Universities and Regional Development: An Analysis of the Relationship between Human Capital Flows and Regional Knowledge Assets

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Alessandra Faggian
Department of Economics, University of Reading

Philip McCann
Department of Economics, University of Waikato

Abstract
Our paper constructs a simultaneous equation model in order to investigate the relationship between interregional human capital knowledge flows and regional knowledge assets. With the aid of a GIS system, we model the simultaneous relationship between the interregional migration behaviour of British students and graduates from university and into employment, the knowledge assets of the regions, and the regions of employment of the graduates. Our results indicate that after controlling for the human-capital flows of students and graduates, there is little evidence in favour of direct spillovers between university research and regional innovation. Rather, the primary role of the university system appears to be as a conduit for bringing potential high quality undergraduate human capital into a region. We argue therefore that the migration effects of embodied human capital in Great Britain appear far more important than informal university-industry spillovers as an explanation of regional learning effects.

Presenter: Alessandra Faggian
Email: a.faggian@rdg.ac.uk
Tel: +44 (0)118 378 6035
Fax: +44 (0)118 378 6533

Presenter: Philip McCann
Email: p.mccann@waikato.ac.nz
Tel: (64 7) 858 5037