The Influence of Universities on their Region

Twenty years of Universities in Krems

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Abstract

Universities play an important role within their region and the common economy. They are source of the development of essential knowledge and industrially relevant technology, have a strong influence in economic development of a region, and, as employers, they are part of the regional society. In addition universities have an influence on the competitiveness of a region through a combination of people’s wellbeing, regional feeling, reputation, and everyday happiness. Students of universities get an impression of the universities themselves and of the surrounding environment. They promote their feelings about the universities, the campus, and the city to their relatives, families, and friends.

The focus of the present study is to visualize the influence of universities on their region, the development in the past decade and the existing challenges to combine third level education with traditional occurrences and the vicissitude of a region influenced by the universities themselves.

The research area is the Austrian municipality Krems at the Danube with five universities which has a long tradition in education. The foundation of the first two universities in the middle of the 1990s was the start of higher education within the region.

Inductively based approach was used for investigating how universities are influencing their environment, which needs exist and which benefits are created through a common planning and confident cooperation with the regional government. Empirical data was collected through a mix of methods; in addition to literature and statistics the main data was extracted from interviews with involved persons of the universities and the local government.

As a result of this study the predominating topics mentioned by the interviewees are the challenges for both participants which are given by a change of society through increasing numbers of students and young people, the tasks to solve infrastructural problems, the effects and advantages for the local labor market and the purchasing power of the region, the reputation and its effects to the region, and finally the common need and ways to intensify the cooperation between the local government and the universities.

The aim of this study is to give a broad but detailed overview about the thinking of involved persons and to compile implications to focus further research.

Key words: SWOT, universities, regional development, society, reputation.
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1. Introduction

In this chapter background, problem and purpose of the current research are discussed. After that, the main definitions which are used throughout the work are presented. By the end of the section, the thesis layout is described with a short explanation of what is going to be presented in the subsequent parts.

1.1. Background

Universities play an important role as a source of the development of fundamental knowledge and industrially relevant technology in modern knowledge-based economies. The traditional role of universities is not the only role nowadays; they have a strong influence in economic development of a region and are part of regional development of areas around them.

Each region operates in a unique wider environmental and political context, they are facing considerable pressure on both capital and revenue budgets and they have to adopt a more commercial focus. More and more partnerships have to be evolved to make connection to key industry players, who act as essential members to prepare for an increasing specialization and the rising costs of research (Morgan, Pritchard, & Pride, 2011, pp. 93-94).

Morgan et al (pp. 119-120) describe the competitiveness of a city (or region) as the combination of people’s wellbeing, regional feeling, reputation, quality of living environment, identity, and everyday happiness. The environment affects people’s well-being when it presents itself as a natural environment when humans recognize in the landscape, flora, and fauna the same structures and processes, which also form their own identities. The sense of well-being can be divided into the development of cities into an administrative-economic city, where the focus is on increased competitiveness and efficient production of services and products, and a home city, where the focus is on the environment and everyday happiness.

The identity or image of a place is the sum of beliefs, ideas, and impression that people have of that place. The objective of the image is to personalize the region, how it is experienced, and what it is known for as the region’s image can be decisive in decisions taken by companies or individuals looking for a place to settle or visit – or to study. It is the result of many activities, which build the unique character of the place and which cannot easily be copied by other places (Rainisto, 2003, p. 75).

The focus of the present study is to visualize the influence of universities on their region, the development in the past decade and the existing challenges to combine third level education with traditional occurrences and the vicissitude of a region influenced by the universities themselves. Universities as a part of the third sector, which is an important part of the economy and has the potential to generate economic value, have a role as a significant employer, which is engaged with the community and supports volunteering. The activities they undertake, addressing enterprise development, skills and unemployment, social issues and community cohesion, are directly linked to a healthy and sustainable economy (Grimley, 2010, p. 1).

Universities are a paramount player in a global system increasingly driven by knowledge, information and ideas, which are more vital to societies and economies in a world of rapidly circulating capital, people, and revolutionary communication technologies. Knowledge is
replacing other resources as the main driver of economic growth, and education has increasingly become the foundation for individual prosperity and social mobility. Universities with international initiatives create competition which is needed for the standing of the institutions, for the global success of nations and their economies. Through partnerships they generate competitions in which everyone wins, through opportunities they open, in the fields and minds they expand (Faust, 2010).

Universities are seen as crucial national assets in addressing a high amount of policy priorities and as sources of new knowledge and innovative thinking, providers of skilled personnel and credible credentials, attractors of international talent and business investment, contributors to social and cultural vitality, agents of social justice and mobility, and determinants of health and well-being which all together has moved higher education from the periphery to the center of governmental agendas (Boulton, 2009).

Universities’ role in creating economically valuable intellectual resources is reflected in a comment of Michel Porter, who describes skilled human resources and knowledge resources as two of the most important factors for upgrading national competitive advantage (Boulton, 2009).

As an example the universities are the largest research organization in Germany with R&D expenditures of 9.9 Billion Euro in 2007, while the second largest research organization reaches 2.7 Billion Euro (Koschatzky & Stahlecker, 2010, p. 1).

The increasing autonomy of universities and the strategic orientation of universities have become subject of economic and social science research from different perspectives and can be observed in the growing field of higher education research. In most European countries an orientation toward external targets has gained priority and the research topics include control over evaluation systems, the setting of new incentive structures, and greater control of resource flows. Public programs in the context of new innovation policies and measures which try to activate universities as a regional knowledge anchor combine regional networking with strong competition among the actors – particularly in times when they have to acquire additional public and private funding. This development opens options for strategic actions of universities, especially in the range of their increasing autonomy; they can operate as active strategic actors by themselves, rather than being the object of control (Koschatzky & Stahlecker, 2010, pp. 3-4).

Universities are unique kinds of global institutions which are neutral conveners, assemblers of talent, and unmatched idea factories where the passion, creativity, and idealism of great minds, young and old alike, can be applied to problem-solving and advancing societal and economic well-being. They have the responsibility to transcend traditional disciplinary limitations in pursuit of intellectual fusion, developing a culture of academic enterprise and knowledge entrepreneurship. Another role is to embrace their cultural, socioeconomic and physical setting. Universities have to be socially embedded, thereby fostering development through direct engagement, creatively work, and be willing to take risks to become even greater forces of societal transformation. Successful universities will be those capable of being nimble, anticipatory, imaginative and reactive, and they have to be able to prepare
students to be “master thinkers” to grasp a wide array of skills and comprise a highly adaptable workforce (Crow, 2014).

1.2. Problem

Universities are schools of education and schools of research, but the primary reason for their existence is not to be found in either the knowledge conveyed to the students or in the mere opportunities for research afforded to members of the faculty. The justification for a university is that it preserves the connection between knowledge and the zest of life, by uniting the young and the old in the imaginative consideration of learning. The university imparts information, but it imparts it imaginatively, which is the function it should perform for society. A university which fails in this respect has no reason for existence - this atmosphere of excitement, arising from imaginative consideration, transforms knowledge (Whitehead, 1928).

The purpose of higher education was defined as including instruction in occupational skills to develop a nation’s economy, promotion of the powers of the mind to develop the intellect of the person, the advancement of learning to develop knowledge, and the transmission of a common culture and common standards of citizenship to develop society (Robbins, 1963).

The UK Council for national Academic Awards described the aims of higher education as the development of student’s intellectual and imaginative powers; their understanding and judgment; their problem-solving skills; their ability to communicate and to see relationships within they have learned and to perceive their field of study in a broader perspective (Entwistle & Percy, 1973).

Another definition of the purpose of higher education is to inspire and enable individuals to develop their capabilities to the highest potential throughout life, so that they grow intellectually, are well-equipped for work, can contribute effectively to society and achieve personal fulfillment; to increase knowledge and understanding for their own sake and to foster their application to the benefit of the economy and society; to serve the needs of an adaptable, sustainable, knowledge-based economy at local, regional and national levels; and to play a major role in shaping a democratic, civilized, inclusive society (Dearing, 1997).

In a wide view, higher education exist to create, advance, absorb, and disseminate knowledge through teaching and learning; help rapid industrialization of the economy; contribute to the development and improvement of education; and develop higher order cognitive and communicative skills in young people, such as, the ability to think logically, the capacity to challenge the status quo, and the desire to develop sophisticated values (Brown, Chan, Fadler, & Ludlow, 2014).

Investigating the various aims or goals of completing a bachelor’s degree Brown et al (2014) identified in their study nine themes:

1. Social democratic values, action, and civic engagement which relates to the intention that upon graduation students will take an active role in society, service, and co-curricular activities, with active concern for involvement in civic concerns.
2. Advanced intellectual skills which relate to high-level cognitive and intellectual skills such as problem solving, analytic and critical thinking, and creativity.
3. **Advanced communication skills** which relates to sophisticated abilities to communicate orally, in writing, and through ICT-supported media so as to effectively transmit information, persuade, argue, and so on.

4. **Interpersonal skills** which focuses on students gaining competence around relationships with others which includes leading in conditions of complex social diversity, exercising tolerance, curiosity, ingenuity, and imagination.

5. **Vocational and employment preparedness** which is connected to using a bachelor’s degree education as a means of gaining a highly remunerative job and/or career, or having the skills that permit entry into a desirable future career.

6. **Personal life quality enhancement** which is connected to developing a personal sense of purpose, perspective, and identity such that the quality of one’s own life is improved.

7. **Personal integrity** which relates to becoming aware of dissonance and resonance and having the competence to make decisions in accordance with personal morality and values.

8. **Graduate school education preparedness** which focuses on the skills, knowledge, and competencies required when entering graduate programs in a specific discipline.

9. **Family expectations/reasons** relates to fulfilling obligations to expectations of, and aspirations of one’s family as the prime motivation for completing a university degree.

Higher education plays an important role in the economy by attracting growing attention in all developed countries. Its potential contribution to economic prosperity, through innovation and knowledge exchange to the wider society, is regarded as vitally important for economic development and growth. At a time of global economic crisis governments across the world are looking to their universities to support national and regional economies, through the development of new ideas, products and services from research, as well as through continuing to raise the education levels of citizens and increase the national capacity to innovate and adapt (Kelly, McLellan, & McNicoll, 2009).

Universities as training institutions and employers play a valuable role in economic development and regions seeking to improve their economic fortunes are turning to universities to participate more fully in economic development. Universities are taking steps toward economic development initiatives and a bank-conducted survey of major state-supported universities shows that these initiatives stand a better chance of succeeding with closer cooperation between universities and state governments and among universities themselves (Smith, Drabenstott, & Gibson, 1987).

Universities [...] are important drivers in their surrounding communities and their potential impact on the wider, regional economy has been grown dramatically. Higher education plays an important and growing role in regional economies and the futures of nation’s universities are inexorably tied to the health of their communities and regions. University leaders need to understand the composition of the regional economy to manage their role and fully leverage the surrounding economy to improve their own competitive position. Higher education institutions need to take a leadership role in ensuring public and private collaboration in developing and executing a regional economic plan that addresses weaknesses in the general business environment and constraints to cluster development (Porter, 2007).
Smith et al (1987) carry out that some universities have a clear vision of the role they play and how their role will evolve, and that economic development still is the subject of analysis, planning, and policy debate. The challenge to improve the cooperation between university and state lies in overcoming problems with communication and commitment which center in different perspectives of the involved institutions – both universities and government. Universities have a longer planning horizon and look to government for sustained high levels of funding to produce results over many years while the government, well aware of its economic challenges, looks to universities for quick solutions to economic distress. In fact, state funding of higher education in the region varies directly with economic conditions and the result is that this keeps universities from fully implementing long-run investments in research.

Universities [...] can enhance regional economic development through different sources of influence (Porter, 2007):

- **Employer**: only one third of the jobs in universities are faculty while the remaining two-thirds are administrative and support staff positions. The institutions can recruit and train job seekers from local labor pools, thereby improving the lives of local residents and meeting their demand for labor. Stronger economic ties to surrounding communities and political capital as well as a centralized, coordinated effort to hire locally, using partnerships with local nonprofits to identify potential employees, has to be built.

- **Purchaser**: universities and their students have substantial purchasing power which can be spent on procurement of goods and services. The purchasing power can be used to stimulate the development of local vendors and improve their capabilities. Contractually requiring large national firms to undertake joint ventures with local firms can be highly effective in upgrading local capabilities too.

- **Real estate developer**: as universities expand and develop their substantial assets they can serve as anchors of local and regional revitalization. Taking into account the economic interests of the local community is a win-win strategy that can transform communities and benefit institutions.

- **Workforce developer**: the core values of universities are in the business of developing tomorrow’s workforce by educating students who graduate and assume public, private, and civic positions. Universities can extend this role beyond conventional academic programs by developing executive and continuing education programs to serve regional clusters, and better align existing programs with those fields where there are local undergraduate and graduate hiring needs. They can enhance local job growth and economic development by facilitating partnerships among institutions, government, and industries in key regional clusters to identify and fill specific areas of need.

- **Advisor and network builder**: the most common type of university engagement in business development are business advisory programs that channel faculty and student know-how to businesses, more so than local purchasing and hiring programs. As resources faculty, students, staff, and specialized centers serve through a variety of activities – such as serving on boards of directors for local firms, conducting relevant research, providing consultation services, and serving as interns. Universities can play
a key role in facilitating networks of local business representatives by organizing forums where they can meet and access powerful alumni and business networks. Within a cluster the universities often have a central position and can play a major role in cluster development initiatives.

- **Technology transformer and incubator**: fast changing and ongoing technological innovation and its commercialization are the hallmarks of modern economic competitiveness and universities play a crucial role in developing technology and catalyzing its commercialization. Furthermore, they have an important role in operating incubators which encourages aggressive commercialization of research and supports faculty business start-ups. In partnership with governments, community organizations, training centers, or large established businesses, universities can assist to offer valuable resources to incubator businesses – including simply, space in which to house businesses.

Universities make a difference. They confer a wide range of significant benefits relating to quality of life, health, employment and income, economic productivity, civic participation, and being able to rely on government support. Universities offer a wide range of graduate programs and often are complex institutions which are a driving force in their surrounding environment. They keep up different relationships whether it is to the regional government, the people living in the area, or the responsible persons and institutions who are building up the needed infrastructure.

The reputation of a university is not only a result of its actions. While teaching and research are the first and second stream of activities of universities, a third stream of activities is the contribution of universities to society by transferring their know-how. Last mentioned stream builds upon the first and second but is increasingly being seen as important and distinctive in its own right, deserving of special policies and resources to ensure their effective functioning. Universities have to turn their scientific developments into useful innovations whenever possible and desirable. The challenge for universities is to find ways to cope with these three streams – they are multi-tasking (Veugelers & Del Rey, 2014).

