

## **EMPLOYABILITY OF GRADUATES AND DEVELOPMENT OF COMPETENCIES: MIND THE GAP AND MIND THE STEP - EMPIRICAL EVIDENCE FOR ITALY**

Riccardo Leoni

European policy makers are focusing on the gap between the competencies required of graduates by the modern production context and the knowledge that university systems traditionally transfer to students. Their objective is to significantly transform the higher education system so that it adheres more closely to the new needs generated by the vigorous technological and organizational innovations in production and work. For the time being, the so-called Bologna Process and the Dublin Descriptors, relating to the educational objectives expressed by the expected learning results, constitute the outcome. These policy decisions attempt to change the university's mission and unit of measure: seeking to move from the transfer of knowledge from the teacher to that of learning by the student, and from disciplinary knowledge to competencies.

The European project "Tuning Educational Structures in Europe" (2006), in addition to a survey in the field, indicated to European universities the opportunity to make a distinction between generic (or transversal) competencies and specific competencies (in the personal area of discipline), also suggesting methodological indications to design degree courses and to adopt 'constructivist' pedagogy.

Economic analysis has long shown that the considerable gaps between competencies required and those held on entering the labour market have serious consequences both in the short and long term. A recent survey, carried out on a sample of entrepreneurs and/or recruiters working in the Lombardy region in Italy, shows that the biggest gaps are to be found not within the remit of disciplinary knowledge as such, but in the competencies themselves: i) application of knowledge, ii) cognitive abilities, iii) management and iv) relational. These gaps force firms to sustain higher new-graduate entry costs with respect to a counterfactual constituted by the equilibrium between supply and demand of competencies.

In this paper, it is argued that these gaps are not only responsible for the medium-low positioning of the competency profile that develops during the working life of a graduate with respect to a counterfactual constituted by a graduate with a good match between the competencies required and those held. They also tend to affect the growth path of the competencies themselves: the bigger the gap, the smaller the steps in competency growth. Moreover, the competencies that are developed most during the course of a working life tend to be those that at the time of entry into the labour market had the largest gaps. In this regard, it is argued that education is not the only mechanism that promotes and develops workers' professional competencies, as literature has shown that the development of a worker's 'key' competencies also depends on the organizational design of the workplace and the work practices that are „practised“.

The paper also documents, through an econometric analysis controlling for a number of factors, that the level of „expressed“ competencies significantly influences graduate remuneration, while the cultural background of the family of origin tends to assume greater importance than the formal educational level acquired. The results are confirmed by controlling for endogeneity of schooling as well as of competencies. The paper concludes with a series of policy indications.