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# Italy

## VET in Europe – Country report

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**2012**

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## CHAPTER 1

### External factors influencing VET

Italy has been a democratic Republic since 1948 and has 20 Regions, 107 Provinces and 8 100 local authorities. Under the on-going Constitutional reform the total number of the Provinces is to be reduced with a view to saving costs.

The State has exclusive legislative powers over most of the main issues, including general rules on education, social security (including unemployment benefits and social integration measures for workers in the event of a significant drop in production) and the establishment of minimum public service performance levels (Article 117 of the Constitution). The Regions have exclusive competence in social care and 'exclusive' legislative powers over vocational education and training, apart from tasks connected with the European Union, and parallel legislative powers over general education, although the State is responsible for establishing the basic principles. In fact, Law n. 3/2001<sup>1</sup> reformed the Title V of the Constitution. In particular, Art. 117 makes a distinction between: a) general education, which falls under the exclusive competence of the State for general rules, minimum public service performance levels and fundamental principles of legislation at regional level; b) vocational education and training, which falls under the responsibility of the Regions, although minimum public service performance levels remain under the responsibility of the Provinces and local authorities are responsible for providing school buildings and other facilities and intervening in the areas of adult education and guidance (including the management of employment services). Five Regions (Friuli-Venezia Giulia, Sardinia, Sicily, Trentino-Alto Adige, Valle d'Aosta) have special status and have been given greater autonomy under the Constitution in various areas including education. Moreover, the Trentino-Alto Adige Region has two Autonomous Provinces (Trento and Bolzano) which in turn have considerable autonomy in the management of education and vocational training activities.

The Italian economy, after a slight recovery in 2010, entered into a new recession in the second half of 2011. The forecast for Italy's GDP this year was a 1.4 per cent contraction. The Italian government has struggled to limit government spending, but Italy's exceedingly high public debt remains at around 120.7% of its GDP, and its fiscal deficit was reduced to 3.9% in 2011 compared to 4.6% in 2010 (1.5% of the GDP in 2007). In 2010, unemployment reached its highest level since 2001 (8.4%), and remained stable in 2011. Italy has a diversified industrial economy with roughly the same total and per capita output as France and the UK. However, the economic landscape remains divided into a developed industrial North, where most of the private companies are based, and a less developed South where an infrastructure gap still exists. The production system structure is based on the prevalence of small and medium-sized enterprises. In 2008, before the crisis onset, out of a total of just over 4.5 million enterprises belonging to the industry and services sector, which employed

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1 Constitutional Law dated 18<sup>th</sup> October 2001, "*Modifiche al titolo V della parte seconda della Costituzione*" ("Amendments to Title V Part II of the Constitution").

about 17.9 million people, companies employing less than 10 people accounted for 95% (4.3 million) and employed 46% of all the people employed in the sector. In addition, almost 21% of the employees (nearly 3.8 million) worked in small size enterprises (10 to 49 employees) and 12.5 per cent (2.2 million) in medium-sized ones (50 to 249 employees). Only 3,735 enterprises (0.08 per cent) employed 250 workers and over, although they absorbed 20% of total employment (about 3.6 million people).

From a social point of view, it is necessary to underline the recent radical reform of the Italian pension system, that has gone from a so-called 'pay system', under which all workers are entitled to receive a pension at the time of retirement regardless of the contributions paid, to a 'contribution-based system', which is linked to the salary payments made during an individual's entire working life, capitalized and multiplied by coefficients calculated on the basis of the person's retirement age. Simultaneously, the minimum retirement age has been set at 65 years for men and 60 for women, and conditioned to the payment of at least 20 years of contributions. In addition, another reform (2010) was launched to raise the retirement age for women working in the civil service starting from 2012 to 65. With the latest reform, the so called '*Riforma<sup>2</sup> Fornero*', the retirement age has been equalised and will be raised to 66 years for both men and women by 2018, always taking into account the change in life expectancy

## 1.1. Population and demographics

According to EUROSTAT, the Italian population was over 60 million in 2011 (i.e. a 0.32% increase compared to 2010 - see *Table 1.1*). This population increase was mainly due to the migratory flows which have occurred in the last few years and which counterbalanced to some extent the drop in the birth rate and population ageing. In fact, dependency ratio projections for aged people show that the indicator value was slightly higher (30.78%) than the corresponding EU27 already in 2010, that it increased progressively in the following years, constantly maintaining a positive gap compared to the European population and will eventually rise to 50% in 2040 (see *Table 1.2*).