### 1.3. Research question

As explained in the previous section, the traditional functions of universities are teaching to provide the professional training for high-level jobs as well as the education necessary for the development of the personality, and research to increase the body of theoretical knowledge as well as its application to practical problems. Universities restricted themselves mainly to a close circle of professors and students from the upper strata of society and lived in relative isolation. Research was the privilege of the professors, determined to a large extent by personal interests and their contacts among each other (Kuhnen, 1978).

But the role of universities is changing. They are no longer a closed community of teachers and students, but an integrated part of society. It is expected that they actively engage in societal challenges, not just produce knowledge, and that they educate their students to become active and good citizens, not simply academics. Universities as institutions have a long history with many traditions which have become a cornerstone in society and a place that is not affected by the fads and fashions of the surrounding society. On a very basic level it is
important that the knowledge produces benefits for the surrounding society. This has to be strongly reflected in the work and vision of a leading, globally-oriented university with a strong engagement in the development of society. The core values of research must be freedom, independence and a curiosity and critical driven interaction with the surrounding world. There are strong interests in both society and universities that supports the universities autonomy and focus on high quality in both research and education (Worm-Petersen, 2013).

The change of the role of the universities is an ongoing process – parallel to the ongoing globalization and opening the world to people and students from different countries. Never in history has it been as easy as today to study in foreign countries, to share knowledge and know-how to improve and focus research, and to compare results of studies or transfer them into other fields of research and other national structures. Universities are a laboratory for the development of a progressive society which is seen through the institutions’ ideals in all fields of human thought and endeavor, and by the development of education and research programs that impart these ideals. Universities need to have a handle on the problems confronting society and a clear understanding of its own role in cultivating the ideals for its progress. One of the tasks at hand is to develop a framework wherein the knowledge assets of a society (human, structural and social capital) may be effectively enhanced and sustained through the mission of universities. The quality of life and its sustainability is to a large extent fashioned by the society, while society is itself a collectivity of human beings (Sharma, 2007).

Harkavy (2006) conducted in her conclusion the need of universities to give high priority to actively solving strategic, real world problems in their local community to create a much greater likelihood that they will significantly advance citizenship, social justice and the public good.

The surrounding world in most studies is placed in metropolitan areas like London (Oxford, GB), Boston (Harvard, US), and Stanford (San Francisco /San José, US) or – referring to this study – Munich (D) and Vienna (A). In many respects cities and urban areas are focal points of the global knowledge economy.

However, great differences exist between urban areas. Internationally connected metropolitan areas like Vienna or London are seen to be the driving force in the global economy and their relative position to medium sized cities with their own knowledge infrastructure and economic resources face a challenge to remain or to become competitive. The RUnUP project of the URBACT European exchange and learning programme had its focus on medium sized cities which are of significant size with 50,000 to 200,000 inhabitants, often have universities and technology structure, and play an important role for their region and for clusters in specific industrial sectors. Both cities and regions need to strengthen their capacity for investing and conducting Research & Development activities in a way which can contribute to economic development and competitiveness. Universities fulfill various special functions - initiating and supporting start-ups, providing scientific background for industry-oriented networks and competences functioning as the motor, responsible body and partner for technology transfer and the local spread of knowledge. Indirect effects for cities and regions of such research infrastructure are significant and include, for example, an increasing employment rate of highly qualified personnel. Moreover, the existence of innovation
infrastructure offers potential to strengthen triple helix partnerships, enabling interaction between research, business and local authorities. Access to research provision and the integration of economic actors into research driven clusters are key challenges for enhancing economic development, innovation and entrepreneurship at the local level (RUnUP, 2011).

Summarized there is a huge amount of studies focusing on metropolitan areas – even in Africa (Brennan, King, & Lebeau, 2004), Asia (Hu & Mathews, 2007), South America (Schwartzman, 2002) and Latin America (Goodman, 1973). Complementary the RUnUP project of the European Commission sets its focus on medium sized cities but there is still a gap analyzing the influence of universities in small cities and regions. As there is little research only focusing on small regions or a single small town there is obviously little clarification of such issue as to what influence universities have on a small region or single town in comparison to universities in metropolitan or medium sized areas.

After reviewing related literature and taking everything into account it appears that there is a need for the current research aims to explore the following questions:

“How do universities in small regions influence the development of the region which they are placed in?”

“How does the local government influence the development of universities which are placed in its region?”

“Which kind of development should be focused on by [the other] institutions to improve the performance of your institution in future?”

1.4. Purpose of the study

As the authors of this study got the chance to involve the driving forces in shape of the executives and professors of the universities and the representatives of the local government to connect their thoughts and ideas for creating an individual but common development of the region the purpose of this study is to examine the needs of these two cooperating institutions, how existing challenges of this cooperation can be solved and on which common target the development of the region and the universities should be focused on in future. This will be done by focusing on:

- Analyzing the feedback of the local government – the major, the councilwoman, and the party chairmen.
- Analyzing the feedback of responsible persons of universities - the executive management, renowned professors, and long-standing employees.

1.5. Contribution of the study

The contributions of this study are both theoretical and practical. Theoretically, this study contributes a summary of different thoughts of responsible persons in the field of higher education to create an entry to realizable solutions to recognize existing challenges and to solve practical problems in common campaigns. The focus of this study is is the Austrian municipality Krems at the Danube with five universities which has a long tradition in education. The foundation of the first two universities in the middle of the 1990s was the start of higher education within the region.
1.6. Definitions

Porter (2001) outlined six principles that he believes companies need to follow if they want to establish and maintain a distinctive strategic position in the marketplace. In this article – published in the March 2001 edition of the Harvard Business Review – he focused his topic on the entry of companies to a profitable use of the internet. Although his article focuses on the use of the internet, the six principles can be shifted as needed. These principles can be used by every company and institution to create a unique value or a unique strategic position. The six principles are:

At the beginning the **right goal** has to be chosen: superior long-term return on investment. Only by grounding in sustained profitability will real economic value be generated. Economic value is created when customers are willing to pay a price for a product or service that exceeds the costs of producing it. In the field of this study the customers are the students, the people living in the region, the institutions themselves or the suppliers which offer goods and services needed to operate the connected offers like hotels, restaurants, parking areas, copy shops, and so on.

A company’s [or institution’s] strategy must enable it to deliver a **value proposition**, or set of benefits, different from those that competitors offer. In this study the value proposition or the set of benefits means the quality, diversity or specialization of education, the reputation of the region, or the infrastructure which is needed both of customers and institutions.

Strategy needs to be reflected in a **distinctive value configuration**. To establish a sustainable competitive advantage, a company [or institution] must perform different activities to rivals or perform similar activities in different ways. In this study this means how the region or the institutions create a distinctive value to offer appealing services and goods to attract students, to choose the region and its universities for their education and temporary centre of life, and how the region and the universities as employers are able to attract the graduates to stay there and introduce themselves and their learned know-how in the region or companies and institutions.

Stable strategies involve **trade-offs**. A company [or institution] must abandon or renounce some product features, services, or activities in order to be unique at others. In this study the trade-offs are existing or possible restrictions by the regional landscape, the surrounding specialization of companies [or institutions], or existing infrastructure.

Strategy defines how all the elements of what a company [or institution] does **fit together**. A strategy involves making choices throughout the value configuration that are independent; all of a company’s [or institution’s] activities must be mutually reinforcing. In this study it is examined in which ways and with which activities the institutions try to focus on their core values, if they recognize their core values, and if they coordinate and synchronize their different core values to summarize them as a common characteristic feature of the region.

Finally, strategy includes **continuity** of direction. A company [or institution] must define a distinctive value proposition that it will stand for, even if that means foregoing certain opportunities. Without continuity of direction it is difficult for companies [or institutions] to develop unique skills and assets or build strong reputations with customers. A part of this
study focuses on the development of core values and how the examined institutions focus on a sustainable strategic orientation by using and implementing existing given conditions, the regional environment, and the ideas of employees, inhabitants, or students.

1.7. Outline of the study

In order to answer the research question and fulfill the purpose of the study, the further parts of the current thesis have the following sequence and content:

In chapter 2: Theoretical Framework the chosen theoretical model to investigate the research question is explained by a review of different contemporary literature and previous research.

The next chapter 3: Methodology provides an overview of research approach and justification of methodological choices for all parts of the research project.

In chapter 4: Empirical Data this study presents a detailed introduction to the chosen research field, the actors, and the main findings of the examination of the chosen method.

Chapter 5: Analysis and discussion focuses on revision of results and their analysis from different perspectives. By the end of the section more general reflections and interpretations are drawn.

The chapter 6: Conclusion summarizes main findings from the previous section and discusses connections with previous research as well as managerial implications and proposals for future research.
2. Framework/Literature

In this chapter the reader can find the definition of the framework which is used in the current study. First the reader gets an insight about the framework and the based literature. Secondly, the authors explain in detail why they have chosen the following framework for their study.

As mentioned in the previous chapter universities have a huge impact on the region and also on other institutions, business organization and on the government.

The traditional functions of teaching and conducting research of universities has been modified to a more active function of carrying out the transformation of academic knowledge into economic knowledge. The traditional operation and organization of universities have been out of use due to this so-called third mission of universities (Braunerhjelm, 2008, p. 255).

Universities are more and more interested in their roles as regional players and they also get a deeper understanding about their importance and contribution into the region they are situated.

Before an institution, business organization or also a region gain competitive advantage and use their core competences to generate a strong position on the market, it is essential to know the strengths and weaknesses of your own and also have knowledge about the opportunities and threats which they are confronted in their daily business.

2.1. SWOT Analysis

There are hundreds of different strategic planning models existing in the literature. Most of these different models reduce to the same elementary ideas. “Take the SWOT model, divide it into neatly delineated steps, articulate each of these with lots of checklists and techniques, and give special attention to the setting of objectives on the front end and the elaboration of budgets and operating plans on the back end” (Mintzberg, Ahlstrand, & Lampel, 2005, p. 49).

For defining an organization’s strategic orientation, the SWOT analysis is one of the most popular tools in use. The used abbreviation stands for Strengths, Weaknesses, Opportunities and Threats. The purpose of this tool is its internal scrutiny of the company’s or institution’s capabilities, followed by environmental scanning to get knowledge and identification of suitable opportunities and threats (Coman & Ronen, 2009, p. 5677). As can be seen from the acronym, a SWOT analysis can be used for the identification and analysis of the Strengths and Weaknesses of a project, organization or institution, as well as the Opportunities and Threats. The information about the opportunities and threats is gathered from the external environment through observations and analysis of these observations (Schall, 2014, p. 2).

Wise management uses the SWOT model periodically for performing a comprehensive analysis of the business. They analyze potential opportunities and undertake adequate measures of recent or future environmental factors (Addams & Allred, 2013, p. 46). This enables the development of a plan which takes into attention many different internal and external factors. The main goal of the SWOT analysis is the maximization of the potential of
the strengths and opportunities and on the other hand minimizing the influence of the weaknesses and threats (Schall, 2014, p. 2).

2.2. Purpose of the Method

Within the strategic marketing planning process, the SWOT analysis has been developed as a simple, effective tool to analyze the insight and the outlook of a project, organization or institution and to build the framework for analyzing strengths, weaknesses, opportunities and threats of a project, organization or institution (Schall, 2014, p. 3). The SWOT analysis as a help in developing strategic marketing planning also supports the business in identifying the institution’s core competencies (Ayub, Razzaq, Aslam, & Iftekhar, 2013, p. 92).

The SWOT analysis is neither the first nor the last step within the strategic marketing planning process and it has been based on a sound knowledge of the current environment and trends, as well as internal resources. Furthermore, since it is usually impossible to identify all factors which are available in the environment in general, those factors which are relevant have first to be recognized. For example, in a business context these mentioned parts would be detached by a market analysis and the identification will usually be based on past experience.

The orientation of the business activities refers to a more or less explicit definition of target market segments and regions, i.e. customer needs to be met, etc. In some companies you can find the philosophy of the business in the business-mission statement, besides the market and the customer aspects, the distinctive competence that is to be built, the social and environmental standards to be respected and/or other parts, according to the priorities of management and owners (Schall, 2014, p. 3). With the support of a successful SWOT analysis the management of a project, company or institution will identify fields where capabilities and resources are high and the potential to capitalize on opportunities is the best (Simoneaux & Stroud, 2001, p. 78).

2.3. Advantages and Limitations of the SWOT analysis

This method offers different advantages and also limitations which are important to know. Each method has different limitations in its use and for the operator it is crucial to know these factors in advance.

The advantages of the SWOT analysis are listed as follows (Schall, 2014, p. 4):

- The method is actually only an analytical tool of the internal and external audit.
- The method conduces to structure basic information on projects, organizations and institutions.
- The method makes it easier to get a common understanding of the real situation among different working areas within one organization or between organizations and their clients, suppliers, peer groups, shareholders or management.
- The method makes it possible justify strategic options.
- The method is a most objective and prosperous way to define how capable a company or organization is, where this is needed to survive threats and enable opportunities.
The method finds usage in a conference with participants from different locations and organizations.

The method can be used by participants of the community or a community based organization who are unpaid and whose membership is on the basis of residence.

The method finds usage in an organization, such as an NGO (non-government organization), governmental department or private firm where the participants are employees.

Limitations are also related to the SWOT analysis. The below listed recital accomplishes an overview (Schall, 2014, p. 4):

- The method is often only summarized as a poor, structured, very general, hastily executed analysis that generates unverified, vague and inconsistent factors. SWOT is also characterized as a subjective analysis.
- The process of the method is often connected with a lack of communication, discussion and verification of all external and internal factors.
- Referring to the preceding point, to the strategy generation process, SWOT outcomes prove a less credible input than they are capable of being.
- The strategy generation process will sometimes use the results of the method. If the people involved know about this, the quality of their inputs will most likely suffer and be lower than otherwise possible, and desirable.
- The method can be a reason of what is considered an excessive formalization of the strategy making process.
- The required accuracy of strategic analysis cannot be ensured by a simple method such as SWOT.
- SWOT elements are rarely adapted for alternative strategy options.

2.4. Principles and general procedures

In the following paragraphs there are broad definitions of the different fields of the SWOT analysis, and a range of questions which can be used as a guide to find the right factors (Schall, 2014, pp. 5-6).

2.5. Strengths

Strengths are defined as internal capabilities which can consist of know-how, motivation, technical skills and business skills. Internal strengths are necessary to exploit potentials and opportunities or on the other hand they may be a factor to avoid threats and prospective difficulties (Schall, 2014, p. 5). Especially for the field of research, in correspondence with universities, strengths are institutional characteristics that are of more interest than specific programs, or offices or individuals. These factors would persist if substantial programs or offices were removed or if excellent individuals left the university (University of Arkansas at Little Rock, 2006, p. 83).

Questions which are used to define the strengths within a project, organization or institution can be (Schall, 2014, p. 5): 

- What are the points that your business or organization does well at?
What influences your customers to buy from you?
What distinguishes your business or organization in the market?
What are the factors that influence your well-being?

