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Local Job Creation: How
Employment and Training
Agencies Can Help - The
Labour Agency
of the Autonomous Province
of Trento, Italy

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The Labour Agency of the Autonomous Province of Trento - Italy



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INTRODUCTION

Across the OECD, policy-makers are grappling with a critical question: how to create jobs? The recent financial crisis and economic downturn has had serious consequences across most OECD countries with rising unemployment rates and jobs being lost across many sectors. Indeed, for some countries, the effects the downturn brought with it are continuing, if not amplifying.

How to stimulate growth and support job creation are two critical challenges that countries and localities confront. However, the role that public policy can play in these areas is constrained by shrinking public budgets. After highly expansionary fiscal policies, today many countries have switched to the tightest ones in decades. In this context, policy-makers are faced with the challenge of doing more with less. It is increasingly necessary to think laterally about how actions in one area, such as employment and training, can have simultaneous benefits in others, such as creating new jobs and better supporting labour market inclusion. To achieve a more co-ordinated and joined up approach, local stakeholders need to pool resources and reduce transaction costs by building effective partnerships on the ground. At the same time, they need to prioritise their resources in areas where they are most needed and can have greatest effect, albeit ensuring that this does not mean that individuals or communities are “left behind”.

Labour market policy has been increasingly challenged in recent years to contribute further to economic development in the context of transitions to a “knowledge-based economy” (see Giguère/OECD, 2008). With the rising economic value of human resources and skills, employment and training agencies are now frequently being expected to play a greater role in local strategies to support new job creation, facilitate restructuring and increase productivity. At the same time, many local stakeholders are still not clear as to how they can contribute to broader development agendas and how they can effectively integrate their policies and programmes with those of other actors.

The OECD Local Economic and Employment Development (LEED) programme has developed the international Local Job Creation project to assess the contribution of labour market policy to boosting quality employment and enhancing productivity by better matching skills supply to demand, improving training provision and addressing skills gaps, as well as improving skills utilisation by firms.

The project involves a series of country reviews, including: Australia, Canada (Ontario and Quebec), Czech Republic, France, Ireland, Italy (Autonomous Province of Trento), Korea, United Kingdom (Northern Ireland) and the United States (California and Michigan). Each review examines the capacity of employment services and training providers to contribute to a long-term strategy which can yield returns in terms of boosting the resilience of local economies, skills levels and job quality. In Italy, the review has been carried out for the Labour Agency (*Agenzia del Lavoro*) of the Autonomous Province of Trento (PAT).¹ The province is a prosperous area by European standards and has considerable autonomy. The key stages of the project are summarised in Box 1.

1. Throughout the report PAT is used to refer to the political and administrative entities of the Autonomous Province of Trento and province to the wider territory or territorial institutions.

Box 1. Summary of the OECD LEED Local Job Creation project

- Analyse available data to understand the key labour market challenges facing the country in the context of the economic recovery and apply an OECD LEED diagnostic tool which seeks to assess the balance between the supply and demand for skills at the local level;
- Map the current policy framework for local job creation in the country;
- Apply a dashboard technique to measure the capacity of the local level to contribute to local sustainable job creation along four key themes:
 - Better aligning policies and programmes to local economic development;
 - Adding value through skills;
 - Targeting policy to local employment sectors and investing in quality jobs; and,
 - Inclusion.
- Contribute to policy development in the reviewed country by proposing policy options to overcome barriers and realise potentials. The policy options will be illustrated by selected good practice initiatives from elsewhere.

Whilst the economic crisis is the current focus of policy-makers, there is a need for both short-term and longer-term foci to ensure sustainable economic growth. In response to this issue the OECD LEED Programme has developed a set of priority areas, or themes, on which local stakeholders and employment and training agencies can focus to build sustainable employment growth at the local level. These themes include:

1. **Better aligning policies and programmes to local economic development challenges and opportunities;**
2. **Adding value through skills:** creating an adaptable skilled labour force, helping employers to better utilise skills in the local economy and supporting employment progression and skills upgrading;
3. **Targeting policy to local employment sectors and investing in quality jobs,** including gearing education and training to emerging local growth sectors and responding to global trends; and,
4. **Being inclusive,** so as to ensure that all actual and potential members of the labour force can participate in, and contribute to, future economic growth.

In some parts of the OECD, local stakeholders both have the capacity and are well-prepared to tackle these issues, in other areas they are less so. As part of the Local Job Creation project, the LEED Programme has drawn on its previous research to develop a set of best practice criteria in each priority area, which is used to assess local practice through an OECD LEED “dashboard”. The dashboard enables national and local policy-makers to gain a stronger overview of the strengths and weaknesses of the current policy framework, whilst better prioritising future actions and resources.

The next section of the report outlines the political administration and economies of both Italy and the province, as well as their general skill policies. The subsequent section, Key Findings, then presents the main results of the study in the form of a Local Job Creation index along the four priority themes highlighted above. This section of the report highlights both the strengths and weaknesses of policy approaches and actions taken by the Labour Agency. The final section of the report, Conclusions and Recommendations, drawing on the results, outlines the conclusions and recommendations emanating from the study before providing a short outline of the key issues for consideration for the Labour Agency in the development of an action plan in order to ensure the right conditions exist for sustainable job creation at the local level.

BACKGROUND

Italian economy and political administration

In 2011, Italy had a population of 59.5 million. Politically, the country is administered through a number of governmental levels: central, regional, provincial and municipal. There are currently 8092 municipalities (*comuni*) and city councils in Italy with no legislative power which participate in the management of local public services and utilities, and 110 provinces (*province*), administrative jurisdictions which correspond to the OECD's TL3.² These provinces usually have no legislative power; the exceptions are the autonomous provinces of Trento and Bolzano (respectively TN and BZ in Figure 1 below). These two provinces have the legislative power of the TL2 bodies – the regions (*regioni*) – whose governments complement national government as law-making bodies.

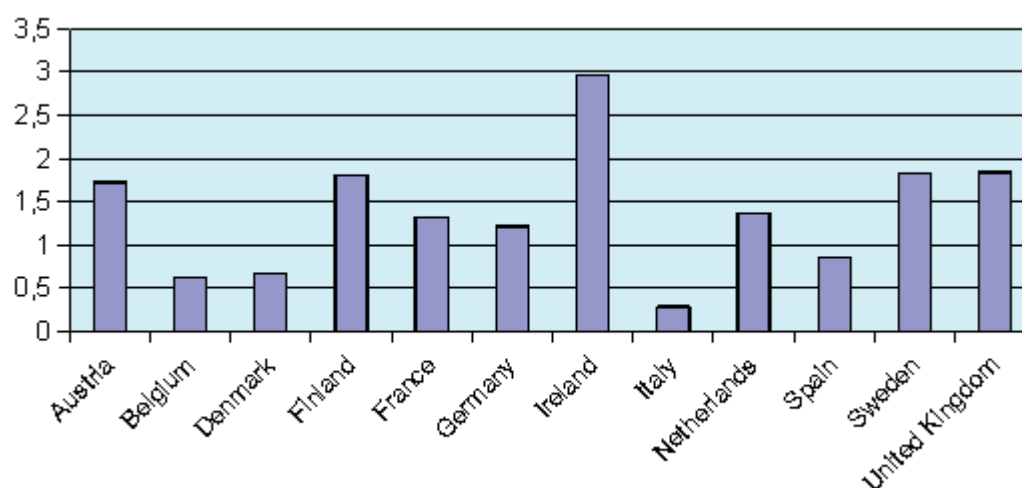
Figure 1. Italy's Territorial Structure: the provinces



2. Regions in OECD member countries have been classified according to two territorial levels (TL) to facilitate international comparability. The higher level (Territorial level 2) consists of macro-regions, while the lower level (Territorial level 3) is composed of micro-regions. Territorial Level 3 is broadly comparable to NUTS 3 in the European nomenclature, specifying regions with populations of 150,000 - 800,000.

Even before the current global economic downturn, Italy's economy was facing downward pressures marked by a diminishing rate of labour productivity growth (and, thus of income per capita), which has occurred in all sectors (Daveri and Jona-Lasinio, 2005). Recent data on the rate of change in GDP per hour worked, allowing for the impact of the current downturn, are shown in Figure 2 below.

