Innovative Social Policies for Inclusive and Resilient Labour Markets in Europe

In-depth analysis of Policy Innovations
Country Report for Italy
D4.1 AND D5.1

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**Abstract:**
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Introduction

The overall level of territorial economic resilience to the economic downturn places Italy among the countries more severely affected by the economic crisis started in 2008. Even if macro-economic data like gross domestic product (GDP) show some recovery on specific economic sectors nevertheless wide territorial divides exist and they are very relevant in re-shaping the socio-economic impacts of the crisis both on the labour market and the wider social fabric. The effects of the labour market stress are already visible as the average levels of inequality have increased and are close to the more unequal countries in EU28. Gini coefficient in Italy, according to the OECD, had a significative variation from the 0,313 of 2007 to the 0,327 of 2012 and it’s likely to have grown more up to now. The Italian labour market policies have been characterized by a slow and continuous trend toward flexibilization and de-regulation of the labour market relationships that started at the end of the '90 and continued even during the first four years of the economic crisis. After the fall of the Berlusconi Government in 2011, and the rise of a sequence of technocratic governments directly appointed by the President of the Republic to accomplish with the economic agenda of reforms of the European Union (Monti 11/2011-4/2013, Letta 4/2013-2/2014, Renzi 2/2014-present) some changes and reforms in the general trend were introduced: de-regulation and flexibilization continued to be at the core of labour market policies but the serious gaps in social protection of workers and the strong dualization of the labour market where partly addressed extending the redundancy schemes for the growing number of unemployed and supporting a large number of small, medium and even large enterprises with national and a larger share of European funds. As the numbers of workers employed have been always declining from 2007 to mid-2015, considering the time frame of Inspires (2000-2013) we can state that the impact on resilience of the

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1 See the Report ESPON (2014), Ecr2. Economic Crisis: Resilience of Regions. ESPON & Cardiff Univeristy. http://www.espon.eu/main. It shows relevant territorial gaps at regional level. The resilience of a given region is calculated not only on the base of labour market performances but also using macro-economic and social indicators.

Italian labour market reforms has been, up to now low or not existent. The only measure that according to our analysis had a positive but limited impact in terms of social resilience has been the wide use of short time redundancy payment schemes (*Cassa Integrazione*) that permitted to limit the extension of relative or severe poverty for a wide range of territories especially in the south and islands but also in crucial industrial districts of the centre and north of Italy.

**Analytic Description of the selected innovations**

In Working Package 2 of the Inspires Project the National Report on Italy\(^3\) the analysis of the socio-economic context before and during the on-going economic crisis (2000-2013), showed how the labour market developed under the guidelines of few innovations introduced during between the turn of the new century. Flexibilization and marketization of Employment and Placement Services where boosted both by the economic growth cycle of the late ’90 and by the European Policy Learning process. The improvement of unemployment benefits has been incremental and went off under the growing pressure of the working poor especially in the regions more affected by the economic downturn. Finally the rising of statutory retirement age was not considered during the previous analysis performed for Working Package 2 but went into our consideration because of the great socio-economic importance of older and retired workers in Italy. In 2014 under the pressure of the European Fiscal Compact budgetary policy the Italian State started important reforms of pensions and labour market that will have important impacts on the labour market the judgment on the possible effects of this new reform package on labour market resilience is controversial but cannot be developed here.

According to preliminary analysis of Working Package 3 published in the Synthetic Report \(^4\) data the main common trends in the labour market innovation process across 2000 and 2013 in the 11 European countries involved in project Inspires were:

a) Risk prevention and early intervention (this includes preventing early retirement and the labour market exit of older workers, preventing sickness and long-term health conditions as well as preventing NEETs and unemployment)

b) Activation (this includes positive and negative incentives, job search and support services, occupation and human capital development policies)

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\(^3\) See [http://inspires-research.eu/userfiles/D2_1%20National%20report%20Italy%281%29.pdf](http://inspires-research.eu/userfiles/D2_1%20National%20report%20Italy%281%29.pdf)

c) Flexibilization and flexicurity

d) Changes in governance mechanisms and structures

The situation of Italy\textsuperscript{5} presented some peculiar aspects and the innovations described were more of the kind of incremental and path-dependent reform more than radical innovation in response to the challenge of the economic-crisis. The deliverable D 3.1 “Identifying Policy Innovations increasing Labour Market Resilience and Inclusion of Vulnerable Groups” opened questions on the capacity of policy learning and adaptation of the institutional labour market infrastructure but also on the level of employers social capital in labour market management. The main trends reported where:

1) Measures aimed at protection and extending security for workers at risk by enhancing passive schemes, arranging short time redundancy payment schemes and unemployment benefits;

2) Measures aimed at introducing flexibilization in hiring workers refer to different types of non-standard job: Fixed-Term, Part-Time, Temporary work, Coordinated and Continuous Collaborations, Temporary agencies work, Intermittent and Subsidiary jobs;

3) Introduction of active labour market policies under the issue of activation measures linked to passive policies such as short time redundancy payment schemes and unemployment benefits

4) Policies against undeclared work and toward the formalization of the large share of black or grey economic activities especially in the southern regions of Italy

\textsuperscript{5} See http://inspires-research.eu/userfiles/D3_1 National report Italy.pdf
Definition and description of the criteria adopted for the selection of 5 innovations per country

Starting from this points, during 2014 the Italian research team pointed out five fields of labour market reform and innovation that were considered relevant to the research. The rationale for their choice will be shortly described in the following paragraphs.

1) Apprenticeship for young workers

This innovation is not a single measure, but is represented by an incremental process that has been sustained by a group of coordinated Laws and Legislative Decrees from 2003 to 2013. Apprenticeship in Italy has a long history, but it has recently gained a central stage in the field of labour policies, in response to increasing youth unemployment and school dispersion. During the decade 2003-2013 traditional apprenticeship was extensively reshaped and promoted, drawing inspiration from the successful Central European models, especially the well-known German dual system and the French system. As a mixed contract aimed at both training and employment of young workers, apprenticeship is focused on improving the integration of young people in the labour market by providing them with recognized skills. This goal is to be achieved by means of an alternation of general and cross-sectional off-company training and more specific on-the-job training.

2) Rising statutory retirement age

The history of modern welfare state shows a progressive growth of pension schemes for workers and an enlargement of these entitlements to other categories of citizens. Since the beginning of 90s Italy's Welfare has seen a progressive reduction of economic benevolence and a rise of age requirement. The main goal has been financial sustainability in the long run. In the short run it has two negative consequences on resilience of labour markets. In general a growing number of over 55 age workers who stay on the job, with a misplacement effect of reduction of employment rate of other younger age workers. In the Italian case some 130.000 old workers were expelled (“esodati”) by downsizing of firms and could not get retired nor find another job.

3) Reform and marketization of Employment and Placement Services

The reform of Public Employment Services (PES) played an important role in establishing a
common standard of rules and procedures involving public and private agencies in developing employment and placement services at the national level. On this ground, some territories had autonomously implemented such rules, and produced a variety of different layouts and different levels of efficiency of employment services at the local level. In recent years, the outstanding differences between regions in unemployment and activity rates has led to a debate on the need of further reform of the PES toward a more centralized and coordinated system.

4) Reform of unemployment benefits and the role of short-term redundancy payment scheme.

During the last decade 2005-2015 short-term redundancy payment schemes has been massively extended and enhanced in order to avoid loss of salary of workers facing reduction of working hours. Expenditures on passive measure represented 76% of the total expenditures on Labour Market Policies (LMP) in Italy in 2011 and have grown until 2014. Early retirement schemes and out-of-work income maintenance and support were the main fields of expenditures, especially after 2008. Even the Unemployment Benefits (UB) system has been reinforced and enhanced, as well as extended to other categories of workers previously not included. Then, UB layout has been rearranged into a new frame. The new and simplified frame of UB introduced partial innovative flexicurity measures in order to extend social security to precarious categories of workers (non-standard, young, women, immigrants).

5) Entrance flexibility by means of non-standard jobs

During the period considered one of the main drivers of innovation over the national labour market was the introduction of flexibilization elements. External flexibility has been achieved by means of a continuous and incremental process of liberalization of labour forces. From 2000 to 2007 employment rates of non-standard workers increased, especially in Part-Time and Fixed-Term jobs. After the crisis (2008-present) this trend led to a massive job loss for youth and women, indeed had a negative effect on Labour Market Resilience.
Presentation of the selected cases in table format

Synthetic presentation of national innovations according to key-points (variables) as they stem from the desk analysis and the interviews. For each innovation are listed in numbers also the specific measures described in Deliverable D 3.1 (Fratto 2014).

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Goals</th>
<th>Target Group</th>
<th>Scope</th>
<th>Type of policies</th>
<th>Type of strategy</th>
<th>Expected or estimated impact on resilience</th>
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<tr>
<td>1. Apprenticeship for young workers (IT 10, 13a, 16, 20d, 30,31b)</td>
<td>Improving the integration of young people in the labour market by providing them with recognized skills by means of an alternation of general and cross-sectional off-company training and more specific on-the-job training. Young workers from 15 to 29, with more specific age-ranges depending on the form of apprenticeship. Particularly, Educational Apprenticeship targets low educated young people aged 15-25 and aims to provide them with both an educational and professional qualification.</td>
<td>Structural reform of labour market at national level which however refers to regional regulations and responsibilities. In addition, social partners are involved in the implementation of the innovation.</td>
<td>Policies addressing the Apprenticeship system were mainly oriented at the expansion of the categories of young workers who could be hired as apprentices; at the rationalization of the Apprenticeship contracts, at the relaxing of administrative procedures and training obligations by the side of enterprises.</td>
<td>Rearranging temporary work contracts, including Apprenticeship and expanding Apprenticeship system. Rearranging Apprenticeship contracts and reforming the governance of the Apprenticeship system in a unique regulation text.</td>
<td>Expected impacts on resilience refers to the field of school-to-work transition and fight against youth unemployment. Apprenticeship contracts should represent the main and ordinary entry for young people in the labour market.</td>
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2. **Rising statutory retirement age** (IT 21,32)  
Redressing contributions and pensions with actual demography and life expectancy  
Older workers, all workers that hope to get a pension  
Progressive extension to all workers  
Redistributive from old workers to young workers that pay contribution  
Rising step by step. Anchorage with real contribution and link with life expectancy  
In the short term negative: substitution effect of more active old workers with employed in other aged. In the long run decline of cost for workers and firms

3. **Reform and marketization of Employment and Placement Services** (IT3,12,26b,d,e)  
Reducing supply and demand mismatch and skills mismatch. Implementation of active policies  
Unemployed, young not yet employed  
Public and private labour services  
Constitutive of new organization and administrative culture  
Deregulation, cooperation with private, devolution to regions and local authorities  
Positive but very dependent on local condition of leadership, commitment, social capital and resources

4. **Reform of unemployment benefits and the role of short term redundancy payment schemes** (IT 5a,17,18a-b,23b,34)  
Widen the number of recipients and the amount, introduce activation policies, training and conditionality linked to those measures for recipients.  
Non-standard workers, Unemployed; Workers facing reduction of working hours, Older workers near to retirement.  
The reform of Unemployment Benefit has a National and long term dimension. The extension of short term redundancy payment scheme is a selective measure (apply to specific  
Expansion of an existing policy and encompassing security. Extending duration and economic support of unemployment benefits.  
The main expected results of the passive protection measures for the labour market were mainly in the field of poverty reduction and labour harvesting.
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<th>5. Entrance Flexibility by means of non standard jobs (IT 6, 20a, 31a, 38a)</th>
<th>Liberalization of fixed term and non-standard work in all the sectors of the labour market</th>
<th>Unprotected workers, outsiders and also insiders after the 2008 crisis</th>
<th>Structural reform</th>
<th>New labour law code, defiscalization</th>
<th>Liberalisation and dualization</th>
<th>Increase in precarious jobs very sensitive to the economic cycles, job insecurity, higher profits for enterprises</th>
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Development and implementation of selected innovations

