

# Geography, skills, local companies affect higher education impact on economic development

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Policy makers need to take factors like geography, available skills and knowledge and the networks of local companies into account to boost the impact of higher education on economic development, according to a new Atlas Award-winning paper published in the *International Journal of Educational Development*.

The authors of the study, from the University of Nottingham, say it's not quite as simple as more students equals higher income: higher education is key to [economic development](#), but the way the two relate is complex, they say.

"Of course investing in education leads to improved incomes, but that it's just too simple a model to account for real development in the real world," said Dr. Simon McGrath, Professor of International Education and Development and one of the authors of the study.

Until recently, the focus was on [primary education](#), since more people can be reached with the same investment. However, since 2000 there has been an increasing understanding that higher education plays a key role in economic development.

The study proposes a new way of looking at the relationship between higher education and economic development. The widely adopted human capital view is that [higher education](#) increases skill and

knowledge and results in higher income. But the researchers behind the new study say many more things need to be taken into consideration: geography, sectors, available skills and education systems and networks of companies are all important factors.

"Development is actually deeply contextualized, it's deeply based in particular sectors, in particular skillsets, in particular firms, in particular countries," said Dr. McGrath. "There's got to be a focus on how you build the capability in those spaces to do those things, not just thinking it's a simple case of invest in education, leave it to the markets. That will only do so much."

The team looked at case study sectors in South Africa on three levels - primary (sugarcane farming), secondary (automotive) and tertiary (astronomy) - to see what factors account for the effect education has on the economy in each case. They conducted background research on aspects like the value chains, employment patterns and policy frameworks associated with each sector. They then mapped out all the actors involved and interviewed them to find out more about the skills and strategies needed in each sector. They also interviewed all universities in the region.

The case studies highlighted the importance of geography: for the automotive industry, South Africa's location is not conducive to rapid growth, since surrounding countries are not well equipped for the market. However, for astronomy, the country won a large international research project because of the clear sky in rural areas that are within close proximity to Cape Town, a world city.

"Higher education will continue to play a key role in economic [development](#)," said Dr. McGrath. "As we start working towards the new Sustainable Development Goals, we will need professionals across all sectors - doctors, teachers and engineers will be vital to our future

success, and education is central to producing those professionals."

**More information:** The award-winning article is Higher education and economic development: The importance of building technological capabilities by Glenda Kruss, Simon McGrath, Il-haam Petersen, Michael Gastrow, Published in *International Journal of Educational Development* (Volume 43, July 2015, Pages 22-31) [DOI: 10.1016/j.ijedudev.2015.04.011](https://doi.org/10.1016/j.ijedudev.2015.04.011)

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