Figure 2. GDP per hour worked, selected European countries: 1997-2010 (average annual rate of change)



Source: OECD Statistics Portal (2010).

In an attempt to determine which countries are economically more successful and why, there have been various attempts recently to classify national economies. Italy is, however, hard to classify within the most popular of these typologies – the “varieties of capitalism” approach (see Hall and Soskice, 2001). Italy's diverse economic structure has led Negrelli and Sheldon to argue that there is “no one ‘Italian model’” (2004). There is the dualism of a prosperous, industrial north and a relatively poorer, more agrarian, south. Within the north there exists what some commentators call a “third” Italy, comprising the north-east of the country with its industrial districts of networked SMEs – of which the province is a part. Given the propensity for small firms in Italy, these networks have a crucial role in boosting firms' productivity and competitiveness (Becattini, 1991, 2004). Certainly, these districts bucked the economic downturn of the 1980s in Italy and were even offered as a model of economic organisation internationally at the time (Whitley, 2000).

Italy's economic fragmentation is accompanied by inequalities. Italy is ranked 7 out of 27 OECD countries in terms of territorial inequality of GDP per capita (measured through a Theil index on TL2 areas). This level of inequality is almost double that of countries such as Spain, Germany, Japan or the United Kingdom (UK) (Iuzzolino, 2009; OECD, 2005). It is an outcome that largely reflects the economic activity rate of the working population in these areas (Iuzzolino, 2009, Table 11). At the same time, inequality has been compounded in recent years with the additional challenge of economic decline across Italy.

Skills policy in Italy

Skills policy in Italy can be characterised by varying emphases on skills supply, demand and matching. In terms of developing the supply of skills, training is financed by the national and regional

governments as well as the European Social Fund. Training policies and programmes have three main foci: school-to-work transitions (mainly apprenticeships); vocational training (at all levels: post-compulsory education, post-diploma, first degree and post-graduate); and, lifelong learning for working adults to re-train or update their skills.

Nationally, training provision is regulated through three main acts: *Act 236/1993*, *Act 53/2000* and *Act 388/2000*. These Acts incorporate some flexibility and have enabled some responsiveness to general socio-economic changes and, more recently, Italy's recession. Responses have included: encouragement for workers to train for higher skills; more effort put into retraining workers made redundant; training schemes for unemployed youth; and, rights to training that reconcile parental responsibilities. Participation in these initiatives is driven by the request of individual workers or regional, sectoral or firm training plans, or industrial agreements between the social partners. Funding can also be made available to involve training societies, public or private schools, public or private research institutes, and universities. Over the last 15 years the public employment service (PES) in Italy has also been reformed. Its tasks are the delivery of active employment policies and developing a preventive approach to unemployment. However, the outcomes of these innovations have been found to be weak (Pirrone and Sestito, 2008) and varied, with different regions' job centres now offering different levels and types of service (Destefanis and Fonseca, 2007; *Ministero del Lavoro*, 2008).

Evaluation of the effectiveness of PES changes, and more widely of training initiatives, has been hampered by a lack of measurement and evaluation. Moreover, in terms of demand, the main problem in Italy is that training funds tend to be underutilised, especially by employers. Reasons for this underutilisation include curricular inflexibility, overly bureaucratic fund administration and a lack of information about available funds (Brunello et al., 2003). To help boost demand, and set within the framework of the Lisbon Strategy, Italian National Reform Plan (NRP) was implemented in 2005. It included national strategic plans (*programmi strategici*) and created technological districts (*distretti tecnologici*) to encourage large, medium and small firms to collaborate on more ambitious innovation projects. The NRP also launched a new industrial policy strategy in 2006 called *Industry 2015*. *Industry 2015* focuses on collaboration between local authorities, businesses, universities and research centres and involves state aid to encourage innovation and research and development (R&D) amongst networks of firms. In the province, the main vehicle of *Industry 2015* is the collaboration of the *Distretto Energia e Ambiente Habitech* and the University of Trento.

It should be noted that Italian national and regional policy-makers have only recently begun to focus on skills. This focus has tended to centre on developing skills supply (though training) and skill demand (though R&D and innovation). Little effort, however, has been made to promote a balance of supply and demand. Indeed, the Ministry of Labour's 2010 Labour Plan stated that Italy, more than other countries, tends to have a mismatch between skills supply and demand. Whilst Italy spends an amount of money comparable to other OECD countries on active labour market policies, it spends relatively less on its PES to help workers access jobs.

The political administration and economy of the PAT

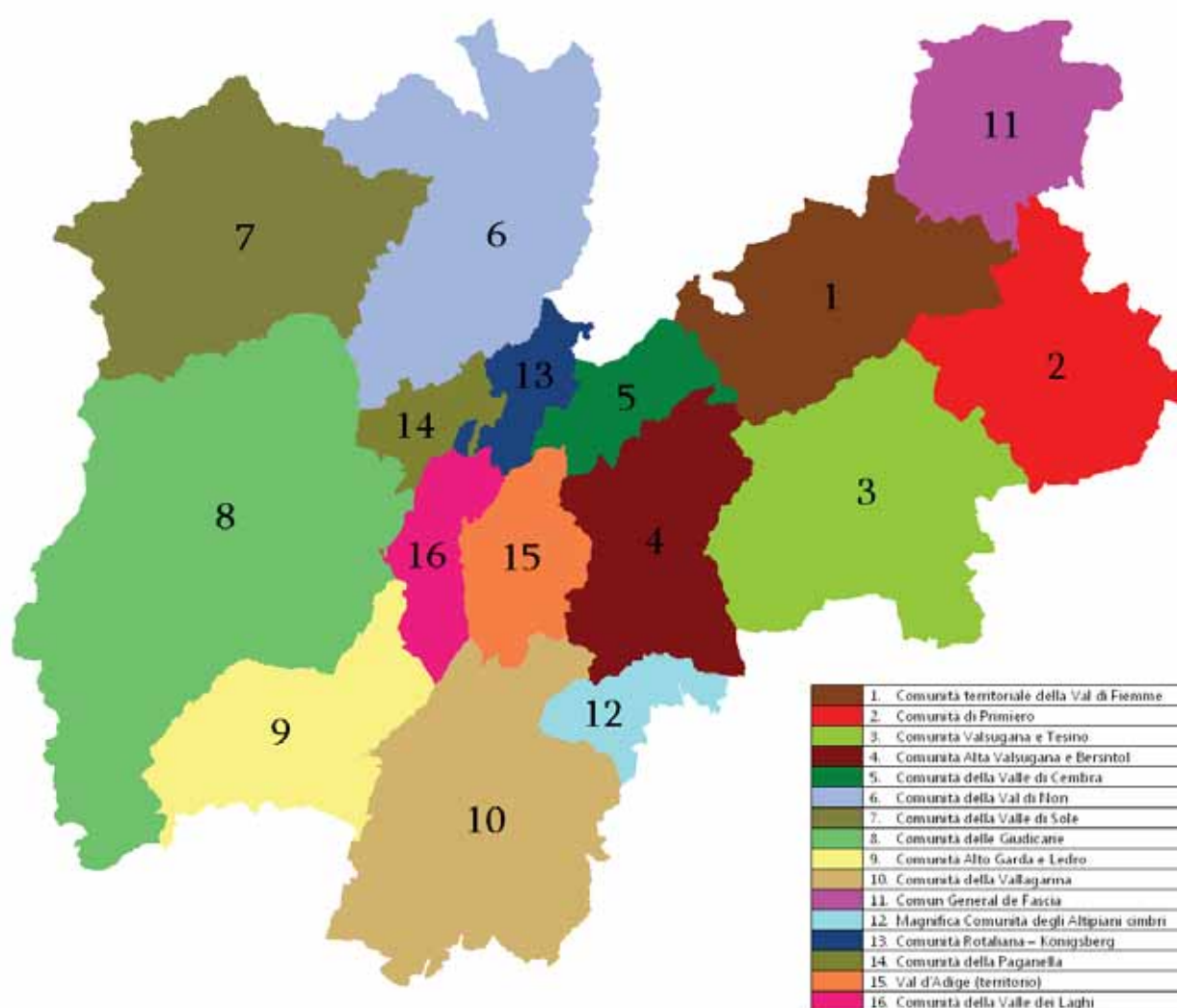
In 1972 the second Statute of Autonomy for Trentino-Alto Adige/Südtirol created the autonomous provinces of Trento and Bolzano in north-east Italy. Trentino-Alto Adige/Südtirol has devolved responsibility for health, education, welfare and transport, and each province has a provincial government (*giunta provinciale*) headed by a governor (*presidente*).

