

Economic Contribution of the Finnish Universities

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Director

Study Objective

To quantify the economic contribution of each Finnish University and the combined group of Finnish Universities to the Finnish, European and Global economy in 2016

Headline Economic Contribution

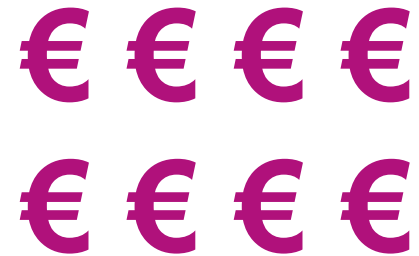
- Economic contribution in Finland
 - **€14.2 billion GVA**
 - **136,000 jobs**
- 6% of Finnish economic output
- 5% of Finnish employment

Return on Investment

Every **€1 GVA**
directly
generated at
the Finnish
Universities



created **€8**
GVA in the
Finnish
economy



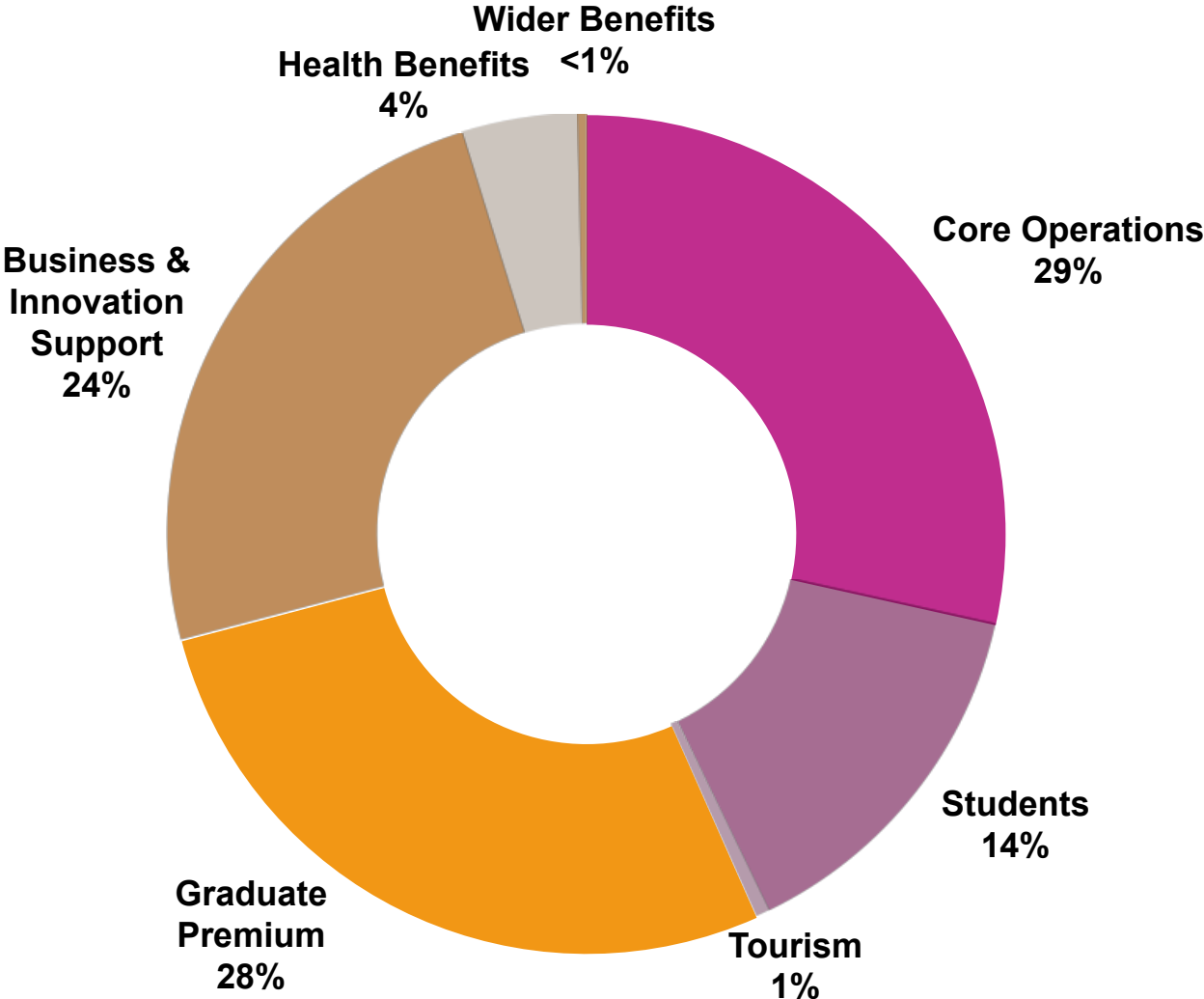
Every **1 direct**
employee at
the Finnish
Universities



