



Organisation for Economic Co-operation and Development
Directorate for Education
Education Management and Infrastructure Division
Programme on Institutional Management of Higher Education (IMHE)

Supporting the Contribution of Higher Education Institutions to Regional Development
Peer Review of
The Jyväskylä Region of Finland

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Executive summary

Background: OECD/IMHE review

This review of the Jyväskylä region in Finland is part of the OECD/IMHE project entitled *Supporting the Contribution of Higher Education Institutions to Regional Development* which embraces 14 regions in 12 countries in 2005/2006. The IMHE thematic review project was launched as a response to a multiplicity of initiatives across OECD countries seeking to mobilise higher education in support of regional development. The aim was to synthesise this experience into a coherent body of policy and practice to guide higher education institutions and regional and national governments. At the same time, the IMHE project was designed to assist with capacity building in each country/region through providing an opportunity for dialogue between HEIs and regional stakeholders and clarifying roles and responsibilities.

Review process

The Peer Review drew on a self-evaluation process guided by an OECD template. This asked HEIs to critically evaluate with their regional partners and in the context of national higher education and regional policies how effective they were in contributing to the development of their regions. Key aspects of the self evaluation related to: the contribution of research to regional innovation; the role of teaching and learning in the development of human capital; the contribution to social, cultural and environmental development and the role of the HEIs in building regional capacity to act in an increasingly competitive global economy.

The Jyväskylä self-evaluation was overseen by a Regional Steering Committee with participation and part financing from key regional stakeholders and the Finnish Ministry of Education. The regional self-evaluation was linked to a national process initiated by the Ministry requiring universities and polytechnics to update their joint regional strategies. The process was characterised by a focus on data collection and review and analysis of existing strategies, plans and policies.¹ The OECD review visit took place in January 2006. The Peer Review Team – Professor John Goddard (UK), Professor Henry Etzkowitz (US), Professor Ilkka Virtanen (FIN), and Jaana Puukka (OECD) – met more than 60 senior people, including the representatives from three ministries (Ministry of Education, Ministry of Trade

1. The resulting Self-Evaluation Report and the Peer Review Report are available at the OECD website www.oecd.org/edu/higher/regionaldevelopment.

and Industry, and Ministry of Interior), the Prime Minister's office (Science and Technology Policy Council of Finland), and Tekes (Finnish Funding Agency for Technology and Innovation) and key regional stakeholders, the leaders of the higher education institutions, and representatives of staff and students.

Jyväskylä region and Central Finland

Central Finland is a region of sharp contrasts: There are six sub-regions covering 30 municipalities. More than 60% of the total population reside in the Jyväskylä subregion. There are marked intra-regional disparities with a decline in prosperity in the peripheral areas characterised by an ageing population and rapid growth in the Jyväskylä region. The Jyväskylä region is one of the key urban areas in Finland. The early 1990s deep recession was followed by a rapid structural change. Since the end of 1990s, as a result of collective efforts from the local authorities, the higher education institutions, and the business sector, a regional knowledge economy has emerged. Today, the Jyväskylä region is one of the fastest growing city regions in the country but lags behind the national average on critical performance measures. For example, the unemployment rate remains higher than the national average (13.5 vs. 11%). Central Finland as a whole suffers from low productivity within the existing business base which is predominantly SMEs with low levels of R&D investment.

Higher education institutions' contribution to region building

The expansion of higher education has been a key factor in the growth of the regional economy, with a total employment of nearly 3 000 staff and more than 20 000 students accounting for 7% of the total population of Central Finland and one third of the population of the city of Jyväskylä. The University of Jyväskylä is a multi-faculty institution which produces the second largest number of Masters level graduates in the country. The output of graduates exceeds the absorptive capacity of the region with two thirds of graduates leaving to find employment elsewhere. The Jyväskylä Polytechnic offers 30 bachelor degree programmes. 34% of these students are from Central Finland and 60% of the graduates find employment in the region. The University of Jyväskylä and the Jyväskylä Polytechnic differ in terms of history, missions, governance structures, and funding systems. While they both articulate a desire to implement regional engagement strategies, there is diversity in implementation and emphasis: the University is geared towards research connecting the locality with the international knowledge base whereas the Polytechnic is concerned with the development of well-being and working life here and now.