2.6. Weaknesses

Weaknesses are appointed as internal assets which minimize the factors which are contributive to the competitive position of a project, organization or institution. Weaknesses interrupt the efficient exploitation of the existing or future market opportunities. Weaknesses can consist of limited know-how, inadequate skills and techniques, faulty basis of information concerning opportunities, distinctions between management and planning culture and limited experience (Schall, 2014, p. 5). State funding, or funding in general can be a weakness if it is not equal or in balance in comparison to the funding level of other institutions. Another weakness in connection with universities can be how attractive it is for freshman to enter e.g. there is a limited supply of scholarships or financial aid, there is a limited supply on housing, etc. (University of Arkansas at Little Rock, 2006, pp. 84-85).

For the definition of the weaknesses within a project, organization or institution a series of question can be used (Schall, 2014, p. 5):

- What are the fields of your project, organization or institution that cause anxiety?
- Which areas or issues are important for your business?
- What are the areas in your business that are not performing to their full potential?
- What fields of your project, organization or institution need improvement?

2.7. Opportunities

Opportunities for a project, organization or institution are offered in areas with competitive advantage over other participants. The management or the people responsible for a project must learn to exploit the offered factors, such as opportunities and to some extent potentials, for the performance and the interests of their business. The capability to exploit these opportunities is based on the internal factors of the business while they are external factors. Opportunities involve such areas as external circumstances, which are either dependent on a given opportunity or they can be sometimes influenced by the business. Other circumstances which have an influence on opportunities are trends, attitudes and approaches (Schall, 2014, p. 6). Location can be seen as an important opportunity for universities. Factors which have an influence of the location can be population, government, (also the major federal presence), medicine and health care, finance and business, transportation, communication and cultural organizations (University of Arkansas at Little Rock, 2006, p. 86).

Questions connected with opportunities are (Schall, 2014, p. 5):

- What opportunities are available on the market? Which of these can the business take advantage of, now and in the future?
- Is there the possibility to skim or to penetrate new markets with existing products and services?
- Are there opportunities to improve the performance of your business with your current activities?
• Which new products and services can be developed and to be added to exploit the opportunities?
• What could you do to improve efficiency?

2.8. Threats

Threats are external factors which affect the business, not only from a negative point of view. Threats can also be a challenge for the business and require some form of convenient business practices, such as changing procedures or approaches of a project, organization or institution (Schall, 2014, p. 6).

The following questions were used to define threats as external factors (Schall, 2014, p. 5):

• Have there been any essential modifications in the industry in which to operate the business?
• What actions does your business take to face these threats?
• Do you have knowledge of existing or new competitors in the market?

To sum up the different statements, SWOT can be used as a tool to analyze the initial situation of the institutions focused on by this study. Strengths which are found out can be used to reduce threats which are the institutions confronted. On the other hand the opportunities which are offered in the environment of the institutions can be used to minimize the noticed weaknesses.

In the starting point SWOT can also be used as tool to get an insight about the own institution and also about the competitors and the adverse party.
3. Methodology

In this chapter the methodological framework of the current study is treated.

3.1. Research strategy

The chosen approach for the current research was based on qualitative research. This approach will allow us to gather information about the different institutions based in the tertiary sector, which are situated in the region Krems an der Donau. We also get an insight into the opinion and background of the participants. Brymann & Bell (2007, p. 416) argue that two tenets are underlying the epistemological qualitative research. First, face-to-face interaction is important to participate in the mind of another human being and second, it is necessary to acquire social knowledge.

Another distinction between qualitative and quantitative research is that in the qualitative collection and analysis of data words are more important than quantification and the quantitative research strategy bases on the reverse (Bryman & Bell, Business Research Methods. Second edition, 2007, p. 28).

The purpose of the current research is to explore which impact universities have or have had on the development of the region and also which impact or influence has or has had the region on the development of to the examined institution.

To start with, the authors of the current study decided to analyze the field of research through qualitative interviewing. 15 different persons from the IMC University of Applied Sciences (IMC), the Danube University (DUK), the University of Teacher Education of Christian Churches (KPH), and also persons from different parties which are represented in the government of Krems an der Donau were interviewed. The interviewed persons have all a long experience of the development of their institution and they also have knowledge of the impact of the different institution in the last two decades. After collecting the different interviews the authors focused on the most frequently mentioned treats in connection with the chosen topic of this study. The researchers summarized the recorded interviews within the different institutions. Afterwards a coding of the statements of the different organizations was carried out in the categories strengths, weaknesses, opportunities and threats. Saunders, Lewis, & Thornhill (2009, p. 141) mentioned that the researchers choice of the research strategy will be driven by the research questions and aims, the range of existing knowledge, the duration and other available resources. Another foundation of the research strategy is the researcher’s own philosophical underpinnings.

For this study an inductive theory would be supporting, since we are focusing on the main statements which are relevant in the different meanings of the interviewed people to narrow the research field. As explained in the literature inductive research processes are commonly used in exploratory and qualitative studies. Deduction, as well as induction helps to understand the research, describe and forecast business phenomena (Sekaran & Bougie, 2009, pp. 28-29). Inductive approach involves the development of a theory as a result of the observation of empirical data while deductive approach is used to develop a theory or hypothesis. With the designed strategy the focus lies on testing certain theories or hypotheses (Saunders, Lewis, & Thornhill, 2009, p. 124).
3.2. Research design

In this part it is necessary to sum up the methodological choices of the current research.

This study is based on a close look into the development of the Austrian city Krems an der Donau, which looks back on a long history since the 10th century, a traditional development of educational institutions since the end of the 19th century and the peak with the founding of two university institutions in the mid-nineties. A wide range of interviews were held with different representatives of the government, executives of the universities, and lecturers of the universities, who have accompanied the development of the universities since their foundation. Each interview was adapted to the type of institution and conducted in semi-structured form. In addition to studying the theoretical literature on regional development and the role of the region, relevant background data and strategy documents were analyzed. The desk research, selection, planning and analysis of the visits lasted from December 2013 to July 2014.

The authors were focused on the region Krems because they fell connected with the region through their study in the last years. There was a great interest in the development of their university because the university is celebrating the year of foundation. The IMC University of Applied Sciences Krems was established in the year 1994 and now the university is looking back over twenty years of development. Nowadays there are five different universities situated in the city of Krems.

After interviewing different persons from different universities and different members of the government, the researchers got some insights into the local situation and also got information on the environmental influences of the involved parties on each other, on the universities and on the government.

For the researchers it was also important to follow face-to-face interviews. This was also paramount to get an understanding of the behavior and opinion of the interviewee. Every participant came from a specific position within the university or has a specific background to the presented topic. This specification was not only based on the workplace and on the membership of a party, it was also based on the opinion of the different participants. This ensured that the authors got a different insight into the topic.

Within the research design the purpose of the study is an exploratory study. Saunders, Lewis, & Thornhill (2009, pp. 139-140) defined an exploratory study as a valuable instrument of finding out the following point such as what is happening, to seek new perceptions, to request question and to form an opinion of phenomena in a new perspective. The focus of an exploratory research is broad in the beginning and becomes progressively narrower during the course of the research progress. The completion of the exploratory research is based on three essential procedures:

- a literature search
- a survey of “experts” in the research field
- conducting focus group interviews
3.3. Reliability and validity

Good research design is crucial for the credibility of research findings. Attention from the researchers had to be paid to two specific emphases on research design to reduce the feasibility of getting the wrong answer: reliability and validity (Saunders, Lewis, & Thornhill, 2009, pp. 156-159).

Validity of data has been secured by interviewing several persons from the same institution and also asking the interviewed person about their opinion about the impact of the other part of the survey. With the selected questions it was possible for the researchers to get wider overview about the situation in the region.

3.4. Framework

Birks & Mills (2011) describe one of the key aims of scientific research the components of a research design as a combination of philosophy, methodology and methods. As Denzin & Lincoln (2013) point out, all research is interpretive. It is guided by the researcher’s set of beliefs and feelings about the world and how it should be understood and studied. Some beliefs may be taken for granted, invisible, only assumed, whereas others are highly problematic and controversial. Each interpretive paradigm makes particular demands on the researcher, including the questions the researcher asks and the interpretations he or she brings to them.

The interview is probably the most widely employed method in qualitative research. Ethnography usually involves a substantial amount of interviewing and this factor undoubtedly contributes to the widespread use of the interview by qualitative researchers. Interviewing, the transcription of the interviews, and the analysis of transcripts are all very time consuming, but they can be more readily accommodated into researchers’ personal lives (Bryman, 2012, p. 472). The approach of qualitative interviews tends to be much less structured in qualitative research than in quantitative research because there the approach is structured to maximize the reliability and validity of measurement of key concepts, while in qualitative interviewing; there is much greater interest in the interviewee’s point of view. In qualitative interviewing, going off on tangents is often encouraged and gives insights into what the interviewee sees as relevant and important and the researchers want rich, detailed answers (Bryman, 2012, pp. 473-474).

Qualitative interviewing varies a great deal in the approach taken by the interviews and normally there are two types of interviews – totally unstructured and semi-structured. Unstructured means, that the researcher uses at most an aide-mémoire as a brief set of prompts to him- or herself to deal with a certain range of topics and, after a single question to open the interview, the interviewee is open to respond freely. The semi-structured interview has a list of questions related to specific topics to be covered, which are referred to an interview guide. The interviewee has a great deal of leeway in how to reply and questions may not follow exactly in the way outlined on the schedule. The great advantage is that questions, which are not included in the guideline, can be asked as the interviewer picks up on things said by interviewees. Finally, all questions will be asked and a similar wording will be used from interviewee to interviewee (Bryman, 2012, p. 474).
Data analysis consists of indexing, managing, and interpreting the pieces of information that are collected during the interview. The interviews have to be coded, labeled, or transcribed. Each recorded interview is compiled into coded text and a related category to identify key themes that are communicated in chapter 4.2. To give the reader a truthful reproduction of the interviews, the authors used a narrative method in combination with an interview guideline to constitute the key themes of the interviewed persons. Bamberg (2010) explains that narrators give a narrative form when they tell a story. They position characters in space and time and give order to and make sense of what happened – or what is imagined to have happened. Narrative can be said to provide a portal into two realms: the realm of experience, where speakers lay out how they as individuals experience certain events and confer their subjective meaning onto these experiences, and the realm of narrative means or devices that are put to use in order to make sense. Collecting narratives of people’s experience and archiving them in textual or other format is sensible but it can be used in a wider use. Narrative analysis can place more weight on analyzing the narrative opinion, or the intention may be to extrapolate and better understand particular experiences. Narrative analysis is required to lay out the relationship between narrative opinion and experience that is constituted by such means in order to make transparent and document how they arrive at their interpretative conclusions.

Narrative inquiry that is more interested in how opinion is conferred onto experience, especially in narratives of personal experience about concrete life situations has traditionally leaned more toward the employment of qualitative research procedures. The relationships between the use of concrete narrative means for the construction of highly subjective and very specific life situations, is open to both quantitative and qualitative analytic procedures (Bamberg, 2010). As the authors of this study used open questions in their interview guideline, a goal was to acquire not only topic-oriented information but personal point of views as well. The combination of objective descriptions and subjective point of views is seen as important to evaluate opportunities and threats which should not be underestimated in their implication on possible solutions.

3.5. Analyzing model

As the authors of this study we had a clear vision of the topic and we decided to use an interview guideline and the interview type of semi-structured interview (see Attachment 1). After finalizing the interview guide we decided to invite persons of our focused research groups – the universities and the government. All interviewees were invited per Email and all interviews were placed in quiet, private space such as private homes, spare rooms or premises. All interviewees took care of silence and no disturbances through telephone calls or other persons disrupting the interviews. All interviews were recorded and transcribed.

Heritage (1984) suggests that the procedure of recording and transcribing interviews helps to correct the natural limitations of our memories and of the intuitive glosses that we might place on what the interviewees say in interviews, it allows more thorough examinations of what they say, it permits repeated examinations of the interviewee’s answers, and it opens up the data to public scrutiny by other researchers, who can evaluate the analysis that is carried out by the original researchers of the data. Furthermore it helps to counter accusations that an
analysis might have been influenced by a researcher’s values or biases, and it allows the data to be reused in other ways from those intended by the original researchers.

Additional to the use of a semi-structured interview this study used the focus group method to focalize the chosen research area. The original idea for the focus group was that people who were known to have had a certain experience could be interviewed in a relatively unstructured way about that experience. In management and business, early use of the focus group technique was seen as a way of helping individuals to define problems and work together to identify potential solutions (Bryman, 2012, p. 511) which supports the goal of the authors to achieve relevant thoughts and ideas of both groups – the universities and the government – to disclose strengths and weaknesses in the research area to see opportunities to intensify their cooperation and to recognize threats to solve future problems - together.

The use of a focus group allows the researcher to develop an understanding of why the interviewees feel the way they do, and the interviewed persons are able to bring the fore issues, in relation to a topic that they deem to be important and significant, to the fore. The focus group offers the researcher the opportunity to study the ways in which individuals collectively make sense of a phenomenon and construct meanings around it. It is a central tenet of theoretical positions, like symbolic interactions, that the process of coming to terms with social phenomena is not undertaken by individuals in isolation from each other. [As all interviewees know that the authors also interview persons of their own and the other group] they reflect the processes through which meaning is constructed in everyday life and to that extent can be regarded as more naturalistic than individual interviews (Bryman, 2012, pp. 511-512).

Recapitulatory it can be said that the authors of this study used a combination of semi-structured interviews with an interview guideline, focused on two groups of the research area – the universities and the government – and open questions to acquire not only topic-orientated information, but also personal points of views through narrative reproduction of experience by the interviewees. As evaluation method the authors used grounded theory to focus on various levels of analysis such as selective coding in combination with quantitative data like statistics and topic-related literature.

Grounded theory is a general research method which guides on matters of details strict procedures and data collection such as the use of quantitative data or qualitative data of any type – video, images, text, observations, spoken word etc. Grounded theory as a research tool enables to seek out and conceptualize the latent social patterns and structures of the chosen area of interest through the process of constant comparison. It can be used in two ways: (a) adhering to the strictures of grounded theory the research method will engage in a research process that will produce (b) a theory which is grounded in data – the grounded theory (Scott, 2009).

The methodological stages of the grounded theory are (Scott, 2009):

*Identify the substantive area of interest* – the study will be about the perspective of one (or more) of the groups of people of the substantive area who will comprise the substantive
population. In this study this are the interviewed person of the universities and the government in our research area.

*Collect data pertaining to the substantive area* by using qualitative data, quantitative data or a mixture of the two. Thus data types include but are not restricted to collecting observations of the substantive area itself and activities occurring within the substantive area, accessing public or private record irrespective of form, and conversing with individuals or a group of individuals – face-to-face, remotely, or asynchronously. This study includes data from different sources such as statistics, literature, and interviews.

