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# **Youth Guarantee and the Italian PES: insights from ISFOL PLUS Survey data**

by

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**Abstract** - ISFOL PLUS (Participation Labour Unemployment Survey) allows for the observation of many economic and sociological phenomena that it was not possible to investigate with traditional sample surveys. In fact, the survey design, featuring only direct respondents, a quite large panel dimension, and a considerable sample, made it feasible to pose complex and specific questions on job seeking activities along with a wide set of socio-demographic controls.

Using data from the ISFOL PLUS Survey, the paper focuses on the specific features of the Italian labour market and of the Italian Public Employment Services (PESs) so as to analyse the difficulties that they face in responding to the challenges posed by the Youth Guarantee (YG), both in terms of reorganisation and of strengthened financial effort.

Focusing on the most recent innovations in the management of PES (including decentralisation, performance targeting, service integration, and the involvement of private actors), the paper enquires into the risks that the current nature and organisation of Italian PESs may, on the one hand, absorb YG measures in an excessively complex and inefficient system and, on the other hand, provide a very marginal support to an extremely large recipients audience, in this way jeopardising the effectiveness of the measures themselves.

The paper's argument does not point in the direction of those proposals hinting at the exclusion of PESs from the YG management in favour of private operators; it rather highlights the necessity of considerable investments for transforming PESs into 'transition management services', in order to face the challenges posed by the YG.

Provocatively speaking, it seems that the main challenge/opportunity posed by the introduction of the YG in the Italian case is not as much in promoting the integration of young people in the labour market, as rather in reorganising PESs to make them able, in prospect, to 'support sustainable labour transitions throughout workers' careers'.

**Keywords:** PES, searching, matching, Youth Guarantee, Isfol Plus, Panel Data

*JEL Classification:* J64; J20 J46

## **1.Introduction**

The enduring and intensifying economic crisis experienced by most European Countries since 2008 has determined an increasing demand of actual interventions to support youth employment especially. The Communitarian response to this emergency, as set out in Europe 2020 strategy's 'Youth on the Move' flagship initiative, is an initiative of policy measures and funding known as Youth Guarantee (YG), drawing on the experience of some Northern European countries that first focused on issues such as youth employment conditions, individual and social costs of school dispersion, procrastination of economic independence, precarious entry into the labour market, late creation of new households.

In Italy, a dedicated organisational office<sup>1</sup> was created by the Ministry of Labour and Social Policy with the responsibility of creating databases, built a programme of actions shared among all levels

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<sup>1</sup> The office is coordinated by the Secretary General of the Ministry of Labour and Social Policy and comprises of the Italian Institute for the Development of Vocational Training of Workers (ISFOL), the government agency Italia Lavoro, the Italian National Social Security Institute (INPS), competent Ministry

of public administrations and public and private institutions, with the purpose of leading to a “leapfrog in the way the unemployed, redundancy workers, and young people are taken care of, identifying and systematising the best practices available at national and European level” (Enrico Giovannini, Minister of Labour, 2013).

Using data from the ISFOL PLUS (Participation Labour Unemployment Survey of the Institute for the Development of Vocational Training of Workers, [www.isfol.it](http://www.isfol.it)), the paper focuses on the specific features of the Italian labour market and of the Italian Public Employment Services (PES) so as to analyse the difficulties that they face in responding to the challenges posed by the YG (both in terms of reorganisation and of strengthened financial effort), as well as the risks implied by the adoption of foreign practices that are difficult to implement in the national context.

Looking at the most recent innovations in the management of PES (including decentralisation, performance targeting, service integration, and the involvement of private actors), the paper enquires into the risks that the current nature and organisation of Italian PESs may, on the one hand, absorb YG measures in an excessively complex and inefficient system and, on the other hand, provide a very marginal support to an extremely large recipients audience, in this way jeopardising the effectiveness of the measures themselves.

ISFOL PLUS allows for the observation of many economic and sociological phenomena that it was not possible to investigate with traditional sample surveys. In fact, the survey design, featuring only direct respondents, a quite large panel dimension, and a considerable sample, made it feasible to pose complex and specific questions on job seeking activities along with a wide set of socio-demographic controls.

The paper is organised as follows. The first two paragraphs briefly depict the content of the Italian YG proposals and the situation of national PES, respectively. In the third paragraph we illustrate how the ‘search’ and employment ‘consolidation’ phases are strictly connected in a process of continuous employment transitions over the entire active life. The fourth paragraph presents some examples and proposals for PES, and introduces descriptive statistics and panel estimates to ‘microfound’ profiling choices. The paper ends with some conclusive remarks on the state of PES in the Italian context.

## **2. The Youth Guarantee programme in Italy**

Established in EU with the Council Recommendation of 22 April 2013, the Youth Guarantee (YG) envisions a new approach to tackling youth unemployment and, as the Recommendation reads, it basically, “... *refers to a situation in which young people receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education*”.

For some EU countries, the YG simply represents a natural upgrading of their Public Employment Service (PES) System with the further development and/or strengthening of partnerships between employers and other relevant labour market players such as public and private employment services, youth services, schools and universities, trade unions, vocational training and career guidance services, interested governmental agencies and non-governmental organisations, and various levels of government.

In this sense, the most innovative indication is probably derivable from the so-called Flagship Initiatives<sup>2</sup> under the EU 2020 Strategy for smart, sustainable and inclusive growth where the

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Directorates General, the State-Regions Conference, the Union of the Italian Provinces (UPI), and Chambers of Commerce.

<sup>2</sup> Out of the seven Flagship Initiatives of the Europe 2020 strategy, the three that fall under the areas of employment, social affairs and inclusion are: ‘Youth on the move’, ‘An agenda for new skills and jobs’, and ‘European platform against poverty and social exclusion’.

central position of PES's to act as transition agencies for those who are most in need (and not just those who are unemployed) is advocated for. In order to function effectively and efficiently in their new role, PES's are invited to modernise their organisation and service delivery, as well as to develop managerial and coordination competences necessary to build up the partnership-based approach required by the Recommendation.

In the Italian system, the 'taking charge' feature of the PES model stressed by the European Recommendation was already envisioned in the legislative decree n. 181/2000, and the introduction of a modern management scheme to supervise the intermediation and transition phases for the labour market integration of young people, dates back to 1997<sup>3</sup>. However, with the YG, the Italian system is implicitly asked to adjust to more updated models and to universal schemes. This will necessarily require the overcoming of the current excessive fragmentation of measures implemented by different levels of government. The YG goals are expressed in a very explicit form, and so are the requirements for measurability and comparability of YG results. This kind of pragmatism is aimed at hindering the kind of recipes (and the Italian case is an example of those) where active labour market policies (ALMP) come down to a little bit of vocational training and a pinch of vocational guidance, losing sight of the actual strengthening in the person's employability.

The total estimated cost of establishing YG schemes in the Eurozone is €21bn a year (around 0.22% of GDP)<sup>4</sup>. As for the funding, the EU will top-up national spending on national YG schemes through the European Social Fund (ESF) and the €6bn Youth Employment Initiative (YEI). The YG endowment for Italy is approximately worth €567ml from YEI and €567ml from ESF, plus a national financing of 40%, all summing up to something between €1.5bn and 1.8bn.

In Italy there are almost 6 million people aged 15-24 and 43.3% of them are unemployed, while 73.3% of them (almost 4.5 million people) are inactive (ISTAT, June 2014). The number of estimated YG beneficiaries in Italy is between a minimum of 1.2 million persons (NEET's aged 15-24) and a maximum of 2.2 million persons (NEET's aged 15-29). Also in consideration of the fact that the Italian Ministry of Labour recently confirmed its commitment to extend the YG to people aged 15-29, in order to have a reasonable and economically meaningful endowment per person, measures are being examined to reduce the number of beneficiaries by qualifying them in terms of vulnerability profiles. Funds will be available for the period 2014/2015 and 40% of them will be concentrated in some Regions, such as Campania (€215 ml), Sicily and Lombardy (€200ml).

More in detail, the Italian Youth Guarantee Implementation Plan 2014-2020, released in February 2014<sup>5</sup>, envisages: 1) a job offer, possibly associated with an employment incentive for the employer<sup>6</sup>; 2) an apprenticeship offer, also abroad; 3) a traineeship, possibly associated with a grant; 4) a voluntary civil service experience (with grant); 5) joining a transnational mobility programme; 6) joining a vocational education and training (VET) or formal education programme to complete own studies and/or acquire a professional specialisation; 7) guidance on entrepreneurship and self-employment. The unique access point is [www.lavoro.gov.it](http://www.lavoro.gov.it) and has been activated starting from 1 May 2014.

