	11	35	2	5	6	9	22	9	4	3	6	22	79	10.4%
SH1_5	Labour and demographic economics; human resource management	3	7	4	5	19	3	3	5	3	14	4	3	3	1	11	44	5.8%
SH1_6	Econometrics; operations research	5	3	5	6	19	3	7	4	3	17	4	5	5	2	16	52	6.8%
SH1_7	Behavioural economics; experimental economics; neuro-economics	12	4	13	6	35	7	6	7	5	25	5	4	5	5	19	79	10.4%
SH1_8	Microeconomics; game theory	8	6	3	2	19	5	5	6	6	22	7	7	4	3	21	62	8.2%
SH1_9	Industrial organisation; *strategy; entrepreneurship*	7	7	10	6	30	4	2	4	2	12	7	4	4	5	20	62	8.2%
SH1_10	*Management; marketing; organisational behaviour; operations management*	12	9	12	8	41	8	7	9	5	29	2	4	5	4	15	85	11.2%
SH1_11	Technological change, *innovation,* research & development	6	6	5	3	20	3	5	7	4	19	4	2	0	1	7	46	6.1%
SH1_12	Agricultural economics; energy economics; environmental economics	3	3	5	5	16	0	1		4	5	1	1	1	0	3	24	3.2%
SH1_13	Public economics; political economics; law and economics	8	10	5	7	30	1	2	4	2	9	5	5	3	4	17	56	7.4%
SH1_14	Quantitative economic history; institutional economics; economic systems	1	1	0	2	4	1	4	1	1	7	3	1	2	0	6	17	2.2%
(SH1_14 in 2019)	Competition law, contract law, trade law, IPRs					0				4	4				0	0	4	0.5%
	TOTAL submitted proposals (2016-2019*)	90	85	78	78	331	47	59	65	51	222	58	48	45	56	207	760	

TOTAL RETAINED proposals (as from the panel meeting, without additional funding by promoting reserve into main list)

Code	Descriptor	STG 2016	STG 2017	STG 2018	STG 2019	Total StG	COG 2016	COG 2017	COG 2018	COG 2019	Total CoG	ADG 2016	ADG 2017	ADG 2018	ADG 2019*	Total AdG*	GRAND TOTAL FUNDED (STG+COG+ADG)	Funded (%)
SH1_1	Macroeconomics; monetary economics; economic growth		1	1	2	4	3	1	1	1	6				6	6	16	14.8%
SH1_2	International trade; international business; international management; spatial economics	1	1		1	3	1			1	2			1	1	2	7	6.5%
SH1_3	Development economics, health economics, education economics	1	2	1	3	7	1			1	2	1	1		2	4	13	12.0%
SH1_4	Financial economics; banking; corporate finance; international finance; accounting; auditing; insurance					0		1		1	2	1			2	3	5	4.6%
SH1_5	Labour and demographic economics; human resource management		1	1		2			1		1	1		2	1	4	7	6.5%
SH1_6	Econometrics; operations research	2			1	3		2	1	2	5					0	8	7.4%
SH1_7	Behavioural economics; experimental economics; neuro-economics			3	2	5	1			1	2		2			2	9	8.3%
SH1_8	Microeconomics; game theory	2	2	1		5	1		1	1	3	1		1		2	10	9.3%
SH1_9	Industrial organisation; *strategy; entrepreneurship*	1	1	1	2	5	1	2	1		4		1	2	2	5	14	13.0%
SH1_10	*Management; marketing; organisational behaviour; operations management*					0		1			1				1	1	2	1.9%
SH1_11	Technological change, *innovation,* research & development		1	1		2			1		1		1			1	4	3.7%
SH1_12	Agricultural economics; energy economics; environmental economics					0				1	1					0	1	0.9%
SH1_13	Public economics; political economics; law and economics	2	3	1	1	7				1	1	1				1	9	8.3%
SH1_14	Quantitative economic history; institutional economics; economic systems	1				1		2			2					0	3	2.8%
(SH1_14 in 2019)	Competition law, contract law, trade law, IPRs					0					0					0	0	0.0%
	TOTAL retained for funding (2016-2019*)	10	12	11	11	44	8	9	8	8	33	5	6	5	15	31	108	

* AdG2019 evaluation is on-going; values are for proposals that passed to the step2

The above table shows detailed numbers per subcategories of SH1.