1) Apprenticeship for young workers in Italy

Apprenticeship was originally introduced in 1955 in Italy. It suffered from a long decline due to the de-industrialization of the economic system and the rising of tertiary sector. In the mid-nineties, the high youth unemployment rate (above 30%) and the difficulties in the school-to-work transition revamped the interested in this policy (Kazepov and Ranci, 2015). The Treu reform in 1997 rearranged the traditional apprenticeship by expanding the application area of this contractual form. Legislative decree 276/2003, known as “Biagi Reform”, enhanced this expansion and ruled different paths for the groups of young people who could enter apprenticeship, especially the subgroup of the minors of age. It can thus be considered the first radical reform of apprenticeship contracts in Italy. Apprenticeship was enhanced and differentiated into three forms of contracts: Apprenticeship for the fulfillment of the right-duty of education and training; Professionalizing Apprenticeship for gaining an occupation specific qualification (as defined by collective bargaining) by means of on-the-job training and technical-vocational learning; Apprenticeship for secondary education degree or higher education. However, traditional apprenticeship continued to exist, collecting cases that fell outside the scope of the Decree. This law is to be framed within the aim of a major intervention on transitions among school, work and training to favor a better integration between training and work, aiming at raising labour market participation of new entrants. In a document by a working group coordinated by Labour Minister Sacconi and jurist Marco Biagi, expressing the views of Berlusconi Government on labour-related issues, Apprenticeship was seen as a crucial tool to be promoted by public intervention in order to incentive both training investment and employment, and to raise economic competitiveness (Ministry of Labour and Social Policies, 2001). The decree defines apprenticeship as the main work-training contract, apt to attain educational and professional qualifications. The core issue was the quantity and quality of the training component, both inside and outside the firm. In addition, drawing on the French experience, the reform aimed at increasing the quality of the apprenticeship system, connecting it to higher educational degrees (upper secondary and tertiary level). Following laws increased sanctions against the distorted use of temporary and flexible work, including apprenticeship, and pursued the expansion of the apprenticeship
allowing public employers to enroll apprentices and extending the higher education apprenticeship to universities PhDs and researchers. However, the implementation process of the Biagi reform was slow and fragmented due to multiple reasons:

- Constitutional law 3/2001 assigned to the regions exclusive competence in the field of vocational training, so from then on competence on apprenticeship, as an hybrid of training and work, had been a controversial subject within the State-Regions Conference, with regions pushing for further decentralization.
- Legislative fragmentation due to subsequent and partially overlapping laws ruling apprenticeship.
- Different timing in the emanation of regional regulations and collective bargaining acts necessary for professionalizing apprenticeship, also resulting in differences in the implementation among regions.
- Substantial absence of regional regulations for first and third level apprenticeship, except for some national and regional experimentations.

The legislative decree 167/2011, resulting from a long negotiation involving the central government, the regions and the social partners, finally collected all the rules concerning apprenticeship contracts. This consolidation act aimed at simplifying and rearranging the previously fragmented regulation, since Apprenticeship was considered a crucial tool for labour market inclusion. In fact, the Minister of Labour of Berlusconi Government (May 2008-November 2011) had previously expressed the willing to rescue the original value, both cultural and occupational, of the apprenticeship contract, within a more comprehensive employability strategy addressing two other critical issues of the Italian labour market, i.e. the school-to-work transition and the vocational education and training sector (Ministry of Labour and Social Policies, 2010).

The unique text defines apprenticeship as an open-ended term work contract, oriented at both training and employment of young people. It should be noted, however, that after the training period employers can recede from the contract without any implication. As for the labour cost, wages of apprentices are lower than those of qualified workers and employers benefit of reduced contributive duties when paying contributions on apprentices retributions. The act maintains the distinction of three contractual types previously ruled by legislative decree 276-2003, which are slightly rearranged:

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7 Interview n. 17
- Apprenticeship for gaining a vocational qualification or diploma for young people from 15 to 25. It lasts 3 or 4 years and implies the opportunity to attain a vocational qualification or a vocational diploma while working in a firm.

- Professionalising Apprenticeship for young people aged 18-29. It lasts from 3 to 5 years bringing to a professional qualification defined in the collective contracts.

- Higher education and research Apprenticeship for young people aged 18-29 enrolled in an institutional education program. It is aimed at the attainment of a secondary upper education qualification or of a higher education qualification.

As for the governance of the Apprenticeship system, the innovative purpose of the legislative decree 167/2011 was to build a network of cooperation among social partners and regions. By means of collective bargaining, social partners have a role in defining specific contractual and training arrangements (especially for professionalizing apprenticeship), while regions define the implementation procedures of the general and cross-sectional training. Moreover, trade unions are given a relevant role in ruling and monitoring the use of apprenticeship contract and its training component (Teoldi and Garibaldi, 2011; Pastore, 2014). National technical agencies of research (ISFOL, Italia Lavoro) are in charge of the analysis of the progress of regional regulations, implementation and diffusion of the apprenticeship system.

The following reform of the Italian labour market carried out by law 92/2012 reaffirmed the role of Apprenticeship as the main pathway to the labour market for young people. This was partly the result of a collaboration between Italian Labour Minister Fornero and German Labour Minister Van Den Leyen (which brought to the project “The Job of my Life”), born during bilateral meetings and European Conferences. The law established a ratio between apprentices and qualified workers employed in firms, fixed the minimum duration of apprenticeship contracts at 6 months and ruled the hiring of new apprentices by the employers (conditional to the stabilization of a share of the apprentices previously recruited). Apprentices were also included as potential beneficiaries of the new social insurance for unemployment (ASpI). Mostly notable, however, training obligations were strongly reduced (from 120 hours per year to 120 hours in the whole three-year duration of the contract) and external training was limited to general and cross-sectional skills (technical and professional skills are from now on excluded). Despite this, the Fornero reform met strong opposition by the side of firms, pushing for further relaxing of training obligations and for the simplification of administrative procedures. The minimum share of 50% confirms as a limit to take on new

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8 Interview n. 4
apprentices met strong protests, and this is a meaningful witness of the distance between schools and firms that still holds in Italy.

As for later developments, from 2013 onwards further legislative interventions on apprenticeship modifying legislative decree 167/2011 (law 76/2013, law 128/2013 under the Letta Government and Labour Minister Enrico Giovannini, law 78/2014 under the Renzi Government and Labour Minister Poletti) followed a strategy of promotion focused on simplification and incentives: apprenticeship contracts were simplified (especially the professionalizing form) and promoted by means of tax relieves for employers and lowering of training obligations. The so called Jobs Act abolished the obligation, for the employers, to guarantee a certain amount of training activities outside the firms and to compile an individual training plan tailored for the apprentice. Moreover, limitations introduced by the Fornero reform concerning the ratio between new apprentices and confirmed apprentices are lowered. This can be seen as a withdrawing from the conception of apprenticeship as a training tool for the labour market and high-quality jobs, and from the goal of mid-long term employability of the individual, since now it is privileged the specific interest of the firm. However, it should also be noticed that the 2014 reform shows continuity with the Fornero Law in weakening the training component of the apprenticeship system, at least for the most widespread professionalizing form.

**Decision making process: the cultural gap of Italian apprenticeship**

In Italy Apprenticeship has not the same positive consideration it has in countries like Germany or Austria, as it is still largely viewed like an unappealing contract for low educated people and low-skilled jobs. According to Minister Fornero9, firms are well-disposed only towards a more “informal” version of this contractual arrangement which should not include formal training outside the firm and an official documentation of the training component. However, informal training without certification of the acquired skills hampers the mobility of workers among firms and the progression within the same occupation, which is grounded on the recognition of skills as they are attested by formal qualifications.

The way firms see apprenticeship in Italy reveals a deeper cultural issue, which is a major reason behind the composite strategy of promotion of the apprenticeship contract carried out by Fornero Minister in 2012-2013. Despite the increasing use before the crisis, it was still

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9 Interview n. 4
considered a secondary-league contract and the same word “apprenticeship” sounded as a sort of unsecure non-job: professionalizing apprenticeship was the most common but especially for low-skilled jobs, first and third level apprenticeship had a really modest diffusion (ISFOL, 2013).

In 2013, drawing upon the previously mentioned cooperation with Germany, the Fornero Ministry developed a program of specific interventions tailored to the three different apprenticeship types, aimed at: promoting apprenticeship as the privileged tool to create employment opportunities for young people; increasing the use of a favorable contract for firms by the mean of fiscal relieves; strengthening the network of services and actors that make up the governance of the system. The strategy included a media campaign to confer a better cultural value to apprenticeship; periodical meetings with social partners and institutional actors at the national and regional level; a collection of regional data to assess the critical issue of the implementation of the TUA. Since this act refers to regions for implementation regulations, administrative procedures vary a lot from a region to another, and it was really difficult for the central level to provide an effective coordination role.

In 2012, with the TUA as a reference point and following the same aim of integration of segmented regulations regarding apprenticeship, the Ministry of Labour with the collaboration of the trade unions started the pathway towards an integrated and nationally recognized register of qualifications and professional profiles, since the lack of a national framework (Monaco and Pilutti, 2012) was identified as a crucial factor hindering the diffusion and development of the apprenticeship contract. By legislative decree 13/2013 a national system of certification of skills acquired in context of training and of a national qualification framework (within the European Qualification Framework) was created for first level apprenticeship, but his issue wasn’t further pursued by following governments. As a result, Italy still has not an articulated framework of professional qualifications at the national level, and this is still a striking difference as compared to countries with a well-developed apprenticeship system (even if with different degrees of occupational specificity), the likes of Germany, Austria or Denmark (Solga et al. 2014).

After the fall of the Monti Government this comprehensive strategy was interrupted. According to technical secretary Laura Piatti this was due to the lack of institutional continuity and the lack of communication and linking practices among technical offices in cases of Government change, typical flaws of the Italian institutional asset.

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10 Interview n. 17
11 Interview 17
Implementation: assessment of the influence of different factors and parameters on the performance of apprenticeship

In this section, we will assess the influence of different parameters and factors on the performance of the apprenticeship, drawing on official reports coming from regular monitoring activities of national technical agencies (ISFOL, Italia Lavoro) addressing specific labour market-related issues (like the diffusion of apprenticeship contracts); and from annual reports by the statistics informative system SISCO of the Ministry of Labour and Social Policies, addressing the dynamics of activations and interruptions of labour relationships within the Italian labour market.

As a consequence of subsequent reforms in response to the decline of apprenticeship in the eighties and in the nineties, the average number of apprenticeship contracts\textsuperscript{12} raised up to 644,592 in 2008, when the apprenticeship system was hardly hit by the crisis. According to INPS data, in 2012 in Italy there were 469,855 apprentices (with females accounting for 43% of them) with a decrease by 4.6% with respect to the previous year and by 27% with respect to 2008 (ISFOL, 2013). The decreasing trend of this contractual arrangement after 2008, which follows the dynamic of declining youth employment and growing youth unemployment in Italy, shows that the apprenticeship system was not a resilient tool in contrasting the growing difficulties of youth in the labour market. Despite regional differentiation, with a more pronounced decline in the central regions and a widening divide with respect to northern regions, the same trend holds for regions in the North-Center of Italy (where apprenticeship is more widespread) and for regions in the South. In 2012 the weight of apprenticeship contracts on the total of new hirings represented a quite marginal share, lower than 3%, while the major role in a context of declining assumptions is played by fixed-term contracts (65%, see Ministry of Labour and Social Policies, 2014).

\textsuperscript{12}As stressed by Di Monaco and Pilutti (2012), data about the number of apprentices should not be used as a proxy for employment in the apprenticeship system, as it stands for the flow of people who passed through this condition, even if for a really short time. That’s why ISFOL proposes a more nuanced indicator, the average number of apprenticeship contracts (division by 12 of the sum of apprenticeship contracts surveyed month by month).
Fig. 1 Trends of employment in apprenticeship (average number of contracts per year), macro areas of contribution, 2002-2012

Source: our calculation on ISFOL - INPS data, various technical reports

The training path is a core issue in the articulation of the apprenticeship institute (European Commission, 2012): in 2012 only 31% of the total of apprentices were enrolled in public training programs implemented by regions. However, this measure results from wide regional divides: 43.5% in the North, 16.8% in the Center and only 13.1% in the South. The TUA draws on previous regulations and maintains the three forms of apprenticeship introduced by the Biagi Reform, but partly replaces and rearranges them. Regions had to adequate their sets of law for the implementation of the national unique text by April 2012. While in 2015 almost all the regions defined their procedure and training offers about professionalizing apprenticeship, as for first and third level of apprenticeship the implementation process is way more fragmented and still ongoing (Italia Lavoro, 2015). Professionalizing appears to be the more widespread form of apprenticeship, accounting for a share of 81.1% of all the apprenticeship contracts in 2012, and it is also showing a better endurance as it is the less affected by the decline previously reported (only a 1.3% decrease from 2010). In 2012, the number of apprentices for a professional qualification or diploma can be estimated as minor of 3,000; while the number of apprentices of higher education or research is estimated as minor of 500 (Treellle, 2013). The number of apprentices who are minor of age has fallen
from 7.568 to 3.842 in the triennium 2010-2012 representing a marginal share of 0.8% of the total number of apprentices.