The actual start of the measures envisioned by the YG depends on the existence of specific agreements between the Ministry of Labour and each Italian Region, as well as on the development

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<sup>3</sup> Legislative Decree n. 469/1997.

<sup>4</sup> The cost of inaction is, however, estimated to be much higher, with an estimated total cost from having young people not in employment, education or training, of €153bn (1.21% of GDP) a year in benefits and foregone earnings and taxes (EUROFOND, 2012)

<sup>5</sup> See [www.lavoro.gov.it](http://www.lavoro.gov.it).

<sup>6</sup> The monetary incentive, paid by the Italian National Social Security Institute (INPS), varies from a minimum of €1,500.00 for a short-term employment contract (less than 12 months) and a maximum of €6,000.00 for a permanent contract.

of a Regional Implementation Plan with details on specific actions, funding, procedures, etc. In mid May 2014, only 13 Regions had signed such an agreement, while almost 30,000 young people joined the YG programme through the national portal, in the first week alone.

**Table 1 – YG cost estimates with respect to possible recipient sets, Italy - Forecasts 2013**

Age	Type of education	Volume	Unemployed %	Unemployed	Offer	Average cost	Cost (000,000 €)
16	Qualification VET	104,813	41%	43,391	School reintegration or VET course	€ 2,500	108
17							
18							
19	Upper secondary Drop outs	205,949	31-41%	72,783	University guidance or VET course or employment entry	€ 7,000	509
20	Drop outs I cycle	9,800	31%	2,940	University reintegration or VET course	€ 3,000	9
21	tertiary ed.						
22	University degree I	105,857	30%	28,581	University guidance or VET course or	€ 7,000	200
23	Drop outs II cycle	9,029	30%	2,438	University reintegration or VET	€ 3,000	7
24	University degree I cycle	101,219	27%	25,305	Employment entry initiative	€ 7,000	198
25	II cycle	11,486		3,101			
26	5-year						
27							
		<b>548,153</b>		<b>178,539</b>			<b>1,031</b>

Note. Each year, slightly less than 600,000 people aged 15-24 are in transition from the school system to the labour market. The real flow should be higher than the estimated one, because the calculation is based on a time longer than the 4 months considered by the YG. Moreover, the flows are concentrated at the end of school cycles, meaning that the system should be overloaded during the summer.

Source: elaboration on Eurostat data

The renowned heterogeneity of Italian Regions in terms of economic, social, demographic, and cultural differences reflects in different policy choices and schemes to fight unemployment at the regional level. Many proposed interventions, both at the national and regional level, seem to be characterised by an extraordinary and sporadic nature, suggesting a sort of ‘temporary welfare’ with ‘temporary rights’ as long as there are funds available rather than a set of stable measures, rights and services aimed at accompanying and supporting young people through their employment transitions as suggested by the Recommendation. The main risks are aggravation of labour market segmentation<sup>7</sup> and the YG measures becoming just another “way to finance the private employment

<sup>7</sup> Speaking at the European Parliament on 7 April 2014, the Vice President of the European Youth Forum, Lloyd Russel-Moyle, said that the Youth Guarantee is a disappointment and is open to abuse, because it doesn't exclude unpaid internships. Young people should have a right to decent occupation, he stated, contesting the underlined idea that 'any job is a good job'. In fact, 42% of young EU workers are on temporary contracts (compared to 13% among adults); in some Member Countries (such as Poland and

services, now suffering for the decrease in demand, rather than a plan focusing on youth needs” (Oliveri, 2014).

Some authors (Tiraboschi et al., 2014) suggest that the Italian YG is not to be considered as an actual set of measures to fight youth unemployment, but rather as an ALMP measure aimed at having more efficient job placement services, meaning that it will probably succeed in having already existent job vacancies emerge through a strengthening and a development of the PES intermediation function, but it will certainly not create new jobs. It is a measure to favour youth employability, not their employment.

### **3.Public Employment Services in Italy**

With the new paradigm for labour market policy reform supported by the transitional labour markets approach, a new light is being shed on the role of PES that, in the Italian case, represents a trend reversion with respect to the recent past in which the PES has been delegitimised also through a constant reduction in available resources that partially explain its performance deficit<sup>8</sup>.

In Italy, over 10 million persons visited a public employment office at least once in their life (Mandrone, 2011); over the last year, PES users amounted to 2.6 million (2 million if those visiting just for administrative purposes are excluded). PES employees amount to a total of roughly 10,000, and of those only 8.700 are in charge of providing services<sup>9</sup>. The average PES unemployed-to-staff ratio is 269:1 (down to 202:1 if those non requiring dedicated services are excluded). The North-West is the area with the worst unemployed-to-staff ratio, while in the South of the Country, where there are over a million PES users per year, public employment offices are more numerous and larger in dimensions.

The PES service demand has been analysed from the users-end, considering 5 indicators for the demanded services and provided services. The most demanded service, not surprisingly, concerns ‘actual employment opportunities’ and ‘useful information for job search’. An increasing importance is assumed by the ‘certifying function’ of the PES: 80% of users is registered by an employment office and subscribed a Statement of Immediate Availability (*‘Dichiarazione di immediata disponibilità’*, DID), meaning that the administrative activity includes the responsibility of certifying the users’ status (registration, subsidy recipient, DID, and so on), the engagement on a path defined by the YG, and, more generally, in a procedural process to obtain a new employment opportunity. These responsibilities absorb many PES operators and put the already modest capacity of employment offices at risk. Without doubt, a first direction towards a more efficient and effective system should require a reduction in the bureaucratic tasks and/or their outsourcing (e.g. using a call centre to manage such issues). The joint consideration of the figure on employment service staff and that on users’ satisfaction levels (see Appendix) suggests that the perceived service quality is not proportional to the number of dedicated staff. In contrast, a correlation emerges between perceived quality and the presence of a good social fabric (social services, schools, infrastructures), a dynamic economic system (measured by a relevant labour demand), and employment offices with good information sets (data bases, skill needs analysis).

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Spain), over 60% of young people are in temporary employment; in the EU, 10% of those under 25 are employed without contracts, and 30% are at risk of poverty because they get sub-minimum wages, especially in the UK, Germany and Greece.

<sup>8</sup> Olivieri (2013) points out that “... the Veneto Region reported 31 thousand new entries in the job mobility lists. The Region employs approximately 450 civil servants in its employment services. The ratio is, then, 69 workers in mobility for each operator. Theoretically speaking, this means that each operator should implement all of the required 4 levels of intervention for 69 unemployed persons. The work load is definitely excessive and the actual chances of obtaining the desired results are basically null. Moreover, not all the PES operators are dedicated to those services. In other Regions there figures are even more unfavourable”.

<sup>9</sup> See the Monitoring Report on PES by the Ministry of Labour and Social Policy, 2013:

[http://www.cliclavoro.gov.it/Barometro-Del-Lavoro/Documents/Rapporto\\_monitoraggio\\_SPI\\_2013.pdf](http://www.cliclavoro.gov.it/Barometro-Del-Lavoro/Documents/Rapporto_monitoraggio_SPI_2013.pdf)

Moreover, the hazy division of legislative responsibilities between Regions and the Central Government over labour issues generated a substantial uncertainty. In fact, as the organisation of PES's was transferred to Regions and is regulated by autonomous regional laws, there is a considerable heterogeneity in PES organisational models across Regions, as well as significant regional differences in the definition of services, on the very concept of public service, and on the presence of competing private actors in the market. In this sense, the modest performance of PES could also depend from the scarce efficiency and organisational ability of local institutions, especially those with a larger basin of potential service recipients.

