

HIGHER EDUCATION AND ITS LOCAL IMPACT: WHEN RESEARCH IS NOT ENOUGH

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The challenge of connecting universities, industry, and talent

There is broad consensus on the **important role universities play in the development of their regions**. Building on this premise, many governments have increased investment in the research capacity of higher education institutions. The expectation is that such investment will boost competitiveness and local well-being. However, **the latest evidence shows that this relationship, at least at the local level, is not automatic**.

A recent [study](#) by Andrés Rodríguez-Pose (London School of Economics) and Han Wang (University of Southampton) examines the Swedish university system—characterized by high levels of public funding and world-class scientific standards—and its impact on local well-being. The research reveals that, despite stronger scientific capacity, Swedish universities have failed to generate a positive economic impact in their immediate surroundings. No clear link emerges between research activity and local income levels. In fact, in some cases the relationship is even inverted: the greater the research capacity, the lower the local income.

These results highlight **the importance of strengthening ties between universities and local industry**. **Innovation capacity and knowledge transfer** are key. There is a significant gap between the outcomes of university research and the concrete needs of local businesses.

Another crucial element in boosting the local impact of universities is **talent** development and training. Indeed, when human capital is factored into the analysis, the negative effects of university research on economic indicators diminish. Alongside the **disconnect between academic research and local production** needs, a **brain drain** further weakens the transformative potential of these institutions.

How can these obstacles be overcome? On one hand, by **promoting a better balance between research and teaching**, enabling universities to strengthen human capital development and prevent brain drain. On the other, by **reinforcing university-industry collaboration** through mechanisms that incentivize joint projects and by fostering platforms that improve communication between universities and local businesses.

Strengthening University–Industry Links: The Case of the UK’s University Enterprise Zones (UEZ)

One experience that can serve as a guide to overcoming these challenges is the UK’s **University Enterprise Zones (UEZ)**. **Launched by the UK Government in 2013 and co-financed with universities and local authorities**, UEZs are designed as innovation districts where campuses share laboratories, offices, and business acceleration services with start-ups and tech SMEs. The logic is simple: **place entrepreneurial activity physically within the university perimeter**, turning research into market-ready projects from day one, and focusing on sectors aligned with the region’s productive strategy. Official policy defines them as “specific areas where universities and business work together to drive local growth and innovation.”

An **interim evaluation** by UK Research and Innovation concluded that the model strengthens the incubation ecosystem and accelerates private investment. The case of Future Space, at the

University of the West of England (Bristol), illustrates this impact: in its first five years, it supported more than 100 companies and generated around £17 million for the local economy. Its recent expansion increases its capacity to host 70 companies in fields such as robotics, digital health, and green technologies.

One of the keys lies in **cross-incentives**: **academics** receive recognition for engaging with industry; **start-ups** gain access to cutting-edge university equipment and graduate talent; **local governments** obtain a direct tool for economic revitalization. This **triple alignment** demonstrates that knowledge transfer cannot be delegated to peripheral “liaison offices” but must be embedded in academic governance itself.

Conclusion: From University Excellence to Local Development—Connecting Campus and Territory

In conclusion, building a world-class university system is a highly valuable goal, but it does not in itself guarantee stronger local development. Achieving that requires balancing research and teaching, retaining talent, and strengthening ties with local industry. Initiatives such as the UK’s University Enterprise Zones—bringing business onto campus, sharing infrastructure, and aligning interests from the outset—offer useful lessons. Exploring similar models, adapted to each context, would be a crucial step toward greater territorial impact.