Physically, the province is a cluster of side valleys "held together" by the Adige valley and Trento-Rovereto road, which is the main communication route within the area and with the outside world. Its population is 529 000 and has grown slightly over the past few years due to natural population growth and

immigration. The province has a similar demographic profile to the rest of Italy, with 19% of the population over 65 years of age.

In 1973, the province was divided into 217 municipalities, and eleven administrative units called *comprensori* were introduced. In 2006 the PAT underwent further internal political re-organisation to create 15 homogeneous *Comunità di Valle* (valley communities) plus one territory including the municipalities of Trento, Cimone, Aldeno and Garniga Terme (see Figure 3 below). These changes have grouped together communities already bound by history and geography, such as the *Val di Cembra*, *Valle dei Laghi*, *Altopiano di Folgaria*, *Lavarone e Luserna*, *Altopiano della Paganella* and *Piana Rotaliana*. The *Comunità di Valle* have responsibility for managing local urban planning, schooling, energy distribution, transport, social services, sanitation and water supply.

Figure 3. The *Comunità di Valle*

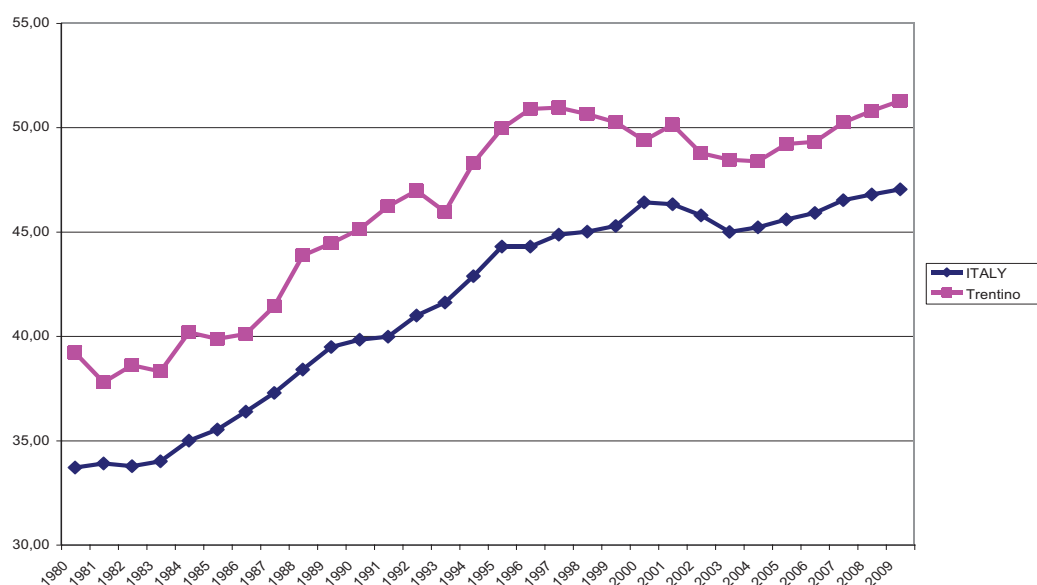


The national government is the main tax authority in Italy. However, the PAT's special status allows it to adjust tax rates and levy new taxes within the area. Moreover, it retains nearly all (90%) of tax revenues. As a consequence, the PAT has more control over, and more revenue from, tax than ordinary regions in Italy.

The PAT has traditionally self-financed public investments by using its large operating surpluses. Health and capital expenditure comprise most of the PAT's budget. The budgetary responsibilities of the autonomous provinces will remain unchanged with the implementation of new fiscal federalism. However, the autonomous provinces have already been required to make an increased contribution to fiscal equalisation at the national level, mainly through being delegated responsibility for some previously state-financed activities (universities, labour market policies and subsidies to bordering local governments) in their territory.

Whilst the province shares some of Italy's general economic decline, its GDP per capita significantly exceeds national (+22% in 2010) and EU averages. The province ranks 16th of the 110 provinces for GDP per capita and 21st for its rate of employment. Labour productivity growth in the province is higher than for Italy as a whole, but, as with Italy generally, is showing signs of slowing down (see Figure 4 below).

Figure 4. Labour productivity (GVA over employment): 1980-2009



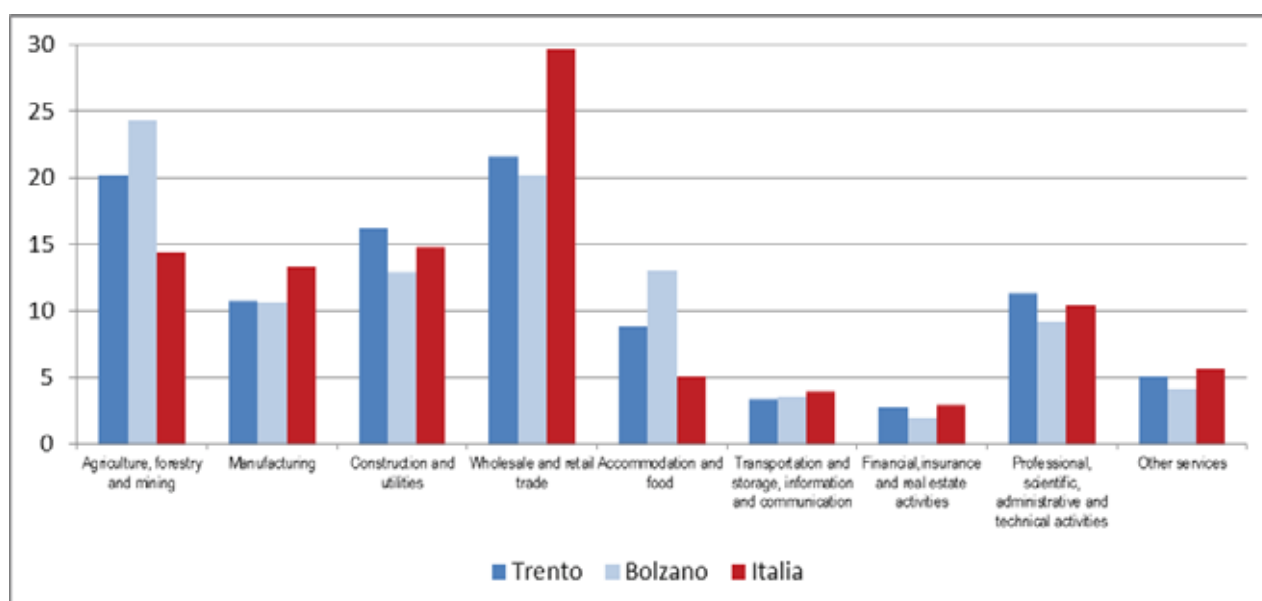
Source: own calculations on Istat and Cambridge Econometrics data.

The province's economy is characterised by small firms. The average firm size is 3.7 employees (slightly fewer than Italy as a whole). Almost all (87.6%) of firms have less than 10 employees and more than two-fifths (43.5%) of employees work in firms with less than 10 employees; less than one-fifth (18.1%) of employees work in firms with more than 200 employees. Moreover the rate of self-employment is high – as it is generally in Italy – relative to similar European countries. In 2009 the rate in the province was 23.7% vis-à-vis 25.2% in Italy; 9.2% in France, 11.6% in Germany, 17.0% in Spain and 13.6% in the UK (Istat, *Conti economici regionali*, 2012; OECD, Statistics Portal, 2012).

