

# **THE ROLE OF HIGHER EDUCATION INSTITUTIONS IN REGIONAL DEVELOPMENT**

Report on an international seminar held at Karlstad University, Sweden  
on 4 and 5 October 2005

## **Preface**

1. This seminar was organised by the OECD Programme on Institutional Management in Higher Education (IMHE) together with the Nordic University Association (NUS) and the Nordic Association of University Administrators (NUAS). Starting with an informal reception by the County Governor on 3 October, it was hosted by Karlstad University whose President Christina Ullenius opened the seminar, welcomed participants, and played an active and leading part throughout. The collaborative nature of the event was exemplified by the leadership role shared by her with the Head of IMHE and the opening contributions on behalf of NUAS and NUS.

2. The seminar in its membership, location, themes and contributions reflected an important preoccupation for those concerned with the role of higher education institutions (HEIs) in regional development: the links and relations between local and global. As was observed in the closing session, in its design, hospitality and execution it also provided an excellent learning environment for exploring these issues in a grounded way, combining as it did the study of a particular case study, that of the Swedish Värmland region and Karlstad University, with consideration of generic themes of global concern, an international scan of literature on the subject, and sketches of comparative experience across five continents. This report is so organised as to reflect first the particular region, and then the broad and generic issues, before looking from experience across other countries to some common conclusions and future directions.

## **1. The context and purposes of the Conference**

3. The seminar was designed to enable senior institutional managers, policymakers, and regional politicians and officers to learn how universities and other HEIs can better meet the needs of the regions in which they are located. It was also conveniently timed to support and advance a project of the IMHE on the contribution of HEIs to the development of regions. That project seeks to take the region as the focus and to examine how different HEIs, and kinds of HEIs, with a presence in a region combine and collaborate, compete or cooperate, in the regional interest. The Värmland region is one of twelve taking part in this OECD project over a two year period to early 2007; the other regions were represented among the almost 150 participants. The question of inter-institutional collaboration did not feature strongly in the Värmland case with its single university, but it was an important seminar theme, as was that of how universities organise themselves internally, and are funded, so as to enable regional development work.

4. The particular OECD project and the questions it is addressing thus featured strongly if not explicitly within the presentations and discussions summarised below. Those directing the project also

took the opportunity of this Swedish and Nordic regional event to discuss and exchange experience of the project so far. This, after a lengthy period of prior planning, was at the point of take-off. The first pre-review visits to case study regions by 'peer review team' leaders and organisers were under way, and the first week-long peer review visit itself followed immediately after the Karlstad seminar.

5. The seminar thus provided a staging post for the project. It was influenced by project discussions at Karlstad before the seminar formally opened and during the time that participants were there. Not only was it thus an opportunity for early formative evaluation and adjustment of the project methodology; it was also a timely opportunity for networking across and beyond the dozen project regions, allowing others to learn from and consider associating with the project as well as learning from the immediate Karlstad experience. Richard Yelland, speaking in his opening remarks from an IMHE perspective, commented on the importance of sustainable development, and difficult issues for universities in taking policy into practice. To this John Goddard, the director of the OECD project, added the difficulty of combining theory with practice more generally, and the challenge confronting universities in terms of developing 'the internal capacity for renewal'.

6. The seminar combined a self-contained international learning opportunity extending across and beyond OECD Member States with heavy representation from the Nordic region. It also modelled in its programme and local membership the kind of relationship and dialogue required between HEIs and social partners in their respective regions if they are to contribute to regional development. Karlstad is a relatively new university. One interesting local comparison was with another new institution in neighbouring Norway.

7. It is in the nature of university-regional relations, given the special duty and facility of university personnel to create and communicate knowledge and information, the 'universal' connotations of 'university', and the international aspirations of many university scholars (a) that regional partners tend to get marginalised in such discussions, and (b) that the region tends to get pushed into second place in the contest for time and resources within the university. The majority of participants and speakers at Karlstad were, naturally and predictably, university leaders, administrators, and specialists, both scholars and unit or functional heads who are expert in and/or concerned with university-community engagement. The discussions and panel sessions on the other hand reflected the partnership on which regional development involving HEIs significantly relies. The 'grounded' context, in a clearly identifiable and self-identifying non-metropolitan region, assisted exploration of common issues in a way that contributed to further close cooperation between the host university and its partners, as well as clearer understanding of common issues and challenges internationally.

## **2. Värmland and Karlstad – the university and its region**

8. Christina Ullenius, Rector of Karlstad for a decade, while acknowledging the financial pressure that universities in general find themselves to be under, focused the seminar on the central challenge confronting universities in the modern knowledge society: changing a traditional mission that is no longer enough. She adopted an 'ecological' perspective, arguing that sustainability must look beyond the economic and ask what kind of society is development about. In Värmland, for example, the economy is strong yet unemployment is high.

9. For the university, partnership was regional rather than strictly local: how far can Karlstad meet regional needs without losing its own identity? The university needed to preserve its autonomy while also engaging with the region, for example through business and enterprise exchanges. This in a national policy context which places value on such partnership and interchange. Partnership means strengthening the university's outreach capacity, but also places demands on partners to learn and play

new roles. The expectations from national level were echoed in Leif Lindfors' welcoming observations from a Nordic level: the Commission for the European Community was also committed to higher education (HE) serving the needs of the knowledge society. In noting the occasional closure but the general great longevity of HEIs he issued a challenge to leading research universities also to contribute to regional development. One theme that emerged throughout the seminar and was illustrated rather than spoken about in the Rector's opening remarks was the important role of leadership in setting clear directions and taking sometimes tough decisions in order to give practical expression to the notions of regional partnership and engagement.