Despite rhetoric claims, apprenticeship in Italy doesn’t have a relevant role in fighting early school leaving, since the contractual type (apprenticeship for gaining a professional qualification or diploma) designed to enhance a better integration between VET system and the labour market has only a marginal diffusion\textsuperscript{13}. This is probably due to the competition with professionalizing apprenticeship which, being fiscal exemptions equal for both contracts, represents a more flexible tool for firms especially for lower training obligations (Treelle, 2013). As for this contractual form, the further relaxing of the training content and of obligations on the side of firms can be seen as the result of pressures by the enterprises for a more “informal” apprenticeship.

In Italy, steps towards a stable institutional and regulatory framework setting the baseline conditions within which apprenticeship schemes are implemented have been surely done. The consolidation act and the subsequent strategy of promotion carried out by the Fornero Ministry can be viewed as a structural labour market reform aimed at rationalizing and rearranging the Italian apprenticeship system by referring to regional regulations and responsibilities and by the involvement of social partners in a complex implementation network. Yet there are at least two overarching critical issues to be considered. First, the system established in 2011 was several times rearranged by following normative acts concerning relevant matters like the delivery and content of training, so effective stability has yet to be achieved. Second, timing plays a relevant role in shaping the impact and development of new social risk policies (Pierson, 2004; Bonoli, 2007). Four years of implementation aren’t surely enough time to make such a complex configuration working well, as shown by long tradition of social dialogue and administrative procedures characterizing the dual system in Germany (Weiss, 2014; Ballarino and Checchi, 2011). In addition, the unique regulation text and the subsequent strategy of promotion carried out by the Fornero Ministry, faced a strongly adverse situation for development mostly because a combination of bad timing and adverse pre-structural conditions that make Italy an unfitting context for social investment policies (Kazepov and Ranci, 2015). The economic downturn, in a context of low connection between the education system and a labour market mainly composed by small enterprises, can make a contractual option that displays its better effects in the mid-long run, less attractive than other forms of non-standard jobs.

\textsuperscript{13} Interview 19
The impact on resilience

In Italy, apprenticeship had a really limited impact on resilience, as demonstrated by the decreasing trend of this contractual arrangement after 2008, which follows the dynamic of declining youth employment and growing youth unemployment. Furthermore, Apprenticeship was often used as a flexible non-standard job, thanks to contributive relieves that allowed employers to lower the cost of labour, resulting in an increase of labour market dualization. This was due to the still unsolved issues about the instability of the system because of subsequent changes and reforms, and the impact of the economic crises; to the progressive relaxing of the training content and of obligations on the side of the companies, especially for the most widespread professionalizing apprenticeship; to the lack of a comprehensive qualification framework connecting educational qualifications, training and professional qualifications; to the fragmented implementation at the regional level reproducing territorial inequalities that deeply characterize the Italian context.
2) Rising statutory retirement age

Background: the long path of pensions reform in Italy

From a large range funds, Italian pension system during years 60s and 70s came to main public provider (INPS) and a few professional funds. The scheme was mainly this: people retired with a wage of 2% of the work earnings for each year of work performed. The percentage was calculated on last year of active job. Pensions used to be appreciated to cope with inflation and with the rise of medium wages. Besides standard old age pensions there were “seniority pensions” for people who wanted to leave a job before old age, with a lower treatment. This last feature was abolished by Amato reform in 1992 (DL 502/1992) that also designed a progressive rise of the minimum age for retirement (up to 65 for men and 60 for women), an extension of the time of work earnings for computing the percentage and a minimum contribution period of 20 years. The large number of pensions schemes was reduced. In 1995 Dini Reform (L 335) was the turning point. Minimum treatment requirements became 35 years of contribution and 57 years of age. But more important was the change in the system of computing. Past earnings-related criteria was dropped out in favor of contributory pension plan but only for people that did not have 18 years of regular work contribution. People with less than 18 years on the job had a mixed scheme: earnings percentage for years before 1995, contributory from 1996. New workers only had contributory system. The main aim was to gain a financial equilibrium in a long time span. But in the meanwhile segmentation was growing among workers with great differences in incomes and labour rights. Younger workers can today see older workers to retire in really better conditions than they will have. From the end of ’90 workers were stimulated to subscribe private pension schemes as a market driven solution, rates of

In 1997 pensions of public employees were equalized with those of public sector. Higher pensions inflation recovery was frozen. Since Amato Reform, minimum age for retirement was raised for different categories of workers. In 2004, with Maroni Reform (LD 243/2004), with a mix of incentives and constrains, there was big step on that direction. This step was made less steep by the Prodi Reform of 2007 (L 247/2007) that simplified the “transformation coefficient” and introduced a new data for calculus, the sum of years of work and years of

age, from a beginning of 95 to a 97 in future standard. Two years later, Law 102 of 2009, raised minimum retirement age of female workers (male workers already had it) public to 65 years and decided that for the future minimum wage of retirement of both sex was linked with average life expectancy.

At the end of 2011 (L.214/2011) Minister Fornero provided what is actually the last reform. Its main key points are:

- A general rise of minimum age for retirement up to 62 for women and 66 for men, 66 and 7 months for everybody from 2018
- Extension to contributory system from 2012 (but not for past years) to workers that still had earning percentage calculus.
- A automatic link between life expectancy and age of retirement (link between life expectancy and transformation coefficient was already on)
- Abolition of early retirement (seniority pensions, with 35 years of contribution)

If the main goal of reform was to save money, prof. Elsa Fornero says that the new system brings also a fair and clear message: each worker will have the pension for which it has paid for. But she complains that this message was not understood: her reform was seen as punitive and unfair policy.

**Fig. 2 Statutory retirement age – Italy (2008-2013)**

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<td>Females private sector</td>
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<td>Social allowance****</td>
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<td>65y 3m</td>
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* First automatic adjustment to change in life expectancy: 3 months
** The actual pensionable age will depend on the automatic link to life expectancy
*** Actual pensionable age can be higher than 67, in accordance with changes in life expectancy
**** Minimum age for access to the main solidarity scheme

16 Interview n. 4 and see also Fornero (2013).
Reforms implementation

The main goal of the reforms has been financial sustainability. Pension system in Italy accounts for about one third of current public administration expenses. Italy, like most European countries, has a population that is getting older and this means an increase of pension treatment only partially balanced by a light growth of number of contributors (due to a growing number of immigrants and women among regular workers). The change of pattern of works explain a rise in average economic treatment. Reforms of the pension system had a positive impact on the economic sustainability that has been growing time by time until the beginning of the crisis of 2009. From 1995 to 2008 the coverage of contribution grew from 65% to 84% of all pension cost. After that the loss of jobs and the decline of work of self-employed explain a new enlargement of the gap between contributions and pension spending that was 77% in 2012.

Forecast of pension spending after last reform shows a positive trend. If in 2010 Italy is the EU country with the largest share of GDP in pensions (15,3%, against an average of 11,3%), in 2060 it would have a share of 14,4%, i.e. less than Slovenia, Austria, Belgium, Finland, France and others, with an average growth of 1,6% of GDP. The reduction of share of GDP in 2060 seems little but it diverts a long trend of relative growth.

Italian pension system still show a great unfairness among categories of workers concerning the coverage of actual and future pensions by past contributions that is corrected only by total contributory system beginning in 2012.

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17 See Comitato Tecnico Scientifico di Itinerari Previdenziali (2014)
Consequences of Pension Reforms on the labour market

A first, evident and dramatic consequences of Fornero Reform was the case of “esodati”. It is the story of many thousands of workers, fired from their job because of industrial crisis and put in a mobility scheme when they were too old to find a new job and too young, with the new rules, for retirement. The result was the creation of an high number of unemployed not covered by social protection. According to Minister Fornero the Italian Institute of National Previdence (INPS) estimated a number of about 65,000:

“It turned out later that the number was largely underestimated: many individual and some collective agreement between workers and employers were concluded (with the old rules) without a formal registration”\(^\text{19}\)"

Further estimation of INPS were of 130,000 with a cost of 11 billion euros\(^\text{20}\). The case became the symbol of the unfairness of the reform. After the beginning of 2009 crisis, a structural consequence of progressive rise of age of retirement has been an increase of employment rate of workers aged over 55 while employment rate of all other classes of workers, especially traditional male bread winner workers, was declining:

“This behavior is due to a growing number of older people who since a long time have a disposition to stay longer at work, showing a growing activity rate, but it is also due to a delay of the retirement age of the class of workers that have been interested by the pension schemes reforms.”\(^\text{21}\)

The economist and former minister Fornero acknowledges this replacement effect but she thinks that:

“the effect of growth of unemployment due to the thousands of people who are obliged to work for more years is a short time effect. We should stop to think that the only way to have a job is to take the place of an existing job. Labour market must be inclusive markets in which old workers don’t take jobs of youngsters and women (or immigrants) don’t take jobs of men. All empirical evidence in good economies shows that were old people work longer, there are more youngsters and more women at work. We can have a substitution effect in short time but not in longer.”


\(^\text{20}\) See Marro. E. I veri numeri del caso esodati. Corriere della Sera Economia on line, 2nd January 2014

Productivity not always declines with age of workers. It depends on organization. For example, teams where old and young people work together are more productive.

3) Reform and marketization of Employment and Placement Services: from state monopoly to market competition

In Italy between the two World Wars, during the Fascist Regime, the free market of labour was put under state corporatist control. In 1949 the new Republic, with L.269/1949, maintained the state control under the pressure of the communist and socialist ideas of labour management and organization. For lower skills workers, firms were obliged to ask at state placement centres (“uffici di collocamento”) were people were registered in order of unemployment time, and they had to hire people following the numbers over the list (“chiamata numerica”) or justify in case they did not. This constraint was due to the aim of making principles of fairness and general interest prevail on familiar relationships or interest networks. As firms do not like to be obliged to hire unknown people, this constraint was largely escaped. This constraint went on until 1987 (L.56/1987) when it was limited to 50% of low skilled hiring, and then in 1991 (L.223/1991) was abrogated. During the time of state monopoly companies and workers learnt to distrust state agencies were only people with a weak social capital went to find a job. In 1997 Treu Reform (L.196/1997), that was a step towards more flexible kinds of jobs, introduced temporary jobs (“lavori interinali”) provided by private agencies. This reform was also due in respect EU rules. 7 years later Biagi Reform (L.30/2003) extended to private agencies (“Agenzie del Lavoro”) all kinds of matching of demand and supply in labour market.

At the end of 90s Treu Reform was embedded in a process of devolution of power from central state to regions and local municipalities. Even if before this process there was not a national uniformity, local experiences were very diversified, but there was the hope that local accountability and imitation of best practices, would have brought to a better management. This has been true only in a few cases. That's why today many policy makers and experts, like the former Minister Tiziano Treu himself criticize de-centralization:

The constitutional reform that gave labour policies to regions has made worse the deep differentiation among Italian regions. We should do like Germany that

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22 Interview n. 4
implemented a national reform of labour policies in 2000s. Local polices are working well where there is less need, in northern rich provinces and in small regions. In Germany there are strong public institutions, in Italy only some local good experience. Also minister Fornero gave a bad judgement about regionalization of public services, even after saving the best practices of Trento and Turin:

In Italy we have many problems:

- There are huge regional differences. In some regions training is organized in a primitive way with waste of public money. [...] Our idea was a central agency: we need national guidelines. We have two big public institutes that have big cost but little use: Italia Lavoro and ISFOL (600 employees). But we need an independent authority, able to make research, planning and control. ISFOL can make monitoring while research control must be open.