Figure 5 shows that the provincial economy largely comprises services (about 53% of firms in 2010), with relatively more agriculture and tourism (the latter represented by accommodation and food services) than the national average. It also has a large public sector, employing almost 20% of the province's workforce (Westwood and Green, 2007). However, tourism related industries have been the main driver of the province's GDP over the past forty years.

Such success has been helped by the adoption of an integrated, centralised tourism organisation, *Trentino Marketing SpA* – an organisation that is 60% owned by the PAT and 40% by the local Chamber of Commerce. It is responsible for marketing tourism for the entire province and co-ordinating tourism promotion across 26 local tourist offices. This co-ordinated integration was deepened in 2012 when the organisation merged with *Trentino Sviluppo*, the local economic development agency, tasked with developing skills and innovation. Tourism has, nevertheless, also created problems – property speculation, overbuilding and environmental pressures – and growth is now slowing. Outside tourism, SMEs in other sectors lack such co-ordinated networks, which can be helpful in the context of a fragmented industrial structure.

Figure 5. Share of firms by sector of activity in the Autonomous Province of Trento, comparison with the Autonomous Province of Bolzano and Italy (2010)



Source: Urbistat elaborations on data from *Camere di Commercio*.

The exceptions within the province are the construction and agri-food sectors. In the latter, there is a strong network of co-operatives. Indeed, the long-established presence of competitive co-operatives is another distinctive feature of the province's economy (Salvatori, 2012). Out of a population of half a million inhabitants, the 539 co-operatives in the province have 227 000 members, with members from most families in the province having co-operative membership. Over 90% of agriculture is organised through co-operatives. Some of the co-operatives are large firms, for example in dairy, wine and fruit production, and for whom export markets have boomed even during the current crisis. Banking is another example of the strength of the co-operative movement: local co-operative banks retain a strong local presence in the province and, unlike firms in other sectors, have avoided acquisition by national companies. Interestingly, however, there is little intersection between the co-operative movement and the tourism sector.

Significantly, its use of capital expenditure has enabled the PAT to provide financial stimulus to the local economy during the current recession. During this time the province's economy has outperformed that of Italy as a whole. GDP contraction was limited (-3% in 2009 compared to Italy's -5%) and the province has maintained its historically low rate of unemployment. However, this rate has risen over 2011 to 4.4% (from 2.9% in 2007 and 3.5% in 2009) and in the first quarter of 2012 rose further to 6.9%, which has created significant political concern.

The Labour Agency

Established in 1982, the Labour Agency was the first employment agency in Italy. It has responsibility for developing and implementing active labour market policy within the province. It has its own budget and, with the province's autonomous status, the Labour Agency has a reputation for being independent and pro-active. The executive board, of which two-thirds are local social partners, makes annual policy recommendations to the provincial government. If the recommendations are approved, the provincial government provides financing, and the Labour Agency is then expected to deliver these policies. The number of social partners on the executive board is not standard practice in Italy and such an approach is to be lauded as it has a positive impact on information sharing and collaboration.

The Labour Agency operates twelve job centres (*centri per l'impiego*) throughout the province and for which it also has budgetary responsibility. The geographical coverage of the job centres is based on the former *comprensori*. The services provided by the job centres are intended primarily for the unemployed and other job seekers. The centres provide administrative services, such as the recording of unemployed workers. To help match supply and demand, they provide job-search assistance and job vacancy information as well as labour market information, for example about future occupation and industry trends, and education, training and career advice. To help labour market mobility, the centres also provide information on living and working conditions and job availability in the EU Member States. They offer training courses for particular workers, including young workers aged 16-18 years, young or recent graduates, the long-term unemployed and women. The centres also have responsibility for reducing labour market exclusion and improving the employability of the unemployed through apprenticeships, training and career guidance, and entering job-creation agreements with companies, including co-operatives.

The Labour Agency and provincial government need to ensure that local labour market and strategic economic policies are aligned. In recent years, economic policy has emphasised green economic development, promoting, for example, energy efficiency, sustainable energy and low-emission technologies; increasing ICT R&D; supporting SMEs' competitiveness, innovation and productivity; and boosting employment participation amongst women, and young and older workers.

However, with the recession, labour market policy has switched to keeping and creating jobs at the price of wider economic policy integration. In 2011, a Labour Agency plan for 2011-13 was approved, comprising supply-side interventions – training most obviously – to help the employed and unemployed. These interventions were accompanied by more traditional Italian safety-net actions incentivising recruitment and providing income support. The aim is to improve the employability, and protect the incomes, of the most vulnerable in the labour market: the young, women, the over 50s and low-skilled individuals. To specifically address unemployment, approved a programme of interventions to help young workers has been approved, including a City of Occupations, *Città dei mestieri*, within Trento, with a stock exchange of occupations, providing career guidance and job-search assistance for workers up to 35 years of age (discussed below, see also Box 5). Further measures include support for female employment, self-employment, apprenticeships and aid to encourage the transition from temporary to permanent (or at least longer) employment contracts.

This shift comes at a time when the delegation (the *delega*) of labour market policies to the PAT will occur. Under this new arrangement, all previously national government funded labour market policy will be devolved to the autonomous provinces. This arrangement is one which is intended to increase the autonomous provinces' contribution to national fiscal equalisation by making these provinces pay for

higher education and training. According to the PAT President, the outcome for the PAT of this is more autonomy but less funding.³

The delegation of labour market policies to the PAT, which began in 2009, means that labour policy reform is taking place in the province, one that will eventually lead to a provincial act codifying a new social safety net system. This new system will be:

- Universal, that is inclusive of the most vulnerable groups of citizens, particularly those with non-standard employment relationships, and more generally all those who are excluded from the provision of income support due to a failure to meet access requirements; and,
- Responsible, with receipt of welfare involving the signing of a service agreement with a job centre where the citizen, together with a counsellor, identifies available jobs or the steps needed to improve their employability (training, enrolment in school or university, skills assessment, orientation).

The reform will focus on four types of services, the first one being already active in the province:

- Minimum income guarantee (*reddito di garanzia*): although it addresses poverty rather than labour market outcomes, this tool completes the social safety net, providing for situations where the access requirements of other schemes have been missed.
- Continuity income (*reddito di continuità*): replaces and strengthens the role of the *Cassa Integrazione Guadagni* (the key lay-off scheme in Italy), ensuring continuity of employment and protection of human capital in a wide set of situations (as far as firms' industry and size are concerned).
- Universal jobless benefit (*reddito unico di attivazione*): will unify all existing unemployment benefits and include those currently not covered by the existing schemes.
- Income for training and education for young workers (*reddito di qualificazione e specializzazione a favore dei giovani*): focuses upon unemployed youth that have left school and not found a job. It provides extra income for the acquisition of further training, qualifications, diplomas or degrees, particularly for 18-24 year old people.

The delegation process of the social safety net is still being developed and will require a subsequent provincial act on the subject. A basic plank of the reform still to be defined relates to the actual methods of financing these interventions in the absence of central government funds. Also, the definition of the provincial labour act must take into account the implementing rules of the new *national* labour act, enacted in 2012 by the Monti government, which have not yet been made explicit. Hence, paradoxically, the elaboration of the PAT's labour-policy reform has been slowed down by the need to come to terms with wide-ranging national reform that to some extent goes in the same direction of the PAT's reform. This new national safety net system (Act n. 92, 28 June 2012) is, in short, characterised by: "universal" protection of the jobless (very much like the PAT's reform); stricter employment protection legislation for non-standard jobs (and hirings); and, more flexible employment protection legislation for non-standard jobs (and redundancies).

3. See http://www.autonomia.provincia.tn.it/storia_autonomia/-fonti_storiche/pagina38.html).

The current state of the provincial labour market

In 2007, the last year before Italy's current recession, the unemployment rate in the province was 2.9%. By 2011 this rate had risen to 4.4%. It was, however, much lower than the Italian (8.4%) and the European Union (EU) average (9.7%). Even within the north-east of Italy generally (5.5%) the provincial figure was better. However, there are worrying developments in the provincial labour market which are revealed by the disaggregation of the unemployment data. First and most importantly, youth unemployment (young people aged 15-24 years), has increased significantly. In 2007 it was 8.9%. By 2011 it had risen to 14.5%, although again this rate was still lower than Italy at 27.8% and the EU at 21.4%. Table 1 provides a breakdown of unemployment by both age and gender.