**Tab 2 – Public employment offices staff, resources, and unemployed people, 2007 and 2013.**

	Staff	PEO	Dimen- sion	Jobseekers 2007		Jobseekers 2012		Resources (000€)		PEO Cost x jobseeker	
	a	b	c=a/b	d	e=d/a	f	g=f/a	2005 h	2010 i	2005 l=h/d	2010 m=i/f
<b>Germany</b>	74,099	838	88.4	3,602	48.6	2,316	31.2	6,566	9,469	€ 1.823	€ 4.089
<b>Spain</b>	7,996	826	9.7	1,834	229.4	5,769	721.4	834	1,319	€ 455	€ 229
<b>France</b>	28,459	2,374	12	1,300	45.7	3,002	105.4	4,035	5,866	€ 3.104	€ 1.954
<b>Italy</b>	<b>9,989</b>	<b>539</b>	<b>18.5</b>	<b>1,506</b>	<b>150.8</b>	<b>2,744</b>	<b>274.7</b>	<b>553</b>	<b>483</b>	<b>€ 367</b>	<b>€ 176</b>
<b>Sweden</b>	10,248	325	31.5	296	28.9	403	39.3	528	907	€ 1.784	€ 2.251
<b>UK</b>	67,110	1,012	66.3	1,623	24.2	2,511	37.4	7,076	5,420	€ 4.360	€ 2.159

\* *Monitoring PES 2010, years 2007-2012. Source: elaboration on ILO and Eurostat data*

A comparative exercise on PES expenditure and staffing levels in major European countries (Bergamante and Marocco, 2014) highlights the different attention that different countries dedicated to national PES systems: quite expectedly, it is found that countries that are spending more on their PES, also show better performances (see Tab 2). This is a warning that it is neither possible to effectively address employment problems without adequate resources, nor without a sustained labour demand. The higher the expenditure, the higher the attention to the needs of the unemployed is required. In this frame of mind, the situation looks alarming if we consider the data for Italy and observe that while unemployment almost doubled, the financial resources put into PES over the observation period (2007-2012) actually decreased.

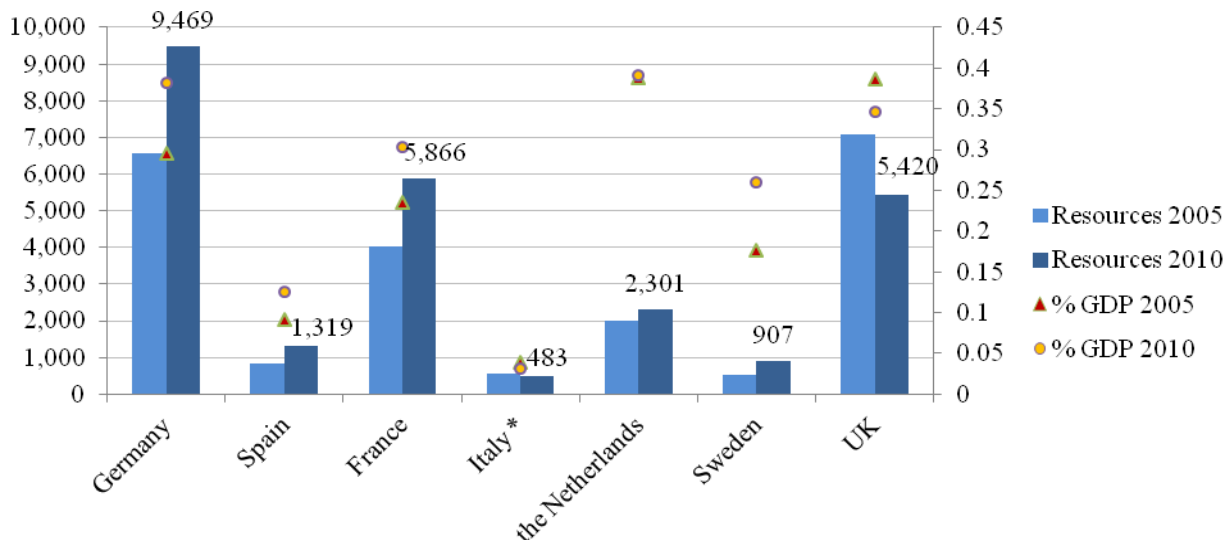
In the field of ALMP's, Europe is moving at different speeds and on different trajectories. On the one side we find proactive countries that tried to timely prevent problems and, on the other side, there are countries (typically from the Mediterranean area) still experiencing severe emergency situations (Fig. 1).

The international comparison makes the need of an urgent 'restyling' of Italian labour market policies and institutions directly evident, and even more so for the national PES that reached its physical capacity limit. The per-capita workload of PES staff has increased considerably over the years, well beyond the threshold compatible with satisfying service levels.

The explosive contingency, that caused massive job losses, has been addressed with an increase in the employment insurance coverage: amidst the economic crisis, Italy spent 20 billion Euros in passive labour market policies (PLMP) and just 5 billion Euros in ALMP (Eurostat 2012). The overwhelming majority of other EU Member States, even if adopting different strategy mix, used both kinds of policies extensively. In this respect, it is interesting to look at the labour market policy expenditure composition before and after the crisis erupted, and see that PLMP superseded ALMP passing from a 3:2 ratio (€ 9.4 bn / € 6.0 bn) in 2007 to an almost 10:2 ratio (€ 20.1 bn / € 4.7 bn) in 2011.



**Fig. 1 - Resources dedicated to PES (in million Euros and in % of GDP)**



\*For Italy, the PES expenditure is composed of € 384ml for staff, € 33ml for general expenses, 66ml/€ for consultancy and information.

Source: elaboration Eurostat data, 2011

Speaking of the Italian PES in 2013, the Undersecretary of the Ministry of Labour, Carlo Dell’Aringa, stated<sup>10</sup> that “If one does not spend for things that are not working, they will continue not to work”. Indeed, countries that have invested less in PES and ALMP and more in PLMP are now in comparatively worst situations, stuck in the middle between huge expenditures that are by now socially irrevocable and that are draining the few available resources, and the need of stimulating employment and the economy.

The results from a trial of the Provincial Labour Market Observatory of the Province of Turin (a territory particularly affected by the economic crisis), analysing the occupational paths of 59,000 people who lost their job, hint at a different direction. Of the people considered in the trial, 23,000 turned to a public employment centre and the remaining 36,000 used other available channels, also including informal channels. The ‘follow-up’, realised through the compulsory employment communications, shows that 53% of those visiting public employment centres found a new employment within 12 months of losing their job, compared to 40% of those using other channels. The Council Member for Labour in person recognised it as a “significant figure ... given the natural inclination of public employment centres to better serve the weaker categories in the labour force”. Among the possible explanations of such a result is the frequent use of temporary work agencies: those workers who turn to an institutional channel in their search for a new occupation, show a higher probability of using professional operators in the matching between labour demand and supply. Hence, the mentioned trial provides new sparks to the debate on the PES’s reform stressing the necessity of investing in the integration between public and private actors rather than in more popular competition improving measures. In fact, a better public-private integration could lead to a reduction in the use of informal and non-organised channels, often seen as causes for the inefficiency and scarce inclusiveness of the Italian labour market.

#### 4. Job search and employment transitions

The world of work is ever more complex and requires labour regulations and institutions ready to manage the continuous changes in a well-structured and consistent variety of forms. The phases of job search and work integration are no longer confined to the first part of a person’s active life, but

<sup>10</sup> ISFOL Press Release following the Seminar for the Youth Guarantee in Italy, 4 December 2013.

rather continue and reappear during the whole working life of an individual. Labour market intermediation, job transitions, and their relations require specific instruments and a constant updating so as to keep employability and labour market reintegration ability high.

Starting from the 1990s, the Italian PES's underwent several reforms aimed at renewing their organisation, functioning modalities and stakeholders. Already with the 1997 Reform<sup>11</sup>, the focus was shifted from providing placement services to employability services. The 1997 Reform transformed PES along four fundamental guidelines: 1) the redistribution of responsibilities from central to local authorities in managing public policies ('subsidiarity principle'); 2) the revision of policy implementation modalities, where the employment list system was abandoned in favour of new responsibilities concerning the provision of services to support job seekers actively in their search for (re-)employment; 3) the recognition of the need to combine employment, training, and social policies for more vulnerable categories of workers; 4) the 'horizontal' interpretation of the subsidiarity principle, allowing private actors to provide services to match labour supply and demand<sup>12</sup>. Drawing a sports parallel, one intuitively understands the interpretation mistake that is made by assessing PES's based on their direct employment placement ability (Barbieri, 2002). In team games, each player has a specific role and individual performance needs to be judged on an assessment against specific criteria relating to the 'team play'. In soccer, is it correct to evaluate a midfielder's performance based on the number of goals scored, as one would more likely do for a striker? The PES is the playmaker in the labour market and only occasionally realises direct employment placement ('goal'), while much more often it acts indirectly ('assist').

