

Tertiary Education Levels in our Country are Insufficient for the Needs of the Contemporary Economy and Society

KEYNOTE SPEAKER

Gianfranco Viesti

University of Bari Aldo Moro

gianfranco.viesti@uniba.it

The difficulties of the Italian economy have articulated causes, but they are primarily attributable to the very modest productivity dynamics. Between 1995 and 2019, labor productivity in Italy grew by 0.3% per year, compared with the value of 1.6% in the EU-28, and much lower than in France (1.3%), the UK (1.5%), Germany (1.3%), and Spain (0.6%).¹ Insufficient productivity growth is linked to our production system's mediocre ability to adapt to the major changes of the twenty-first century: growing trade and locational competition from emerging and Eastern European countries for productions with greater price competition and the emergence of new innovative goods and services based on new digitally driven technologies. Underlying this lack of adaptability are several factors, but certainly, the most relevant ones are the low levels of education of our entrepreneurs and workforce.

In this respect, Italy's historical lag is not being bridged. Eurostat data show that out of every 100 young people aged 30 to 34 in Italy, as many as 27 do not have a high school diploma, and only 28 have a university degree (2019). These figures are far worse than in other EU partners. Within the country, data are significantly worse for southern Italy regions. There is so vast evidence of the importance of these data for the economy, both regarding productivity and entrepreneurship. Suffice it to mention, thanks to data from Istat's "Knowledge Report",² that the educational level of entrepreneurs in Italian small businesses is 11.4 years of schooling (less than a high school diploma); the most common educational qualification is the lower middle school diploma (38% of the total). The average education level of workers is 10.8 years of schooling. However, better-educated entrepreneurs hire better-educated staff: each additional year of schooling for entrepreneurs is associated with 1.3 more years in employees' education. Moreover, better-educated entrepreneurs tend to pay their staff better. This produces important effects: each

¹ Istat, *Misure di produttività anni 1995-2019*, Statistiche Report (November 4, 2020). https://www.istat.it/it/files/2020/11/Report_MISURE_PRODUTTIVITA_1995_2019.pdf.

² Istat, *Rapporto sulla conoscenza*, Economia e società (Rome, 2020).

additional year of education in employees' average results in a productivity increase of just under 4%. Each additional year corresponds to a 30% increase in the probability of ERP (management) application adoption, a 20% increase in CRM (customer relationship) adoption, and a 6% difference in the percentage of employees using computers. Again, a 2019 AlmaLaurea Report³ documents that among 2004-2018 graduates, 7% founded a business (the percentage rises to 18% for master's graduates). 6.7% in the North, 7.3% in the center, and 7.5% in the South. As a result, 236,000 enterprises (3.9% of all enterprises) were born, including 2,127 innovative start-ups (20.2% of all innovative start-ups).

Why does Italy have so few university graduates? Based on an estimate in the Anvur report, it can be argued that this is mainly due to meager entry rates into the university system: this factor explains two-thirds of the difference; one-third of the difference is due to lower rates of study completion: the problem remains, but study regularity has significantly increased in recent years. Nearly 60 percent of Italian boys and girls have never entered a university. Trends in enrollment data are unfavorable: they had been growing until 2005, partly due to the positive effect of more mature students "returning" to university. However, they then steadily declined for ten years; they returned slightly to grow from 2015 onward, but the number of students enrolled in 2018-19 is at the level of 2000. Italy is especially lacking in the enrollment of students from the weaker strata of society, from lower-status families, with a lower level of education, and from secondary technical and professional institutes. The drop in enrollment, partly because of what was just mentioned, was most noticeable for students from the weaker regions of the country. The correlation between parents' and children's educational qualifications remains strong, a dangerous sign of low social mobility.

The trend in enrollment has been negatively affected by the sharp increase in university taxation and the poor level of interventions for the right to study. University taxation in Italy has become the highest in Continental Europe (after Holland and Latvia). The approximately \$2,000 (at purchasing power parity) annual cost of university studies in Italy⁴ should also be compared with the free university studies in the Scandinavians and several Eastern countries, with Germany's \$133 and France's \$237. The average contribution has risen from just over 1,000 Euros in 2013-14 to over 1,300 in 2017-18, a very noticeable increase.⁵ Fortunately, total exemption from the fee for students from less affluent families (based on ISEE) was subsequently introduced; so, in 2017-18, 25% of enrolled students were exempt from the fee (a percentage that grew later): this circumstance contributed to the upswing in

³ AlmaLaurea, *Laurea e imprenditorialità* (executive summary, December 2019).

⁴ Oecd, *Education at a Glance*, OECD Indicators (Paris: OECD Publishing, September 10, 2019), <https://doi.org/10.1787/f8d7880d-en>.

