

# **Young People and Employment in Italy: The (Difficult) Transition from Education and Training to the Labour Market\***

## **1. The Employment of Young People in Italy: An Alternative Perspective**

One of the central issues that polarises the present debate on the relations between labour law and society is undoubtedly that of young people and the precarious nature of their employment. This issue is not new and is not confined to Italy. All over Europe, and beyond,<sup>1</sup> there is growing concern about the employment prospects (and pension provision) of the younger

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<sup>1</sup> The Japanese debate is particularly interesting, as the public and the Government frame the issue essentially in terms of the “shortcomings” and “faults” of young people. This is the conceptual framework, in particular, of the Government Plan of 2003 to support the spirit of independence and responsibility of young people. See the critique by Inui, A. 2003. “Restructuring Youth: Recent Problems of Japanese Youth and its Contextual Origin”, *Journal of Youth Studies*, No. 2:219-233 and the papers of 2005 on “The Transition from School to Working Life Issues”, *Japan Labor Review – Special edition*, No. 3, pp. 5-91 and the bibliography therein. For the experience of other countries, see Mortimer, J.T., and R.W. Larson, eds. 2002. *The Changing Adolescent Experience*. Cambridge: Cambridge University Press; and OECD. 1999. *Preparing Youth for the 21<sup>st</sup> Century – The Transition from Education to the Labour Market*. Paris: OECD, pp. 89-100, available at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under the heading *Università, scuola e mercato del lavoro*.

generation,<sup>2</sup> also because of the drastic and generalised worsening of the conditions of access to employment of good quality.

Over the past 25 years, taking the most evident and immediate indicators,<sup>3</sup> unemployment levels for young people, including long-term rates, have increased alarmingly in all the industrialised countries, with the main exceptions being the United States, Portugal and the Netherlands, as the only economies to have achieved a slight reduction in youth unemployment.<sup>4</sup>

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<sup>2</sup> In the French literature, see for example the thought-provoking volume by Bavarez, N., J.-B. de Foucault, A. Minc, and A. Houziaux. 2005. *Le chômage, à qui la faute*. Paris: Les Editions de l'Atelier. With reference to the German and the British cases, O'Higgins, N. 1997. "The Challenges of Youth Unemployment", ILO Employment and Training Papers, No. 7, and in general Furlong, A., and F. Cartmel. 1997. *Young People and Social Change – Individualization and Risk in Late Modernity*, Buckingham: Open University Press; Hammer, T., ed. 2003. *Youth Unemployment and Social Exclusion in Europe*. Bristol: The Policy Press; McNeish, W., and P. Loncle. 2004. "State Policy and Youth Unemployment in the European Union", *Young People and Contradictions of Inclusion*, eds. Blasco, A.L., W. McNeish, and A. Walther, Bristol: Policy Press. In the United Kingdom, two White Papers have been published by the Labour government on skills and employment: see [www.dfes.gov.uk/publications/skillsgettingon/](http://www.dfes.gov.uk/publications/skillsgettingon/) and Tiraboschi, G., Paper *Skill and Education Strategy: la riforma del sistema educativo e formativo inglese nella prospettiva degli obiettivi di Lisbona*.

<sup>3</sup> Though this is probably no longer relevant, as pointed out by Marchand, O. "Youth Unemployment in OECD Countries: How Can the Disparities Be Explained?", *Preparing Youth for the 21<sup>st</sup> Century etc.*, cit., pp. 329-344 esp. p. 331, who argues that "the unemployment rate becomes less and less appropriate for describing their situation as the length of time they spent in school increases and the average age at which they start working increases". In similar vein see Rees, A. 1996. "An Essay on Youth Joblessness", *Journal of Economic Literature*, pp. 613-628, who suggests using the parameter of joblessness instead of unemployment – undoubtedly more reliable, though not so easy to use in comparative terms – as the main indicator of youth employment problems.

<sup>4</sup> In particular, with regard to the employment of young people in the United States, which cannot be examined solely in terms of the statistical parameter of the unemployment rate, see Lynch, L. M. "The Transition from Initial Education to the Labour Market: Recent Experience in the United States", OECD, *op. cit.*, 289-304 and Klerman, J. A., and L. A. Karoly. 1995. *The Transition to Stable Employment: the Experience of U.S. Youth in Their Early Labour Market Career*. University of California, Berkeley, National Center for Research on Vocational Education.

Table 1. Youth Unemployment (Age Range 15-24 Years) in a Number of OECD Countries

	1977	1987	1997	2003
Australia	12.2	14.6	15.9	12.3
Austria	N.D.	N.D.	6.5	6.3
Belgium	N.D.	21.4	21.3	15.2
Canada	14.3	13.6	16.7	12.6
Denmark	N.D.	8.9	8.1	6.7
Finland	12.3	9.0	23.3	21.6
France	11.2	22.9	28.1	20.7
Germany (a)	5.5	8.5	10	7.7
Greece	N.D.	25.0	31	29.5
Ireland	13.2	24.5	16.1	6.4
Italy (b)	23.9	35.5	33.6	29.7
Japan	3.5	5.2	6.6	9.2
Netherlands	7.3	14.8	9.5	6.6
Portugal	16.3	16.1	16.7	8.6
Spain (c)	11.2	40.2	37.1	25.5
Sweden (c)	4.4	4.6	22.5	11.9
United Kingdom (c)	N.D.	15.8	13.5	11.8
United States (c)	13.6	12.2	11.3	9.3
European Union (25)				18.0

N.D. = no data available.

(a) 1977, 1987 data for West Germany; 1997, 2003 data for Germany after unification

(b) age range 14-24 years

(c) age range 16-24 years

Source: *Elaboration of OECD Labour Force Statistics (various years)*

However, the Italian case presents certain peculiarities, to be examined in the present paper, that are evident even from a superficial comparison of the main

employment indicators:<sup>5</sup> in particular, in terms of unemployment among young people, Italy is one of the countries with the worst performances (with a rate 17 per cent higher than the average for the OECD countries), with only Poland and Slovakia reporting slightly higher unemployment rates.<sup>6</sup>

A further peculiarity of the Italian case is that the debate on this issue takes place amid strident or at times apocalyptic tones, as if it were a war of religion. It is significant that some commentators, starting from carefully designed econometric studies that point to the rigidity of internal labour markets as one of the main obstacles to youth employment,<sup>7</sup> speak of a kind of twenty-first century “class struggle” in which the interests and aspirations of young people are opposed to the rights and (at times) the privileges of older ones.<sup>8</sup>

The difficulties encountered by young people in gaining access to employment have recently been highlighted in Italy by the enactment of the complex reform of the labour market generally known by specialists, employment service operators and the general public as the Biagi Law.

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<sup>5</sup> For a recent benchmarking study, see European Commission. 2005. COM (2005) 13 final, *Joint Employment Report 2004/2005*. Brussels: European Commission, available at *Bollettino ADAPT*, 2005, No. 5.

<sup>6</sup> On the basis of the OECD data for 2003 the international figure for youth unemployment is 12.6 per cent, compared to 29.7 per cent for Italy and 35.2 per cent for Poland and Slovakia. More complete figures are available at [www.nationmaster.com](http://www.nationmaster.com), under the heading: Labor – Youth Unemployment. See also Twena, M., and H. A. Aaheim. 2005. *Social Exclusion and Unemployment in the European Union – Current and Future Trends*. Oslo: Center for International Climate and Environmental Research, esp. p. 21, available at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under the heading *Inclusione sociale* and, for Italy, the *Rapporto ISFOL 2004*, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under the heading *Mercato del Lavoro*.

<sup>7</sup> For the strand of interpretation that sees internal labour market rigidities – and in general the protection of insiders – as one of the main obstacles to access to the labour market by young people, see Freeman, R. B., and D. A. Wise, eds. 1992. *The Youth Labour Market Problem: its Nature, Causes and Consequences*. Chicago: University of Chicago/NBER; see also Garonna, P., and P. Ryan. 1991. “The Regulation and Deregulation of Youth Economic Activity”, *The Problem of Youth: the Regulation of Youth Employment and Training in Advanced Economies*, eds. Ryan, P., P. Garonna, and R.C. Edwards eds., (London: Macmillan), pp. 25-81. More recently, Nickell, S. 1997. “Unemployment and Labor Market Rigidities: Europe versus North America”, *Journal of Economic Perspectives*, 11, No. 3, pp. 55-74. Van der Velden, R. K., and M. H. J. Wolbers. 2003. “The Integration of Young People into the Labour Market: The Role of Training Systems and Labour Market regulation”, *Transitions from Education to Work in Europe - The Integration of Youth into EU Labour Markets*, eds. Müller, W., and M. Gangl, Oxford: Oxford University Press.

<sup>8</sup> See on this point Cazzola, G. 2004. *Lavoro e welfare: giovani versus anziani. Conflitto tra generazioni o lotta di classe del XXI secolo?*. Rubettino: Soveria Mannelli.

This reform has given rise to contrasting opinions and considerable opposition, not only at a political and trade-union level, but also in terms of cultural perspectives and values.<sup>9</sup> Some critics have gone so far as to characterise it as a charter for precarious employment and a lack of job security in the labour market.<sup>10</sup>

However, in most cases, and as the present paper will argue, the reform of the labour market has taken the blame for faults that are not of its making. Rather, it would be more accurate to speak of faults for which it could not be responsible, bearing in mind that the debate about unemployment and precarious employment among young people has been going on for over 20 years,<sup>11</sup> and is associated with the difficult transition from labour law for emergencies to labour law for restructuring.<sup>12</sup> In contrast, more than two years after the publication in the *Gazzetta Ufficiale* of Act No. 30/2003 and Legislative Decree No. 276, the implementation of the reform is still incomplete: for the moment, pending the adoption of collective bargaining provisions and regional norms,<sup>13</sup> only a limited number of measures laid down

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<sup>9</sup> An initial assessment of the impact of the reform on the labour market is to be found in my paper ‘The Italian Labour Market after the Biagi Reform’, in *IJCLLIR*, No. 2/2005, where further references are to be found.

<sup>10</sup> See, among others, Romagnoli, U. 2004. “Radiografia di una riforma”, *LD* No. 1:19, and Mariucci, L. 2004. “I molti dubbi sulla c.d. riforma del mercato del lavoro”, *LD*, No. 1:7, in addition to the papers in Ghezzi, G., ed. 2004. *Il lavoro tra progresso e mercificazione – Commento critico al decreto legislativo n. 276/2003*. Rome: Ediesse, and in Perulli, A., ed. *Impiego flessibile e mercato del lavoro*. Turin: Giappichelli.

<sup>11</sup> With regard to the first measures taken to reduce youth unemployment see Garofalo, M. G., and S. Mazzamuto. 1977. “La legge sull’occupazione giovanile”, *RGL* No. 1, 480 ff. See also Olivelli, P. 1981. *Il lavoro dei giovani*. Milano: Giuffrè, and the extensive bibliography therein, and Bruno, S. 1978. *Disoccupazione giovanile e azione pubblica*. Bologna: Il Mulino. In the international literature see the pioneering study by Clark, K.B., and L.H. Summers. 1982. *The Dynamics of Youth Unemployment*, in L.H. Summers, *Understanding Unemployment*. Mit Press, pp. 48-86.

<sup>12</sup> On the transition from labour law for emergencies (De Luca Tamajo, R., and L. Ventura, ed. 1979. *Il diritto del lavoro dell’emergenza*. Napoli: Novene) to labour law for restructuring, see Giugni, G. 1983. “Il diritto del lavoro negli anni ‘80”, paper at the AIDLASS Conference on *Prospettive del diritto del lavoro per gli anni ‘80*, Bari, 23-25 April 1982. Milano: Giuffrè, 13, esp. pp. 27-30.

<sup>13</sup> For an overview of the many competences and functions assigned by Legislative Decree No. 276/2003 to the Regions and to collective bargaining in the implementation of the reform of the labour market, see the tables published in Tiraboschi, M., ed. 2004. *La riforma Biagi del mercato del lavoro – Il diritto transitorio e i tempi della riforma*. Milano: Giuffrè, pp. 1065-1089.

by the reform are actually in place.<sup>14</sup> This is especially the case with regard to instruments providing support and incentives for the employment of young people. In this connection, suffice it to mention that, pending the adoption of regional provisions and collective agreements, the new apprenticeship contracts have been introduced in a sporadic manner,<sup>15</sup> with a degree of uncertainty surrounding their application.<sup>16</sup> As a result, with the overall decline in work training contracts,<sup>17</sup> the prevailing norms are those laid down by Act No. 196/1997 and Act No. 25/1955.

