



Urban attraction policies for international academic talent: Munich and Vienna in comparison



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ABSTRACT

This paper compares attraction policies for academic talent of two highly developed Central European metropolitan cities. We develop a heuristic framework in order to analyse political actions that aim at attracting international academic talents. It is shown that the two examined cities differ substantially in this respect despite their similarities in economic structure and framework conditions. While Vienna has set a number of policy actions to attract foreign researchers, Munich faces constraints because of its subordinate position within the federal system. Nevertheless, the superordinate federal state of Bavaria engages in a number of active policies to attract foreign students which also benefit the city of Munich. Despite their popularity in policy circles, attraction policies may result in adverse welfare outcomes for some segments of the urban society.

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1. Introduction

Human capital is one of the main driving forces for innovation and regional as well as urban economic growth (Glaeser, 2011). Academic talent, i.e. students and university researchers (professors, postdocs), is a small but increasingly important fraction of human capital in the emerging knowledge economy (Schiller & Revilla Diez, 2012). Over the past ten years, the mobility of academic talent and the role of universities in attracting and retaining academic talent has become increasingly relevant for urban policy makers due to the following reasons: firstly, mobility of academic talent has risen due to institutional and behavioural changes (OECD, 2014). Secondly, some skills are regarded as scarce as a result from soaring demand for graduates in the emerging knowledge economy, possibly amplified by an ageing process that has reduced the supply of human capital in some states and regions (Faggian & McCann, 2009). Together, these developments result in a locational competition between cities for academic talent (Reiner, 2010; Wildavsky, 2010; Föbker, Tenmme, Wiegandt, et al., 2014). Policy makers at different spatial scales and institutions engage in regional competitiveness policies that aim to influence regional competitiveness seen in terms of the capacity to attract and retain mobile factors and associated economic activity (Potter, 2009, p. 992).

In this context, the present paper (i) explores the economic rationale for urban policy makers regarding their efforts to attract internationally

mobile academic talent, (ii) presents a policy framework to analyse academic talent attraction policies and (iii) critically investigates implemented policies in Munich and Vienna from a comparative perspective. In what follows, we will use the term “attraction policy” to refer to policies that aim at attracting and retaining foreign academic talent. Foreign academic talent is defined as academic talent from other countries. The present study focuses on the policies that are in place in order to attract foreign academic talent.

To the best of our knowledge, the study on attraction policies in the three German cities Aachen, Bonn and Cologne by Föbker et al. (2014), is the only paper so far with a comparable research focus. By comparing Munich and Vienna, the present paper focuses on cities located in different countries and provides a coherent framework for the policy analysis that also accounts for the effects of attraction policies. The qualitative approach of our framework aims to account for the complexity of a policy making process in modern urban economies that are embedded in a multifaceted federal system with different actors at various spatial scales. Trippl, Sinozic, and Lawton Smith (2015) developed a comparable qualitative research approach for their analysis of the role of universities in regional development in three European countries.

The paper is structured as follows. The next section provides the theoretical background of attraction policies. After that, the research design is presented, which includes a discussion regarding the selection of cases as well as the analytical framework for the comparative policy analysis. The fourth section identifies the attraction policies that determine the attractiveness of Munich and Vienna with respect to the attraction of academic talent. Section 5 evaluates the attraction policies. The final section discusses the main results, provides some explanation

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for the differences between the attraction policies of Munich and Vienna, draws some tentative policy conclusions and investigates the accompanying welfare effects.

2. A literature review on universities and the attraction of academic talent

Universities in urban areas provide the institutional link between academic talent and urban economies. According to Florida (1999), the main contribution of universities to urban economic growth is found in their ability to attract “the smartest people from around the world”. The OECD (2007) summarises several ways in which universities contribute to the attraction and retention of talent. Accordingly, the European Commission states that “the presence of universities in a region, particularly ones with a high profile nationally and internationally, can act as real ‘magnet’ for talent” (European Commission, 2011, p. 239).

Empirical research provides evidence for the positive effect of universities with respect to regional human capital endowments (Abel & Deitz, 2011). On the other hand, some studies point out that students may leave the city after graduation without contributing to the urban economy (Südekum, 2005). As a result, retention of graduate students is a means to reap the positive effects of mobile academic talent. Without retention and labour market participation after graduation, the economic net effect of foreign students can be even negative if they do not pay for all the costs associated with their studies and use of public goods in the home region of the university (Münch & Hoch, 2013; Chevalier, 2014). From a public policy point of view, attracting international students who enter the local labour market after graduation is often considered an optimal policy because private and social costs emanating from integration and recognition of certificates are minimised (Zimmermann, 2008). University researchers, i.e. postdocs and professors, affect economic growth positively due to different forms of knowledge spillovers, for example in the form of contract or collaborative research with regional firms or via academic entrepreneurship (Schiller & Revilla Diez, 2012).