The birth rate was 9.3% in 2010 and the number of births (561,944) decreased in comparison with 2008, but it was one of the best results since 1993. However, the increase is due to migrant women's fertility rate that is higher than that of Italians.

These dynamics underline the need for a progressive perspective change in the organisation and distribution of resources among the different sub-systems which compose the national lifelong learning system to promote migrants' socio-cultural integration on one hand and the population's active ageing on the other.

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2 Decree Law 6 December 2011, n. 201, 'Urgent measures to foster growth, equity and fiscal consolidation', Chapter IV, Art. 24.

GEO\TIME	2006	2009	2010	2011
EU 27	493,226,936	499,723,520	501,120,157	502,404,439
IT	58,751,711	60,045,068	60,340,328	60,626,442

**Table 1.1:** Total population (on 1st January), 2006, 2009, 2010, 2011

Source of data: Eurostat (Demographic Statistics); date of extraction: 18 October 2012.

GEO\TIME	2010	2015	2020	2030	2040	2050	2060
EU 27	25.92	28.48	31.37	38.33	45.52	50.16	52.55
IT	30.78	33.13	34.76	41.14	51.73	56.34	56.65

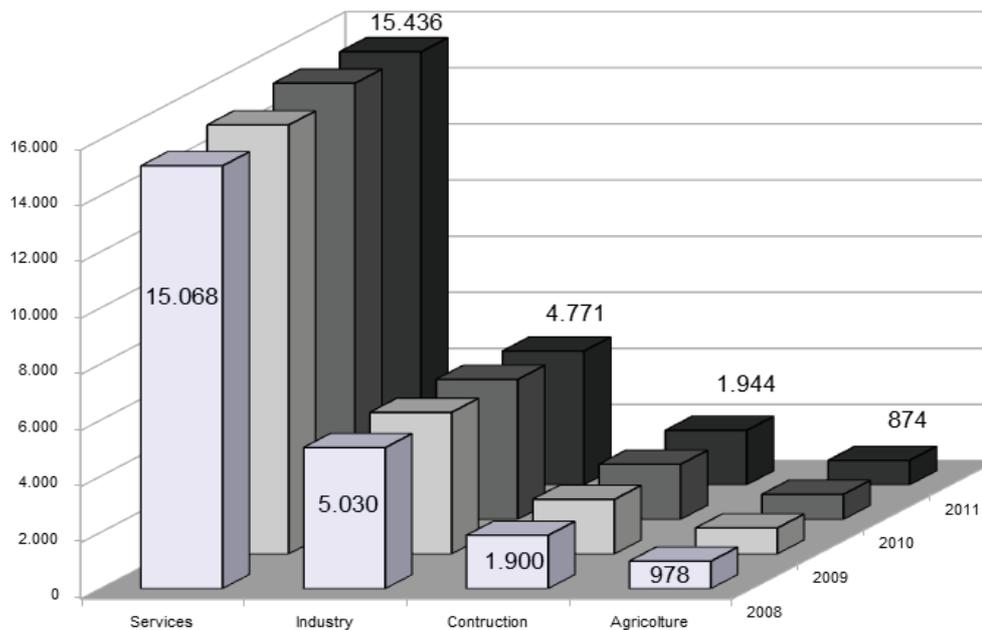
**Table 1.2:** Projected old-age dependency ratio %

Source of data: EUROSTAT (EUROPOP2008 - Convergence scenario, national level (proj\_08c))

Date of extraction: 18 October 2012.