*Open code* data as collected. Open coding and data collections are integrated activities thus the data collection stage and open coding stage occur simultaneously and continue until the core category is recognized or selected. Open coding simply means code everything for everything – more on that in the getting started section. Eventually the core category and the main concern become apparent; where the core category explains the behavior in the substantive area – it explains how the main concern is resolved or processed. The authors of this study summarized the recorded interviews and coded them into the in chapter 2.1 illustrated sections like strengths, weaknesses, opportunities and threats.

*Conducted selective coding and theoretical sampling.* After the core category and main concern are recognized, the open coding stops and selective coding begins. Further sampling is directed by the developing theory and used to saturate the core category and related categories.

Qualitative research approaches lend themselves to different purposes and questions, either in conjunction with or to prepare and add to quantitative research, or as stand-alone methods. Areas of application of qualitative approaches include the description and interpretation of new or not-well-researched issues, theory generation, theory development, theory qualification, and theory correction, […] and research directed at future issues (Bitsch, 2005). As shown in Figure 1 the process of building grounded theory consists of different phases, which include deciding on a research problem, framing the research question, data collection, data coding and analysis, and theory development.
Another influential concept to this study is theoretical sensitivity, which is defined as “the attribute of having insight, the ability to give meaning to data, the capacity to understand, and capability to separate the pertinent from that which is not” (Strauss & Corbin, 1990, p. 42).

Theoretical sensitivity refers to a personal quality of the researcher and indicates an awareness of the subtleties of meaning of data. Depending upon previous reading and experience with or relevant to the research area the degree of sensitivity can be developed during the research process. Theoretical sensitivity comes from a number of sources such as literature, professional experience, personal experience, and the analytic process itself. The ability to use personal and professional experience and combine it with literature represents an important creative aspect of grounded theory. To establish solid connections between the previously known and the hitherto unknown constitutes the essence of specific discovery. The purpose for doing research is to build a theory that will contribute the body of theoretical knowledge and combine scientific and creative work at the same time. Holding on to the reality of a phenomenon and make creative use of one’s knowledge and experience can be focused on (1) periodically stepping back and asking, if the intimate thinking fits to the reality of the data, (2) maintaining an attitude of skepticism, and (3) following the research procedures such as data collection and analytic procedures (Strauss & Corbin, 1990).

As explained in chapter 2.1 we wanted to identify strengths, weaknesses, opportunities, and threats of our research area. On the one hand we used the semi-structured interview to obtain a wide range of statements which are related to our research area and on the other hand an interview guideline to limit the range of receivable statements. The goal of this study is to answer the research question in an open-minded way, to work out a useful basis for a
common development and successful cooperation between the responsible persons in the research area in the future. Therefore we transcribed the interviews, coded the received statements into the chosen categories, and supplemented them with additional data taken from statistic resources, conference protocols, documents from the European Commission or related literature such as books, journals, and academic articles.

3.6. Interview guideline

For the performance of the interviews the authors of this study used a semi-structured interview with an interview guideline (attachment 1). After a short personal introduction to the interviewer and the goal of the research area the interviewees were asked to explain their position within the institution, their responsibility, and capabilities of taking influence within their institution. Furthermore, the interviewees were asked the following questions:

- In your opinion - which impact has or had your institution on the region.. 
  ..now/ in the past/ in the future?

- In your opinion - which impact or influence has or had the region on the development to your institution..
  ..now/ in the past/ in the future?

- Which kind of development should be focused on by..
  ..the government (while asking persons of universities).
  ..universities (opposite on person working at the government).
  ..to improve the performance on your institution in future?

3.7. Research ethics

First of all it is crucial to have access to the data which is important for answering the research question. In the literature, access is seen as a continuing process and not just an initial or single occasion (Saunders, Lewis, & Thornhill, 2009, pp. 169-170).

The researchers started their access to the prospective interviewees via email. We explained in short our main goal of the study and also gave background information about ourselves. This meant that the participants got a feel for the person behind the research and also information on the objective of our research. Our main leverage point for getting access to the data was that we are students from a local university. Getting a deeper understanding of their influence on the different organizations, the university and the government was also of great interest to the participants. In the opinion of the participants it is of upmost interest for future developments to get a deeper understanding of both strategies.

As explained in chapter 3.6, the authors of this study used semi-structured interviews to uncover the interviewee’s opinions and thoughts. The interviewed persons were selected regarding to the relevant research categories – the universities and the government. The panel of interviewees, as shown in Table 1, was composed of fifteen persons, ten from university institutions and five from the local government. All of the interviewees are connected to their
institutions, or to the region, since the foundation of the first universities in 1994, or were responsible actors within the foundation twenty years ago.

<table>
<thead>
<tr>
<th>Amount of invited persons:</th>
<th>16</th>
</tr>
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<tbody>
<tr>
<td>Amount of interviewed persons:</td>
<td>15</td>
</tr>
<tr>
<td>Composition of interviewed persons:</td>
<td>Universites 10, Government 5</td>
</tr>
<tr>
<td>Designation in this study:</td>
<td>IPn IP1, IP2, IP3...</td>
</tr>
</tbody>
</table>

Table 1: Composition of the interviewed persons

Since the goal of this study is to combine existing facts, available through literature or statistics, with experiences and related positions of the interviewees, the main statements to the research questions are reflected in the chapters 4.2 and 5.

Research ethics is a crucial factor in the duration of a research project. The authors of this study faced with the privacy of the participants in the individual interviews. Before we started our interviews we asked the interviewee for permission to record the interviews. Not the single statement of the interview is crucial for answering the research question. The authors of this study decided to summarize and to anonymize the single interviews toward involved institution as you can see in chapter 4.2.

In contrast to common practice of reflecting the interviews with a clear defined designation like “IPn / Role in the institution / recorded 2014-xx-xx” the authors decided to use a higher grade of anonymisation. There were three main reasons for this decision.

First, all of the interviewed persons know each other and by describing the interviewees as Un (universities) or Gn (government) instead of IPn it would be easy to know which person is standing behind the statement and this could lead to misunderstandings or avoidable challenges in further cooperation.

Second, as it can be seen in the following chapters, the authors tried to combine the different statements of the interviewees connected to the research question and the different topics. The paragraphs in chapter 4.2 and 5 are a combined reflection of all interviewees and it is easier for the reader to read it like “statement” (IPn) than “statement “ (personal communication, IPn, 2014-xx-xx).

Third, the combination of statements of the interviewed people within a paragraph was used to show their common thinking and to build a common base for further cooperation – to show clearly how equal or similar are the settings of all institutions and the acting persons which is the most important outcome of this study.
4. Empirical Data

In this section a short introduction of the examined institutions and their environment is carried out. After that, a collated summary of all recorded interviews will be shown to explain the basic content of the results, which are discussed in the following chapter. Pictures of the universities and the town are placed in “Attachment 2”.

4.1. Institutions and environment

The objective of this study is to examine the influence of the universities and other third sector institutions, on Krems, a town on the river Danube, 70 km northwest of the Austrian capital Vienna. Krems is a university town, rich in tradition, with 24,000 inhabitants of main residence and approximately 13,000 students. The town’s flair, the extensive cultural diversity, the nearly 1,000 years of history, and the numerous possibilities of leisure activities offer every person a pleasant atmosphere to live, work and study in. The universities and educational institutions are mainly placed in the city of Krems and in the adjacent district Stein. The specific placement in the location of Krems is due to the town’s long tradition of educational institutions in first and secondary level education. Third level education did not start here until two decades ago, in 1994.

In the following chapters we will give a short informal overview of the five chosen main institutions – the IMC University of Applied Sciences (IMC), the Danube University (DUK), the University of Teacher Education of Christian Churches (KPH), the Danube Private University (DPU), and the Karl Landsteiner University of Health Sciences (KLU) – and the economic and political situation in Krems – the composition of the local government and a short description of the history of the educational sector in Krems.

4.1.1. IMC University of Applied Sciences

The IMC University of Applied Sciences was founded as under the name of International Management Center (IMC) in 1994; one year after that, the University of Applied Sciences Studies Act opened the way for private-sector institutions to provide university degree programmes. IMC is one of Austria’s most internationally renowned and innovative universities of applied sciences with a global network of 100 partner universities, students from more than 50 countries, and over 1,000 partner companies worldwide. The strong practical element and high academic standards of IMC Krems’ bachelor and master programmes prepare students to pursue a successful career in Austria or abroad. Courses are held in both English and German, and students also have the opportunity to complete internships and semesters abroad, as well as participating in international exchange. Currently – in the academic year 2013/2014 – the IMC offers its more than 2,200 students 26 degree programmes with the academic focus on Bachelor and Master degree programmes in Business Studies, Life Sciences and Health Studies in two formats – full-time and part-time (IMC Krems, 2013).

The IMC is situated in two locations – the International Campus Piaristengasse in the historic town center of Krems and the new Campus Krems in Krems-Stein, both only a ten-minute walk apart. The extended Campus Krems site has everything students need, and meets the highest standards in convenience and infrastructure, including a state-of-the-art in-house
signage system to lead IMC students on the right track (IMC Krems, 2014). The Campus Krems with its building budget of EUR 56.4 Mio. was Austria’s largest construction project in the education sector and offers the students of IMC and DUK (4.1.2) different buildings including a research center, library, cafeteria, lecture hall, an arts cinema, and student apartments (DUK, 2014).

In the academic year 2012/2013 IMC employed 528 people, made up of 434 academic staff, 28 academic support staff, and 66 in teaching and research assistants. Compared to the academic year 2004/2005 with 158 staff (133/20/5) the number of employees increased more than 230% within 8 years. The number of students increased from 682 in 2002 over 1,129 in 2004 up to 2,334 in 2013 – with a distribution of 70.1% female and 29.9% male students (BMWFW, 2014).

The economic value of IMC’s students for the region is described as € 500 on average per month which means a summarized expenditure of nearly € 11.7 Mio. per academic year (10 months) (Krämer, 2014, p. 44). Combined with students of DUK and KPH (summarized circa 12,500 students) the amount increases up to € 62.5 Mio. per academic year.

4.1.2. Danube University Krems

The Danube University Krems – the University for Continuing Education – offers courses which are specifically orientated towards the needs of working professionals. The exclusive master’s programmes and short programmes it offers to its more than 8,000 students from over 90 countries lie in the areas Medicine, Health and Social Services; Economics and Business Management; Law, Administration and International Affairs; Education, Media and Communication; Arts, Culture and Building. The Danube University Krems (DUK) was founded in 1994 and is situated in the historical building of the erstwhile tobacco factory in Krems-Stein, which is located near the in 2005 opened Campus Krems (DUK, 2014).

The number of students increased from 93 in 1993 up to 8,043 in 2013 with a distribution of 51% female and 49% male students, and an average age of 39.7 years. Half of the students in 2013 were enrolled in the faculty of Health and Medicine, followed by 36% in the faculty of Business and Globalization, and 13% in the faculty of Education, Arts and Architecture. The majority (more than 56%) of students has more than 10 years of professional experience at the start of their studies. At the end of 2013 the DUK employed 481 employees with 240 working in the academic and 241 in administrative staff. The total budget of DUK was EUR 41.5 Mio. in 2012 with a self-financing ratio of 80% (DUK, 2013).

4.1.3. University College of Teacher Education Vienna/Krems

The University College of Teacher Education Vienna/Krems (KPH) was founded in 2007, it is placed in five different campuses in Vienna and Lower Austria, and is Austria’s largest private university college of teacher education. The KPH offers opportunities for teachers to acquire qualifications and professionalization in order to be able to meet the challenges in the fields of general pedagogy and religious education. Centres of excellence have been established in the fields of pre-school education, human rights pedagogy, artistic and cultural education, intercultural, interreligious and inter-confessional learning, spirituality and education for sustainable development, integrative promotion of giftedness and research into
giftedness, value-based business didactics, school development, language competence, mathematics, primary school pedagogy and scientific competence. In 2013 the KPH with its 248 lecturers offers its 2,127 students 44 initial teacher training courses, follow-up studies, 6 Master Degree courses, and a wide range of other academic programmes and seminars (KPH, 2014).

4.1.4. Danube Private University

The Danube Private University (DPU) is a private university with the focus on dental medicine and was founded in 2009. It is placed in a historic school building in Krems-Stein, which was built in 1899 between the foot of a vineyard and the Danube. In the academic year 2014/2015 there will be more than 460 students at the DPU, studying in specified fields of dental medicine with two Bachelor, 11 Master or one Ph.D. degree in German and English. The DPU is supported by the PUSH1 Postgraduale Universitätsstudien für Heilberufe GmbH, which is part of the DUK (DPU, 2014).

The DPU started in 2009 with 24 employees and had in the academic year 2011/2012 more than 72 employees. The number of students increased from 44 in 2009 up to 425 in the winter semester 2012 – with a distribution of 45.4% female and 54.6% male students (BMWF, 2014).

4.1.5. Karl Landsteiner University for Health Sciences

The Nobel laureate of 1930, Karl Landsteiner, is the name giver for the Karl Landsteiner Private University for Health Sciences (KLU) which was founded in 2012 as a joint venture of the IMC, the DUK, and the Medical University of Vienna. The long tradition of medical and biochemical research is now continued in a new university in Krems. The KLU aims to play a groundbreaking role in the advancement of health-related science and technology, focusing on four areas of study: health sciences, human medicine, psychotherapy and counseling, and neuro-rehabilitation (KLU, 2012).

KLU is the first tertiary-education institution in Austria to offer an interdisciplinary education in the areas of medicine and health sciences that also complies with the Bologna Process. Based on an integrative approach, the university is training a new generation of highly qualified doctors and health scientists, creating access to new professions in the health sciences (Siegl, 2014). Quality-assured, research-led teaching and internationally renowned, excellent clinical research are guaranteed through a network of university hospitals comprising facilities with a potent partner, the Lower Austrian Landeskliniken-Holding, which is the carrier of 27 hospitals and 14 healthcare schools with around 20,000 employees in Lower Austria (LKNOE, 2014). Currently the KLU employs over 60 lecturers and had an intake of 65 students in autumn 2013, which shall increase up to 540 students in 2021, when full operation of all departments is scheduled (KLU, 2012).

4.1.6. Government

After the Second World War the first election in Krems took place in 1950 and the SPÖ (Social Democratic Party of Austria) had 45.65% of all votes, followed by the ÖVP (Austrian

1 PUSH = Postgraduale University Studies for Healthcare Practitioners
People’s party) with 39.31%, and the KPÖ (Communistic Party) with 15.05%. At the time of the foundation of IMC and DUK the ÖVP had 46%, followed by SPÖ (32%), FPÖ (Freedom Party of Austria) (11%), KPÖ (4%), and GRÜNE (The Greens – The Green Alternative) (6%). In the current legislative period the SPÖ leads with 38%, followed by ÖVP (37%), FPÖ (8%), KPÖ (7%), GRÜNE (5%), and UBK (Independent Citizens for Krems) (5%) (Stadt Krems, 2014).