In Fig.2, we show ISFOL PLUS data (2011) for PES's intermediation and employment placement after 2003: even though public employment centres display a poor 4% performance in direct placement at the national level, interpreting this result as a proof of PES's inability to carry out their functions would be a mistake. In fact, in 26% of cases, public employment centres represent one of the necessary steps to undertake in order to find a job (the so-called 'indirect function'). In this respect, PES has to be regarded as a fundamental player in the labour market, also considering that it manages the most vulnerable segment of unemployed, carrying out a social inclusion function. The services provided by the public employment centres are not immediately finalised to direct placement, but rather to career guidance, information, profiling, and requalification.

These latter functions are preparatory to the actual direct intermediation, net of those forms of informal intermediation that are very relevant (between 35-40%) even if they do not pass through the labour market but, rather, impoverish it reducing available opportunities<sup>13</sup>. Something that is worthwhile noting is that the presence of PES is spread over the entire national territory, while private services<sup>14</sup> intermediate much more in the Centre-North and less in the South. The private

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<sup>11</sup> Legislative Decree n. 469/1997.

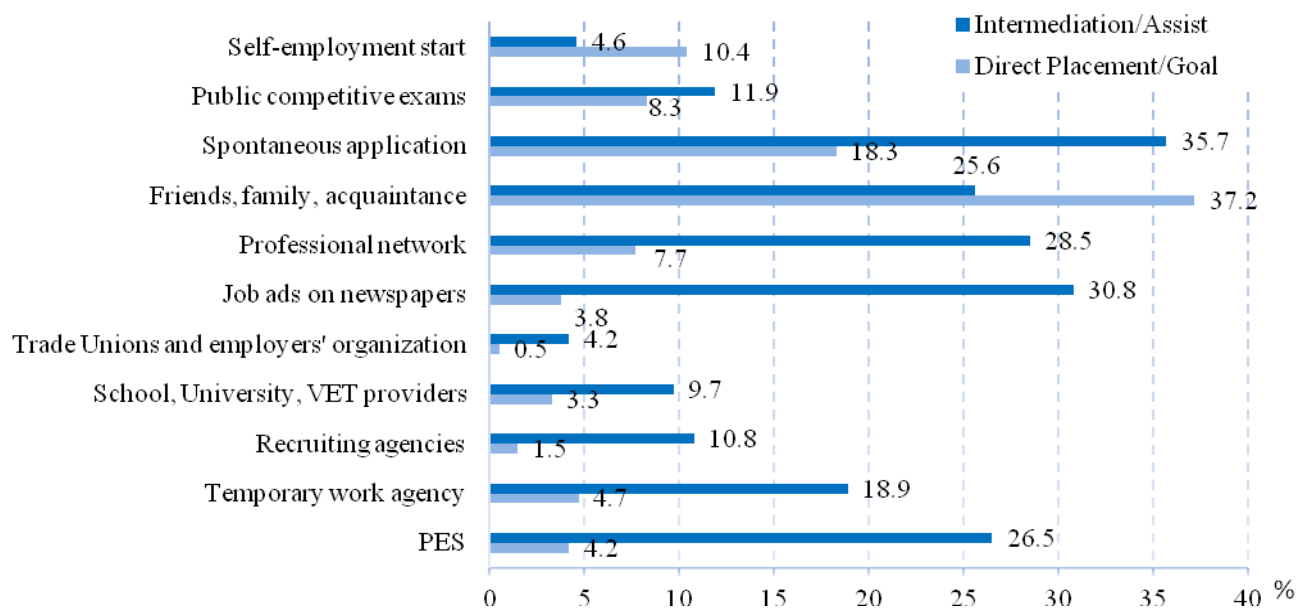
<sup>12</sup> Final Report of the project 'FIS - Flexicurity integrated services', launched by Fondirigenti and financed by the European Commission, 2011.

<sup>13</sup> The negative effect of informal intermediation is multidimensional: on the one hand, it reduces opportunities for those not having a network ('rationing effect') and, on the other hand, it hinders selection (merit, competition, etc.), as the opportunity is not given to the best possible candidate ('prevarication effect').

<sup>14</sup> The commercial nature of such employment services obviously explains some behaviours but, at the same time, raises many doubts on their ability to act with a public mandate to provide services that represent a subjective entitlement. Around 80% of agencies choose to engage in a reduced set of activities only, preferring to work in an exclusive environment. However, around 90% of private agencies provide the following services: CV gathering, screening, competences profile, analysis of prospective employer, data base maintenance. Many of them (70%) provide assistance in the workplace integration and continue to monitor candidates once they are employed, while less than 50% of private agencies provide career guidance, supervise the activities by the employer, provide or suggest training activities; and less than a third of private agencies take care of administrative fulfilments upon employment (Chiozza and Marocco, 2011).

‘recruitment, temporary contract work, and consultancy’ agencies that are accredited by the Ministry of Labour, feature a strong asymmetric territorial distribution on the national territory with 80% of them concentrated in the North. It is reasonable to assume that the cause for this is the proximity to the labour demand.

**Fig. 2 – Job search after 2003: intermediation and direct employment placement**



Source: ISFOL PLUS, 2011

The YG purpose is clearly universal and inclusive<sup>15</sup>, as the YG is designed for more vulnerable and less equipped recipients to stay in the labour market. For this reason, is ever more important to avoid the risk of adverse selection by some private providers to the detriment of ‘marginal’ subjects who are difficult to integrate into the labour market and, hence, less profitable from their point of view. To address this issue, in Tab.3 we compare the most commonly offered services by private providers (Temporary work agencies, APL in Italian) with those provided by public employment centres by looking at the experience of users in both cases. The differences are striking and underlie an adverse selection activity by private agencies against subjects with lower education, those living in southern regions, women, older workers, and people having a father with a lower education (used as a proxy for the family network).

Having a mix of public and private actors is realistically necessary and inevitable<sup>16</sup>. Nonetheless, the emergence of ‘free riding’ (the irregular use of benefits, subsidies or tax breaks) and

<sup>15</sup> In the Youth Plan, as well as in the National Plan and the Regional Implementation Plans, the principle of universal access is assumed, and that needs to be guaranteed through the PES regional networks in order to give all young people the possibility of obtaining information on the opportunities offered by the PES.

<sup>16</sup> Zanaboni (2013) identifies three different models: 1) the ‘matching level’ model (Lombardy system) where both public employment centres and private actors may take charge of the jobseekers through a voucher mechanism (a ‘dowry’, as it is called) and the payment of the private actor subordinated to occupational results; 2) a ‘mixed’ model where jobseekers are received and taken charge of by the PES but where, in case the PES considers an intervention by a private agent to be useful and appropriate, a voucher is issued that the user may spend by an accredited private operator of her/his choice. Also in this case, the private operator will be paid in case of success. 3) the ‘public model with private support’ where jobseekers are received and taken charge of by the PES and where, in case the PES considers the support by a private agent to be useful and appropriate, it engages private agents that have been pre-selected through a public tender.

‘creaming’<sup>17</sup> (the selection and subsequent marginalisation of most vulnerable subjects) occurrences will be an inescapable fact<sup>18</sup>. The higher the risk of discriminatory behaviours, the stronger the convenience of assigning - at least – the responsibility of citizens’ profiling to the PES.

**Tab. 3 – Systematic selection in intermediation channels**

<i>Educational qualification</i>	Recruiting Agency	Schools, Universities VET providers	Job ads on newspapers	Professional network	Friends, Family acquaintance	Spontaneous application	Public competitive exams	Self-employment start	APL*	Total	PES
Lower secondary	20	9	29	35	50	34	13	33	32	35	51
Upper secondary	50	43	58	47	43	50	51	45	55	47	44
University degree	30	47	13	18	7	16	36	22	13	18	5
<i>Geographical Area</i>	100	99	100	10	100	10	100	100	100	100	100
North-West	45	35	40%	34	30	33	26	24	42	30	25
North-East	23	23	22	27	20	25	20	23	27	22	18
Centre	16	20	20	22	22	21	22	18	19	21	23
South and Islands	16	22	18	17	28	20	32	35	12	27	34
<i>Gender</i>	100	100	60,4	10	100	99	100	100	100	100	100
Male	64	51	60	66	61	57	46	75	59	59	56
Female	36	49	40	34	39	43	54	25	41	41	44
<i>Age class</i>	100	100	100	10	100	10	100	100	100	100	100
18 - 24	11	11	6	4	8	7	1	2	10	6	6
25 -29	16	14	10	7	10	11	3	7	16	9	6
30 -39	37	34	33	31	31	33	17	28	44	29	27
40 - 49	24	24	36	32	32	28	35	35	24	31	35
50 - 64	12	17	15	26	19	21	44	28	6	25	26
<i>Father’s education</i>	100	100	100	10	100	10	100	100	100	100	100
Lower secondary	61	58	70	75	82	75	74	74	69	76	86
Upper secondary and	39	42	30	25	18	25	26	26	31	24	14
	100	100	100	10	100	10	100	100	100	100	100

Note (\*) Temporary Work Agencies

Source: ISFOL PLUS, 2011

Moreover, the focus on measuring the placement capacity alone may trigger opportunistic behaviours (by agencies eager to cash the ‘dowry’), cronyism and favouritism (facilitated by the importance of informal intermediation), and create ‘false targets’ (an extemporary, occasional job does not solve the individual’s employment problems). Looking at the profile of those not resorting to the ‘Friends, family, acquaintance’ channel, we find that they are typically persons with higher levels of education. Hence, it becomes necessary to monitor the matching methods that are used and to continue with the monitoring also after the placement has occurred, paying attention to the employment quality in terms of contractual forms, compensation, and employment adequacy.

