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

Tommaso Agasisti - Politecnico di Milano School of Management - Department of Management, Economics & Industrial Engineering, Campus Bovisa - via Lambruschini 4b, 20156 Milano - Italy. E-mail: tommaso.agasisti@polimi.it

Cristian Barra - University of Salerno - Department of Economics and Statistics, Via Giovanni Paolo II, 132 - 84084 - Fisciano (SA) – Italy. E-mail: cbarra@unisa.it

Roberto Zotti - University of Torino - Department of Economics and Statistics "Cognetti De Martiis", Campus Luigi Einaudi Lungo Dora Siena 100A, 10153 Torino – Italy. E-mail: roberto.zotti@unito.it

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

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