⁵ MIUR, "La contribuzione studentesca negli Atenei e negli istituti AFAM, anno accademico 2017-18" (Rome, July 2019).

matriculations. As for scholarships and student services, they have always been (as analytically documented in the 2016 report “Università in declino”) far below other European countries. However, in this case too, there have been changes in recent years, with a significant increase in scholarships starting in 2015. It is a very positive figure, though it only narrows a little and certainly does not close the gaps with other countries. Overall, there is resounding public underfunding of the Italian university system. As of 2018, public university funding amounted to 7.3 billion Euros in Italy: these should be compared to 31 for Germany, 25 for France, nearly 8 for Spain, and about 6 for Sweden.⁶ Expressed on a per capita basis, they result in a per capita funding of 121 Euros in Italy, while figures are much higher elsewhere; even Poland has now come close to Italy's figure. In the decade 2008-18, public funding in Italy decreased by 14%, while it increased greatly in the other contexts, in emerging countries such as Poland and Turkey, by 27% and 61%, respectively. In Spain, it has also decreased a lot (-23%). However, it started from much higher levels.

The sharp contraction of public investment in Italian universities has resulted in a freeze on professors' turnover, with different scales over the years. This led to a threefold consequence. First, the total number of professors, according to a survey by the National University Council,⁷ has decreased from 44,799 at the end of 2006 to 37,837 at the end of 2017. The ratio of faculty to enrolled students in Italy is worse than in other European countries. With the reduction in staffing levels, it has worsened further: according to Anvur surveys, it went from 27 students per faculty member in 2008 to 31.5 in 2017. Second, the freeze has resulted in significantly aging the current staff. Finally, this congestion left an entire generation of young scholars out of the academic path, forcing them either into underpaid, precarious positions (possible, however, only for those with sufficient family resources) or into emigration. This phenomenon has increased significantly in the last decade.⁸ As an essential and negative side effect, recruitment decisions, and regulations have sharply declined professors' mobility between universities.⁹

Fortunately, there have been some signs of a counter-trend in the most recent period, mainly related to new calls for fixed-term type B researchers. By the end of 2018, an increase in teaching staff to 39,200 was visible.¹⁰ More recent data report further improvement.

⁶ EUA, *Public Funding Observatory Report 2019/2020* (February 20, 2020).

⁷ CUN National University Council, *The University System in the Analysis of the National University Council 2017-2019* (Rome, January 2019).

⁸ Leopoldo Nascia, Mario Pianta and A. Stilo, “The migration of researchers in Europe. A pilot study of Italy”, *Final Report for the EU Joint Research Centre* (March 2020).

⁹ Domenico Cersosimo, Rosanna Nisticò, Emmanuele Pavolini, Francesco Prota and Gianfranco Viesti, “Circolazione del capitale umano e politiche universitarie: un’analisi del caso italiano,” *Politiche Sociali*, n. 3 (2018): 387-406.

¹⁰ CUN, *The University System in the Analysis of the National University Council 2017-2019*.

The contraction of financial and human resources for the Italian university system has been highly geographically selective due to questionable provisions, analytically documented in the volume “Università in Declino.” Universities in the more “peripheral” North, and especially in the South-Central area, have been particularly disadvantaged. Updating those data¹¹ shows how, between 2008 and 2018, the Ordinary Financing Fund (FFO, Fondo di Finanziamento Ordinario) for universities decreased by 4% in nominal terms. The reduction reached 13% in Genoa, 7% in Florence, 17% for Rome La Sapienza, and 15% for Bari, to a maximum, among the top fifteen Italian universities of almost 24% in Messina. The turnover in the teaching staff between 2012 and 2019, expressed as the percentage of “staff positions” made available by retirements and those actually available, was 58% for the entire Italian university system. But it was 47% in Genoa, 50% in Florence, 47% for Rome La Sapienza, 42% for Bari, down to a low of 35% for Catania, among the top 15 Italian universities.

On the one hand, the differences in turnover are directly related to the decline in FFO, which is, as shown above, much more intense in some locations. On the other hand, they are tied to the laws linking it to revenues from student taxation. As mentioned earlier, it has increased sharply, to a greater extent, in universities in the South Central. But, given the widely varying income levels of households, the rate increase did not produce the same revenue for universities in less wealthy areas of the country. Note that, according to an Istat survey referring to 2014-15¹² in that year, the average household income of a student at the University of Catania (16,400 Euros) was slightly more than half that of a student at the Politecnico or Statale di Milano. This difference is consistent with the average household disposable income variability across Italian regions. Some analyses by the Bank of Italy show that, as a result of the lack of turnover, the supply of usable university courses within an hour's travel time from the municipality of residence has shrunk in the South (where it was already lower) to a much greater extent than in the rest of the country.¹³

The decline in enrollment has been accompanied by a significant increase in student flows from the South to universities in the North, both for bachelor's degrees and, even more for master's degrees. These flows are mainly explained by the different opportunities in the labor market, with disparities becoming more pronounced in the last decade. This is also shown by the reduced flow of southern students to the universities of Lazio and Tuscany. Despite their undisputed prestige, they offer fewer

¹¹ Gianfranco Viesti, “Le politiche universitarie”, *SINAPPSI Connessioni tra ricerca e politiche pubbliche*, IX, no.3 (2019): 94-105.

