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- Ruggero Cefalo (Department of Economics, Society and Politics, University of Urbino)
- Vittorio Sergi (Department of Economics, Society and Politics, University of Urbino)
- Nicola Giannelli (Department of Economics, Society and Politics, University of Urbino)

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# **“We are not NEET”: How categories frame (mis)understanding and impede solutions**

**Ruggero Cefalo<sup>a</sup>, Vittorio Sergi<sup>b</sup> and Nicola Giannelli<sup>c</sup>**

<sup>a</sup>Department of Economics, Society and Politics, University of Urbino, *ruggero.cefalo@uniurb.it*

<sup>b</sup>Department of Economics, Society and Politics, University of Urbino, *vittorio.sergi@uniurb.it*

<sup>c</sup>Department of Economics, Society and Politics, University of Urbino, *nicola.giannelli@uniurb.it*

## ***Abstract***

As the effects of the economic re-structuring through the financial crisis are hitting the European labour market, the NEET category turns problematic and too wide to be a useful tool of analysis and social policy planning, a return to its original and limited meaning is envisaged. Disentangling this category can help us to understand why it is no longer a useful tool and to identify new strategies for analysing youth labour vulnerability and possible resources for building more resilient and inclusive labour markets. In the first part of the paper we assess the origin of the NEET label in the European Union as a category emerging from a widening concern about youth unemployment and social exclusion. Then we focus on different statuses and meanings lying behind this category in the Italian case, in order to show the multiple challenges that a growing number of young underemployed or inactive can pose to social integration and labour market resilience. The third step is to examine the current labour policies that target youth unemployment and inactivity. Beside educational and social policies the new policies adopted by Italy in this field are the development of apprenticeship and internship. The first has a long history but it was recently reshaped trying to follow the model of the German dual system. The second was legally introduced by the end of 90's and had a widespread use on the labour market without positive effects on the resilience of youth. Nevertheless it was widely used by the European program of Youth Guarantee. Our analysis draws on Eurostat and national statistical data and on 25 interviews to Italian policy makers and experts.

**Keywords:** NEET, youth unemployment, apprenticeship, Youth Guarantee,

## 1. Introduction

The economic crisis has been restructuring the economy of all European countries and official data on unemployment show that some vulnerable categories have been suffering more than others the consequences of economic distress. Among those countries the Mediterranean ones (Portugal, Spain, Italy, Greece) have experienced the worst relative fall of employment and social wealth that hit especially the youth (Matsaganis 2014). A recent analysis from the INSPIRES FP7 research project showed how in Italy the most vulnerable categories are women and young people followed by migrants (Sergi and Kazepov 2014). For them the sum of poor performance in the selected indicators leads to a higher risk of poverty and social exclusion. For these categories there is often also the risk of intersectional effects i.e. the accumulation – in the same person – of multiple vulnerabilities. Older workers seem to have average employment values even though the largest share of long-term unemployment rate shows that the main risk for this category is the impossibility to return to on the labour market with all the negative social effects that this can bring.

**Tab 1**

### **Labour market indicators for vulnerable groups in Italy 2012**

<i>Vulnerable Group</i>	<i>Employment rate</i>	<i>Unemployment rate</i>	<i>Long-term unemployment Rate</i>	<i>Temporary employment rate</i>	<i>Part-time employment rate</i>	<i>Risk of poverty or social exclusion</i>
General population	56,8	10,8	53,3	13,8	16,8	29,9
Disabled	16,6	N.A.	N.A.	N.A.	N.A.	N.A.
Migrant	60,6	14,1	43,0	15,9	25,5	43,8
Young people	18,6	35,3	49,7	52,9	27,5	36,4
Older workers	40,4	5,3	58,4	6,4	13,2	26,6
Women	47,1	12,2	54,6	14,9	31	30,1

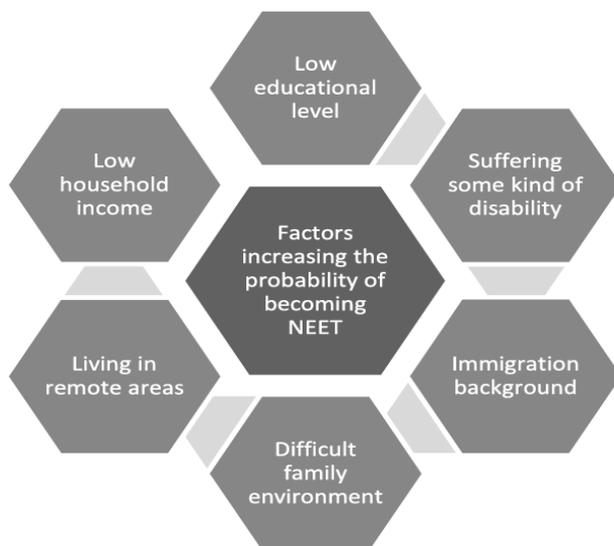
Source: Own calculation on Eurostat 2014 ( lfsa and ilc\_pees) Access: 23/04/2014

The previous table provides an overview of the vulnerability conditions explored by Sergi and Kazepov. Young people in working age have seen a continuous worsening of the main labour market indicators as employment and unemployment rate. According to the authors in Italy – because of the prolonged impact of the economic crisis on an already fragile labour market context – social cohesion is at risk.

In the Italian context, characterized by a strong inequality between regional areas, the category of NEET gained in the last five years growing visibility and public consideration as a widespread tool of description of the European labour market failures toward people aged between 15 and 29 years. The term ‘NEET’ was introduced in 1996 by a Home Office official as an alternative to Status 0 in the United Kingdom. The first official use was made by Social Exclusion Unit (SEU) announced in 1997 (Simmons 2014). Then the report *Bridging the Gap* (SEU, 1999) on the NEET issue highlighted the risks of 16-19 year old students and the document *Learning to Succeed* (DfEE, 1999) introduced the new Connexions Service, with a specific remit to reduce NEET rates. So the NEET label has emerged as the highlight of this widespread weakness of young people participation in the labour market (Quintini and Martin 2006, Eurofound 2012). Eurostat issued in 2009 a specific indicator for NEETs that keeps together the two main conditions: unemployment and the absence of an education or training activity<sup>1</sup>. Looking at the conditions that make more likely to become a NEET, Eurofound (2012) described the risk factors that can lead to a NEET condition: they are at the crossroads of all the main welfare policies domains that are under stress because of the financial austerity measures implemented by the EU.

**Figure 1**

**Social factors of NEET status**



Source: Eurofound 2012

<sup>1</sup> European Commission: Indicators for young persons at risk of labour market exclusion. INDIC/02/260110/EN and INDIC/11/210410/EN

In the last decade the term rapidly gained importance and the NEET theme began to be systematically tackled at European level, thanks to statistics elaborated by supranational institutions, such as OECD and European Commission (Quintini and Martin 2006). High rates of youth unemployment started to be regarded as a social problem and the “Youth on the move” (2010) EU initiative opened the discussion on NEET as a European problem. Nevertheless together with the widespread use of the NEET labelling a number of critical approaches has emerged in Europe. NEET is a policy construct, and has been criticised for various reasons.

- a) Extending in excess a negative label to youth transitions and life courses (Furlong 2006) (Yates and Payne 2006)
- b) Depicting being NEET as a function of the individual, ignoring the contribution of broader social inequality (Zyngier 2008).
- c) NEET as a new label of the typical “moral panic” of upper classes (Avis 2014)
- d) NEET is country specific and not easily comparable (Cuzzocrea 2014)
- e) It is focused on the controversial concept of “employability” (Mac Donald 2011)

We argue that being under the NEET category we can find different status and subjectivities. Nevertheless it's a fact that a growing number of young underemployed or inactive are raising multiple challenges to social integration and is strongly questioning the existence of labour market resilience capabilities for vulnerable groups. In fact according to Furlong (2006) core NEETs are people at the crossroads of a sum of single aspects of disadvantage, poverty and labelling but on the other hand most of young people are more flexible and resilient than the category NEET would describe and manage to make a successful career combining a pool of different resources (Barabarach 2015). Underemployment and swinging between unemployment (or NEET) status and fixed term jobs is normal for young workers in Italy as longitudinal and qualitative studies show (Cordella et al 2012). Moreover labelling has very well known and studied negative social effects, but according to the synthetic use of this term in the official documents about youth unemployment and poverty and the use of the term in the media, that effect seems, by today, the most socially relevant. Several authors (Beck 2013, Avis 2014, Fumagalli and Morini 2013) described how neoliberal labour market brings together the individualization of risks and the socialization of costs of underemployment. Employability itself has been criticized for being ideological and for not taking into account class inequalities and deep changes in the structure of job creation and offer especially toward young people (Mac Donald 2011, Cuzzocrea 2015) The deregulation at the edges of the Italian labour market has put the burden of risks on a selected part of it namely the youth. The high rates of youth unemployment in Italy as recent studies suggest are mainly not linked to the poor employability of youth or to the individual profile of vulnerable individuals but to the peculiar

weakness of Italian economic and productive system and to specific policy choices that have transferred the majority of social risks on the young cohorts of man and women (Barbieri et al. 2014). This happened with the translation from the flexibilization of the market into precarization of work and life. So the NEETs appear to be a category labelled by difference from the “normal” engaged population, and it’s defined as a vulnerable and problematic category of people. In this way it risks to be a wrong analytical tool for addressing challenges that regard a complex and multi-faceted social group as youth is.

Recent applied researches (Italia Lavoro 2011) recognized that the heterogeneity of the data that form the NEET category brings the risk of losing completely the accuracy and the efficacy of the description. We share that opinion and we underline that a new generational gap has been widened by the effects of financial crisis and austerity measures in Europe: “Young people are now exposed to higher risks of unemployment after completing their training and education. Even when finding jobs, these are often temporary and low-paid, with no guarantee of a transition to better jobs in the future” (Chung et al. 2012). This trend is hitting not only the most disadvantaged among young people but also the high-skilled and high-educated youth especially in the most fragile countries and with a higher share of young women (Samek 2012). As an example, in Italy a higher education career can be seen as an individual strategy in order to avoid scarcity of opportunities in the labour market but, for various reasons, many young people have fallen victim to credential inflation, lack of progression opportunities, and competition for scarce jobs. Short-term programmes largely concerned with generic skills, CVs and ‘employability’ cannot provide NEET young people with labour market advantages (Jenkins et al. 2007, Wolf 2011).

