



Ministero del Lavoro e
delle Politiche Sociali

ISFOL

Enhancing youth employment in Italy

ISFOL, Labour Market Research AREA

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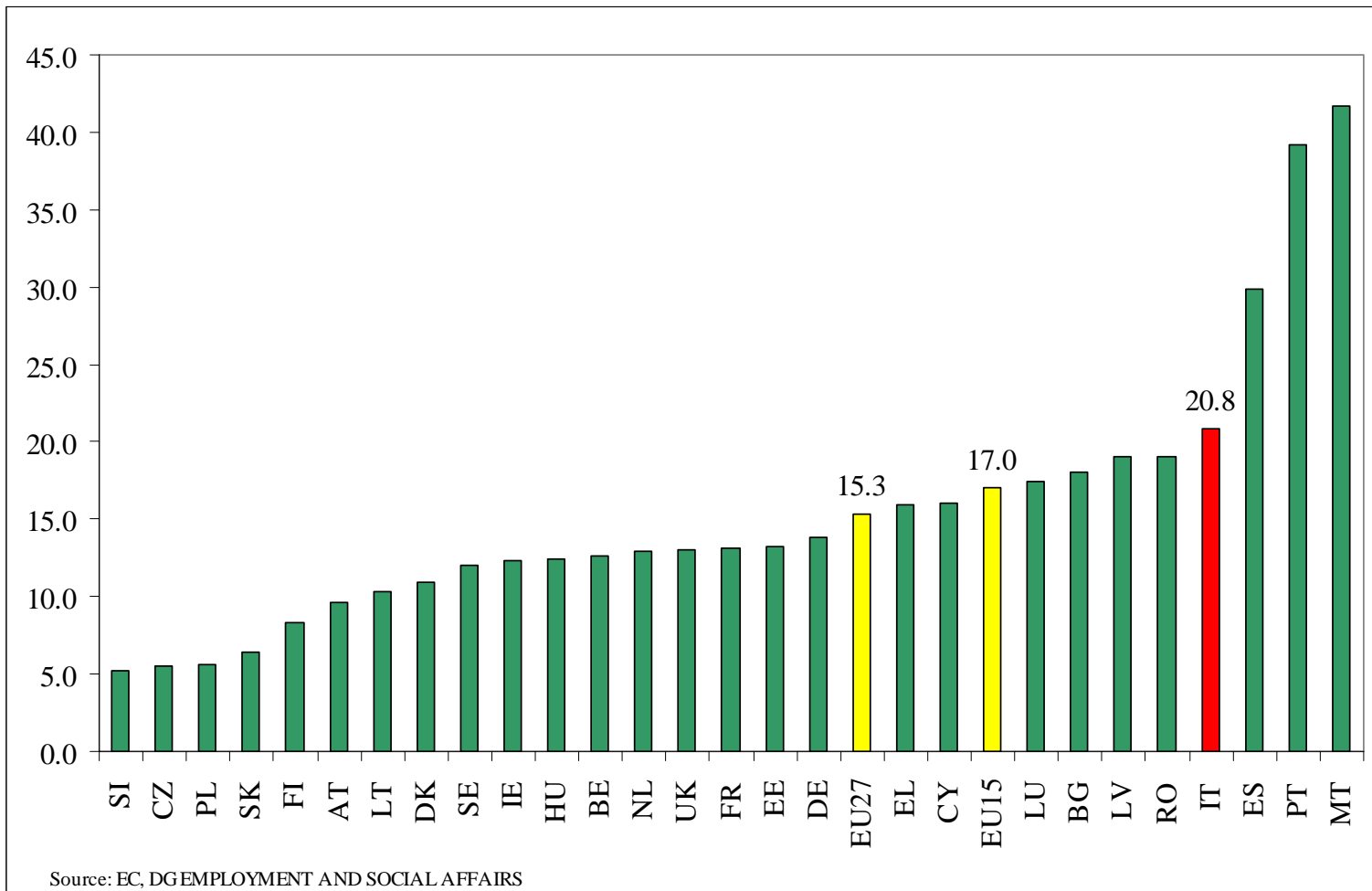
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Main issues concerning youth in Italy (1) - The school-to work transition