If policy makers aim at improving attraction policies, they have to design the associated policies by shaping those locational factors that matter for mobile academic talent. The literature on the locational choices of highly-skilled individuals is divided between studies that either stress the importance of urban amenities, or consider the availability of jobs as more important (Glaeser, Kolko, & Saiz, 2001; Lawton & Radmond, 2013). While the debate is not settled yet, a consensus seems to emerge that argues in favour of both locational factors being relevant (Buch, Hamann, Niebhur, & Rossen, 2014; Rodriguez-Pose & Ketterer, 2012). Summarising the current state of knowledge, Nedomysl and Clark (2014) conclude that jobs, amenities and social networks each account for about one third of explanatory power concerning migration decisions. Taking into account that students and university researchers constitute particular types of human capital, these general results have to be specified.

Regarding the locational decisions of international students, empirical studies point at the following factors of importance: financial and non-financial costs of migration, costs and quality of universities, English as language of instruction, network effects, cost of living, and amenities (González, Mesanza, & Mariel, 2011; Van Bouwel & Veugeler, 2013; Beine, Noel, & Ragot, 2014; Chevalier, 2014; OECD, 2014). Regarding the decision of whether to stay or leave after graduation, regional economic performance and returns to skill as well as life-style considerations and social networks appear as crucial (Darchen & Tremblay, 2010; Grogger & Hanson, 2013; Fiore et al., 2015).

The locational decisions of professors are shaped by their preference to work in the proximity of high-quality peers and at well-endowed universities with international prestige and appropriate pay (Mahroum, 2000; Janger & Nowotny, 2013). For young researchers the quality of the respective employment contract is important because

in several European countries temporary work contracts predominate, which makes them less attractive (Janger & Nowotny, 2013).

Taken together, we identify the following factors as decisive for the location decisions of academic talent: ease of mobility, university attractiveness, amenities and labour demand. It should be added that we perceive social networks as possibly decisive, too, but they provide no feasible target for policy interventions.

3. Conceptual approach, methods and data

The two chosen cities are well suited for a comparative case study because the cities as well as their universities are considered as being in direct competition for academic talent by their respective policy actors (see, for example, City of Vienna, 2015; Günay, 2008). Additionally, the two cities are similar in several respects. Both are of approximately equal size, located in German speaking countries in Central Europe, embedded in complex federal systems within developed coordinated market economies. Furthermore, they display similar research environments which are dominated by large major and technical universities, surrounded by public research institutes based on similar academic traditions.

Yet, some differences are present, too, which render the comparative research approach more interesting but also more complex. Munich and Vienna are found in different positions within their respective national federal systems. Administratively, Vienna as a federal state is situated only one level below the national state, while Munich is the capital of a federal state and hence found two levels below the national level. Consequently, Munich's competencies and resources are more restricted. We take these different roles of Vienna and Munich into account by considering not only the policy actions at the city level but also other regional and national policy measures (see below).

Table 1 provides a number of selected socioeconomic indicators for Munich and Vienna. Three main points emerge from the data: Both cities have approximately equal and relatively high shares of foreigners. The GDP per capita of Munich is substantially higher than that of Vienna and the same holds true for R&D-intensity. The share of the tertiary educated workforce is also higher in Munich. The size of the academic staff reaches almost 20,000 academics in both cities, but the number of university students in Vienna is almost twice as high.

Fig. 1 visualises the research framework of the present study. It conceptualises the main attraction and retention factors which influence location decisions of international academic talent, related policy fields and evaluation indicators. The assumption of four relevant attraction and retention factors in Fig. 1 builds upon the identification of these factors as laid out in Section 2. As a next step those factors are related to the

Table 1
Vienna and Munich in comparison.¹

	Munich	Vienna
Population (2014)	1,490,681	1,766,746
Share of foreigners (in %, 2014)	26.4	24.2
GDP per capita (2012)	57,980	47,300
R&D expenditures in % of GDP (Munich Region, Vienna Region) (2011)	4.2	2.8
Share of tertiary educated people 20–64 (Munich Region, Vienna Region)	37.1	34.4
Academic staff at universities (winter semester 2014)	19,436	19,003
University students (public universities, winter semester 2014)	89,816	163,456

Notes: Munich Region refers to the NUTS2 region of Oberbayern (Upper Bavaria) and Vienna Region refers to the two Austrian NUTS2 regions Wien (Vienna) and Niederösterreich (Lower Austria). Sources: Eurostat, university statistics.

¹ It should be mentioned that the shares of tertiary educated people in Austria and its regions as provided by Eurostat increased strongly from 2013 to 2014. For Vienna the share rose from 17.6% to 29.1%. This effect is due to a new classification of educational degrees. Several Austrian degrees that were formerly classified as secondary degrees are now counted as a tertiary degrees.

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