NEETs are not a product of the 2009 crisis, but their number grew with the crisis while the capability of labour markets and national welfare to give answers to these people has been put under stress. In fact NEET are posing two main questions to welfare institutions: how to identify them and how to take charge of early school leavers and unemployed.

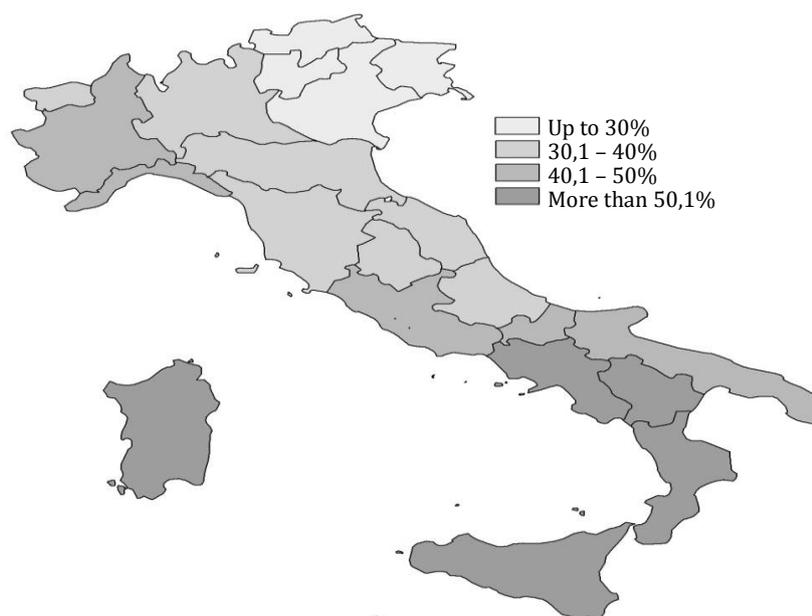
## **2. The NEETs in Italy**

According to the National statistics office of Italy (ISTAT), during the first trimester of 2015 the number of NEET (15-29 years) was up to 2.390.000 individuals, or the 26% of the youth in that age range. As in Italy people get into labour market in average later than in other EU countries, 15-29 rate is considered by ISTAT a more valid indicator for NEETs instead of the 15-24 Eurostat base range. While in between 2009 and 2010 the growth of NEET area had involved especially the youth in the North and Centre and in 2011 the increase was more intense in the South, from 2012 on the increase was largely widespread at national level, touching also the wealthier regions of the country.

On a European level Italy appears to be affected by youth unemployment at a highest level after Greece, Spain and Croatia (Eurostat 2015). Major weakness of young workers in time of deep crisis is common in many European countries because of the fact that youth unemployment is more dependent on economic cycles than unemployment as whole. However, as many authors demonstrated (Kazepov and Barberis 2013), the rescaling of multilevel governance process has shaped in very different ways the national welfare and socio-economic structure impacting on some regions at the highest level of the scale. In Italy the economic developments and impacts have inherited the long-standing territorial gaps between north and south and between areas within the same regions. In fact we find an enormous gap between the 12% of NEET rate registered in the Autonomous Province of Bozen (Northern Italy) and the 40.3% of Sicily<sup>2</sup>. That appears more relevant if we consider that the absolute numbers for the south of Italy are very high, according to the large share of population living in southern regions such as Sicily, Calabria, Campania and Puglia. Labour market resilience shows similar differences. Employment rate for people aged 15-64 in 2013 was 64,2%, with a loss of 2.4% since the beginning of the crisis in the North, while the rate was 42% with a loss of 9% in the South. Even considering that in the South irregular jobs are more common than in the North, the difference with respect to the northern part of the country and the loss of regular jobs in the southern regions are very high.

**Figure 2**

**Youth Unemployment (15-24) – Italy 2013 (regions)**



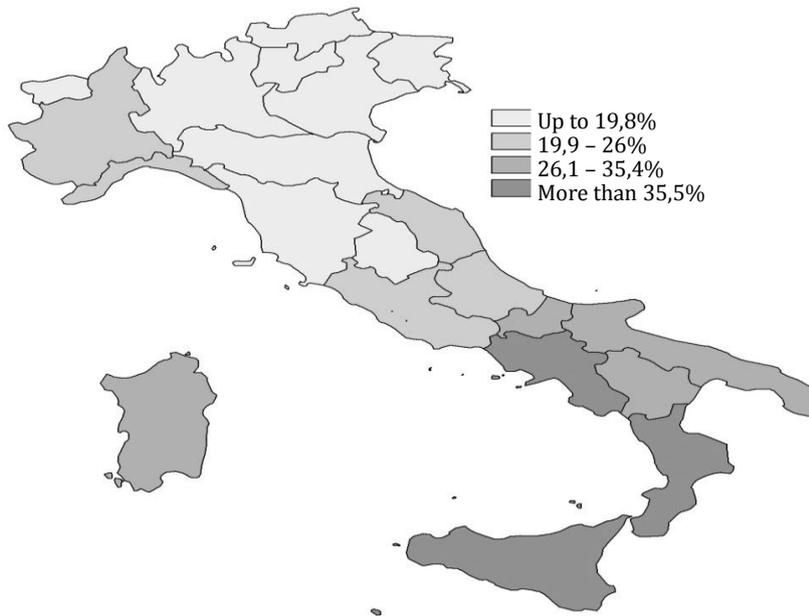
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<sup>2</sup> ISTAT RFL 2014 - <http://goo.gl/6Ml0ey>

Source: ISTAT RFL 2014

**Figure 3**

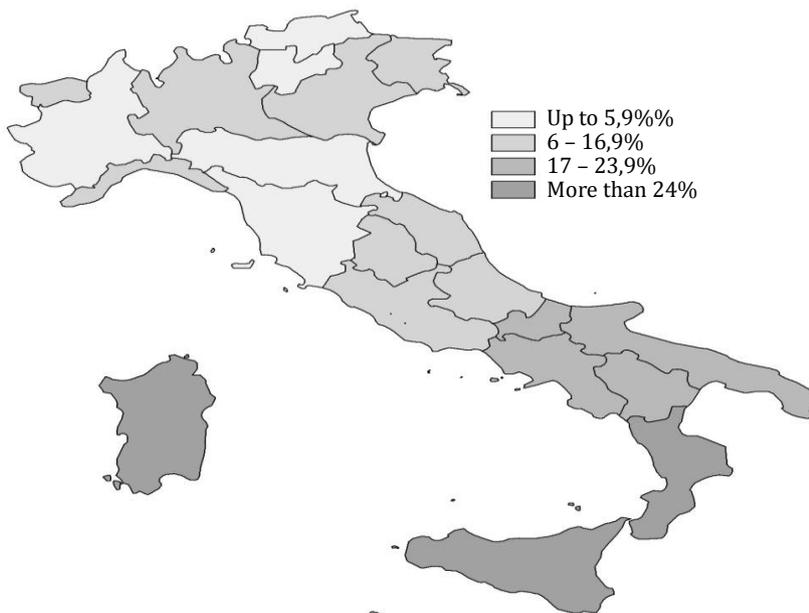
**NEET (15-29 years) – Italy 2013 (regions)**



Source: ISTAT RFL 2014

**Figure 4**

**Families in relative poverty – Italy 2013 (regions)**



Source: ISTAT survey on family consumption

**Tab 2**

**Unemployment 2010-2014 people aged 15-24 per Macro-areas.**

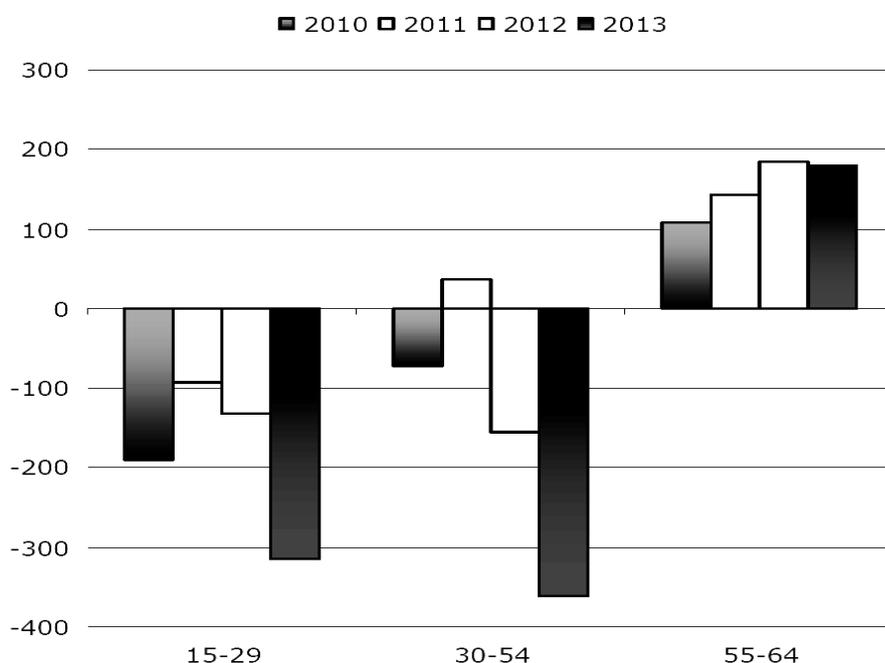
<i>Macro-area</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Italy	27,9	29,2	35,3	40,0	42,7
North-West	22,0	22,4	28,4	34,3	35,5
North-East	18,8	19,5	24,0	27,2	29,0
Centre	25,6	28,6	34,7	39,3	42,4
South	37,7	39,4	45,5	50,4	56,1
Island	40,9	42,4	50,3	54,2	55,3

Source: Eurostat Unemployment rates by sex, age and NUTS 2 regions (%) [lfst\_r\_lfu3rt]

Considering Italy as a whole we can see that the occupation rate of young people has been growing very slowly during second half of 90s until 2004 and began do decline before the start of the crisis.

