

THE CONTRIBUTION OF HIGHER EDUCATION INSTITUTIONS IN REGIONAL DEVELOPMENT

Abstract

The economic changes in the last years (stagnation, crises, recovery) brought transformations in several fields. The universities were encouraged to take an active role in the development of their region, to stimulate the production of practical results applicable in industry and society. As former communist country and now as a Member State of the European Union Romania has to operate for modernization and development. Higher education institutions can achieve these objectives if they act as part of the society and move from the status of knowledge and graduates producers to an "engaged university" model interested in accomplishing the common economical, social and political goals.

Keywords: higher education institutions, regional development, Romania, universities

JEL CODES: R00

CONTRIBUȚIA INSTITUȚIILOR DE ÎNVĂȚĂMÂNT SUPERIOR LA DEZVOLTAREA REGIONALĂ

Mihaela-Cornelia (DAN) PREJMEREAN

Associate Professor Ph.D., Faculty of Business
Administration (in Foreign Languages), Bucharest
University of Economic Studies

E-mail: mihaela.dan@fabiz.ase.ro

Rezumat

Schimbarile economice din ultimii ani (stagnare, criza, crestere) au influentat mai multe domenii. Universitatile au fost incurajate sa aiba un rol active in dezvoltarea regiunii lor, sa stimuleze productia de solutii practice pentru industrie si societate. In calitate de fosta tara comunista si tanar Stat Membru al Uniunii Europene, Romania trebuie sa actioneze pentru modernizare si dezvoltare. Institutiile de invatamant superior pot sa-si atinga obiectivele daca actioneaza ca parte a societatii si trec de la statutul de producator de cunostinte si absolventi la modelul "universitatii implicate" interesata in dezvoltarea economica, sociala si politica.

Cuvinte cheie: institutii de invatamant superior, dezvoltare regional, Romania, universitati



Proceedings of the eighth Administration
and Public Management International
Conference

1. INTRODUCTION

The fall of the Wall and the openness to freedom and democracy represented for the Eastern European universities the return to autonomy and academy specific values. The universities in Eastern Europe, and, especially, in Romania, face in the same time challenges and pressure. The challenge is coming from the repositioning of the university as a promoter of culture and social values, in the economic, social and political development of the country. In addition, the pressure derives from the global context. The competition between universities is open and tough, they are obliged to extend their functions and besides teaching and research to act as economic actors. They have to think as companies, as employers, as taxpayers, offer products and services (in form of bachelor, master and doctoral degrees), interested in the commercialization and looking for customers (students that will pay tuition fees, companies interested in research etc.).

Suddenly the university is not a static organization anymore, a repository of knowledge collected in some case during centuries. The university must think for the future, be pro-active, show entrepreneurship, move from knowledge production to knowledge and information sharing, be active in regional networks, be part of a regional or national innovation system etc.

In the economic development process, Romania is obliged to modernize its higher educational system and make it able to respond to the international competition.

Although all Romanian universities follow in the mission statement and strategies objectives for increased national and international visibility, we do not have to forget their potential role in the regional development of the country.

Based on literature review, we explore the ways in which the university can accomplish its mission at regional level, its influence in the social, economic and political development of the region.

2. REGIONAL DEVELOPMENT

The change in Eastern Europe took place in the context of globalization. This phenomenon for the last 25 years changed the vision about competitiveness, investments, economic development. Innovation, knowledge, networking, information are now competitive advantages. Even if globalization dissolute boundaries, it did not decrease the importance of the regions. We may state, that regions became more important, and terms like local production system, industrial cluster, regional innovation system are now specific elements of a region and competitive advantages.

The region is different understood by many researchers; a region can be a metropolitan zone, a city, a high populated zone formed of several small and larger cities; a territorial administrative unit, e.g. counties of Romania etc. Normally, we define the region according to the problem to be investigated or solution searched.

