

The Linkage of Higher Education to Economic Development

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1. Introduction

Scholars have now established that there is a major link between higher education and economic development. Higher education enhances economic development in many ways, including the provision of human capital and knowledge needed for production and for good governance. Therefore, universities are our future and we must not only fund them but also give them the freedom to do their work, provided they are accountable to all stakeholders. However, African higher education systems have not been able to fully play their economic development roles due to years of financial neglect, state interference in their institutional autonomies and internal mismanagement. African countries have failed to appreciate the positive roles higher education and universities play in economic development. As a result, African higher education systems lag behind those of other continents in almost every quality indicator. On their part, university institutions, public and private, must become more accountable to the public in the way they manage

- ii) Using an index of total factor growth for the United Kingdom and its relationships to different levels of education attainment, Jenkins (1995) concluded that when higher education qualifications increased by one percent, annual GDP output grew between 0.42 and 0.63 percent.

In the same period, the

sector has consistently received over 60% of its sector budget (Xiaoyang Liang, 2004:74-5). On the national level the PEAP strategy does not emphasize the critical role of higher education as a driver of poverty eradication, knowledge creation and as result, insufficient funds have been allocated to research and development in universities under the PEAP strategy.

7. The bitter fruits of under funding higher education

As a result of poor higher education facilities, Africa countries, have reaped the following bitter fruits:

- i) Sub-Saharan African current production level is about 23% below its production possibility frontier due to a number of factors relating to absence of knowledge which is critical to economic development (Bloom et al, 2006: iv). Boosting higher education would enhance knowledge production, refine human capital, raise incomes, increase entrepreneurship and accelerate poverty eradication.
- ii) The declining funding in the face of surging numbers of students in Africa has created a dangerous mismatch between students and facilities. This mismatch continues to lower quality of higher education and therefore undermining the ability of the latter to enhance economic development. The current state of universities cannot enable higher education to adequately contribute to economic development. Thus African higher education is not only scarce, it is also of low quality.
- iii) Due to inadequate facilities, many African academics and skilled personnel have left the continent, a phenomenon referred to as brain drain. It is estimated that 30% of Africa's university graduates live and work outside the continent (Bloom et al. 2006:7). Some 70,000 skilled Africans leave the continent each year. More African scientists and engineers work in the USA than in Africa itself. As a result, many foreigners who their countries can do without work in Africa as technical experts. The skilled expert rate bill costs Africa some \$4 billion a year on "technical" assistants (Commission for Africa 2006:137 - 9).

8. What is the way ahead?

The way forward is to accept that higher education is critical to our future and therefore should be made the major area of national investment. Modern economies are driven by human rather than physical capital alone. Investment in human capital should precede investment in physical structures. It is not countries with abundant natural resources, like the DRC, Nigeria, Angola or Brazil, that are driving world economies. It is countries with educated human resources like the OECD and the Asian giants.

On their part, universities should:

Design programmes that enhance technological transfer from university laboratories to marketable products, processes and services;

Do subsidized job training for companies struggling to survive with new ideas;

Develop affordable business "incubators" and feasibility studies in all fields within the East African region to help struggling industries;

Create campus based research parks designed to attract business with interest to invest in new business venture ideas, and

Encourage their researchers to write their findings and innovation in languages and terminologies the ordinary entrepreneurs and the public can understand.

The role of the state should from henceforth be to provide a more enabling environment to the operation of all universities: private and public. The state must give all universities full

institutional autonomy as long as the latter are accountable to all stakeholders. The taxation system should be made more friendly for universities particularly the private universities. The current legal framework is an improvement from past laws but refinements should continue. Above all, the state must realize that investment in key areas of the university system is critical to its investment in other sectors such as the industrial, commercial, agricultural or energy sectors of the economy.

Business and industry should visit and survey universities to find out what these institutions can contribute to their success. The Uganda Chamber of Commerce and Industry as well as the Uganda Manufacturers' Association should involve universities in their activities. They should freely allow student interns to work and study in their businesses. This is one of the best ways to develop the productive skills of our future knowledge workers.

The general public, parents and guardians should know that education is a product that costs money to provide. Teachers and other workers must be paid, education facilities bought and infrastructure built and maintained. The public should not be surprised if universities ask them to pay the real cost of the education product - the unit cost of education. If this cost is pushed to universities, the latter will not provide quality education. This cost should be scientifically calculated because a wrong figure could kill our higher education and subsequently our economy. However, university managers must be fully accountable in the way they manage funds and academic processes. If all stakeholders perform their role well, then higher education will serve East Africa.

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