10. On the second morning, Bengt Möller, Vice President, Telecom and Media of Tieto Enator Sweden, Ingrid Ivars, Director of industrial and commercial development for the City of Karlstad, Professor Sune Berger of Karlstad University, and Joakim Persson, a university lecturer there, offered perspectives 'from both sides of the fence'. Möller opened the panel by speaking of Karlstad's elevation to full university status as recently as 1999, with a challenge to itself to 'challenge the established and explain the unknown'. With a vision similar to that of Stavanger in Norway the institution first offered programmes in 1967, was firmly committed to regional as well as national development, and set out with no aspiration to become a university. Already it has 239 doctoral students. Two thirds of its new student registrations are female, despite the fact that the curriculum reflects the needs of the region including a traditional orientation to primary industry – pulp and paper, packaging, steel, materials science, as well as IT specialisms and teacher education. The region's identity and needs reflect in welfare and health studies, gender perspectives and cultural heritage. The university continues to seek relevance as well as excellence in its evolving suite of offerings.

11. Most important, echoing a central seminar theme, Karlstad has no university 'third task' - *alias* third leg, or third stream funding approach. The development of education (or teaching and learning) and of research is a process undertaken with external partners. 'Structures' are developed for this, based on formal and informal arena meetings, trust between individuals and within the university, and competence on the part of regional partners. As to place, the Värmland community was conscious of and sought to exploit its position on the emergent Oslo-Karlstad-Stockholm 'corridor'. The panel considered more generally research questions as to what constituted a region as a living environment, and in terms of sustaining regional growth. 'Region' was perceived in terms of nature and place, or physical geography, culture and identity, functions, and also administration.

12. The city and industry partner panellists stressed the need for high quality research partners, which meant looking beyond the region for what was not available locally. There was no guaranteed favoured treatment to a local institution; it had to provide the specialisations needed to a high quality. From the academic side, looking at relativities across 24 Swedish counties over a long period, it was suggested from analysis of economic growth that over time there was a tendency for poorer regions to catch up with the more prosperous. Unfortunately time pressure precluded full exploration of the implications of this for the involvement of universities in regional development, much less of what it might mean for development strategies in general. Also tantalising and unexplored was the recognition that mainly rural Värmland, like rural western Denmark, sat high in the table for *per capita* income adjusted for cost of living. The question lurking behind this for an international seminar is how far this is a particular political function of 'social Europe' (not to say still more social Nordic Europe) rather than a natural economic development process.

### **3. Keynote presentations and key issues**

#### ***3.1 Supporting the contribution of HEIs to regional development***

13. Prof. John Goddard's opening keynote presentation on the subject of supporting the contribution of higher education to regional development set out the reasons why this has become important, and the challenges which it represents especially for higher education but also for governments and for regions. He used recent Finnish reviews as an example and model, and concluded by sketching out the work of OECD/IMHE in this area, from the 1999 report on the response of HEIs to regional needs to the current project referred to above.

14. Referring to the reasons for this agenda, he spoke of the shift from elite to mass higher education - indeed to universal HE with barely a pause between; meeting the needs of a larger and more diverse clientele, with more students staying at home and new information and communication technology (ICT) modes of teaching/learning; the changing skill demands of the changing labour market and loss of local monopolies with global competition; and the changing nature of knowledge production favouring 'mode two' knowledge which is non-hierarchical, transient, transdisciplinary, and developed in the context of applications.

15. In fact the economy is both globalising and localising. Corporate decentralisation favours a good local production environment. Meanwhile the nation state is regionalising some regulatory capacities, for example to chambers of commerce and training agencies; and public-private sector partnerships continue to be more widely used. Goddard sees these trends, together with networking, 'partnership governance', soft infrastructure and 'untraded interdependencies', as all making regions much more important.

16. There is a resulting reciprocal requirement for mutual understanding between universities and regions. Regions need better explanations as to what the 'black box' of the university contains. We also require better understanding within universities of the drivers, needs and opportunities inherent in regional development, and more active institutional adaptation to engage with and meet these needs. This raises old concerns about academic autonomy and general higher education and scientific research, and new concerns about not tying academic efforts to very specific economic and social objectives. It is important to distinguish the location of universities within regions from their contributions to the region. Later in the seminar it was strongly argued that calling universities simply 'regional' was the kiss of death for their international aspirations; yet all have a regional location and a possibility, if not indeed a duty at least of self-interest, to play a regional role.

17. Universities are increasingly seen as active 'region builders' and not only as generalised nation builders; there are new local and regional demands for both research and graduates, the later including tacit knowledge and work based learning, the former implying a shift to mode two knowledge. In turn the region must, as Florida argues, become a knowledge-creating 'learning region'.