**Figure 5**

**Decrease/increase of the number of employed by age group**



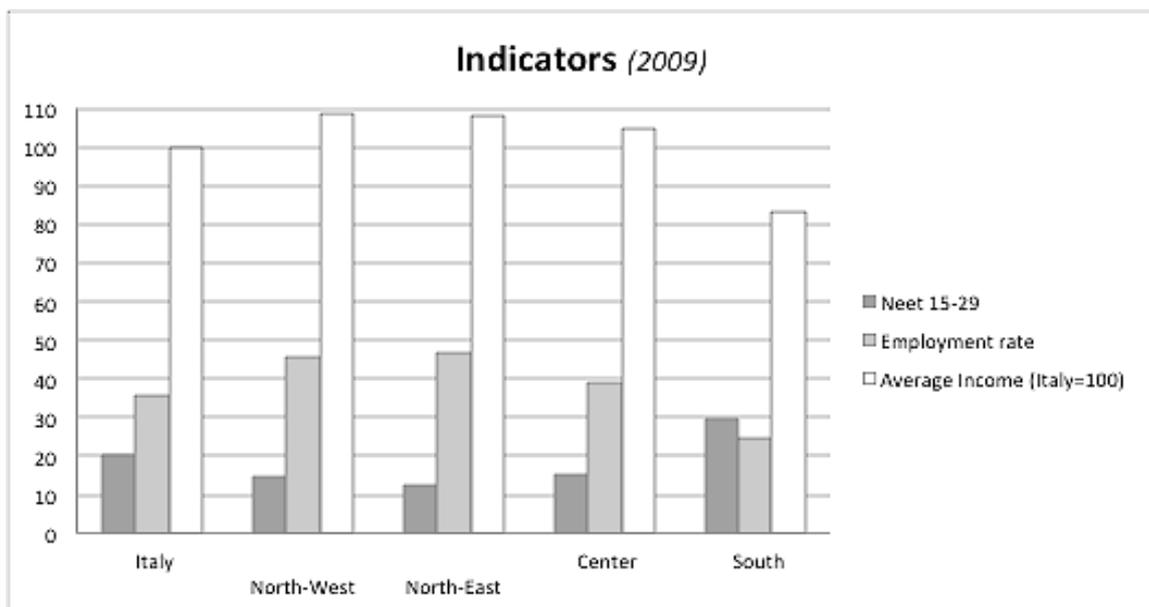
Source: CNEL 2014

In the previous figure we see that after 2010 employment has been declining among young and mid-aged people while the employment rate of old workers grew as pensions reforms obliged many of

them to stay longer on the job. In a market with a weak resilience and low capacity of creating new jobs, this had a replacement effect, meaning that fewer jobs are available for other subgroups of the working age population, such as the young people<sup>3</sup>. This also had a negative effect on the overall resilience of labour market as the National Council of Economy and Work stated in a recent research (CNEL 2014). As a matter of fact, youth unemployment matches with growing poverty of families that can no more fulfil their role of informal welfare providers within the Italian familist welfare system (Ferrera 1998); and a growing trend of internal and international migration of young Italians.

**Figure 6**

**Youth employment conditions and average income for macro-areas 2009 - Italy**

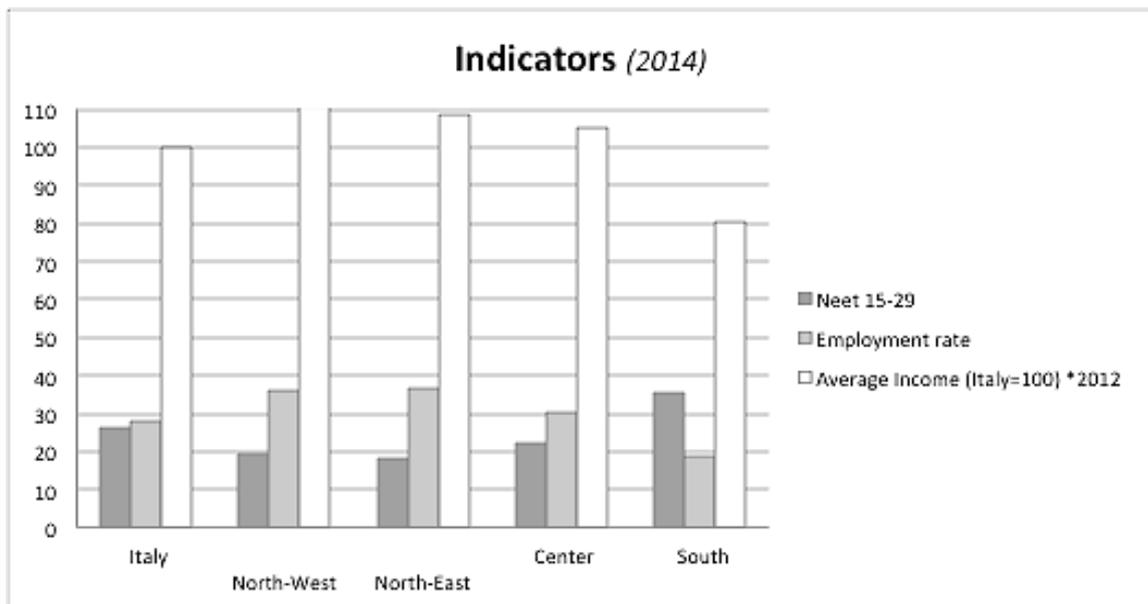


Source: own elaboration on Istat 2014

<sup>3</sup> Our Interview to Enrico Giovannini, former president of National Institute for Statistics (Istat) and ex former Minister of Labour (2011-2013), Rome, January 28th 2015

**Figure 7**

**Youth employment conditions and average income for macro-areas 2014 - Italy**



Source: own elaboration on Istat 2014

The overview of various indicators of labour market condition and income for macro-regions shows clearly how the crisis dramatically impacted especially on the South of Italy. This has already had severe effects in terms of social cohesion and security as well as of an increasing importance of the shadow economy (Pinotti 2012, Schneider 2013, Crepaldi et. al. 2014).

### **3. A comprehensive reform of labour market**

The Italian labour market reforms of 1997 and 2003 went in the direction of the so-called flexibilization at the margin by the liberalization and creation of new fixed term contracts. By the time a dual market grew, with a divide between protected workers with standard employment (insiders) on one side and people employed in atypical and often precarious jobs on the other (outsiders). With 2008 crisis the situation started to worsen. In autumn 2011 the spread between Italian and German state bonds returns reached a peak of more than 5%. Lack of confidence from financial markets brought Berlusconi to resign from premiership. The technical Government of Mario Monti was expected to regain confidence of markets and to put Italy on a path of economic stability. The Minister of Labour was the academic economist Elsa Fornero who pursued two main goals: a new reform of pensions that rose the minimum age for retirement and a comprehensive

reform of labour market regulation. The Minister, as she witnessed, felt the pressure of European Institution and Financial markets on her work<sup>4</sup>.

The labour reform was based on three main pillars:

- 1) More flexibility in labour protection, but also some new limit in use of precarious contract in order to reduce the gap between precarious workers and protected one
- 2) Rearrangement and reform of active and passive labour policies in order to reach young and less protected workers
- 3) A new strategy for a better match between demand and supply of skills based on a dual apprenticeship that should link education and work. In this field, Germany was regarded as a success model of relationship between school and work<sup>5</sup>.

These aims were coherent with OECD advices at that time<sup>6</sup>. The only OECD suggestion that did not found place in the reform was the move of contractual bargain from national to firm level.

Flexicurity was considered a good solution for all the unemployed: the goals was the creation of a mix of better matching of skills, an easier environment to make workers move from a job to another, and a more comprehensive set of active and passive policies to support people during these transitions<sup>7</sup>. Accordingly to the overall relevance attributed to training (although strongly dependent on regional implementation) two other goals were pursued: reintegration of early school-leavers and re-training to reduce capabilities mismatch. As for the outcomes of the reforms, many paradoxes can be highlighted. One is that Italy is the only big European country in which supply of high skill jobs is declining, so high skilled youngsters have to take on jobs requiring only a medium skill level: as a consequence, total resilience is not increasing.<sup>8</sup> At the same time there is some sectorial demand of high skilled workers that cannot find an appropriate offer<sup>9</sup>.

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4 Our interview to Elsa Fornero former Minister of Labour, 20th February 2015

5 Our interview to Laura Piatti, former coordinator of an Italian/German working group on apprenticeship. Milan 2015

6 OECD Skills for competitiveness: country report for Italy 2012

7 ISFOL La flexicurity come nuovo modello di politica del lavoro. Rome 2011

8 CNEL: Rapporto sul mercato del lavoro 2014

9 Our Interview to Tiziano Treu. Rome 27th January 2015.

Mismatch of capabilities in labour market, also due to distance between formal education and work, is still the main concern of Italian policy makers<sup>10</sup>. The suggested remedies relate to the creation of stronger connections between school and university on one side, and employers on the other side. However, one has to notice that the Italian productive system is mainly made up by small firms that traditionally tend to have very weak linkages with the education system. There are only few cases of positive relationships that can be taken as best practices but that struggle to become systemic. As for the transition from education to work, OECD recommendations can be summarized in four points<sup>11</sup>:

- 1) Institution and tax policies must be able to foster employment of low skilled
- 2) Lower the gap between most protected and less protected workers
- 3) Build a framework of internship that combines flexibility and obligations to firms.
- 4) Targeting students at risk of facing difficulties in their school to work transitions

Within this policy frame, the NEETs are depicted as people who are not involved in any useful activity and that therefore represent the evidence of failure in the transition from education to work. Further suggestions of OECD about policies to tackle the NEET phenomenon follow three key points<sup>12</sup>:

- 1) Introducing a system of mutual obligations between youth and institutions. Receiving social benefits should be backed with requirements to register with the public employment services, take actions and receive help in order to prepare for the labour market, including through further education. Building a comprehensive, high-quality guidance and counselling systems to help young people in their transitions to the labour market, basing these systems on an assessment of individuals' skills and skills in demand in the labour market. Adopting a work-first strategy that encourages employment through efficient job-search assistance and training, monitoring and financial incentives. Places in training programmes and job subsidies should be targeted to youth with low skills and those who face specific barriers in the labour market.