While this is the arena where management researchers compete for ERC funding, it appears very clearly that SH1 is predominantly structured around economics.

"The word "economics" prevails as compared to descriptors related to management […]"

DESCRIPTORS -- 2020 CALLS
SH1   Individuals, Markets and Organisations
Economics, finance and management

SH1_1 **Macroeconomics**; monetary **economics**; **economic** growth
SH1_2 International management; international trade; international business; spatial **economics**
SH1_3 Development **economics**, health **economics**, education **economics**
SH1_4 Financial **economics**; banking; corporate finance; international finance; accounting; auditing; insurance
SH1_5 Labour and demographic **economics**; human resource management
SH1_6 Econometrics; operations research
SH1_7 Behavioural **economics**; experimental **economics**; neuro-**economics**
SH1_8 **Microeconomics**; game theory
SH1_9 Industrial organisation; strategy; entrepreneurship
SH1_10 Management; marketing; organisational behaviour; operations management
SH1_11 Technological change, innovation, research & development
SH1_12 Agricultural **economics**; energy **economics**; environmental **economics**
SH1_13 Public **economics**; political **economics**; law and **economics**
SH1_14 Competition law, contract law, trade law, Intellectual Property Rights
SH1_15 Quantitative **economic** history and history of **economics**; institutional **economics**; **economic** systems

DESCRIPTORS -- 2021 CALLS
SH1   Individuals, Markets and Organisations
Economics, finance, management

SH1_1 **Macroeconomics**; monetary **economics**; **economic** growth
SH1_2 International trade; international management; international business; spatial **economics**
SH1_3 Development **economics**; structural change; political **economy** of development
SH1_4 Finance; asset pricing; international finance; market microstructure
SH1_5 Corporate finance; banking and financial intermediation; accounting; auditing; insurance
SH1_6 Econometrics; operations research
SH1_7 Behavioural **economics**; experimental **economics**; neuro-**economics**
SH1_8 **Microeconomic** theory; game theory; decision theory
SH1_9 Industrial organisation; entrepreneurship; R&D and innovation
SH1_10 Management; strategy; organisational behaviour
SH1_11 Human resource management; operations management, marketing
SH1_12 Environmental **economics**; resource and energy **economics**; agricultural **economics**
SH1_13 Labour and demographic **economics**
SH1_14 Health **economics**; **economics** of education
SH1_15 Public **economics**; political **economics**; law and **economics**
SH1_16 Historical **economics**; quantitative **economic** history; institutional **economics**; **economic** systems

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The only "truly" management subcategory, out of the 14 subcategories in SH1 is SH1-10 "management, marketing, organizational behavior, operations management". SH1-9 (in 2020 call) is misleading as we know that industrial organization stands for industrial economics. Hence despite the words strategy and entrepreneurship which seem to refer to management topics, this item is again clearly for economics. Similarly, SH1-11 (in 2020 call) is misleading as economics of technical change stands behind technological change, innovation and R&D. In short, this means that the

management submission footprint in ERC appears primarily in SH1-10 and possibly, though to a much smaller extent, in SH1-9 and 11.

The number of submissions from management to ERC, as part of SH1 is low, although not ridiculously low, with 85 submissions in SH1-10 between 2016 and 2018. This represents 11,2% of the 760 submissions received. Adding SH1-9 and 11 raises the figure to 25,4% which is an upper estimate.

<u>However, and more strikingly, the success rate in subcategory SH1-10 is impressively low, namely 2 projects funded out of 85 submissions, hence a rate of 2,3 %!</u>

This suggests that the experts on the panel lean towards economics more than management.

