

Youth Entrepreneurship in Italy. An Overview from Isfol

Paper for OECD Study Visit in Rome (ISFOL, 2.10.2014)

Authors/Members of ISFOL Delegation:

Antonello SCIALDONE, *Social Innovation Project*

Maria DI SAVERIO, *Services for Vocational Training Department*

Claudia VILLANTE, *Erasmus Plus National Agency*

As a technical Agency of Italian Ministry of Labour, ISFOL delivers a lot of studies and projects concerning various aspects of welfare; even if there isn't a special focus on all topics of Youth Entrepreneurship, in last years a great number of research efforts has regarded themes linked with the core of OECD interests (education, inclusion policies, employment services, social economy, microfinance, impact investing...). Here we summarize some results of those analyses and give a short overview of the national situation.

1. INSTITUTIONAL CONTEXTS. During the last decade, a process of decentralization of competencies regarding employment policies and welfare has been going on, lightening the influence of Central Government (and National Agencies) in favor of Regions and local Administrations. These kind of constitutional reforms were aimed to give more power to public authorities directly based on the territorial dimension of social problems. But levels of administrative efficiency are really different in the country. Two consequences: a **widening of the historical gap between Northern and Southern areas**; stronger **difficulties to monitor outcomes** and to practice coordination. Young people are definitely the age group most affected by the present employment crisis (unemployment rate according to Istat: **44,2%**), and NEET phenomenon is concentrated on Southern areas, but Regions' actions are ineffective especially in contexts with greater risks of marginalization.

2. AN EXAMPLE OF MULTILEVEL GOVERNANCE (Youth Guarantee). The Government highlights the need of a Youth Guarantee implemented through a specific National Operational Programme managed by the Ministry of Labour, where Regions will be intermediate bodies (e.g. “delegated managers”). The multilevel governance between State and Regions will be organized as follows: Regions will have the responsibility of implementing active labour market policies actions addressed to beneficiaries, with the exception of guidance activities to be carried out within the public system of education and training, as well as further subsidiarity-based guidance activities to be performed by “competent services” and of measures for job placement; Central administration will be responsible for the implementation of the IT platform and the monitoring.¹ The Youth Employment Initiative will fund direct job placement through: an employment contract, an apprenticeship contract or a traineeship experience, the commitment in the civil service, ***specific training and consulting to start up business or self-employment initiatives***, pathways for transnational and territorial mobility. Beneficiaries who can be successful and show real business creation skills, if confirmed during preliminary guidance activities, will benefit from suitable counselling and mentoring services delivered directly or through accredited bodies. The Decree Law N. 76/2013 provides for the allocation of 80 million euro in the period 2013-2015 for self-employment and business creation measures. First mapping of regional programs shows that only ***5,7% of total resources has been devoted to self-employment and youth enterprises***: but this average includes low investment regions on one side and high support to business creation on the other (Abruzzo 30%).

3. LOCAL PLANS FOR YOUTH. An example of a community-based intervention was represented by the PLG – *Piani Locali Giovani* - funded by the Central Government (Department of Youth) in the years 2009-2012 and developed by a number of Italian Municipalities. The projects’ objective wasn’t to finance self-employment but to create the conditions for entering into adult life and widening young people attendance in public arenas. During the period of the experimentation of PLG (today closed), a consultation process among multiple agencies, institutions, organizations and collective subjects has started, in order to harmonize different interests and identify common objectives for the implementation of youth policies geared to local development and increased participation of young people in decision-making.

In 2012-2013 Isfol has analyzed a particular project carried out by Regione Puglia, "Bollenti Spiriti", which includes a set of measures and actions to enable young people to participate in all aspects of community life and could be mentioned as *good practice in Southern panorama*. It's organized into five main actions; the most significant four our interests are: PRINCIPI ATTIVI, aimed to fund the ideas of young people from Puglia with a contribution

¹ To achieve the objectives of the Guarantee, Article 5 of Decree N. 76/2013 has established a special mission structure that involves, in addition to the Labour Ministry and its Technical Agencies (*Isfol* and Italia Lavoro), INPS, the Ministry of Education, the Ministry of Economic Development, the Department of Youth, the Ministry of Finance, Regions and Autonomous Provinces, the Provinces and Chambers of Commerce Union (Unioncamere).

of up to 25,000 Euro²; LABORATORI DAL BASSO, to strengthen the skills of those who do or want to do business in the territory of Puglia; SCUOLA DI BOLLENTI SPIRITI, to train new professionals dedicated to the activation of local development projects and animation community.

