

# Regional Policy Makers, Higher Education & Clusters: Regional Strategic Human Resource Development?

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# Objectives

- To examine how small and medium enterprises (SMEs) can engage with education providers to shape skills provision to meet the needs of a regional cluster.
- To describe a case of regional policy support for HE/ FE collaboration with industry through engagement with a cluster of SMEs
- To conclude that the traditional conceptions of Regional Innovation Systems and Regional Innovation Policy underestimate the role of universities in attracting and developing skilled individuals fit for the region's economy.

# Literature

- 1980s and 1990s universities characterised as sources of knowledge which could be commercialised (Charles, 2006)
- Emerging emphasis on the regional impact of universities (Boucher et al., 2003; Huggins and Johnston, 2009; OECD, 2007)
- Regional Innovation Systems literature (Braczyk et al., 1998), has to a large extent, although with some exceptions (Charles, 2006), underplayed the role of universities in producing graduates specifically for their regional labour markets and in upskilling the regional workforce.

# Methodology

- Action research oriented
- Direct participation by one co-author as part of the cluster, the bid team and the project delivery team
- Also based upon interviews with stakeholders and examination of original documentation by other co-author

# The Skills Problem

- The Leitch review of skills characterised the UK's skills base as weak by international standards with a consequently negative effect on productivity, economic growth and social justice (HM Treasury, 2006: 3).
- Despite the economic downturn, perception that skills are an issue and will hamper growth.
- CBI (2010) *Ready to Grow* survey reports that over two thirds (68%) businesses in the science, high-tech and IT sector, are currently experiencing difficulty recruiting STEM employees
- ...and that 69% of employers want the government to prioritise the promotion of science and maths in schools
- ...and two thirds of all businesses (66%) have links with universities and even 47% of those with 1-49 employees have links with a higher education institution
- Skills is a flagship policy area for the last government with particular emphasis on the notion of a demand-led and employer-driven skills system producing economically valuable skills.

# Context – Skills Policy

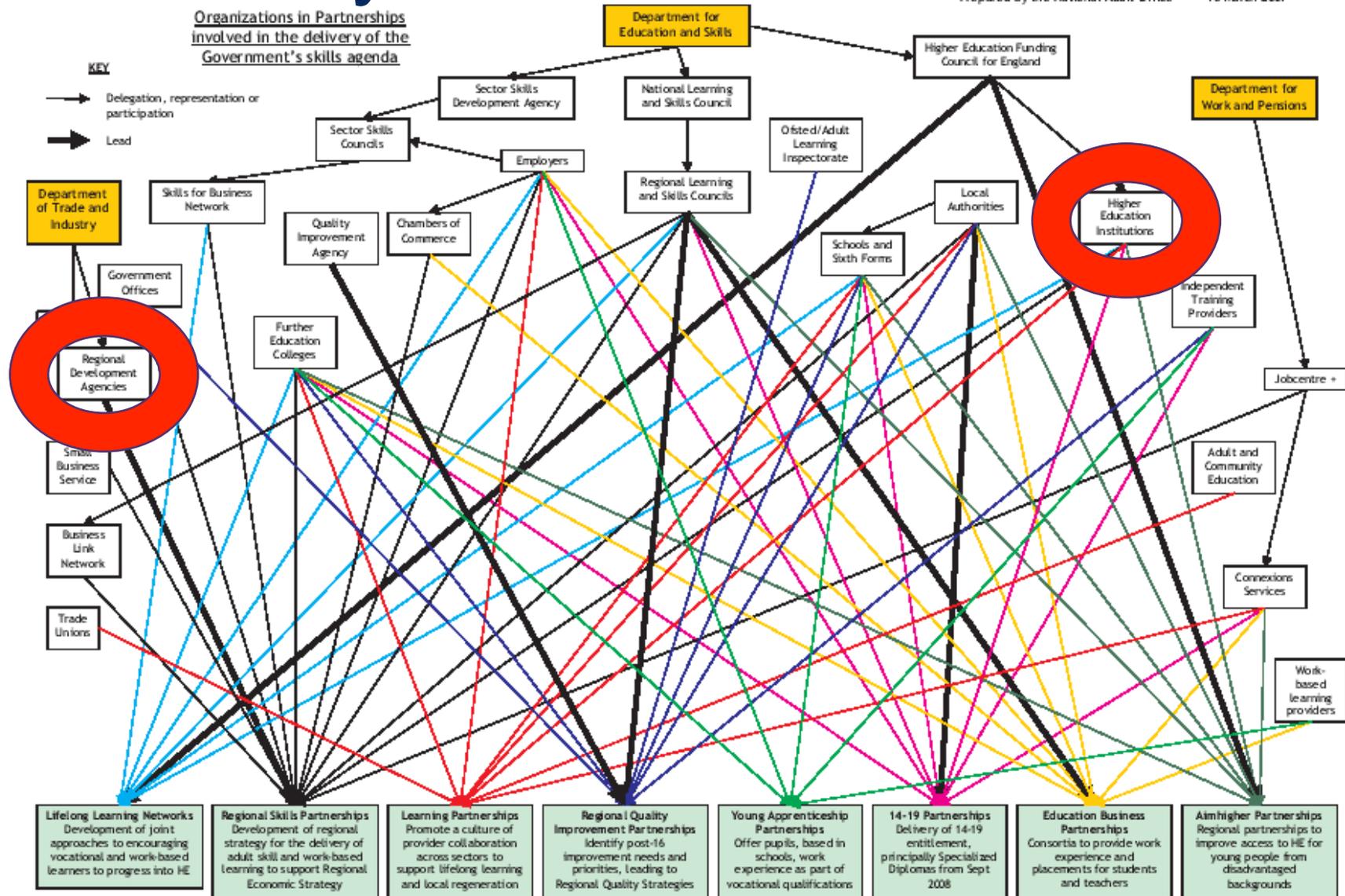
- Flagship policy area for the last government with twin aims of economic growth and social justice
- Assertion is that productivity is influenced by skills, as well as by investment, enterprise, innovation and competition
- Dearden et al (2005) found that in a sample of British industries, a one percentage point increase in training is associated with an increase in value added per hour of about 0.6% and an increase in hourly wages of about 0.3%.
- Particular emphasis on the notion of a demand-led and employer-driven skills system producing economically valuable skills.
- Over the last five decades a succession of sectorally focused training bodies have been created in UK (Payne, 2008, Wolf, 2007).