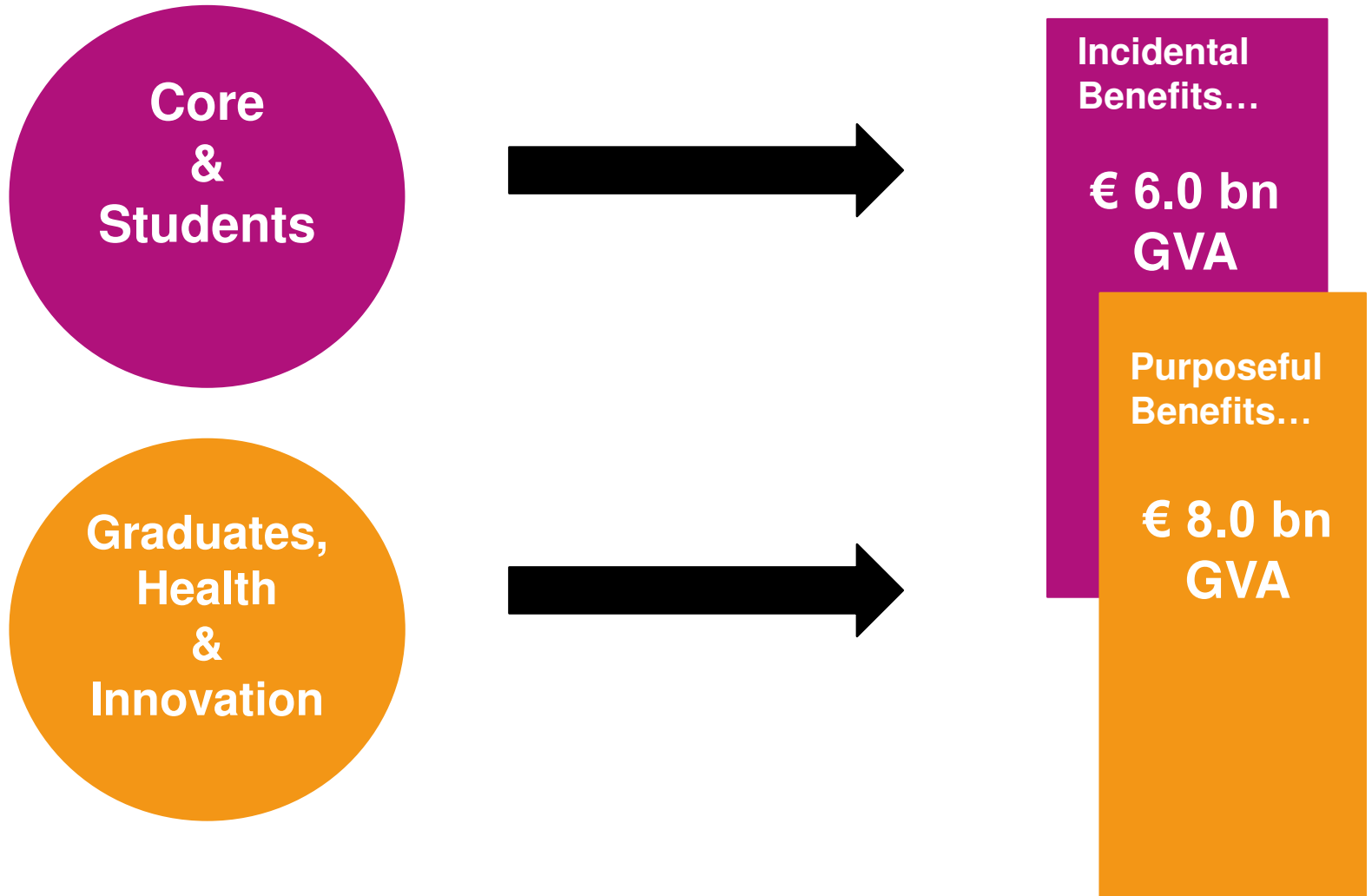
supported
4 jobs
in Finland



Sources of Contribution



Incidental vs Purposeful Benefits