This idea of a stronger national coordination started to be implemented in 2015 with the creation from the Government of the National Agency for the Active Labour Market Policies (ANPAL). The territorial divide between centre-north and south is very strong in Italy, but in labour market services the differentiation depends on regional practices and also on the leadership of the policy makers in a place at a certain time. The Province of Turin is considered a case of good practice. According to its actual coordinator the good performances depend on the initiative of a manager of Ministry of Labour at the moment of change from state to local management (1997), and to commitment of Province of Turin council member that was decisive in the consolidation of good practices. She told us that the transformation from a ministry office to a good job centre required a cultural revolution. From a simple work of registration and certification, Public Job Centres gained new missions as in planning and evaluation of apprenticeship (2011) and tutoring and suggesting training for unemployed, that still is ruled by regional law.

The most difficult thing was to change minds from bureaucratic ruling to customer orientation, that means active tutoring of each unemployed. We don't find a job for a person, we help people to search a job with information about labour market, training, individual orientation. We need to break loneliness of unemployed persons making groups of similar people working for a job.

25 Interview n. 3
26 Interview n. 4
27 Interview n. 11
Passive labour policies still are an INPS\textsuperscript{28} competence while training is paid with ESF funds, managed by local governments and held by private actors. Job Centre can play a coordination role if they are active and keen on using ESF funds.

\textit{We do active policies since 2008, because there was not money. ESF money was used for building restructuring, pay our external workers and training. From 1999 Training Centres of the State used to manage this money. In 2001 tutoring and training were coupled in Training and Tutoring Centres (CIOF Centro per l'Impiego Orientamento e Formazione). Centres have to buy training programs from private providers that are linked with some trade union, entrepreneurial or catholic associations\textsuperscript{29}.}

The way they accomplish their task, the relationships they set up with other social actors or local authorities, all that depends on the commitment of political and bureaucratic management. But a clear weakness is the little number of people working in job centres, many of them as temporary workers or without the needed professional skills.

\textbf{The demand and supply mismatch}

Frictional mismatch and the lack of an efficient place where supply and demand of work can meet are seen as a main cause of unemployment in Italy since the crisis of 70s but nothing was done. Since 90s, with the wave of New Public Management reforms that came into Italian legislation, public job centres are called to play a role in reducing the main gap. The first mismatch is between supply and research of existing workers and firms. Many researches or journalistic investigations used to report about hundreds of firms looking for some kind of workers, while, at the same time, in the same or in another place, there were hundreds of workers who could do the job but nobody put them in touch with firms. Only people with very few relationships, with no reputation or a bad reputation and lacking of good curriculum, were forced to give some confidence in “uffici di collocamento” (finding job offices) to find a job. This mistrust was particularly strong in Italy but also in all other European countries most of hirings comes through informal relationships. Employers don't want to take the risk of hiring people that are not good workers or that can bring some trouble on the job, especially if they are difficult to fire as it used to be in Italy. From old job centres they could only have some formal information and nothing about they reputation. Also workers would like to know real information about the job and working environment before signing a contract. Vesan and

\textsuperscript{29} Interview n. 5

\textsuperscript{28}
Larsen (2011) speak about the risk a taking a “lemon” (an used car that you realize too late that is in bad condition).

Our qualitative interviews with employers clearly indicate that informal networks are by far the most preferred recruitment channels. According to this analysis the only way out would be gaining a fame of a good reputation. But good reputation is difficult to create and very easy to lose, so an employment service should make a very hard selection of customers (employers and workers) to maintain this attribute. This can be accomplished only by a private agency with a very strict mandate.

When Italy opened placement to private agencies policy makers thought that they would fill the gaps of public services. They were expected to cover the space that public services were not able to do. Now we see that they are far from doing that. Like in the experience of United Kingdom, in Italy private agencies have the limits of creaming, parking and discriminate: they focus on more employable people, park many people that are not easy to place and discriminate against difficult cases that are not profitable. Public agencies, when they are well managed, still play the leading role. In all regions, with the exception of Lombardia, public services or local authorities must coordinate while private agencies play an additional role. Most University now have a placement office but in most of the cases has merely formal functions:

Public and private agencies in Turin have learnt how to work together. As there is first demand by a firm to a private agency they tell this demand to us without specify the name of the firm. We decide together a profile and then we call people to have an interview, usually in one of our agencies. Private agency take the money but we ask for two rewards: 1) Our role in selection will be tell to private firm 2) Name of people that are not selected must come back with explanation of reasons of exclusion.

According to Formez placement performance of public services is on average 3,7% that is half of the British service and a quarter of the German one. Now many contacts happen on the internet web sites, unfortunately Italy has not a good national and official web site of jobs demand and offers, like Spain has. In Great Britain reduction of this mismatch goes to the mobility of the market, because hiring and firing is very easy, and so is large the share of

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33 Interview n.11
workers who change often job and the share of employers who change easily workers. Italy has been reducing step by step the rigidity of job contracts as a way of making this circulation easier. This solution brings also high social and individual costs.

A last remark must be done: Italian labour market after the 2008 crisis has not only increased the number of unemployed, but has also changed the social profile of the unemployed.

We realized the beginning of the crisis on 15th October 2008 when people making cue in our centres were tripled. We suddenly changed our work. While before 2008 the first and most important step was to give information and then listen to people, from then on first we had to listen to them because there were many kinds of people who did not used to come in our centres. People with medium or high skills, with good professional curricula, that used to find a new job by themselves and now were not able to do it. We had to divide different this kinds of people.\textsuperscript{35}

The skills mismatch

In times of quick changes, frictional unemployment grows and a part of it is due change of skills that are required. More generally it is a long time that firms in Italy complain that there is lack of certain skills and that education plans are not in touch with market demand. Now in many institutional think thank this problem is considered as main goal of labour policy.

The skill mismatch is the first cause of so called structural unemployment. (...) Often young population, with high education but with not appropriate professional and a lack of working experience, is large part of unemployed.\textsuperscript{36}

So the skill mismatch can ask for two main solutions: training for workers with skills that need to be updated and a more appropriate education at schools and university.

The topic of education and work is largely examined in a part of this paper about apprenticeship.

Training represents a large range of services that in Italy were a competence of provinces a part of regional programs that are usually financed with ESF funds. In this way every kind of public funded training is linked with a European measure. Even a large part of current and investment costs of public employment services depends on European funds. Active policies are designed in order to receive finance of ESF funds, so often redundancy payment schemes are associated with compulsory training courses that are only formally delivered.

\textsuperscript{35} Interview n. 11
\textsuperscript{36} FORMEZ (2012) I Servizi per l'impiego nella transizione scuola-lavoro. Rome.
Public Job Centres play a role that can change from a minimum of information of available training programs where job placement and training have been put in the same box. Usually provinces set up training centres, but training is done by great number of public (20%), private no profit (36%) and private for profit (26%) firms. In Italy in 2011 there were 6724 players on this ground\textsuperscript{37}. That's why in Italy it is a common joke to say that “Training is not for trainees but for trainers”. Catholic associations and agencies close to Unions or Employer’s associations play a majoritarian role in organizing the business.

Here we don’t have the space to open a debate about the usefulness of training. We just want to mention the concise opinion of Turin job centres coordinator:

\textit{Here we have good training agencies. But training procedures of EFS are long and rigid. It would be better giving training vouchers that unemployed people can spend along our recommendations. We do that but for this goal Regione Piemonte in 2015 gave us only 100,000 euro from metropolitan area. It difficult to say how much training is useful. First goal of training is to keep people up to date. But it is also important to keep people doing things between one job and the next. We should not leave people stay at home waiting}\textsuperscript{38}.

\textbf{Consequences of public labour service reform on labour markets}

A first consequence was the introduction of temporary work agencies in Italian market. The impact was initially overestimated. After the beginning of the crisis private agencies of temporary work have seen a deep decline. Now in Italy there are 2500 private agencies, with 10 thousands employees (public agencies are a little less) that last year found a job to 470,000 people. They claim to have a performance 10 times better than public one\textsuperscript{39} but of course they focus on more employable. Still over 60% of placement goes to informal networks. Crisis brought in job placement many people who were used to manage their placement by themselves. Many unemployed have skills that are not demanded like before. Skill mismatch is challenge that job centres and training centres must upgrade if they want to cope with. Regionalization of services have made a patchwork of labour services with too few means to face the emergency of economic crisis. They could play a better role in strengthening resilience of labour market if they would receive more professional staff, more managing

\textsuperscript{38} Interview n.11
\textsuperscript{39} http://assolavoro.eu/cosa-sono-e-cosa-fanno-le-agenzie-per-il-lavoro

31
competences, and a coordination and national guidelines based on rewards for results, looking at best practices that can be imitated by lesser performers.
4) Reform of unemployment benefits and the role of short term redundancy payment schemes

The great divide

Non-standard workers, unemployed, workers facing reduction of working hours, older workers near to retirement are the beneficiaries of passive measures that have been oriented to social protection. The divide between the steady growth of social expenses for passive measures faced with the stagnation of active labour policies is a characteristic of the Italian labour market.

Fig. 3: Italy, expenditure in Labour Market Policies (Active and Passive) from 2000 to 2013


Unemployment benefits where reformed by Law 388/2000 aimed at reinforcing protection policy system, by: a) raising duration and amount of unemployment benefits (from 30% to 40% reference wage and from 6 to 9 months) for workers over 50; b) exempting employers near to pension that decide to enter into a temporary work delaying at last 2 years retirement from paying compulsory social security contributions; c) experimenting minimum wage at the municipality level; d) empowering actors involved in raising funds to finance long-life
training. Law 80-2005 Action Plans followed that step. The Law also aimed at reinforcing social security system expanding unemployment benefits (full type) by raising the duration from 6 to 7 months for workers under 50 years and from 9 to 10 months for workers aged 50 or more, and by raising the unemployment benefits from 40% to 50% of reference salary for the first six months, at 40% for the following three months and 30% during the tenth month for workers aged 50 or more. Law 247-2007 ruled on social security, labour and competitiveness. This act enhanced social security systems and re-defined the crucial redundancy payment schemes. This kind of measure has become the most important one in the Italian labour market and the most expensive for the State and companies that through the worker’s salaries finance it. The short-term redundancy payment scheme has three different levels: ordinary (CIGO), extraordinary (CIGS) or special (CIGD). The first has a shorter duration and is financed by the National Institute for Social Protection with redundancy funds from the workers, the other measures have been expanded over the years in duration and range of application and have been financed by the State and in exceptional cases also by the Regions with the European Social Funds. The Law 247/2007 expanded a) the "ordinary" (or full) unemployment benefits, raising the duration from 7 to 8 months for workers under 50 and from 10 to 12 months for workers over 50; economic support raised from 50% to 60% of the reference salary for the first 6 months, from 40% to 50% for the next three months, and from 30% to 40% for the onward period; b) the "reduced" unemployment benefits rising from 30% to 35% of the reference salary for the first 120 days, and to 40% for the remaining days till a maximum of 180 days; c) the short time redundancy payment scheme ("Cassa Integrazione Guadagni" in Italian) raised from 80% to 100% of the reference salary, only for 2008; d) social security within agricultural workers, lowering the employers’ contribution 0,3%. The Legislative Decree 185-2009 or Law 2-2009 Anti-Crisis Act was the first official anti-crisis act enhanced the social security system: a) again, re-funded and extended "shock absorbers" (CIGO, CIGS and CIGD) for new categories of workers, while this extension is funded by a 20% integration by the Sectorial Bodies (or Bilateral bodies), in addition to the benefits received; b) introduced, for the first time and experimentally for years 2009-2011, unemployment benefits for co.co.co. (Also called Project-Work) and Apprentices; c) in an activation view, renewal of any kind of unemployment benefit requires the availability of workers to start a training or re-placement programme. Measure b) is innovative because introduces for the first time Unemployment Benefits for some non-standard workers; Measure c) introduces important activation principles within the Italian labour market arrangement. Then in 2011 the financial crisis threatened the Italian bank system, the Italian institutional
framework was pushed to change by the European Central Bank authorities. Prime Minister Berlusconi was forced to resign by street protests and institutional pressures and Italy adopted technocratic governance, under the rule of the economist Mario Monti. The Law 92-2012 “Fornero Reform” by the name of the Minister Elsa Fornero aimed at regulating social protection framework, introducing radical changes on the safety-net layouts. a) This Law repealed all former forms of unemployment benefits and introduced two new types of grants: ASpI (Social Insurance for Employment) and the Mini-ASpI, as a partial unemployment benefit. b) This Law extended unemployment benefits to many categories of workers previously not allowed, which are now entitled to get ASpI or Mini-ASpI c) This Law strongly regulated many procedural and contribution terms, fiscal issues and sanctions of the new safety-net measures. d) Law rationalised the variety of funds created to sustain employment, and introduced the Solidarity Fund and a special fund for firm-level bargaining. Although the level of public spending for passive LMP is very high and much more higher than active LMP some authors argue that at least until 2009 the State was profiting from the redundancy payment schemes contributions from enterprises and workers (Ichino 2009).