Consequently, it cannot have been the recent labour market reform that gave rise to, or even aggravated, the problems of youth unemployment and precarious employment, since these problems date back to several decades, and the reform has been only partially implemented. Similar problems are to be found, to a greater or lesser extent, in all the industrialised countries, and are to be explained not so much in terms of the regulatory framework, but rather in the far-reaching changes taking place in methods of production and work organisation, with the transition from an industrial to a service economy.<sup>18</sup>

In the Italian debate on youth unemployment and precarious employment, little attention has been paid to the difficult transition from school, training and higher education to work.<sup>19</sup>

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<sup>14</sup> See Ministry of Labour and Social Policy. 2005. *Rapporto di monitoraggio sulle politiche sociali*, available at *Bolletino ADAPT*, 2005, No. 32.

<sup>15</sup> In this connection, Treu T., 2005. “L’apprendistato al bivio”, *Contratti e Contrattazione Collettiva*, No. 8-9, p. 3.

<sup>16</sup> On the implementation of the three types of apprenticeship for which provision is made in Legislative Decree No. 276/2003, see Tiraboschi, M. 2005. “La messa a regime del nuovo apprendistato tra chiarimenti ministeriali e regolazioni regionali”, *DRI*, No. 1:226-231 and for recent amendments and modifications Carollo, L. 2006. “La messa a regime del nuovo apprendistato dopo il ‘pacchetto competitività’”, (legge 14 maggio 2005, n. 80), *DRI* No. 1.

<sup>17</sup> On the predicted demise of work training contracts, see Loy, G. 2005. “I nuovi apprendistati”, *Organizzazione del mercato del lavoro e tipologie contrattuali – Commentario ai Decreti Legislativi n. 276/2003 e n. 251/2004*, eds. Magnani, M., and P. Varesi, Torino: Giappichelli, esp. pp. 474-478.

<sup>18</sup> See the recent report on the employment of young people, Honda, Y. 2005. “‘Freeters’: Young Atypical Workers in Japan”, *Japan Labor Review*, No. 3, esp. pp. 11-12, and Miyamoto, M. 2005. “Prolonged Transitional Period and Policy”, *Japan Labor Review – Special edition*, No. 3, esp. pp. 73-75.

<sup>19</sup> Also in the international literature the concept of school-to-work transition is admittedly fairly recent and has not been adequately dealt with by labour law, particularly with regard to legislative measures and institutional structures for promoting youth employment. See Ryan, P. 2001. “The School-to-work Transition: a Cross-national Perspective”, *Journal of Economic Literature*, pp. 34-59.

Many observers, perhaps oversimplifying, see a contrast between flexibility and precarious employment, or between modernisation and the reduction of labour to a commodity, and tend to overlook or to underestimate the fact that it is the belated entry into the labour market that is the real Italian anomaly in the comparative panorama, though this is essential for an effective analysis of the problem, as shown by the empirical and statistical data.<sup>20</sup>

It therefore comes as no surprise that in Italy there has been little research aimed at moving beyond the sterile debate based on a simple ideological or conceptual opposition between flexibility and precarious employment, with a view to establishing a clear connection between the quality and effectiveness of the education and training system, and the overall efficiency of the labour market.<sup>21</sup>

It is significant, in this connection, that the average age of access to regular employment in Italy is 25 or more. This is the age at which, at least in terms of the EU regulations concerning state aid and employment incentives,<sup>22</sup> young people cease to be classified as such.

Work experience schemes, temporary employment, and training programmes, all of which are widespread in other countries and acceptable (and also desirable) at a young age, therefore become, or risk becoming, synonymous with precarious employment and social exclusion if they are the only option for those entering the labour market for the first time as adults: that is to say,

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<sup>20</sup> See Istat. 2005. *Rapporto annuale: la situazione nel Paese nel 2004*. Rome, available at [Bollettino ADAPT](http://bollettinoADAPT.it), No. 20; Istat. 2005. *Università e lavoro – Statistiche per orientarsi 2004/2005*. Rome. In [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*; Istat. 2005. *Inserimento professionale dei laureati*. Rome. in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*; Almalaurea. 2004. *Condizione occupazionale dei laureati, 7ª Indagine – 2004*, in [www.almalaurea.it](http://www.almalaurea.it). With regard to the work of legal scholars, for an overall assessment, see Cazzola, G. 2005. “Il placement dei neo-laureati secondo le più importanti indagini delle forze di lavoro”, *Bollettino ADAPT*, No. 25, and Accornero, A. 2005. “Valorizzare la qualità del capitale umano per la competitività del Paese”, paper at the conference *Le imprese italiane e il mercato del lavoro* organised by the Aspen Institute in Rome on 9 June.

<sup>21</sup> Among the few papers on this issue see Caroleo, F. E., and F. Pastore. 2005. “La disoccupazione giovanile in Italia. La riforma dei sistemi di istruzione e di formazione professionale come alternativa della flessibilità numerica per accrescere l’occupabilità”, *Economia e Lavoro*, No. 1, also available at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, scuola e mercato del lavoro*. By the same authors, in a comparative perspective, see “Youth Participation in the Labour Market in Germany, Spain and Sweden”, ed. Hammer, T. *op. cit.*, pp. 115-141.

<sup>22</sup> See for this definition Article 1, Legislative Decree No. 181/2000, as amended by Article 1, Legislative Decree No. 297/2002.

for individuals who in most cases feel the need for stability and security in material terms as well as in their private lives.

On closer examination, the belated completion of educational and training programmes has a general but rarely examined impact on a vast area of labour law and employment policy concerning young people, and consequently incentives<sup>23</sup> are applied generally with modest results,<sup>24</sup> in a context other than the one for which they were designed.

In Italy an emblematic case is that of work training contracts (*contratti di formazione e lavoro*), the scope of which was initially extended by the national legislator to include “young people” between the ages of 29 and 32.<sup>25</sup> However, this limit has been further extended by regional provisions, for certain categories of workers with particular difficulties in terms of access to the labour market, to the age of 35 in Lazio, 38 in Calabria, 40 in Campania, Abruzzo and Sardinia, right up to the age of 45 in Basilicata, Apulia and Sicily.<sup>26</sup> The obvious result is that this measure no longer works as an incentive for the employment of young people with no previous work experience.

The social consequences of the difficult and belated access to the labour market on the part of young people are evident. As confirmed by recent

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<sup>23</sup> For an attempt to systematically reconstruct the incentive measures for youth employment in the light of the limits and conditions laid down by EU competition law, reference may be made to Tiraboschi, M. 2002. *Incentivi alla occupazione, aiuti di Stato, diritto comunitario della concorrenza*. Turin: Giappichelli.

<sup>24</sup> For an assessment of the modest effects of job creation policies for young people, see Ryan, P. *The School-to-Work transition etc.*, cit. esp. § 6, and Grubb, W. N. “Lessons from Education and Training for Youth: Five Precepts”, *Preparing Youth for the 21<sup>st</sup> Century – The Transition from Education to the Labour Market*, cit., pp. 363-383. With regard to the neutralisation of the possible effects of incentive measures due to their proliferation and overlapping, see again my *Incentivi alla occupazione, aiuti di Stato, diritto comunitario della concorrenza*, cit., and the bibliography therein.

<sup>25</sup> With regard to the position prior to the amendments introduced with Legislative Decree No. 276/2003, see Article 16, Act No. 451, 19 July 1994.

<sup>26</sup> This incongruence in relation to the rationale of any youth employment measures is made evident by Advocate General Dámaso Ruiz-Jarabo Colomer, under point 21 of the Conclusions presented on 17 May 2001, in relation to the note on case C-310/99 brought by the Italian Republic against the Commission of the European Communities on the application of competition law to work training contracts. For a reconstruction of this case see Tiraboschi, M. 2002. “Contratti di formazione e lavoro e diritto comunitario della concorrenza”, *RIDL*, No. 3. See also Serra, C. “Diritto comunitario della concorrenza e regime italiano di incentivazione economica: una lunga querelle tra Governo italiano e Commissione europea”, *OGI*, No. 2:23-29.

empirical studies,<sup>27</sup> the type of employment contract available, though not appearing to have a significant impact on the decision on when to move away from home, which is taken later in Italy than in other countries, appears to play a major role in establishing stable personal relationships, thanks to an employment status providing the degree of stability normally associated with open-ended employment.

Just as evident are the repercussions on the skills and motivation of young people who risk falling into a vicious circle by extending the transition from full-time education to work over too long a period. The longer the transition, the greater the impact on the chances of entering the labour market with proper training and an adequate level of pay in relation to employment of good quality.<sup>28</sup>

This is also because those with high-school or university qualifications tend to remain unemployed or to enrol for further educational qualifications rather than taking a job that does not match their professional aspirations.<sup>29</sup> At the same time, employers, even when not solely pursuing a policy of reducing labour costs,<sup>30</sup> may find those with advanced educational qualifications to be ill-equipped for the specific needs of the undertaking.

The argument that this belated access to work is one of the chief defects of the Italian labour market is also supported by the fact that Italy has the longest

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<sup>27</sup> Salvini, S., and I. Ferro. 2005. "Un difficile equilibrio: i giovani tra flessibilità del mercato del lavoro e scelte familiari", paper presented at the conference on *Famiglie, nascite e politiche sociali*, Rome, Accademia Nazionale dei Lincei, 28-29 April 2005, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*. For a statistical comparison see Istat. *Rapporto annuale: la situazione nel Paese nel 2004*, cit., esp. pp. 245-248.

<sup>28</sup> Ryan, P. *The School-to-work Transition: A Cross-national Perspective*, cit., § 4.2.

<sup>29</sup> See Checchi, D. 2003. "Scelte di scolarizzazione ed effetti sul mercato del lavoro", Lucifora, C., ed. *Mercato, occupazione e salari: la ricerca sul lavoro in Italia*. Milano: Mondadori, § 1.4, note 33 ([bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*), who notes that young people tend to overestimate the earnings premium associated with a degree. See also Blanchflower, D.G. 1999. *What Can Be Done to Reduce the High Levels of Youth Joblessness in the World*. ILO ([bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, scuola, mercato del lavoro*) who rightly notes that "high unemployment encourages young people to stay on longer at school and get more education".

<sup>30</sup> See Bjornskov, C. 2004. "Social Trust and the Growth of Schooling", paper presented at the *First Annual Young Economist Workshop*, Rome, Università "La Sapienza", Centro Interuniversitario di Ricerca sullo Stato Sociale, in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Capitale sociale*.

school-to-work transition of the OECD countries: 11 years, against the OECD average of seven.<sup>31</sup>

In Italy students between the ages of 15 and 19 do not normally take up any employment during their studies, unlike many countries, such as the Netherlands, Denmark and Germany, where 30-40 per cent of adolescents in this age range work.<sup>32</sup> The proportion of university students between the ages of 20 and 24 is one of the lowest in the world, less than 10 per cent, whereas in the Netherlands and the United States the corresponding figure is 60 per cent.<sup>33</sup> Just as worrying is the percentage of young people at risk of social exclusion, because they are occupied neither in education and training nor in employment. Almost 35 per cent of adolescents between the ages of 15 and 19 are unemployed but not taking part in any form of training. More than 20 per cent of those aged between 20 and 24 neither work nor study, not counting those who have lost their jobs.<sup>34</sup>

Overall, even without considering factors of geographical variation,<sup>35</sup> it may be said that young Italians have great difficulty in entering the labour market – either due to a lack of education,<sup>36</sup> training, or career guidance, or because of a clear mismatch between the training provided and the needs of employers<sup>37</sup> – and when they do enter the market, they can no longer be classified as young. Even the age at which they complete their higher education, as shown by the recent surveys carried out by Istat and Almalaurea,<sup>38</sup> is considerably higher

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<sup>31</sup> See Bottani, N., and A. Tomei. 2004. “Com’è la transizione dalla scuola al lavoro in Italia”, paper presented at the international seminar *I percorsi della scuola secondaria: il dilemma dell’istruzione tecnica e professionale*, Bologna 5-6 March ([bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, scuola, mercato del lavoro*). See also Bottani, N., and A. Tomei. 2004. “La difficile transizione dalla scuola al lavoro”, [www.lavoce.info](http://www.lavoce.info), 9 September.