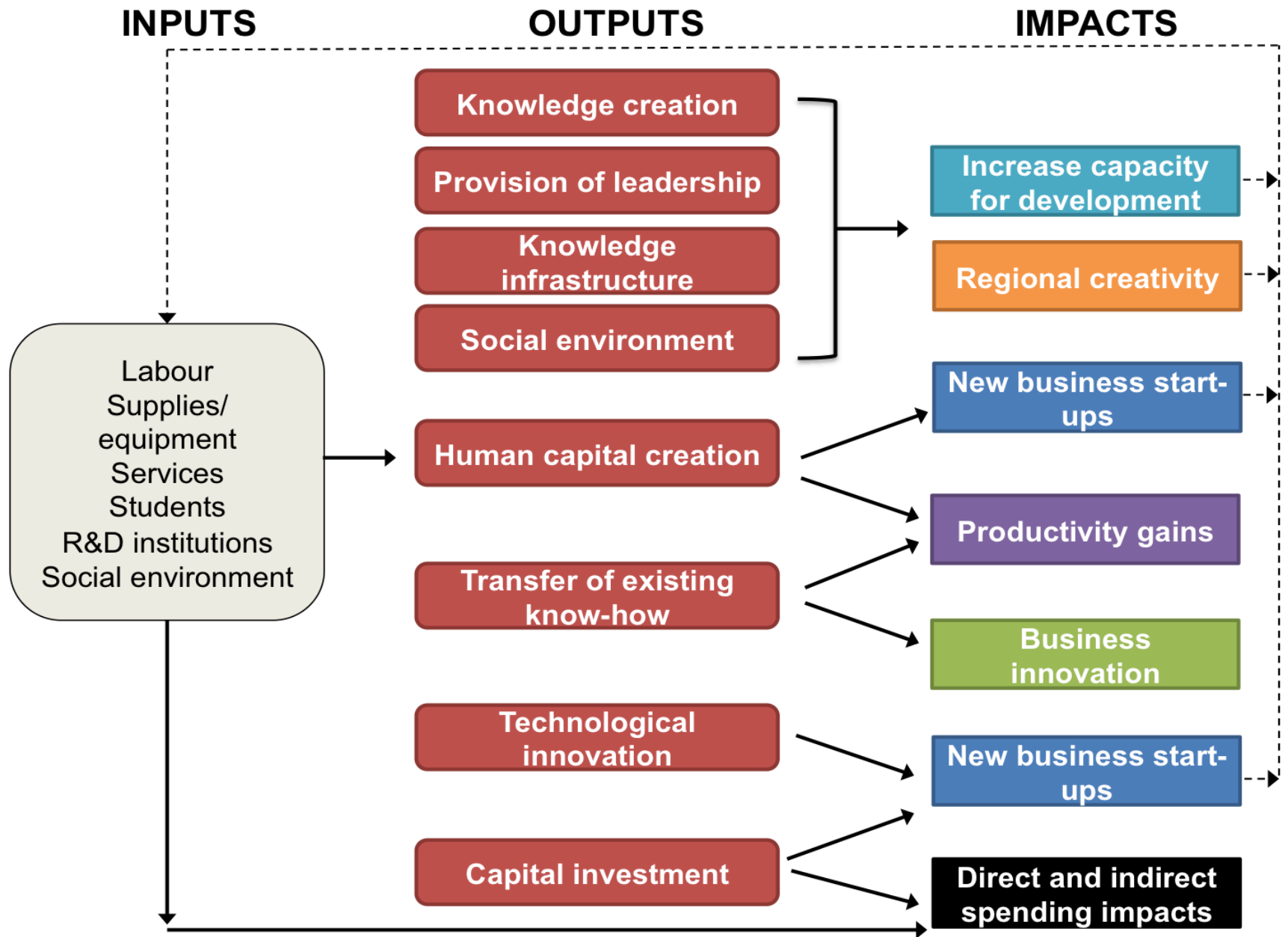


Theoretical Foundations

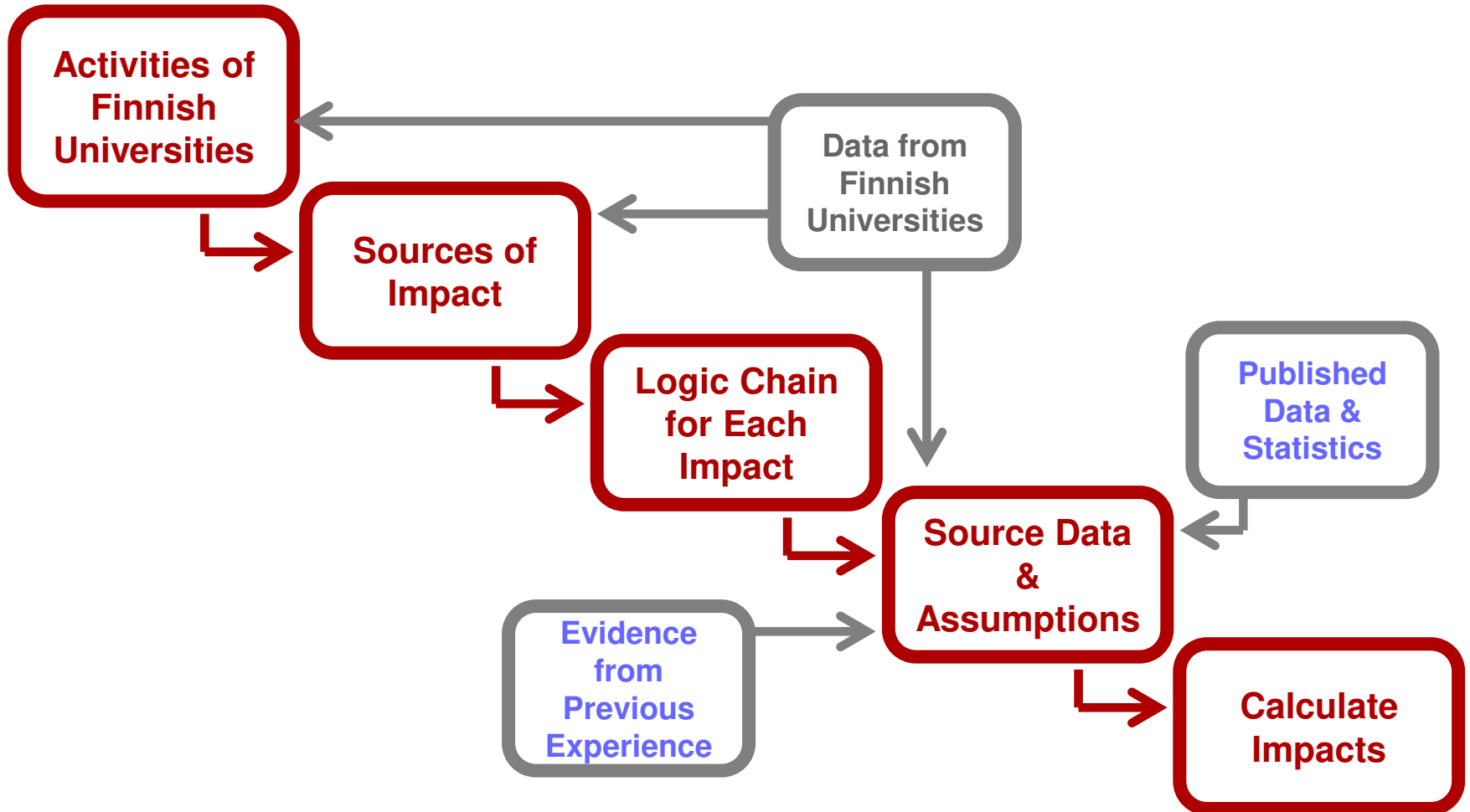
- In advanced economies:
 - economic growth from productivity growth
 - productivity growth from:
 - knowledge
 - diffusion of knowledge (innovation)
 - universities are knowledge & innovation institutions

