

# Universities and Driving Regional Economic Development ??



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# The Expectation



*Universities are seen as key actors for modern “knowledge economies”. They are expected, by RDA’s and others, to play a key role in regional economic development – even by some to act as “drivers”. To what extent is this a reasonable expectation ?*

# Challenge 1



***“It’s more complicated than that***

***”***

***....***

- Universities have a variety of different activities which have an economic impact (other than as employers and purchasers)
  - Educated Workforce
  - Knowledge Suppliers (via research & consultancy)
  - Technology Suppliers
  - Entrepreneurial Businesses

## Challenge 2



### ***“The impact is not within the university’s control.”***

- The ability to realise the impact
  - Employment
  - Wealth Creation
  - requires some kind of value adding process in business
- So it depends on the latent demand, recognition of the opportunity and then the ability to absorb and apply the “university knowledge” in business
  - Employment of graduates to
  - Application of Research
  - Licensing of Technology
- What is the ability to recognise this unaided??

# Challenge 3



## ***“Funding led initiatives...”***

- Drive activity, not necessarily impact
- UK companies interact more with Uni's than US
- US Companies take it more seriously
  - More Investment in relationship
  - More Investment in Route to market
- Why ?
- Activity vs recognition of opportunity and the propensity to invest to realise it in business ??

# Challenge 4



## “*The importance of location varies..*”

- To an RDA or LA it needs to generate activity with a specific (artificial) economic geography
- To a Business it needs to make economic sense
- What makes economic sense depends on the costs of the effective Knowledge Transfer
  - Research Intensive – globally competitive technology or research with global company – distance “no object”
  - Intensive interaction < weekly intervals **proximity** (not boundary) matters and may be actively processed if the research skills are not scarce

# Regional & Local Business?



## Definition of “Regional Business”?

- Serving local markets?
- Headquartered locally ?
- SME’s (lumping issue)
- Many will compete internationally (25% of sample of KTP partners)

# Taking a Fine Grained Approach



## *Research Based Interactions*

- System Perspective*
- Demand Side Perspective*
- Supply Side Perspective*
- *Teaching & Learning Based Interactions*
  - Market Perspective*
- *Conclusions & Opportunities*

# System Perspective



## ***The Market Interface for Research***

- Not Well Characterised & Understood
- Diverse Modalities of Research
- Diverse Company Objectives
- Diverse forms of Economic Impact
- Structural Capital – assets meeting opportunity in dialogue
- Support for Excellence in Diversity
  - RAE funding does not support diversity
  - Services / Media not identified in “STEM” orientation

# Diverse Modalities & Impacts



<b><i>Research Modality</i></b>	<b><i>Research Initiated by</i></b>	<b><i>Potential Local Economic Impact</i></b>	<b><i>How ?</i></b>
Fundamental / Leading Edge	University from eg RC funding	Endogenous Growth (eg from Start Ups – needs to be globally excellent)	No existing established route to market - newco
Applied / Practice Based	Partnership (eg KTP)	“Raising the Game” Increased Activity from Existing Companies eg 4000 + TCS / KTP to date 1000+ current live 80% local partnerships	New Products & Process re-engineering for existing companies (don't underestimate impact)
Problem Solving	Company via contract research	Increased Profits	Improved Products or processes
Given the importance of services & media we don't know enough about what goes on in here!		<b>New Media / Services Business Activity</b>	??

# Lumping SME's



*The vast majority of existing SME's will not be “in the market” for leading edge research (proximity of market opportunity, absorptive capacity); accordingly the vast majority of companies in the region will find no relevance in leading edge research; regionally, leading edge research intensive universities are predominantly talent magnets for the region – attracting and keeping the brightest and best. [back](#)*

Why isn't the Window Cleaner in Govan interested in my stem cell research?

# Globalising Regional Policies



## ***Modalities of International Competition – Knowledge Based Opportunities***

- Part of Supply Chain to Transnational
  - Unaware of International competition ??
- Import / Supply Chain
- Specialist / Niche Market

*Manchester based company is using KTP with local University to increase speed of development and value engineer products to outcompete international lower cost suppliers for products sold worldwide [return](#)*

# Demand Side Perspective



## *Key Issues*

- Awareness of Opportunity / Desire
- Limitations on Absorptive Capacity
- Short Term Focus in Most Companies
- Limited Reach
  - Awareness of Global Research
  - Economics of Interaction
- Complexity of “Contact Patterns” with Universities

# Supply Side Perspective



## *Some Issues*

- Regional Policy encouraging diversity
  - Recognising and acknowledging diverse missions and what they do for the region
  - Potential for different interactions
- Funding of Research Base
  - Eg problem solving needs, but cannot fund, expertise platform

# Teaching & Learning



## ***Prime Importance of Universities to Business – supply of Graduates***

### Local Labour Markets / Market Intelligence

- Local Needs (within & between regions)
- Skills availability (within & between regions)
- Connecting Post Grads & Local Employers
- Alumni Networks

# Teaching – Market System

NVQ  
Level



## Demand Side

- Global Competition - Increased Need for upskilling entire work force to potential
- Increased Importance of Transferable Skills vs degree class
- Increased reliance on work based experience for recruitment of leaders
- Awareness & desire in smaller co's??

## Supply Side

- “Market Opportunity” & Requirement for HE support
- Little Regional Dimension to HE funding
- Degree of Engagement in WBL ?
- Change in Pedagogy
- Priority Spending at 2&3
- Significance of Student Placements



# Opportunities – Regional Actions



## ***Stimulation of Demand in Business***

- Work Based Learning
- Procurement Policies
- “Public Space” / Structural Capital for Opportunity Identification

## ***Support***

- Research Funding
  - Sector / Problem Focussed platform
- “Window on the World” in Uni’s for Regional Business
  - Universities as Observatories rather than technology sources
- Development of Well Structured Work Experience Programmes
  - Eg students in SME’s rather than low skilled jobs

## ***Investigation / Dissemination***

- WBL models
- Intelligent Metrics
- HEI’s as strategic marketing organisations
- Research / Business Interaction in services & media [key message again](#)