Another important quantitative aspect to analyse is represented by the transitions into the labour force and into employment, both in terms of times and quality of dynamics. From this perspective, the evolution (positive outcomes), as well as the involution (negative outcomes) in the employment status have to be closely monitored to support individual solutions most swiftly and efficiently from the social point of view, as well as to be able to evaluate interventions and correct negative trajectories. The economic crisis inevitably slowed down the physiological transformation process of atypical employment contracts into typical forms of employment and the labour market has become less permeable as the entry into the market, first, and the employment stabilisation, after, are less likely and more difficult. The conversion speed of flexible contracts into open-ended

<sup>17</sup> The expression most commonly used is ‘creaming and parking’, i.e. helping jobseekers who are closer to work and ignoring everyone else.

<sup>18</sup> The YG has to be implemented according to the ‘equal opportunity’ principle and, even if the risk of moral hazard is explicitly recalled, it is not suggested how to effectively contrast it.

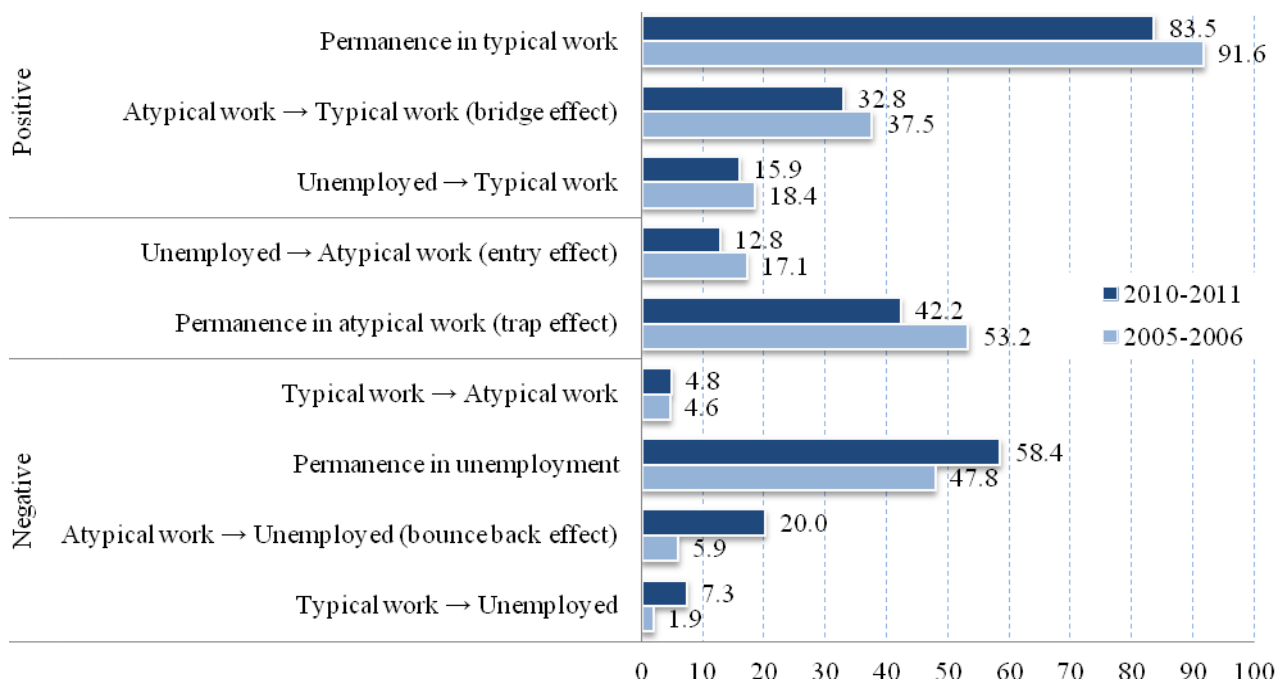
employment contracts dropped, and the incidence of negative outcomes increased. Even though the stock of flexible contracts decreased over the last years, due to the exit from labour market of a relevant share of precarious workers, the flow of new precarious workers increased, mainly because it is quite rare, nowadays, that a new employee is hired on the basis of a permanent contract.

In Italy the share of autonomous workers is quite relevant (approximately 25%) and well beyond the average European levels. This may be interpreted as a source of extraordinary system flexibility, in one sense, but it also exposes the weakest part of this kind of employment to high risks, due to the existing poor system of social security rights and guarantees for them.

In order to appreciate the impact of the economic crisis on occupational dynamics, we consider Fig.3, where transitions are shown with respect to 2005 and 2011, also bearing in mind that over that period the legislation on labour market entry flexibility has not changed significantly. The first remark is that the crisis has negatively affected the 'bridge effect', which occurs when atypical employment works as a bridge into regular employment: in 2005-2006 the transition to typical employment interested over 5% workers more than it did in 2010-2011.

Also the 'entry effect' of flexible contracts has been partly moderated: in 2005-2006 the transition from unemployment to some form of atypical work interested 17% of unemployed, while in the period 2010-2011 the figure dropped to 12.8%. The reliance on the so-called '*posto fisso*' ('permanent job' in Italian) has been weakened as well: in the pre-crisis period, less than 2% of permanent jobs moved into unemployment; five years later, probably as an effect of the economic crisis, the percentage rose to a dramatic 7.3%.

**Fig. 3 – Comparison between labour force transitions in 2005-2006 and in 2010-2011**



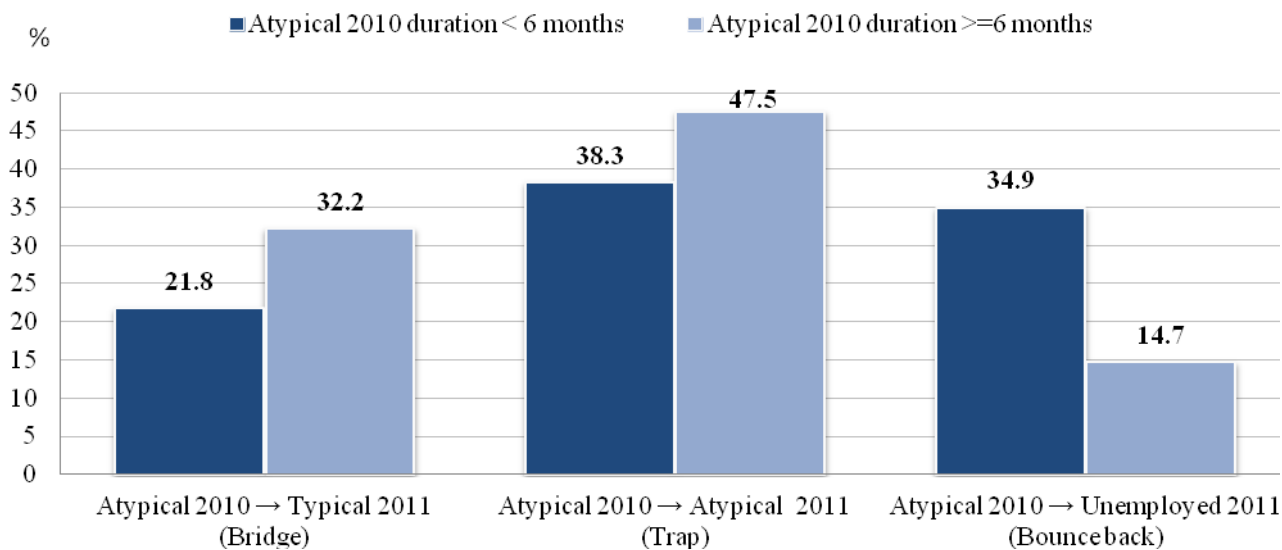
Source: ISFOL PLUS, Panel 2005-2006 and Panel 2010-2011

In the period comparison, a singularity emerges looking at the permanence in atypical work (the so-called ‘trap effect’) that decreased by 11 percentage points between the two transition periods. The key of this apparent paradox is that a large part of this reduction is explained by the loss of atypical work: the transition ‘atypical work → unemployment’ interested 5.9% of atypical workers in the period 2005-2006 and 20% of atypical workers in the period 2010-2011.