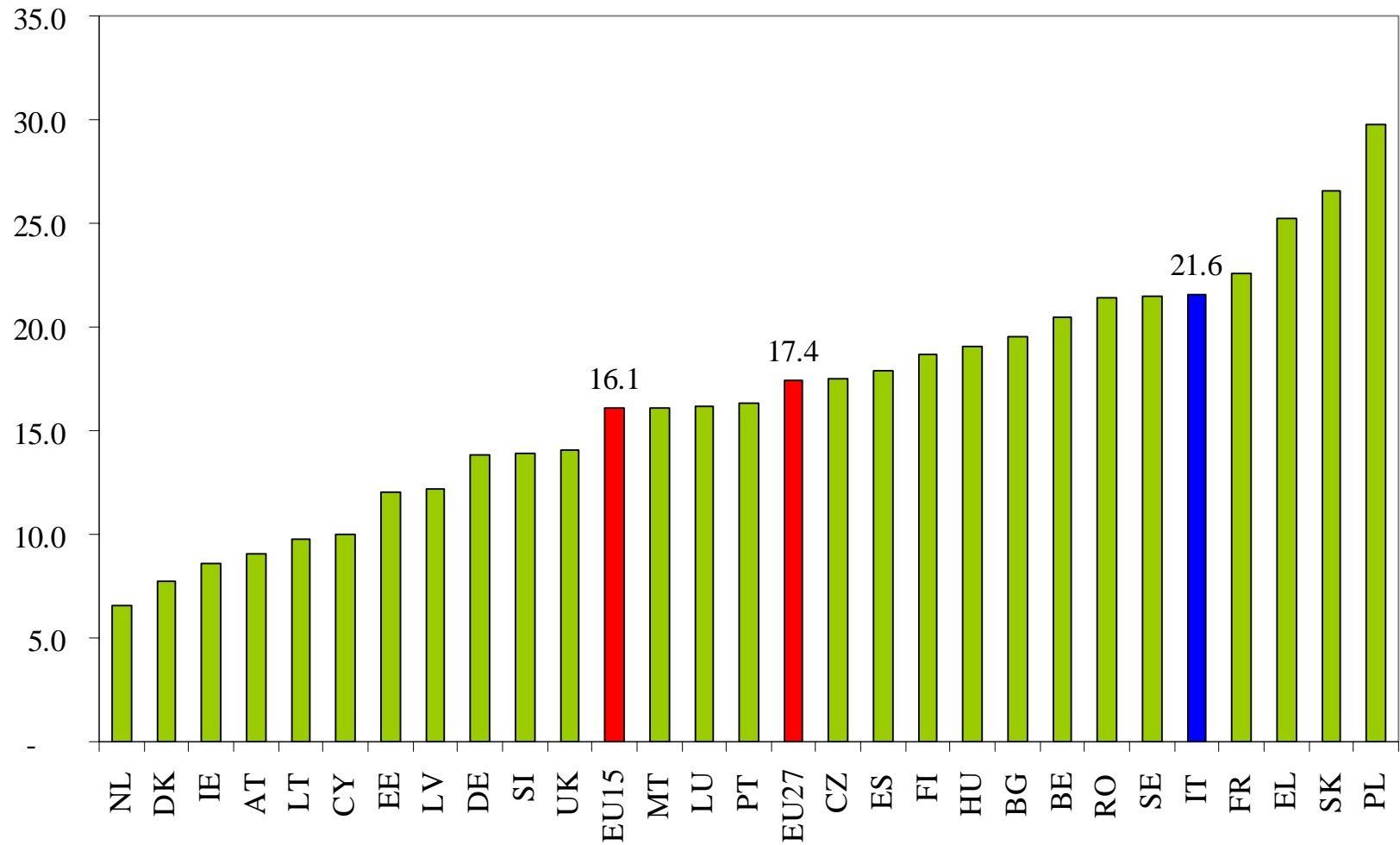
- The percentage of early school leavers is far above European average (20,8%)
- Participation rates are though lower than European average
- Despite low participation rates, youth suffers from high unemployment rates, if compared to adults
- NEET (Not in education, employment or training) population among youngsters is particularly high.