## 1.2. Economy and labour market indicators

Under the negative impact of the economic crisis, the average number of employees in Italy has dropped to 22.9 million and the employment rate to 56.9% (2011). In particular, in 2011 the employment rate was 56.9%, the unemployment rate 8.4% (unchanged since the previous year) and the activity rate had fallen from 63% in 2008 to 62.2%. Although the unemployment rate was still lower than the European Union average (9.7%), concerns arose about the gap between the North and the South of the country, as well as about groups such as women, young people and migrants. The unemployment rate in the South was on average 13.6% in 2011 vs. the national average of 8.4%; female unemployment rate was 16.2% and 44.6% of young women (15-24) in the South of Italy were unemployed (the national average was 32.0%). In addition, when examined by economic activity (see Fig. 1.1 *Employment by economic sector*) and compared with the EU, the 2011 data on employment confirm the importance of Italy's manufacturing sector with 18.9 of the employed versus a 15.9% EU average. However, the gap is gradually decreasing.



**Figure 1.1:** *Employment by economic sector – Seasonally adjusted data (in thousands)*

Source of data: Istat (RCFL – Ateco 2007)  
Date of extraction: 23 October 2012

As underlined in table 1.3 *Employment rates by age and highest level of education attained*, the employment rate broken down by age groups and highest level of education, Italy's employment rate is lower than the EU average for all examined age groups. The difference with the European figures is particularly high for the 15-24 age group and has worsened since 2005. In the 50-64 age group, despite a significant increase in the employment rate (from 31.4% in 2005 to 37.9% in 2011), there still is a 9% difference with EU27. In Italy, as in EU27, employment rates for the adult population increase proportionally to the education level; most of the difficulties in accessing the labour market can be seen in the 15-24 age group with ISCED 5-6 (22.7% employment rate, 26.6 in 2007 before the crisis), especially if we compare this data with the 29.4% share of employed people for the 15-24 age group with ISCED 3-4 (but, it was 35.5% in 2007, before the crisis).

GEO	TIME ISCED / AGE	2005			2007			2011		
		15-24	25-49	50-64	15-24	25-49	50-64	15-24	25-49	50-64
EU27	0-2	25.6	66.6	42.4	25.3	67.5	44.2	21.6	62.1	43.3
	3-4	47.9	79.5	57.3	48.8	81.3	59.1	44.4	79.8	60.4
	5-6	60.2	87.7	73.9	61.6	88.9	74.8	55.5	87.1	74.9
	No A.	4.6	73.7	5.0	5.3	75.7	6.7	5.6	73.6	61.6
	TOTAL	36.9	78.2	42.6	37.3	79.8	44.6	33.6	78.0	47.4
IT	0-2	18.2	65.8	33.2	16.0	66.0	35.2	11.1	61.8	37.0
	3-4	35.1	77.6	58.5	35.5	78.8	60.7	29.4	75.6	62.3

	<b>5-6</b>	27.3	81.5	77.3	26.6	81.5	76.2	22.7	80.1	76.0
	<b>No A.</b>	:	:	:	:	:	:	:	:	:
	<b>TOTAL</b>	25.7	73.2	31.4	24.7	74.0	33.8	19.4	71.2	37.9

**Table 1.3:** *Employment rates by age groups and highest level of education attained (%), 2005, 2007 and 2011*

Source: Eurostat (Labour Force Survey); extracted on 23-10-2012; last updated: 18-10-2012.

: = not available;

The outcomes in the labour market confirm that in Italy a university degree does not reduce the risk of unemployment to the same extent as in other European countries; the unemployment rate among those with tertiary education is 5.5% and that of people holding a diploma is 7.3% (EU27 averages were 5.6% and 8.4% in 2011). More specifically, the employment rate of people who have a university degree is 77.0% and that of people who obtained a diploma is 65.2%, while the EU27 average is 82.0% and 68.4% respectively. Moreover, the highly skilled jobs in Italy account for 34.5% of the total, compared to a 39.2% EU27 average, and of these, only 41.5% are held by people with tertiary education (in the EU27 the share was on average 60.1% in 2011). The competitive advantage determined by a degree in Italy is not very significant even when comparing the pay gap between upper secondary school and university graduates. A finding that, in a context of limited capacity and level of public spending on higher education, if we consider as an approximation of the quality of higher education, explains people's limited inclination to invest in education as well as the increasing number of youth who leave their studies to enter the world of work.

