



OLDER LOW-SKILLED WORKERS AND THE ECONOMIC CRISIS IN ITALY

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1. Rationale

- **Ongoing ageing** of population and workforce
- Ageing requires an **extended working life** ([EU Commission 2009](#))
- In Italy, the adult participation rate in education and training is still low ([Eurostat 2015](#))
- As a consequence, **Older Workers** (and in particular **Low Skilled - OLSW**) risk social exclusion and unemployment, due to technological innovation
- **Definition of OLSW**: all the workers in the age group (aged **50-65**) belonging to the **8° main group of professional classification CP2011** (all the professions that require no specific competences)

2. The aim of the study

- To analyze the main **characteristics** of adult workers (aged 50-65) with low skill levels during the **recession** in Italy
- To research some determinants that influence the **likelihood of participating in training** or education activities
- To analyze some elements that affect the likelihood of **being jobless** or inactive after one year from the first interview

3.1 Data and Methods

- Data stem from **Labour Force Survey (LFS)** carried out by **ISTAT**, also known as “Rilevazione Continua Forze Lavoro” ([RCFL](#))
- The questionnaire of the survey contains a specific section about **training and education activities** in the 4 weeks before the interview
- In the first stage of the analysis ([Model 1](#)), we make use of the LFS **cross-sectional data** (we consider **2009** and **2014**)
- In the second stage ([Model 2](#)), we use **longitudinal data** (we consider data between **2009 and 2010** and between **2013 and 2014**)

3.2 Data and Methods

Two different binary logistic regression analysis

Model 1:

Sample size: N= 8,714 (2009) and N= 10,503 (2014)

Dependent variable:

Value 1 if a respondent participated in training or education activities in the 4 weeks before the interview. Value 0 otherwise

Independent variables:

Gender, age, macro-regions of residence, citizenship of birth, education and firm size

Model 2:

Sample size: N= 3,975 (2009-10) and N= 4,579 (2013-14)

Dependent variable:

Value 1 if respondent seeks job or becomes inactive after one year from the first interview. Value 0 otherwise (we excluded from the analysis the workers that stop employment completely for retirement)

Independent variables:

Gender, education, citizenship of birth, macro-regions of residence, sector, employment contract and working hours

4.1 Results: Post-recession socio-demographic characteristics

among workers with different levels of skills (N=61,227) (aged 50-64) in %

	<i>high-skilled</i>	<i>medium-skilled</i>	<i>medium low-skilled</i>	<i>low-skilled</i>	<i>Total</i>
Male	58,1	40,7	86,3	48,4	58,4
Female	41,9	59,3	13,7	51,6	41,6
North west	28,9	27,8	29,2	25,9	28,3
North east	19,9	21,7	24,7	16,4	21,0
Centre	22,9	23,2	20,0	21,5	22,2
South and Islands	28,4	27,2	26,2	36,2	28,5
Native-born citizens	98,8	93,0	95,3	79,7	94,2
EU-15 Foreign-born citizens	0,5	0,1	0,1	0,2	0,3
Other-EU Foreign born citizens	0,2	2,0	1,2	3,6	1,3
Extra-UE Foreign born citizens	0,5	4,8	3,4	16,5	4,2
Primary education	0,6	4,8	15,4	18,5	7,1
Lower-secondary education	7,8	35,2	56,8	53,5	31,5
Upper-secondary education 3-4 years	4,1	10,1	10,2	8,8	7,6
Upper-secondary education	45,7	44,6	16,9	16,9	35,6
Tertiary education	41,8	5,4	0,7	2,3	18,1

Source: LFS (2014)

4.2 Results: Post-recession socio-demographic characteristics

among workers with different levels of skills (N=61,227) (aged 50-64) in %

	<i>high-skilled</i>	<i>medium-skilled</i>	<i>medium low-skilled</i>	<i>low-skilled</i>	<i>Total</i>
No training	86,6	94,9	96,9	97,9	92,5
Training	13,4	5,1	3,1	2,1	7,5
Micro size firm	19,5	39,4	36,9	44,5	31,9
Small size firm	29,1	26,9	29,8	29,4	28,6
Medium size firm	28,2	19,0	18,5	15,5	22,0
Large size firm	23,2	14,8	14,8	10,5	17,5
Permanent occupation	71,1	72,2	57,5	78,4	69,3
Temporary occupation	1,8	3,7	5,4	13,5	4,5
Self-employment	27,1	24,1	37,1	8,0	26,2
Full-time	91,5	81,4	92,1	65,2	85,7
Part time	8,5	18,6	7,9	34,8	14,3

Source: LFS (2014)

4.3 Results: Model 1

N= 8,714 (2009) and N= 10,503 (2014)