The economic crisis seems to have emphasised a ‘bounce back effect’ into unemployment. The analysis of atypical work transitions suggests a close relation to the economic crisis. In particular, the period comparison shows that the economic deterioration was followed by an analogous worsening of employment both in qualitative and quantitative terms. These considerations become very interesting as far as the profiling of prospective PES users is concerned, because the profiling itself has a dynamic nature that is substantially following economic trends and cycles with implications that are not always easy to predict.

It is worth stressing that the duration of atypical employment contracts has an important influence on the permanence in employment (Fig.4): in the observed periods, atypical workers with contract lasting less than 6 months move into unemployment in 35% of cases, compared to 15% of those with contracts of longer duration. The shortness of the employment contract reduces the incidence of transitions to typical work by over 10 percentage points, compared to those of superior length. The changes in the volumes underlying the transitions show that the increase in flexibility has affected the quality of employment much more than it has affected its quantity, weakening the logical, dominant syllogism ‘more flexibility = less unemployment’.

**Fig. 4 – Labour force outcomes by duration of atypical contract, 2010-2011 (%)**



Source: ISFOL PLUS, Panel 2010-2011

We illustrated the main trends in intermediation (in the searching phase, first, and in the matching phase, after) and in transitions. What emerges is a pejorative reshuffling in employment quantities and qualities highlighted by an increase in informal intermediation and a decrease in typical, open-ended employment.

The boundary between employment and non-employment is now very thin and many workers, who are employed on the basis of non-standard employment relationships (part-time work, fixed-term contracts, and self-employment) and are economically fragile, could demand services similar to those offered to the unemployed<sup>19</sup>. This implies abandoning the idea that career guidance, vocational training, and, in general, the entire set of services provided by the PES are for exclusive use of the unemployed. Indeed, any kind of employment contract, in time of economic crisis and increasing dismissals, is nothing but a partial guarantee.

No season of life is safe from unexpected setbacks; keeping own employability high is now a continual and multi-sided need, because the same person may be vulnerable, today, in one aspect (maybe the need of further education and training) and tomorrow in another one (rights, guarantees, pensions). Nevertheless, even the most efficient and modern PES system will never be good enough in the absence of a sustained (and, qualified) labour demand, of a transparent market (the informal sector absorbs over a third of the opportunities), and higher skill premiums in the labour market (to make education and training decisions more rational)<sup>20</sup>.

<sup>19</sup> Beyond the popular aggregate represented by young NEET (Not in Education, Employment or Training), it becomes important to overcome the ‘exclusive status’ logic and look at many dimensions simultaneously. Think, for example, of a young person that is studying, working part-time and looking for a new job, all at the same time.

<sup>20</sup> In a nutshell: we are in presence of a modest labour demand, partially irregular and partially informal. What has been done to address this situation? The choice was to act on the marginal part of formal intermediation with new actors (private agencies) that will provide services (VET, career guidance, etc.) but not direct placement, i.e. employment. In other European countries private agencies function as a sort of ‘employment brokers’ in charge of finding a job to their customers in exchange of a fee payment. In Italy this business is simply not present and, hence, using public money to provide services that will not result in

## 5. Profiling models and scenarios

In this section we offer a glimpse at some virtuous PES models present in Europe, to conclude with some scenarios for Italy.

Giubileo et al. (2013) analyse the Dutch model – probably one of the most advanced – based on a complex screening system characterised by its ability to continuously self-improve and restructure through a process of trials and errors. The most interesting aspect is that the public service cannot directly provide reallocation services but has to buy them on the private market via public tenders, so as to achieve a reduction in expenditures and, at the same time, favour the competition among private actors, which should improve the quality of offered services. After a first phase, some unemployed with higher employability have been taken away from the private services because considered to be able to find a job autonomously. The underlying idea is that the public service should only be involved in the profiling stage, i.e. assign a re-integration score to the unemployed: the higher the score, the more measures will have to be adopted for the person's re-employment. The service intensity is proportional to the individual employability deficit, which is contextualised in time and space. In this system, it is quite difficult for a private agent to engage in 'cherry picking' activities<sup>21</sup>. Moreover, the 'parking'<sup>22</sup> phenomenon is fought by making the payment conditional on positive results (the service is paid only once the customer is employed with a contract of a minimum duration of 6 months). There is also an additional bonus system for swift placement if the salary received substitutes the unemployment benefits. A last tranche of payment concerns post-placement services (the longer the customer stays in the labour market, the higher the payment received by the private agency) with the purpose of contrasting gaming activities<sup>23</sup>.

Policy results are independently evaluated twice a year and whenever a private agent does not pass the test against predetermined indicators, it has to develop and present an improvement plan or it loses the quality mark that is necessary to participate to future tenders. In 2005, 50% of unemployed persons participating to the scheme re-entered into employment.

Ichino (2014), in his proposal for an Employee Repositioning Work Contract (ERWC) for Italy, looks at public employment services as 'one stop shop', i.e. places where the unemployed person can receive, among other services, information, career guidance, and employability profiling. The project also envisages the launch of accredited private outplacement agencies, competing with each other, through vouchers issued by the competent Region and that are paid only after the policy beneficiary has actually re-entered employment. The objection to this solution is that it would humiliate the role of public employment centres. The answer to the objection is that the service does not lose its public nature just because is carried out by private agencies.

There are also other concrete examples of experimentation in Italy. In the Lombardy Region, labour market policies are based on three pillars: 1) having result oriented services; 2) introducing standard costs; 3) promoting competition. Public employment centres remain in the system but are put in competition with private agencies. The mechanism is powered by the 'Work Dowry' (*Dote Unica Lavoro*, in Italian) that is the universal instrument for supporting the employment of all citizens during their lifetime. The model envisages an endowment, the 'dowry', that each recipient will

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employment directly is a risky business and could be unfit to fight and resolve structural problems such as the weak labour demand and the imperfect transparency of recruiting.

<sup>21</sup> Meaning the selection or 'creaming' of the unemployed who are easiest to reallocate.

<sup>22</sup> Meaning the scarce attention given to most vulnerable unemployed who are 'parked' in VET or similar ancillary services.

<sup>23</sup> Meaning various alterations in the number of customers effectively placed to obtain public incentives.



chose where to use to get employment services. The emphasis here is on the centrality of the person and freedom of choice, as well as on simplification.

There are many more models, both national and European, that would be worth discussing, but the discussion on technical arrangements is only part of the issue: it is likely that the main limitations of those models are not to be found in their contents, but rather in their container. In fact, quite rarely the transplant of foreign virtuous models resulted in a success leading to similar performances (think of Flexicurity and apprenticeship). The territorial heterogeneity characterising Italy (quite straightforwardly Lombardy is one of the most economically developed regions in Europe, while Calabria is one of the most depressed) alone could be reason enough to have new schemes fail just because of the different interpretations of the actors involved.

However, if, on the one hand, the pressure for a prompt intervention in favour of the younger segment of the labour force is strong, on the other hand, resources are scarce and need to be distributed carefully. The YG cannot be interpreted – and it should not be – as a subjective entitlement, but rather as a strengthening of services to guarantee young people and the actual realisation of Art.3 of the Italian Constitution<sup>24</sup>. Despite the undeniable emergency situation, the very nature of the services that are overlapping with the fundamental individual rights ratified by the Italian Constitution makes it inconvenient to transfer to private actors some functions such as the employment status certification (right to work) and profiling (determining service kind and intensity).