Table 1. Unemployment rate by age class and gender, PAT 2007 and 2011

Age class	2007			2011		
	Male	Female	Total	Male	Female	Total
15-24	7.0	11.5	8.9	14.7	14.3	14.5
25-34	1.3	5.1	3.0	5.6	6.7	6.1
35-44	1.3	4.0	2.5	2.7	5.5	4
45-54	1.9	2.8	2.2	2.7	2.5	2.6
55-65	0.6	1.4	0.9	1.8	1.6	1.7
Total	1.8	4.4	2.9	4	5.1	4.5

Source: OML, Agenzia del Lavoro, elaborations on data from Servizio Statistica della PAT (ISTAT).

The group most affected by the current crisis are young job-seekers with only middle-school diploma qualifications. The unemployment rate amongst these young workers aged 15-29 was highest – 11.5% compared to 8.1% for young graduates and 7.7% for young workers with high-school diplomas. It should also be noted that for workers aged 25-44 years females have a higher rate of unemployment than males.

Moreover, not only are young people the most likely to be unemployed, but if employed, they are more likely to have temporary, fixed-term contracts. This problem is a concern for policy-makers and is one factor behind the current labour market reforms. As Table 2 below shows, there are now more young workers employed on temporary contracts than before the recession. Fewer workers over the age of 45 years have this type of employment arrangement.

Table 2. Share of people employed with a fixed term contract by age class, PAT 2007 and 2011

Age class	2007	2011
	fixed term share	fixed-term share
15-19	0.64	0.73
20-24	0.44	0.49
25-34	0.2	0.22
35-44	0.11	0.13
45-65	0.19	0.08
Total	0.16	0.16

Source: OML, Agenzia del Lavoro, elaborations on data from Servizio Statistica della PAT (ISTAT).

Another concern is the employment of immigrants. Table 3 shows the rates of unemployment by class, age and nationality for the province in 2007 and 2011. The rates have increased across all age groups but more so for immigrant workers of almost all ages (interestingly though they are less for young immigrants).

Table 3. Unemployment rate by age class for Italians and immigrants, PAT 2007 and 2011

Age class	2007		2011	
	Italian	Immigrant	Italian	Immigrant
15-24	8.9	14.1	14.2	16.1
25-34	3.0	7.3	5.3	9.6
35-44	2.5	9.8	3.1	11.3
45-54	2.2	7.9	2	11.6
55-65	0.9	2.9	1.7	3.1
TOTAL	2.9	8.9	3.8	10.8

Source: OML, Agenzia del Lavoro, elaborations on data from Servizio Statistica della PAT (ISTAT).

There are also sectoral variations in unemployment. The economic downturn has negatively affected demand in tourism and the public sector within the province. Table 4 provides information on employee turnover with job entry and exit disaggregated by industry.

Table 4. Difference between employee entry and exit by industry, PAT 2007 and 2011

	2007	2011	Value change (2007-2011)
Agriculture	340	30	-310
Mining and construction	185	-798	-983
Manufacturing	574	67	-507
Trade	788	250	-538
Hotels and restaurants	1930	-362	-2292
Company services	817	323	-494
Household services	720	342	-378
Other services	2529	108	-2421
Total	7883	-40	-7923

Source: OML, Agenzia del Lavoro, administrative data archive.

This pattern of a downturn in employment in tourism-related industries has a geographical impact. Using travel-to-work data (*sistemi locali del lavoro*, the Italian equivalent of travel-to-work-areas), Table 5 shows that those areas hit hardest by unemployment are those specialising in tourism; almost all have rates of unemployment higher than the province's average of 4.3% in 2010. The situation is more mixed for the province's other key sector, agri-food.

Table 5. Travel to work areas, PAT 2010

Name	Specialisation	Population (00,000)	Employment rate	Unemployment rate
ALA	Agri-food	14,361	55.71	3.32
ARCO	Agri-food	53,705	52.02	4.48
BLEGGIO INFERIORE	Tourism	10,403	50.71	5.88
BORGO VALSUGANA	Agri-food	26,902	50.15	4.98
CAVALESE	Tourism	19,629	51.29	4.82
CLES	Agriculture	23,836	51.33	4.19
FIERA DI PRIMIERO	Tourism	9,964	50.30	4.86
FONDO	Tourism	10,217	51.49	3.95
MALE'	Tourism	9,262	51.28	5.21
MEZZOLOMBARDO	Agri-food	27,097	52.76	3.55
MOENA	Tourism	9,669	50.88	7.69
PEIO	Tourism	6,246	48.93	7.05
PINZOLO	Tourism	7,787	52.76	4.78
ROVERETO	Urban	78,166	51.00	4.68
STORO	Metal industry	11,518	50.49	4.27
TIONE DI TRENTO	Agri-food	13,596	51.30	4.10
TRENTO	Urban	195,15	53.27	3.74

Source: ISTAT, Sistemi Locali del Lavoro.

Analysis of travel to work areas archival data reveals that this situation predates the current recession. Such developments suggest that there may be structural change occurring in the provincial economy away from tourism, which might have long-term consequences for employment and workforce planning and which should be investigated in greater depth.

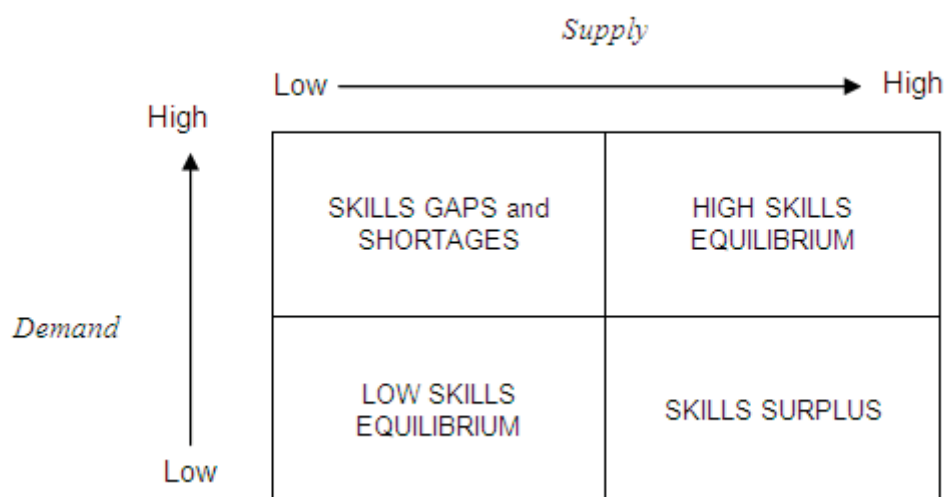
The balance between skills supply and demand in the province

Whilst improving in recent years, the average workforce qualification in the province is similar to that of Italy as a whole (Westwood and Green, 2009); nearly half (48.6%) of the province's workforce has not attained full upper secondary education (compared to 46.6% for Italy) and only just over a tenth (11.2%) have high level skills (10.7% for Italy). The proportion of adults in the province with a full upper secondary qualification – International Standard Classification of Education (ISCED) 3A/B – as their highest qualification is also similar to that of Italy (25.4% versus 27.3%). Interestingly, however, a much higher proportion of adults have short vocational post-compulsory education and training courses (ISCED 3C) as their highest qualification than in the rest of Italy (14.9% versus 5.3%).