Decision making process

The decision making process is very different between the UB and the RPS as the first is an individual benefit with clear conditionality. RPS requires that a company demands to the Minister of Labour the application of the measure with the support of the worker’s representatives and often involves the local government in a complex negotiation about the duration and the amount of the measure. The reform of Unemployment Benefit has a National and long term dimension. The extension of short time redundancy payment scheme has a fixed term and has a multilevel National and Regional governance. In some cases its extremely high cost for the social protection system limited the measure effectivity and duration. On 12th February 2009 the State-Regions Conference, after a negotiation between Italy and the European Commission authorized the use of European Social Fund to cover approximately the 50% of the cost the measure with the Regional budget through the use of European Social Fund resources. According to our interviews, the use of European Social Funds from 2009 to 2013 that has been negotiated by the Italian Regions and State with the European Commission has permitted to finance the extension of redundancy payment

40 Interview n. 7
41 Interview n. 10
schemes to a wider number of workers but has at the same time distracted important resources from the active labour market polices. This negotiation process was sustained in a first phase by single regions with the central Italian government, and when the economic crisis and the request from the companies and local administration was overcoming the spending power of the State, was the Italian Government that asked the European Commission to open a negotiation round over the use of European Social Fund budget for passive labour market policies.

**Implementation**

The passive labour market policies are not a single measure, but are represented by an incremental process of regulation that has been sustained by a group of coordinated Laws and Legislative Decrees from 2000 to 2012.

Unemployment Benefits (UB) until the economic crisis saw a slow enhancement and an innovation with the extension of UB in 2009 and 2011 to previously excluded fixed-term and atypical contracts. Short-term redundancy payment schemes (RPS) extension with widespread use of the *Cassa Integrazione in Deroga* after 2009 was the expansion of an existing policy. Both measures where improved by the innovation of the introduction of conditionality principles linked to activation measures for both UB and RPS. The use of ESF for funding the Regional share of RPF was linked to the use of 50% of the resources for active policies. This condition was not fulfilled by all the regions in the same way: in some cases the active labour market policies where strongly limited and in others, especially in Lombardia, Veneto and Friuli Venezia Giulia some elements of conditionality and workfare tried to be introduced.

The main expected results of the passive protection measures for the labour market were mainly in the field of poverty reduction and labour harvesting. Unemployment benefit measures helped in reduce poverty risks but also had the unintended effect of increasing the dualization of the labour market. RPS have played the function of the main social shock absorber in Italy. New categories of workers have been allowed to get redundancy payment.

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42 Interview n. 18
43 References to the specific measures are available in INSPIRES D 3.1 Annex II: IT 5a,17,18a-b,23b,34. [http://inspires-research.eu/userfiles/D3.1 National report Italy.pdf](http://inspires-research.eu/userfiles/D3.1 National report Italy.pdf)
44 Interview 9: “We started in 2007 with a plan focused on the “job quality” and active labour market policies for women and for specifically weak areas such as the Piceno territory, but when the financial crisis arrived and after the agreement of 2009 between State and Regions we had to stop this […] Well really we did not use the money for the active policies in strict sense, but for covering the management costs of the LMS offices and employees, while the big share of ESF funds financed the redundancy payment schemes”.
45 See ISFOL (2013b) pag. 406
schemes and unemployment benefits under the rationale that dependence on social protection rates should have been decreased, while expenditure on social protection should have been raised. That created a double effect that had negative impacts on resilience: it increased the dualization of the labour market, increasing the insecurity and vulnerability at the margins of the core of the labour force and impacted negatively in the capacity of local and regional economic innovation. (Labour is dependent on politicians and the enterprise for the wage support, the enterprise seeks economic profit offshore but negotiates on-shore to avoid social conflict).
5) Entrance Flexibility by means of nonstandard jobs

Background

From the end of the '90 of the last century to present, the incremental reform process of the Italian labour market has been characterized by a process of flexibilization. Law n. 196/1997 (the so called “Pacchetto Treu” following the minister’s name) was the first organic labour contracts reform issued by a social-democratic coalition. According to former minister Tiziano Treu the flexibilization was an interrupted reform as it never achieved also the “security” side of the flexicurity project: “In '90s flexicurity policies used to be suggested in European soft law but there was not enforcement and Italy didn’t care. Nothing was done for women, for poor people or for immigrants. We have not got general safety nets that are the first problem. In 1997 when we began to liberalise labour market we had in mind to set up a general safety net. It was the result of the work of the ministerial Onofri Commission. After 20 years things still have to be done”\textsuperscript{46}. Nevertheless according to the former minister, flexible labour had a limited but clear economic short term objective: “introduction of many flexible contract was not designed to reduce unemployment but to give regular low cost jobs competitive with irregular ones”\textsuperscript{47}. Non-standard working age population was affected, increasing slowly their participation rate into the labour market.

The new Berlusconi Government in 2001 followed this path according to an even more ideological neoliberal assumption of deregulation. The first reforms of 2001 where justified with the adoption of the European Directive 1999/70/CE After two years of strong social conflict this first cycle of liberalization was closed by Law n. 30/2003 (Legge Biagi) who designed a system characterized by a strong flexibility in accessing the labour market but failed in introducing exit flexibility\textsuperscript{48}. The envisaged flexicurity was never achieved (Berton et al. 2009). The structure of the labour market, according to recent analysis, is still characterized by a strong dualism and relevant differences between those that are still considered as “insiders”, with

\textsuperscript{46} Interview n. 3
\textsuperscript{47} Interview n. 3
\textsuperscript{48} Strong social opposition against those reforms unfolded in 2002 in massive civil demonstrations against exit flexibility by the abolition of the article 18 of the 1970 Labour Law that eventually led the CGIL trade union to break the dialogue with the Government and stopped the reform of dismissal rules. The 19th March 2002 Prof. Marco Biagi, economy professor and expert advisor for labour of the Berlusconi Government was killed by militants of the new-Red Brigades (BR-NCC) in Bologna. The new reform of labour market in 2003 issued the majority of thesis of Biagi.
fordist labour contracts and welfare provisions and the “outsiders” that are distributes mostly among the vulnerable groups that have precarious, short term contracts with no or weak welfare protection (Madama et.al 2009) In fact flexibility has been issued in the Italian labour market as the fundamental entry way for the more vulnerable groups. An extended literature describes the flexibilization at the edges and the strong dualization of the Italian labour market (Barbieri 2009, Berton et. Al 2012).

The financial crisis of 2008 doesn’t pushed the labour market institutions toward radical innovations as the strategy was “more of the same” at least until 2012. In that year up to 80% of new labour contracts where fixed-term and 40% of them lasted less than six months (ISFOL 2013). Before the 2008 crisis in Italy there has been an effort of labour market reforms with the introduction of flexibility especially with measures on the edges: atypical contracts and short time contracts. That brought to a rise in employment but had the side effect, also because of the very nature of these measures, of a rise in precarization and a rise of the dual character of the market between those who had precarious and short term contracts and those who still had the old contracts. Major data trends that show how activity rates and employment of young had an improvement in absolute number of contracts with the introduction of flexibility measures until 2007 when the economic downturn exposed the precarity of youth employment schemes. Law 133 of 2008 ruled again four pillars of the Italian labour market: a) reasons to justify the use of Fixed-Term work have been extended to all employers' ordinary activities (modified the previous legislative decree 368/2001); b) introduced liberalisations elements at the use of Subsidiary contracts; c) as well as the use of flexible jobs and contracts within the public sector; d) Hi-Education type of Apprenticeship had been extended at universities' PhDs and researchers, and apprentices can be enrolled even within the public employers. The high number of contract forms and the fragmentation of their conditions together with the reduction of GDP increased the high vulnerability of fixed-term workers and their precarity. Year 2011 was a turning point for Italian labour market policies because the fall of the Berlusconi Government was followed by a season of technocratic governments (Monti, Letta) that followed a new flexibilization and liberalization agenda linked to the EU mainstream policies together with the introduction of some regulations and an increased spending for passive measures against widespread unemployment. In 2012 the Fornero Reform (Law 92/2012) ruled most of the several flexible contracts with the objective of introducing a regulation strategy in the labour market. It aimed at: a) introducing the possibility for employers to hire Fixed-Term contracts without justifying
reason (“acausale”), lasting up to 12 months and not renewable; and regulating terms for re-employing the same worker and for the continuation of work beyond contract expiring date; b) fixed the minimum duration of Apprenticeship contracts at 6 months, the number of apprentices recruited and that of the new apprentices an employer can hire; c) Project-Works contracts do not require the in-progress scheduling of the job task assigned at the worker, and have been extended to self-employed workers; d) Subsidiary work has solely the limit of the amount of 5000 euro per solar year, and has been allowed for some activities in agriculture and within the public sector. Finally the Law 99 of 2013 aimed at liberalising some of the flexible contracts: a) Fixed-Term contracts without reasons (“acausale”, introduced by Fornero Reform) are now renewable under collective bargaining, can be continued over the elapsing time of the contract, and intervals for re-employing the same worker are shortened; b) Discontinuous work (or Work on Intermittent Basis) has now a maximum time lasting; c) Project-Work contracts can be renewed if it's been aimed at scientific research activities. This Law mainly aimed at reinforcing economic resources for employment, especially for young people and residents in the South. It funded: a) fiscal incentives for young people between 18 and 29 of age unemployed for six months and without high-school diploma hired with an open-end contract, mainly from the South of Italy; b) specific incentives for the South, financing self-employment activities, measures for NEET, and training programs; c) fiscal benefits and contributions to employers who hire unemployed enrolled into the ASpI program with an open-end or full-time contract; d) vocational training, traineeships, vocational apprenticeship and vocational training for students of the university. Incentives are meant at increase participation rate of young and of workers of the South; Training activities aimed at increasing employability of young people. In 2014 the Renzi Government, with the support of the majority of centre-right political forces, took again the interrupted agenda of the liberalization and flexibilization pushing toward increased exit flexibility, collective dismissals and conditionality for passive measures.

Decision making process

External flexibility has been achieved by means of a continuous and incremental process of liberalization of labour market. The process was favoured by the pact between the government and the three main trade unions (CGIL-CISL and UIL) that from 1993 to 2002 developed a political method of discussion and agreement called “concertazione” who even
with slight changes between centre-right and centre-left governments assured a wide political support to liberalization of labour market (Blanpain 2008). This process met important resistances from the workers especially from the younger sectors of the workforce that criticized the outcomes and the risks of this innovation describing the new conditions as a negative “precarity” (Giugni, Baglioni 2014).

The strong social conflict over labour market reform lead to the exit of the main leftist trade union CGIL from the negotiations in 2002-2003. After 2011 the technocratic governments dismissed the negotiation strategy and implemented a top-down approach and a single-employer bargaining approach to labour management driven by the new management strategies of the automotive industry FIAT-Crysler (Tomassetti 2013).

Implementation

This conflictual incremental process gave room to vetoes, resistances, negotiations and legal disputes that fragmented up to unbearable levels of complexity the Italian labour legislation. In 2012, the main trade union CGIL described up to 46 types of contract available for hiring new workers, most of them temporary. The Italian labour market legislation attributes to the State the implementation of the labour law and to the national INPS and to local offices of Direzione Provinciale del Lavoro institutes the fiscal and legal control of labour contract. Active labour market policies and part of the passive policies such as short-term redundancy payment schemes are sub-delegated to Regions. In this multi-level and territorially diverse implementation regime the historical inequalities between Regions and areas of the country have had important effects also on the outcomes of flexibility in terms of employment and wealth distribution (Barbieri et.al 2014). In fact a widespread problem has been the use of improper flexible contracts to cover informal labour use and to escape social security costs for the enterprises. The most common illegal arrangement has been registering workers with few hours contract and paying the rest of the salary off record in order to justify their employment and save social security contributions for the employer.