4. ENTREPRENEURSHIP EDUCATION AND TRAINING. In 2012 Isfol started a research regarding entrepreneurship education and training in high schools and universities. We analyzed a series of projects dedicated to entrepreneurship education organized by public and private organizations within the high school (4-5 year course) such as:

- Municipalities (Roma Capitale progetto Creaimpresa)
- Chambers of Commerce (including public Agencies like Formaper in Milan - project "Inventarsi un'idea d'impresa")
- CNA-Confederazione Nazionale dell'Artigianato e della Piccola e Media Impresa (Project "Buonlavoro")
- Confindustria
- Fondazione Aldini Valeriani - Management School of Unindustria (Project "Fare impresa in scuola")
- Junior Achievement (private organization) project "Impresa in azione"

5000 students per year for each organization and 900 teachers approximately result involved from the projects that have been analyzed. A relevant aspect is that those who benefit of a learning entrepreneurship really develop the skills, knowledge and attitudes essential for personal fulfillment and development, active citizenship, social inclusion and employment: among these skills and abilities are included creativity, spirit of initiative, tenacity, teamwork, knowledge of the risks and the sense of responsibility, in line with the provisions of the Recommendation of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning (2006/962/EC). The analysis showed that ***young people who participate in microenterprises programs in secondary schools have a higher propensity to start a business*** out of school (about 15-20% of the students).

² *Principi Attivi* has been selected as a National Winner in the context of the *European Enterprise Promotion Awards 2012* - category Promoting the Entrepreneurial Spirit. The European Prize was established by the Commission in 2006 "to celebrate excellence in promoting entrepreneurship and small business at a national, regional and local level. The objectives of the award is to identify and recognize successful activities and initiatives undertaken to promote enterprise and entrepreneurship; to share examples of best entrepreneurship policies and practices; to create a greater awareness of the role entrepreneurs play in society; to encourage and inspire potential entrepreneurs".

Another area of research has focused the use of *active learning in universities*. Isfol study has regarded two cases: University of Pisa (public), and the John Cabot University (private-American). With regard to the University of Pisa, the PhD Plus project was started in 2011 as extra-curricular path dedicated to PhD students and postdocs: the project has involved more than 300 students mainly with a technical-scientific education; 15 startups were created from the beginning of the experimentation. The use of active teaching was started in John Cabot about two years ago, in the degree course on Business administration and now it's become part of the university *curricolo*. Also these two cases confirm that ***those who benefit of a learning entrepreneurship, through the use of active teaching and practice, develop skills and attitudes essential to employability and enterprise creation.***

5. RESULTS FROM A THEMATIC ANALYSIS OF LEONARDO DA VINCI PROJECTS. The Leonardo da Vinci LLP Programme supported projects that directly developed the entrepreneurship skills of young people as well as their ability to create new initiatives, but also indirectly supported pathways that focused on development of entrepreneurship as employability tool (key competence). Methodologies tested in a sample of Italian projects have fostered the development of innovative ICT-based services, pedagogies and practices for lifelong learning, enabling the comparison of the competences on a transnational level and supporting the transparency and recognition of entrepreneurship skills (key competence) including those acquired through non-formal and informal learning. In addition, projects significantly contributed to inspire young people (also NEETs) to succeed in a global economy, by developing action plan concerning Entrepreneurship in education, and to promote active networks between businesses, education and vocational training providers, and research institutions. But there are still many gaps: ***students that may participate in programmes promoting entrepreneurship in education are still a minority; school does not interact with the world of businesses*** (the teacher's approaches are not oriented to improve the confidence of young people in their own potential); cultural and social system does not allow young people to consider the enterprise as an actual placement opportunity. Only a few "lucky" , born and grown up "breathing the air of making business", are able to catch a glimpse of it in their professional development.

6. ACCESS TO CREDIT AND MICROFINANCE INITIATIVES. According to a lot of sources, also before crisis Italy was included in a cluster of advanced economies with the highest rate of financial exclusion (most critical situations regard Southern areas and women). That is the reason why the Ministry of Economic Development esteem that there's room for an huge increase of microfinance demand in next years. In this area Isfol studies have already showed the growing variety of initiatives delivered by different actors: credit organizations, foundations, cooperative banks, third sector institutions, public administrations³. These

³ Even if with meaningful differences, Italian Regions allocate/mobilize conspicuous financial resources to support development of microfinance plans. In 2010, Ministry of Labour and UPI (Unione Province Italiane) put in a

networks try to dynamize local arenas and give support to unmet needs, but ***in comparison with EU Italian microcredit seems to be less devoted to support self-employment and more oriented to fight social exclusion of poor families.*** Even if is rapidly evolving, national scenario is highly fragmented: two critical points are the lack of transparency and the *limited scale of loans*; best results are situated in those areas in which social capital preexists (it's not the case of South).