Framework

- Universities
 - create intellectual capital
 - provide leadership, knowledge infrastructure & a social environment for regional development
 - create human capital
 - transfer knowledge
 - facilitate technical innovation
 - attract capital investment
- Which leads to a range of economic impacts



General Approach



Sources of Contribution

- **Core Contribution**
 - direct effect
 - supplier effect
 - staff spending
 - capital spending
- **Student Contribution**
 - student spending
 - student employment
 - student volunteering
- **Tourism**
 - visits to staff and students
 - conferences and events
 - business visitors
- **Innovation Support**
 - spin-outs
 - licensing
 - services to businesses
 - university owned enterprises
 - student placements
 - science parks
- **Graduate Productivity**
- **Returns to Medical Research**
- **Staff Volunteering**

Previous Uses of Method

- Methodology and approach widely used for 20+ years
- Examples of similar studies undertaken include:
 - League of European Research Universities (BiGGAR Economics, 2014)
 - Amsterdam Universities (BiGGAR Economics 2014)
 - University of Edinburgh (BiGGAR Economics 2008, updated 2012 & 2014)
 - University of Birmingham (Oxford Economics 2013)
 - University of British Columbia (Planning and Institutional Research 2009)
 - the University of Iowa (Tripp Umbach 2010)
 - the University of Notre Dame, Indiana (Appleseed 2013)
- Consistent with economic appraisal & impact guidance e.g. European Commission Guide to CBA for Major Projects

Research Methods

- Data supplied by the Finnish Universities
- Economic assumptions
 - Statistics Finland, National Accounts (GVA/turnover and turnover/employment)
 - Input-Output Tables for Economic Multipliers, **2011**
 - Multipliers – Leontief Type 1 and Type 2
 - Exchange rates (2014 levels)
- Previous in-house experience
- Visits to the Universities

Measures of Economic Contribution

- Economic contribution measured in terms of:
 - Gross Value Added (GVA) – a measure of the value that an organisation, company or industry adds to the economy through its operations. GVA is equal to the value of production less the value of inputs used
 - Employment – jobs supported

Approach to Measuring Contribution

- Each source of impact requires 3 types of economic contribution:
 - GVA to turnover ratio
 - Turnover per employee
 - GVA and employment multipliers
- Data sourced from Statistics Finland

Quantifiable & Non-Quantifiable

- Limitations to measuring contribution in terms of GVA and jobs:
 - not all contributions can be quantified
 - many wider benefits of university activities

Economic Contribution by Source

- Core
- Student
- Tourism
- Graduate Productivity
- Innovation Support
- Medical Research