<sup>32</sup> See Bottani, N., and A. Tomei. “Com’è la transizione dalla scuola al lavoro in Italia”, *cit.*, 20.

<sup>33</sup> See Bottani, N., and A. Tomei, *op. cit.*, 20.

<sup>34</sup> On this point, for further discussion, bibliography and statistics, see Sacconi, M., P. Reboani, and M. Tiraboschi. 2004. *La società attiva - Manifesto per le nuove sicurezze*. Venice: Marsilio, esp. 41.

<sup>35</sup> On the relations between youth unemployment and the question of the *Mezzogiorno*, an issue that is beyond the scope of the present study, but which is of particular importance for an effective analysis of the problem, see the insightful paper by Caroleo, F. E., and F. Pastore, *La disoccupazione giovanile in Italia etc., cit.*, esp. § 3.

<sup>36</sup> As highlighted also by PISA, the Programme for International Student Assessment, [www.pisa.oecd.org](http://www.pisa.oecd.org).

<sup>37</sup> On this point, see Accornero, A. “Valorizzare la qualità del capitale umano per la competitività del Paese”, *cit.*

<sup>38</sup> *Supra*, note 11.

than in other European countries: 27-28 years, compared to an average of 22-23.

According to the data provided by the national committee for the assessment of higher education,<sup>39</sup> only 17.5 per cent of degrees are awarded to those aged 24 or less, that is at an age when access to the labour market would be most appropriate. On the other hand, 60.1 per cent of degrees are awarded to those aged between 25 and 29 years, and, remarkably, 22.4 per cent are awarded to students aged 30 or over. Today there has undoubtedly been some improvement on the recent past,<sup>40</sup> but it is still too little compared to the results achieved in other countries. In addition, mention should be made of the variable quality of the teaching programmes, and of the proliferation of degree courses, with first-degree courses totalling 3,817 at the last count, though they are often considered to be inadequate by employers who find themselves hiring “young” people aged 27 or 28 who not only lack work experience, but are considered, rightly or wrongly, to be ill-equipped to make an immediate and effective contribution to production.<sup>41</sup>

It may be seen from a comparison of the examinations in the curriculum (and the related courses) for four-year degree courses that the recent transition to three-year degree programmes has in many cases been carried out by compressing all the contents of the four-year programmes into a three-year time span.<sup>42</sup>

The number of degree programmes still appears to be too high, with too much fragmentation, while in many cases offering little prospect of access to the professions. As a result, in many cases there is a lack of continuity between the degree course taken and subsequent employment.<sup>43</sup> This is not to mention those cases, also statistically significant,<sup>44</sup> in which a degree is not required at all for the type of work undertaken.

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<sup>39</sup> Available on the website of the national committee for the evaluation of higher education, [www.cnvsu.it](http://www.cnvsu.it).

<sup>40</sup> See also the figures in the *Sesto rapporto sullo stato del sistema universitario* of the national committee for the evaluation of higher education, Rome, September 2005, in *Bollettino ADAPT*, 2005, No. 31 which were not taken into account for the present paper as they were published after the paper was completed.

<sup>41</sup> Confindustria. 2005. *Rapporto Education 2004 – Capitale umano, qualità e competitività: quando la formazione anticipa lo sviluppo*. Rome, in *Bollettino ADAPT* No. 20.

<sup>42</sup> Conferenza dei Rettori delle Università italiane. 2005. *Rapporto 2005 – L'Università vive il Paese. Relazione sullo stato delle Università italiane*, in *Bollettino ADAPT*, No. 33.

<sup>43</sup> See the figures published by Istat *supra* in note 11.

<sup>44</sup> *Ibidem*. See also Bottani, N., and A. Tomei. 2004. *La difficile transizione dalla scuola al lavoro*, in [www.lavoce.info](http://www.lavoce.info), 9 September.

Moreover, the figures relating to the methods of access to the labour market are also a matter for concern, providing confirmation of the persistent weakness of public employment services and institutional provision for matching the supply and demand for labour.<sup>45</sup>

In 2003, in an institutional framework that can only be described as antiquated,<sup>46</sup> and that still prohibited universities from engaging in any form of placement,<sup>47</sup> 60 per cent of graduates finding work did so on their own initiative, through vacancy notices in the press or on the Internet, or through family, friends and acquaintances.<sup>48</sup> Only a small percentage made use of public employment services, and, in spite of the concerns of those who believe that precarious employment is caused by the liberalisation of the matching of the supply and demand for labour,<sup>49</sup> even fewer young people entered the labour market through private employment agencies or staff leasing companies.

Statistical studies have shown that the impact of private employment agencies continues to be limited in relation to their potential role: private agencies account for just 0.63 per cent of the Italian market, compared to 5 per cent in the UK, 2.6 per cent in the Netherlands and 1 per cent Germany.<sup>50</sup> This is despite the fact that a reliable study recently carried out for the Ministry of

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<sup>45</sup> On these issues see the papers in Olivelli, P., and M. Tiraboschi, ed. 2005. *Il diritto del mercato del lavoro dopo la riforma Biagi*. Milano: Giuffrè and the extensive bibliography therein.

<sup>46</sup> Mention should be made of the case of Japan, where from the early 1980s a mechanism was put in place for the transition from education to the labour market via placement services provided on the initiative of the school. See Kosugi, R. 2005. "The Transition from School to Working Life Issue", *Japan Labor Review*, No. 3, esp 2. See also Ryan, P. "The School-To-Work Transition Twenty Years On: Issues, Evidence and Conundrums", *Preparing Youth for the 21<sup>st</sup> Century etc.*, pp. 448-449.

<sup>47</sup> See the contributions by Clara Enrico and Paola Olivelli in Gelmini, P, and M. Tiraboschi, eds. 2006. *Scuola, Università e Mercato del lavoro dopo la Riforma Biagi - Le politiche per la transizione dai percorsi educativi e formativi al mercato del lavoro*, Milano: Giuffrè. This issue is dealt with also in Spattini, S., and M. Tiraboschi. "Regimi particolari di autorizzazioni e autorizzazioni regionali", *Il diritto del mercato del lavoro*, cit., esp. pp. 265-271.

<sup>48</sup> See with reference to the AlmaLaurea figures cited in note 11, the analysis by Cazzola, G. *Il placement dei neo-laureati etc.*, cit.

<sup>49</sup> See in this connection Angiolini, V., "Le agenzie del lavoro tra pubblico e privato", *Il lavoro tra progresso e mercificazione etc.*, cit., pp. 28-36.

<sup>50</sup> See International Confederation of Temporary Work Businesses. 2005. *Data elaborated by the International Confederation of Temporary Work Businesses*, in *Bollettino ADAPT*, No. 35.

Labour and Social Policy<sup>51</sup> reported that “for workers dispatched on temporary assignments the chances of obtaining a permanent occupation within a year and a half are twice those of an individual not taking up an assignment, increasing from 14 to 28 per cent” (our translation).<sup>52</sup> This provides evidence to refute the idea, still widespread in Italy,<sup>53</sup> that temporary agency work and staff leasing result in a lack of stability in employment.

## **2. The Reform of Labour Market Measures and Policies for Addressing the Chronic Weakness of Young People in the Labour Market: A Critical Overview**

Once they have left secondary or higher education, young people in Italy lose contact with formal and institutional employment services, be they public or private. In many cases this has a negative effect not only in terms of the duration and quality of labour market access programmes but also, and this is particularly evident in Italy in the comparative context,<sup>54</sup> in terms of the lack of continuity between educational and training and subsequent employment choices. Such choices are made in many cases quite by chance, showing the lack of connection with the normative framework providing career guidance and favouring access to the labour market.

There seems to be widespread agreement among many commentators that reducing the number of young people in a weak position in the labour market depends to a large extent on increasing the percentage of them who complete educational and training programmes at secondary level.<sup>55</sup> However, in Italy not much has been achieved in terms of this objective.

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<sup>51</sup> Ichino, A., F. Mealli, and T. Nannicini. 2003. *Il lavoro interinale in Italia – Trappola del precariato o trampolino verso un impiego stabile?* esp. pp. 57-59, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Somministrazione di lavoro*.

<sup>52</sup> It is estimated that 51% of temporary workers are told that they may be taken on directly by the user company at the end of their posting. The research by Ichino, A., F. Mealli, and T. Nannicini, *Il lavoro interinale in Italia etc.*, cit., shows that “for 32% of these workers, this prospect becomes a reality. However, even 20% of those who were not told they might be taken on are then hired by the user company”. (our translation)

<sup>53</sup> Chieco, P. 2004. “Somministrazione, comando, appalto. Le nuove forme di prestazione di lavoro a favore del terzo”, *Lavoro e diritti dopo il decreto legislativo 276/2003*, ed. P. Curzio, Bari: Cacucci, pp. 91-164.

<sup>54</sup> See the Istat and Almalaurea figures cited in note 11.

<sup>55</sup> See Ryan, P. *The School-to-work Transition: a Cross-national Perspective*, cit.; Isfol Report 2005, chapter 4.

At present it is still too early to say what will be achieved in practical terms by the Moratti Law,<sup>56</sup> though the drop-out rate in secondary education, calculated on the basis of the percentage of 18-24 year-olds who have completed only the first three years of their secondary education without going on to the subsequent stage or into vocational training, reveals the seriousness of the problem,<sup>57</sup> that is particularly significant in comparative terms. In 2003, there was a particularly high drop-out rate in Italy (23 per cent, compared to the European benchmark of 10 per cent by 2010 laid down in the Lisbon Strategy), and the figure was higher still for young men.

A comparison with other European countries shows that Italy is third last (Figure 1), falling below the European average of 18.5 per cent, but also below the new Member States, that, with a drop-out rate of 8.4 per cent, have already reached the benchmark.

A further significant factor is that only 72.9 per cent of young people complete their compulsory secondary education, well below the objective of 85 per cent laid down by the Lisbon Strategy.<sup>58</sup>

Mention should also be made of university drop-out rates, as well as the drop in enrolments between the first degree and postgraduate levels, and the concentration of enrolments in Faculties that do little to facilitate access to the labour market on the part of their students.

This is indicative of the grave and persistent lack not only of links between educational programmes and work, but also the lack of career guidance during and at the end of secondary education.<sup>59</sup>

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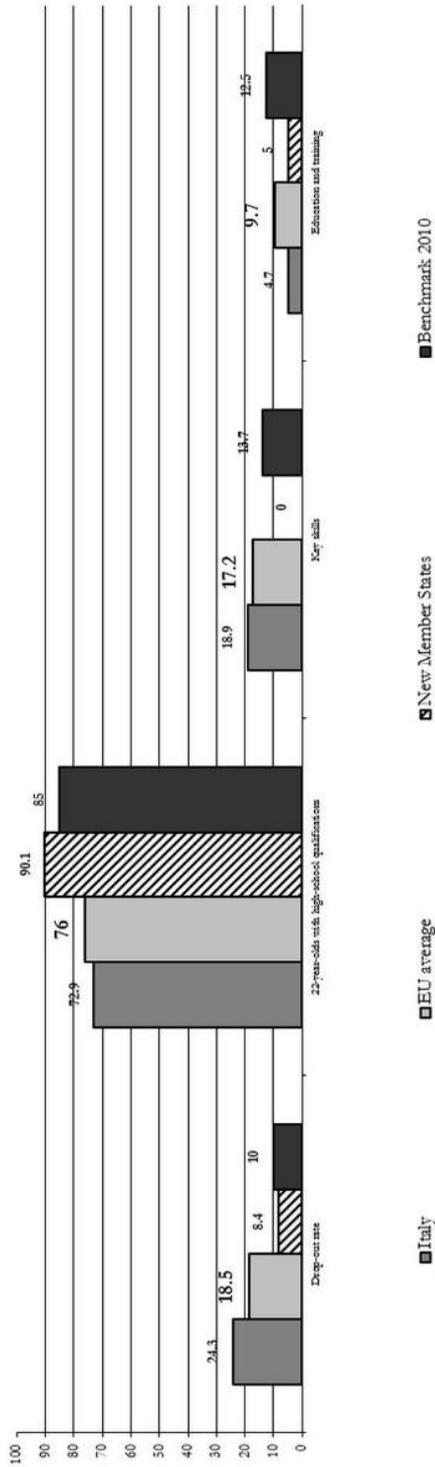
<sup>56</sup> Act No. 53, 28 March 2003. See also *L'alternanza scuola lavoro. Ipotesi, modelli, strumenti dopo la riforma Moratti*, CISEM-Franco Angeli, 2003; and in 2004 "Alternanza scuola lavoro le nuove sfide della concorrenza", *Annali dell'Istruzione 2004*. Florence: Le Monnier.