Early school leavers, 2006

Percentage of the population aged 18-24 with at most lower secondary education (ISCED level 2) and not in further education or training

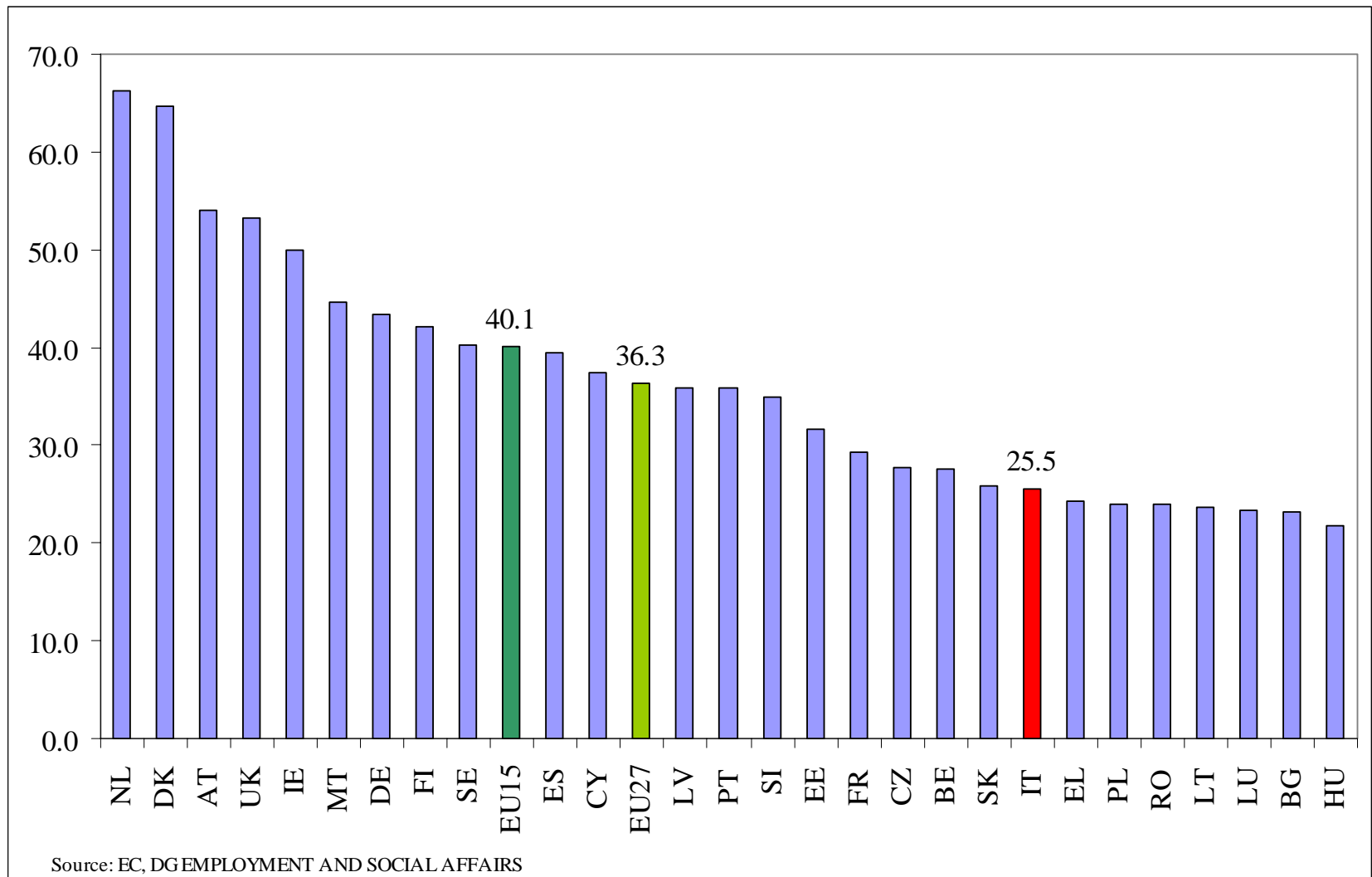


Youth unemployment rates, 2006



Source: EC, DGEMPLOYMENT AND SOCIAL AFFAIRS

Youth employment rates, 2006



Main issues concerning youth in Italy (2) - Job characteristics

- **Among youth employment the incidence of temporary contracts is very high (40,9%)**
- **About 50% of labour market inflows of youngsters are on a temporary basis**
- **Despite high worker turnover rate long term unemployment rates for young people remain high**
- **In general, low coverage rate of social security system for youngsters**

