

# The Role of Universities in Regional Development

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**Research Project Report**

**Executive Summary**

*(full text available only in Georgian)*

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The role of universities has evolved during the last decades. Once primarily focused on teaching and research within a universal community of knowledge creating institutions, universities are now expected to expand their contribution to the social, economic and cultural development of the communities in which they operate. This so called "third mission" is distinct from their traditional roles (Etzkowitz and Leydesdorff, 1999).

The fact that in modern Europe, the region rather than the state has become the most common spatial model of development has largely contributed to the emergence of the third mission. Within this spatial model, the term "region" has a double meaning. At a macro-level, it is a sphere of interaction between states (e.g. Eastern Europe or Central Asia) At a micro-level, it is a local unit within a state. The two models are interconnected: it is their harmonious and inclusive development that creates the basis for effective supranational models of knowledge dissemination.

Pursuing the "third mission" is a difficult task for European universities, however. Higher Education Institutions face a number of contradictory challenges such as:

- Finding exclusive niche in a context of growing demand for diversified products;
- Increasing the return on public investment, while ensuring their own financial independence;
- Competing with private actors while creating effective cooperation models with them;
- Developing a long-term vision while dealing with fluctuant current demand ;
- Finding a balance between local and national needs on the job market whilst addressing international trends.

Although the "Third Mission" of Higher Education holds a visible place in political and academic discourses, a precise understanding of its forms and types is still missing (PACEC, 2009). Little is also known about its variations by specific contexts - countries and regions. Such variations may depend on various factors such as the characteristics of the university population, HEI traditions, national institutional set ups, regional factors... (Tripl et al, 2014).

A recent study by the National Erasmus+ Office/HERE team Georgia identifies some key dimensions of the third mission implementation in Georgia. Specifically, case studies of two regional universities provide an overview of the main barriers for an increased engagement of universities in regional development as viewed by different stakeholders: academia, local and central government, private sector and donors.

According to the respondents, the third mission of universities bears a double importance in developing economies like Georgia, where universities are considered as relatively stable institutions that should play the leading role in producing, transmitting and accumulating the knowledge.

The results of the study clearly illustrate the need for intensifying the role of universities in regional development:

- The share of applied research is small and loosely linked to regional priorities;

- Universities fail to meet the current demand - and anticipate the future demand - of the local job market;
- University extensions (such as incubators, museums, libraries) only contribute marginally to the economic, social and cultural development of the communities.

An important precondition for a more efficient performance of the third mission is creating a supportive institutional environment that could build the capacity of universities for a proactive re-positioning as regional actors and at the same time increase the potential of industry and government to absorb university products and services.

An analysis of the diverse viewpoints expressed by the stakeholders illustrates the need for:

- **Transforming the vision of the role of universities in regional development**  
The role of universities in strategic regional development documents is formulated narrowly and is limited to supplying resources for the job market. Despite the fact that setting and meeting the local strategic objectives require interventions in many areas of social and economic development, higher education institutions are rarely considered as key strategic partners to achieve these objectives.
- **Improving communication between the actors**  
Regional development agencies, local government and universities rarely communicate with each other on synchronizing missions, strategies and action plans. Representatives of academia are not aware of regional development plans. More intensive cross-institutional relations are required within the industry / government / academia triangle in the context of regional development.
- **Creating explicit operational plans and division of responsibilities**  
The roles of the respective actors (sectorial ministries, regional development agencies, local self-government bodies, private sector) are not clearly defined and should be translated into specific action plans and resource distribution schemes.
- **Building trust**  
Universities are rarely considered as important agents of change in regional systems. Local government representatives in most cases consider them as mere beneficiaries of regional development programs rather than as strategic partners.
- **Defining adequate responses in terms of university HR management**  
Representatives of academia are engaged in regional development programs as individual contractors rather than as organizations. According to the stakeholders concerned (government agencies, donors), the main reasons are the weakness of organizational processes in universities and their lack of financial and administrative flexibility.
- **Sharing knowledge on best practices**

Regional universities consider that their contribution to local development could be enhanced through better networking with first-tier universities in the country. Clustering universities and research schools could facilitate the diffusion of knowledge and a more efficient use of scarce human and material resources.

- **Devising proper incentives**

In the opinion of respondents, the engagement of universities in regional development can be stimulated by four main groups of incentives:

1. Dedicated funding schemes for stimulating specific projects on regional development or supporting local universities with narrow profile;
2. Networking schemes such as regional HEI associations or cooperation schemes of universities belonging to different tiers;
3. Technical assistance aiming at improving organizational processes and research capacity of regional universities;
4. Accountability standards enabling the design of performance indicators of individual universities in accordance with local needs and priorities.

Whilst the above findings are based on the opinion of local actors in Georgia, we believe they are largely relevant in other settings. Thus, we hope, it will contribute to a broader discussion on reshaping the mission of European Higher Education institutions for a more responsible and proactive engagement in local development.