<sup>57</sup> See the figures in Ministero della Istruzione, dell'Università e della Ricerca. 2004. *Indagine campionaria sulla dispersione scolastica nelle scuole statali – Anno scolastico 2003 – 2004*. Rome, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Capitale umano*.

<sup>58</sup> Bulgarelli, A., and M. Tiraboschi. 2004. "Transizione scuola – lavoro: qualcosa è cambiato", [www.lavoce.info](http://www.lavoce.info), 11.10.

<sup>59</sup> In addition to the statistical surveys cited above in note 11, See CNEL. 2005. *Educazione e formazione – Osservazioni e proposte*. Rome, 31 March [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*.

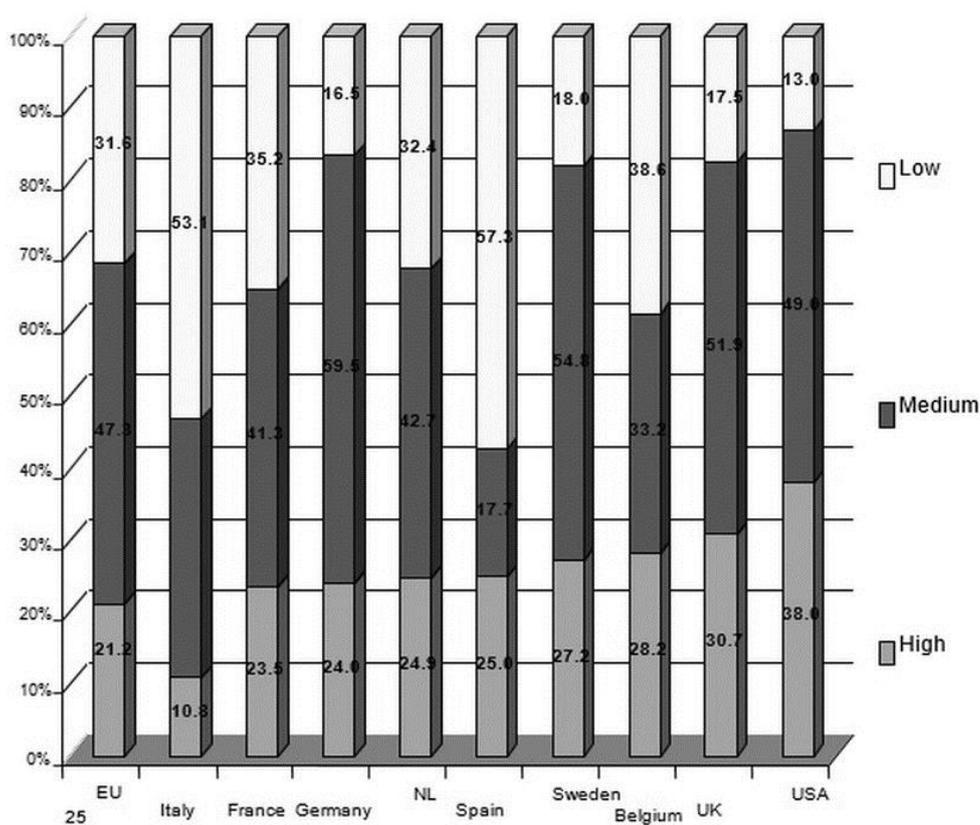
Fig. 1. International Comparison of Four Benchmarks for Education and Training



Source: Elaboration of Eurostat, OECD and Istat data

It is therefore not surprising that Italy is still characterised by low levels of educational achievement among the adult population aged from 25 to 64 years, as shown by the comparison with other countries in Figure 2.<sup>60</sup>

Fig. 2. Percentage of the Population (25-64 years) by Level of Education in a Number of OECD Countries



Sources: Eurostat, OECD (USA) 2004

Only just over 40 per cent of the adult population aged 25-64 years have a high-school or university qualification. In the age range from 30 to 59 years,

<sup>60</sup> Checchi, D. "Scelte di scolarizzazione ed effetti sul mercato del lavoro", Lucifora, C., ed., *op. cit.* The point that the percentage of graduates in relation to the population as a whole is still among the lowest in Europe is also made by Tosi, P. 2005. *Relazione sullo stato delle Università italiane 2005*. Rome, 20 September, in *Bollettino ADAPT*, No. 33, esp. 5. See also the Conferenza dei Rettori delle Università italiane. 2005. *Rapporto 2005 – L'Università vive il Paese. Relazione sullo stato delle Università italiane 2005*. 20 September, in *Bollettino ADAPT*, No. 33.

53 per cent of men and 40 per cent of women have only a lower secondary qualification, and one person in 10 has only a primary school certificate.<sup>61</sup>

In a largely unstructured labour market such as Italy these figures are of particular significance also in terms of gender and the extensive category of disadvantaged workers.<sup>62</sup> The labour market participation rate for women, in particular, is closely correlated to qualifications. Only 39 per cent of women without a high-school or university qualification are in paid employment, compared to 61 per cent of those with a high-school diploma and 79 per cent of those with a degree. Low levels of education and training continue to be associated with discrimination against women in the regular and institutional labour market.<sup>63</sup>

In the light of these considerations, it does not appear that Italy's shortcomings can be resolved simply by means of an increase in funding for training – though a step in this direction was made in Act No. 196/1997<sup>64</sup> – or in financial and other incentives to improve the functioning of the labour market. Rather, it is the structure of training and labour market policies that requires systematic reform and far-reaching innovation to strengthen the position of younger workers and others in a weak position in the labour market.<sup>65</sup>

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<sup>61</sup> For an analysis of these figures see Accornero, A. 2005. *Valorizzare la qualità del capitale umano per la competitività del Paese*, op. cit., and Bulgarelli, A. 2005. “Verso una strategia di Lifelong Learning: stato dell'arte e evoluzione delle politiche di formazione continua in Italia”, *Lo sviluppo del “capitale umano” tra innovazione organizzativa e tecniche di fidelizzazione*, eds. Malandrini, S., and A. Russo, Milano: Giuffrè.

<sup>62</sup> On the basis of the definition in Article 2, letter f) of Community regulation No. 2204, 12 December 2002, now adopted by the Italian legislator in Article 2 (1)(k) of Legislative Decree No. 276, 10 September 2003.

<sup>63</sup> See the figures in the Istat reports cited above in note 11. In the international literature with regard not just to gender but also to other factors such as national or ethnic origin and social background, see Ryan, P. *The School-to-work Transition: a Cross-national Perspective*, cit., § 2.

<sup>64</sup> For a survey of special youth employment measures, especially in the *Mezzogiorno*, see the papers in Biagi, M. ed. 1997. *Mercati e rapporti di lavoro – Commentario alla legge 24 giugno 1997, n. 196*. Milano: Giuffrè esp. 293 ff.

<sup>65</sup> For an in-depth analysis in the light of the EU regulatory framework, see Bulgarelli, A. 2000. *Verso una strategia di lifelong learning: stato dell'arte e evoluzione delle politiche di formazione continua in Italia*, cit. See also Field, J. 2000. *Lifelong Learning and the New Educational Order*. Stoke-on-Trent Trentham Books, 81, and Heidemann, W. 2000. *Lifelong learning and the Employability: is the European Model of Vocational Training in Crisis?* Brussels: European Trade Union Confederation; Jarvis, P. 1999. “Global Trends in Lifelong Learning and the Response of the Universities”, *Comparative Education*, 35, pp. 249-257.

Best practices in the comparative panorama<sup>66</sup> show that the direction to take is not simply a deregulation of the labour market<sup>67</sup> and not even, in contrast with conventional wisdom, the implementation of “job creation” programmes, which practically in all countries<sup>68</sup> but particularly in Italy<sup>69</sup> have generally been found to be incapable of providing a structural solution to the problem of youth unemployment.

It would seem to be far more important to carry out the reform of education and vocational training,<sup>70</sup> and to improve the functioning of all those bodies intended to promote the employability of young people,<sup>71</sup> also by means of networks, whether formal or informal, between local institutions, educational and training bodies, employers’ associations, undertakings or trade unions. In this connection particular attention needs to be paid to the alternation of periods of schooling and work, and especially apprenticeship contracts,<sup>72</sup> as

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<sup>66</sup> See for an overview and empirical evidence, Ryan, P. *The School-to-work Transition: a Cross-national Perspective*, cit., § 6. Also Gautié, J. “Promoting Employment for Youth: a European Perspective”, *Preparing Youth for the 21<sup>st</sup> Century etc.*, cit., pp. 387-418.

<sup>67</sup> OECD. 1994. *Job Study*, available at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Politiche per l’occupazione*, according to which it is the persistent levels of protection and regulation of the labour market that have a negative impact on the level and quality of youth employment.

<sup>68</sup> For an extensive survey of the failure of active policies and subsidies for youth unemployment see Blanchflower, D. G. *What Can Be Done to Reduce the High Levels of Youth Joblessness in the World*, cit., esp. pp. 38-42; Ryan, P. *The School-to-work Transition: a Cross-national Perspective*, cit., esp. § 6.2. See also the ILO. 2000. *Employing Youth: Promoting Employment-Intensive Growth*, Geneva: ILO, esp. pp. 47-51, available at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, *Università, Scuola, Mercato del lavoro*, and for the labour law aspects, the papers in Biagi, M., ed. 2000. *Job Creation and Labour Law – From Protection towards Pro-action*. The Netherlands: Kluwer Law International.

<sup>69</sup> See Biagi, M., and M. Tiraboschi. “The Role of Labour Law in Job Creation Policies: an Italian Perspective”, *Job Creation and Labour Law etc.*, cit., pp. 179-187.

<sup>70</sup> See Caroleo, F. E., and F. Pastore. *La disoccupazione giovanile in Italia. La riforma dei sistemi di istruzione e di formazione professionale come alternativa della flessibilità numerica per accrescere l’occupabilità*, cit.

<sup>71</sup> On this point see Biagi, M. “Università e orientamento al lavoro nel doporiforma: verso la piena occupabilità?”, *Marco Biagi – Un giurista progettuale*, eds. Montuschi, L., M. Tiraboschi, and T. Treu, Milano: Giuffrè, pp. 13-31.

<sup>72</sup> Clearly where apprenticeship contracts, and training contracts in general, are not simply considered to be a form of fixed-term contract or entry-level income. From this point of view the German experience is particularly significant: despite recent problems it appears to be the most efficient channel in both qualitative and quantitative terms for the transition from education to employment in a comparative analysis. See Ryan, P. *The School-to-work Transition: a Cross-national Perspective*, cit., § 5 and § 8, and Biagi, M., and M. Tiraboschi. 1999. “La rilevanza della formazione in apprendistato in Europa: problemi e prospettive”, *DRI*, esp. pp. 87-89.

well as institutional mechanisms aimed at promoting the placement of students and in general the transition from education to employment.<sup>73</sup> As recently shown on the basis of the German and Japanese experience, “labor market programs come and go. Institutions develop, adapt and, for the most, endure”.<sup>74</sup>

### 3. Young People and Precarious Employment: The False Problem of Parasubordinate Employment and the Reform of Training Contracts

The most recent empirical findings provide evidence to counter common assumptions about the quality of employment of young people, according to which young workers are all (or almost all) precariously employed, or engaged in parasubordinate employment as *collaboratori coordinati e continuative*.<sup>75</sup> According to the INPS report for 2004,<sup>76</sup> the number of young workers in parasubordinate employment is actually much lower than the number of those who enter the labour market as employees in training or with work access contracts that are undoubtedly the best ways to achieve the objective of stable employment in a reasonable period.

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<sup>73</sup> For example, the Japanese model of hiring based on selection and placement in schools and universities mentioned below in note 141. See also Ryan, P. *op. cit.*, and the papers in Müller, W., and M. Gangl, eds. 2003. *Transitions from Education to Work in Europe - The Integration of Youth into EU Labour Markets*. Oxford: Oxford University Press.