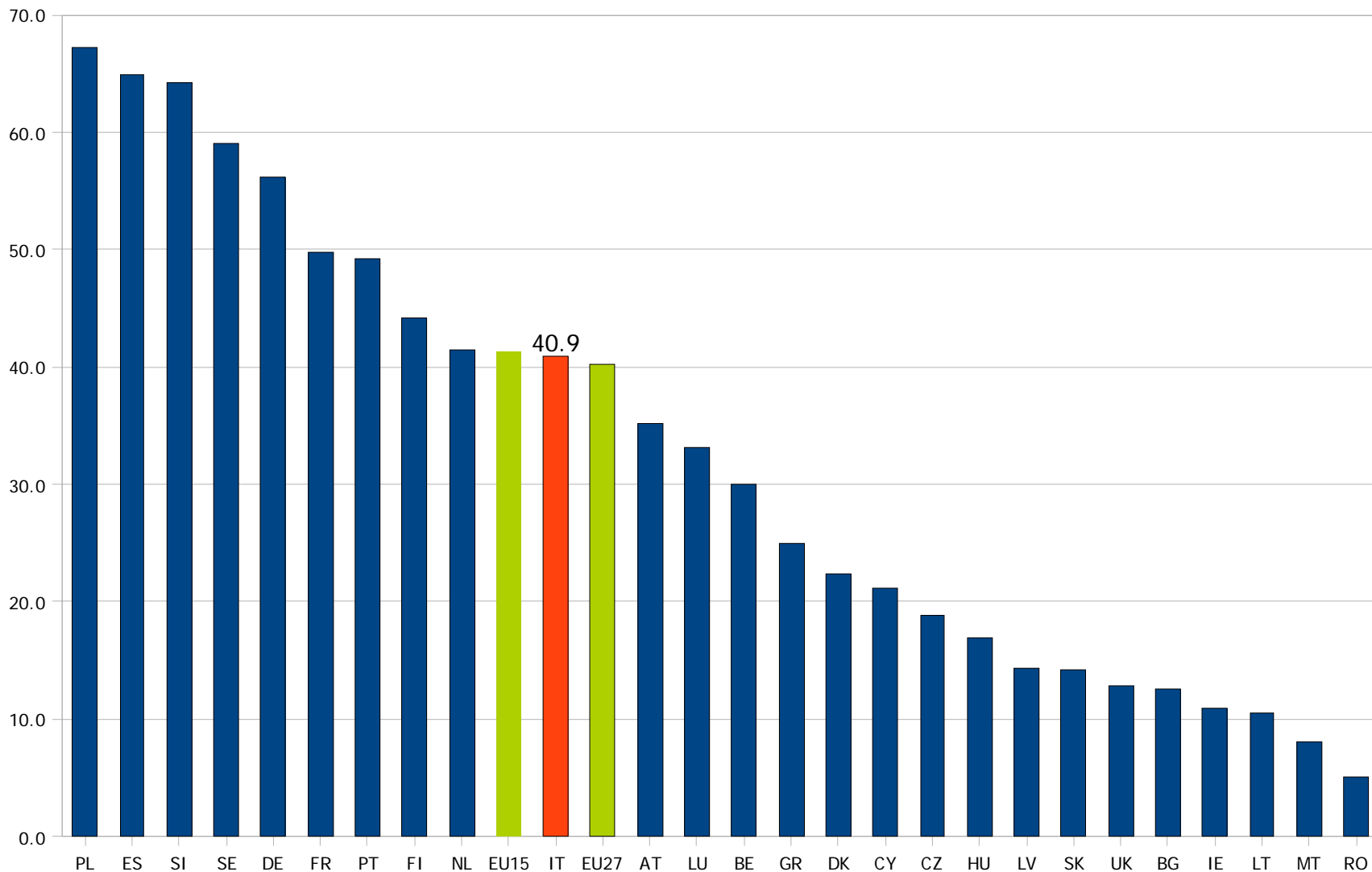
Employment according to professional status

	Employee	Para-subordinate	Self-employed
15-19	88.6	3.3	8.1
20-24	84.9	4.5	10.6
15-24	85.5	4.3	10.2
25-29	79.1	4.4	16.4
15-29	81.6	4.4	14.0
30-34	75.7	2.8	21.5
35-39	73.7	1.7	24.6
40-44	73.6	1.3	25.1
45-49	74.3	1.0	24.6
50-54	75.2	0.8	24.0
55-59	67.5	1.5	31.0
60-64	48.3	3.5	48.1
25-64	73.7	2.0	24.3
Total	73.6	2.2	24.3