As part of its *Skills for Competitiveness* project, which was carried out in 2009 with Isfol, the OECD LEED Programme developed a statistical diagnostic tool which helps to understand the balance between skill supply and demand within local labour markets (TL3 areas). According to this methodology, local

economies can fall into four different categories: low skills equilibrium, skills gaps and shortages, skills surplus and high skills equilibrium.⁴

Figure 6. Understanding the relationship between skills supply and demand

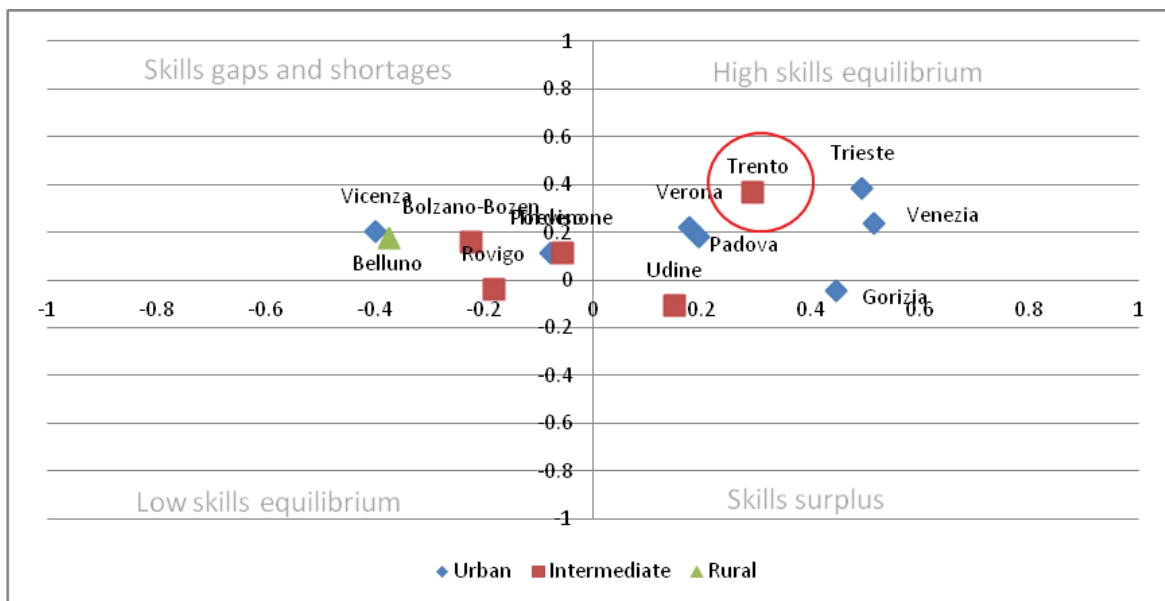


Looking at the figure above, in the top-left corner (skills gaps and shortages), demand for high skills is met by a supply of low skills, a situation that results in reported skills shortages. In the top-right corner, demand for high skills is met by an equal supply of high skills resulting in a high-skill equilibrium. This is the most desired destination of all high wage economies. At the bottom-left corner the demand for low skills is met by a supply of low skills resulting in a low-skill equilibrium. The challenge facing policymakers is to get the economy moving in a north-easterly direction towards the top-right corner. Lastly, in the bottom-right corner demand for low skills is met by a supply of high skills resulting in an economy where what high skills are available are not utilised. This leads to the migration of talent, underemployment and attrition of human capital, all of which signal missed opportunities for creating prosperity.

Figures 7 and 8 below show the relative performance of local economies in the north-east of Italy (Veneto, Friuli Venezia Giulia and Trentino-Alto Adige/Südtirol) according to the relationship between skills supply (x axis) and demand (y axis) using the OECD LEED statistical diagnostic tool. The province (circled) is located in the high skills equilibrium quadrant which shows that overall, there is a healthy fit between high levels of both skills supply and demand in comparison to the rest of the country. Areas which are tending towards a high-skills equilibrium are generally well positioned to capitalise on their competitive advantage. When looking at trends over time – between 2001 and 2009 – Trento has not changed its position. However, a recent Bank of Italy report (discussed below) demonstrates that there may be certain sectors, where graduates confront challenges around skills mis-matches in the province. Therefore, to move in a north-east direction on the figure, more efforts will continue to be needed to ensure a strong relationship between skills supply and demand in the province.

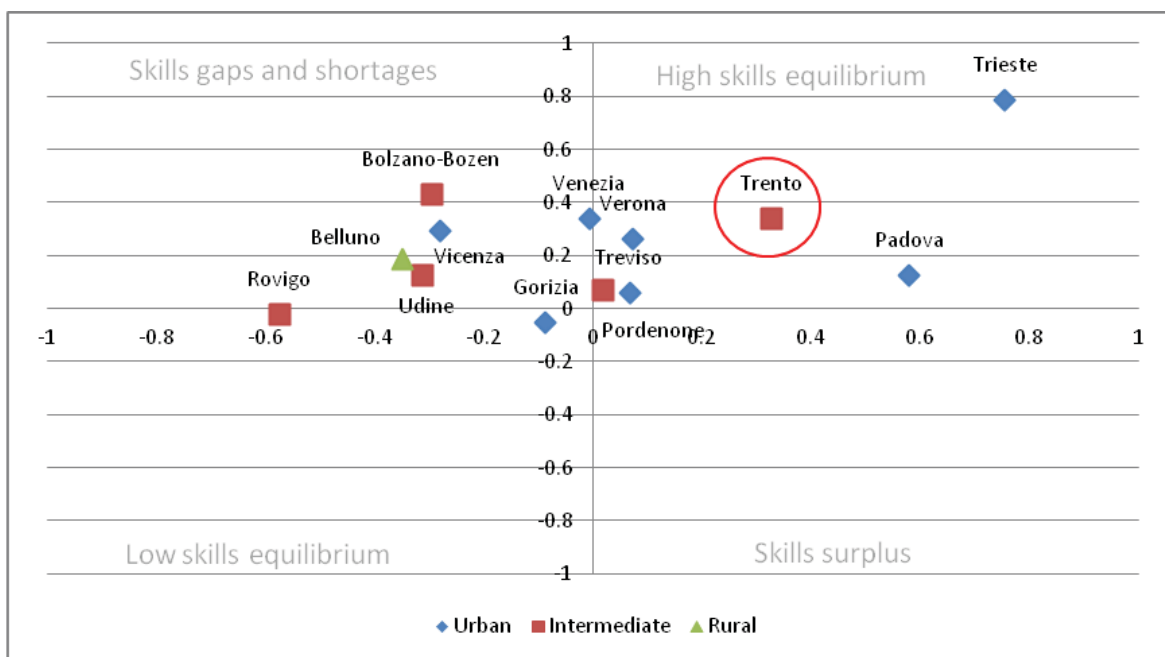
4. In order to approximate the demand for skills a composite index was developed including the percentage of the population employed in medium-high skilled occupations and Gross Valued-Added (GVA) per worker. The supply of skills was measured by the percentage of the population with post- secondary education. The indices are standardised using the inter-decile method and are compared with the national median. The analysis is carried out at the level of Territorial Level 3 regions (regions with populations of approximately 150 000-800 000). Further explanations on the methodology can be found in Froy, Giguère and Meghnagi/OECD, 2011.

Figure 7. Skills supply in north-east Italy: Veneto, Friuli Venezia Giulia and Trentino-Alto Adige/Südtirol 2001



Source: S. Destefanis (2012), "Skills for Competitiveness: Country Report for Italy", *OECD Local Economic and Employment Development (LEED) Working Papers*, 2012/04, OECD. <http://dx.doi.org/10.1787/5k9bb1vhzmr2-en>.

Figure 8. Skills supply in north-east Italy: Veneto, Friuli Venezia Giulia and Trentino-Alto Adige/Südtirol 2009



Source: S. Destefanis (2012), "Skills for Competitiveness: Country Report for Italy", *OECD Local Economic and Employment Development (LEED) Working Papers*, 2012/04, OECD. <http://dx.doi.org/10.1787/5k9bb1vhzmr2-en>.

The recent Bank of Italy report on the economies of the autonomous provinces of Trento and Bolzano (2012) highlights a level of over-education and mis-match amongst people who graduated between 2008 and 2011 within the Region (Trentino-Alto-Adige/Südtirol). This report shows that it remains below or in line with Italy (except in the area of medical science where the Region suffers slightly more from over-education). At the same time, it is important to note that during this study several interviewees emphasised that demand for intermediate skills was greater than their supply.