18. Goddard offered a neat and simple model of university-region value-adding, in which a cycle of research – teaching – community service on the part of HEIs intersects with a similar cycle of skills – innovation – culture and community, to create a benevolent interactive spiral. This integration of activities on the university side should play out in five ways: knowledge creation via research and technology transfer that exploit it; knowledge transfer via appropriate and diverse forms of teaching; students establishing the social relations on which knowledge exchange is built; campus development and wider cultural vibrancy to attract and retain creative people; and playing a role in civil society, connecting up across the different silos within which policy tends to operate. All this makes heavy demands on firm university leadership and sensitive university management.

19. All HEIs have in common that they are by definition global but also operate within ‘closed territories’ of local stakeholders, and in multiple territories at all levels from local to international. The need to rationalise efforts and to contribute to a defined region threatens to limit the autonomy of the individual university, providing a particular twist to the problem of balance between competition and collaboration between institutions. There is a further tension: between a national demand for world-ranking science and technology and the development needs of each particular region, a tension exacerbated by uneven development between regions. In an era of (increasingly world) ‘league tables’ world cities and world class universities interact to promote and profile each other. This may overheat expectations and at the same time exacerbate polarisation between rich and poorer institutions as well as regions.

20. Goddard’s view was that much of what has been discussed and was recommended for example in OECD’s 1999 work about HE and regional development is now quite well known to governments, but its funding remains problematic. In particular, who pays for the ‘service’ mission if it is not fully integrated into and paid for as teaching or research? He suggests that HEIs conduct both economic and social and community audits – basic impact studies to make the case for more engagement work. The latter includes the role of individual HEI staff as community leaders in civil society. Institutions should also practise stakeholder mapping and analysis. Sustained dialogue is needed with local and regional authorities, underpinned by more mutuality of representation on governance bodies. Internally universities require a good regional office, and an appropriate staffing policy that provides rewards and incentives for ‘third role’ activities. This includes support and development to equip staff with the knowledge and skills to undertake such work effectively and with confidence.

21. Lessons from recent Finnish HE reviews that influence the methodology of the current IMHE project include the need to merge national HE policy and regional development policy together in a rational and expedient way, combining high quality with effective structural development. For Finland this meant further defining of universities’ roles, with smaller polytechnics combined into ‘larger multi-field entities’. Universities needed the internal capacity for self-renewal in the face of a wider spread of expectations (mission spread) that threatened them in fundamental ways. The implications echoed those from Burton Clark’s 1998 entrepreneurial universities study, favouring strong active and unceasing institutional management that is active, responsive, learning, adjusting and progressing, and continuous reflective evaluation. Each setting is unique; no one size fits all cases of regional engagement.

### **3.2 What the literature tells us**

22. Peter Arbo gave the seminar a work-in-progress report on what the literature tells us, taking four themes to do with universities: (a) the importance and centrality of the university; (b) the meaning and purpose of the university; (c) the level of mission and operation; and (d) the innovative agenda and new modes of governance; all in the context of globalisation, the knowledge society, innovation, and ‘constructed advantages’.

23. Under (a) the ‘rising star’ view was that ‘the world will be recreated in the image of the university and the academic ethos’, whereas ‘the university in ruins’ has it ‘becoming obsolete and irrelevant or colonised and crumbling’. HEIs must justify and demonstrate their value and contribution: do they face ‘an unsettled situation or a new pact with state, market and society?’ As to (b) there are competing visions - a self-governing community of scholars, an instrument for national policy agendas, a representative democracy, a service enterprise embedded in competitive markets. Arbo finds a mix of principles and logics across different historical stages in evolution. Rational design and reform has limitations as HEIs seek identity and *raison d’être*, and seek to reconcile what

are felt as dichotomous pulls. New demands are met partly by differentiating and specialising, adding functions and using intermediaries.

24. As universities' missions and operations become more outward-oriented, and more cosmopolitan, there is also on the one hand a shift towards more local and sub-national engagement, described as 'service' or 'third task' work. On the other hand there is greater preoccupation with concepts such as world class - or elite - status, excellence, and critical mass. This reveals itself in greater concentration of effort and resources at the international level. Innovation (d) is perceived narrowly in terms of economic criteria and targets, or broadly, as community development, employment, social welfare, inclusion and cohesion, cultural vitality, democracy and sustainability. There is a trend favouring multi-sector, multi-objective and multi-level policies, and a critical issue about more open horizontal and vertical coordination, and 'governance by partnership'.

25. Looking from the regional side, few other kinds of institutions are as involved in their regions. The expansion of HE appears as part of state-led modernisation and nation-building. HEIs are seen as engines of growth, with the 'third task' embedded within teaching and research rather than added on. The literature reflects universities' many roles, and a multitude of new outreach functions, interfaces and other initiatives in a veritable 'ecology of projects and boundary-spanning activities'. Arbo concluded by noting the various barriers and hindrances, and alerting participants to the variations in collaboration - between very different kinds of HEIs, with the different characteristics of different regions and governance levels, in different national contexts. Also parts of HEIs as well as whole institutions have responded differently. Are we looking at converging systems, or 'varieties of capitalism'? Although therefore, no one size fits all conditions, there are some general requirements ranging from legitimate and identifiable partners through forms of mutuality, common understanding, resources and room to manoeuvre, to mobilisation of key actors and participatory structures.