All that kinds of schemes would require a good network of labour agencies on the ground, able to build a network between businesses, educational and training institutions. But unfortunately that is

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10 Three former ministers of labour (Tiziano Treu, Enrico Giovannini and Elsa Fornero) reinforced this idea during interviews in our research.

11 OECD Skills outlook 2015. Youth, skills, employability

12 Ibidem

still not the case for Italy (Vesan 2014). As we will see in the next section, Italy chose apprenticeship as the main standard transition program in order to ease the passage from school to employment and to address the increasing share of NEETs.

#### **4. Building the Italian apprenticeship system: the long road to the unique regulation text**

Apprenticeship in Italy has a long history, but it has recently gained a central stage in the field of labour policies, in response to increasing youth unemployment and school dispersion. Traditional apprenticeship was extensively reshaped and promoted, drawing inspiration from the successful Central European models, especially the well-known German dual system. As a mixed contract aimed at both training and employment of young workers, apprenticeship is focused on improving the integration of young people in the labour market by providing them with recognized skills (professional qualifications). This goal is to be achieved by means of an alternation of general and cross-sectional off-company training and more specific on-the-job training. In the present section pages, we will trace the development of the Italian “new apprenticeship” system, established in 2011 by the unique regulation text on apprenticeship and enhanced by the later promotional strategy carried on by the Fornero Labour Ministry. Then, we will try to assess the impact of this system on the resilience of the Italian labour market and to assess the most critical issue still unsolved, basing on available official data and on interviews of policy makers and experts of the Italian context.

Apprenticeship was originally introduced (only for private activities) in 1955 in Italy by law 25/1955. As a work-training employment contract embedded in the manufacturing sector and among medium-large enterprises, it suffered from a long decline due to the de-industrialization of the economic system: apprentices declined from 831.613 in 1969 to 393.138 in 1997. In the mid-nineties, the high youth unemployment rate (above 30%) and the difficulties in the school-to-work transition revamped the interest in this policy (Kazepov and Ranci 2015). Starting with the Treu reform in 1997, apprenticeship gained a relevant stage in the field of active labour market policy in Italy, mirroring the increasing attention directed to this contractual form in the 2000s by the international debate and the European Union. It has been deeply rearranged and extended, and it has formally become an activation tool playing a crucial role in the Italian labour market. This long process was crowned by legislative decree 167/2011 (*Testo Unico dell'Apprendistato*, TUA from now on) that gathered in a unique regulation text all the norms that rule apprenticeship contracts with the aim of establishing a coherent and comprehensive apprenticeship system in Italy.

Before the TUA, legislative decree 276/2003, deeply rearranged the traditional apprenticeship ruled by the Treu reform, and can thus be considered the first radical reform of apprenticeship contracts. This law is to be framed within the aim of a major intervention on transitions among school, work

and training to favour a better integration between training and work. In a document by a working group coordinated by Labour Minister Sacconi and jurist Marco Biagi, expressing the views of Berlusconi Government on labour-related issues, Apprenticeship was seen as a crucial tool to be promoted by public intervention in order to incentive both training investment and employment, and to raise economic competitiveness (Minister of Labour and Social Policies 2001). The core issue was the quantity and quality of the training component, both inside and outside the firm. Rather than being a way to realize a tailored placement of the worker in the specific firm, the goal was then to give apprenticeship the broader scope of a training tool for the labour market as a whole.

On one hand, the Decree, known as “Biagi Reform”, partially enhanced the pathway traced by former laws (law 196/1997, law 30/2003) that expanded the application area of this contractual form by increasing age limits for apprentices, including upper secondary education graduates and higher education BA graduates, and by abolishing previous restrictions tied to particular productive sectors. This can be viewed as a response to the deep crisis of the Apprenticeship in Italy during the eighties and the first half of the nineties. On the other hand it also took further this process by defining apprenticeship as the main work-training contract apt to fulfil the right-duty of education and training and to attain educational and professional qualifications.

Apprenticeship was enhanced and differentiated into multiple forms of contracts, aiming at raising labour market participation of new entrants. Three types or level of apprenticeship contracts were introduced: Apprenticeship for the fulfilment of the right-duty of education and training; Professionalizing Apprenticeship for a qualification by the mean of on-the-job training and technical-vocational learning; Apprenticeship for secondary education degree or higher education. However, traditional apprenticeship continued to exist, collecting cases that fell outside the scope of the Decree. Following laws increased sanctions against the distorted use of temporary and flexible work, including apprenticeship, and pursued the expansion of the apprenticeship allowing public employers to enrol apprentices and extending the higher education apprenticeship to universities PhDs and researchers. The legislative decree 167/2011 finally collected all the rules concerning apprenticeship contracts into a unique regulation text. This act aimed at simplifying and rearranging the previously fragmented regulation, since Apprenticeship was considered a crucial tool for labour market inclusion. In fact, the Minister of Labour of Berlusconi Government (May 2008-November 2011) had previously expressed the willing to rescue the original value, both cultural and occupational, of the apprenticeship contract, within a more comprehensive employability strategy addressing two other critical issues of the Italian labour market, i.e. the school-to-work transition and the vocational education and training sector (Ministry of Labour and Social Policies, 2010).

According to Laura Piatti<sup>13</sup>, head of technical secretary of the Labour Minister during Monti Government (November 2011-April 2013), the process that brought to life the TUA was long and troubled. Difficulties were due to different reasons: first, in Italy Apprenticeship had not the same positive consideration it has in countries like Germany or Austria, as it was viewed like a unappealing contract for low educated people and low-skilled jobs; second, Constitutional law 3/2001 assigned to the Regions exclusive competence in the field of vocational training, so from then on competence on apprenticeship, as an hybrid of training and work, had been a controversial subject within the State-Regions Conference, with regions pushing for further decentralization.

The unique text defines Apprenticeship as an open-ended-term work contract, oriented at both training and employment of young people. It should be noted, however, that after the training period employers could recede from the contract without any implication. As for the labour cost, employer's benefit of reduced contribution duties when paying contributions on apprentice's retributions.

The act maintains the distinction of three contractual types previously ruled by legislative decree 276-2003, which are slightly rearranged:

- *Apprenticeship for gaining a vocational qualification or diploma* (partly replacing previous Apprenticeship for the fulfilling of the right-duty of education and training). It implies the opportunity to attain a vocational qualification or a vocational diploma while working in a firm. It is available for young people from 15 to 25 and it lasts 3 or 4 years, depending on the specific vocational area involved and on the skills profile redacted by a public or private accounted work service.
- *Professionalising Apprenticeship* (partly replacing previous professionalising Apprenticeship) for young people aged 18-29. It lasts from 3 to 5 years bringing to a professional qualification defined in the collective contracts and it is shaped around on-the-job training activities that should provide the apprentices with technical-specific skills. Off-firm training should be provided by the Regions, with a relevant role of social partners in defining mode and delivery of training.
- *Higher education and research Apprenticeship* for young people aged 18-29 enrolled in an institutional education program. It is aimed at the attainment of a secondary upper education qualification or of a higher education qualification. Regions have to rule the duration of the contract.

The Decree also adds a fourth and marginal category, allowing using the Apprenticeship contract for the requalification of workers *in mobility*.

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<sup>13</sup> Our Interview to Laura Piatti, Turin, 13 April 2015.

As for the governance of the Apprenticeship system, the innovative purpose of the legislative decree 167/2011 was to build a network of cooperation among social partners and Regions. By means of collective bargaining, social partners have a role in defining specific contractual and training arrangements (especially for professionalizing apprenticeship), while Regions define the implementation procedures of the general and cross-sectional training. Moreover, in order to impede a narrowed use of the contract as a flexibilization tool, trade unions are given a relevant role in ruling and monitoring the use of apprenticeship contract and its training component (Teoldi and Garibaldi 2011; Pastore 2014). The following reform of the Italian labour market carried out by law 92/2012 reaffirmed the role of Apprenticeship as the main pathway to the labour market for young people facing the negative effects of the crisis on youth employment. This was partly the result of collaboration between Italian Labour Minister Fornero and German Labour Minister von der Leyen (which brought to the project “The Job of my Life”), born during bilateral meetings and European Conferences. In 2012 and 2013 at the European level (especially DG Employment) with the Danish and Russian Presidency, Youth Unemployment was the main target and apprenticeship (especially referring to the German model of school-work alternation in the dual system) was a recurring leitmotiv within this frame, as a tool to improve school to work transition and contrast youth struggles in the labour market. The law established a ratio between apprentices and qualified workers employed in firms, fixed the minimum duration of apprenticeship contracts at 6 months and ruled the hiring of new apprentices by the employers (conditional to the stabilization of a share of the apprentices previously recruited). Apprentices were also included as potential beneficiaries of the new social insurance for unemployment (Aspi). The minimum share of 50% confirms as a limit to take on new apprentices met strong protests by the firm, and this is a meaningful witness of the distance between schools and firms that still holds in Italy. Mostly notable, however, training obligations were strongly reduced (from 120 hours per year to 120 hours in the whole three-year duration of the contract) and external training was limited to general and cross-sectional skills (technical and professional skills are from now on excluded).