# But

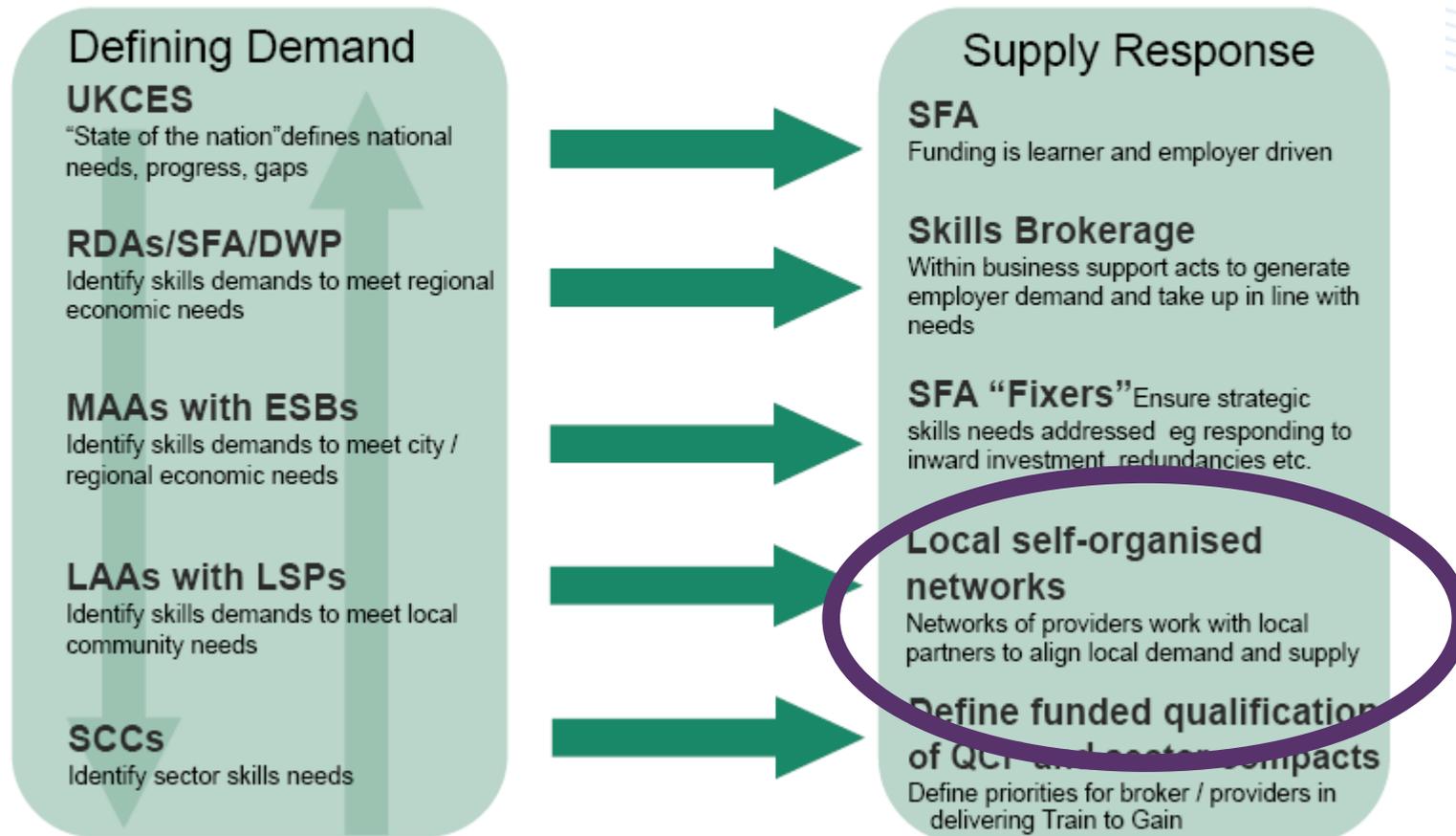
- How easy is it for regional clusters of firms to shape skills provision to support innovation and growth?
- How can regional policy makers support the process?
- Is collaborative working in this way a characteristic of an adaptive regional innovation (or skills) system?