At the political level, the region is geographically delimited, with characteristics (size, demographic, geographic); e.g. in the European Union there are 271 regions with big differences in the level of development. The latest statistics reveal that the poorest regions in the EU are in East and central part of Romania, and, all over, all eight regions of Romania are underdeveloped, with an unemployment rate of 10%, low level of education, few investments etc. (EUROSTAT, 2011).

However, the region and its development does not mean only fulfilling economical and political criteria, it means also a large number of formal and informal linkages. We understand regional development as a "set of functioning institutions, organizations, funding structures and streams, interactive networks and forums for collaboration, for the pursuit of common economic, social and cultural goals" (Holttä 2000 in Boucher et al., 2003, p. 887).

Several authors (Pawlowski, 2009; Goldstein, 2006; Tripp and Tödtling, 2008) analyze the factors that influence regional development and state that higher education and research institutions and particularly the university have a role of promoter and facilitator of cooperation at regional level, are the platform for relevant actors (public institutions, state authorities, graduates, professionals etc.)

Because of the economic situation in Romania and the changes in the higher education system, we mention here the new Law of Education L1/2011; we raise the question about the role of universities in regional development.

The Eastern European countries, included Romania, have a specific model of capitalism. Farkas (2011) makes an interesting analyze of the economic, social and political systems in this part of Europe and concludes that this geographic zone has a special model of capitalism build on three elements: lack of capital, weak society and impact of adhering to the European Union with a high influence on the organizations and institutions. By searching five fields: product market, capital market, financial sector, social protection and educational system the author emphasizes that Romania has a moderate economy, a high commercial and financial deficit, administrative control and bureaucracy. Research, development and innovation, high-tech industries, knowledge based services are competitive advantages in the global world but are weak or almost inexistent in Romania. In comparison with the leading Scandinavian countries, Romania scores low. Research is financed by the state, over 50% and doesn't necessary reflect the needs of the economy and society. The Romanian economy is not

functioning efficient, the unemployment rate is high, the majority of employers are hired with long-term contracts and this hinders the mobility and flexibility of the labour market, the capitalization of the market is low, social protection and the expenditures for social insurances are small in comparison with other Member States and the population suffers because of an old and expensive health system. The educational system is insufficient modernized and not adapted to the actual needs, the main reason is the lack of funds, but also a lack of vision regarding the investment in education which can perform in 10-15 years. In many occasions education is defined as a money vacuum, and the expectations are high for immediate performance, totally unrealistic.

The university became important in regional development also because the economy moved from the manufacture production, based on goods to the knowledge based economy, based on the commercialization of information and knowledge. Dyisah and Etzkowitz (2008) underline that the notion of development has changed, it went from centralization (the state was the initiator of research, the industry was responsible for the technological transfer and the university was exclusively responsible for the training of the work force) to a model based on cooperation. The state transfers now the decision making process to the regional level, the industry is active both in innovation and technological transfer, and the university plays an innovator role in the society, is active in the translation of research, in training of entrepreneurs, in the community development. The relations between these three actors – state, industry and university – have been put in the so called „triple helix” model (Etkowitz, 2002). Although it is applicable on a large scale, the model was criticized. Cooke (2005) considers that this macroeconomic model based on institutional agreements, doesn't take in account aspects like regional relations, the quality of inter-human relations, development of the business environment etc.

But even in this conditions, we consider that this model should be investigated in Romania and analyze the modes in which the university can fulfill its objectives (increase of quality in teaching and research, national and international visibility) by being active at regional level.

3. THE LINK BETWEEN UNIVERSITY AND REGIONAL DEVELOPMENT

The research project "Universities and Regional Development" (UNIREG) financed by the European Union (2001) comprises the factors that can drive or hinder the contribution of the university at regional level. These are:

- The regionalization level in the higher education system – the mode in which the higher education system is connected at the regional realities (the need for particular specializations, number of graduates, economical problems etc.);

- The type of region where the university is active – we assume that a weak, underdeveloped region doesn't offer so many opportunities and is not an attraction for the future graduates;
- The existence and the type of the networks in the region – the formal and informal linkages between the region's actors, the complexity of the partnerships and of cooperation relations;
- The number and size of the universities in the region – a region with many universities has a high local competition, in the same time weaker universities can be a barrier in the development of a strong university.