As for later developments, from 2013 onwards further legislative interventions on apprenticeship modifying DL 167/2011 (law 76/2013, law 182/2013 under the Letta Government and Labour Minister Enrico Giovannini, law 78/2014 under the Renzi Government and Labour Minister Poletti) followed a more narrowed strategy of promotion, focused on simplification and incentives: in order to incentive the employers to take on apprentices, apprenticeship contracts were simplified (especially the professionalizing form) and promoted by means of tax relieves for employers and lowering of training obligations. The so called Jobs Act, introduces new rules aimed at favouring employment and revamping apprenticeship, by making it easier for firms to take on apprentices. The act abolished the obligation, for the employers, to guarantee a certain amount of training

activities outside the firms and to compile an individual training plan tailored for the apprentice. Moreover, limitations introduced by the Fornero reform concerning the ratio between new apprentices and confirmed apprentices are lowered. This can be seen as a withdrawing from the conception of apprenticeship as a training tool for the labour market and high-quality jobs, and from the goal of mid-long term employability of the individual, since now it is privileged the specific interest of the firm. However, it should also be noticed that the 2014 reform shows continuity with the Fornero Law in weakening the training component of the apprenticeship system, at least for the most widespread professionalizing form.

## **5. Behind a strategy of promotion: the cultural gap of Italian apprenticeship**

According to Minister Fornero<sup>14</sup>, firms usually state to be very keen on apprenticeship, but they rather refer to a more informal version of this contract, which should not include formal training outside the firm, and an official documentation of the training component. This is a major problem, as informal training without certification of the acquired skills, hampers the mobility of workers among firms and the progression within the same occupation, which is grounded on the recognition of skills as they are attested by formal qualifications. This is the reason why fiscal and tax exemptions, according to Fornero, can be a good policy only if they are justified by training and accountability of training activities. The way firms see apprenticeship in Italy reveals a deep gap in the mainstream entrepreneurial culture. This is a major reason behind the composite strategy of promotion of the apprenticeship contract carried out by Fornero Minister in 2012-2013. Up to then, and despite former efforts peaked with the TUA and the ruling of the “new apprenticeship” as it was referred to, apprenticeship in Italy had not the same social and cultural meaning it had in other European countries (Cefalo 2015b). Despite the increasing use before the crisis, it was still considered a secondary-league contract and the same word “apprenticeship” sounded as a sort of unsecure non-job: professionalizing apprenticeship was the most common but especially for low-skilled jobs, first and third level apprenticeship had a really modest diffusion (Isfol 2013). Then the economic downturn deeply affected the apprenticeship system.

In 2013, drawing upon the previously mentioned cooperation with Germany, the Fornero Ministry developed a program of specific interventions tailored to the three different apprenticeship types, aimed at: promoting apprenticeship as the privileged tool to create employment opportunities for young people; increasing the use of a favourable contract for firms by the mean of fiscal relieves; strengthening the network of services and actors that make up the governance of the system. The

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<sup>14</sup> Our interview to Elsa Fornero, former Minister of Labour, 20th February 2015

strategy included a media campaign to confer a better cultural value to apprenticeship; the creation of an informative national web portal, linked to the various regional ones; periodical meetings with social partners and institutional actors at the national and regional level; interventions towards firms; a collection of regional data to assess the critical issue of the implementation of the TUA.

As the TUA refers to regions for implementation regulations, administrative procedures vary a lot from a region to another, and it was really difficult for the central level to provide an effective coordination role. This comprehensive strategy was interrupted by the fall of the Monti Government and the end of the Fornero Minister. During the Letta Government (April 2013-February 2014) and with Enrico Giovannini as Labour Minister, apprenticeship still had a relevant role in the Italian labour policies to contrast youth unemployment and educational dispersion. The Youth Guarantee programme aims at providing all the young people enrolled with a qualitative offer of work, education, apprenticeship or traineeship (Fano et al. 2015). However, apprenticeship was no more the core object of a promotional strategy, and many initiatives projected by the Fornero Ministry were suspended. According to Laura Piatti this was due to the lack of institutional continuity and the lack of communication and linking practices among technical offices in cases of Government change, typical flaws of the Italian institutional asset.

Being a specific form of open-ended contract, an apprenticeship contract can end up with the confirm (transformation in an open-ended contract) or the interruption of the labour relationship. As we can see in table 1, both options are decreasing following the general trend of apprenticeship contracts even if the transformations are descending faster, as shown by the ratios with respect to the suspensions and the average number of employed.

**Tab 3**

**Interruptions and transformations of apprenticeship contracts, 2010-2012**

<i>Macro-area</i>	<i>Interruptions</i>			<i>Transformations</i>			<i>Transformations/ Interruptions</i>	
	<i>2010</i>	<i>2012</i>	<i>Δ 2012 -2010</i>	<i>2010</i>	<i>2012</i>	<i>Δ 2012 -2010</i>	<i>2010</i>	<i>2012</i>
Northern regions	116.826	95.443	-18,3%	59.229	46.714	-21,1%	50,7%	48,9%
Central regions	51.211	41.667	-18,6%	25.249	20.015	-20,7%	49,3%	48,0%
Southern regions	41.991	35.505	-15,4%	17.350	12.498	-28,0%	41,3%	35,2%
Italy	210.028	172.615	-17,8%	101.828	79.227	-22,2%	48,5%	45,9%

Source: our calculation on Isfol data

By this we can argue that the ideal conclusion of an apprenticeship contract, *i.e.* the transformation into an open-ended term contract by the same enterprise, which provided the training, is losing relative weight with respect to the other option (the suspension) thus hampering the career-continuity of the worker inside the firm. This could not be a problem, if an ascending career within the occupation was a feasible option thanks to a national qualification framework attesting training standards and skills acquired by the qualified worker. After the apprenticeship, an experienced worker should have the possibility to apply to a better position within the same profession even if not in the same firm, thus capitalizing his or her previous experiences in an improving career-path. But this seems not to be the case for Italy. Thus, the critical point is not only how to create skills, but how to assess them within an institutional and established framework. Without this, workers struggle to capitalize experiences and fail in creating their own ascending career-path: as stated by Laura Piatti, young people risk to end their apprenticeship and then to restart it all over again, because the previous work-training experience doesn't result in recognized skills by the mean of formal qualification. So on the firm side it's a way to benefit from fiscal incentives but on the supply-side of work, this contract loses its attractiveness for young people and its positive potential for economic competitiveness.

As pointed out by previous contributions, before the TUA, the definition of both professionals profiles and training content was highly fragmented and territorially divided, showing a clear coordination gap at the central level: as a result, in 2010 there were 200 different contracts and about 800 professional profiles referring to the various regulations framework (different ways to describe professional profiles, to establish training contents and to certify qualifications) (Monaco and Pilutti 2012). In 2012, with the TUA as a reference point and following the same aim of integration of segmented regulations regarding apprenticeship, the Ministry of Labour with the collaboration of the trade unions started the pathway towards an integrated and nationally recognized register of qualifications and professional profiles, since the lack of a national framework was identified as a crucial factor hindering the diffusion and development of the apprenticeship contract. By legislative decree 13/2013 a national system of certification of skills acquired in context of training and of a national qualification framework (within the European Qualification Framework) was created for first level apprenticeship, leading to the recognition of 22 qualification profiles for vocational qualification and 21 for vocational diploma. Following governments didn't further pursue this issue. As a result, Italy still has not an articulated framework of professional qualifications at the national level, and this is still a striking difference as compared to countries with a well-developed apprenticeship system (even if with different degrees of occupational specificity), the likes of Germany, Austria or Denmark (Solga et al. 2014).

## 6. The diffusion of apprenticeship in Italy: a system failure?

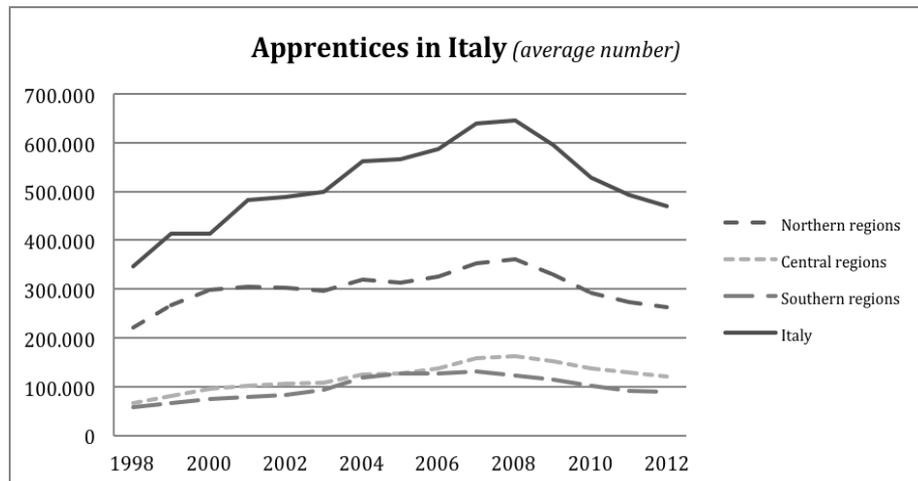
As a consequence of subsequent reforms in response to the decline of apprenticeship in the eighties and in the nineties, the average number of apprenticeship contracts<sup>15</sup> raised up to 644.592 in 2008, when the apprenticeship system was hardly hit by the crisis. Apprenticeship deeply suffered the consequences of the economic recession and didn't perform as well as expected by the several Italian policy makers who have been promoting it in the last years of reforms as a crucial tool to better integrate the young in the labour market. Expected impacts on resilience refers to the field of school-to-work transition and youth employment: apprenticeship contracts should represent the main and ordinary entry for young people in the labour market, thus contrasting youth unemployment, increasing the skills of the young and matching the needs of firms and employers. According to INPS data, in 2012 in Italy there were 469.855 apprentices (with females accounting for 43% of them) with a decrease by 4,6% with respect to the previous year and by 27% with respect to 2008 (Isfol 2013). Despite regional differentiation, with a more pronounced decline in the central regions and a widening divide with respect to northern regions, the same trend holds for regions in the North-Center of Italy (where apprenticeship is more widespread) and for regions in the South, with only 2 regions out of 20 (Campania and Calabria) being countertrend. Even if by the end of 2012 the weight of apprenticeship contracts on the total of new hirings showed a slight increase, it still represents a quite marginal share, lower than 3%, while the major role in a context of declining assumptions is played by fixed-term contracts (65%, see Ministry of Labour 2014).