Key points from the Review

The Self-Evaluation Report and this Peer Review Report inevitably represent a snap shot of an evolving situation, one that is particularly dynamic in the context of Finland where a third task has been laid by Parliament on Universities and where the recently created Polytechnics have been given a specific regional role. Bearing this in mind, this Peer Review report includes a number of specific recommendations for the Finnish Government, regional and local agencies and the higher education institutions, some of which are already being implemented. The recommendations in the Annex to this summary are designed to assist with the evolution of policy and practice with regard to the mobilisation of HEI capacity to support regional development by “reach out” to the community and the community “reaching in” to the HEIs. The following paragraphs highlight some of the most important themes underpinning these specific recommendations.

The National Perspective

As in many countries, a wide range of national policies in addition to higher education policy influence the capacity of HEIs to engage in the development of their regions. For example, Finland has possibly the most sophisticated and well funded national innovation policy amongst OECD countries, but the regional dimension to this policy is only beginning to emerge, promoted in part by the success of the lightly funded Centres of Expertise programme and Science Parks. The Review team believes HEIs in the major cities like Jyväskylä can play a key role in driving the development of internationally competitive hubs in the global knowledge economy. But for this opportunity to be seized, funding mechanisms for universities (currently strongly linked to student number outputs) and research fund-

ing (which does not cover the full economic costs) need to be fundamentally changed to give greater financial rewards for external engagement and more autonomy to institutions working with their regional partners to determine priorities in this domain. In the short run, a national pot of funding to support regional engagement to which universities and polytechnics together with their regional partners could bid to support specific projects of their own choosing could kick start the necessary change process.

A key feature of the development of Finland is its highly polarised nature both inter-regionally (the Helsinki region versus the rest of the country) and intra-regionally (major cities viz a viz their hinterlands). This raises the question as to whether there should be an explicit territorial dimension to higher education funding which differentially rewards HEIs to engage in the development of their regions in relation to regional needs. In the case of Jyväskylä this would be linked to the support of the peripheral areas of Central Finland and disadvantaged groups within the city region itself. To achieve this goal collaboration between Polytechnics with explicit regional role and Universities in the regions such that there is a joint responsibility for the development of the region will be necessary.

The Regional Perspective

Successful regional development involves the building of partnerships between key actors and agents and the creation of a shared understanding of the strengths and weaknesses of the region and the steps necessary to counter threats and realise opportunities. HEIs can play a key role in this process. The OECD review has stimulated a dialogue in Jyväskylä with the Steering Committee now pursuing the recommendations of the self-evaluation and Peer Review. The leadership role of this group and its acceptance by the wider society will be critical. The group will need to achieve a wide buy in to the view that the HEIs are a key component in the long term success of the Jyväskylä sub-region and Central Finland. It will need to pursue the rationalisation of the multiplicity of regional strategies which impinge on the HEIs into a single coherent vision which links the global role of the higher education and research to the development of Jyväskylä and Central Finland.

The HEI Perspective

Grand visions need resources and capacity for their development and to drive through the implementation process. The University and Polytechnic, ideally working together through a joint unit that they could establish, are best placed to facilitate the process of reach in and reach out from the HEIs. The success of the Jyväskylä Science Park as an intermediary body facilitating the development of key industrial clusters via spin-outs, R&D, the development of MSc programmes to meet regional skill needs and assisting with management of facilities for the University provides a model that could be applied to a wide range of other areas where both HEIs interact with the region (e.g. continuing education and enterprise education).

Embedding the endeavour of these intermediary bodies dedicated to regional development into the academic heartland of the HEIs requires strong institutional leadership. This is a challenge for universities like Jyväskylä with a long tradition of collegial governance. If Finnish universities are going to earn greater autonomy from the Government in return for additional resources to support regional engagement, stronger performance management at all levels is required.