26. Finally, in terms of regional trajectories, a four-way typology might be relevant as well as challenging: (a) dynamic, interacting, and learning, with increasingly governance capacity; (b) flourishing industry and/or HEIs but without important regional links; (c) close cooperation between industry, HE and government, but 'locked in and losing out'; or (d) failing and non-coordinated.

### **3.3 What should regions expect from their HEIs?**

27. A panel session comprising Frans van Vught of the University of Twente, Leif Johan Sevland, Mayor of the City of Stavanger, Peter Allan of the legal firm WardHathaway in Newcastle, and John Rushforth of the Higher Education Funding Council for England (HEFCE), led a consideration about what regions should expect from their HEI's. Stressing the contemporary importance of this subject to the European Commission and concentrating on Europe, van Vught made as his central point the necessity of avoiding 'karaoke capitalism': regions should build on their own identity and uniqueness, not try to copy others - a point echoed by Rushforth later in remarking that all the English regions tended to opt for the same set of things.

28. Van Vught referred to endogenous growth theory among theoretical perspectives alongside the pull of markets and the push of technology, together with social interaction. Both capacity and accessibility of research and development (R&D) are essential, and HEIs should attend to both, along with entrepreneurial activity.

29. The Mayor of Stavanger spoke about the support that his city (which shares the title European City of Culture in 2008) had long given to winning itself a university by its own efforts. It set aside land for this purpose in 1962 and only this year celebrated the full university status that was

approved in 2000. It is the first Norwegian university to start up without central government funding, being driven entirely by the region, and built on the region's own strength and needs - very much a mode two institution with no whiff of 'karaoke capitalism' about it.

30. Peter Allan spoke of England's smallest and most distinctive region, the North-East, where 80% of industry comprises small and medium enterprises (SMEs), 80% of them with less than ten employees and most with less than five. Business people were generally unsympathetic if not downright hostile to university education and the employment of graduates in their own enterprises. Attitudes to the region's five universities were therefore mixed; participation in the current OECD IMHE project was seen as a way of enhancing the existing dialogue with the universities' regional association, Universities for the North-East, and to develop a common voice and effective partnerships around a ten year programme involving both sides. One recent successful development, not apparently found in other regions or countries, is the 'one stop shop' multi-institutional brokerage service known as Knowledge House. This allows inquirers such as SMEs to make a single call and find out where to go among the region's several universities and many departments if they have a need. A central challenge is to create the openness required by universities and for innovation and regional take-off, in the face of a business instinct for secrecy and for private one-to-one and one-off relationships.

31. In leading in to the open discussion that followed, John Rushforth spoke of the wish of HEFCE to support universities in their all round development, including relevance, engagement, human capital formation, and satisfying his own particular remit which is for widening participation. HEFCE looks for universities to act as hubs of business development as well as creating new knowledge, providing information and sponsoring knowledge transfer directly through publications and in indirect and non-print ways, serving as translation brokers, and generally using university assets more widely. HEIs are expected to act as good, active regional citizens and good employees, also honouring sustainability. Rushforth also acknowledged the difficulty of playing this quasi-planning and steering role while respecting university autonomy - a condition of 'deep and pervasive schizophrenia'!

32. The subsequent discussion ranged widely, but three main themes emerged. The first concerned taking a long view and playing for the long term. Universities should develop their own clear identity with at least a ten year planning horizon, including long term partnerships, and not get easily blown off course. Governments were not always adept at assisting this, and industry too could be impatient. The declining power and role of the nation state was seen as partly relevant to this, so long as it allowed the expression of greater diversities with devolution. There was reference to a possible pan-European social model incorporating diversity; and the recognition that Korea is seeking to decentralise and nurture diversity of both regions and HEIs against strong traditions of central control and strong 'silos'.

33. A second theme had to do with being 'world class' and how, as the Canadian participant put it, the 'pursuit of excellence' amounted to 'putting all the eggs in the best basket', and ignoring regions. World class and excellence enjoyed such high (motherhood) status that one questioned them at one's peril. It was also pointed out that these terms needed breaking open, along with universities as single entities: often there were pockets of world class research, and R&D, in universities not scoring high in league tables which consolidate different characteristics into a unitary order; conversely, not all parts of high-rated universities were of the same high standard. This discussion also touched on the need for inter-institutional collaboration in a region, or in a small country like Norway; and the difficulty of bringing about positive 'non-dominant hierarchical' diversity such that all HEIs are both valued and useful.

34. The third prominent theme had to do with what was called the ‘two-way street’: that is to say, the mutuality of benefit to be derived by regions and their social partners and HEIs as a result of good collaboration, partnership and general engagement which includes but is wider than the specifically economic. Regions might provide essential resources both directly and indirectly for universities facing declining central government subvention, and serve as advocates for HEIs’ interests in ways that the institutions themselves perhaps cannot. This might include not just quantum of central government financial support in the face of global competition, but also defending their proper academic freedom when this is seen as an essential quality of the good universities that cities and regions require. The presence and effectiveness of regional interests on university governing bodies (as well as *vice versa*) was one important means of bringing about common purpose to mutual advantage.

