

07/10/2015

Economic Impact of Entrepreneurial Universities' Activities



A study on the economic impact of the activities conducted by the entrepreneurial universities in the UK used data from 147 universities for the period 2005-2007. The results show the significant positive economic impact of the activities of universities, and also differences between the Russell Group universities, whose economic impact comes from entrepreneurial activities (spin-offs), and other universities, whose economic impact is associated with knowledge transfer activities.

Author: iStockphoto/Shivendu Jauhari.

Throughout economic history, institutions have established the societal rules that shape human interaction and have contributed to the configuration of the main sources of growth during the process of economic change. This fact explains why political, socio-cultural, and economic issues respond to particular forces. Following this perspective, in each economic model, institutions facilitate the activity that serves as the driving force underlying economic growth and prosperity. The main focused of this paper is the entrepreneurial economy, where the dominant production factor is knowledge capital as the source of competitive advantage, which is complemented by entrepreneurship capital, representing the capacity to engage in and generate entrepreneurial activity. An entrepreneurial economy generates scenarios in which its members can identify and exploit economic opportunities and knowledge to promote new entrepreneurial phenomena that have not been previously visualised.

An increased importance of the university, in terms of its impact on the economy, is observed within the entrepreneurial economy. For these reasons, universities become more entrepreneurial in order to compete, and they become more productive and creative in establishing links between education and research. Given the complexity of university functions, previous studies have evidenced the economic impact of university teaching, research, or entrepreneurial activities by adopting different theoretical approaches and methodologies; in the 1980s and 1990s, using descriptive input-output analysis at the university level; and in the 2000s, more sophisticated methodologies were employed (i.e. productivity, total factor productive analysis, return of investments analysis, quartile regression analysis, etc.) to explore the direct impact of specific research activities or the indirect impact of knowledge spillover. However, the natural role of universities in economic development is less well understood than is often presumed.

The main objective is to contribute to a better understanding of the economic impact of entrepreneurial universities' activities (teaching, research, and entrepreneurial). With this objective, our conceptual framework fundamentally adopts the Endogenous Growth Theory with the understanding that the main forces of economic growth—in particular, investment in human capital, knowledge, and entrepreneurship—are endogenous. Methodologically, this exploratory study tests the proposed model of the economic impact of entrepreneurial universities with a structural equation analysis, using data from 2005-2007 from the Higher Education Statistics Agency (HESA) and the Centre for International Competitiveness in the United Kingdom.

The modest contributions of this study are two-fold. We propose a theoretical framework to understand the economic impact of each entrepreneurial university's core activity (teaching, research, and entrepreneurship) on the entrepreneurial economy. We also explore a new way to test this phenomenon and overcome the shortcomings of other techniques.

Maribel Guerrero

Deusto Business School - University of Deusto
maribel.guerrero@deusto.es

James A. Cunningham

Newcastle Business School, United Kingdom
james.cunningham@northumbria.ac.uk

David Urbano

Department of Business - UAB
david.urbano@uab.cat

References

Guerrero, M.; Cunningham, J. A.; Urbano, D. (2014). [Economic impact of entrepreneurial universities' activities: An exploratory study of the United Kingdom](#). *Research Policy*. 2015, vol. 44, num. 3, p. 748-764. doi: 10.1016/j.respol.2014.10.008.

[View low-bandwidth version](#)