Conclusion

Jyväskylä has frequently been used as a pioneer for the development of new approaches to higher education in Finland. Finland is now facing major challenges arising from globalisation which have profound implications for both higher education and territorial development. The process of regional capacity building in Jyväskylä that has been accelerated by the OECD review could provide the basis for testing and evaluating a raft of new approaches at the interface between higher education and the wider society regionally. It is a domain that poses major challenges for national policy. A pilot programme in one region and with two different HEIs and which builds on the recommendations in the Peer Review Report could assist with the shaping of answers to these national level challenges. The international networks established as part of the overall OECD/IMHE programme could also assist with a learning process which draws on experience from other countries.

Key recommendations

National level recommendations

The Peer Review Team recommend

- a fundamental review of the funding model for HEIs to include a requirement for full economic costing of research and other services, greater rewards for external engagement and more autonomy to determine priorities within this domain.
- the establishment of a national pot of capital and recurrent funding subscribed to by all of the relevant central departments but administered by the Ministry of the Interior to which regional consortia led by universities and polytechnics may bid competitively to support the active regional engagement of HEIs outside of the Helsinki region.
- greater autonomy for HEIs “earned” on a case by case basis as the surest way of ensuring the emergence of entrepreneurial institutions actively engaged in regional development. Strong internal management structures and external partnerships should contribute to the earning of this greater freedom.
- that universities, working with polytechnics, should be formally assigned a lead role in establishing an integrated national innovation system with a regional dimension.

Regional level recommendations

The Peer Review Team recommend

- that the region creates mechanisms to ensure the continuation of the learning process initiated by this review and which brings together the higher education institutions and the regional stakeholders.
- that the University and the Polytechnic jointly contract Jyväskylä Science Park to support technology transfer on their behalf.
- the continuation of the Regional Steering Committee and the publication of a collective response (including from Central Government) to the capacity building proposals in the Self-Evaluation Report and our review.
- that each of the principal regional stakeholders (The Regional Council, JYKES, Jyväskylä Science Park, the City of Jyväskylä, TE Centre, the Chamber of Commerce) review the processes by which they engage with the HEIs and identify how these processes might be improved (who, what, how, when).
- that the region implements a strategy linking the internationalisation of the HEIs to its ambitions to make Jyväskylä a more culturally developed place, attractive to people and business from out of Finland.
- a single economic development agency for the whole of Central Finland with responsibility for the designation of all aspects of economic development. The responsibilities of this body should include the mobilisation of and contributing to the resourcing of the regional engagement of HEIs and drawing down national programmes relevant to this end including those currently administered by the TE Centres.

Institutional level recommendations

The Peer Review Team recommend

- the establishment of joint one stop shop for business support services shared between the University and the Polytechnic.
- a structured and systematic collaboration between the HEIs to cover *e.g.* systems for a common use of libraries, laboratories and other infrastructure as well as definition of education pathways across the institutions. We recommend that this is planned in collaboration with regional stakeholders, particularly those concerned with labour market issues.
- an audit of the HEIs' engagement in the social, cultural and environmental development of the region, highlighting examples of good practice locally as well as elsewhere, including other OECD case studies, and following this, joint strategies between the HEIs and the appropriate public bodies (*e.g.* the Regional Council, the City of Jyväskylä, the Arts Council of Central Finland, and the TE Centre) who should use their resources to underpin selective programmes of action within the HEIs.
- a joint academic planning unit of the Polytechnic and the University to support regional engagement by both institutions and oversee the implementation of the regional strategy submitted to the Ministry of Education. The work of this unit should be guided by the ongoing steering group, thereby ensuring widespread buy-in by external stakeholders to the Ministry of Education Strategy.
- strengthening of the academic management structures within the University to facilitate its regional engagement, including partnership working with the Polytechnic, Science Park and various public actors and agencies.
- establishing the University technology transfer functions overseen by the Vice Rector and with strong links to the departments and research institutes and with the central office acting as the interface to the Science Park.
- that the University carefully considers mechanisms by which the good examples relevant to the development of the regions human capital could be embedded in customs and practices throughout the institution.
- that the University examines in relation to its own regional aspirations what it could learn from the management procedures adopted by the Polytechnic.
- that the Polytechnic extends its internal performance measurement system to incorporate assessments of the external impact of its services on regional businesses, public organisations and regional development more generally.