European Economic Association
Meeting, Malaga 2012

Panel Discussion on
“Building Successful Research Institutions in Europe”
Brief history

1902
Ferdinando Bocconi established an endowment and named the university in memory of his son

1902-1990
A (great) teaching institution
[today: 15,000 students - 13% foreigners - in economics, finance, management, law]

1990-current
Building a research + teaching institution
4 (interconnected) pillars

1. Governance: private, top-down institution
2. Core in undergraduate / master programs
3. “People matter”
4. International focus
1. Governance, I

- Being a *private* institution, Bocconi cannot rely on public funding but has to self-finance on the mkt.

- This has deeply influenced the incentive structure within the university:
  - an outward and mkt oriented attitude to offer efficient services that attract the best students and enable the university to compete in international rankings.
1. Governance, II

- Being a **private, top-down** institution gives Bocconi flexibility in hiring, promotions, funding, and other decisions
  - can offer (private law) competitive contracts to attract faculty in academic job mkt
  - decisions and changes can be implemented more quickly (e.g., hire on the international job mkt, eliminate inbreeding, tenure decisions to raise internal standards of promotions, etc)
2. Core in undergraduate / master programs

Strong teaching strength in undergraduate / master programs provides:

- **financial stability and independence**
  (immune from economic crises or changes of leadership that can suddenly shut down a research institution, etc)

- **large** pool of talented and committed students from all over Italy—and recently from abroad (selected through an entry test) created Bocconi’s reputation in both the academic and corporate worlds
  [teaching to these students is a true pleasure!]

3. “People matter,” I

**Goal:** build a critical mass of first-rate faculty
- Quantity versus quality trade-off

**Channels to reach the goal**
- raise quality in *internal tenures* and promotions across ALL departments (while minimizing conflict)
- raise the bar in *external hiring* across departments

**What helped**
- commitment from the top
- look at international best practices (e.g., no inbreeding)
- external referees
- some key players
3. “People matter,” II

1990  Mario Monti (Bocconi’s rector) hired Francesco Giavazzi

1990  Francesco Giavazzi & Mario Monti, along with William Branson, Stanley Fischer & Richard Portes: IGIER was set up with Bocconi, CEPR, NBER as founding members

1994  Guido Tabellini hired at Bocconi (rector from 2008-12)

Since the early 1990s (and until recently), IGIER helped attract a pool of talented Italian economists from abroad and create an international and dynamic research environment
... some recent outcomes of this effort (including reversing the Italian diaspora)
4. International focus

Research
- values and best practices of international scientific community are the polar stars (no inbreeding, hiring and tenure / promotions using international standards)
- lively seminar series and visiting program greatly help fostering research interactions

Teaching
- an enormous (bi-directional) network of exchange / study abroad programs with over 200 universities in 50 countries create multicultural environment
To sum up: for Bocconi
4 (interconnected) pillars

1. Governance: private, top-down institution

2. Core in undergraduate /master programs

3. “People matter”

4. International focus
Next challenges
(we need 2 more pillars)

[One premise: many thanks to ERC!!!]

- Professional fund-raising (just started)
  - to compete with U.S. senior job mkt, to attract (and retain!) top faculty

- Build a top PhD program
  - challenging for European institutions in general
  - already a positive derivative but more work to be done
Lessons? Food for thought?

- Good academic institutions can be developed in Europe
- Healthy competition among European institutions is good
- To the pessimists: get lost…