### **3.4 Stewards of Place**

35. It was all the more welcome, given the absence otherwise of the United States from seminar participation, that the final prepared presentation was by Travis Reindl of the American Association of State Colleges and Universities. He reported on a Kellogg Foundation funded project to the theme ‘stewards of place’, a subject central to the work of the seminar. The study, begun in 2002, takes the proposition that ‘the publicly engaged university is fully committed to two-way interaction with communities and other external constituencies through the development, exchange and application of knowledge, information and expertise for mutual development’. The slightly different nuancing that came with the choice of terms – *stewardship*, as well as *place* - focused attention, and perhaps alerted participants to the importance of the language being used: terms such as world class, excellence, autonomy, and even the region and the market, tend to be used unreflectively, their meaning assumed rather than explicit.

36. Reindl sketched ‘the third task in the American context’, beginning his analysis with the mid-nineteenth century Morrill Land Grant Act and the ‘Wisconsin idea’ that has attracted the interest of HEFCE and therefore of the English HE establishment. Starting with the familiar ‘triad or holy trinity’ of teaching-research-service, his presentation noted the partial eclipse of service during the twentieth century, and its almost paradoxical reappearance centre stage in the ‘new economy’ - globalism making place even more important.

37. Key themes and consequences include the ideas-driven economy, the ‘proximity edge’ where ideas require interaction, a ‘talent imperative’ whereby with free market mobility brain power must be grown or stolen, competitive sorting between regional economies for dominant position, new economic and social definitions and measures of success, a focus on place based assets to do with liveability, such as intellectual capital and creative culture to lure people in and keep them there, and a consequent search for regional stewards whose interest spans arenas and encompasses the place or region, rather than focusing just on single issues.

38. A benevolent linkage or spiral connects the innovation economy, liveable community, social inclusion and collaborative governance - ‘finding creative ways to govern’. As to the response of higher education, Reindl proposed a transition and redefinition, leading to embedded and institutionalised ‘service’ in three phases. The starting point is service as outreach - narrowly targeted and executed, marginal to the HEI and making limited connection to public policy. The next, intermediate, position features engagement which is more broadly targeted and moved towards the mainstream, involving the HEI and not just individual teachers, with limited public policy linkage. The third phase, stewardship, takes this work into the university mainstream. It is wide focused and involves virtually all parts of the university, with shared purposes and significant public policy

linkage. In this still embryonic state there is no longer a ‘third task’ since this is fully integrated into the first two.

39. Reindl sees the success of the region as a main basis for continuation of State funding to universities, leaving open how it is measured. The lessons that he drew were familiar to those taking part in the conference. First there is need for a coherent and widely shared understanding of purposes, measures and outcomes; and a need for improved coordination and connectivity both within and outside HEIs, but without more bureaucracy. Service had to be woven into teaching and research curricula and agendas, incentives and reward systems adapted accordingly, wider university constituencies involved, and a more supportive public policy environment created with appropriate user-friendly accountability indicators, revenue streams etc. Reindl concluded this analysis of needs and linkages by emphasising the important role of boundary spanners (*alias* regional stewards) and the centrality of networks and plural role-holding. It was the job of universities to occupy leadership and influencing roles, deliberately capturing these for university personnel.

#### **4. Experiences from eight countries**

40. A counterpoise to the analytical and synoptic seminar presentations was the grounded experiences from eight different countries, complementing the living case study of the Värmland region and Karlstad University, where the meeting took place. Group discussions reported in the final session of the conference sought to test the more generalised and theoretical studies against experience grounded in different places. Three of these eight sketches, from Canada, Hungary and Portugal, were from outside the current OECD project; the remaining five, like Värmland itself, are among the twelve case studies in that project. As a set, the presentations of settings and key issues illustrated the diversity of settings, and the care that is needed in generalising across these.

41. The first two were from federal systems in the non-European Commonwealth world, Australia and Canada. Steve Garlick emphasised the split between federal responsibility for funding HE and the states’ legislative responsibility, also the effect of size and distance on strategic thinking and deployment of infrastructure. Australia’s 40 HEIs (all but two of them public) have over 160 different campuses and many more student centres; 30% of these campuses serve the 14% of students in rural locations. Australia lacks designated regions (other than the six states and two territories themselves); despite its huge size, 85% of its population is within 50 kilometres of the coast, giving rise to particular problems of development and equity for non-metropolitan areas. HEIs are seen as a booster to regional economies and a modest funding premium attaches to students remote from the metropolitan areas. ‘Third stream’ funding is currently under consideration; the two levels of government share responsibility for regional development.

42. Garlick identified three particular issues apropos the role of Australian HEIs in regional development. There is not yet any relevant funding policy, and regional development policy is poorly developed. Secondly the emphasis for HEIs is on inputs rather than outcomes related to location: there is a dual problem here of awareness and leadership. Thirdly, regional leaders seem unable to move beyond strategy to implementation, and appear not to recognise the importance of building regional human capital.

43. Speaking about the Atlantic Provinces of Canada, and especially Newfoundland, Wade Locke drew out from a set of economic indicators the relative impoverishment of these eastern provinces, pointing out that even the new wealth of Newfoundland was largely taken out of the region, leaving personal incomes low. Education in Canada is a provincial not a national federal responsibility, so the role of federal government is indirect – grants and financial support to provinces and students. However, the constitution requires both levels of government to work to reduce

economic disparities. In the Maritimes there is a low level of R&D especially in the business sector, and little industry-HEI collaboration. More is needed to retain graduates in the region, although there are some recent initiatives by both federal government and different HEIs. There is also a good network of university researchers on regional development, providing one basis for HEI-regional development linkage in this region.