Table 6. Employment, over-education and skills mismatch amongst employed graduates (of 2008-2011) (%)

	Trentino-Alto Adige/Südtirol			Italy		
	Level of employment	Over-education (1)	Mismatch (2)	Level of employment	Over-education	Mismatch
Humanities	78.3	24.1	46.3	61.5	38.1	67.5
Social sciences	79.7	27.6	19.0	64.8	33.8	19.4
Natural sciences	77.6	10.3	45.3	68.2	18.0	43.1
Engineering and Architecture	78.4	5.9	23.9	72.4	12.1	26.4
Medical Science	84.5	9.1	12.9	79.5	8.3	13.0
Other (including education, veterinary studies, agricultural and service based degrees)	84.8	14.1	48.7	70.9	23.1	53.6
TOTAL	80.1	18.1	28.5	68.0	25.0	32.1

1. Overeducation refers to graduates working below their skills level.

2. Mismatch refers to graduates working in areas different from their degrees.

Source: Banca d'Italia (2012), *Economie Regionali: L'economia della Province autonome di Trento e di Bolzano*, Banca d'Italia, Roma, p. 23.

Summary

The diverse structure of the Italian economy presents significant challenges, compounded by the high level of inequality that exists between regions. Within Italy, the PAT has a unique position because of its autonomous status. It has performed relatively well compared to other regions with higher rates of economic growth and lower unemployment. Furthermore, the province is located in the high skills equilibrium quadrant of the OECD LEED statistical diagnostic tool, which shows that there is a relatively good match between skill supply and demand in comparison to the rest of the country. While this is positive, the evidence discussed above demonstrates that there are some sectors where efforts could be made to improve the skills supply and demand balance.

Additionally, some important labour market challenges can be identified, including higher levels of unemployment among youth, women aged 25-44, and immigrants, as well as the prevalence of temporary employment, which promotes neither effective labour force attachment or investment in workers' skills

development. The economic downturn has also negatively affected tourism, which is a critical sector within the local economy. Given these challenges, the Labour Agency will need to ensure that economic development, vocational education, and skills policies are working in an integrated manner. The next section of this report overviews the results of the project work undertaken in the province to examine the capacity of the local level to contribute to local job creation policies.

LOCAL JOB CREATION: KEY FINDINGS

This section of the report outlines the key findings from the fieldwork undertaken in the province. After briefly describing the methodology of the Local Job Creation dashboard, findings are discussed in relation to each theme of the study. As mentioned earlier in this report, the OECD LEED Programme has developed a set of priority areas on which local stakeholders and employment and training agencies can focus to build sustainable employment growth at the local level. The Local Job Creation dashboard assesses the ability of the local level to contribute to local job creation along four key themes and sub-criteria (see Box 2 below).

Box 2. OECD LEED Local Job Creation Dashboard

1. Better aligning policies and programmes to local economic development
 - 1.1. Flexibility in the delivery of employment and vocational training policies
 - 1.2. Capacities within employment and VET sectors
 - 1.3. Policy co-ordination, policy integration and co-operation with other sectors
 - 1.4. Evidence based policy making
2. Adding value through skills
 - 2.1. Flexible training open to all in a broad range of sectors
 - 2.2. Working with employers on training
 - 2.3. Matching people to jobs
 - 2.4. Joined up approaches to skills
3. Targeting policy to local employment sectors and investing in quality jobs
 - 3.1. Relevance of provision to important local employment sectors and global trends and challenges
 - 3.2. Work with employers on career ladders, assuring decent work and skills utilisation
 - 3.3. Promotion of skills for entrepreneurship
 - 3.4. Economic development promotes quality jobs for local people
4. Inclusion
 - 4.1. Employment and training programmes are geared to local “at-risk” groups
 - 4.2. Childcare and family friendly policies to support women’s participation in employment
 - 4.3. Tackling youth unemployment
 - 4.4. Openness to immigration

Methodology

Information for the dashboard was gathered by researching programme and policy documents as well as interviewing key stakeholders at the local level. Interviews were conducted with two sets of stakeholders: first, public officials working in employment, skills and economic development; second, representatives of the local social partners plus other key local informants.

From the responses received, a value was attached to each question ranging from 1 (low) to 5 (high) which corresponds to the relative strength of the policy approach based on OECD LEED research and best practices in other jurisdictions. The results were then aggregated and are presented through the four main themes of the dashboard. Results for each question received an equal weighting within each of the four themes. Within each theme, some questions were grouped together because of their similarity and so are accorded a lesser overall weighting relative to other questions not grouped. However, together they receive equal weighting relative to the other questions within the theme.

In this section, each of the four themes is presented and discussed sequentially, accompanied by explanation about the results. The data is presented as an index which indicates the relative strengths and weaknesses of the local level in contributing to local job creation within the province.

The full local job creation index with all four themes completed is below. Please refer to Box 2 which includes the name of the sub-criteria analysed under each theme.

Figure 9. Local Job Creation Overall View

Sub-Criteria	Value (0-5)
1.1	4.0
1.2	3.0
1.3	2.8
1.4	3.0
2.1	3.8
2.2	3.5
2.3	3.5
2.4	3.0
3.1	4.0
3.2	2.5
3.3	3.7
3.4	2.9
4.1	2.8
4.2	4.2
4.3	4.0
4.4	3.2



Overview

The province's institutions, in particular the Labour Agency, have a solid reputation in Italy for the quality of their approach to labour market problems. Findings from the dashboard show that this reputation

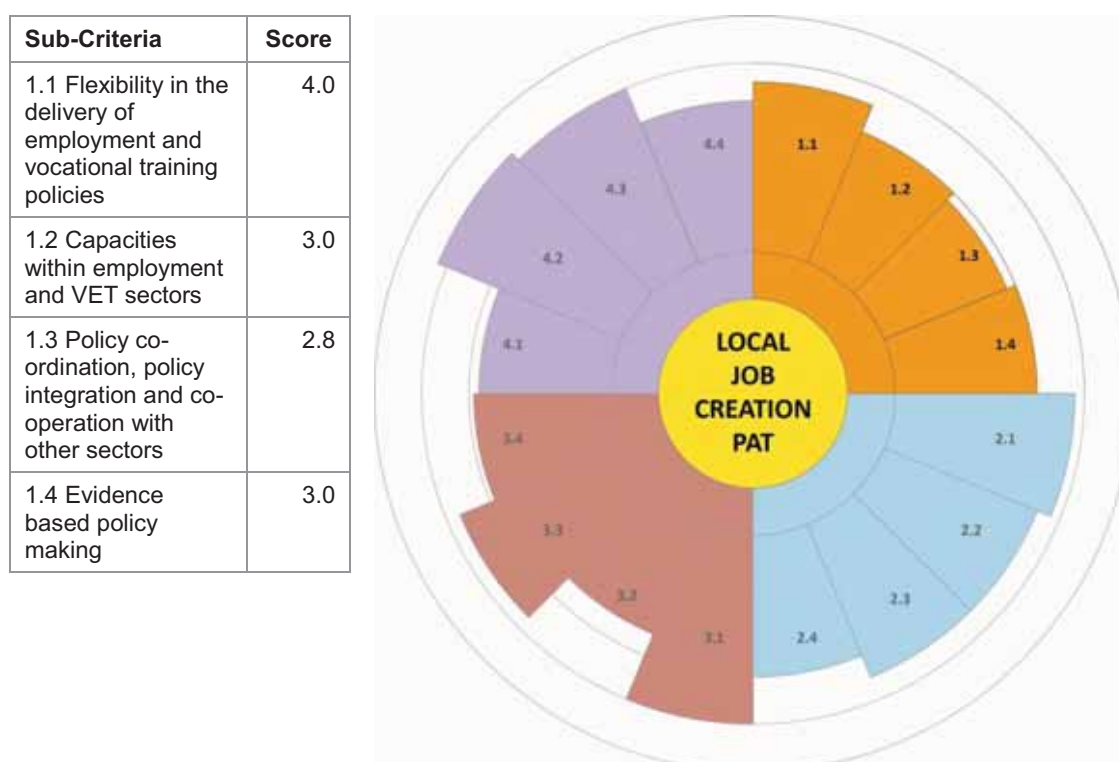
is well-deserved. As the index above illustrates, the interviewees and expert assessment provided a reasonably good and consistently favourable assessment of policy alignment between local economic development and skills formation, and labour market inclusion by the Labour Agency. Overall, the Labour Agency and the province's other institutions have benefitted from the embedded social partnership model that exists within the province, which has not only generated significant economic prosperity and high levels of wider social cohesion, but also makes a positive contribution to the implementation of their policies and programmes.