# Skills Policy

Prepared by the National Audit Office 16 March 2007



# National, Regional and Local Landscape: National priorities reflected in regional and local strategies with customised local delivery



# ESRC Business Engagement Project

- Relationship with University predated the bid
- Firms very keen to engage
- Skills 'system' too complex and impersonal for firms to engage with
- Regional subsea firms were constrained by skills & recruitment issues.
- Firms do invest in training, but tailored provision not available
- Not just shortages of graduates, but 'local' students not necessarily attracted to the sector

# Subsea Future Talent

- ▀ Postgraduate subsea specific education developed at Newcastle University
  - ▀ Developed with industry, utilizing existing University expertise
  - ▀ Flexible provision
- ▀ Foundation degree in subsea engineering developed at Newcastle College
  - ▀ Flexible including potential for on-site delivery
- ▀ Short courses and technical seminars
- ▀ Schools engagement (not part of the bid)



# Energising the future workforce

- ▀ **Energise Your Future**
- ▀ **Youth Engineering Show**
- ▀ **Oceans of Opportunity**
- ▀ **Wansbeck Ploughing Project**
- ▀ **Young Enterprise Engineering MasterClass**
- ▀ **...**
- ▀ **Boom!**
- ▀ **EYF Mark II**

# A holistic approach

- ▀ Engagement with schools
- ▀ Engagement with students
- ▀ Higher level skills provision
- ▀ Research (not the starting point!!)
- ▀ Marshallian effect? – knowledge of the cluster ‘in the air’

Photograph courtesy of Wellstream International

“...we know little about the processes of regional economic adaptation, or about why some regions seem to be more adaptive than others...An evolutionary perspective...would place...emphasis on a region’s propensity to innovate, both within and amongst firms, and within and amongst its institutions”

(Martin, 2005: 30)

▀ “Cluster-oriented initiatives should bring together collaborative research, technology extension and upgrading, skills development, and graduate placement and enterprise, all under the same framework.”

- (Charles, 2006)

# Why did it work?

- Cluster of firms seen as strategically important in the region
- Cluster has a reasonably strong self-identity
- International demand for the core 'product' developed by HE/ FE
- Engagement existed before the funding was available
- Fitted in a timely manner with the HE institutional agenda
- Committed individuals from HE & senior management of firms
- (intentional) Serendipity

Photograph courtesy of Penspen

# Implications for Theory and Policy

## THEORY

- ▀ Particular places may support collaborative practices to support skills provision to the benefit of the firms (and education institutions) in the region
- ▀ The production of skills depends on national systems, but there is a strong regional dimension
- ▀ ... and therefore a potential for Regional Skills Policy
- ▀ ...but is this part of a system of innovation or do we need to conceive a system of skills?

## PRACTICE

- ▀ There is a need for exchange of best practice amongst institutions and sharing of lessons learned
- ▀ RDAs (or whoever is charged with policymaking in regions!) should have/continue to have a Regional Skills Strategy
- ▀ Other skills bodies should recognise regional as well as sectoral specificities

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