This suspicion is even strengthened by the analysis of the evolution over time of the "descriptors" used to label the subcategories of SH1:

"The number of descriptors for Management and related fields was slightly higher at the beginning of Horizon 2020 but subsequently the Scientific Council aggregated some fields (<u>on the basis of the small number of proposals received for some fields, and recruitment & workload per panel member</u>);"

"For the 2021 Calls the Scientific Council approved the introduction of two descriptors (SH1_10 and SH1_11) instead of only one previously (SH1_10); the other fields continue to be listed"

2014 Call	
SH1_8	*Strategy; entrepreneurship*
SH1_9	Technological change, *innovation*, research & development
SH1_12	*Marketing*
SH1_13	*Management; operations management*
SH1_14	*Organisational behaviour; human resource management*
2015 Call	
SH1_9	Marketing
SH1_10	Management; organisational behaviour; operations management
SH1_11	Industrial organisation; *strategy; entrepreneurship*
SH1_12	Technological change, *innovation*, research & development
2016-2019 Calls	
SH1_9	Industrial organisation*; strategy; entrepreneurship*
SH1_10	*Management; marketing; organisational behaviour; operations management*
SH1_11	Technological change, *innovation,* research & development
2021 Call	
SH1_9	Industrial organisation; *entrepreneurship;* R&D and *innovation*
SH1_10	*Management; strategy; organisational behaviour*
SH1_11	*Human resource management; operations management, marketing*

Again, this suggests a panel of experts ready to aggregate and isolate non-economics topics. The governance of ERC reacted by reintroducing another management subcategory for 2021.

A last element of analysis stems from the use of the list of keywords that I was asked to provide to search for management-related projects in the ERC database.

Here is the list that I provided for the sake of the exercise: *Management, organization, organizational behaviour, corporate social responsibility, TQM, business strategy, entrepreneurship, innovation management, technology strategy, operations management, marketing, management of Information systems, project management, Human resource management, Open innovation.*

Here is the feedback the ERCEA team provided on this search

« The table below summarises the total number of hits [stemming from] the search by keyword among the proposals funded under the Horizon 2020 to date (2014 to 2019* Calls; AdG2019 still on-going):

Table 1: search by keywords

keywords	total kw hits
corporate	8
management	7
organization	7
innovation	6
behavior	3
entrepreneurship	2
marketing	2
behavior	1
corporate social responsibility	1
strategy	1
technology	1

- o *The number of hits corresponds to 19 proposals after a first manual cleaning of the false positives (note that in some cases, one proposal may contain more than one keyword);*
- o *It is important to note that <u>most of the 19 proposals have as main focus a non-management, [non-]marketing, [non-]organisation, etc. topic</u> but have a component in there, or their research may lead to conclusions relevant for the focus of this analysis;*
- o *By further reading the Abstracts of those 19 proposals, <u>**only 3 funded proposals can be seen having a stronger leaning toward management/managerial practices**</u>: innovation (1), organisations (1), and innovation (1).*

This very low number of management projects funded by ERC is in line with the low success rate found above for 2016-2018.

These various pieces of analysis are based on numbers that are low, which, in itself is in fact part of the problem.

The interpretation of the pieces of evidence that were found requires some caution. Yet, what we have here are more than weak signals. Moreover, these signals are fairly well aligned, pointing in the same direction.

All in all, one may infer from the above that there seems to be a vicious circle operating here: low success rate for management projects, low incentive, not enough submissions, less sub-categories for management, dominance by economics, difficulties to co-opt management scholars on the panels, dominance by economists among experts in evaluation panel, more bias, lower success rates for management projects, and so on.

Implications:

This analysis made possible by Jean-Pierre Bourguignon, now former ERC president, and his ERCEA team – all of whom we need to thank for their time, attention and benevolence – may suggest a series of directions for improvement:

1- Encourage our management colleagues to submit to the ERC schemes;
2- Help our colleagues improve the draft of their submissions;
3- Support ERC governance to strike a better balance in the panels of experts and committees by bringing in management scholars to contribute to the evaluation processes;
4- Suggest ERC to create a management category as such - or at least open up more sub-categories within SH1.

On these four items, EURAM should act. This is a typical contribution that the academy can bring to our management field in Europe.

Thomas Durand