With the YG, the rules of engagement between the unemployed and the public employment centre (or the correspondent private APL) do not change and remain those specified in the ‘service agreement’<sup>25</sup>; the YG intervenes by identifying a specific status and defining the service intensity so as to fulfil the right. In the Italian version, vulnerability profiles are used as a sort of ‘shadow prices’ for the service, similarly to what happens with health services refunds<sup>26</sup>. The profiling activity identifies individuals that are disadvantaged according to determined categories and is needed to assess the urgency and, like in a sort of ‘employment E.R.’, the system of priorities in the service provision. Each of these priorities<sup>27</sup> should receive a determined budget, that is inversely proportional to the recipient’s individual employability level and that is to be used by service providers. However, an extreme profiling risks to lead to paradoxical results where, we either have blattancies digressing into the field of social services (e.g. ‘a woman from the South, 27 y.o., with a low education level has low chances of being employed and is in need of longer, diversified, more costly and riskier set of employment services’), or we build such a complex system of prior probabilities prone to generate perverse effects (e.g. subjects who are favoured by the system just for their scarce study aptitude, compared to those who exerted higher levels of effort).

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<sup>24</sup> The Art.3 of the Constitution of the Italian Republic reads: “All citizens have equal social dignity and are equal before the law, without distinction of sex, race, language, religion, political opinion, personal and social conditions.

It is the duty of the Republic to remove those obstacles of an economic or social nature which constrain the freedom and equality of citizens, thereby impeding the full development of the human person and the effective participation of all workers in the political, economic and social organisation of the country.”

<sup>25</sup> The European Employment Strategy envisages a tool to regulate the relations between beneficiaries, PES and ALMP providers with the aim of empowering and activating the unemployed towards the creation of a personalised path leading to the reintegration into the labour market.

<sup>26</sup> The private actor provides the service substituting the public providers, according to the parameters defined by public authorities and at a pre-determined cost.

<sup>27</sup> Giubileo and Pastore (2013) suggest the following classification: a) job-ready individuals able to find employment autonomously; b) in need of a minimum assistance; c) in need of a continual and dedicated assistance; d) in need of a continual and dedicated assistance, placement is possible only with incentives to prospective employers.

There are many potential traps: think of a person receiving a service just because residing a few meters inside a Regional boundary or because was born a few months after another person, etc. There is the risk of unjust and counterintuitive choices. Another category of risks stems from the fact of working on priorities: the public employment centres may be polarised between those acting like social service offices<sup>28</sup> and those providing mere certification services. And what would be more convenient and equitable between concentrating the few scarce resources available on people with a higher human capital and those with a lower human capital and lower employability? Creating a competitive advantage (a 'dowry', an incentive, a tax break) for some months only could distort market incentives for the worse, as well as being ephemeral because new emergencies will occur that will require new preferential services in competition with the old ones. Such a loop could lead the entire system to a short circuit. Merit and equity are in a precarious equilibrium: it is impossible to protect one at the expense of the other.

The calculation of the 'vulnerability risk' is not an easy task. Thanks to the Panel ISFOL PLUS, with direct respondents, we can draw some scenarios. Starting from the transitions related to the period 2010-2011, we can look at theoretical populations. The profiling instrument needs to be agile and, due to the essentially operational purposes, we are not showing an econometric model. In Fig.5 the persons looking for a job in 2010 have been monitored in their path to employment placement, looking at what outcomes they obtained in 2011. In order to build more scenarios, three aggregates have been selected. 1) persons looking for a job in 2010 who visited an employment centre in the preceding 12 months; 2) all the persons looking for a job in 2010, without any distinctions; 3) persons looking for a job in 2010 aged less than 25 y.o. The dimensions of the three aggregates are intentionally different, both in terms of employed and unemployed persons, with the purpose of representing the minimum and maximum user base that the PES system may face. In operational terms, this projection should not differ much from those that employment centres should produce at the territorial level to best prepare to the potential user base, both in terms of service typology and in terms of the service volume to be provided.

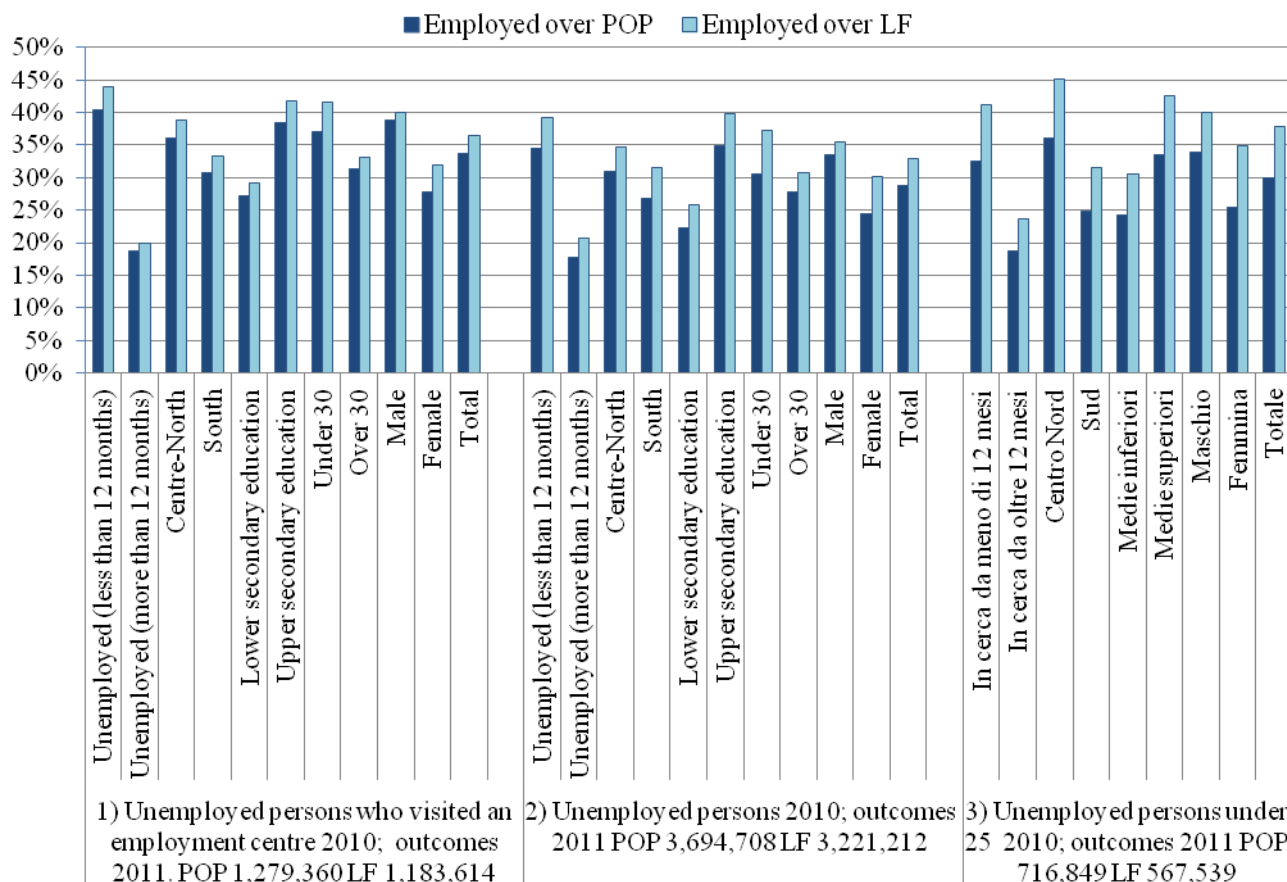
Histograms in Fig.5 show the positive transition outcome: the attainment of employment. These ratios are relative frequencies, interpretable as the probability of being employed in the period (the darker one in relation of the entire population, the brighter in relation to the labour force).

The lower this probability, the higher the vulnerability and, with consecutive increases in specific vulnerability factors, the 'administrative priority' of the individual has to increase. For example, in Fig 5.1, each year, there are 1.2 million unemployed visiting an employment centres; 35% of them find a job in the period. The best performance are reported by those who have been unemployed for a short period, residents in Centre-North, with a higher education, who are men, and under 30 year of age.

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<sup>28</sup> The European Commission (2013) maintains the need of investing in the social sector to support growth and cohesion through the ESF programme 2014-2020, with the aim of facing the current economic crisis and the demographic change expected for the next decades. This is a change of approach: social investments become part of a defensive strategy from being an expression of a generous and parasite welfare. This new approach is indeed focusing more on prevention rather than on shock therapy, on maintaining rather than repairing human capital, investing from early in life in inexpensive corrective actions, rather than in costly emergency fixing. The concept is recalled that the costs the community pays today in social services will correspond to future savings. Looking at the PES from this perspective, timely social policies could have avoided the current labour market situation that the PES itself is asked to solve by spending much more, both in terms of public resources and individuals' opportunity costs.