44. From geographically huge sparsely populated federal countries of 20 and 32 million inhabitants to unitary Denmark with 5.4 million people, the contrast was marked, but there are still problems, as the third presentation revealed. A third of the population have a tertiary education compared with the OECD average of 24%, but there are great contrasts between Copenhagen City and the rest of the country with disparities in graduate numbers ranging from over 25% to eight per cent in North Jutland and still lower in some other regions. Per capita income, however, showed much less variance. Skills and competencies are also very unevenly dispersed, and two thirds of knowledge workers are in three per cent of organisations having more than five employees. The vision is to be able to live, learn and earn anywhere in the country: knowledge, like fertiliser, is only useful when spread out, and there is no distinct 'third stream', just an emphasis on good and appropriate education and research. Eighty per cent of industrial doctorates lead to private sector jobs, and new government knowledge pilot initiatives are attracting keen interest; yet over sixty per cent of companies have no graduates on their staff.

45. The North-East of England, already sketched in Peter Allan's panel contribution, was described by Helen Pickering as small, with a 2.5 million population, relatively remote, with a declining, ageing, mainly urban population seeking to regenerate after massive decline in manufacturing and heavy industry. The new economy is dominated by very small SMEs and there are few world class business clusters or knowledge based industries. Unemployment is high and participation in tertiary education low. However the North-East has a strong regional identity and a high quality of life, very good public services and increasingly fine cultural facilities, with pockets of significant regeneration.

46. The North-East enjoys the benefit of relatively strong and diverse HEIs with a good history of collaboration and good regional government relations, both with the regional development agency (RDA), with local authorities and with several relevant national departments of state. However, various market forces and changes in policies and funding, together with global competition in general, put increasing pressure on university leaderships: the student market is becoming more localised and competition is keen. Widening participation is important given the low historic rates of participation in this traditionally blue-collar region. A strong and clear national policy framework is required to address major and rising regional disparities, along with a further strengthening of the policy framework to support university-business interaction and accelerate some early examples of successful collaboration for development.

47. Two other presentations not involved in the current OECD project were also from European countries. Paulo Resende da Silva, like other speakers, stressed the dramatic changes in moving to a mass system in Portugal, in this case in the thirty years since the end of the dictatorship in 1974. The concentration of population and institutions near to the coast echoed in microcosm the Australian situation, but a difference from the earlier cases was the existence of a significant private sector. This raised questions about quality, with many often small private colleges, and not well paid public university staff teaching part-time, or moonlighting, in up to eight other HEIs.

48. In the Hungarian case presented by Julianna Faludi, the population of 10.2 million is almost two-thirds urban, with 1.8 million in Budapest. There is administrative division into the capital and seven regions, and into nineteen counties. The regions are not old and well-established but, as in some

other instance like Ireland and more recently Turkey, were created for European Social Fund (ESF) purposes in this new member of the European Community, which joined the EC in 2004, fifteen years after transition to a market economy began. Thus the level of governance above the nation state may have an effect on the way a region is defined and works. New legislation framed the HE system in 1993 with a further Act this year; only 31 of the 72 HEIs are publicly financed. The ESF programme has helped strengthen cooperation between HEIs and local partners, but there are problems about regional disparities and uneven development, with widening distance between the strongest and the weaker, which new ESF funding is intended to address.

49. Speaking about Mexico, Romeo Flores Caballero stressed how different this third world country sitting outside the OECD is, and the scale of the challenge to build a modern economy and society in this nation of 100 million, including fundamental curriculum transformation. Eighty-five per cent of the 4.2 million people in his own region live in greater Monterey. Almost half the country's 381 HEIs are in the private sector. The system ranks low in quality, which suffers from fast rising growth in student numbers, such that investment cannot keep up. New technology is helping improvement in a system which he describes as invertebrate. Caballero spoke about the new City of Knowledge approach, borrowed from the University of Texas, to 'laboratory test' new ideas in key areas for technological innovation, through university partnership, leading where possible to take-up by an entrepreneur. Another initiative uses an internet portal to link students to SMEs through projects, where possible on a multi-institutional basis.

50. The other non-European case was of Busan in Korea. This study, presented by Jang-Soo Ryu and Sung-Joon Paik, superficially resembled the North-East of England in the sense of being an industrial region in decline. Manufacturing now represents 19% of the economy with services around 80%. Busan is struggling against the overshadowing wealth and domination of the capital city and its region, but with major differences as well. The late Korean economic miracle of the second half of the twentieth century is essentially the miracle of greater Seoul. Busan, the second city, with 3.6 million people, has an ageing and decreasing population, and a declining share of national wealth. It is a test case for new twin Korean strategies: first, decentralisation to regions in a highly centralised country, a policy launched in 2003 to rebalance regional development; and secondly, rationalisation and restructuring of the HE system to reduce duplication and inefficiencies, raise quality, and engage effort more closely with regional development.

51. Like the other later examples mentioned above, the private sector here is a significant feature, but on a different scale from any of the other cases: eighty-two per cent of HEIs are private, as are 19 of Busan's twenty-three, and the age participation rate in higher education is probably by far the highest in the world. A key issue is to redefine the role of universities for regional development; another is to restructure by fields of study to create a better match to the needs of new industries. Effective communication and cooperation mechanisms are required between stakeholders, producing collaborative programmes and raising the base of trust and social capital for sustained partnerships. At the same time, as in several other countries, the level of central government support to bring about these changes needs to rise.