As the trade unions and civil society organization veto power has been reduced by the “concertazione” and by the neoliberal mainstream consensus over labour market liberalization, conflicts on the labour market regulation have been shifted from the political

49 See on the website of leftist trade union CGIL http://goo.gl/knuqaO
and collective field toward a proliferation of individual or collective legal claims. A labour lawyer interviewed by Inspires has stressed the central role of political strategies aimed to weakening the legal power of workers, attained by specific reforms such as the Law 183/2010 (Collegato Lavoro): “Health and security are the main issues that individual workers try to defend with the legal action but this happens only when they are already out of the job. Fixed term workers don’t ask for legal action because they fear of losing their job.” The economic crisis effects on the GDP and the political reflexes and initiatives taken by political actors have extended and intensified this movement as two crucial documents both of social stakeholders, employers and trade union and the government stated at the end of 2012\textsuperscript{50}.

\textsuperscript{50} See Linee programmatiche per la crescita della produttività e competitività – Rome 16 Novembre 2012 \url{http://www.uil.it/documents/Testo conclusivo produttivita.pdf}, and “Agenda Monti”: document released by Mario Monti at the press conference of 23/12/2012 - \url{http://www.sceltacivica.it/doc/12/agenda-monti.htm}. 

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3. Assessment of the influence of different factors and parameters on the performance of the innovations

The main factors that had a negative impact of the performance of the innovations have been partly underlined in the description of the Italian Labour Market developed by INSPIRES Project in D 2.1 (Sergi & Kazepov 2014). In our analysis of the performance of the innovations we found out that the majority of factors have today negative effects. In short they can be resumed in six points:

a) Territorial gaps and lack of coordination
b) Lack of extended time scale planning
c) Failure of school to work transition policies
d) High segmentation of the labour market
e) Financial austerity
f) Restriction of social dialogue and mediation

Territorial gaps and lack of coordination had an influence on all the innovations that have been described. The reform of the Public Employment System, completed in 2003, has mirrored on this kind of administrative infrastructure the rooted gap that exist in the Italian socio-economic structure. In 2014 a debate on the need of a national Authority for work and social assistance has been opened by the government but at present has no concrete impact on LMP performances. The lack of extended time scale planning due to the political instability of the Italian political system has contributed to the increase of the public spending for passive measures like work compensation schemes that have raised to dangerous level for the State budget and that have absorbed and deviated from their original objectives high amounts from the European Social Fund. The failure of school to work transition policies is mirrored by the negative data over apprenticeship adoption by companies and by the increasing rate of NEET young people. The problematic school to work transition have increased the vulnerability of Italian youth especially after the 2008 crisis. The high levels of segmentation of the labour market that lasted for at least 20 years have produced a precarity trap in which the Italian labour market seems locked in. Finally the financial austerity imposed by the European Fiscal Compact policy has restrained the public spending capacity for labour market policies. The extension of passive measures like redundancy payment schemes face to the de-
industrialization of extensive productive districts is fragile because it will be not sustainable in the medium term by public spending. The absence of an universal wage support measure has transformed the extension of redundancy payment scheme in a functional equivalent with high social costs. The social dialogue and consensus have been sharply reduced after the crisis of 2008 and especially after the 2011 when the European Central Bank and the European Commission sponsored the “technocratic” government strategy that led to three non-elected government in charge (Monti 2011-2013, Letta 2013-2014, Renzi 2014-present).

Our evaluation on the selected innovation is here presented:

a) Apprenticeship for young workers

Apprenticeship deeply suffered the consequences of the economic recession and didn’t perform as well as expected by the several Italian policy makers who have been promoting it in the last years of reforms as a crucial tool to better integrate the young in the labour market. In this sense, the repeated relaxing of training obligations fosters the use of apprenticeship by employers just as cheap labour (thanks to fiscal and contributive relieves) rather than as a factor of innovation and competitiveness, resulting in an increase of labour market dualization. That seriously hinders the goals of contrast against school dispersion and youth unemployment by means of skilled labour and human capital development.

b) Rising statutory retirement age

The progressive rising of statutory retirement age, combined with the effects of the economic crisis that reduced the national GDP and the overall amount of paid working hours, has led to the evidence of an important substitution effect of younger workers by over 55. Even if the policy makers that supported this reform argument that this is a short-term effect, the actual impact of the labour market resilience is negative for the younger cohorts.

c) Reform and marketization of Employment and Placement Services

After the 2008 crisis many workers who were used to self-manage their placement accessed the PES looking for help. Skill mismatch, skill obsolescence today challenges the job centres and training centres that have to upgrade their knowledge and skills as well. Regionalization of services has produced a patchwork of labour services with limited means to face the
emergency of economic crisis. PES could play a better role in strengthening resilience of labour market if they would receive more professional staff, more managing competences, and coordination and national guidelines based on rewards for results, looking at best practices that can be imitated.

d) Reform of unemployment benefits and the role of short-term redundancy payment schemes.

Redundancy payment schemes has been extended in time and number of beneficiaries but has remained mostly the instrument for the passive protection of workers in middle and big industrial companies. That has part of its reasons in the higher capacity of political and social voice of this category of workers. The result of this dualization of social protection has been the fragmentation of labour market protection and resilience that has reinforced a familist and male bread-winner based welfare system. The main expected results of the passive protection measures for the labour market were mainly in the field of poverty reduction and labour harvesting as a large literature has showed, have not been able to create new jobs. Due to the extremely fragmented composition of the labour market and the wide use of autonomous work that until 2015 received no wage support nor unemployment benefits, the impact of this reforms was limited to a relative minority of workers. In the short term this strategy permitted to defend workers from poverty but undermined even more the possibility of innovation and resilience during the crisis or even after the slow recovery that started in few regions.

e) Entrance Flexibility by means of non-standard jobs

The dualism of Italian labour market and its strong segmentation have not been addressed before or during the crisis. The impact of flexibility in extending the poverty and unemployment risk to youth, women and migrants has not been addressed. Claims for setting national minimum wage or a basic income that would complete the flexicurtiry labour market policy don’t have obtained any institutional attention except for very limited regional experimental policies with merely no impact.
4. Conclusion

The national outcomes of the impact of the selected innovations on the resilience of the national labour markets show important differences at territorial level that has not been possible to address in detail in this report. Nevertheless the overall impact is quite negative due to a general lack of integration and synchronization of different reform strategies in interconnected policy fields such as pensions and young workers inclusion or active labour market policies and unemployment benefits. Instead of a resilience effect by the implementation of new measures, for vulnerable groups we can suppose the emergency of an hysteresis effect.
Part II – D5.1 Identification and analysis of processes of policy learning in Italy

1. Introduction

Policy-making in Italy has been strongly affected by high political instability and conflict that makes it difficult to plan ahead in the long-term, so that contingency and problem pressure set the agenda and the priorities (Jessoula and Vesan, 2010). This also has negative impact on the establishment of reliable policy learning practices, as local innovative programmes and learning processes are often stopped before they become systemic, due to changes in the political institutions and subsequently in the technical offices. However policy learning, as related to the adjustment of the goals and techniques of policy in response to past experience and new information (Hall, 1993), broadly encompasses various practices and the use of many sources of evidence (e.g. coming from internal observation of local experimentation or from external observation of other countries’ actions). Thus defined, it can be said to have played a role in the development of the selected innovations, as we will show in the following sections. However, the main challenge is to assess to what extent institutions and structures that exist in order to promote learning processes are able to establish policy learning practices that may have a continuous and the effective impact on the adoption and implementation of policies on a national level. In this chapter, we first of all present a synthetic evaluation of the Italian policy-learning infrastructure, then we focus on the role that policy learning has played in three of the innovations analysed in previous deliverable D4.1 (Country reports on the development, implementation and performance of selected innovations) namely: the apprenticeship for young workers, unemployment benefits and short term redundancy payment scheme and the reform of public employment services.

2. The policy learning infrastructure in Italy

After a century of weak national centralization, From the ’70 and then with a deep reform in 2001, Italy has experimented a growing regionalism and devolution to local institutions, a process that has been reversed only recently, in times of public spending reviews, but without a clear design (Cammelli, 2014). In addition this way of governance wasn’t successful in

51 Interview n.17
reducing the strong dualism that divides the south from the rest of the country as recent studies confirm (SVIMEZ 2015). Policy-learning infrastructure for the labour market in Italy has to be studied taking into consideration the multi-level organization of the social policies governance. In fact, while the main research and evaluation institutions have a national level of action, every Region has its own research and analysis department and institutions that operate often in close relationship with the political authorities. In fact, while the labour legislation has a national dimension, the implementation of a number of policies, namely the active labour policies and a part of the passive as shown in the previous D 4.1, is closely linked to regional policy and spending. Regions and local authorities do not work separately. They study each other and there are institutions for coordination and harmonization at national level as the permanent constitutional body of the National Conference of Regions. However differentiation is still very high, and it is due more to historical, geographic and administrative traditions than to actual politics. So there are small groups of regions that imitate each other on a common pattern, but the general picture shows a complex overview.

The press, the academic literature and the interviews performed by our Inspires research group all show how the main problem within the policy learning regimes in Italy is lack of continuity and the strong dependence from political power. This dependence is heavier where policy routines and implementation networks are weaker. Lack of continuity in the connection between analysis, evaluation and political strategy can also explain fragmentary and contradictory character of a number of labour market policies. Eventually it has a visible impact on the outcomes and performances of the administrative system and on the resilience of the labour market as a whole. Enrico Giovannini, academic professor that after working in OECD, has served as director of the National Institute for Statistics (ISTAT) and as Minister of Labour, explained how the Study and Evaluation Group that he set up at Ministry was dismantled by his successor\(^52\) and according to his experience Italy pays little attention to scientific analysis. A Minister top advisor who directed a working group on school/work apprenticeship within a collaboration between the Italian and German Ministry of Labour complained that after two year this experience was brutally stopped by a new change of minister\(^53\). This pessimistic view is reinforced when we see that each new government\(^54\) wants to make a new reform without doing a deep evaluation of the results of reforms and change of previous legislation, or, worst, if evaluation was already available, when we see that it is not

\(^{52}\) Interview n.2
\(^{53}\) Interview n.17
\(^{54}\) Since 2000 Italy has got 7 different government coalitions, with different political majorities in Parliament
taken into account by decision makers. Fine-tuning doesn't take space in media story telling. It is, for example, the case of Fornero Reform of labour market. The Law is dated 28th June of 2012 but after only two year the new Prime Minister announced a new labour reform arguing that the current law was still the old Workers Statute of 1970. Beside the political rhetoric we understand how is important for a policy maker to highlight the discontinuity instead of give importance to the continuous mending that would come from a learning process. A mid-long term perspective in policy making is often not feasible, due to the lack of established practices of continuity and connection, especially among technical offices. This seriously hampers policy learning from previous experiences in the field of training and employment policies, as policy interventions are continuously interrupted both in terms of reform and in terms of implementation.

But at a deeper look some policy regimes, across different ministers and majority, show patterns of persistence and how Streeck and Thelen (2005) stress, change happens anyway and in advanced capitalist regimes it has more the aspect of a gradual transformation with a limited number of types. As we described in the D 4.1, from 1997 to present we saw a progressive liberalization of labour market. In both case there were two analysis experts that supported a project of liberalization with new social security schemes that was named flexicurity with clear references to the international debate. In the first case the advice came from a working group, appointed by Minister Tiziano Treu himself, chaired by prof. Paolo Onofri. According to Jessoula and Alti (2010) “the policy solutions proposed by the commission where deeply influenced by the inputs coming from the supranational, European arena, which channelled innovative ideas into the national debate, thus reorienting the attention of domestic actors towards the so-called ‘new social risks’ – e.g. lone parenthood, longer life expectancy, need for care activities, interrupted careers and precarious jobs.”