<sup>74</sup> See once again Ryan, P. *op. cit.*, § 8, who, with regard to apprenticeships in Germany and school and university placement services in Japan, rightly notes that “those institutions have allowed Germany and Japan to avoid mass labor market programs and to concentrate instead on institutional development improving general education, vocational preparation and job placement, and making it easier for low achievers to participate. Although Japanese and German transition institutions have come under strain, they have adapted well and they continue – thus far at least – to function largely intact”.

<sup>75</sup> For this line of interpretation, which still tends to group together in a simplistic manner those paying INPS contributions under separate management with those in precarious employment, see Rivellini, P., G. A. Micheli, and F. Billari. 2005. “Flessibilità come vincolo e come filosofia: segni di polarizzazione sociale nella formazione delle intenzioni”, paper presented at the conference on *Famiglie, nascite e politiche sociali*, Rome, Accademia Nazionale dei Lincei, 28-29 April, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*. For a reliable study aimed at identifying within the area of parasubordinate employment those who really are in a weaker position, see Accornero, A. 2005. “Nuovi lavori e rappresentanza”, *DRI*, 1, 60, and CNEL. 2004. *Rapporto sul Mercato del lavoro 2003*, Rome, in *Bollettino ADAPT*, No. 43.

<sup>76</sup> *Bollettino ADAPT*, 2004 No. 20.

At the end of 2004 the number of parasubordinate employees registered with INPS amounted to 3,300,000, with an increase of 493,000 compared to 2003. Of these, the largest group consisted of workers between the ages of 30 and 39, with more than a million workers, over one third of the total. On the other hand, there were relatively few workers up to the age of 25, amounting to 196,000, less than 6 per cent of the total. A considerable number, 853,199, were over the age of 50, accounting for 25 per cent of the total, or four times as many as the number up to the age of 25. In addition, there were almost 370,000 parasubordinate employees over the age of 60, 11 per cent of the total, as shown in Table 2.

Table 2. Parasubordinate Workers Registered with INPS: Number of Workers Registered by Age Group as at 31.12.2004

<b>Age Range</b>	<b>&lt;20</b>	<b>20-24</b>	<b>25-29</b>	<b>30-39</b>	<b>40-49</b>	<b>50-59</b>	<b>≥ 60</b>	<b>Total</b>
<i>Workers of which:</i>								
<i>Men</i>	6,198	76,256	196,945	514,921	385,647	306,523	277,633	1,764,123
<i>Women</i>	6,311	107,352	280,182	577,937	325,371	176,944	92,099	1,566,196

Source: Inps Report 2004

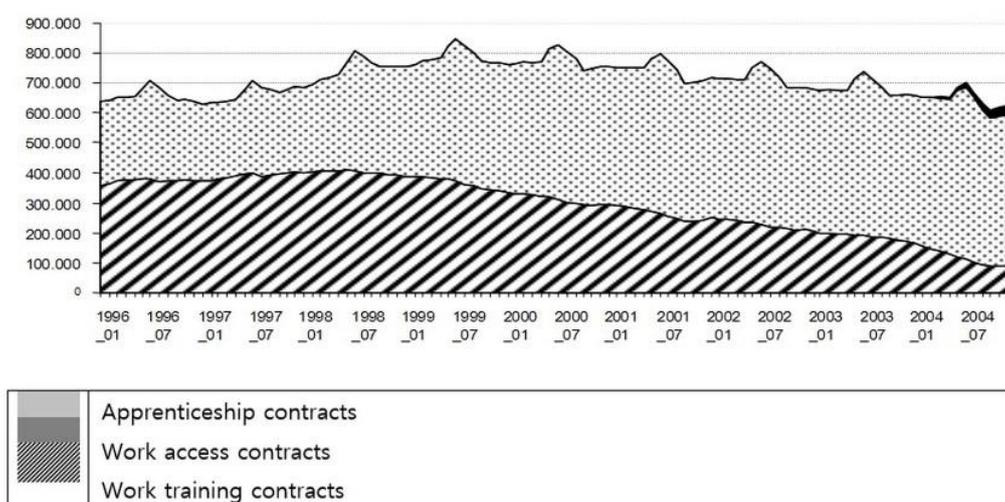
It is therefore difficult to imagine, even with the intention of making an ideological interpretation, that parasubordinate employment, reformed by the Biagi Law with the introduction of project work,<sup>77</sup> and in relation to which the debate about precarious employment has now polarised, is a kind of biblical plague, terrible and pitiless, that risks persecuting young Italians for their

<sup>77</sup> For an examination of project work that continues to be placed in the area of subordinate employment pursuant to Article 409 (3) of the *Codice di Procedura Civile*, see the circular of the Ministry of Labour and Social Policy 1/2004, in *Bollettino ADAPT*, 2004, No. 1. For recent statistical data showing that many of the common assumptions about parasubordinate employment are without foundation, see CNEL. 2004. *Rapporto sul mercato del lavoro 2003*, Rome, 11 November, in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Mercato del lavoro*; Istat, “Collaborazioni coordinate e continuative nella rilevazione sulle forze di lavoro”, *Bollettino ADAPT*, 2005, No. 11. For a summary of the debate among legal scholars see Ichino, P. 2004. “Uno sguardo laico sulla legge Biagi”, *RGL*, 655. See also Canavesi, G. 2004. “Il contratto di lavoro a progetto. Profili ricostruttivi e spunti sistematici”, *DLM*, 217.

entire lives, so that even as adults and older persons they will be denied the chance of stable employment.

As shown by the data supplied by INPS (Fig. 3), it is clear that the great majority of young people in Italy enter the labour market by means of training contracts of various kinds.

Fig. 3. Apprenticeship Contracts, Work Access Contracts, and Work Training Contracts: Monthly Totals



Source: Ministry of Labour calculations based on INPS data

In 2004 there were some 553,000 apprentices working in small businesses or artisan firms, along with some 117,000 employees on work training contracts, and over 30,000 employees hired on the work access contracts (*contratti di inserimento*) introduced by the Biagi Law.

However, it must be pointed out that within a normative and conceptual paradigm reflecting a Ford-Taylorist model of work organisation and production, training contracts providing access to the labour market have long been used as an instrument enabling employers not only to select workers most suited to productive needs in organisational contexts that are largely static and not particularly innovative, but also to benefit from lower labour costs during training, as a result of lower pay scales for trainees, but also due to the generous subsidies made available, often in exchange for minimal or

non-existent training programmes, as in the case of many work training contracts (*contratti di formazione e lavoro*).<sup>78</sup>

In many cases, these contracts have consisted almost entirely of work with hardly any training, as defined by legal scholars specialising in the problem,<sup>79</sup> thus highlighting Italy's limited capacity to implement effective training schemes that at a practical level are more than simply a means for making available cut-price labour.<sup>80</sup>

It was the European Union that imposed drastic limits on this irregular form of covert State subsidy ostensibly allocated for training purposes, introducing stricter conditions for the use of public funding and tax and contributions relief for those over the age of 25 (or over the age of 29 in the case of graduates).<sup>81</sup>

This matter has been given due consideration by the Italian legislator with the Biagi reform of the labour market, under which work training contracts are replaced by a more flexible access-to-work contract (*contratto di inserimento al lavoro*), not necessarily for the purposes of training, but providing financial incentives in cases in which there is a labour market disadvantage of an objective or subjective nature, while making provision for a new kind of apprenticeship contract as the main instrument for alternating training and employment.<sup>82</sup>

The new apprenticeship contract is the first step in a plan which, in keeping with the Lisbon Strategy, initially at a theoretical level but then also by means of assessment of its implementation, is intended to provide strong support for training that continues throughout the working life of the individual, a plan

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<sup>78</sup> On the degeneration and functional overloading of training contracts see Biagi, M., and M. Tiraboschi. 1999. "La rilevanza della formazione in apprendistato in Europa: problemi e prospettive", *DRI*, 85-89. See also Varesi, P.A. 2001. *Contratti di lavoro con finalità formative*. Milano: Franco Angeli.

<sup>79</sup> See Loffredo, A. 2004. "I contratti a finalità formativa: tra un passato incerto ed un futuro difficile", *Mercato del lavoro*, Editoriale Scientifica, eds. De Luca Tamajo, R., M. Rusciano, L. Zoppoli, 489; Tiraboschi, M. 2003. "L'accordo interconfederale di transizione sui contratti di formazione e lavoro", *GL* No. 46:12.

<sup>80</sup> This line of analysis is developed in my paper "La riforma dei contratti a contenuto formativo: il nuovo apprendistato e il contratto di inserimento", *La riforma Biagi del mercato del lavoro etc., cit.*, esp. pp. 191-194.

<sup>81</sup> For a reconstruction of the work training contracts case following the intervention of the European Union, see the authors cited above in note 79.

<sup>82</sup> For an in-depth analysis, see note 80 *supra*. In the debate among legal scholars, see the paper by Pierantonio Varesi in Gelmini, P., and M. Tiraboschi, eds. *Scuola, Università e Mercato del lavoro etc. op. cit.*, and Loy, G. *I nuovi apprendistati*, *cit.*; D'Onghia, M. 2004. "I contratti a finalità formativa: apprendistato e contratto di inserimento", *Lavoro e diritti dopo il decreto legislativo 276/2003*, ed. Curzio, P., Bari: Cacucci, Bari, p. 271.

that is intended as a way of bringing together education, training and employment policies,<sup>83</sup> This is clearly on condition that the new apprenticeship contract does not replicate the disappointing experience of the work training contract, characterised not so much by its contribution to training but rather as a channel for tax and contributions relief, and reduced labour costs.<sup>84</sup>

#### **4. The Strategic Role of Higher Education: The Italian Case in the EU and Comparative Context**

One of the critical elements of the Italian labour market is the chronic weakness of education and training programmes.<sup>85</sup> The constitutional principle according to which the Republic “takes care of the training and vocational advancement of the workers”<sup>86</sup> has not yet been implemented, just as references to the EU sources pointing to the need for lifelong learning appear to be largely rhetorical.<sup>87</sup> Moreover, there seems to be a lack of awareness that the economic and social dividend from investment in education and vocational training is particularly significant.<sup>88</sup>

Investing in education and training pays off both for the individual and for society and the economy as a whole, as highlighted by recent estimates released by the EU, which show that raising the level of education by just one

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<sup>83</sup> For an in-depth analysis see Bulgarelli, A. *Verso una strategia di lifelong learning: stato dell'arte e evoluzione delle politiche di formazione continua in Italia*, cit. On the arduous implementation of the new apprenticeship contracts, see Carollo, L. “La messa a regime del nuovo apprendistato dopo il “pacchetto competitività””, (legge 14 maggio 2005, n. 80), cit., and the bibliography therein.

<sup>84</sup> An *a priori* negative assessment of the new apprenticeship contracts is to be found in Brunello, G., and A. Topo. 2004. “Apprendisti nel tempo”, [www.lavoce.info](http://www.lavoce.info), 11 October, according to which “the rules of our country do not provide the parties with sufficient incentives to carry out a training investment of a substantial kind” (our translation).

<sup>85</sup> See Bulgarelli, A., and L. Palomba. 2004. “Istruzione e formazione per promuovere l’occupabilità e la competitività”, *Annali dell’Istruzione*, Firenze: Le Monnier.

<sup>86</sup> Article 37 (2) Italian Constitution, discussed in the paper by Mario Rusciano in Gelmini, P., and M. Tiraboschi, eds. *Scuola, Università e Mercato del lavoro etc. op.cit.*

<sup>87</sup> See Council of the European Union, Risoluzione sull’apprendimento permanente, 2002/C 163/01, at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Formazione*.

<sup>88</sup> See CNEL. *Educazione e formazione – Osservazioni e proposte*, cit. and OECD. 2005. *Education at a Glance: OECD Indicators – 2005 Edition*, Paris: OECD. In the debate among legal scholars see the careful analysis by Checchi, D. “Scelte di scolarizzazione ed effetti sul mercato del lavoro”, cit., § 1.3.

year results in five per cent growth in the short term and a further 2.5 per cent in the long term.<sup>89</sup> Moreover, as shown by recent Istat surveys, the unemployment rate and the rates of active participation in the labour market are largely conditioned by the level of educational attainment.<sup>90</sup> Even for the individual worker, the quality and duration of education and training have a decisive impact on earnings.<sup>91</sup>

One particularly critical area in this connection is that of higher education, which also plays a decisive role in the context of the competition, innovation and development policy agreed on by the EU Member States in Lisbon in 2000.<sup>92</sup>

For the European economies that are lacking in dynamism, higher education and investment in human capital are key factors in facing international competition as our main competitors have lower labour costs and more extensive natural resources.