Total amount of microcredit programs operating in the national territory exceeds 200 units: the number of initiatives has doubled in a five-year period, while the amount of loans has more than tripled. The average value of the loans recorded the highest level in the initiatives of Calabria, Molise and Abruzzo, which are regions that haven't got a historically structured supply of microfinance services. The largest share of the initiatives in the whole country (6 out of 10 cases) is used to meet an indistinct set of financial needs, so only 15 programs are exclusively directed to enterprises (and initiatives to support economic activity seem proportionately more relevant in the Central areas). In the last two years indicators regarding both models of microcredit (social assistance to vulnerable families in need vs support for business) are increasing, but the number of social loans is fivefold of the entrepreneurial type, while the ratio is two and half times as the volume of resources. All analysts believe that the ***sector's growth is going on, to play an important role in the promotion of youth enterprises especially in the backward areas.***

7. COWORKING MODELS. Another focus of Isfol current research is represented by coworking and FabLab experiences. Coworking represents a new style of work that involves a shared working environment and is actually growing in Italy. The last Global Coworking Census (February 2013) has mapped 110 thousand people working in 2500 coworking spaces in 81 countries, with a growth of 4.5 new spaces and 245 coworkers per day in the last 12 months. ***Italy ranks 8th place in the world, with 91 spaces mapped.***

Our research will examine 10 coworking cases in different territories (Lombardia, Emilia Romagna, Lazio, Toscana, Puglia and Sicilia). Analysis will focus on the exchange of experiences and training provided in the shared spaces, but also on the initiatives from the Regions to support coworking. The methods identified by the Regions can be referred to three models:

- creation of public spaces for coworking (e.g. Municipality of Veglio, Coworking Millepiani Roma, coworking Manifactor in Rovereto)
- support for coworker through voucher (Project GiovaniSi Tuscany Region, Comune di Bologna)

memorandum explicit reference to this kind of tools, identifying 'microcredit and support self-employment' as focus of guidance that the employment services would have to guarantee to unemployed people, including young: but there isn't yet any evidence on implementation. Out of this framework, in three Regions (Tuscany, Marche and Lazio) a strong attention has been paid to the phase of animation of the initiatives and the involvement of banking / financial subjects to support the phase of supply of the (micro)loans. In other areas such as Piedmont, Abruzzo that in recent times have decided to actively work in this field of microcredit, there are emergent experiences with complex patterns of intervention.

- partnership with non profit subjects (Coworking Piano C - Comune di Milano, Coworking Lab121 Alessandria).

8. IMPACT INVESTING AND SOCIAL ENTREPRENEURSHIP. Social economy is a strong reality in Italian context, actually including more than 12.000 organizations (mainly social cooperatives). In the last decade Isfol has paid attention to the evolution of the sector, realizing a relevant set of studies concerning social entrepreneurship. Census data show that in 2011 these enterprises regard a great share (47%) of the whole labour force in nonprofit sector, particularly concentrated in welfare services and white jobs. ***In the 2001-11 decade there has been a continuous growth of new cooperatives (which seem to be attractive for young people especially for their social mission).*** This growth can derive from various reasons: demand pull for demographic factors (i.e. Liguria, Umbria, Toscana, Friuli Venezia Giulia), public finance push (Veneto, Sardinia, Trentino Alto Adige), historical tradition of social capital (Emilia Romagna). Southern regions are still in retard in the promotion of these kind of enterprises.

Just in last months Italy has been included in the launch of the SIIT Agenda deriving from G8 efforts. Social Impact Investments are investments made into businesses and social sector organizations, directly or through funds, with the intention of generating a measurable, beneficial social and environmental impact alongside a financial return. Isfol has been involved in Italian Taskforce and has contributed to the realization of the Report *“La finanza che include”*, which highlights the potential that impact investment has to help solve some of society’s most pressing issues, such as caring for children and the elderly, community regeneration, financial inclusion, housing. The report lays out several clear recommendations, devised by government and private sector experts, which include:

- Publishing better and clearer data about the cost to government of addressing social issues to encourage more impact investment participants to the market place.
- Enabling impact-driven businesses to lock-in their social mission through legal forms and removing regulatory obstacles around fiduciary duty.
- Establishing ***a mark for impact investment products*** to make them quality certified, accredited, recognizable and differentiated in a complex marketplace.
- Developing social impact bonds and development impact bonds.
- Reforming legal and regulatory frameworks for charitable organizations to help them to embrace entrepreneurial risk-taking and innovation where it furthers their mission.

The report also encourages mainstream investors and the wider public to engage in impact investment by providing some investment protection, and calls on investors to consider impact, risk and return in making investment decisions. Where investors wish to invest in impact-driven businesses, they can encourage them to pursue specific measurable social impact. So SIIT Agenda could play a great role in promoting new initiatives in social sector (including young enterprises).