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15 As stressed by Di Monaco and Pilutti (2012), data about the number of apprentices should not be used as a proxy for employment in the apprenticeship system, as it stands for the flow of people who passed through this condition, even if for a really short time. That's why Isfol (2012) proposes a more nuanced indicator, the average number of apprenticeship contracts (division by 12 of the sum of apprenticeship contracts surveyed month by month).

**Figure 8**

**Trends of employment in apprenticeship (average number of contracts), Macro-areas, 2002-2012**



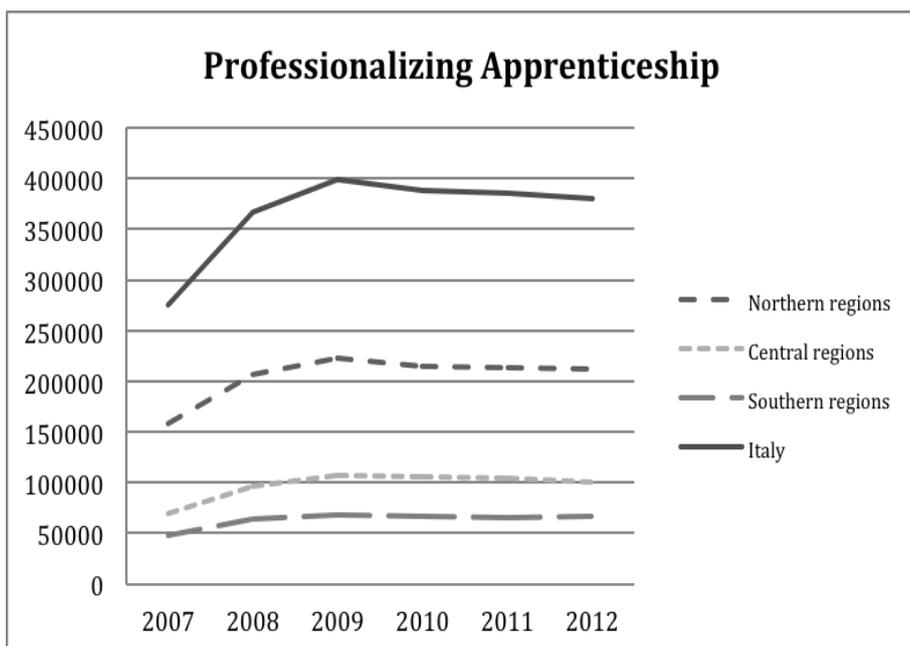
Source: our calculation on Isfol data

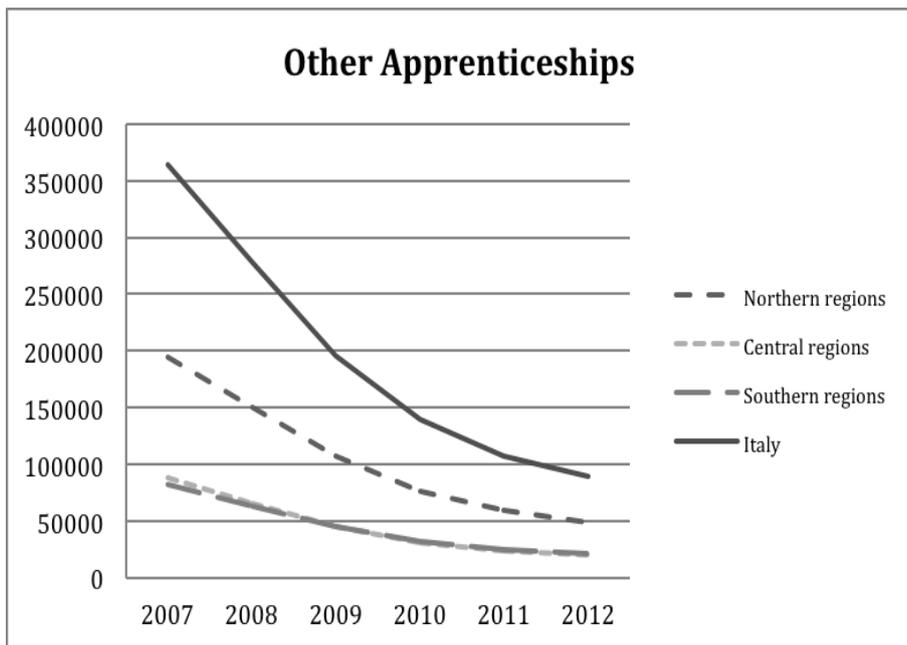
The training path is a core issue in the articulation of the apprenticeship institute (European Commission 2012). In this field, recent reforms intervened by simplifying and lowering training obligations for firms. Moreover, according to the TUA regions have to rule training and implement training offer for new apprentices, but data are quite mixed (referring to apprentices hired by both legislative decree 276/03 and 167/2011) and picture a still incomplete process. Yet, evidences are not that encouraging: in 2012 only 149.327 apprentices were enrolled in public training programs, with a 31% coverage rate on the total of the apprentices. However, this is an average measure resulting from wide regional divides, as in the North of the country the rate is up to 43,5% (46,8% in North-East, although slightly decreasing especially in Veneto) while in the Center and in the South it is, respectively, 16,8% and 13,1%. The TUA draws on previous regulations and maintains the three forms of apprenticeship introduced by the Biagi Reform, but partly replaces and rearranges them. Regions had to adequate their sets of law for the implementation of the national unique text by April 2012. While in 2015 almost all the regions defined their procedure and training offers about professionalizing apprenticeship, as for first and third level of apprenticeship the implementation process is way more fragmented and still on-going (Italia Lavoro 2015). This makes it really difficult to collect specific data about the diffusion of these contracts: in fact, recent monitoring reports on the apprenticeship system by Isfol (2013, 2014) only distinguish data about professionalizing apprenticeship (which was introduced by the Biagi Reform and substantially confirmed by the TUA) and data about other contractual forms (including traditional apprenticeship ruled by 197/97 and other forms ruled by law 276/2003 and 167/2011). In 2012, the number of apprentices for a professional qualification or diploma can be estimated as minor of 3.000 with a

striking concentration in the autonomous province of Bolzano, which established a well-functioning dual system shaping the German model; while the number of apprentices of higher education or research is estimated as minor of 500 (Treille 2013). Taking a closer insight into the trend of different contracts over time, professionalizing appears to be the more widespread form of apprenticeship, accounting for a share of 81,1% of all the apprenticeship contracts in 2012, and it is also showing a better endurance as it is the less affected by the decline previously reported (only a 1,3% decrease from 2010). This means that less widespread contractual forms are the most affected by the crisis, showing a comprehensive negative variation of 16,6% in the last year. This could be partially due to the more complex implementation procedures required by the TUA for first and third level apprenticeship, but this explanation does not find complete evidence in data, since the decreasing trends of the two other contractual forms rearranged by the TUA began before 2008. Decline in traditional apprenticeship is obviously included but, as accounted by previous reports, first level apprenticeship as introduced by law 276/2003 was already decreasing by 2007 while third level apprenticeship since its introduction had only a limited and experimental diffusion in Northern and Central regions (Isfol 2010). As a further confirmation, the number of apprentices who are minor of age has fallen from 7.568 to 3.842 in the triennium 2010-2012 representing a marginal share of 0,8% of the total number of apprentices.

**Figure 9 -10**

**Trends of employment in professionalizing apprenticeship and in other forms of apprenticeship (average number of contracts), Macro-areas, 2007-2012**





Source: our calculation on Isfol data

Despite rhetoric claims, apprenticeship in Italy doesn't have a relevant role in fighting early school leaving, since the contractual type (apprenticeship for gaining a professional qualification or diploma) designed to enhance a better integration between VET system and the labour market has only a marginal diffusion. This is probably due to the competition with professionalizing apprenticeship which, being fiscal exemptions equal for both contracts, represents a more flexible tool for firms especially for lower training obligations (120 hours in three years against 400 hours per year, apt to attain the qualification or the diploma within the regional vocational and education and training system). On the other hand, professionalizing apprenticeship shows indeed a quite stable trend in the year after the crisis (even if not an increase) and this is also probably due to a strategy of promotion and subsequent interventions addressing this contractual form. However this goal was reached by the mean of a strong weakening of the training content and by easing obligations on the side of firms that however still benefit of relevant fiscal exemptions.

All in all, we argue that this should be not considered the signal of the definitive failure of the Italian apprenticeship system. In fact, the European Commission (2013) stresses that a success factor observed across most apprenticeship programs is the existence of a stable institutional and regulatory framework setting the overarching context and baseline conditions within which such schemes are implemented. In Italy, steps towards this direction have been surely done, since the unique regulation text and the subsequent strategy of promotion carried out by the Fornero Ministry can be viewed as a structural labour market reform aimed at rationalizing and rearranging the Italian apprenticeship system by referring to regional regulations and responsibilities and by the involvement of social partners in a complex implementation network. Yet there are at least three

critical issues to be considered. First, the system established in 2011 was rearranged by following normative acts concerning relevant matters like the delivery and content of training, so effective stability has yet to be achieved. Second, Italian new apprenticeship has a young life: four years of implementation aren't surely enough time to make such a complex configuration working well, as shown by long tradition of social dialogue and administrative procedures characterizing the dual system in Germany (Cefalo 2015a, Weiss 2014, Ballarino and Checchi 2011). Third, the time frame plays a relevant role in shaping the impact and development of new social risk policies (Bonoli 2007). The unique regulation text and the subsequent strategy of promotion carried out by the Fornero Ministry, faced a strongly adverse situation for development mostly because a combination of bad timing and adverse pre-structural conditions that make Italy an unfitting context for social investment policies (Kazepov and Ranci 2015). The economic downturn, in a context of low connection between the education system and a labour market mainly composed by small enterprises, can make a contractual option that displays its better effects in the mid-long run, less attractive than other forms of non-standard jobs. In this sense, the repeated weakening of training obligations fosters the narrowed use of apprenticeship by employers just as cheap labour (thanks to fiscal and tax relieves) rather than as a factor of innovation and competitiveness, resulting in an increase of labour market dualization. That seriously hinders the goals of contrast against school dispersion and youth unemployment by means of skilled labour and human capital development.