## **5. Discussion and analysis – conclusions and pointers for the future**

### ***5.1 Themes from the workshops***

52. Following the presentation of these eight country studies, the seminar divided into four groups to discuss the experiences and to see where they might relate, resemble or differ, one from another, suggest generic themes, and connect to the other seminar presentations. Discussion was animated and vigorous. Participants also considered, both here and more informally, what best practice

and international networking might be useful for future development. The results of these discussions were summarised in the concluding session of the seminar, together with an overview of the work and outcomes of the whole seminar.

53. The summary of group discussions seeks only to draw out some of the dominant common threads. These included the roles and missions of different kinds of HEIs, or tertiary institutions - tertiary since one group gave thoughtful attention to the role of non-university institutions, for example further education and community colleges, Australian TAFE colleges, and polytechnics in New Zealand - and their relation to universities, within a national system, and in regional planning and development.

54. A second thread was the notion of regional universities and the pejorative low status connotations that this term carries, as distinct from universities being located in particular regions. The 'regional geography of innovation' in countries like Hungary and Korea was also considered; and the negative tension, or more constructive combination, between top down and bottom up drivers. Another more obvious tension is between national policies and the international aspirations of both governments and leading universities, between which regions are at risk of losing out.

55. There was much discussion about means, methods and techniques for bringing about the changes that are required, including cultural change within HEIs and within regions. There are numerous examples of attempts to incentivise towards more collaboration and swifter technology transfer, for example via the taxation system, with examples from Norway, Denmark, Sweden and the UK. Incentives and staff development are both needed to persuade and enable staff within HEIs to adopt new roles - and attitudes - positively and successfully.

56. The group discussions suggested drawing up and sharing lists of good practice: for example written agreements between HEIs, regions and different partners; databases of HEI partnership and engagement activities; tying funding to working partnerships rather than just to institutions; full stakeholder involvement in planning; devising forms of accountability that involve demonstrated commitment of the region. It was observed that much of the work required for social and even economic development cost HEIs non-recoverable resources. This implied common values and commitment to a common good, on the part of and within large parts of HEI. Yet many are under pressure to survive, and may find it impossible to afford altruistic behaviour.

## ***5.2 Conclusions and final review***

57. The seminar rapporteur drew the threads of two days of discussion together around four main themes, concluding with some items of unfinished business.

58. First, regional development supported by HE is of high and rising importance especially under competitive global pressures. The issues are universal, but take different forms according to different national and institutional traditions, stages and forms of HE, and different paths, rates of change and progression towards 'universal' HE systems. They are also fundamental and serious, implying mission shift, a change of paradigm for many systems and institutions. The rediscovery of geography, and of the importance of place and even campus, is very new, for all that 'third mission service' is many generations old. There is a paradox in this rediscovery, given that it is a response to the new global environment and to virtuality.

59. This new world is difficult and challenging for both kinds of partners. Both need somehow to turn threats into opportunities arising from new synergies that partnership and engagement can yield. There are fundamental threats to inherited identities, and to perceptions of the academic and

institutional autonomy of universities and their academic staff, Their world has already anyway become confusing, destabilised by explosive growth in the number and size of universities, and by the huge rise in students numbers, often accompanied by much reduced per capita funding and the emergence of a competitive private sector.

60. The whole notion of the knowledge society and the new economy that sat on the edge of seminar discussions is also itself problematic. So is the notion of region, and the diversity of its forms among the countries represented here and in the OECD. Some national governments appear ambivalent, not to say schizophrenic. The size and character of the region varies and is contested, perhaps with competing city-region sub-regions inside the administrative region, perhaps with a rural hinterland and ambiguous boundaries of responsibility for development.

61. Even where there is clarity of political will and intent, old habits of 'silo administration' may persist in central and regional governments as well as among the 'academic tribes' within universities; all factors militating against embedding HEIs within effective and collaborative regional development. Delegation and cross-boundary collaboration that involve yielding powers to a common purpose threaten old habits, instincts and often accountabilities for all parties.

62. A third theme concerns the scope of development. The hard kernel, especially in a neo-liberal era, has to do with economic competition, sci-tech innovation, and the exploitation of R&D. The talk is of attracting and retaining inward capital investment, and of training and retaining, or at the least attracting and keeping, highly skilled human resources to fuel the new economy.

63. On the other hand there is increasing concern with social capital, and even social inclusion, in the recognition that a strong economy is there to serve the good of society in a larger sense than just immediate prosperity; and that economic growth innocent of wider social aspects is likely not to prove sustainable. These dimensions of development, including wider participation in both HE and economic activity, are increasingly important with worldwide population and labour mobility, greater cultural diversity, more encounter between different ethnic and cultural groups, low birth-rates and ageing populations, the 'new Europe', and so forth. Sustainability has become increasingly of concern (including macro-environmentally following the New Orleans hurricane disaster); ironically, corporate social responsibility (CSR) has become a new competitive criterion.