This argument was forcefully underlined by the President of the European Commission, José Manuel Barroso, in a plenary session of the European Parliament in March 2005,<sup>93</sup> during which the mid-term failure to reach the objectives of the Lisbon Strategy was discussed.<sup>94</sup> It was again put forward by the European Commission, in a communication with the emblematic title, *Mobilising European brains*, which pointed out that higher education and research are one of the most critical but neglected areas<sup>95</sup> in a Europe that by

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<sup>89</sup> CNEL. *Educazione e formazione – Osservazioni e proposte*, cit.

<sup>90</sup> ISTAT. 2005. *Rilevazioni sulla forza lavoro. Il trimestre 2005*. Rome: ISTAT in *Bollettino ADAPT*, No. 33.

<sup>91</sup> CNEL. *Educazione e formazione – Osservazioni e proposte*, cit. In the debate among legal scholars see Bulgarelli, A. “Verso una strategia di lifelong learning: stato dell’arte ed evoluzione delle politiche di formazione continua in Italia”, Olivelli, P., and M. Tiraboschi, eds. 2005. *Il diritto del mercato del lavoro dopo la riforma Biagi*, Milano: Giuffrè, pp. 569-583.

<sup>92</sup> European Commission. 2003. *Il ruolo delle università nell’Europa della conoscenza*, COM(2003) 58 def. Brussels: European Commission, in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*.

<sup>93</sup> See Barroso, J. M. 2005. “Growth and jobs: a new start for the Lisbon strategy”, *Bollettino ADAPT*, No. 9, 9 March.

<sup>94</sup> See the Conclusions of the Stockholm European Council of 23-24 March 2001, and in particular the *Relazione della Commissione sugli obiettivi concreti futuri dei sistemi di istruzione e di formazione* adopted by the Education Council on 12 February 2001, in *Bollettino UE 3-2001*.

<sup>95</sup> On the crisis of mass higher education in Europe see the special survey by Adrian Wooldridge in *The Economist*, 8 September 2005, [www.economist.com/displaystory.cfm?story\\_id=4339960](http://www.economist.com/displaystory.cfm?story_id=4339960).

2010 aims to become, as stated in the Lisbon Strategy, the most dynamic and competitive knowledge-based economy.<sup>96</sup>

However, there is still a vast gap between the consensus that there is a need to invest more, and above all in a more effective manner, in human capital and day-to-day reality. This is the case all over Europe, at least for the continental countries. In Europe, just to mention the most evident shortcomings in relation to other economies,<sup>97</sup> the percentage of young people between the ages of 18 and 24 taking part in higher education is less than 25 per cent, compared to 37.7 per cent in the United States. In addition just 21 per cent of the adult population aged between 25 and 64 has a higher education qualification, compared to 43 per cent in Canada, 38 per cent in the United States, 36 per cent in Japan and 26 per cent in South Korea. In Italy, with its high drop-out rates, the levels of participation in training and higher education, public and private investment in training and education, and the levels of lifelong learning are among the lowest in Europe;<sup>98</sup> only Greece and Portugal are at a comparable level.

The fact that the Italian economy continues to have many world-class businesses can partly be explained by the tradition of informal training that takes place in companies and at territorial level: this is particularly the case with family-run small and medium-sized enterprises, but in the long run in order to remain competitive it is unlikely to be sufficient.

Investment in higher education in Europe is critical for a variety of factors, including cultural ones. But much depends also on the funding and structure of universities that suffer from a regulatory framework that is highly centralised, and from the idea that education should be run almost exclusively by the public sector, with funding allocated accordingly. According to the European Commission, to match the overall level of spending on higher education in the United States, Europe would need to spend 150 billion euros more every year. The lack of funding and facilities has a strong impact on the level of productivity of the Universities in terms of world-class research, with more

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<sup>96</sup> For further details see European Commission. 2005. *Mobilising the Brainpower of Europe: Enabling Universities to Make their Full Contribution to the Lisbon Strategy*, COM(2005) 152 final 20 April. Brussels: European Commission, in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*.

<sup>97</sup> For a detailed analysis see European Commission. 2005. *Annex to Mobilising the Brainpower of Europe: Enabling Universities to Make their Full Contribution to the Lisbon Strategy – European Higher Education in a Worldwide Perspective*, COM(2005) 152 final 20 April. Brussels: European Commission, in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*.

<sup>98</sup> Bottani, N., and A. Tomei. “Com’è la transizione dalla scuola al lavoro in Italia”, *cit.*

modest achievements than the United States in terms of scientific publications, patents and Nobel prizes.

The real problem is that higher education in Europe continues to rely almost entirely on public funding,<sup>99</sup> which is severely limited, whereas in competing countries more vigorous and sustained development is made possible by a wider variety of funding sources, with much more substantial contributions from businesses and private individuals.<sup>100</sup>

This issue has recently been addressed by the European Commission, which laid down three policy objectives for the reform of the universities: i) improving the quality and making them more attractive for young people and for lecturers and researchers from all over the world; ii) improving university governance and administration, also by introducing management practices; iii) increasing and diversifying funding (with or without a substantial contribution from students).<sup>101</sup>

In relation to these objectives, Italy's position is not one of the most favourable. In order to keep pace with Europe, Italian Universities need to speed up the processes aimed at improving the coherence between the educational programmes and the needs of the labour market. This needs to take place in the context of renewed competition between the Universities, based on the capacity to create centres of excellence, by attracting the best students and lecturers – also from abroad, that today is rarely the case – thanks to the quality of the services provided and the prestige that each University manages to acquire.<sup>102</sup> One proposal that should be carefully examined in connection with increased competition between Universities, to be discussed in the conclusions of this paper, is that of reconsidering the legal value of university qualifications.

In any case it is clear that an improvement in the research capacity of the Universities needs to be supported by an increase in the opportunities to attract

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<sup>99</sup> Psacharopoulos, G. 2004. "Public versus private University systems", *Journal of Institutional Comparison*, No. 4:3-7 and in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, Mercato del lavoro*.

<sup>100</sup> European Commission. *Mobilising the brainpower of Europe etc.*, cit. and Psacharopoulos, G. "Public versus private University systems", cit.

<sup>101</sup> European Commission, *Mobilising the Brainpower of Europe etc.*, cit.

<sup>102</sup> There is widespread recognition of the well founded nature of the proposals presented by Gagliarducci, S., A. Ichino, G. Peri, and R. Perotti. 2005. "Lo splendido isolamento dell'Università italiana", paper at the conference *Oltre il declino*, Fondazione Rodolfo De Benedetti, Rome, 3 February, in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, scuola, mercato del lavoro*.

funding (public, but also and above all private) in order to raise the quality of educational programmes and improve the selection of faculty members.

### **5. The Critical Aspects of the Italian Case and the Reform Proposals in the *White Paper on the Labour Market of October 2001***

Undoubtedly some steps have been taken in this direction. It was 11 years ago, in the Protocol of 23 July 1993,<sup>103</sup> that the Government and the social partners underlined the importance of strengthening University autonomy. This clearly stated objective was to contribute to widening and improving post-diploma and postgraduate programmes, based on the belief that closer collaboration between higher education and the labour market was necessary to facilitate a policy for training and improving human resources in keeping with the needs of productive processes, and the development of small and medium-sized enterprises. However, the idea was not taken any further.<sup>104</sup> It was not until the *Patto di Natale* of 22 December 1998<sup>105</sup> that the current policy for the reform of university education was adopted. For the first time, this agreement, that was intended to pave the way for University autonomy, provided a definition of specific instruments aimed at widening participation in higher education, shortening diploma and degree courses, combating high drop-out rates, and improving links between the Universities and their surrounding territories, resulting in a better match between educational programmes and emerging vocational needs in the economy and society as a whole.<sup>106</sup>

The reform of degree courses, with the introduction of three-year programmes, has undeniably resulted in a significant increase in enrolments, countering the reluctance on the part of high-school leavers in the late 1990s to enrol at university. But this reform will not produce significant results in terms of the transition from education to work if the trend for students to opt for long rather than short degree programmes is confirmed, thus postponing their entry into the labour market.<sup>107</sup> Indeed, more than 80 per cent of students who complete

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<sup>103</sup> See [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Concertazione*.

<sup>104</sup> On this point see Biagi, M. *Università e orientamento al lavoro nel doporiforma: verso la piena occupabilità?*, *cit.*, esp. 19-20.

<sup>105</sup> See [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Concertazione*.

<sup>106</sup> Once again Biagi, M. *Università e orientamento al lavoro nel doporiforma etc.*, *cit.*

<sup>107</sup> For a critical review of the three-year degree programmes, Tosi, P. *Relazione sullo stato delle Università italiane 2005*, *cit.*, esp. pp. 6-7.

the three-year degree go on to take a postgraduate degree,<sup>108</sup> thus working against the intention of the reform that was to reduce the time required for the transition from education to work. This is also due to the lack of reform of the professional bodies, which means that in many cases a three-year degree is not sufficient in legal terms.

Mention should also be made of the fact that the recent transformations of the economy mean that employers often prefer high-school leavers to graduates, particularly for companies in the service sector.<sup>109</sup>

The present system does not appear to be capable of responding to a crucial question that is rarely taken into consideration by the competent bodies at national level and in the universities themselves: what realistically is the professional role associated with a three-year degree in, for example, law or engineering?

The autonomy of the Universities – not only in terms of teaching programmes, but also in terms of their legal and financial status – has undoubtedly played a decisive role in the integration of higher education and labour market policies. But it is insufficient if at the same time the conditions are not created for forging closer links between Universities and the enterprises in the surrounding territory.<sup>110</sup>

The present system of funding of Italian Universities not only fails to guarantee the provision of educational programmes of high quality, but also, in spite of its pretence at egalitarianism, ends up being iniquitous because it does not effectively promote social mobility.<sup>111</sup> There is a need to reflect carefully on the proposal to liberalise tuition fees, and at the same time to launch large-scale funding programmes, also by means of partnerships with associations representing employers, banks, companies, foundations and other private entities, in order to make available awards, loans and study grants for the most talented students needing financial support.

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<sup>108</sup> See the figures in Almalaurea. *Condizione occupazionale dei laureati, 7<sup>a</sup> Indagine – 2004*, cit. In addition the analysis of these figures by Cazzola, G. “Il placement dei neo-laureati secondo le più importanti indagini delle forze di lavoro”, cit.

<sup>109</sup> For a reliable study of the factors leading to the decline in demand for university graduates, see Hara, H. 2003. “Labor Demand for New High School Graduates in Japan”, *Japan Labor Review*, No. 3, pp. 49-72.

<sup>110</sup> Biagi, M. *Università e orientamento al lavoro nel doporiforma ecc.*, cit.

<sup>111</sup> Reference may be made to the statistics published by the national committee for the evaluation of higher education, set up by the Ministry of Education, Higher Education and Research, dell'Istruzione, in the *Sesto rapporto sullo stato del sistema universitario*. Available in *Bollettino ADAPT*, 2005, No. 31.

There is a widespread belief that the Italian higher education system needs more substantial public funding to realise the ambitious objectives for an active society and investment in human capital. But this is not necessarily the case, above all when considering the client-based system often to be seen in the management of public funding allocated to the Universities.<sup>112</sup>

Clearly public funding remains fundamental for free and autonomous research. Nobody imagines that higher education can be transformed into a market just like any other, subject solely to the rules of free competition. It is also the case that the Universities need to fully accept the idea of competition, based mainly on the reputation and quality of their academic staff and research programmes,<sup>113</sup> thus opening up to the market within a clear regulatory framework.

The self-referential nature of the teaching body is undoubtedly a problem in Italian Universities, that is touched on in the Joint Employment Report 2004/2005 by the European Council and Commission:<sup>114</sup> in general the Italian higher education system runs programmes that tend not to reflect the needs of enterprises and the surrounding territory but above all the teaching interests of the various faculty members.