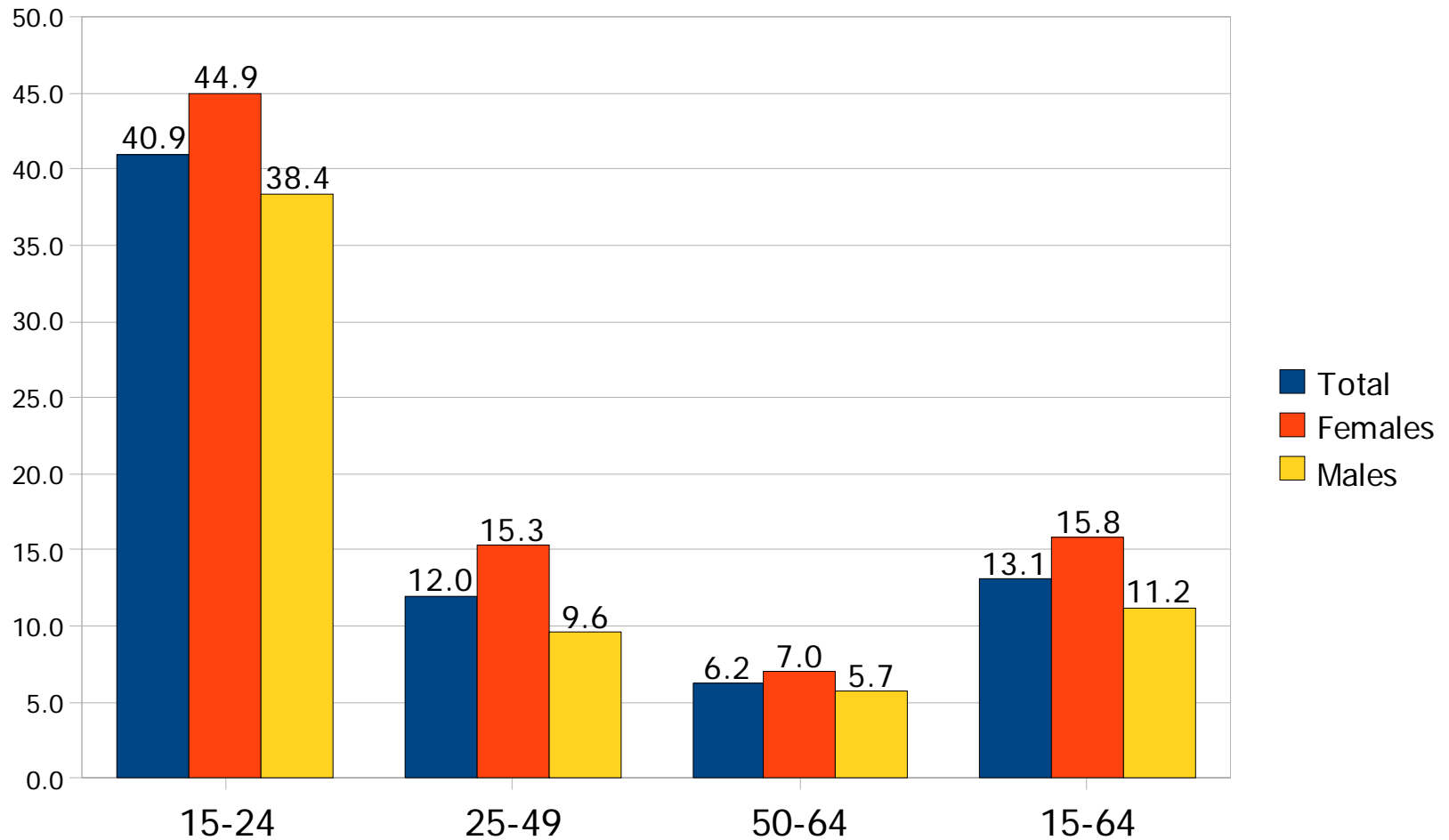
Source: ISFOL processing of Italian Labour Force Survey, 2006

