

# Research of a Regional University Branch Contribution to the Development of the Region

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## Abstract

The object of the study is the index of committed sustainability, which associates two important parameters – competitive performance and investment appeal. The measure of efficiency was defined as the current value of an association comprised of three potential members: the higher education institution, investors, and business representatives. Assessment of the current value was carried out through the expansion of Reichheld's three-loyalty effect.

*Keywords:* purposefulness, sustainability, value, loyalty, contribution, technology

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## 1 Introduction

This effect suggests inclusion of three loyal participants into an association to provide the maximum result: tutors (employees), employers (customers), students (investors). Its expansion required the identification of three values, each of which presented a certain determination of the contribution of representatives of loyal participants. Identification was carried out using the respective instruments.

## 2 Contribution

In order to assess the current value of contribution of the higher education institution to the social capital of the region, a business plan was prepared in advance in a 10-year perspective, in adherence to the UNIDO standard. The following course of action consisted of determination of cash flows (the working enterprise model), calculation of the discount rate and capitalisation rate (CAPM model, WACC model SGR), calculation of the further value of the higher education institution (direct capitalisation model and the Gordon growth model). Then, the value potential (value pentagram) of the higher education institution was determined. As a result, adduction of future values as of the beginning of 2019 was carried out (discount model).

Assessment of loyal investors included a study of the dynamics of enrolment / distribution of alumni of the higher

education institutions to three directions (hotel business, tourism, other business) over 10 years. Dynamics of investments into education was determined over a ten-year period as well. Funds of withholdings from investments were assessed (taxes, development, infrastructural investments, etc.)

The final stage was the assessment of the contribution of loyal customers to the image of the region. This involved the development of a number of business plan options for hotel business, drawn up in a ten-year perspective in accordance with the UNIDO standard. These were used as a basis for determination of the value potential of hotel business and assessment of the value of intangible assets of hotel business.

## 3 Conclusions

The result was the calculation of the share of intangible assets contributed by the students and alumni of the higher education institution employed in hotel business, as well as the alumni who opened their own hotel businesses. Similar actions were taken in the domain of tourism. The share of intangible assets for other forms of business was also assessed. The findings showed the distribution of the contribution of business to the social capital of the region.

Thus, using the prospective management technology, it was determined that by 2027, alumni of the higher education institution employed in business would contribute 29 343 thousand Euros to the social capital of the region.

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