4.1.7. Facts and Figures

At the gate to the Wachau, one of the most beautiful parts of the Danube valley, lie the charming town of Krems and the twin city of Stein. Krems offers a wide diversity of cultural, historical, and culinary variations. The city of Krems with its more than 1,000 year-old history and many historic buildings within the confines of the town was indicated in 2000 as a Unesco World heritage site (BioNanoMed, 2012).

Mentioned in 995 as an imperial fortress, it was chartered in the 12th century, when it had a mint. Of its medieval fortifications, the Steiner Gate, the Pulverturm (Powder Tower), and the Gozzoburg remain. The adjacent towns of Stein an der Donau and Mautern – on the site of a Roman camp – were absorbed by Krems in 1938. Landmarks include the old Stadtburg, a fortress built in the 13th century; the St. Veit parish church, which was restored 1616 to 1630 and is one of Austria’s oldest Baroque churches; and two Gothic churches in Stein. Krems has metal and chemical industries, but it functions mainly as a regional market and service centre. An old wine-producing town, Krems also is the home of several well-known wineries (Campbell, 2008).

Krems currently has 24,000 permanent inhabitants plus an additional 5,300 people with Krems as a secondary residence, and over 13,000 students. The total number of businesses is approximately 1,800, focused in retail/wholesale (709), crafts, trades, services (661), consulting (319), and tourism (306). The unemployment rate was at 6.4% (annual average) in 2012. The area of Krems is divided into 112 ha building areas, 1,537 ha forests, 1,201 ha farmland, and 1,030 ha vineyards – the latter, with its businesses, products and output, plays an important key role in Krems and the region. Another fact worth knowing is the number of guest beds (2,079) in the area, with more than 260,000 overnight stays in 2012 (Stadt Krems, 2014).

4.2. Interviews

In the following section, the characteristics of the interviewed expatriates will be briefly described in order to understand the backgrounds of the interviewed persons. Most of this information has been collected through an interview guideline (see appendix point 8.1). However, some information was also collected through the interviews and will be briefly summarized at this point.

In the following chapters the terms “Krems”, “city”, municipality” are conterminously with the city of Krems while “region” describes the region around Krems including the city itself.
4.2.1. Strengths

The SWOT analysis, as a management tool, supports the decision making process to structure countless pieces of information. This is the first step in understanding and describing the complex situation within a region. Strengths and Weaknesses give an overview of the internal analysis of an organization and also a region (Kotler, Berger, & Bickhoff, 2010, pp. 30-31).

It is crucial for organizations to build on strengths. Strengths are described as a resource or capacity the organization can use efficiently to reach its aims (Karppi, Kokkonen, & Lähteenmäki-Smith, 2001, p. 16).

“The campus is the heart of science axis in Lower Austria.”

(IP11)

For the development of the region it was a wise decision of former governor to establish specialized universities (IP2). The universities actually have more influence on the region than the other way around. Universities can offer a great environment for the students and the campus is situated in an urban area (IP3). The quality of the surrounding is always a partial factor, when deciding on a study place. The region attracts students (IP15; IP11). Another crucial factor of decision making lies in the high quality of education and in the high quality of living (IP6). Consequently the universities are pleased that they are situated in a World Cultural Heritage site (IP3). The city offers different opportunities to their inhabitants (IP6).

Krems is embedded in a beautiful landscape on the river, favored through the climate (IP12). That is indeed the basic for partially the best white wines produced in the world (IP12). With the cultural offer, the vine, the Wachau … for universities it is simple to invite their guests to a unique program in the region (IP3). The various sights and places influence the possibility to arrange festivals, events or conferences in a positive way – this is the passive influence of the region (IP2). The culinary delicacies and the natural environment of the region (IP10) attract different people. Some of them get to know Krems based on various factors (IP9). Such treats are regional specialties, culinary delicacies, universities offers, and other services (IP10; IP9).

“Krems is a city worth living in, with a historical core and a young population.”

(IP13)

People feel rooted (IP4) through the spirit of the old town (IP4). Krems offers no anonymity compared with studying in a big town (IP4; IP9).

In addition to tourism, Krems is also famous for their students living in the city (IP5). The number of applications is increasing and this shows that universities are on the right track (IP3). More opportunities for students to study in the region are offered by a growing number of courses of study (IP1). Currently Krems has five universities and colleges (IP12). This is unique in Europe (IP14). 13,000 students in relation to 24,171 people with main residence lead to the highest university density in Europe (IP12; IP4). This fact alone confirms the enormous influence of the universities (IP14; IP4). Krems was always a very famous town,
but its popularity increased in the past years (IP5). Another influencing factor is that, despite its moderate number of inhabitants, the city of Krems has, over the years, catered for almost 10,000 guests at various events (IP14).

“Education is a considerable good – nobody can take this away from you.”

(IP9)

The city of Krems has used this combination of knowledge and experience for a long time and therefore can look back on a 150 years old tradition of secondary education (IP2). Universities competences and skills are well known. Students promote the skill and competences of universities with their good image (IP1). The region and also the universities exploit different treats. *Krems is known for the culture, for the education and for the tourism* (IP11). One marketing tool in use is that the name of the universities is always mentioned with the name of the city (IP3). This strengthens the region and vice versa the region helps advertise the location of the universities. Another attraction point is the quality of living. People find cultural life, social life and a healthy environment (IP15). *There is a sort of regional pride that you can feel* (IP15).

Strengths which have an influence on the development of the region are the changes in demographics and multiculturalism (IP3; IP5). Krems is a lively city now because so many young people live there (IP2). The dynamic of the youth leads to a rapid development of the educational sector (IP12). The universities offer a demographic and multicultural variety by the combination of young and elderly students from Austria and more than 80 countries (IP2).

“There is an educational dialog between the universities and the city of Krems.”

(IP6)

Networking is an enormous driver for the wellbeing and strength of a region. For strengthen the strategy of the region and a common future development, Krems was the first town which invited the principals of the local universities to a dialog (IP8). *Universities are linked up with other organizations* (IP6). The network and cooperation of the universities extend from connection to companies, representatives of the national and international economy, national and international executives and alumni (IP9; IP10). Cooperation of universities among themselves influences the science and research activities (IP2). Not only the connection between different companies, government and institutions, has an influence on the region. The workforce of the universities is connected to the region (IP10).

Activities of the universities are connected with money. Universities are entities which need resources for surviving. The start-up of business is very time-consuming and costly. The same situation is also suitable for universities. In the start-up period there was a support and commitment through local politics (IP11). Also the federal state supports with land and buildings to use (IP2).
Now time has changed for the government. The universities pay taxes to the government (IP5). *The investment as municipality in the educational sector reached the breakeven point last year so this year the town earns more than it invests* (IP8).

Not only the government and the federal state provide sources of income to the universities, they also have the chance to gain or gather funds from the private industry (IP14). As reward for funding universities offer companies the chance to do employer branding directly on campus (IP14).

The economical factor provides an enormous impact on universities and regions. Universities are the teaser in their region. Universities contribute to increasing tourism numbers with their events. Speakers and participations potentially use the different tourist offers (IP14). Universities are also one of the top five businesses in the city of Krems and they offer jobs (IP11).

The universities’ economic importance is due to their payment of local tax, their payment of rent and further expenses (IP11). Universities see their responsibility to the region where they are situated. *Is it important for the universities to purchase regionally* (IP11). This behavior vitalizes the city of Krems (IP11; IP10).

> “Universities attract customers to strengthen the purchasing power of the region.”

(IP6)

The universities offer full-time and part-time study places. This leads to a different purchasing power within the students. Most of the part-time students are able to spend more money than younger, unemployed students, because they earn money (IP10). The increasing number of students secures jobs and income of businesses and services within the region (IP10).

The purchasing power of the students will also contribute to the vitalization of district. The support of universities to the region reaches from reputation, employment opportunities and the purchasing power of their students (IP13; IP9).

All in all *the universities and their students created an enormous purchasing power* (IP13).

### 4.2.2. Weaknesses

One important requirement for successful strategies and common development is a common knowledge of strengths and weaknesses within the region. It has to be known who the actors are, in which action arena – the social space where actors interact – they are, which action situation (with different variables like rules, outcomes, and costs and benefits) consists, and which physical and material conditions may influence the results (Gaube & Sedlacek, 2002).

Communities must be tailored to changing economic circumstances and emerging knowledge about job creation or the development of both local and small firms. Stability can by assured by aiding the development of endogenous firms that will maintain all their activity (administration, research and development, marketing) within the community. Local
initiatives must assume a growing importance which entails an enhanced role on the part of municipal governments and local organizations. Senior governments and executives of local companies, as effective actors, must be brought into play and their resources pooled for their strategy. Finally, there is the need for a solid planning framework that promotes the coordination and targeting of a common development process (Filion, 1988).

“Twenty years ago there was nothing at the campus.”

(IP11)

“The capacities to grow [in the region] are limited through the Danube in the West, the vineyards in the East, and through the bottleneck between Danube and mountains in the North. The only way to expand would be in the South.”

(IP8)

Twenty years after the foundation of the first universities in Krems there is still an adapted infrastructure missing. There are more and more events in the region and these all require infrastructure (IP3). There is a need for an improvement of the infrastructure and traffic connection (IP11), as well as student accommodation. Currently, issues like the difficult transport infrastructure are bottlenecks. Because Krems has no connection to the East-West-Route between the Federal Railway and two competitors, the Westbahn² and the Austrian Railways the traffic situation is certainly a negative influence (IP11).

“The region has to improve the public transport system. It is unacceptable to have to make two changes over a distance of five kilometers.”

(IP9)

In addition to the need for improvement of the public transportation service to [the capital of Austria] Vienna and St. Pölten [the capital of Lower Austria] (IP6), a second infrastructural problem has to be solved.

“Many students [and locals] need their cars daily. There is a limitation of parking areas.”

(IP6)

As one of the interviewees describes, there is actual no coherent concept to solve the parking problem which is not only an economical problem, it is a political challenge. Beside the good reputation of the education here in Krems there is a need to improve the infrastructure to attract companies to settle in this region (IP9).

Referring to the beautiful landscape of the region, the natural environment, and increasing costs of using cars due to taxes, gasoline prices, and maintenance, or to aggravating legal CO2-emission requirements, the bicycle path network has to be improved (IP13).

Efficient financial systems are essential for a market economy and the financial sector development and economic growth are inextricably linked. Countries [and regions] must

² A subsidiary of RAIL Holding AG, a company of Haselsteiner Family Private Foundation, Augusta Holding AG and SNCF Voyages Developpement SAS; competitor to the public owned OeBB, Austrian Railways.
adopt a consistent set of reinforcing actions. Financial reform will take time, but there is a large premium on a credible financial development strategy (Claessens & Glaessner, 1997).

“The initial situation of the town is a debt of around 145 million Euro [...] combined with an overall budget of 90 million Euro the scope for investments is restricted.”

(IP12)

The municipality currently is on a financial reorganization. The debt is decreasing every year, (IP8), but the city of Krems is limited in its expenses (IP2). There is a need to adjust the conditions so that there is no under-funding of universities (IP11), and there is no future financial support of the city because the money is missing. But it is good that [the universities] have a good relationship with the city government (IP3)

The government should look for the funding. [...] Funding is really a very critical issue [...] first addressed to the provincial government and second to the federal government. [...] It is their responsibility to have a look that the institutions have sufficient funds in order to guaranty the [high educational] quality (IP15). A major concern to the federal government is to adjust the funding rate to inflation. It is not financially feasible without them to offer the same quality (IP11).

“It would be good if the region is able to spend furtherance to attract companies to settle down.”

(IP9)

Another weakness of the region, intensified through different limitations like landscape, historical buildings, and disproportional increase of the number of students compared to locals, is the range of available apartments and flats.

There are enough apartments and flats in town to rent – the problem is, they are too expensive (IP13). The students living here need living areas (IP6), the town [itself] needs more affordable housing for students (IP13), but affordable apartments [for students and locals] do not exist (IP7). The prices for new apartments are currently at 4,000 Euro per square meter; and the prices to rent apartments near [the universities] are increasing because of the increasing number and increasing demand of students (Remax, 2014). Limitations [to expansion and growth] are given through missing student's hostels (IP10), so there are also challenges of housing and cultural offers (IP4).

The representatives of the government are quite aware of the necessities. They focus on the scientific aspect, on the research aspect, on interdisciplinary, and on internationality (IP2). There is a need of both sides – the universities and the government – to know what is going on, and which needs have to be supported (IP13).

The composition of the population in Krems changed within the last twenty years. With the foundation of the first universities in the middle of the 90s the population of Krems increased in the last twenty years from an index point of 98.5 up to 103.5 and the population in the region around Krems from 100 up to 105.5 (Huber, Kloepfer, Peneder, Peneder, & Stadlbauer, 2011). The average of the population was old and silent. Now, [with the students,]
the town starts to live again (IP7). Besides the challenge to solve problems like increasing costs of living and housing, there is a changing public life, sometimes through drunken youth in the city (IP8). The combination of locals, students, and [local] youths also creates problems; the locals also want to sleep (IP7).

Like other towns, Krems too has an increasing number of people [and students] who do not have [German] as their mother tongue. It would be a need and a great idea to use infrastructure of the universities to offer language courses while holidays, or to create a language institute (IP13).

4.2.3. Opportunities

The corporate strategist’s goal is to find a position in the industry where his or her institution can best defend against competitors or can influence them in its favor. The knowledge of the critical strengths and weaknesses of a company [or a region] in its environment, the areas where strategic changes may yield the greatest payoff, and the highlighting of the places, where industry [or regional] trends promise to hold the greatest significance, leads to possible opportunities or threats (Porter, 1979). Companies and institutions are creating shared value by developing business strategies that deliver tangible social benefits. This thinking is creating major new opportunities for profit and competitive advantage at the same time as it benefits society by unleashing the power of business to help solve fundamental global [or regional] problems. Companies or institutions, which do not understand or rigorously track the interdependency between social and business results, miss important opportunities for innovation, growth, and sustainable social impact at scale (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2011). Institutions must identify key social issues and plan the relevant business activities with all responsible actors. The competitiveness of a region is described as the combination of people’s wellbeing, regional feeling, reputation, quality of living environment, identity, and everyday happiness (Morgan, Pritchard, & Pride, 2011).

“We built up our image together with the students.”

(IP3)

The foundation of the universities in Krems had an enormous impact on the reputation and on the attention [..] it was given to Krems as a city and as a region (IP15). Students [from all over Austria and more than 80 countries] are visited and accompanied by their family and friends at the recurring graduation ceremonies – this is the best marketing for the region (IP13).

The different study paths of the universities address different target groups – and this is a great opportunity for the region (IP10), the university town is getting more into the consciousness of the city (IP4).