## **7. Youth Guarantee as an European Labour Market Policy**

After a 2009 communication entitled "An EU strategy for the youth", the Council in a resolution up took the idea of developing cross-sectorial policies for youngsters within the process of 2020 guidelines. Until 2010 the EU did not have developed a specific policy for young unemployed (Lahusen et al. 2013). In active policies youngsters were not identified as a special target, as they were classified among other category of vulnerable groups like immigrants, women or disabled. A main reason for this approach was the European focus on competitiveness and economic growth, and the attention to the efficiency of labour market as a first concern.

Two specific policies were set at EU level: Youth Guarantee and Quality of Internship. Youth Guarantee plan seems to be the answer to a 2010 (6<sup>th</sup> July) Recommendation in which the European Parliament called Council and Commission to come forward with a European Youth Guarantee securing the right of every young person in the Union to be offered a job, an apprenticeship, additional training or combined work and training after a maximum of four months' unemployment. Since then, member states were only encouraged to do something on this matter. In a 2012 working

document the Commission<sup>16</sup> called Member States to provide a Youth Guarantee for young people with “the objective that within a few months of leaving school, young people receive a good quality offer of employment, continued education, apprenticeship or a traineeship”. A 1981 document of Secretariat of the Nordic Council of Ministers is mentioned as the first to introduce the concept of Youth Guarantee, while the 2012 Call for Action of the International Labour Organization and a report of The European Foundation for the Improvement of Living and Working Conditions (Eurofound) are considered as evidences of an alarming situation in many labour markets within EU. A best practice of youth guarantee implemented by a member state before the UE initiative is seen by Commission in Finnish policies for NEETs. Based on its past experience, Finland at the beginning of 2013 was going to offer “*a traineeship, on-the-job training, a study place, or a period in a workshop or rehabilitation*” to young under 25 or 30 if graduated. A second aim was to give a supplementary school time, or vocational education training or apprenticeship to early leavers from schools.

Several other countries showed examples of policies for young unemployed or dropped out, but most of member states, according to the Commission, have not a scheme of intervention on these topics. So there was need for a proposal of UE guidelines. To justify the future cost of a financial plan, Commission arguments that the cost of non-intervention was higher than the cost of reducing the number of NEETs. Eurofound estimates the cost of NEETs in approximately 1% of GDP, some 153 billion in year 2011 (Eurofound 2012). A cost that is higher for the most suffering economies of the Union. Among them Italy borne the heavier cost (32,6 billion), more than France, UK and Spain (€22 billion, €18 billion and €15.7 billion respectively). Social and long term costs are relevant because people living in such condition for a long time loose trust in themselves, spirit of initiative, know-how and knowledge.

In his 23<sup>th</sup> April 2013 Recommendation (120/01) the Council realized that young people “have been hit particularly hard during the crisis”. As we have said, this was true for many countries but not for all of them. The document mentions the existence of 7,5 millions of NEETs and inside that heterogeneous universe, focused on long time unemployed and on economic and social costs of a large number of youngsters that are for a long time without working, studying or training.

Youth Guarantee should be a tool to pursue three Lisbon Goal: 75 % of employment in active age, reduction under 10% of drop outs from schools and lifting 20 million people out of poverty and social exclusion. In conclusion of the first Chapter Eurofound remarks the performance of Germany and Austria, the only two exceptions at NEETs growth in Europe. The explanation it is not traced back to the economic outcomes of their national economies but to a strong dual education system of

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<sup>16</sup> European Commission, Proposal for a Council Recommendation on establishing a Youth Guarantee SWD (2012)  
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apprenticeship that targets all young people: “The Council invited Member States to intervene rapidly by offering further education, (re) training or activation measures for NEETs, including early school-leavers. This would serve the aim of getting those people back into education, training or the labour market within the shortest time possible and reducing the risk of poverty and social exclusion.<sup>17</sup>”

Together with education and training, also factors like family, geographies, immigration, and disability are regarded as relevant in shaping young people opportunities. However Young Guarantee does not have goal of intervention on these fields, that are addressed by other EU policies. It should be up to member states to plan the use of FSE, for example, in order to support fragile families, or Cohesion Funds to reduce disadvantages of remote areas. It is clear is that the NEET condition should be disentangled in more clear sectors of the population that deserving a multiple-policies approach. As we said, flexicurity schemes are considered useful to open labour market to new comers.,but opening markets could not increase the resilience of the market as whole, if the total number of the jobs does not increase or if the same amount of wage is distributed to a larger numbers of workers thanks to steep increase in non-voluntary part time jobs.

## **8. Youth Guarantee in Italy**

Apprenticeship used to be the only policy measure specifically designed for young people in Italy. During the 90s many new flexible job contracts were introduced in order to give many workers (mostly young) with precarious and short term jobs. Unfortunately, this flexibilization became a way for reducing production costs and reducing investments in innovation for a large share of the high number of small firms that are so relevant in the Italian economy (Comito et al. 2014). Therefore, many young workers got trapped in such atypical jobs, although they were originally intended to be a way to open-ended term contracts. Since then government advisors suggested to support flexibilization with stronger passive and active polices for precarious workers but only little was done.

Youth Guarantee brings some degree of policy innovation. Goals and targets of Italian Youth Guarantee are the same of the European documents. The stress on training (depending in regional implementation) and employability is strong: “it is the heart of the challenge. (...) Youth Guarantee is an active policy, implemented without income benefits, in order to avoid people stay without working for long time because they can lose their capabilities.<sup>18</sup>” Two other goals are pursued:

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18 Reported in Fano D., Gambardella E., Margiocco F. Garanzia Giovani. La sfida. Brioschi, Milan, 2015 p.20

recall of people who left education too early and re-training to reduce capabilities mismatch. In Italy we see many paradoxes: Italy is the only big European country in which supply of high skill jobs is declining and many graduated found a job abroad. Individual resilience grows with education only because high skilled people take jobs of less skilled workers and so it is a zero sum game.<sup>19</sup> At the same time there is a demand of high skilled workers that cannot find appropriate offer<sup>20</sup>. Mismatch of capabilities in labour market is also due to distance between formal education and work<sup>21</sup>. The possible remedy suggested is always the same: creation of strong connection between school and university on one side, and employers on the other side. In this paper we dealt with dual apprenticeship. Furthermore in our opinion the use of the too wide category of NEET for planning and implement social policies and labour market policies risks to prove ineffective. In different European countries, the Youth Guarantee scheme is performing in different ways as the first yearly evaluations are showing. In Italy, at the present time, there is no evidence that the measure has been effective in tackling youth unemployment and in raising the employability of youth. There is risk that such policies guided only by the hope that bringing in touch young people and firms, often without a professional support of labour agencies, will have disappointing results and maybe even give a contribution to precarization of youth. First reform of flexibilization brought a decline of salaries and retribution for the younger workers that held firms from improving productivity<sup>22</sup>. Youth Guarantee could be seen by firms as a functional equivalent for the lack of a minimum wage scheme in Italy. In the meanwhile Youth Guarantee is considered as a temporary step in the good direction.

Public monopoly of labour agencies in Italy was broken on 1997, when Tiziano Treu was Minister of Labour. During that government Italy also made a constitutional reform to devolve job agencies to regions and local governments. Mr. Treu, argues that “the constitutional reform that gave labour policies to regions has made worse the deep differentiation among Italian regions.”: “there are 350.000 beneficiary of Youth Guarantee but there are not national procedures and local staff to look after them<sup>23</sup>, active policies are particularly weak in regions where institutions, economics and society are weak, and so where there would be more need of them. Nevertheless in Italy there are also examples of good practices. One of them is in Torino where labour agencies since 2005 set up

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19 Cfr. CNEL: Rapporto sul mercato del lavoro 2014

20 Our Interview to Tiziano Treu. Rome, 27th January 2015

21 Three former ministers of labour (Tiziano Treu, Enrico Giovannini and Elsa Fornero) reinforced this idea during interviews in our research.

22 Our interview to Elsa Fornero, Turin, 20th February 2015

23 Our interview to Tiziano Treu in Rome, 27th January 2015

the Young People Monday during which offices are open only for them. “Young Monday works better than youth Guarantee because it doesn't require a really active behaviour that just a few youngsters have<sup>24</sup>”.

Conscious of this territorial divide, Italian governments chose a model of quasi-market competition among regions and among public and private agencies that should make agencies more effective. A young person can go in whatever region he/she wants and the agency will be paid from the region of origin with a premium in case of success. But completion on the short time can have some bad spill over the longer time. Director of the Job Center in Urbino argues: “On this field we are in competition with private agencies and that's why to receive more money we organized 140 apprenticeships that are too many for our economic context. There will be no longer space for it in close future.<sup>25</sup>” He also explains that public and private agencies try to avoid risks of losing money: “In Youth Guarantee, where managers take a price of 30% in proportion of jobs, projects are designed considering a reward of only 70%”. He thinks that Youth Guarantee can have a positive effect as long as it makes young workers and companies know each other and put young people in touch with workplaces and fellow workers. He also thinks that even if the supply of high skill jobs is not increasing, training courses and internships are useful as much as it can increase the number of capabilities and skills.