Former Minister Treu told us that lack of financial resources and hostility of employers and unions to change the old corporatist set of social security, had stopped the development of the policy that was needed to strengthen the resilience of labour market face to the risk of flexibilization. In the second case Biagi Reform (L. 30 of 2003) took the name of the economist Marco Biagi, killed in 2002 by the Red Brigades when a harsh political and social conflict emerged around his elaboration of the White Book on Italian Labour Market. According to the mainstream analysis Biagi collected a large number of Italian and European

56 See Jessoula and Alti (2010:170)
57 Interview n.3
studies to promote a policy plan for flexicurity in Italy. But while the flexi part of his proposal was received, only a small part of the security schemes were implemented and many years later. Italy had a large number of scholars studying labour market and labour policies, there are national institutes of analysis like Italia Lavoro and ISFOL\textsuperscript{58} where hundreds of people are monitoring labour market and proposing solutions, and there are big centres of policy analysis like FORMEZ, or CNEL\textsuperscript{59} that produce reports on many topics. In this context which is the role of social actors in policy learning? Only few policymakers with an academic and scientific background seem to pay much more attention to this kind of sources. Is learning possible in other representative institutions (like parliamentary discussion) or in discussion with social actors?

Credit claiming and blame avoidance (Weaver, 1986) are keys of interpretation of politicians behaviour that have already demonstrated their predictive power (Pierson, 2001; Bonoli and Natali, 2012) and can also explain behaviour of politicians in Italy and their need to divide strong oppositions or defeat veto players, while claiming extraordinary results for new reforms. Parliamentary discussion influences policy makers when government has to listen to part of his majority members if it wants to approve a new law. So more than learning it is a matter of partisan positions in the public debate. Of course there is some learning in this debate but mass communication strategy is at the centre of all concerns.

Trade Unions and employers association where at the centre of policy making during 90s and composition of different points of views obliged to long discussion. But since the second Berlusconi Administration (2001-2006) the government succeeded in dividing trade Unions and gained the approval of two Trade Unions against the biggest alone about the text of Biagi Reform. Since then policy learning has much to do with strategies for divided consensus then analysis. Actual government decided the minimum possible involvement of Unions in policy makers, invoking defence of general interest. Policy learning comes from international or European level.

3. Understanding Italian policy learning between national and regional scale

Regional government have their Institutes for economic research and policy analysis while the Conference of Regional Legislative Assembly Speakers fosters policy evaluation as a way of

\textsuperscript{58} Institute for vocational training of workers
\textsuperscript{59} CNEL, National Council for Economy and Work has a constitutional status by actual government said it is too expensive and must be dismantled.
executive control\textsuperscript{60} and many legislatives have an policy evaluation office. The Italian regions coordinate their actions and projects based on the European Social Funds through a technical agency called “Tecnostruttura”\textsuperscript{61} that according to an expert regional policy maker has a major role in policy learning and making\textsuperscript{62}. All regions have few or many connections with universities of their territory. But in policy learning attention to scientific analysis depends a lot on political and institutional system, on the role of social actors in policy making, on the political culture of the administration that is in charge. More generally, stability of regional governments and the hope to see a confirmation by next election, give space to rational policy learning where solution of a problem gives a consensus reward. Where political consensus has deep roots, media arena has a lesser relevance while mediation of territorial interest is central. In labour policy there is no room for new initiative and very much depends on the use of the European Funds. That's why policy effectiveness is evaluated mainly by the share of ESF funds that a single administration is able to spend. That point raises a question on the growing influence of evaluation and negotiation processes over funding of social policies. Is that evaluation process the best way to allocate funds? Is the evaluation and negotiation fully based on technical value of the project or the political and distributional reasons still have a great relevance in fund allocation?

4. The role of policy learning in the adoption of Apprenticeship for young workers

In this section we analyze the role of policy learning in the adoption and implementation of the Italian apprenticeship system, as mainly ruled by legislative decrees 276/2003, 167/2011 and law 92/2012. As we described in deliverable D4.1, the path reform of the Italian Apprenticeship system started in the mid-nineties as a response to increasing youth unemployment and difficulties experienced by young people in school-to-work transitions producing high rates of early school-leaving. The initial phase of expansion brought to the need of ruling different paths for the different groups of young people who could enter apprenticeship, especially the subgroup of the minors of age. Moreover, at the beginning of 2000 the Government wanted to promote actions aimed at raising employment rates and pursuing quantitative and qualitative EU targets set by Lisbon 2000 and Stockholm 2001. In this frame Italian labour policies were called to adequate to EU indications and to learn by

\textsuperscript{60} As we can read on http://www.parlamentiregionali.it/
\textsuperscript{61} http://www.tecnostruttura.it/
\textsuperscript{62} Interview n.10

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better practices coming from comparisons with other and more successful countries in the fields of employment and labour market. Following this benchmarking rationale, the purpose was to identify success factors by observing other countries’ innovative experiences, and to reflect upon possible transposition in the Italian context (Minister of Labour and Social Policies, 2001).

As for apprenticeship, being the focus the training issue (in terms of quality and quantity) and the rearrangement of the much enlarged application area of this mixed contract, the French experience of higher education apprenticeship was considered most relevant according to the goal of improving the quality of the apprenticeship system and connecting it to higher educational degrees. In French, tertiary education certificate can be attained in apprenticeship after having attained secondary, post-secondary or tertiary education (ISFOL, 2011). The rearrangement and differentiation of the Italian apprenticeship system into multiple forms of contracts (legislative decrees 276/2003), aiming at raising labour market participation of new entrants, and especially the introduction of the third-level higher education apprenticeship, finds its roots in the observation of such practices.

Evaluation was also given a relevant role: since 2004, national agencies of research (ISFOL and Italia Lavoro) regularly realize evaluation reports on the implementation and diffusion of apprenticeship (Apprenticeship system monitoring reports) and on the regional vocational and educational training system, other than one-off reports on labour market-related issues. These reports usually draw upon INPS data and upon elaborations by statistics informative system SisCO (about activations and interruptions of labour relationships).

As we described in report D4.1, in years 2003-2008 the number of apprentices increased, even if this was mostly due to second-level or professionalizing apprenticeship, i.e. the less integrated with the educative system among the different forms of apprenticeship ruled by decree 276/2003. Then, the economic downturn affected the Italian apprenticeship system, kicking off a prolonged and still-lasting decline, in a context of growing youth unemployment. In this situation took place the reform of the consolidation act (legislative decree 167/2011); the subsequent reform of the labour market (law 92/2012) which assigned to apprenticeship a main role; the promotional strategy of the apprenticeship contract carried out by the Fornero Ministry under the technical Monti Government. With the focus shifting from the quality and quantity of training to the contrast against youth unemployment and early school leaving, the German model became the main reference point. Particularly the

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63 Interview n.19
German dual system, which includes apprenticeship as a tool to realize a structured alternation between school and work-based experience, was identified as the main reason for low rates of youth unemployment and smooth school to work transitions in Germany64.

In 2012 German Minister Van Den Leyen, Italian Minister Fornero and their respective technical offices set up collaboration and a coordinated working group. This brought to a memorandum of understanding and to the following project “Dual apprenticeship in Italy”, also called “The Job of my life”, involving Italian and German firms, Italian vocational schools and young people with a vocational qualification or diploma. By this initiative, young Italian people were recruited to get an apprenticeship contract in Germany. The aim was to have them back after the end of the apprenticeship, making skills circulate between the two countries. Moreover, further meetings and fact-finding missions in Germany increased the knowledge about the German system by Italian technical offices members. As a result, the lack of a national system of certification of skills acquired in context of training and of a national qualification framework (within the European Qualification Framework) was identified as a major deficiency of the Italian apprenticeship system if compared to the German dual system65. This brought to legislative decree 13/2013 as a first step to improve and ensure the connection among training, skills and the labour market.

Local fragmentation and the lack of a central coordination role was seen as another striking difference with respect to the strong integration between the Länder and the federal government in Germany, even in presence of relevant territorial differences. On this point, technical agency Italia Lavoro was charged with monitoring the state of implementation and regional differentiation of the apprenticeship system as ruled by the consolidation act of 2011. To reduce the segmentation and to coordinate actions among different actors involved in the governance of the apprenticeship system, the Labour Ministry fixed meetings on the promotion of apprenticeship, on the vocational education and training system and its connection with the labour market. The Ministry of Education, University and Research, the regions, the employers’ associations and the trade unions took part in these meetings during the first months of 2013. These on-going initiatives were interrupted by the fall of Monti Government, and the subsequent further change from the Letta Government to the Renzi Government. There was some continuity with Labour Minister Giovannini under the Letta Government, but after him the strategy substantially stopped. According to our interviewees, institutional instability in Italy strongly prevents good continuity in policy reforming and the

64 Interview n.4
65 Interview n.17
well-functioning of a policy learning infrastructure. This holds true not only for what happened in the case of the reform of the Italian apprenticeship system.
5. The role of policy learning in the reform of unemployment benefits and short term redundancy payment scheme

This innovation is represented by an incremental process covering the fields of the unemployment benefits system (UB) and social shock absorbers by means of short term redundancy payment schemes ("Cassa Integrazione Guadagni", CIG), as well as the connection between passive and active labour market policies.

Since 2009, the extension of short-term redundancy payment scheme in derogation of current legislation ("Cassa Integrazione in Deroga") was the main measure deployed by Italian governments to reduce the impact of the crisis. It was aimed at avoiding loss of salary of workers facing reduction of working hours, strongly contributing to make expenditures on passive measures the predominant share of the total expenditures on LMP in Italy. In order to allow the use of European structural funds (FSE) to finance such emergency shock absorbers, conditionality was attached to them, requiring beneficiaries to take part in training programs (Sacchi and Vesan, 2015). If the “Cassa Integrazione in Deroga” was mainly the expansion of an already existing scheme, the introduction of stronger conditionality principles linking the financing and provision of this shock absorber to activation measures (mainly training) represented a relevant innovation in the Italian labour market policies landscape (conditionality already existed in the normative asset, but it wasn’t actually applied).

Policy-making in Italy is usually more driven by problem pressure than by policy learning, and this hampers the ability of governments to plan ahead. In this case, however, policy learning played a relevant role as a consequence of a situation of problem pressure. In fact, the lack of economic resources to contrast the impact of the crisis constrained the establishment of a connection between active labour market policies and passive measure, by the agreement between the central State and the regions on social shock absorbers in derogation and active policies, subscribed in February 2009 and renewed in April 2011 (ISFOL 2013b). As stated by the deputy director of a regional Labour and Training Office we interviewed, the implementation of this agreement brought to a sort of great laboratory of social experimentation within the regions, as they were given a delegation in the management of resources allocated to the shock absorbers in derogation according to a strict principle of

66 Interview n.14, n.21
67 Interview n.15
conditionality in the use of FSE funds (ISFOL, 2013), together with competence on the active policies (that regions already had by constitutional law 3/2001).

However, the potential of such policy learning process was hampered by difficulties in institutionalizing good local practices making them becoming part of a structured system. This is due to the strong institutional and territorial fragmentation of the Italian context. Only a few regions have developed, as a consequence of experiences and experimentations following the agreement State-regions in years 2009-2013, a structural connection between active measures and subsidies as much as the required skills apt to manage different funds and planning procedures. As a result, we still do not have a national system of active policies (resulting from regional autonomy and effective central coordination), but increasing territorial divides. This is clearly demonstrated by the difficult implementation of the Youth Guarantee Programme after 2014, that strongly grounds on regional structures previously set (Fano et al., 2015).

On the side of the reform of the Unemployment Benefits (UB), as we stated in report D4.1, the main result was the reinforcement and enhancement, as well as the extension of such benefits to other categories of typical workers previously not included and to previously excluded workers with fixed-term and atypical contracts.

In this case, policy learning played a relevant role especially regarding the so-called Fornero reform and the simplification and enhancement of the UB systems through the introduction of the new benefit ASpI. This new scheme was characterized by a higher replacement rate, a longer duration and the inclusion of categories of workers previously excluded. Moreover, ASpI has been flanked by another new scheme, called mini-ASpI, to cater for workers with reduced contribution records (Sacchi, 2013). Policymakers understood that it was necessary to undertake a reform of the second pillar of protection against unemployment enforcing it with respect to the traditionally prominent one of the short-term redundancy payment schemes. The goal was to include new categories of beneficiaries, contrast labour market dualization and discretion in the use of instruments like the CIG in derogation. However, short-time work schemes were not modified due to strong vetoes from the social partners (both trade unions and employers’ associations)68. In this case, Germany and its reform of the labour market system (the Hartz reforms) was the referring model. However, this was an incomplete process since only the risk of temporary unemployment was addressed, whereas in Germany the rearrangement of the UB benefits was included in a series of labour-market and social

68 Interview n.4
protection reforms, based on the work of the Hartz Commission, an expert commission appointed in 2002 (Fleckenstein, 2012). Particularly, the controversial Hartz IV reform maintained and renamed the unemployment insurance (“Arbeitslosengeld I”) and fused the unemployment and social assistance schemes into one institution (“Arbeitslosengeld II”) (Hinrichs, 2010). In Italy the enforcement of the UB benefits system wasn’t accompanied by a reform of the social assistance system addressing the gap in social protection by the introduction of a last safety net of protection. So that, when the coverage granted by the UB systems ends, the unemployed falls into a “0 income” condition\(^69\), characterized by the absence of any social protection against poverty, given the fragmentation, the decreasing funding and the still lacking minimum standards of social assistance in Italy (Ascoli and Pavolini, 2012; Kazepov, 2015).