The difference in relation to a system of excellence such as the leading American Universities does not consist mainly in the amount of state funding, but rather in the amount of private funding, and in the capacity of academic staff and the University administration to attract substantial private resources to allocate to research.

It is for this reason that the *White Paper on the Labour Market* of October 2001<sup>115</sup> called for a programme of local agreements for employability, by means of links between education, training and the labour market, envisaging for the Universities a coordinating and innovating role for the development of the territory.<sup>116</sup> And it is for the same reason that the *White Paper* urged schools and above all Universities to make a special effort to safeguard the employability of all their students, playing an essential role within the overall

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<sup>112</sup> See the critical but well founded comments of Lippi, M., and P. Reichlin. 2004. "Critiche fuori bersaglio", [www.lavoce.info](http://www.lavoce.info), 29 January.

<sup>113</sup> Mas-Colell, A. 2004. "La riforma necessaria", [www.lavoce.info](http://www.lavoce.info), 29 January.

<sup>114</sup> European Commission, COM(2005) 13 final, *Joint Employment Report 2004/2005*, in *Boll. ADAPT*, 2005, No. 5.

<sup>115</sup> See [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Riforma Biagi*.

<sup>116</sup> In this connection reference should be made to the Modena Pact on Employability of 8 April 2002, available at [bollettinoADAPT.it](http://bollettinoADAPT.it), under *Mercato del Lavoro*, index A-Z. See also the paper by Paola Gelmini in Gelmini, P., and M. Tiraboschi, eds. *Scuola, Università e Mercato del lavoro etc.*, cit.

system in facilitating the transition from education and training to the labour market.<sup>117</sup>

## **6. The Connections between Secondary/Higher Education and the Labour Market in Act No. 30/2003 and Legislative Decree No. 276/2003**

In order to facilitate a new role in career guidance and a closer relationship with enterprises – while avoiding the temptation to make the usual agreements between the social partners characterised by fine promises not supported by practical measures to implement them<sup>118</sup> – the Biagi Law assigns to schools, University foundations, and above all the Universities themselves, three central functions: 1) university-level apprenticeships; 2) placement services to facilitate access to the labour market for students; 3) the certification of employment contracts.<sup>119</sup>

With reference to the transition from education and training to the labour market, Legislative Decree No. 276/2003 takes an institutional approach, aimed at consolidating and developing the positive results obtained in terms of access to the labour market with the work experience and career guidance schemes (*tirocini formativi e di orientamento*) introduced by Article 18, Act No. 196/1997.<sup>120</sup> These schemes are intended to promote the employment of young people by actively involving educational and training institutions and, in spite of the criticisms put forward by certain legal scholars,<sup>121</sup> have nothing

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<sup>117</sup> In this perspective, framing the problem of youth employment in terms of “employability” and not of “the precarious nature of employment” caused by a presumed deregulation of the regulatory framework, see Biagi, M. *Università e orientamento al lavoro nel dopo-riforma etc.*, cit.

<sup>118</sup> In terms of employability and the connections between education and the labour market, there have been many examples of concertation based on agreements that are simply a list of promises and good intentions without any positive impact on the territory concerned. In general, only framework agreements for the design and implementation of work training and career guidance programmes appear to produce any practical results. For a survey of the main agreements see Senatori, I., *Bollettino ADAPT*, 2005.

<sup>119</sup> See Zoppoli, L. 2004. “Università e riforma del mercato del lavoro”, *DRI*, pp. 98-112.

<sup>120</sup> See Biagi, M., ed. 2002. “Università e orientamento al lavoro nel dopo-riforma: verso la piena occupabilità?”, *DRI*, pp. 343-356, also in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, scuola, mercato del lavoro*. See also, with reference to pilot schemes, the report on the monitoring of the placement programme at the University of Modena and Reggio Emilia, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, scuola, mercato del lavoro*.

<sup>121</sup> *Supra*, § 1.

to do with the deregulation of the labour market. Rather, the reform is intended to reduce the improper use of parasubordinate employment that has so far been one of the main means of access to the labour market for young people. The provisions for project work, as explicitly stated by the legislator,<sup>122</sup> are intended to facilitate the transition, over a period of time,<sup>123</sup> of as many employees as possible from the so-called “grey” or “atypical” area to the various forms of salaried employment, that have now been extended and diversified as part of the overall policy objective of redesigning employment protection by means of regulated flexibility, regulated also by the trade unions, thus promoting employability by enabling workers to adapt to the needs of the enterprise.<sup>124</sup>

This is the perspective within which the far-reaching reform of the system of apprenticeships and training contracts should be seen,<sup>125</sup> with the objective of offering: i) adolescents who do not intend to stay at school beyond the minimum school-leaving age the opportunity to take part in vocational programmes, enabling them to get recognised vocational qualifications, and to fulfill the right and obligation to continue their education for at least 12 years, with the option of returning to full-time education; ii) young people who have completed their high-school studies the opportunity to take part in higher-level apprenticeships leading to a diploma or an undergraduate or postgraduate qualification;

In particular, the apprenticeship contract leading to a diploma or associated with higher education,<sup>126</sup> that is currently being implemented by means of

<sup>122</sup> See in this connection Ministerial Circular No. 1, 8 January 2004, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Lavoro a progetto*.

<sup>123</sup> See Article 86 (1), regulating the transitory regime. See also the papers in Gelmini, P., and M. Tiraboschi, eds. *Scuola, Università e Mercato del lavoro etc. op.cit.*

<sup>124</sup> For this interpretation of the regulation of project work, reference may be made to my paper of 2004, on “La riforma dei contratti a contenuto formativo: il nuovo apprendistato e il contratto di inserimento”, *La riforma Biagi del mercato del lavoro – Prime interpretazioni e proposte del d.lgs. 10 settembre 2003, n. 276*, Milano: Giuffrè, 191 ff., and Tiraboschi, M. 2005. “Il lavoro a progetto”, *Studi in onore di Mattia Persiani*. Padova: Cedam.

<sup>125</sup> See the contribution by Pietro Antonio Varesi in Gelmini, P., and M. Tiraboschi, eds. *Scuola, Università e Mercato del lavoro etc.*, cit.

<sup>126</sup> In the debate among legal scholars see Bianchi, F., and M. Trentini. 2004. “La riforma del contratto di apprendistato in Italia: alcune valutazioni preliminari”, *DRI*, No. 1, 2004; Varesi, P. A. 2004. “Principi, criteri e linee guida per la costruzione del nuovo apprendistato”, *Come cambia il mercato del lavoro*, Various Authors, Ipsoa; D’Onghia, M. 2004. “I contratti a finalità formativa: apprendistato e contratto di inserimento”, *Lavoro e diritti dopo il decreto legislativo 276/2003*, ed. Curzio, P., Cacucci; Menghini, L. 2004. “Apprendistato”, *Contratti di lavoro flessibili e contratti formativi*, eds. Brollo, M., M. G. Mattarolo, and L. Menghini,

experimental programmes run by the Minister of Labour and certain Regions,<sup>127</sup> is characterised by a more innovative approach to training.

Apprentices can obtain the qualification specified in their individual training plan not only by means of off-the-job training, that is essential for any apprentice with an eye to the future, but also by means of training carried out in the workplace. In order to implement this scheme an agreement must be in place between the University and the employer. Moreover, in order for the training provided to be properly assessed, recognised and later certified, there is a need for a third party – in this case, the University or school – to examine the training carried out and the skills acquired by the apprentice.

In a training programme that aims at providing high level qualifications, there appears to be an increasing need for close links with the working environment, in order for the training to achieve the desired aim: the training of individuals who have the skills required by employers.

When the reform becomes fully operational, it will be possible to design programmes in which training includes both structured courses and informal learning. In such schemes the enterprise plans and implements the training in which the apprentice plays a full role in an awareness of the vocational objectives laid down.

Secondary and university level educational programmes and the transition to employment are therefore supplemented by periods of in-company training with the introduction of innovative learning projects, supported by the experience acquired in recent years of work experience and career guidance programmes.

Monitoring carried out over the past three years shows that companies that provide learning opportunities for students and young trainees improve their growth and development prospects.<sup>128</sup>

Public and private Universities and University foundations set up for the purposes of advanced training and dealing with labour market issues are also authorised *ope legis* to provide placement services (*intermediazione*).<sup>129</sup> For these services, as laid down in the Ministerial Decree of 23 December 2003,<sup>130</sup>

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Ipsa; Guarriello, F. “Apprendistato”, *Il lavoro tra progresso e mercificazione*, ed. Ghezzi, G. Roma: Ediesse.

<sup>127</sup> The experimental scheme is monitored by a ministerial task force set up by Ministerial Decree 12 July 2005.

<sup>128</sup> 11% of undertakings and 53.4% of those with more than 250 employees according to the most recent Excelsior survey for 2003.

<sup>129</sup> See the contributions by Cazzola, G., C. Enrico, P. Olivelli, and G. Pellacani in *Scuola, Università e Mercato del lavoro etc. op.cit.*

<sup>130</sup> Available at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Mercato del lavoro*.

they do not need a specific authorisation, but have to comply with the obligation to provide the services on a non-profit basis, to establish a connection with the national employment information system, and to provide the relevant authorities with updated information and figures on the functioning of the labour market.

With regard to the advisability of granting Universities the right to provide placement services, some commentators have criticised the policy of extending the right to provide such services to bodies other than employment agencies. The rationale behind this choice by the legislator is that the increase in the number of bodies engaged in placement and matching the supply and demand for labour can only have a beneficial effect, improving the quality of the matching process, which in certain cases does not appear to be particularly high, also considering the lack of transparency in the labour market as shown by the fact that in many cases in the past the Universities, but also academic staff, played an informal role in matching supply and demand.<sup>131</sup>

It was therefore considered more appropriate to bring these informal processes, that often take place in a manner that is by no means transparent, into a regulated framework linked to the labour market, requiring those involved to connect to the national employment information service, rather than leaving them in the informal sector, providing services that at a formal level were prohibited. This measure has at least two consequences: on the one hand it allows these processes to be regulated; on the other hand, it provides a greater degree of transparency in the labour market through the dissemination of information about vacancies, by means of the obligation on the part of the Universities and University foundations to connect to the national employment information system.

Moreover, it is clear that the granting of authorisation to the Universities *ope legis* is not simply a way to regulate processes that have been going on for some time. The objective is more far-reaching: the intention is to make Universities and University foundations one of the engines for change in the new labour market. In the decree implementing Act No. 30, 14 February 2003, the higher education system, together with the new apprenticeship programmes, serves as the main channel for the development and

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<sup>131</sup> On this point reference may be made to Spattini, S., and M. Tiraboschi. "Regimi particolari di autorizzazioni e autorizzazioni regionali", *Il diritto del mercato del lavoro dopo la riforma Biagi*, cit., p. 127.

improvement of human capital,<sup>132</sup> a channel by means of which the performance of the Italian economy can be brought closer to that of the leading European countries, thanks to investment in research and innovation. This choice is clearly dictated by the fact that since Lisbon Europe has made clear its intention to compete as a knowledge-based economy.

Unlike provisions for Universities, in the case of schools the entitlement to provide placement services depends on an authorisation procedure that is to be put in place by the Regional governments,<sup>133</sup> so as to safeguard active labour market policies. The overall aim however is the same, and consists of assigning significant functions to schools in career guidance and external contacts, linked either to higher education programmes or the labour market.

Finally, the Biagi Law allows the bodies set up by public and private Universities and by University foundations to carry out the certification of employment contracts.<sup>134</sup> This function is of particular importance in the Italian labour market, characterised as it is by the extensive hidden economy or grey labour market.

The entitlement to certify employment contracts is not granted to Universities as such, but to full-time labour law professors who under the terms of agreements with private bodies provide consultancy services and assistance *intra moenia*. It is therefore not an authorisation *tout court*, but for the certification to be legally valid, it has to be carried out in the framework of a specific agreement in favour of third parties. In this sense specific provision is made by Article 76 of Legislative Decree No. 276/2003 that states that University bodies may be authorised “exclusively in connection with relations of collaboration and consultancy carried out by tenured labour law academics pursuant to Article 66, Decree of the President of the Republic No. 382, 11 July 1980”.