**Fig. 5 – Profiling unemployed persons in 2010; outcomes 2011**



Source: ISFOL PLUS, Panel 2010-2011

In Fig 5.2 we have the dynamics for unemployed persons in general and reflect the discussed features. The number of subjects potentially in need of the employment service is almost 3.7 million people (2010-2011); slightly more than a million among them found a job within the following year. The longitudinal reading shows that the average probability of finding an employment is 29%, while it was 34% for those who visited an employment centre, to reinforce the idea that the PES has to be good at something.

In Fig. 5.3, we have the people representing the core of the YG: unemployed persons under 25. In absolute terms they are slightly more than 700,000 but the snapshot continues to propose the same old story: in terms of future employability: is better to be a male, with a higher education, residing in the Centre-North, being unemployed for less than a year.

We need to remind that there is a strong random component when reading the panel: the expected outcomes are transition probabilities, where the persons' heterogeneity plays a relevant role, i.e. they have to be intended as scenarios, confined by the reliability of the sample, and not as economic forecasts. This consideration assumes a strong relevance particularly because the provision of employment services is conditional on statistically determined parameters: the relations between State and individuals are not so clear anymore and depend on individual characteristics<sup>29</sup> such as

<sup>29</sup> Think of the YG itself or of the Italian ISEE, the Equivalent Economic Situation Indicator, that is a statistical instrument used to assess the economic situation of households, constituting the basis for applying for social benefits or subsidised care services. ISEE takes into account household income, assets, and the characteristics of the family.

age, place (Region of residence), and on – often very random – available resources, in this way creating shadows on the receivability of public services and on the very concept of universality of rights.

## 6. Conclusions

The changes in the organisation of the Italian PES carried out over the past decades have tended to create a more modern intermediation system, able to favour rapid school to work and non-standard to standard employment transitions. The many introduced innovations have concerned both the normative and technological aspects. First of all, the promotion and liberalisation of intermediation represented a strong cultural shift, considering that until the late 1990's paid intermediation activities were forbidden. Information technology also played an important role in providing a virtual space for job vacancies, a demand and supply observatory that allows the vocational guidance and training of jobseekers as well as a satisfactory level of labour supply-demand matching. Finally, another important cultural shift concerned the change of perspective on the unemployed person that passed from being a passive subject, often lost in an increasingly complex labour market, to being the target of activation initiatives aimed at her/his inclusion in the labour market. With the new Job Act currently under its Parliamentary approval process, the innovation route becomes richer, in the sense that the provision of employment services, together with active and passive labour market policies, will be centralised in a single authority. This further innovation introduces a jobseeker agreement implying specific terms on the path to (re)employment. Of course, as maintained in this paper, there is a long way to go yet, to achieve a full accomplishment of these goals.

In a way, the Italian version of the YG is an implicit guilty plea by older generations who consumed resources and institutions without worrying for future generations to come. The recent Italian history is characterised by a vision intent on minimising the role of the public sector, a model that led to the weakening of PES in financial and staffing terms<sup>30</sup>. As a result, youth policies have often been nothing more than a '*trompe l'oeil*', creating the illusion for future prospects and deceiving the real situation. In the meanwhile, both the European Employment Strategy (EES) and Europe 2020 reasserted the need of modernising Public Employment Services as an instrument to manage ALMP and most European countries responded to this call by increasing PES expenditure and staffing, starting from 2000.

The current nature and organisation of the Italian PES may, on the one hand, absorb YG measure in an excessively complex and inefficient system and, on the other hand, provide a very marginal support to an extremely large recipients audience, in this way jeopardising the effectiveness of the measures themselves. In the Italian case, as far as intermediation and job search are concerned, the informal intermediation channel needs to be contrasted, as it creates huge inefficiencies and distortions, as well as eroding the economic dimension of the labour market (for over 40%): structural incentives to transparent recruiting and employment should be designed in collaboration with the PES acting as a guarantor authority. This would probably be an equitable and efficient measure to undertake. Also, on the aspect of labour market transitions into labour force and employment, the PES role needs to be filled up with contents, functions, and intervention competences. There is plenty to do and, given the discontinuity and the poor quality of flexible employments with a carousel of atypical contracts less and less remunerated, with scarce social contributions and very modest professional development, it is not difficult to imagine what further roles could the PES take on. Nevertheless, the recent trend in Italian labour legislation has persistently pointed at the direction of removing constraints from the employment relation and, hence, it is difficult to think of the PES system as actively intervening in employment relations.

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<sup>30</sup> The present condition is the result of a campaign against everything that is 'public', considered to be too costly and inefficient (Mandrone, 2014).

The turning point faced by the system of ALMP and its 'armed branch', the PES system, poses two alternatives: innovating the process or innovating the product (or both!). Granted that the current financial and staffing resources allocated to the PES are inadequate for either functions, still not much has been said on the 'new product' side, i.e. on the support, guidance, innovation, funding, counselling, and other service activities that PES should provide to beneficiaries in the future. The PES has not to be intended as a rehab centre for weak persons; the choice of innovating just with respect to the process is dangerous when the product is useless and obsolete and is not conducing to realise the Communitarian recommendation for better services and new functions. The Council Recommendation on establishing the YG suggested a new role for the PES as an instrument to provide supportive measures to help young people find a route into economic activity, but then, other Communitarian documents suggest that PES should also provide services to employed and unemployed of any kind to support them throughout their transitions from unemployment, inactivity or education into work and the other way around during their active life. One may think of a 'Life Long PES', that supports the citizen when she is still in the school system (school choice and transition school-work), when she needs to enter the labour market (intermediation, job search and placement), when she needs to consolidate her employment (bargaining and career) and maintain her employability (continuing vocational education and training, CVET). Such a complex set of services could be provided through the figure of a tutor, a coach accompanying the person over the years, the transitions, and also the employment evolutions (career and return to work after parental leave), and the problems connected to employment (fundamental rights, parental leave, etc.). The political orientation of the last years hinted at the exclusion of PES from the management of measures like the YG in favour of private operators. In the paper we highlight the necessity of considerable investments for transforming public employment services into 'transition management services', in order to face the challenges posed by the YG. In systems with the presence of private actors, the accreditation measure is crucial and a system of feedback by users and other stakeholders should be envisioned to determine a ranking of private agencies and to guarantee a high and uniform quality. In whatever way these new employment services will be provided (public, private, mixed, through a federal system, locally or nationally, etc.), they will necessarily need precise and timely information to feed them and their action will have to be monitored by an independent subject. Provocatively speaking, it seems that the main challenge/opportunity posed by the introduction of the YG in the Italian case is not as much in promoting the integration of young people in the labour market, as rather in reorganising PES to make them able, in prospect, to 'support sustainable labour transitions throughout workers' careers'.

Another aspect that should be carefully addressed is the convenience of having a further intervention on labour supply as a priority. In fact, the labour market supply-side policies implemented over the last two decades resulted in a more and more flexible, precarious, discontinuous, ill-paid, and poor quality work that contributed little to the fight against the economic crisis.

Many choices need to be made and the margins of error are quite thin, due to the situation of emergency derived from the combination of factors such as the high and increasing youth unemployment, the structural weakness of PES, and the tightening of public budgets. The Italian PES metamorphosis, started in 2000, from old and dusty placement office to the current multi-service system for the promotion of labour market intermediation, and to the future role as pivotal player in individuals' employment transitions represents a sort of re-enactment of the diverse political climates and economic orientations in the succession of governments Italy had over the last twenty years. Years of slowdowns, accelerations and sudden turns for the PES that generated a comprehensible widespread discomfort and disorientation in users and staff. We hope the worst is behind us.

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## Appendix

The first graph in Fig. A1 shows the placement capacity. The graphs from 2 to 5 show some services that public employment services, in accordance with the 2000 Reform, should provide uniformly, the so-called Essential Levels of Services (*‘Livelli Essenziali delle Prestazioni’*, LEP in Italian). The last graph shows the number of users registered by the PES and number of DID, Statement of Immediate Availability (*‘Dichiarazione di immediata disponibilità’*, DID).

**Fig. A1 – PES, services demanded by Region:** provided (positive values) and not provided (negative values) employment (placement capacity); training; information; career guidance; internship; registration and DID (PES users).