During the crisis and the following economic downturn, technical agencies played a role in shaping the use and knowledge around the labour market situation and the processes of policy implementation. This concerned both the pillars of protection against unemployment (UB and short term redundancy payment scheme), and the implementation on the regional level of the Agreement between the central State and the regions on social shock absorbers in derogation and active policies.

In 2009, by the Ministry of Labour and Social Policies a special “Crisis Unit” was constituted, made up by technical members of the Ministry and by exponents of INPS and of the technical and research agencies ISFOL, Italia Lavoro. On one side, the aim was to support the design of policy responses against the negative effects of the crisis, the negotiation and fund-planning activities involving the Ministry, the regions and the European Commission. ISFOL and Italia Lavoro contributed thanks to the experience in the analysis of local good practices in the fields of short-term redundancy payment scheme and training and placement activities. This is witnessed also by several reports on policy implementation addressing topics like the consequences of the Fornero reform (ISFOL, 2013a), the extensive use of the CIG in derogation as emergency social shock absorber also in the face of inadequate unemployment benefits (Vesan, 2012; ISFOL, 2013b), and assessing the overall conditions of the labour market (ISFOL, 2014).

However, the overall impact of this source of policy learning is still controversial. In our interviews, policy makers like former Labour Ministers Giovannini and Fornero deplored the lack of comprehensive and regular evaluation activity of policy implementation in Italy

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\(^{69}\) Interview n.18
(except for isolated issues, like apprenticeship), depicting it as fragmented and poorly effective if compared with models coming from Continental and Northern Europe\textsuperscript{70}.

6. Policy learning in reform of public employment services

Public service in Italy has had a long policy learning history. After a long time in which they were just a little more than public registers, from 90s the need to reduce the mismatch of supply and demand of work and the need to reduce skills mismatch in order to cut back the number of long run unemployed, asked services to enhance new competences. Active policies were started looking at ESF measures. After the devolution to local authorities (1997/98) each local service had enough autonomy to do new things if it had an innovative manager, but he/she had to look around to find resources:

In 1999 I went to Urbino as director of new Center for Job created with the bill of reform that gave to local authority (provinces) the task of managing implementation of labour policies. Thanks to European Social Funds we had the way of working with a cooperative for social services. Now the same people are working in our center. Autonomy of the center allowed us to recruit people from European projects\textsuperscript{71}.

Here we see a double learning: an Europeanization of policy making but also a way of using European funds to implement Italian policy making. In the same years there was a big increase in the number of workers with non-standard contracts, with different job positions, and, finally, the explosion of the crisis in 2008, when all these challenges crashed into job centres. Regionalization of labour services raised differentiation among local services, but also the opportunity to look at better experiences as practices to imitate. Policy learning has seemed territorial differentiation, linked to bureaucratic or political leadership and commitment. More than fifty years have gone since this devolution of services but an effective network of public services for active policies is still to be developed in most regions, as a former minister of labour highlighted in the interview:

A third element of weak resilience is the low level of training programs for people who have lost a job. We have to work for stronger unemployment tutoring by job agencies and implement a good alternation school and job. We also must build a national database for supply and demand of jobs to decrease the mismatch. We would like to

\textsuperscript{70} Interview n.2 and n.4
\textsuperscript{71} Interview n.5
take example from German experience, but in Germany public agencies have 90000 civil servants, in Italy only 8000 many among them with non-standard contracts72.

In Italy many people say that money spent in training is more useful to trainers than to trainees. But there are cases of PES that do it quite well. One is Turin's network of public agencies. They believe that training is not useless, not only for the quality of training, but also for making people who stay at home doing things:

*Here we have good training agencies. (...) First goal of training is to keep people up to date. But it is also useful to keep people doing things between one work and the other. We should not leave people stay at home waiting. In Law 247 of Minister Damiano there was a provision for training voucher. When workers are obliged to training if they want to receive income support (Cassa Integrazione in Deroga, for example) it is a good chance to bring them to our centres and take them into training activity.*

Unfortunately training programs often have low quality or conditional training requirements for income benefit are not provided at all. Since the 2008 crisis began to hit hard on Italian workers, the public spending for income benefits has strongly risen73 but it has been spent in emergency conditions and mainly on passive policies.

The performances of matching of demand and supply is very poor for the average Italian PES, only 2% of unemployed find a job at service offer, while in Germany, France or UK they are around 7/8%. When public services were the only player, decision making was a problem of public service inefficiency but now, after many years of competition (since 2003) private agencies, that have more employees than public ones, did not prove to be more effective. Informal networks are still preferred by employers. This is a behaviour that make labour market less efficient also for the matching of skills. That's why today the main tasks of PES is tutoring and training people who are looking for a job. But these two activities require organizational attributes that are not enough developed in many Italian PES. OECD in a 2009 report stressed this point:

*Limited policy attention is paid in Italy to promoting a supply-demand balance.

Indeed, the 2010 Labour Plan from the Ministry of Labour, announced that Italy, more than other countries, has a mismatch between labour demand and supply, and blames the "total inadequacy of the training system" rather than the lack of a robust socio-economic infrastructure able to bring together workers and jobs. Expenditures for*

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72 Interview n.2
73 According to Cicciomessere (2015) it grew of +146% from 2005 to 2012.
public employment services are low, in part because there is no unemployment benefit system. This means

That, among other things, employment agencies have no stringent requirement to engage in effective actions to support the unemployed. Yet, even without a significant reform of the system, it is still possible to improve the monitoring and evaluation of public employment services and implement various policy interventions relating to skills formation and deployment\textsuperscript{74}.

Five years later, European Commission in its 2015 Italy Country Report expressed a similar judgement:

Active labour market policies are not sufficiently developed to address the foregoing shortcomings, not least because of the fragmentation of employment services across the country. Expenditure on active labour market policies is below the EU average and is biased against job-search assistance. Furthermore, there is no effective coordination between activation policies and the unemployment benefit system. Also, the evaluation of active labour market policies is occasional and not based on systematic monitoring.

A crucial element holding back effective active labour market policies is the poor performance of employment services, which show limited capacity to provide transparent information to job seekers and to address the needs of employers.

Fragmentation that should have encouraged imitation of best initiatives is now seen as a failed strategy:

Furthermore, there are enduring regional disparities in the quality of services provided by public employment services and in the quality of cooperation between public and private employment services\textsuperscript{75}.

Central Government today declares that a national central agency it is necessary, especially where local offices have very poor performances. Single regional or provincial PES institutions have very good performances but usually that is matched with good economic performances in the same areas, the less resilient regions in their majority have also low levels of PES performances. But as long as resources are found only for emergency while reforms are designed without spending or even for saving money, it will be difficult to build better services. The last example of it is the partial suppression of provincial administrations.

\textsuperscript{74} OECD Skills for Competitiveness. Country report for Italy, May 2012
\textsuperscript{75} European Commission Country Report. Italy 2015. 
(L.56/2014) that used to manage PES. In the law employment services do not receive any attention; it is supposed that they will go back to regions but there is not any assurance about staff and resources they will manage.

7. General conclusion: little learning, weak resilience

Resilience of market labour in Italy during the crisis was low and highly differentiated on territorial bases also because of the fair and scattered effects of policy learning. A former labour minister, expert from OECD and the National Institute for Statistics (Istat) explains:

Large part of the new jobs, especially for women and immigrants, are in low added value fields, and that's why productivity has decreased. The exploitation of low cost jobs has drove undertakings out of innovation race. From 2000 to 2008 reduction of financial costs due to monetary union was a chance for state and for private firms to increase their resilience that was wasted by both. We also have a deficit in private managerial class. A large part of small firms were not able to drive innovation of internationalization. Most of them stand on the market thanks to reduction of labour costs and tax avoidance. Resilience of the firms during crisis was due to the stock of personal property of entrepreneurs that has been spent to live on. Most of it is estate property, so it is not easy to use it for resilience. These firms tend to require high skills from workers but offer to them low skill and low paid jobs. We have a system of human capital reward that is wrong. Big firms can plan their future need for human capital and they have interest in communicate their need to training institutions. We do not have this chance e there is not a public service for do it76.

Policy learning for the selected innovation in Italy has shown to be a fragmented and contested process. We can draw some general characteristics that have been made visible by the analysis:

a) Fragmentation/poor imitation of best practices

b) Discontinuity/Policy dependency

c) Resource dependency/emergency without planning

d) Little learning from experience, from research, from monitoring

At local level there are good experiences but little institutionalization. The life of good practices depends on commitment of political and administrative leaders and resources are not

76 Interview n.2
assured for extended planning over time. Policy makers, especially at national level where instability is high, are very interested in visibility and short term results and they are not committed in planning and building reforms that will give results in a few years time.

Many national and international advisors suggested Italy to build a security net, better employment services, good training and apprenticeship schemes, in order to improve the matching of demand and supply in the labour market and help unemployed to go back to work. Little has been done. Most of new policies are a spill over of a creative use of ESF money. With the emergency of the crisis after 2008 awareness of those limits has been increasing within institutions. But financial planning does not seem to follow, as the most popular labour market measures have been in 2015 a large tax and contribution exemption for every new hired worker with an open-ended contract that will subtract from State revenues 18 billion during the next 3 years.
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Table 1: Overview of interviews

<table>
<thead>
<tr>
<th>N. Code</th>
<th>Role of interview partner, date, location</th>
<th>Category/Area</th>
<th>Cluster/Innovation Covered</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>University of Ancona – 04/03/15 Senigallia (AN) Lawyer</td>
<td>Youth</td>
<td>Youth - Apprenticeship for young workers - Flexsecurity - Entrance flexibility by means of non-standard jobs</td>
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<tr>
<td>2</td>
<td>General Director ISTAT – 28/01/15 Rome  Policy maker</td>
<td>Activation</td>
<td>Activation - Reform of unemployment benefits and the role of redundancy payment scheme</td>
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<tr>
<td>3</td>
<td>Former General Director of National Social Security Institute (INPS) – 27/01/15 Rome Expert - Policy Maker</td>
<td>Older Workers</td>
<td>Older Workers - Rising statutory retirement age + Flexsecurity - Entrance flexibility by means of non-standard jobs</td>
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<td>4</td>
<td>Former Minister – Senior Professor University of Turin – 20/02/15 Turin Policy maker</td>
<td>Older Workers</td>
<td>Older Workers - Rising statutory retirement age + Entrance flexibility by means of non-standard jobs + EU - Coordination</td>
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<td>5</td>
<td>PES – Job Center Deputy Director - 04/04/15 Urbino Institutional</td>
<td>Governance-Reform</td>
<td>Governance-Reform and marketization of Employment and Placement Services</td>
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<td>6</td>
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<td>Activation-Reform</td>
<td>Activation-Reform of unemployment benefits and the role of redundancy payment scheme</td>
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<td>7</td>
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<td>Activation-Reform of unemployment benefits and the role of redundancy payment scheme</td>
</tr>
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<td>8</td>
<td>Officer – Ministry of Labour – Rome 05/04/2015 Policy maker</td>
<td>Activation-Reform</td>
<td>Activation- Reform of unemployment benefits and the role of redundancy payment scheme + Reform and marketization of Employment and Placement Services</td>
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<td>Labour market researcher and advisor – Forcoop/Cora Venice. – 14/04/2015</td>
<td>Stakeholder</td>
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<td>10/05/2015</td>
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<td>09/05/15 Fano (PU)</td>
<td>Precarious workers/expert</td>
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<tr>
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<td>Clash City Workers</td>
<td>14/05/2015</td>
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