At the same time, indicators on unemployed people (*table 1.4 Unemployment rates by age groups level of education attained*) show an unemployment rate that is generally higher compared to the correspondent EU27 values for the 15-24 age group at all educational attainment levels, whereas it is lower for the 25-49 and 50-64 age groups at all educational levels, except for ISCED 5-6, age group 25-49 (i.e. 6.3 in Italy as compared to 5.5 in the EU in 2011). As suggested in literature, empirical evidence confirms the paradox of the Italian labour market in which a relative scarcity of high levels of education correspond to low yields. The reasons include: firstly, the small size of Italian manufacturing units which have resources inconsistent with the level of investment required for innovation activities, research and development, and secondly, the poor quality and credibility of the school system, with weak connections with the world of work. This situation generates a vicious circle: low returns discourage public investment in education and people from expanding their knowledge and skills. This impacts the Italian economy by reducing the ability of innovation which, in this phase of history, is considered the main engine for economic growth. As a consequence, there is a need for coordinated actions in the training and education system, pointing to the quality and value of human capital, in the production system through adequate industrial and trade policies and investment in research and innovation. As for total public expenditure for secondary and post-secondary non-tertiary level, the Italian indicator is quite close to that of the EU27, as shown in table 1.5. *Total public expenditure on education*.

GEO	TIME	2005			2007			2011		
	ISCED / AGE	15-24	25-49	50-64	15-24	25-49	50-64	15-24	25-49	50-64
EU-27	0-2	21.9	11.7	7.9	20.0	10.4	6.9	28.2	16.9	10.7
	3-4	17.1	8.3	7.7	13.4	6.1	5.7	18.6	8.1	6.5
	5-6	14.1	4.8	3.8	11.4	3.7	3.2	16.7	5.5	3.6
	NO A.	27.6	:	:	:	:	:	:	8.2	:
	TOTAL	18.5	8.1	6.8	15.5	6.4	5.5	21.3	9.0	6.9
IT	0-2	26.2	8.7	5.0	22.5	7.2	3.9	32.8	10.6	6.6
	3-4	22.0	5.8	2.5	19.0	4.8	1.5	27.3	6.9	2.9
	5-6	31.2	7.1	1.0 (u)	19.3	5.2	0.5 (u)	27.0	6.3	1.4
	NO A.	:	:	:	:	:	:	:	:	:
	TOTAL	24.00	7.1	3.5	20.3	5.8	2.5	29.1	8.0	4.2

**Table 1.4:** Unemployment rates by age groups and highest level of education attained (%), 2005, 2007 and 2011

Source: Eurostat (Labour Force Survey); extracted on 24-10-2012; last update: 18-10-2012.

: = not available; u = unreliable

GEO	2003	2004	2005	2006	2007	2008	2009
EU27	2.35 (s)	2.29 (s)	2.25 (s)	2.23 (s)	2.19 (s)	2.24 (s)	2.41 (s)
IT	2.29	2.16	2.11	2.13	1.97	2.08	2.18

**Table 1.5:** Total public expenditure on education as % of GDP, at secondary level of education (ISCED 2-4), 2003-2009

Source: Eurostat (UOE); extracted on: 24-10-2012; last update: 16-06-2012

s – Eurostat estimate

i – see explanatory notes

### 1.3. Educational attainment of the population

Results from investment in education can be evaluated in terms of ability to access and maintain one's employment, job quality and profitability. The results, both in terms of probability of employment and wage differentials, show the existence of an Italian problem which explains the position of our country towards the bottom of a hypothetical ranking of the European countries. In Italy the share of people aged 25-64 that have acquired at least a secondary education diploma is about 17.5 percentage points lower than the EU27 average (56% in Italy and 73.4% in the EU27). The gap is still significant for the 25-64 age group with university degrees (14.9% in Italy, 26.8% EU27 average) and is even wider for the 25-34 age group (21.0% in Italy, 34.2% EU27 average).

