



THE ECONOMIC IMPACT OF HIGHER EDUCATION INSTITUTIONS ON REGIONAL DEVELOPMENT: THE CASE OF THE POLYTECHNIC INSTITUTE OF BRAGANÇA



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INTRODUCTION

Higher Education Institutions (HEIs) are considered, usually, important mechanisms for regional development. However, it is essential that they can quantify the impact that their activities have in surrounding communities and in regional economic development.

OBJECTIVES

• The main objective was to determine how much the municipalities of Bragança and Mirandela benefit, economically, from hosting the Polytechnic Institute of Bragança (Instituto Politécnico de Bragança - IPB).

- It was also intended to determine how much does the Government receives, as taxes paid by the graduates during their lifetime for its initial investment.
- And, how much each graduate will benefit as a return of their investment in a higher education degree.

MATERIAL AND METHODS

Two approaches were followed: the demand-side approach, and the supply-side approach. The necessary data were obtained with surveys to the faculty, staff and students of the IPB, in the year 2007 (Fernandes et al., 2009).

Demand-side approach

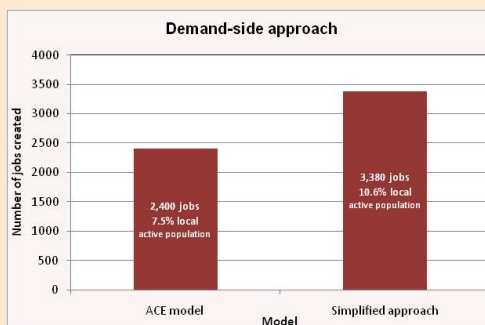
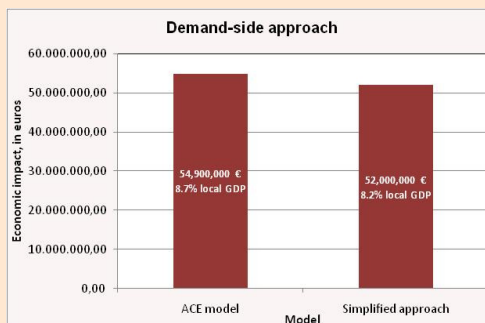
- American Council on Education model (Caffrey and Isaacs, 1971).
- A proposed simplified approach (Fernandes et al., 2010).

Supply-side approach

- Bluestone's model (Bluestone, 1993).

RESULTS

The Demand-side approach:



The supply-side approach:

- The graduates from 2007 that will remain in Bragança and Mirandela will pay in the form of taxes during their working life over 10 million euros to the Government.
- IPB's graduates will obtain 30.5 million euros in human capital and, according to the Portuguese Central Bank, the GDP generated in 2007 by the existence of IPB reached 61 million euros.
- This amount represents 9.7% of Bragança and Mirandela's GDP and 2.7% of Alto Trás-os-Montes' GDP.

CONCLUSIONS

The core mission of Higher Education Institutions (HEIs) is to educate students with quality, but HEIs accomplish more than simply educate. They are institutions of key importance for the regions where they are located.

The findings obtained clearly suggest that HEIs are major mechanisms of regional development, since they can facilitate educational, economic, social and cultural opportunities that would not be there otherwise. This is particularly evident when these institutions are located in isolated and deprived regions, as is the case of the Polytechnic Institute of Bragança.

Specifically, on the impact of HEIs' expenditure on local economy, it was determined that the level of economic activity generated by the presence of the IPB in its hosting regions is significant (reaching over 8% of the local GDP).

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