Krems as a university town becomes a specific branding which is combined with specific key issues and core values. The brand as a sign, name, term, or symbol identifies the institution, company [or region] with its goods and services and differentiates it from those of the competition. Some places [or regions] can be subjected to a process whereby an image is created, constructed and represented – communicated – to a market, whereas other regions or
places become identified or associated with a set of ideas, images, and myths over a long, historic process of accumulation and transmission (McCabe, 2009).

“The most prevalent impact properly was that for the first time Krems attracted [...] the attention of person as a city where higher education programs were offered.”

(IP15)

One reason, why Krems has increasing tourism numbers, is, because the universities are the teaser (IP14). For the community itself in Krems it is just a big advantage of having a university in the city. [...] It is definitely an excellent marketing instrument. On the one hand students, which apply here, whether they get accepted or not, they will remember the university and they will remember Krems. It is branding for the community and for the organization (IP5).

The wellbeing of the students has an important influence on tourism – you feel good, you talk about, you come back – alone, with friends and family (IP13). The family and relatives maybe have read about the region before, but they had never the attention to go to. They want to come to the region by the fact that they know students which are studying here (IP15). The combination of nature, culture, and working places attracts students to stay in the region after finishing their study (IP7). They come as students, with their relatives and families. [...] All the events which take place at an institution attract people. [...] The congresses, even the graduations, all these are events that attract a lot of attention to the place. [...] Very often people come for the first time and then they discover how nice it is (IP15).

“There is an enormous impact on the economic side of the region.”

(IP15)

Universities have to stay in contact with their alumni - they are their most important marketing tool (IP2). The use of the reputation and other topics as marketing instruments creates new markets.

“Part-time programs open up opportunities for people who already are working.”

(IP15)

Additional advanced training offers are important. The public sector has not enough money to finance advanced training offers, so it is more and more important that customers invest their own money in education (IP6). Another action is to perform congresses with particularly over 500 participants. It was experienced that the influences on other sectors, like hotels, restaurants, gastronomy, means of transport, sightseeing options increased [...] Events are an immense economic factor for the city. The speakers stay in four up to five star hotels, maybe they do a boat trip or something like that, they go in very good restaurants and so on (IP14).

This is a huge impact on the economic touristic cultural development of the region, not only by the studies, but also by the events that the universities organize actually around the year (IP15). It is important that the universities are innovative and develop new business opportunities and innovative things (IP6). The influence right now [...] has definitively a high
impact on the economic side. [...] If you attract students, you need accommodation, travel-opportunities, restaurants, or shopping facilities (IP15).

The universities do not only attract students but also family and relatives. They come to Krems, go for instance to a museum [...]. They use all the touristic sights, than the go on to other parts of the region too [...]. It is like a teaser, when you go to a place for a conference, for an event, whatever and you liked the place where the conference takes place, then you are teased to get back during your holiday. [...] (IP15).

At special events alumni come back, sometimes from all parts of the world. They stay a minimum of one day, sometimes two. This is also an immense impact for Krems and the hospitality and gastronomy sector. [...] They also do some leisure activities (IP14). The universities had a huge impact on the social life and also on the cultural development of the city due to the international students (IP15). It should be responded to the needs of the university town like sport facilities, opening hours of shops or offers of shops, bars and also the cultural offer. The town should meet the needs of the young audience too (IP11). There are many students, who are living here, they are visiting pubs, restaurants and they also rent apartments (IP1).

“The culture of the students has a positive impact. Many young people and students revitalize the city. Students are not only in the region for their study, [...] they do purchases, they go in restaurants, they rent apartments [...] there are a lot of economic stimuli.”

(IP1)

A festival in summer at the campus could help to connect locals and universities (IP13). An urban development concept should be part of both sides – to combine and concentrate common knowledge, know-how, and experience (IP12). The transfer between the campus and the city has to be emotionally shortened – to attract the young people to visit the city and the existing businesses and shops (IP7). There is a need of growing together – the campus and the city (IP12).

Supported by the foundation of the universities and the increasing number of students the purchasing power force increases, whether this is in a restaurant or in a hotel or in other stores, or for students in bars who go out (IP5).

“It definitely increases the economic value.”

(IP5)

With only 5,000 part-time students paying the parking fees at the weekend [Friday and Saturday], the city receives around € 400,000 per year in additional revenue (IP8). The increasing number of students reinforces the purchasing power of the region (IP9). Universities have an influence on the results in retail, service and housing markets. The market value has gone up considerably (IP5).

Furthermore universities often play a major role on the regional labor market. Changes in employment; the universities employ many lecturers on a full-time but also on part-time basis (IP5). More working places means more people in town means more money to spend means
more earnings for the businesses and, through taxes and fees, for the town (IP7). More companies should locate due to the universities. [...] Here is education; here are well qualified employees (IP11). Within the next two years [..], a company with a specific focus, will open a new subsidiary with more than 30 workplaces and an investment of about 140 million Euro. [...] The federal state will invest an amount of 30 million Euro into the development of the building and structure of a new university. [...] Universities [..] also have the opportunity to gain funds or to gather funds from the private industry [..] by giving it the chance to do employer branding or to recruit directly at the institutions (IP14). The main emphasis of the region – the red technology – radiates into all parts of the regional economy – new companies establish innovative businesses, and a new cooperation arises with research centers and hospitals (IP12).

The launch of new courses of studies, the foundation of the new dental medicine university, and the new medical university will support the proceeding of the rapid development of the region (IP9). Due to this development it is needed to improve and obtain the issues of quality standards which have to be coordinated with the ministry and government (IP6). An additional common planned development of engineering and industrial production studies would be a good step to increase the stimuli for industrial companies to settle in Krems (IP8).

Development needs space too – no matter if it is new industrial buildings, new faculties or subsidiaries of universities, or buildings for the population and students to live in. There is an existing amount of space to build new housing areas and old buildings could be renovated (IP7). It could be an opportunity to rearrange old hotels into students’ hostels (IP13).

As many students have working experience or actually are working they offer a high amount of knowledge, know-how, and contacts which should be used to improve the development of the region (IP10). As part of a common development strategy it is an important part of the future to intensify the cooperation between the universities and the government by an increasing use of possible and existing synergies (IP12). It would be good to implement a common strategic regional planning which should be operative continued in the universities and governmental institutions (IP10). Actual there are existing cooperation agreements between the universities which are situated in the region (IP6).

“It is good to cooperate with [institutions] in foreign countries but it should not be forgotten that there are opportunities in and a responsibility to the region here too.”

(IP10)

To improve the quality of common projects and actions a periodically evaluation of the needs and desire of the economy, the institutions, and the students should be introduced to be up-to-date and to improve the reputation of the region (IP13).

4.2.4. Threats

The most mentioned threats within the interviews were the development of the education, infrastructure, and housing, and the integration of all involved persons within the universities, the government, and the population.
The development of a [common] strategy for a [...] region requires a systematic analysis of weaknesses and strengths of the respective system which operates within a larger external environment that poses threats but also provides opportunities to the system (Weihrich, 1999) – in this case the region and the city of Krems. A threat of substitutes exists when a product’s [or service’] demand is affected by substitute products [or service]. As more substitutes become available the demand becomes more elastic since customers have more alternatives (Porter, 1980). Products and services in this study are the education and all connected products and services around, like administration, housing, infrastructure, or cultural and culinary offers.

“*The influence of the tertiary education is immense. On the positive side a rapid increasing purchasing power for the region, which saves employment and businesses, an increasing amount of taxes through growing businesses, which enables the municipality to invest, and, on the other side, an increasing need for real estate, parking spots, or a coordinated regional planning and development, and increasing prices for flats and houses.*”

(IP12)

The advantages of universities in the region are workplaces and study opportunities. The disadvantages are increasing costs of living and housing, and a changing public life (IP8). Questions like *Do the universities have sufficient space? or Do we have sufficient personnel?* are topics that definitely donate the quality of studies.[..] This is something, that will not getting cheaper but it will be getting more expensive in the future. [..] This is the foremost responsibility of both provincial and federal authorities to take care of.[..] and how to develop infrastructure (IP15).

“*Some locals think that the students are to be blamed for the parking situation.*”

(IP9)

The challenge is to combine the needs of locals and students (IP13). The locals have to understand that working places and living areas like restaurants and cafes are a result of the engagement by the universities (IP13); the universities are responsible for their wealth too. A main challenge and an important task with the locals and students is to improve their understanding of each other (IP13).

There is an unavoidable linkage between the prosperity of regional economies and the health of their colleges and universities. Universities can enhance their regional economy through a variety of targeted initiatives, ranging from real estate development to offering advice to startups, and conducting the basic research that catalyzes and supports local industries (Porter, 2007).

“*Universities mostly do not see themselves as regional players.*”

(IP10)

Universities have the potential, in partnership with governments, businesses, and community institutions, to fuel regional economic growth (Porter, 2007). There is a need to create a common regional development – a lack in most universities in Austria (IP10).
The provincial and federal authorities have to take care of the developing of infrastructure. When I have a look at [the existing] train connections [..], and we think about sustainability, people should leave their cars at home. They should use public transport (IP15).

The actual connection to the rail system of the Federal Railways is not ideal for the region (IP8). The connection with railway to Vienna and the Waldviertel, especially on weekends, has to be improved (IP9). Why do the trains run only every hour and then, after nine o’clock in the evening, nothing else happens? [..] I mean, this is also responsibility of the regional government -also the infrastructure in the city itself (IP15).

“Krems should not be sooner or later somewhere outside the main roots and highways.”

(IP15)

The external connection to other cities or regions is one topic which holds the danger to lose the connection outside. The internal connection through the separation of the city and the campus is a problem for connecting people living, studying, and working in the region (IP13). There is a need for a better connection through public transport to connect the districts (IP7), the connection between the old city and the new city [university campus] has to be improved (IP13).

In the future there will be a growth on internationality, education, sports offers, and infrastructure (IP4), and about half of all students come by car, so there is a parking problem. The only possibility to defuse this was the invention of parking fees, even to the detriment of the locals (IP8). The limitations through the landscape and Danube around Krems limit the expansion of the town and the universities (IP13). It is not possible to expand any places for parking (IP7).

The municipality takes in earnings through different ways like taxes, fees, or recoded earnings by the federal state or the state itself. Per primary residence the community earns about 3,800 Euros per year from the state (IP8). Many of the students do not have their main residence here and so there is lack of money to do necessary infrastructure or other investments by the increased number of people in the city (IP8).

“Students, which come to the region, need a place to stay. There just has to be enough infrastructures for them to be able to live here.”

(IP5)

There are students in town with different background, different times they stay in town, and so there is a need for more flexibility in hostelry and a better public transport system. Most of the students do not have cars (IP2) so there is a need for a student’s hostel in close proximity to the campus (IP13). There is a need for more affordable apartments and flats for students (IP9), but also people living in Krems cannot afford the apartments anymore because they are so expensive (IP2). The citizens suffer under the strongly increasing rents (IP8) and it is difficult for the locals to find affordable flats (IP9).

“It is a challenge for the government to solve the need for affordable housing.”

(IP7)
Last but not least the task of the city of Krems is to strengthen its unique selling proposition as an outstanding education town here in Lower Austria (IP6). Without setting any further action it is not ensured that the previous investment and settlement of business is sufficient to develop Krems sustainably to a research center (IP8).

“It would be horrible, the worst case [for the region], if the universities would not continue their commitment and development.”

(IP9)
5. Analysis and discussion

In this chapter the results of the interviews are analyzed from the perspective of which topics are mentioned by the interviewees most frequently and in which topics they agree or disagree. Every section begins with a short introduction to related topics and at the end of each section a short summary will be displayed to show the quantitative results of this research. Finally, a summary will give an overall description of the findings.

All research is interpretative, is guided by the researcher’s set of beliefs and feelings about the world and how it should be understood and studied (Denzin & Lincoln, 2013). In chapter 4.2. the main statements of the interviews were reflected and divided into strengths, weaknesses, opportunities, and threats as announced in the framework which gives a broad overview about the thoughts and statements reflected by the interviewees. The authors of this study found some unexpected findings while the analysis and evaluation of the interviews, which led us to implement an additional chapter. These main findings were more or less a significant accordance of the statements made by the interviewees in six topics which we thought it should be explained in the following chapter before summarizing the findings in the conclusion.

5.1. Students and change in society

Universities are primarily teaching and research institutions, but they also accomplish other tasks in the region which they act in, beyond the scope of education. Universities provide their areas educational, research, economic, cultural and social opportunities. These opportunities would not be available if universities did not exist in the region (Winchester, Glenn, Thomas, & Cole, 2000, p. 1).

The number of people with main residence amounts to 24,171 inhabitants. Compared to the number of 13,000 students the city of Krems, with five universities and colleges, has the highest university density in Europe (IP12). The universities are looking back on a rapid development of the educational sector. This is not only an economical factor for the region; this development stands for a dynamic of the youth and a specific diversity in the [UNESCO] world heritage (IP2).

“The population of Krems was in average old and silent – now, with the students the town starts to live again.”

(IP7)

The demography of Krems shifted. The city starts to have a young, modern touch due the influence of the students. The influence can especially be seen during the holiday season (IP3). It is different to the rest of the year. There are tourists but not so many young people (IP3).

“Krems is a city worth living in, with a historical core and a young population.”

IP13

The culture of the students influenced and revitalized the city (IP1). Internationalization affects the whole region. All the factors in the region are getting a very different international touch (IP3). People of the region communicate with the international students. They try to
speak English and announce their offers in English. The consciousness of the regional people has changed. That was impossible and unthinkable twenty years ago (IP15).

“We are not an island of the blessed. On the one hand, we are very glad that we are a small scale, because we have a massive quality of life. On the other hand, we need the dynamic, modern touch of internationalization.”

IP3

The area around the campus, the district of Stein, developed into a well fluctuated part of the town due the presence of the students, universities and the museum (IP/). The oldest universities in town are the main actors for the change of life in town (IP2).

“The campus is the heart of science axis in Lower Austria.”

IP11

During the beginning years of these universities everything was closed during lunchtime. [...] It was dead (IP15). There was no possibility for shopping or finding any restaurants to get something to eat. This situation was also served in the evening. Now there is a huge development, the availability of restaurants and the opening hours have changed, not only in the city of Krems also in the surrounding region (IP15).

Students are changing the way of living and set the locals new challenges. The city offers an unusual variety of living (IP12). Some of the businesses have to adapt their goods to the needs of the students and universities (IP7). With a view to en-vogue markets like Italy or France the merchants and traders in town have to adapt their range of goods to the needs of the students as well as to the locals (IP13).

<table>
<thead>
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<th>Students and change in society</th>
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<td>(Topic mentioned in %)</td>
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![Bar chart showing students and change in society](chart)

Table 2: Students & Change in Society

As shown in Table 2 an estimated 67% of the interviewed persons explained the former topic within the interviews. 3 of 5 persons of the government (60%) and 7 of 10 persons of the universities (70%) were talking about this topic which means that the importance on both sides has same value.

