

Chapter 2

New Features of Higher Education Competitiveness in Terms of University–Industry Collaboration

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ABSTRACT

Nowadays, the competition in higher education is now changing shape. The collaboration between higher education institutions and the industry is increasingly perceived as the primary vehicle to enhance innovation through knowledge exchange. Accordingly, this study presents that university-industry collaboration positively affects countries' competitiveness through their higher education competitiveness. For this purpose, this study used the values of university-industry collaboration in R&D of the top 20 economies from the Global Competitiveness Index 4.0 report and the world university rankings as proxies for the university-industry collaboration and higher education competitiveness, respectively. This study's findings support the view that university-industry collaboration has a positive impact on higher education competitiveness and countries' competitiveness at the end.

INTRODUCTION

The competitiveness of the countries emerged at the beginning of the 1990s, along with globalization and a knowledge-based economy. Porter (1990) stated that the economic prosperity of the countries is created and not inherited. Also, he indicated that a country's competitiveness depends on the industry's capacity to innovate. Hence, companies gain an advantage against the world's best competitors due to the pressure and challenge. Simultaneously, the rise of the knowledge-based economy globally also has a critical role in a long-term competitive advantage for all industries and services. Since the concept of the knowledge-based economy is strongly linked to innovation-led competition, the application of knowledge

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for innovation is likely to improve the competitive advantages of nations (Porter, 1990; Sum&Jessop, 2013). Therefore, education became a central component of economic and social policy in all nations. There was a growing consensus that successful competition depends on building the knowledge base and human capital OECD, 1996; Sum&Jessop, 2013).

On the other hand, as the higher education market has become globalized, knowledge-based economy competition becomes a central focus of nations, and this situation has reshaped higher education (Rust&Kim, 2012). In this regard, relations between higher education institutions (HEIs) and industry have developed. The concepts like external fund-raising, patenting, industrial design, technology transfer, research centers, technoparks, sociocity, incubators, consultancy services have come to the forefront in the higher education area. Hence, university-industry collaboration in the competitive global knowledge-based economy has become the most crucial mechanism for developing innovation and human capital and sustainable economic growth globally. Although the role of higher education in a country's competitive advantage was surprisingly minimal in the 1990s, today, higher education is not only understood as just a supporting mechanism for a countries' competitive advantage but also as a competitive advantage in its own right (Lane, 2012). Therefore, higher education is shifting from being just a service to society to become a competitiveness factor for the economy (Lopez-Leyva&Rhoades, 2016).

Although competition in higher education has been a leading force in the United States of America (USA), it is a relatively new phenomenon in most countries. Since the early years of the 20th century, various public and private universities have competed for a growing number of higher education students in the USA. HEIs were not forced to be the same, and a hierarchy emerged among HEIs by itself in the USA. As the number of students enrolled in American higher education increased, HEIs began to provide different services to gain a competitive advantage over others, like food, beverage, and accommodation services. Thus, this development created a consensus on which HEIs were the most prestigious in public. Others tried to climb up this informal hierarchy by imitating those HEIs in the USA (Altbach, 2010). However, differently from this development, HEIs still served a small elite group of the population and were relatively similar in many other countries.

Nevertheless, because of the ever-increasing student population worldwide, the demand for higher education increased, and thus ultimately, the whole higher education system began to change. That caused an increase in the number of HEIs and students with different interests, skills, and ages (Altbach, 2010). Consequently, this expansion in the higher education system has led to a differentiation of HEIs worldwide. The gross higher education enrollment rate in high-income countries has reached about 70% or above ([UNESCO], 2019).

In this new competitive environment, students have started to see themselves as buyers of the higher education service/product, and they are currently defined as consumers. Hence, higher education has become a demanded service/product in today's economy to meet students' ever-increasing demand. For example, HEIs have engaged in a competitive struggle to provide more flexible degree structures, better dormitory or sports services, faster internet or campus services to students. As a result, the view that "higher education is traditionally a public good" has questioned in higher education economics, and now higher education is seen "partially as private goods" (Morgan, 2019). Today, competition is everywhere in the higher education system. HEIs try to gain a competitive advantage, especially according to their quality and image at home and abroad. For that purpose, HEIs compete over prestige and ranking positions, sometimes become ever more selective in their student recruitment, while academics compete over the grants and publications. Competition can contribute to the improvement of quality in HEIs, which

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