

# Research, knowledge transfer and innovation: the effect of Italian universities' efficiency on the local economic development 2006-2012

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## Abstract

In this paper, we test whether there is a link between the performance of universities and the local economic development of the territory where they operate. The performance of academic institutions is measured through an efficiency concept, estimated by means of an innovative Stochastic Frontier Analysis (SFA), and considering indicators of teaching, research and ‘third mission’ as outputs. A system generalized method-of-moments (Sys-GMM) dynamic panel estimator, instrumented with time lags and differences is estimated over the period from 2006 to 2012 to solve the potential endogeneity of the explanatory variables. Our findings reveal that the presence of efficient universities fosters local economic development, and that knowledge spillovers occur between areas through the geographical proximity to the efficient universities.

### **Keywords:**

Higher education; knowledge spillovers; local economic development; efficiency of universities

### **JEL Codes:**

I21- Analysis of Education

E01 – Measurement of Data on National Income and Product Accounts and Wealth