These factors are insufficient when determining the success of a university. Although the university may be active at a regional level, it is present also on national or global level. That is why we cannot neglect the national competition between universities (which is promoted also by rankings inclusive international one), the national and international orientation of universities included in the mission statement and values. Interesting fact is that although the majority of universities look for an increased international visibility, the source of students is usually regional; the business partners are regional, even if the enterprise is a subsidiary of a multinational company etc.

Boucher et al. (2003) point up that the link between university and the its region is complex, the success of the region depends on the engagement of the institutions and organizations in the knowledge sharing, sustaining of the cooperation, and the university must be identified as an significant actor in the knowledge based regional development. The authors identify a list of elements that we investigate in the present Romanian context:

- University and regional governance – Romania has eight development regions, (administrative regions); at this level universities are recognized as an asset for the region, and are communicated as identity sign of the region (e.g. strategy documents of the Development Agency Nord-Vest);
- Student migration and the dynamics of the local labor market – in Romania, the migration flux is determined by many cultural, social and economical factors; universities were founded also by geographical criteria, so population is more dispersed, but the potential students choose based on others criteria. Until recently the capital of the country, Bucharest was an attraction pole for economics and law study programs, but because of the poor economical conditions of the people and in the same time with the development and strengthening of the local universities potential students shifted to regional universities. It is possible that the dynamics of the labor market in a region to be the most important factor when choosing a university;

- University management – the new Law of Education puts the basis for a new higher education system and brings many changes like new election system of the management, transformation of chairs in departments, new internal structures, new performance evaluation. These are meant to drive universities to become proactive and prepared for the international competition;
- Universities and regional culture – the university must engage in the regional culture, we know that people with tertiary education are more interested in the quality of their life, and in the culture offer.

All these elements are important for a modern and entrepreneurial university; fact is that universities are including in their medium and long-term strategies policies for improving the relationship with the stakeholders, the network, in general, the position at regional level.

4. THE MODEL OF THE ROMANIAN UNIVERSITY IN REGIONAL DEVELOPMENT

The Romanian university faces major challenges in the regional development process. On one hand, we refer to internal changes and transformations, management and development, on the other hand, we think at the repositioning of universities as a partner for the society and moving from the primary mission – teaching and research – to a third mission, commercialization. Uyarra (2010) observes that the implication of the university at regional level comprises different forms. At the beginning, the university was a "knowledge factory" concentrated on the innovative outputs, it followed than the model of "relational university" market oriented and concentrated on the exchange of information and knowledge. The next model is the popular "entrepreneurial university" with a clear function of commercialization of the results through technological transfer, founding of spin-offs. The fourth form "systemic university" is specific to the triple helix model, it works in regional networks, like clusters, is partner of the SMEs in the region. The newest model called the "engaged university" preoccupied for development, partner of the regional stakeholders, and promoter of regional development.

All these forms can co-exist in the same country or region. Based on the criteria of Uyarra (2010), the role of universities in the region, partners/beneficiary of the university, directionality of engagement, key factors influencing impact, we may state that in Romania the majority of universities are still in the knowledge production phase, but preoccupied to become relational and entrepreneurial universities.