Direct Contribution



€2.7 bn
Income



32,000
Staff

Results in a
€1.9 billion GVA
&
32,000 jobs

contribution to
Finland

Supplier Contribution



**€534 mn spend
on goods and
services**

Results in a
**€461 million
GVA
&
7,000 jobs**
contribution to
Finland

Staff Spending Contribution



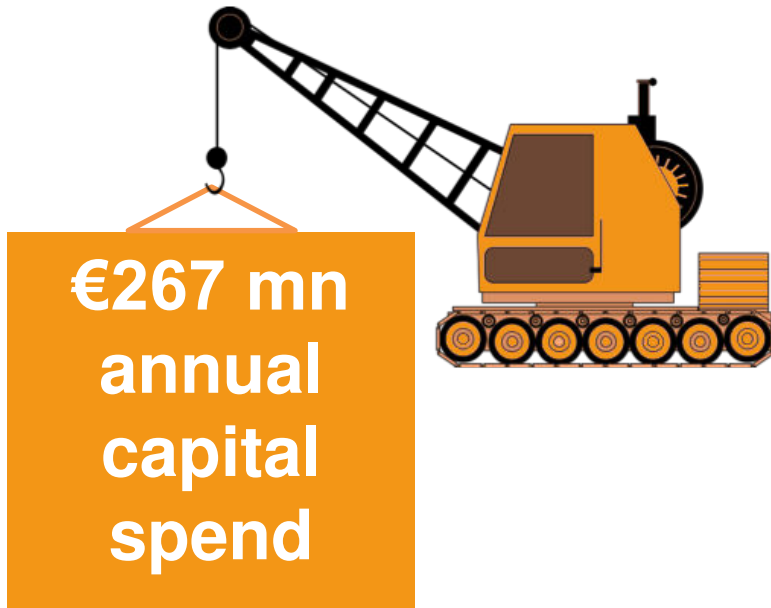
**32,000
staff**

**€1.7 bn
staff costs**

Results in a
€1.4 billion GVA
&
18,000 jobs
contribution to
Finland

BiGGAR Economics

Capital Spending Contribution



Results in a
**€361 million
GVA
&
3,000 jobs**
contribution to
Finland

Student Spending Contribution



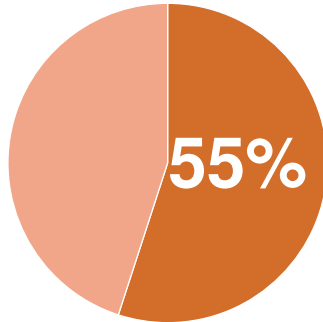
148,100
students

€890
monthly
spend

Results in a
€1.1 billion GVA
&
16,000 jobs

contribution to
Finland

Student Part-time Work



of full time students
worked



11.5 hours

per week on average



BiGGAR Economics

Student Volunteering



19% of students volunteer
20 hours per month

Results in a
€92 million GVA
contribution to
Finland

Graduate Premium



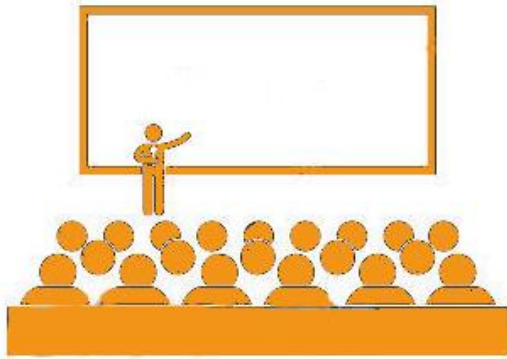
32,960
graduates

€121,490
average
premium

Results in a
€3.9 billion GVA

contribution to
Finland over the
working lives of
graduates

Tourism Contribution



**137,400
event attendees**

**Visits to staff
and students**

Results in a
€78 million GVA
&
2,000 jobs

contribution to
Finland

Innovation Support

4,440 students
spent
55,910 weeks on
placement



32 university
owned enterprises
1,700 jobs
€500 mn turnover

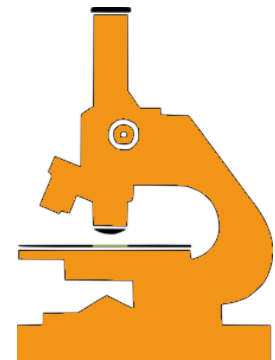
Innovation Support



€239 mn income
from services to
businesses

373 spin-outs
1,940 jobs
€312 mn turnover

733 companies
5,450 employees in
science parks



Innovation Support

Services to
Businesses

Licensing

Student
Placements

Spin-outs

University
Enterprises

Science
Parks

resulting in a

**€3.4 billion GVA
&
39,000 jobs**

contribution to
Finland

Medical Research



**€167 mn health
and medical
research
income**

Results in a
**€633 million
GVA**
contribution to
Finland

Headline Economic Contribution

- Economic contribution in Finland
 - **€14.2 billion GVA**
 - **136,000 jobs**
- Wider impact on regional economic growth
- Good return on investment ratios
 - **€1 direct GVA creates €8 GVA in Finland**
 - **1 direct job supports 4 jobs in Finland**

European and Global Economic Contribution

- Economic contribution in Europe
 - **€15.5 billion GVA**
 - **148,000 jobs**
- Economic contribution globally
 - **€16.1 billion GVA**
 - **155,000 jobs**

Wider Benefits

- Wider economic, societal, cultural, environmental, health and civic benefits of Universities:
 - stronger social cohesion
 - improved social mobility
 - better health & well-being
 - greater civic engagement
 - wider benefits for society from medical research
 - wider value of the arts
 - overall character and vibrancy of the cities the Finnish Universities are located in

Commissioned by

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Finlands universitet rf



Akava



Sivistystyönantajat
opetus · tutkimus · luovuus



SUOMEN YLIOPIPILASKUNTIEN LIITTO
NATIONAL UNION OF UNIVERSITY STUDENTS IN FINLAND
FINLANDS STUDENTKÅRERS FÖRBUND

BiGGAR Economics