5.2. Reputation and region

A positive place reputation builds place competitiveness and creates a reservoir of goodwill (Morgan, Pritchard, & Pride, 2011, p. 5). Places are also confronted with the situation to compete for attention of visitors, residents and businesses. The opportunity of a positive reputation encourages places to rival for attention, resources, people, jobs and money (Morgan, Pritchard, & Pride, 2011, pp. 3-5). Universities can also play a main role for
attracting students and staff into the region. Universities can be seen as a powerful magnet for them and their region. It is a key driver for the universities that students and also academic staff need to promote and contribute the campus to the attraction of the town or city as a place to live, work and study in the national and international marketplace (European Union, 2011, pp. 2-3).

“Students are ambassadors of the region.”

IP13

Students get a broad impression during their study of the university and the region and they carry this message to the outside. They are advocates to ensure that the competences and skills of the universities are well-known (IP1). Students remember of their study time. They foster relationship with other students, lectors and administration. This also contributes to the reputation of universities and their region. Word-of-mouth advertising is another essential tool to promote (IP1).

Tourism is promoted by the student wellbeing. Students feel good during their study, they talk about and afterwards they come back, alone or with friends and family (IP13). Family and relatives maybe have read about the region before, but they never had the attention to go to. They attracted by the fact that the know students which are studying here. They visit Krems, go for instance to a museum, they use all the touristic sights. This situation has also an enormous impact on the economic side of the region (IP15). Several events of universities attract attention. They offer conference at their location with 400 participants from all over Austria. Some of the participants see the university as a dialogue, a place where the participants get support on everyday work front (IP6). The events do not only attract national participants. Students from more than 80 countries are visited by their family and friends to special events, for instance the recurring graduation ceremonies – this is the best marketing for the region (IP13).

Universities events, especially congresses and the graduations attract a lot of attention to the place where the universities are situated. People very often come for the first time and discover how beautiful and attractive the place is (IP15). People love the region, love the Heurigen, and love everything here in the region (IP2). They discover the vine and places where they can go (IP15), they become familiar with Krems through its regional specialties, some through the universities, some both (IP9).

“It is like a teaser, when you go to a place for a conference, for an event, whatever and you liked the place where the conference takes place, than you are teased to get back during your holiday.”

(IP15)

The universities had over or almost 10,000 guests at various events. Universities arrange their own events and also rent out their location to events from other institutions, or enterprises or organizations (IP14).
The region represent a cultural heritage in an art historical gem [...] embedded in a beautiful landscape on the river, favored through the climate (IP12). When students decide for a place to study, they always look a little bit to the surrounding (IP15).

An attraction point of the region is the culinary delicacies and the natural environment (IP10). Krems offers a family environment with a beautiful landscape and high educational level (IP9).

“My impression is that also the government is proud of this city as well because now so many young people live here – it is a lively city now.”

(IP2)

It is easy to set up a great program for our guests in the region – it has the cultural offer, the vine, (IP3), the apricots, the Wachau, and all the masteries. This is something what the region has also learned to advocate for. There is a sort of regional pride that you can feel (IP15). All these things together made a very huge impact on the region (IP14) which is very famous as a tourism destination, but definitely also because of so many students who are living in the city now (IP5).

“The name of the city is a quality attribute. [...] The locals are proud of the universities.”

(IP11)

<table>
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<th>Reputation of the region</th>
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<td>(Topic mentioned in %)</td>
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Table 3: Reputation of the region

As shown in Table 3 an estimated 100% of the interviewed persons explained the former topic within the interviews. 5 of 5 persons of the government (100%) and 10 of 10 persons of the universities (100%) were talking about this topic which means that the importance and the awareness on both sides has the same and high value.

Looking ahead the reputation of the region, the included benefits, and the common anticipation to keep and further improve the significance for common success this topic is the most often mentioned of all examined topics.

5.3. Infrastructure

In 1983 infrastructure was described in U.S. public policy as a wide array of public facilities and equipment required to provide social services and support private sector economic activity. This included roads, bridges, [...] ports, and public buildings, and might also include schools, health facilities, [...] waste disposal, and communication services. The Congressional Budget Office defined infrastructure as facilities with the common characteristics of capital
intensiveness and high public investment at all levels of the government (Moteff & Parfomak, 2004).

The capacity, quality and resilience of regional infrastructure as an important source of competitive advantage directly affects economic growth, competitiveness in the national/international economy, security, [...], and the quality of life of everyone in the region (GOV.UK, 2010).

Infrastructure is one of the drivers of sustained growth and enables a region’s competitiveness and its development has to be fully aligned with the region’s economic, industrial, social, and environmental priorities. Three types of infrastructure that overlap are economic infrastructure which generates economic growth and enables society to function, social infrastructure which assets to support the provision of public services, and soft infrastructure which is required by public institutions to maintain society. Examples for economic infrastructure are transport facilities, utilities, flood defenses, and waste management, for social infrastructure [social] housing, health facilities, educational establishments, and green infrastructure; and for soft infrastructure it is central government buildings and laws, rules and systems that are created to upkep law and order, improve educational entertainment and address public health issues (Vaughan-Morris, 2012).

“The challenge is to combine the needs of locals and students, and to improve their understanding of each other.”

(IP13)

An urban development concept should be elaborate by the universities and the government to combine and concentrate common knowledge, know-how and experience. This supports the needs of inhabitants and students in connection with the regional infrastructure and will find sustainable solutions for the different infrastructural challenges (IP12). Infrastructure is crucial for the increasing amount of events which take place in the region But still infrastructure is missing (IP3).

“When I have a look at the development, for instance of train connections [...] we think about sustainability, people should leave their cars at home, they should use public transport. [...] Why do the trains run only every hour and then after nine o’clock in the evening nothing else happens [...] I mean this is also responsibility of the provincial government -also the infrastructure in the city itself.”

(IP15)

It is a crucial factor for universities, that their students can reach the facilities of the university without public transport because most of the students have not the opportunities to use their own means of transport. The actual connection to the rail system of the Federal Railways offers not the best solution for the region (IP8). Especially on weekends an improvement of the railway connection to Vienna and the Waldviertel is crucial (IP9). For people of the region it is not possible to visit cultural institutions in Vienna without public transportation. After nine o’clock there is no possibility to use the train because of the missing night train (IP13).

“Students should use the public transport system more than their cars.”
The transfer connection between the old city and the new city [university campus] has to be improved, to attract the young people to visit the city and the existing businesses and shops (IP7). This should be an incentive for students to go public.

“The separation of the city and the campus is a problem for connecting people living, studying, and working in our region.”

(IP13)

To improve the connection of the districts there is a need for a better connection through public transport (IP13).

Actual exist no coherent concept to solve the parking problem. This is not an economical problem; it is a political challenge (IP9). The government was able to defuse the parking problem with parking fees. This was the only possibility to restrict this problem, because half of all students use their own car to reach the university (IP8). It is not possible to expand any places for parking through the spatial limitations (IP7). In the opinion of some locals the students are to be blamed for the parking situation (IP9). Primarily students should use the existing garages not the parking slots around the campus (IP7). An alternative to the parking problem is the improvement of the bicycle path network (IP13).

“The government has to solve the parking problem in town.”

(IP8)

The ongoing development of the educational sector in Krems increases the demand of affordable apartments (IP9). Private landlords have expanded their offer or they are fully booked (IP3). Students are located in the city need living areas and facilities for their leisure time. Universities support students with sport facilities (IP6).

“Limitations are given through missing student’s hostels.”

(IP10)

It is a challenge for the government to solve the need for affordable housing (IP7). In the city is an existing amount of space to build new housing areas and old ones could be renovated (IP7). The renovation of old building is hindered by high amount of legally limitations, especially if they are protected or listed as an historic monument (IP13). The problem of the available apartments and flats in town to rent is that they are too expensive (IP13). So it is a challenge for citizens to find affordable flats (IP9).
As shown in Table 4 an estimated 87% of the interviewed persons mentioned the former topic within the interviews. 5 of 5 persons of the government (100%) and 8 of 10 persons of the universities (80%) were talking about this topic which means that the importance on both sides has quite the same value with a little bit higher significance on the side of the government.

5.4. Working environment

Universities, in their role as employer within a region, have been attempting to improve subjects like job security, role clarification, and career development (Tapper, Carter, & Bak-Meier, 2007). Higher education plays an important and growing role in regional economies, and the development of universities is inexorably tied to the health of their communities and regions. Universities need to take a leadership role in ensuring public and private collaboration in developing and executing a regional economic plan that addresses weaknesses in the general business environment and constraints to cluster development (Porter, 2007).

“The creation of jobs and an active life in the city are certainly the main advantages of students in our city.”

(IP8)

One advantage of universities in the region is the creation of workplaces (IP8) so the universities play an important role as employers in the region (IP10). Well educated people are the best way to support business and industry (IP9) which will influence the working environment in a positive way and be a base for new employment (IP9). Many students have working experience or actually are working so they offer a high amount of knowledge, know-how, and contacts which should be used to improve the development of the region (IP10).

“It is crucial to have the right employees.”

(IP3)

The questions are Do the universities have sufficient space, do we have sufficient personnel? (IP15). The importance for [the institution] is employability. This is the factor [the institution] is measured on (IP10). These are things that definitely donate the quality of studies. [...] This is something, that will not be getting cheaper but it will be getting more expensive in the future (IP15).

It is important that the universities are innovative and develop new business opportunities and innovative things (IP6). Within the strategy of the European Union the region is included in the cluster of bio-technology (IP13). This new additional focus combined with a focus on medical studies is a very positive and future-oriented trend (IP12). The studies focused on the red technology attract companies to settle down in our region which creates new working places and an increasing purchasing power (IP7). The main new emphasis of the region – the red technology – radiates into all parts of the regional economy. New companies establish innovative businesses, and a new cooperation arises with research centers and hospitals (IP12).

---

3 The technology connected with blood.
“The new created cluster with research in bio-technology in an increasing market is sensational.”

(IP12)

The invention of new studies and the concentration on specific focuses leads to an increasing number of students which saves working places and income of businesses and services within the region (IP3). When the students finish their studies [...] they want to get a job in the workforce that matches their aspirations and what they want to do, depending on the study program that they are studying in (IP5).

In the seventies some companies closed their production and the settlement of universities was the best idea for our region (IP8). There have been changes in employment. The universities employ many lecturers on a full-time basis but also on part-time (IP5) but also people working in administration, services, and support. More working places means more people in town means more money to spend means more earnings for the businesses and, through taxes and fees, for the town (IP7). Additionally most of the part-time students are working and they are able to spend more money than younger unemployed students (IP10). Summarized, there is a comprehensible correlation between universities and the region through the creation of working places, the employment of locals and external population, and the expenses spent by students and staff to local businesses.

“Krems has just a chance in education. The city has recognized it.”

(IP3)

### Table 5: Working environment

As shown in Table 5 an estimated 53% of the interviewed persons mentioned the former topic within the interviews. 3 of 5 persons of the government (60%) and 5 of 10 persons of the universities (50%) were talking about this topic which means that the importance on both sides has quite the same value.

#### 5.5. Financial situation, funding and investment

Universities are essential to sustaining long-term economic growth, and to influencing political, social, and cultural life in every country. Tasks of universities are to develop a highly-skilled workforce, training undergraduate and postgraduate students who equip the economy with the knowledge it needs to grow, and help it be resilient to future economic shocks. Furthermore they bring about technological change and improved health and public policy outcomes through the generation and exploitation of cutting edge research. A logical consequence is that a sustainable funding environment is crucial to maximize the contribution
of the universities to economic growth (Thomas, 2013). The combined demand-and-supply forces of higher education are faced with the flows of resources from this sector to the economy, the adoptions of higher institutions to these flows, and the success of universities in increasing services in response to new demands (Hoenack & Collins, 1990).

“Basically, universities are one of the drivers in the region.”

(IP3)

The influence of the tertiary education is immense—a rapid increasing purchasing power for the region, which saves employment and businesses, and an increasing amount of taxes through growing businesses, which enables the municipality to invest (IP12). The universities support the region with their reputation, their employment opportunities, and their students, which spend their money in local businesses (IP9), they create an enormous purchasing power (IP13).

The universities are economically important [..]; they pay local tax, they pay rent [..], they spend their expenses in regional economy [..] which vitalized the city (IP11). Additional [..] the buying power force increases, whether this is in a restaurant or in a hotel or in other stores, or for students in bars who go out (IP5). The influence right now [..] is definitively a high impact on the economic side. [..] If you attract students, you need accommodation, travel-opportunities, restaurants, and shopping facilities (IP15). Summarized the students [and universities] create a positive profitability effect on the region (IP10).

“With only 5,000 part-time students paying the parking fees at the weekend [Friday and Saturday], the city receives around € 400,000 per year in additional revenue.”

(IP8)

The interaction of both institutions – the universities and the government – has different sides: the expenses universities and students spend in the city, the creation of working places to ensure employability, and the investments through the government into the educational sector. The increasing number of students reinforces the purchasing power of the region (IP9) and per primary residence the municipality earns about 3,800 euros per year from the state (IP8) and the city receives taxes [and rents] from the universities (IP5). On the other hand many of the students do not have their main residence in the city and consequently there is lack of money to make necessary infrastructure or other investments demanded by the increased number of persons in the city (IP8).

The town has a debt of around 145 million Euro [..] and an overall budget of 90 million Euro. The scope for investments is restricted but if there is a free amount to spend it would be possible to invest in economic promotion, urban real estate development, or education (IP12). Krems has received 65 million Euro of investment (IP3) from the federal state which will invest an amount of 30 million Euro into the development of the building and structure of a new university (IP12). Not the city invested but the federal state (IP3).

Krems currently is on a financial reorganization (IP8) and is limited in its expanses (IP2). Nevertheless [..] funding [..] really is a very critical issue. [..] It is the responsibility of the
local and federal government to ensure that the institutions have sufficient funds in order to guarantee the quality (IP15). Otherwise the federal state supports the universities particularly with providing land and buildings to use – like the campus (IP2). There is a common interest to see that the education in the region is financially secured. The operation of the study works (IP3). There is a need on both sides to adjust the conditions to avoid under-funding of universities (IP11).

“It would be good if the region is able to spend furtherance to attract companies to settle down.”

(IP9)

Currently there is no future financial support of the city because the money is missing (IP3), so the universities are looking for other ways to raise funds like sponsoring or for research projects – additional to the basic funding which is done by the state (IP14), like every university of applied sciences in Austria.

“It is good that we have a good relationship with the city government.”

(IP3)

Although the city is in low water the support from the government is great. With a considerable approach the city follows a consequent budgetary consolidation to have a free amount to invest (IP12).

The more study places the universities get the more study places they can offer. [...] The best way for the government is to allow more study places. The more funding the universities receive for study places the more study places they can offer (IP5).

Summarized, all interviewed persons are appreciative of the challenges of the city and the universities to financing and funding education in Krems and that there is a common need and benefit to solve this problem in a sustainable way.