¹² Istat, *Studenti e bacini universitari* (Rome, 2016). <https://www.istat.it/it/files/2016/11/Studenti-e-bacini-universitari.pdf>

¹³ Sources and data can be found in: Gianfranco Viesti, *La laurea negata. Le politiche contro l'istruzione universitaria* (Rome-Bari: Editori Laterza, 2018).

opportunities for placement in the labor market. Analyses on the areas of origin of Southern university students who enroll in the North-Central region show that the percentages of students who move correlate with the availability of a wide range of educational offerings that can also be reached through commuter attendance. The percentage of students who enrolled in the North-Central region in 2014-15 ranged from values even higher than 50 percent for the provinces of Trapani and Ragusa to completely physiological values of just over 10% for the provinces of Naples, Cagliari, Catania, Palermo, and Bari.

Thus, the enrollment trends mentioned above, also related to tuition fee increases, together with their geographic dynamics, have produced a highly diversified picture. Between 2010-11 and 2017-18, enrollments declined by 7% in the national average; however, they dropped (again, among the fifteen major Italian universities) by 14% in Genoa, 8% in Florence, 19% in Rome La Sapienza, 25% in Bari, to a high of 29% in Messina.

The above can be summed up by concluding that a selective and cumulative compression of the Italian university system has been underway since 2008. It is a compression as the size of the system, while largely smaller than in European countries comparable to Italy, has shrunk significantly. It is selective because, due to a patchwork of mainly regulatory provisions, this reduction has been considerably more significant for universities in the South-Central part of the country and particularly for those in the Islands. In recent years, there has been strong political-cultural pressure for investment in the Italian university system to be concentrated only in some “elected” locations. All of them are in the strongest areas of the country. Instead, the rest of the system was abandoned to an ancillary role (e.g., limited to bachelor's degree courses only or without research activities). It is cumulative because these were not one-off cuts; instead, they were due to mechanisms (particularly the new criteria for allocating FFO in both its primary and so-called “premium” components and the criteria for allocating “staff points”). Thus, sharply shrinking universities can hardly counteract their “decline,” as reductions in public funding, faculty, courses, and students feed off each other. The idea that universities should downsize the number of current students seems unsupportable. The number of students reached, particularly in some locations, can only be considered pathological and not physiological; indeed, this is undesirable. Moreover, it is incompatible with a revival of the Italian economy itself. A recent study¹⁴ documents how the ratio of college teachers to “potential” enrollees, namely high school graduates, is much lower and worsened to a greater extent in the South.

¹⁴ Lucia Rizzica, “The Italian Public Sector Workforce. Recent Evolution in the Light of the Rules on Turnover,” *Questioni di Economia e Finanza* (occasional paper), no.560 (Banca d'Italia, June 2020).

Fortunately, it should be acknowledged that some positive provisions have been introduced in recent years, some of which have been recalled. Enrollment figures in 2020-21, at the peak of the COVID-19 pandemic, are encouraging and also related to the extension of the university tax exemption. However, they do not yet seem able to reverse the course that has been summarily described here, but only to slow it down, nor even to heal the effects of a long decade of “anti-university policies.”¹⁵

A truly great plan for the revitalization of the Italian university can only consist, also and above all, of interventions in a profoundly different direction from the last twelve years. They must aim at its structural strengthening through rules and current funding, enabling it to function in conditions of normal ordinary operation. It should involve initiatives to increase high school-to-college transition rates significantly, steadily, and strongly increasing enrollment and overall enrollment size. Eliminating taxation for some students is only a first step, albeit in the right direction; it should be accompanied by intense policies to promote the right to study and educational mechanisms to remedy the lack of knowledge of matriculates and reduce first-year dropouts. The sensitive recruitment of new researchers is undoubtedly going in the right direction; however, it needs to be made permanent, giving reasonable recruitment opportunities to younger people. Moreover, it certainly must be rebalanced from a territorial point of view.

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¹⁵ For an analytical description, far more than could be done here, see: Viesti, *La laurea negata. Le politiche contro l'istruzione universitaria*.

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