Temporary employment as percentage of employees, 2006

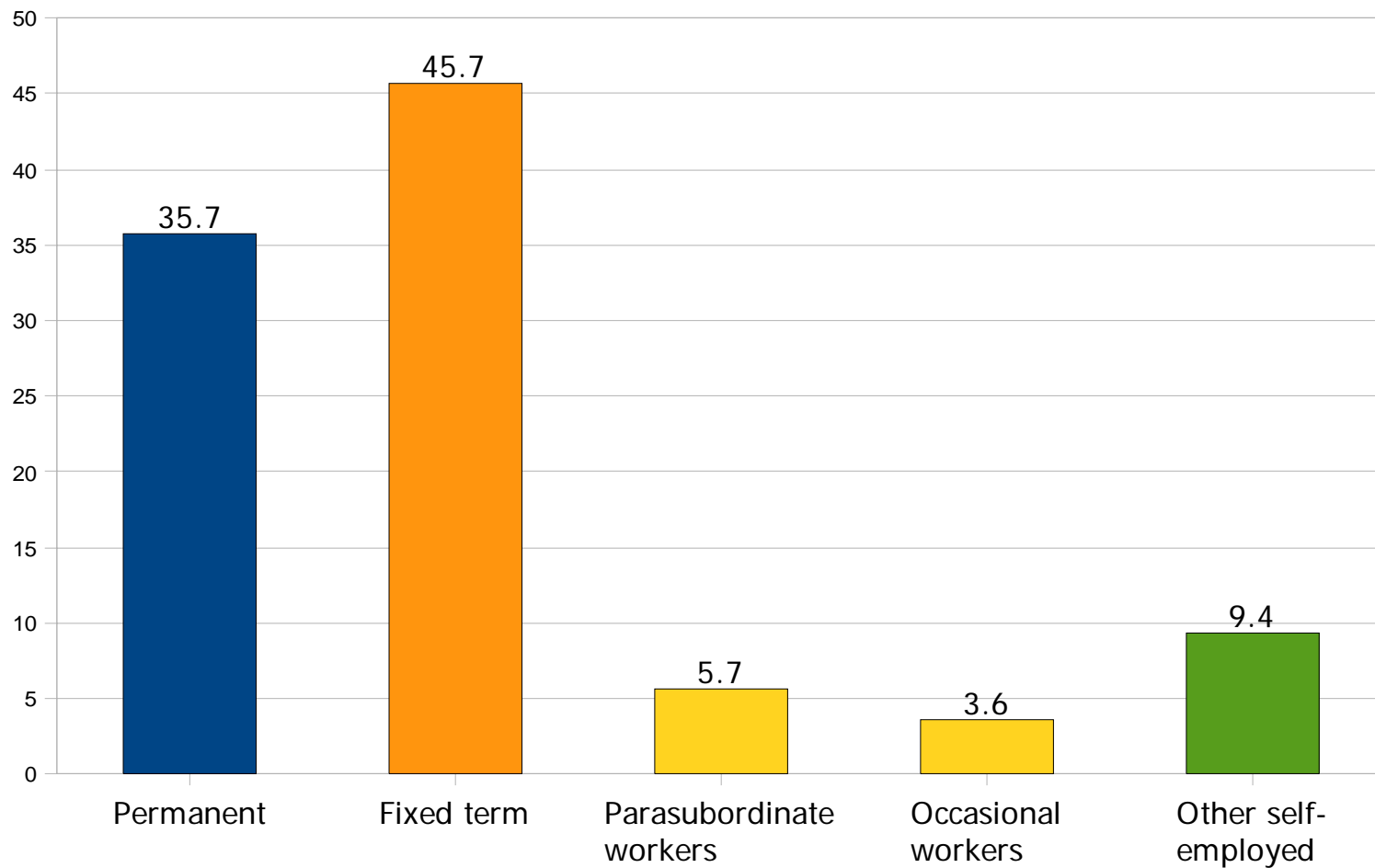
15-24 years old aged population



Temporary employees as % of total employees, Italy 2006



Flows into the labour market, 2006



Main issues concerning youth in Italy (3) - Flexibility vs precariousness

- **Frequent “uncovered” unemployment spells and/or temporary contracts limit credit access**
- **From a social perspective: low fertility rates or fertility decisions postponement, late constitution of new households, persistency of a “family” oriented social security system**
- **From a macroeconomic perspective: decrease in durable good consumption, erratic pattern of good demand**

“Direct” and “indirect” measures for young people

- Few measures are directly aimed at young people:
 - new apprenticeship
 - access-to-work contracts
 - “adolescents” and “young people” are two employment service targets
- latest reform of EPL increasing flexibility “on the margins”, has caused segmented labour markets