	2009		2014	
	Exp (B)	S.E.	Exp (B)	S.E.
Gender, base=Male				
Female	1.16	0.32	0.84	0.14
Age	0.92***	0.02	1.00	0.01
Macro-region of residence, base=North-West				
North-east	1.02	0.34	0.94	0.19
Center	0.82	0.33	0.56**	0.12
South and Islands	0.56*	0.18	0.38***	0.08
Education, base=Primary education				
Lower-secondary education	3.43*	2.46	1.81	0.65
Upper-secondary education 3-4 years	3.95*	3.31	2.70**	1.14
Upper-secondary education	10.59***	7.78	2.85**	1.11
Tertiary education	3.98	4.32	2.26	1.69
Citizenship, base=Native-born citizens				
EU-15 Foreign-born citizens	(Empty)		(Empty)	
Other-EU Foreign born citizens	0.08***	0.06	0.45**	0.2
Extra-UE Foreign born citizens	0.12***	0.09	0.45***	0.13
Size firm, base=Micro				
Small	0.91	0.33	1.13	0.21
Medium	1.60	0.63	1.30	0.28
Large	2.68**	1.14	0.81	0.24
Constant	0.16	0.27	0.01	0.01

Source: LFS (2009, 2014)

*p < .10 ; **p < .05 ; ***p<.01

4.4 Results: Model 2

N=3,975 (2009/2010) N= 4,579 (2013/2014)

	Panel 2009/10		Panel 2013/14	
	Exp (B)	S.E.	Exp (B)	S.E.
Gender, base=Male				
Female	1.23	0.22	0.89	0.14
Macro-region of residence, base=North-West				
North-east	0.95	0.31	1.34	0.34
Center	0.66	0.24	1.53*	0.36
South and Islands	2.18***	0.52	1.81***	0.38
Education, base=Primary education				
Lower-secondary education	0.53***	0.09	0.67**	0.12
Upper-secondary education	0.43***	0.11	0.67	0.15
Tertiary education	0.04***	0.03	0.78	0.45
Citizenship, base=Native-born citizens				
EU-15 Foreign-born citizens	(Empty)		(Empty)	
Other-EU Foreign born citizens	2.00	0.90	1.14	0.38
Extra-UE Foreign born citizens	1.34	0.36	1.16	0.23
Sector, base=Agriculture				
Industry	1.28	0.39	1.04	0.24
Service	0.47***	0.10	0.56**	0.12
Employment contract, base=Permanent				
Temporary	2.73***	0.54	3.26***	0.63
Self-employment	1.49	0.46	1.10	0.30
Working hours, base=Full time				
Part time	2.14***	0.43	2.65***	0.40
Constant	0.05	0.01	0.05	0.01

Source: LFS (2009-2010, 2013-2014)

*p < .10 ; **p < .05 ; ***p < .01

5. Ageing, extending working life, obsolescence, unemployment risk

- The ageing could result in a greater unemployment risk for OLSW
- The ageing of the workforce requires employees to have a longer working life
- Extending working life requires an increasingly qualified workforce ([OECD 2012](#))
 - it is necessary to keep an increasing number of citizens active and engaged in work ([MLPS-MIUR 2014](#))
 - consequently, they need training to meet the challenges of competitiveness
- Insufficient skills of older workers could produce obsolescence and a higher risk of unemployment ([Picchio 2015](#))

6. Low participation rate in training and risk of unemployment

- European policies promote active ageing of the workforce, and the supply of training opportunities
- Italy is lagging behind because of the economic crisis. It is low in the international ranking on literacy and numeracy skills ([OECD 2013](#)). Older workers' participation in education and training is also still scarce ([ISFOL 2016](#))
- Companies are reluctant to enhance employees' skills, because of fear of low returns, age-related stereotypes and shorter time-to-retirement (also in Italy)
- This results in a greater offer of unskilled jobs and could cause an unemployment risk for workers that can fall into a low-skill/bad-job trap (low-skilled job as badly paid and at a higher risk of being lost) ([Dennis Snower 1994](#))

7. Lifelong learning can have a positive impact on employability of OLSW

- A combination of training and other measures (integrated approach) can safeguard the jobs of older workers, mitigating the effects of technological change ([Behagel et al. 2011](#))
- Positive economic returns come from training: “Low-educated workers who train earn 2.6% more than those who do not” ([Fouarge et al. 2010](#))
- However, the greatest unemployment risks concern the OLSW. It’s true for Italy, especially in the South of Italy
- In order to prevent the obsolescence of skills, It’s necessary to increase training participation, key skills and training incentives through a strategy towards active ageing ([de Grip, Zwick 2004](#))

8. Conclusions

- Characteristics of OLSW during the recession in Italy
- Determinants of participation in training and those of becoming jobless through cross-sectional & longitudinal data
- From 2009 to 2014, the situation got worse if OLSW were:
 - living in Southern regions
 - having a low level of education
 - having a temporary or part-time contract
- Some protective factors lost their relevance, if they were:
 - living in Central regions
 - working in large companies
 - having a higher level of education

9. Recommendations

The scenario and the present negative trends need a turnaround in national policies

- To specifically target OLSW in order to support this socially fragile group, especially in the South regions
- By financing investments on key competences and allowing for subsidies, paid training leave, tax levies, etc.
- Enterprises should invest in providing more high-quality training to improve work organization

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Thank you for attention!