

Direct and indirect effects of universities on European regional productivity

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Universities are fundamental actors to enhance regional economic performance since they generate human capital, research and knowledge diffusion. The literature has analysed the universities' impact following the demand-side GDP and the supply-side knowledge production approaches. We propose a novel analysis by investigating the university effects on Total Factor Productivity. We distinguish between *direct* and *indirect* effects. The former is due to universities' highly differentiated "third mission" activities. The indirect effects originate from human capital and technology creation. Our analysis provides evidence of sizeable and robust direct effects which complement the traditional indirect ones in enhancing European regional TFP growth.