The latest OECD-PISA surveys (focused on reading, mathematics and science) highlight that there is a lack of quality education in terms of knowledge and skills and know-how, and in the Italian school system teaching effectiveness is very low. Italy's percentage of early school leavers (18.2% in 2011) is definitively above the European average, although this has gradually diminished from 2002 to 2007 (thanks to the education policies implemented in the 90s; see *table 1.6*) and the new target set for Italy under the Europe2020

Strategy (15%) is within reach. For this reason, active policies, especially those aimed at young people, are specifically designed to combat early school-leaving by offering alternative training opportunities and tools for the exploitation of skills acquired by students. Dropping-out is widespread in the school system, especially in the vocational training pathways, where almost half of the enrolled students are at least 1 year behind compared to their original training/study plan.

GEO/TIME	2002	2004	2006	2007	2008	2009	2010	2011
EU-27	17.0	16.1	15.5	15.1	14.9	14.4	14.1	13.5
IT	24.2	22.3	20.6	19.7	19.7	19.2	18.8	18.2

**Table 1.6:** Early school leavers: Percentage of the population aged 18-24 with at most lower secondary education and not in further education or training

Source of data Eurostat; extracted: 25-10-2012.

The fluctuations in the number of ISCED 3 and 4 and 5-6 graduates are mainly due to different factors such as young generations' demographic drop, partially compensated by the general increase in higher school attendance, and the attainment of ISCED 3 and higher qualifications, which has been influenced by the different reform programmes of the education system, as for example the raising of compulsory school age and the introduction of the right-duty to education and training till 18 years old. On the other hand, the decrease in the number of graduates at ISCED 4 in 2007 can be explained with a reduction of the attractiveness of the three-year degree pathways which initially had attracted a considerable number of +21 year-old students, but also the possibility of the recognition of previous studies or working experience.

The registered increase of ISCED 5 and 6 graduates highlights a strong polarisation between low levels and high levels of education that reflects the situation of the labour market where there is great demand for innovative and creative jobs on one hand and an increasing request for low skilled workers in care services and other services on the other. Furthermore, women are still more qualified than men. The trend concerning the rise in school attendance levels is however confirmed by the rate of population aged 20 to 24 having completed at least upper secondary education (table 1.7): from 68.8% in 2005 to 70.8% in 2011. This aspect is particularly relevant for the percentage of women that in 2011 acquired an upper secondary school diploma (72.6% compared to the EU27 64.6%).

TIME	2005			2009			2011		
	T	F	M	T	F	M	T	F	M
EU-27	64.8	65.1	64.5	65.0	64.9	65.0	64.8	64.6	64.9
IT	68.8	72.3	65.4	69.6	71.3	68.0	70.8	72.6	69.0

**Table 1.7:** Youth education attainment level by gender (%), 2005, 2009, 2011

Source of data Eurostat; extracted: 26-10-2012

A critical aspect is the low participation of the adult population in lifelong learning activities, which is still below the European average. Between 2005 and 2011, the percentage of population aged 25-64 participating in training and education over the four weeks prior the survey shows a significant gap compared to the European average (3.8% in 2005 and 3.2% in 2011), as shown in table 1.8.

TIME	2005			2009			2011		
GEO	T	F	M	T	F	M	T	F	M
<b>EU-27</b>	9.6	10.4	8.8	9.3	10.2	8.4	8.9	9.6	8.2
<b>IT</b>	5.8	6.2	5.4	6.0	6.4	5.6	5.7	6.0	5.3

**Table 1.8:** *Lifelong learning-Adult participation in education and training by gender (%), 2005, 2009, 2011*

*Source of data Eurostat; extracted: 26-10-2012.*