The segmentation of the labour market

- Indirect measures (“atypical” work arrangements):
 - only 45% of young people aged between 15 and 24 years enter the labour market with a standard form of work
 - the so-called economically dependent workers, represent 4.3% of the total 15-24 year old workforce, against an average of 2.2 %
- the “security” part of the term “flexicurity” has become one of the stepping stones in labour-market policies
- the present social protection system is constructed around standard work:
 - low rate of coverage
 - *non-standard* workers not covered

Beneficiaries of passive policies in 2005 (.000)

Ordinary wages guarantee fund (CIGO)	82.1
Extraordinary wages guarantee fund (CIGS)	58.8
Mobility allowance	110.0
Special building trade unemployment benefit	1.4
Ordinary building trade unemployment benefit	28.4
Ordinary non-agricultural unemployment benefit	137.3
Non-agricultural unemployment benefit with reduced requisites	128.0
Ordinary agricultural unemployment benefit	36.7
Agricultural unemployment benefit with reduced requisites	1.9
Special agricultural unemployment benefit (40%)	51.7
Special agricultural unemployment benefit (66%)	43.6
Early retirement	95.5
Total	775.4
Total without CIGO, CIGS and early retirements	539.0
Jobseekers (average 2005)	1.889
Rate of coverage (%)	28.5

Source: Monitoring Report of the Ministry of Labour

Ordinary unemployment benefits - 2004

Age	Beneficiaries	<i>Compensation</i>	
		<i>(%)</i>	<i>per day (€)</i>
Less than 20 yrs	216	0.1	16.8
20-24	12,384	4.0	17.8
<i>Under 24 yrs</i>	<i>12,600</i>	<i>4.1</i>	<i>17.8</i>
25-29	46,949	15.3	18.0
<i>Under 29 yrs</i>	<i>59,549</i>	<i>19.4</i>	<i>18.0</i>
30-39	124,700	40.7	18.3
40-49	79,984	26.1	18.8
50-54	23,337	7.6	19.1
More than 55 yrs	19,108	6.2	18.9
TOTAL	306,678	100.0	18.5

Source: INPS data

The lack of a modern and adequate social protection system

- **Mobility allowance:**
 - ❑ industrial firms with more than 15 employees and large-scale retail companies with more than 200 employees, unable to re-employ suspended workers on conclusion of the CIGS scheme
 - ❑ comprehensively 12 months of service in the company and 6 months of effective work
 - ❑ varies from 80% to 64% of the wage for a period of between 12 and 48 months, according to age and geographical area
- **ordinary unemployment allowance (OUA):**
 - ❑ at least 2 years of insurance and 52 weekly contributions in the last 2 years
 - ❑ 50% (40% in the last month) of last pay for 7 months, with a monthly ceiling fixed by law
- **OUA with reduced requirements:**
 - ❑ at least 2 years of insurance and 78 days paid work covered by contributions
 - ❑ 30% of the pay for a maximum number of days equal to those actually worked during the previous year
- **apprentices and economically dependent workers are excluded from unemployment subsidies**

Flexicurity test

<i>Component</i>	Flexible and reliable contractual arrangements	Comprehensive lifelong learning (LLL) strategies	Effective active labour market policies	Modern social security system
<i>Measure</i>				
Employment services			Regional disparities in implementing the reform. 2.2% of jobseekers use Job Centres	
Ordinary unemployment allowance				10% of beneficiaries are young people
New apprenticeship contracts	Expressly addressed to young people, they are designed to "appeal" to employers	Contains a formal training pathway as well as on-the-job training	33% of young employees are apprentices. In one out of five the first employment contract is an apprenticeship	
Right-duty to participate in education and vocational training		The measure has been recently modified by raising school-leaving age to 16 years.		

The welfare Social Pact (23th July 07)

- **Universal protection system independent of company size, sector and type of employment relationship:**
 - harmonization of the UOA (duration and amount meanwhile increase), and mobility allowance, firstly by creating a “single tool for income support and the re-insertion of the unemployed in jobs”
 - standardizing tools for wage guarantees, by gradually extending and unifying the ordinary and extraordinary wage guarantee funds
- “combine active policies with monetary support” and “render effective the loss of protection in the event of unjustified non participation in work re-insertion programmes or non acceptance of suitable jobs”
- strengthening of employment services and labour market activation policies, based on close inter-institutional cooperation among state, regional and local administrations
- new direct measure for young people:
 - income and employment measures
 - improving pension scheme
- limitations to the renewal of fixed-term contracts