The University certification centre will therefore operate on the basis of specific collaboration and consultancy agreements for third parties, to be

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<sup>132</sup> In the debate among legal scholars see Zoppoli, L. 2004. “Università e mercato del lavoro”, *DRI*, pp. 98-112; Bulgarelli, A. “Verso una strategia di *lifelong learning*: stato dell’arte ed evoluzione delle politiche di formazione continua in Italia”, cit.

<sup>133</sup> See Article 6 of the Regional law of Friuli Venezia Giulia No. 18, 9 August 2005, in *Bollettino ADAPT*, 2005, No. 30, and Article 11 of the Regional law of the Marches No. 2, 25 January 2005, *Bollettino ADAPT*, 2005, No. 2.

<sup>134</sup> See the papers by Ghera, E., M. Magnani, and S. Magrini in *Scuola, Università e Mercato del lavoro etc. op.cit.* In the debate among legal scholars see Perina, L. 2005. “La certificazione nell’impianto della riforma Biagi del mercato del lavoro: finalità, natura ed effetti”, *Compendio critico per la certificazione dei contratti di lavoro. I nuovi contratti: lavoro pubblico e lavoro privato*, eds. Enrico, C., and M. Tiraboschi, Milano: Giuffrè.

signed by the Rector of the University, the Dean of the Faculty, and the Director of the Department or Institute on the basis of the internal organisation of each University. This means that in setting up a University certification centre, the labour law lecturer needs to procure for the University faculty or department a significant amount of private funding, sufficient to support the work of young scholars, focusing research efforts in sectors that rarely benefit from sufficient funding from the Ministry of Education, Higher Education and Research.<sup>135</sup> Under the terms of the specific agreements, a significant share of the funding is allocated to the faculty or department, to cover general costs and to fund research grants and the cost of administrative staff.

However, there is also another reason why the legislator chose to invest in University certification centres. Whereas the competence of other certification centres (provincial labour offices, provincial bodies, joint bodies) appears to be limited to the application of criteria and indicators provided in the form of codes and forms by the Minister of Labour and Social Policy for the purposes of certifying employment contracts, the contribution of the panels set up by Universities appears to be more specific and systematic, with the result that the opinions they issue, reflecting the specific competence and authoritativeness that the panel members need to bring to their work, will serve as guidelines for the other certification centres, with regard to the proper application of case law decisions, providing an adequate response to the issues raised, thus improving the effectiveness of the certification centres in general.<sup>136</sup> Article 4 of the Ministerial Decree of 14 June 2004 provides that the Ministry of Labour shall hold on file the studies and reports produced by the members of the University certification panels, for the purposes on enrolment on a certification register, allowing access on the part of the general public to the reports, but also and above all contributing to the definition of best practices and indicators relating to employment contracts and tenders.

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<sup>135</sup> These considerations appear to outweigh the criticisms put forward by Zoppoli, L. *Università e riforma del mercato del lavoro*, cit., pp. 106-112, that do not appear to take account of the mechanism of agreements with third parties and the consequent funding for university bodies.

<sup>136</sup> On this point reference may be made to my paper of 2005. "Le sedi universitarie", *Compendio critico per la certificazione dei contratti di lavoro. I nuovi contratti: lavoro pubblico e lavoro privato*, eds. Enrico, C., and M. Tiraboschi, Milano: Giuffrè. For an opposing view: Zoppoli, L. *op. loc. ult. cit.*

## 7. Concluding Remarks

It is by means of these instruments that it appears to be possible to make higher education – as stated in a number of local agreements<sup>137</sup> – the strategic link in a much more complex network of legal and institutional relations which, for the purposes of employability, focuses on the objective of an effective dialogue between education and vocational training, public bodies at a territorial level, and organisations representing the interests of the workers and the local economy.

Without the creation and proper functioning of this indispensable network of formal and informal relations,<sup>138</sup> based on mutual trust and the development of adequate channels of information and communication between the actors present in a particular context, that might be called “social capital”<sup>139</sup> and that promote collective action as part of an overall system, any reference to “human capital” (that is to say the resources relating to the specific vocational skills of those offering their services on the labour market) risks being purely rhetorical in that it would lack the necessary channels for it to play an effective role.<sup>140</sup> This appears to be even more the case – as comparative experience has shown – where suitable institutional channels and schemes for access to the labour market are lacking.

In this connection the Japanese case appears to be emblematic, with its consolidated institutional arrangements and methods for developing social capital and close links with enterprises – such as placement services and liaison offices located in schools and universities – thus, even in the absence of specific regulatory provisions, improving the prospects for labour market access and stable employment, unlike the economies where access to the

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<sup>137</sup> See, among others, the Modena Pact for Employability, 8 April 2002, available at [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Mercato del lavoro*.

<sup>138</sup> On the relevance of the distinction between formal institutions, that are of importance from a legal point of view, and informal institutions, that are of operational significance in a given socio-economic context, see North, D. C. 1994. *Istituzioni, cambiamento istituzionale, evoluzione dell'economia*. Bologna: Il Mulino.

<sup>139</sup> See the classic study by Coleman, J. S. 1988. “Social Capital in the Creation of Human Capital”, *American Journal of Sociology*, 94, S95 ff., and more recently, Bagnasco, A., F. Piselli, A. Pizzorno, and C. Trigilia. 2001. *Il capitale sociale. Istruzioni per l'uso*. Bologna: Il Mulino.

<sup>140</sup> One of the rare attempts to analyse the relations between social capital and access to the labour market is Seibert, S. E., M. L. Kraimer, and R. C. Liden. 2001. “A Social Capital Theory of Career Success”, *Academy of Management Journal*.

labour market is managed solely – and inadequately – by networks of friends and acquaintances.<sup>141</sup>

In contemporary economies, that are frenetic and highly unstable, a great deal of social capital is consumed, and often there is a lack of institutions or bodies that take charge of producing or reproducing it, and that are in a position to do so in a context that has a significant international dimension.

Institutions of higher education – and to some extent also schools – can perform this function, enhancing social cohesion in a given territory and creating strong relational and cooperative networks to support social and economic development.

In this connection the position recently adopted by CNEL, the national council for the economy and labour, is significant, pointing out that Italian Universities need to act as catalysts for development at the territorial level, strengthening strategic alliances with the institutions and the social partners for the purposes of the governance of local systems.<sup>142</sup>

The objective of forming human capital means that secondary schools, the Universities, vocational training bodies and the actors in the labour market need to act in concert as part of an integrated system.

An initial step in this direction could be the strengthening and extension of the experimental programmes that have already been launched,<sup>143</sup> with the setting up of an observatory of the labour market, education and vocational training, with the involvement of all the institutions and the social partners in a given territory. This could be strengthened with reference to the human resources and competition policies adopted in the Lisbon Strategy, making use both of EU indicators relating to the Open Method of Coordination of labour markets,<sup>144</sup> and those recently adopted for the education and employment

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<sup>141</sup> See Brinton, M. C. 2000. “Social Capital in the Japanese Youth Labor Market: Labor Market Policy, Schools and Norms”, *Policy Sciences*, No. 33, pp. 289-306; Mitani, N. “The Japanese Employment System and Youth Labour Market”, *Preparing Youth for the 21<sup>st</sup> Century – The Transition from Education to the Labour Market*, cit., esp. pp. 308-310; Tiraboschi, M. 1993. “Alcune considerazioni attorno al Japanese Employment System”, *DRI*, esp. pp. 31-58. With reference to the problem of institutional channels and the lack of access to the labour market by young people classified as NEET (Not in Education, Employment or Training) see Hori, Y. 2005. “Situations of Social Network of Jobless Youth and Assistance Measures”, *Japan Labor Review*, No. 3:26.

<sup>142</sup> CNEL, *Educazione e formazione – Osservazioni e proposte*, cit.

<sup>143</sup> For the province of Reggio Emilia see the paper by Semeraro F. in *Scuola, Università e Mercato del lavoro etc. op.cit.*

<sup>144</sup> European Commission. 2005. *Indicators for monitoring the Employment Guidelines 2004-2005 compendium*. Brussels: European Union; and the Employment Committee. 2004. *Conclusions of the Employment Committee on the Indicators Group’s report indicators to be*

sector. This appears to be the way forward for the definition of strategic policies for employment, the development of human capital and vocational training.<sup>145</sup>

Careful monitoring of the transition phases from education and training to the labour market is indispensable for the definition of local agreements for employability containing more than just declarations of principle, but leading to practical solutions. The use of EU parameters and indicators, that are authoritative and widely supported, will make it possible to move beyond the close confines of local contexts, which often risk being self-referential rather than promoting an awareness of developments in the international economy. Rather, as often stated, there is a need to think globally but to act locally. The internationalisation of higher education appears to be an essential condition for competing in what is known as the new economy, if we want to avoid this becoming just an empty slogan.

Italy appears not only to be a long way from reaching the objectives of the Lisbon Strategy, that is to say to enable education and training to be of world-class quality by 2010, but also ill-equipped to make its institutions of higher education – as stated at Lisbon – the preferred destination for students and researchers from the rest of the world.<sup>146</sup> The complete lack of competition means that Italian Universities are ill-equipped to face the challenges and to take advantage of the enormous potential of internationalisation.

In order to address this strategic issue, it is important not to underestimate the significance of the proposal – mentioned above and now attracting a degree of consensus<sup>147</sup> – to abolish the legal value of university qualifications.<sup>148</sup> This

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used in the *Joint Employment Report*, [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Mercato del lavoro*.

<sup>145</sup> See the Conclusions of the Council of 24 May 2005 on new indicators in the sector of education and training (2005/C 141/04), [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, mercato del lavoro*.

<sup>146</sup> Particularly emphatic and far removed from reality, from this point of view, the document drafted by CRUI, 2005. “Un anno al servizio del sistema universitario – Le attività della CRUI 2005”, Rome 20 September in *Bollettino ADAPT*, No. 33, esp. pp. 29-41.

<sup>147</sup> See, in particular, the position taken in the *Manifesto del Gruppo 2003: per una rinascita scientifica in Italia*, in [bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, scuola, mercato del lavoro*. See also Maccacaro, T. 2003. “Abolire il valore legale del diploma di laurea”, Gruppo 2003, and Gagliarducci, S., A. Ichino, G. Peri, and R. Perotti. “Lo splendido isolamento dell’Università italiana”, cit. pp. 26-27. With reference to the Moratti reform proposals, Galli della Loggia, E. 2005. “Trent’anni di rivolte”, *Il Riformista*, 29 September. For an opposing view, Accornero, A. “Valorizzare la qualità del capitale umano per la competitività del Paese”, *op. cit.*, and the President of CRUI, Tosi, P. *Relazione sullo stato delle Università italiane 2005*, pp. 7-8.

would bring us closer to the model prevailing in the English-speaking countries, with the result that in Italy every University would bear the cost of and take responsibility for the recruitment and selection of its own teaching staff, with a view to eliminating the dubious practices that contaminate the selection process, recently the subject of an open letter by the dean of Italian labour law scholars.<sup>149</sup> It would then be up to the clients making use of educational and research services, that is to say the students, their families and enterprises to take measures in response to abuses of this enormous responsibility, by adopting market mechanisms, voting with their feet for the centres of excellence that reward the best scholars and recognise the talents of our young people.

However, one further point should be made. The central role assigned to Universities in the reform of the labour market seems to be indicative of an awareness that the success of the reform depends not so much on the specific technical provisions adopted, but rather on an improvement of the quality and the education of the people who, in the coming years, will be called upon to implement the reform measures, as part of a process of governance that is based on a less precarious balance between the various actors than is the case at present. The reforms will be effective only to the extent that those involved are culturally prepared to accompany the processes of change and innovation, and are given the opportunity to perform to the best of their abilities.<sup>150</sup>

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<sup>148</sup> For a balanced analysis of the problem and of possible solutions see Finocchietti, C. “Il valore legale dei titoli di studio”, Doc. Cimea 108, March 2002 ([bollettinoADAPT.it](http://bollettinoADAPT.it), index A-Z, under *Università, Scuola, mercato del lavoro*).

<sup>149</sup> See Giugni, G. “Open letter to labour law scholars on the background to the elections to the selection panels for academic and research posts”: English translation available, *Bollettino ADAPT*, 2005, No. 23.

<sup>150</sup> Biagi, G. “Università e orientamento al lavoro nel doporiforma”, cit., 16, responding to certain observations by Pera, G. 2001. “Sulla cosiddetta riforma degli studi universitari”, *RIDL*, No. 1, pp. 87-93.