Table 6: Financial situation, funding & investment

As shown in Table 6 estimated 87% of the interviewed persons mentioned the former topic within the interviews. 4 of 5 persons of the government (80%) and 9 of 10 persons of the universities (90%) were talking about this topic which means that the importance on both sides has quite the same and high value.

5.6. Cooperation within the region

University-industry cooperation in research is an important vector of innovation and growth as one of the directions to foster a dynamic research sector while strengthening the so-called
third mission of universities. If universities are given autonomy to position themselves, cooperate and compete at European and international levels, they are able to link their research activities to the needs of industry and society. To improve research collaboration and knowledge transfer between universities and industry a public-private partnership should be stimulated. The knowledge transfer between universities and industry is not very well recognized and the challenge is to establish conditions which lead to a virtuous cycle of productive collaboration and on a sufficient scale (Azagra-Caro, Carat, & Pontikakis, 2009).

Cooperation of different actors like government and universities creates a more complex environment with more parameters that increases the complexity of synergetic effects and synergy processes. Companies within a university social environment are playing the role of engine of any economy and at the same time are the main consumers of knowledge. Furthermore the companies create such a high need for new and much diversified and often targeted knowledge that it is challenging to meet this needs (Talaba, 2007).

“In the beginning there was a support and commitment through local politics. Without this support, it would not have gone.”

(IP11)

The cooperation of universities is linked to three main sectors – the government, the industry, and other academic institutions.

An important part of the future is to intensify the cooperation between the universities and the government by an increasing use of possible and existing synergies (IP12) or to develop a prestigious business location which should be a goal of both (IP9). The cooperation certainly is working from both sides – the universities and the government. [..] The universities are involved in the development process of the city of Krems (IP11) because there is a common need of an automated use of existing synergies (IP12).

It would be good to implement a common strategic regional planning which should be operative continued in the universities and governmental institutions (IP10) and to improve the reputation of the universities as an important connection to companies and representatives of the economy in Austria and abroad (IP9).

“It is good to have a good partnership, also on a very personal level between the city and the universities.”

(IP3)

Different parties are on the same direction with the development of the educational sector in Krems which is continuously positive (IP13). There is an educational dialog between the universities and the city of Krems (IP6) and the [first] meeting of principals and vice-principals of all [local] universities and members of the government was an important step and a great success (IP12). Krems was the first town [in Austria] to invite the principals of all universities in town to a round table to talk about a common future development (IP8). There is a need on both sides to know what is going on, and which needs have to be supported (IP13).
“The partnership between institutions, scientific institutions in Lower Austria, in Krems and the political institutions is very important for all of us.”

(IP2)

Currently there are cooperation agreements between the universities which are situated in the region (IP6) and universities participate in regional projects of the city (IP1).

They are linked up with other organizations (IP6) because it is important to use synergies like joint events and joint projects (IP4). Cooperation with other universities and high schools in the federal state has an immense influence on the development of science and research (IP2).

The need to create a common regional development (IP10) helps to create coordinated support activities between SME and universities [...] as a collaboration between universities, government and SME. The government could support the research activities of universities [...] even with the publication of the research location in the region, and the federal government could contribute to the research activities of universities by including these activities in their strategy papers (IP1).

Table 7: Cooperation within the region

As shown in Table 7 an estimated 87% of the interviewed persons mentioned the former topic within the interviews. 4 of 5 persons of the government (80%) and 9 of 10 persons of the universities (90%) were talking about this topic which means that the importance on both sides has quite the same and high value.
6. Conclusion

This chapter provides the main conclusions and theoretical implications of this study. Further, managerial and practical implications of the theoretical conclusions are presented as well as limitations of the current research and suggestions for further research.

6.1. The influence of universities on their region

The aim of this research was to answer how universities influence the development of their region, how does the government influence the development of universities in its region, and which kind of development should be focused on by [the other] institutions to improve the performance of each other and in a common sense.

Twenty years ago in 1994 the reputation of the city and the region was “only” connected to its historic build description combined of the beautiful landscape, the typical apricots, the culinary specialties, and the world heritage site with its historical buildings and parts of the city. Currently, the name of the city and the region is a brand which is further connected to the name of five universities, the high quality level of higher education, and the 13,000 students which take out the brand to a global public.

“There is a change in the regional significance. […] The locals are proud of the universities. […] Locals associates with the universities.”

(IP11)

As the authors could experience there is a great awareness of all involved persons that they are working – and particularly – living in a region where the people love everything (IP2) in it. Every one of the interviewees was fully open with heart and mind to support this study which shows a strong interest to be part of it and to explore common solutions to solve existing challenges. The main finding was that all of the interviewees were mentioning the topic reputation and region within their interviews which confirms the common consensus for this topic.

As explained in chapter 5.2, there have been more than 10,000 guest at various events which means the universities attract external people to visit the region and spend money into native firms and businesses. Visitors act like ambassadors of the region by telling other people about the attraction of the region.

Additional the universities act as employers. While students or visitors more or less stay temporarily in town the employees establish themselves with their families in the region – they spend their income into local businesses too but furthermore also in renting apartments, using public transport systems or paying taxes and fees which increases the regional revenue.

The topics cooperation within the region, infrastructure and financial situation, funding, and investment were on a similar high mentioned level. As the cooperation of universities is linked to three main sectors – government, industry, and other academia – the need to cooperate is mandatory required on both sides. Universities do cooperate with the government through funding, taxes, and rents, and a common development of the infrastructure by implementing research results or educating people which can be employed at governmental sectors.
Otherwise the universities cooperate with other academic institutions to create additional ways of higher education or to edit common projects. A good example for a successful cooperation between both sides – the government and the universities – is the foundation of the Karl Landsteiner University which is a joint-venture of two universities and – through holding a share – the government. A common denominator is that the first round table of representatives of the government and all five universities was a good and necessary step to exchange different knowledge and various views for a common strategic development planning.

Finally, the universities attract companies to invest or settle within the region. High educated students means that there is a high amount of high educated employees which are ready to work and transfer their know-how into business to increase a company’s development and within an increasing revenue.

Summarized, the influence of universities in Krems is significant. With the foundation of the universities Krems has become a brand for history and higher education, the number of ambassadors for the region increases from year to year, people visit the region and as well as the locals the students and employees of the universities they spend a more or less high amount of their income in local businesses. Cooperation between the universities or the attraction to other companies supports the economic development of the region.

6.2. The influence of the government on the development of universities

In return the government itself plays an important role too. On the one hand it is involved as shareholder in the foundation and operation of the universities, and as a stakeholder it is able to create conditions for all involved institutions and persons which are needed to operate and develop the higher education in the region. Through funding of specific areas of education the government is able to steer the development of new studies and research areas which supports the needs of the local businesses and industry. The awareness of the responsibility and the support of the government by the universities is conscious:

“In the beginning there was a support and commitment through local politics. Without this support, it would not have gone.”

(IP11)

On the other side the government is leading the development of the region by creating the needed general conditions to carry the educational sector in Krems. It is responsible for infrastructure, useful connections to other towns or to create an environment which attracts companies to settle in the region or to expand existing businesses.

The role of the government as a link between locals, students, and the universities also is essential. 13,000 students from all over the world from different ethical backgrounds, different age and needs, means to implement their needs and their acting into the needs and behavior of the locals. As one of the interviewees mentioned the city turned from a silent town into – referring to a well-known Hollywood-blockbuster – “Sleepless in Krems”. Such as the locals the students, employees, and visitors of the universities need businesses for their
daily demand, they want to go out for a coffee or have fun in nightclubs and bars, and they need a functioning public transport system or parking places too.

Summarized, the government has an impact of the development of the universities too. The increasing number of students or the brand of higher education within the region would not have been possible if the government did not create conditions for the foundation and development of the universities within the past twenty years but also means a responsibility to stabilize and encourage this development in future.

6.3. Main findings compared to existing research

Siegfried, Sanderson and McHenry (2007) reviewed 138 studies done since 1992, covering 241 individual institutions in the United States, with their reliance on government support. They state that studies of public universities should stop claiming to compare the investment of state legislature with the – monetary – returning by the universities, and they should stop reporting a single impact – like outcome to the region – instead an overall view which economic value is created to enhance regional welfare. Referring to a systematic template to organize the measurement of economic impacts, which was produced by Caffrey and Isaacs in 1971, media and universities mainly report about the outcome to the region by being present – like expenditures by employees or students, and revenues through developing the region. They explain that most local economic impact consists of activity relocated from other places with little effect on the national aggregate which does not seem to be important in higher education.

In contrast to these results the authors of this study found a statement which we found in the Higher Education in Regions report of OECD which states that partnerships in regional development often fail because university managers do not understand the challenges of regional development and regional authorities do not understand the core mission of universities and the constraints within which they work (Goddard, 2011).

As the authors of this study are students of one of the regional universities we focused on the relationship of the government and the managers of the universities which are placed in Krems. Our main findings are that the interviewed persons are proud of the development of the region within the last twenty years since the foundation of the first universities – IMC and DUK. Furthermore the train of thoughts is going in nearly the same direction. Both, the representatives of the universities and the government, have a good understanding of the needs of both sides – in contrast to the statement of the OECD study in 2011. As we found out the understanding seems to be higher than expected by all interviewed participants which is an important basement for a common future development of the region and the linked institutions. Every participant is – referring to his or her task within its institution – individually focusing on the needs which are linked to the success of the institution but on the other side they do not forget the link to the local needs and a common success of the region.

6.4. Managerial implications

As some interviewees mentioned there is a good relationship between the government and the universities and on this basis the cooperation should be continued and improved. We implicate that the round table and the exchange should be determined in a continuous way
with periodically meetings at the different institutions. This enables the participants to get direct insights and helps to diminish contact difficulties and improve the cooperation.

This improvement is essential to solve another topic – the infrastructural challenges. As infrastructure is described as a wide array of public facilities and equipment required to provide social services and support private sector economic activity (Moteff & Parfomak, 2004) the infrastructure within the city itself and the region has to be improved. The most mentioned challenges through the interviews which have to be solved are problems regarding to the public transport system, the missing parking slots, barely sufficient apartments for students, and for both – the locals and students – affordable apartments in the city or in short distance to universities and working places.

The improvement of the public transport system refers to two different problems – the connection within the city itself and the connection to other regions were students and employees come from like Vienna, St. Pölten, or the surrounding. Our implication is that if it is possible that the government and the universities together found a new university it also should be possible to combine the knowledge and experience of each other to develop a new public transport system concept which includes the existing resources like busses with an adapted bus schedule. This new schedule should recognize the needs and timetables of the locals and the students and the transfer intervals should be adapted to the number of users of the public transport system – this also helps to decrease the use of cars which relieves the parking situation.

Another implication could be to invent a joint venture of the city and the universities to develop a common strategy for real estate planning with the opportunity to buy properties to build new hostels or apartments, or to revitalize existing buildings or unused industrial facilities. The amount of through these common development available apartments might be rented out by the joint venture under comparable conditions, like the real estate market for historical buildings in Vienna, where the municipality regulates the maximum height of rents, to create affordable apartments for locals and students.

As universities as IMC and DUK offer studies about economic sciences they have experienced professionals and working students with knowledge from their companies like banks or trustees which could support the financial planning of the city or the government with transfer of knowledge and proactive work within common projects. This might help to improve the possibility of the municipality to invest in infrastructural needs or to develop the educational sector in Krems. If the former mentioned challenges are brought on a good way it is possible to a further increase of the number of students which additionally improves the purchasing power of the region and leads to the opportunity for companies to settle in Krems which stands for strengthening the labor market and through more higher graduates a better available quality of specialized employees.

Last but not least the change in society will not be as significant in the future because the proportion of locals and students will not change like it did in the last twenty years. This will stabilize the situation and to enhance the relationship between locals, youth, and students, one in the interviews mentioned opportunity might be a good approach: a festival at the campus, which is organized by the universities together, and where locals, academic employees, and
students are able to create the festival program in a proactive way to represent themselves, and to celebrate together.

Summarized, the universities influence the development of the region through an additional redesigning of the reputation of the city and the region, an increasing purchasing power which supports the local economy, increasing income for the city through taxes and fees, a huge opportunity to solve existing challenges and to create a common regional planning, and with the students the town starts to live again.

6.5. Limitations and future research

This research is a step towards creating a better understanding of the main influences of universities on their region and how universities and the local government influence each other vice versa. However, as most empirical studies the present study suffers from a number of limitations which may offer additional research opportunities.

First, the amount of received data through the semi-structured, narrative interviews is extensive and includes the opportunity to answer additional research questions too.

Second, the research area included only a limited number of involved persons. It is possible to increase the number of interviewees within the chosen institutions as well as to increase the number of institutions or other areas of the region like businesses, hostelry, service providers, restaurants, public transport services, first and secondary schools, and other stakeholders – as well as the locals themselves.

Third, the chosen region itself could be compared to other regions in Austria or other countries – in example the region of Halland with the local capital Halmstad which university was founded ten years before than the first universities in Krems.
7. Reference


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8. Attachments

Attachment 1: Interview Guideline

“The impact of universities in their region”

Interviewed person: Mr./Ms. ________________________________

Institution (i.e. IMC, DUK,..) ______________________________

Date/Time (Start/End): ______________________________

1. Please explain your activity/work here in ............... (Name of University, business,..)?

2. Please describe your responsibility and which influences you have on the development of your institution?

3. In your opinion - which impact has or had your institution on the region
   ..now?
   ..in the past?
   ..in the future?

4. In your opinion - which impact or influence has or had the region on the development to your institution ..
   ..now?
   ..in the past?
   ..in the future?

5. Which kind of development should be focused on by..
   ..government (while asking persons of universities).. 
   .. universities (opposite on persons of the government).. 
   ..to improve the performance on your institution in future?

6. Mr./Ms. ..........., thank you very much for your time and the information you gave to us.
Attachment 2: Pictures of the universities and the town (part 1)

Campus Krems (Source: http://www.donau-uni.ac.at)

Danube University Krems (Source: http://www.donau-uni.ac.at)
Attachment 2: Pictures of the universities and the town (part 2)

Forum Campus Krems (Source: http://www.donau-uni.ac.at)

IMC University of Applied Sciences Krems (Source: http://www.fh-krems.ac.at/)
Attachment 2: Pictures of the universities and the town (part 3)

IMC University of Applied Sciences Krems (Source: http://www.fh-krems.ac.at/)

IMC University of Applied Sciences Krems (Source: http://www.fh-krems.ac.at/)
Attachment 2: Pictures of the universities and the town (part 4)

Steiner Tor (Source: http://www.tondach.at)

Old town Krems (Source: http://www.cusoon.at)
Attachment 2: Pictures of the universities and the town (part 5)

Old town Krems (Source: http://www.krems.info)

Krems-Stein (Source: http://www.commons.wikimedia.org)
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