64. Another theme was the importance of learning internationally, and the difficulties and pitfalls in the way of doing this well. Checklists of methods, techniques and 'good' or 'best' practice must be handled with care, given the diversity and the specificity of settings and conditions in which they might work, or on the other hand fail. Not everything is portable and can be transferred. Hence too the deep problems confronting scholars in this arena about academic and scientific reliability, proof of causality, and replicability, by any conventional scientific measure, and despite increasingly sophisticated social scientific and econometric developments. Variables of time, place, actors and other circumstances are all but infinite, and cannot be controlled for.

65. These observations imply a number of major unresolved issues and tensions. Some may be amenable to resolution with a good strategy; others may be more deeply intransigent.

66. One is the tension between concentration of resources to achieve 'world class excellence' in research through a very few strongly supported universities in any country, in tension with universities playing an effective part in regional development. If this leads to what almost inevitably become defined as second class, less good non-world class and even non-research universities, the result is unacceptable both to these universities and to their regions. Arguing that universities and their research exist for the good of society does not really help, since a cogent case can be made by strong

universities that advancing the frontiers of global knowledge through highly specialised work with large concentrations of excellent staff and facilities is the best way to do just this.

67. It is possible to see this as a false dichotomy. Many regions value and derive benefit from housing a 'world class' university, both in general prestige which has a regional market value, and in the more tangible international partnerships and direct economic benefits that it brings to the region. Ideally such a university will live in generous collaborative complementarity with its more locally grounded and less prestigious university neighbours. Generosity can take several forms of attitude and spirit, of shared partnership and resources. A strong regional consortium can benefit the whole region and all its parties, much as the whole of a well managed, high morale university will celebrate the Nobel-class attainments of its highest fliers without expecting every department to excel in the same way.

68. Another issue is the small and medium enterprise (SME) sector that is so large a proportion of many regional economies. This is hard to reach, and hard to use as a significant income stream for HEIs. If the more wealthy universities opt out and concentrate on major and significantly publicly funded research, along with partnership with major global corporations, while private universities take off the more lucrative professional and updating programmes, there is the prospect of an impoverished and demoralised public sector left with the hardest 'markets' which can only be serviced at a loss. Who should pay for this work?

69. A third issue is the tendency of national governments not to go beyond devolution to the regions which is more than rhetorical and token. The political risks associated with allocating serious resources to programmes designed to redress regional imbalance may appear too high. Lobbying by powerful interests currently enjoying world class capital city-region benefits - including their leading universities - may prove too strong to resist. The influence of these leading institutions should not be under-estimated.

70. Moreover, distant national and international accountabilities and measures may be more acceptable than the closer local planning control and scrutiny that regional engagement, partnership and service implies. Arguments in favour of academic autonomy can be deployed to resist close involvement and accountability. This argument can also be joined up with a largely mythological discourse about free market forces that ignores the market interference, leveraging, and steerage employed by government bodies to achieve national policy objectives. In such albeit barely recognised exercises in collusion and bad faith the region is likely to be the loser.

71. The expansion of private sectors in higher education, so far mainly by creating new institutions, but prospectively also by some strong public universities moving into the private sector, together with the great expansion of public-private sector partnerships to build university capacity and infrastructure, alters the structure and framework of the HE 'system'. This may strengthen engagement with regional development. It may also make the task of planning more difficult. In particular, the more integrative longer term approaches to sustainable development that encompass social as well as tightly focused economic intentions and outcomes tend to become more problematic in such an environment.

72. At an operational level, the seminar remained open on the desirability of identifying a distinct 'third mission' with dedicated 'third stream funding' to make service, engagement and partnership a reality and a necessity. Ideally such a policy commitment with its appropriate outcomes would be so embedded in curriculum development and research plans that nothing else is needed. In reality, dedicated funding may be necessary to force or induce such a change. This will depend also on the national policy context and culture: in 'social Europe' things are different from the more

dedicatedly free market economies which require different kinds of 'incentivisation'. In some systems universities may 'do it themselves'; in others they may have it done to them, directly and explicitly, or by stealth.

73. In conclusion, there remains much old, and a rising volume of new, work for national and regional governments, OECD/IMHE and its member institutions to tackle, including the seemingly never-ending task of breaking down the 'silos' between levels of governance, vertically and horizontally. The same 'silo-breaking' and 'boundary-spanning' tasks confront universities and their scholars, as do the deeper cultural shifts required by globalisation and mass or universal participation. The language of Ernest Boyer's 'four scholarships' and of Michael Gibbons et al about 'mode two knowledge production' can help in coming to grips with these tasks. They may enable us all to see and understand better what is needed; and they may better equip institutional heads who have the job of making university engagement more truly effective. Meanwhile we will continue to study a fast moving and changing phenomenon at the same time as we build and adapt it.

74. In a concluding comment John Goddard, as director of the OECD project to which the work of this seminar indirectly contributed, made these points. First, the unevenness of capitalist development remains an important phenomenon; lagging regions are looking to universities to tackle really tough issues with them. Meanwhile the governments of nation states appear to be averting their eyes, and in Europe the European Regional Development Fund which is about uneven development is drying up for many still in need. It will be desirable for the current OECD project to push this back onto policy agendas. Secondly, in terms of impact analyses it remains very difficult to isolate causality; great care is needed. Much remains to be done in the work of 'clearing a path in this contested terrain'.

*Professor Chris Duke, Melbourne, November 2005*