At the end of March 2015 only half of 450 thousand people that registered themselves on national Youth Guarantee web site were taken on charge by private or public agencies. At that time only 10 thousand found a real job, and only 1500 of them were living in the South. Prof. Maurizio Ferrera blamed not only devolution to regions and local authorities, without a connections with the national institute for welfare (INPS) that holds main databases, but also a political will that focus more on making local agencies work than looking to the quality and relevance of this training<sup>26</sup>. At the Ministry of Labour they are aware of this problem. A top official at the Ministry, Salvatore Pirrone, said that Young Guarantee, as a stimulus to do a better job, it is a chance for great reform of job agencies<sup>27</sup>. The National Government on 11<sup>th</sup> June 2015 has presented a legislative reform in direction of a major coordination and evaluation role by the central Government over local agencies. Devolution of powers from a centre that was not famous for his good outcomes ant is not the only cause of difficult implementation of this program. There is also a problem of human resources of job centres. Conscious of the weakness of labour services, Renzi Government has put in his general reform of labour law (“Jobs Act”) the reform of the national agencies that used to

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24 Our interview to coordinator of Turin Public Job offices, Cristina Romagnoli, Turin, 20th February 2015.

25 Our interview to Stefano Raja, director of PES “Job Center” in Urbino, 3<sup>rd</sup> February 2015.

26 Ferrera M. Gli errori sul lavoro dei giovani. Corriere della Sera e <http://secondowelfare.it/> 25th Mmarch 2015

27 Our Interview to Salvatore Pirrone, director of office for tutoring and training, Ministry of Labour, Rome, 11th March 2015

have only a role of research and monitoring of labour market. They will become a National Agency for Labour Active Policies (ANPAL in Italian) that, according to the president of Senate Labour Committee, will have the task to guarantee a basic level of services all over the country (Giannelli 2015).

Nowadays Italian PES are under-staffed and usually target only the weakest part of the labour force (Cicciomessere 2015). Liberalization of 1997 called private agencies to do the job that public ones were not able to do, especially matching of demand and supply but they did not enough to fill the gap. Now they are involved in Youth Guarantee but again they are not able to make the entire job public agencies don't do. As we learnt, they tend to focus their work on more employable people, leaving all the difficult cases to public centres. Lucia Valente, councillor at Labour Policies in Lazio Region, assesses that she doesn't know how to cope with this problem even if, thanks to validation procedure, Lazio now has a network of private agencies that can assure a good level of quality in tutoring unemployed people<sup>28</sup>. All regional schemes are now moving towards a results-rewards system. But measuring just placements (like in Lazio's model) pushes the providers toward a "creaming up" of more employable people letting the others out. In this way the agencies in less resilient regions would get less funding. A better option could be linking funding to a more comprehensive improvement of service providing according to clear indicators and public policy evaluations. Patrik Vesán (2014) stresses that the involvement of private actors is different from a region to another and does not respond to any national plan, arguing for the necessity of a central coordination in order to reduce territorial fragmentation. We think that this process of re-centralization should save the good practice from which other actors can learn. For example in Turin the public managers of PES made a network with private agencies that even comes in public centres to meet people and companies. The set up a link with National Institute for social policies (INPS). "Public and private agencies in Turin have learnt how to work together. As there is first demand by a firm to a private agency they tell this demand to us without specify the name of the firm. We decide together a profile and then we call people to have an interview, usually in one of our agencies. Private agency take the money but we ask for two rewards: 1) Our role in selection will be told to private firm 2) Name of people that are not selected must come back with explanation of reasons of exclusion.<sup>29</sup>" The case of Emilia Romagna is interesting as it took the chance of Youth Guarantee to rethink the territorial development policy. It is a territory where the system is still strong and with a tradition of working cooperation. Patrizio Bianchi explains that only if institutions, networks of firms, schools, training agencies, learn to work together, you will

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28 Interviewed in Fano D., Gambardella E., Margiocco F. *Garanzia Giovani. La sfida*. Brioschi, Milan, 2015

29 Our interview to coordinator of Turin Public Job offices, Cristina Romagnoli

overtake the gap of crisis. “Youth Guarantee is not only in favour of young people, it must put the system in condition of taking advantage from the commitment and capabilities of youngsters, that will make possible more economic growth and more jobs, bringing more young people in the system. (...) We arrived at Youth Guarantee only after a general recognition and reform of the integrated system of professional education and training.<sup>30</sup>”

Data of Monitoring of Youth Guarantee by ISFOL shows 617.000 registered at 12<sup>d</sup> June 2015, with a monthly growth of 8,6%. A large slice of them (146.000) decided to erase their registration, so net registrations are 561.000. A little more than half are took on charge (340.000, +13,7%), while only 107.000 (+19%) received a proposal. Increases of take on charge and proposals are higher than new registration but it will take a long time before the entire half million young will receive a proposal. 19% of registered have a university degree while 57% have a high school degree. Over age 25 women represent 55% of the total. There is 185 million euro for companies, which hire young people during Youth Guarantee. The maximum contribution is 6000 euros. Single contribution depends on kind of work, training and contract. There are deep regional differences. Struggles of young NEETs and unemployed in some case, like in the Lazio region, reclaimed for an increase of the minimum wage for trainees under “Youth Guarantee” from 400 to 500 euros per month, from June 2015 the Lazio region declared that will implement this increase<sup>31</sup>. At the same time the national press reports that the payment of this wages was delayed up to 4 months in Lazio as in many other regions provoking protests and disaffection among the thousands of applicants<sup>32</sup>.

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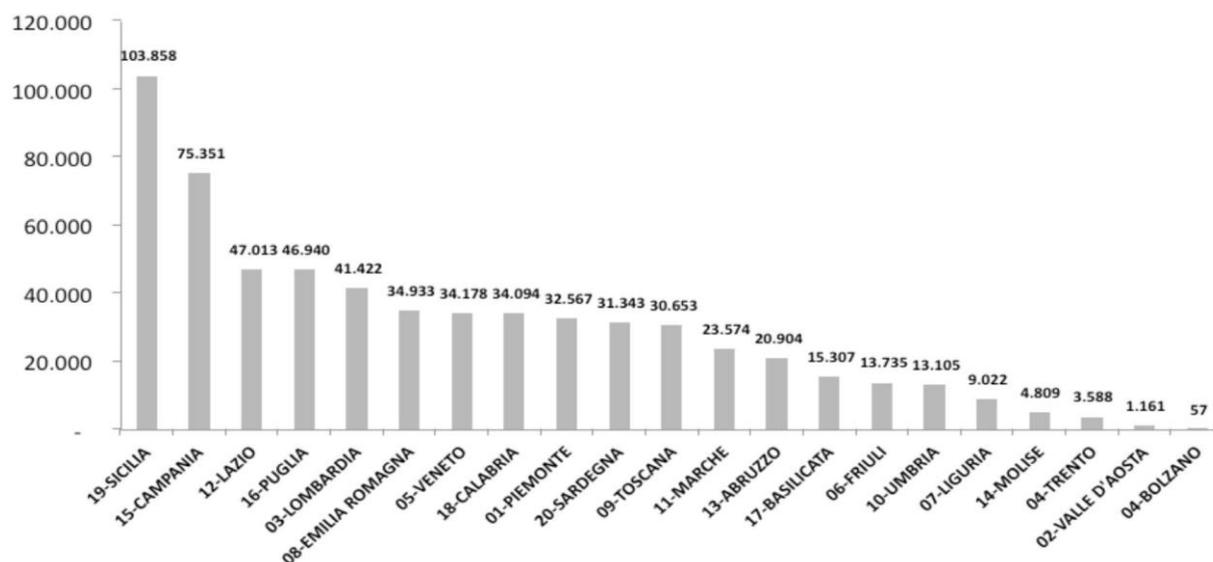
30 Patrizio Bianchi, counselor for European, training and educational policy of Emilia Romagna Region. Interviewed in Fano D., Gambardella E., Margiocco F. Garanzia Giovani. La sfida. Brioschi, Milan, 2015

31 [http://www.regione.lazio.it/rl\\_main/?vw=newsdettaglio&id=2887](http://www.regione.lazio.it/rl_main/?vw=newsdettaglio&id=2887)

32 Cfr. <http://www.ilfattoquotidiano.it/2015/05/10/garanzia-giovani-flop-per-chi-cerca-lavoro-affare-per-chi-prova-a-trovarglielo/1658038/>

**Figure 11**

**Region of origin of Youth Guarantee applicants – Italy, June 2015**



Source: Isfol 2015

**9. Conclusions**

Today NEETs are a strongly debated category with roots in different social factors. Its complexity risks to undermine the effectivity of policies addressing NEETs as their primary target. Flexibility has been for long time the only real policy for young workers in Italy. Only when economic crisis made the number of NEETs growing over an unbearable number the weaker economies in the European Commission started to fear the risks for social cohesion, due to the large number of young people marginalized from labour market and so the need of a strategy to cope with specific NEET condition emerged. However, the NEET rate is a clear negative indicator of resilience of labour market and in fact is higher where employment is low and incomes don't grow. Italy is a clear example of how differentiation among regions with weak economy, ineffective local government, lack of social capital, are linked to the growth of NEET rates. Italy mirrors the differences and inequalities that exist among member states of European Union and shows also the limits of regionalization without solidarity and cohesion. At national level the only two policies that are designed to cope with NEET today are Youth Guarantee as European Plan, and Dual apprenticeship school/work following the German model. The Italian history of apprenticeship shows how this tool was never seen by companies, schools and young people, as the main way to transit from education to work. Today the aim of both projects is to reduce the mismatch of skills between young people and firms, making educational and training institutions work with employers. In this perspective the Renzi Government has started to reform the public school. The great complexity of NEET condition

is again reduced to a problem of skill mismatches and lack knowledge between the young people. We argue that this concept can therefore be misleading and so can influence negatively the outcomes of the social policies that are designed on such basis.

In fact one year after the implementation of Youth Guarantee, the study of the Italian labour market for young people shows potential lights and actual shadows of this strategy.

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