Starting from the mode in which the university stimulates economic development (Goldstein, 2009) when we refer to the Romanian university and its role in the regional development we have to take in account the following:

- The university is responsible for the development of human capital – the primary function, teaching, assures that students are fit for the labor market and can respond to the needs of it; the adaptation of the curricula to the market needs is a long process, but a better cooperation with the business environment can improve it;
- Knowledge creation through research – the second function of the university comprises fundamental and/or applied research; research has no boundaries, so the influence of a university through its research has no limits; the advantage brought by the research university makes companies able to access more rapidly and easily the results and increase their productivity and innovation capacity; important in the technological transfer are quality and the frequency of communication between the faculties and companies;
- Knowledge transfer – a function specific more to big universities; the transfer can take place under different forms, the most popular ones are: industrial parks, business incubators, spin-offs, programs for young entrepreneurs (consultancy, assistance, courses etc.);
- Technological innovation – this activity refers to the innovation production with commercial application; it is very important because it brings intellectual rights, promotion for the inventor, revenue for the university; it can be measured by number of annual patents, number of licenses/year, number of new spin-offs;
- Regional leadership and governance – professors are invited to manage regional institutions, committees active in the regional policy; universities can help to improve the quality of life in the region.

Another important aspect in the university strengthening and its role in the regional development play the finance. In Romania, the finance of university is centralized. The Ministry of Education is financing the higher education system based on a calculation on average costs per student, per study field, per study level and language of teaching. Besides this the university can increase the income by collecting study fees, research funds, interest rates, sponsoring; this income varies from 10% to 40% of the total budget.

5. CONCLUSION

In this paper, we emphasized the importance of universities in regional development and the opportunity that Romanian higher education institutions have in present.

Although the universities should have a bigger influence in the regional development in Romania, we may state that these are neglected and do not have a status of a viable partner in the society. They do not determine the policy at regional level; there are informal linkages between academia and deciders. It is important to investigate the role of universities in regional development and take in account aspects like entrepreneurship, building regional consortia, facilitating technological transfer, the relation with the business environment, the development of spin-offs and start-ups.

ACKNOWLEDGEMENT

This work was co financed from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/89/1.5/S/59184 „Performance and excellence in postdoctoral research in Romanian economics science domain.

REFERENCES

- Boucher, G., Conway, C., Van der Meer, E. (2003). "Tiers of Engagement by Universities in their Region's Development", *Regional Studies*, 37:9, pp. 887-897.
- Cooke, P. (2005). "Regionally Assymetric Knowledge Capabilities and Open Innovation Exploring "Globalisation 2" – A New Model of Industry Organisation", *Research Policy*, 34(8), pp. 1128-1149.
- Dzisah, J., Etkowitz, H. (2008). "Triple Helix Circulation: The Heart of Innovation and Development", *International Journal of Technology Management and Sustainable Development*, 7(2), pp. 101-115.
- Farkas, B. (2011). "The Central and Eastern Europe Model of Capitalism", *Post-Communist Economies*, 23:01, pp. 15-34.
- Goldstein, H. A. (2009). "What We Know and What We Don't Know About The Regional Economic Impacts of Universities" in Varga, A. (ed.), *Universities, Knowledge Transfer and Regional Development, Geography, Entrepreneurship and Policy*, Edward Elgar, Cheltenham, UK, Northampton, MA, USA, pp. 11-35.
- EUROSTAT (2011). "Regional labour market. Higher unemployment rates and increasing disparities in 2010", Nr. 60. Retrieved April 29th, 2012 from: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-11-060/EN/KS-SF-11-060-EN.PDF.
- Pawloski, K. (2009). "The 'Fourth Generation University as a Creator of the Local and Regional Development", *Higher Education in Europe*, 34:1, pp. 51-64.
- Tripl, M., Tödtling, F. (2008). "From the Ivory Tower to the Marketplace: Knowledge Organisations in the Development of Biotechnology Clusters", *The Journal of Regional Analysis & Policy*, 38 (2), pp. 159-175.
- UNIREG Project (2001). "Final Report". Retrieved April 21, 2012 from: <http://ec.europa.eu/research/social-sciences/pdf/finalreport/soe1ct981108-final-report.pdf>.
- Uyaraa, E. (2010). "Conceptualizing the regional roles of universities, implications and contradictions", *European Planning Studies*, 18:8, pp. 1227-1246.