However, the dashboard also revealed some variable practice across the different themes where the Labour Agency could seek to build on their already positive activities.

Theme 1: Better aligning policy and programmes to local economic development

The results for this theme are presented figuratively in the index below.

Figure 10. Theme 1: Better Aligning Policy and Programmes to Local Economic Development



1.1. Flexibility in the delivery of employment and vocational training policies

The evidence suggests that the Labour Agency is performing well within the sub-criteria considered. The Labour Agency has a budget set at the provincial level and both the PAT and the Labour Agency have considerable autonomy compared to most other provincial or regional bodies in Italy. In terms of its work, the Labour Agency is able to select from a range of nationally designed active labour market policies (ALMPs) and decide which programmes best meet local needs. It also has the ability to develop additional initiatives based on local needs. Sub-provincial job centres sometimes apply to the Labour Agency to introduce additional programmes and initiatives and such requests are usually granted.

The Labour Agency and its job centres have considerable freedom of action in deciding which services should be outsourced and to whom. They mainly outsource training and public employment programmes for at-risk groups. However, contracts with external providers (mainly social co-operatives) are not very flexible. The Labour Agency is constrained by national regulations about the types of people helped and the types of services to be provided. For instance, to a large extent eligibility for subsidised training to specific target groups is decided nationally. Moreover, the idea of outcome-based contracts is far from widespread in the Italian public sector.

There are two issues to highlight with respect to the planning of future training programmes. Planning tends to be backward-looking and based on the past programme uptake. Secondly, there are restrictions on what training can be provided. The approval process is often lengthy and training protocols must adhere to national guidelines. However, local stakeholders are consulted about curricula design and can request special training programmes to meet local needs.

The performance targets for ALMPs in the province are set nationally but local administrations, such as the Labour Agency, are consulted in this process. The Labour Agency sets additional targets on the basis of the analysis of local priorities. The Labour Agency's performance is measured against these targets. The objectives by which the performance of ALMPs is measured include procedures and take-up rates. Outcomes are only loosely assessed. For example, the Labour Agency and its job centres monitor unemployment but this monitoring is not systematically linked to targets or priorities, and there is little ex-post policy evaluation.

1.2. Capacities within employment and VET sectors

Overall, it was indicated that the capacity and resources of staff of the Labour Agency is adequate to deliver current objectives. The skill levels of staff were perceived to be fully sufficient for implementing the current workload effectively. There were mixed opinions about the added value of having more resources made available. Some interviewees stated that more financial resources and staff would help to make the work of the Labour Agency more effective and have a greater impact.

1.3. Policy co-ordination, policy integration and co-operation with other sectors

In the province, labour market policies are regarded as the responsibility of the Labour Agency. Interviews conducted for this study highlighted issues of cross-organisational communication, and cross-organisational policy integration and delivery.

Communication between employment and education and training policy-makers and national government representatives is infrequent. The same is also true for communication between education and training and economic development policy-makers. As a consequence, there is little co-ordination between national and provincial governments on labour market policy. Within the province, there is quarterly communication between PAT actors, including the Labour Agency, and education and training institutes. Communication between the education and training institutes and the Labour Agency occurs at least annually although communication between the Labour Agency's local job centres and local education and training institutes is more sporadic. It was felt that more frequent communication is hampered by the absence of a forum for interaction, most notably the absence of a common representative body for training institutes.

Communication between employment and economic development policy-makers within the province is more frequent – at least monthly. However, communication between the local job centres and local municipalities is less frequent. There is the potential to establish frequent, and effective, communication

with the *Comunità di Valle*, each of which aggregates several municipalities and is more autonomous and financially self-reliant than the municipalities.

The Labour Agency and education and training organisations communicate with business at least twice yearly and there have been area-based partnerships (*Patti Territoriali*) to promote local development. However, these partnerships were limited in scope and are in the process of being discontinued. The Labour Agency and adult training/vocational training institutes regularly attend meetings of these partnerships but the level of engagement was felt not to be fully sufficient, especially for the VET and training institutes.

Looking at the co-ordination of local strategies for employment, economic development, and skills, the Labour Plan (*Piano del Lavoro*) is a strategic policy document of the Labour Agency. The Labour Agency's Executive Board, which includes members of other PAT departments and is two-thirds made up of social partners, proposes a document of policy interventions in the labour market to the provincial government. If approved, with funding, the Labour Agency is required to implement the contents of the document. In 2011, the Executive Board proposed 31 types of interventions around six specific activities focused on employment services, and training for the employed and unemployed. These measures were accompanied by a more traditional set of tools within the Italian institutional framework – hiring incentives and income support for workers – aiming to protect incomes and promote the employability of the most vulnerable in the labour market: the young, women, individuals over 50 years, workers at-risk of unemployment and low-skilled individuals.

The Labour Plan links with strategies from other PAT departments (such as industry and trade) through the presence of members of these departments on the Executive Board of the Labour Agency. Links with the local education and training strategy of the provincial government also exist. There are other joint strategies at the provincial level, enacted by other PAT departments, around, for example, interventions to boost youth employment (*Programma degli interventi per affrontare la crisi occupazionale dei giovani*). Interestingly, this programme tends to focus on improving youth skills through education rather than training.

In terms of policy integration between employment, skills and economic development stakeholders, most co-ordination between the national government and the PAT centres on employment and economic development. As noted, at the provincial level, there is effective co-ordination in place, especially between the Labour Agency and economic development officials through the presence of these officials on the Executive Board of the Labour Agency.

At the sub-provincial level, there is little strategic policy-making though there is some interaction between officials responsible for employment, economic development, education and the social partners. The *Comunità di Valle*, who have more strategic responsibility for local economic development and employment, are supposed to interact more frequently with job centres, educational institutions and social partners and there is the potential therefore for greater strategic policy-making to take place (Box 3).

Box 3. New co-ordination between the Labour Agency and *Comunità della Vallagarina*

On August 31st 2011, the Labour Agency signed an agreement with the *Comunità della Vallagarina* on the project Objective Vallagarina: new job opportunities for young people (*Obiettivo Vallagarina: nuove opportunità di lavoro per i giovani*). The project supports youth employment and facilitates job placement of young people aged between 16-29 years who are unemployed and registered at the Job Centre of Rovereto. This agreement signals a new approach by the Labour Agency to sub-provincial administrations. Situated in the south of the province, with 78 482 inhabitants, the *Vallagarina* is the second largest *Comunità* in terms of population. It includes 17 municipalities, among which is Rovereto, the second largest city in the Province. The project responds to increasing concerns about rising local youth unemployment. The number registered as unemployed at Rovereto's job centre rose from 5 657 in 2010 to 6 117 in 2011 (+8.1%). This increase has been highest amongst young people (+20%).

The project aims to promote the recruitment of young people with apprenticeships in Vallagarina firms. The starting point is the training and employment needs expressed by local companies through their associations. The project is articulated along six intervention lines, originating from the three year Labour Plan of the Labour Agency but with local flexibility in working with local social partners:

- An information campaign aimed at local institutions and social partners involved in labour market policies;
- Support of female employment, through information, guidance and training in collaboration with the *Consigliera provinciale di parità* (Provincial Councillor for equality) established in 2006;
- Support for youth employment as required by the provincial programme of action to address the jobs crisis (*Programma provinciale degli interventi per affrontare la crisi occupazionale*) adopted by the PAT in 2011;
- Activation of an information point at the Rovereto job centre dedicated to local institutions and individuals who deal with labour market policies;
- Establishment of a community technical committee involving local institutions and other stakeholders who wish to activate labour market policies; and,
- The advertising of services and labour market policy interventions, with specific promotion of entrepreneurship and self-employment.

The project takes the lead from the experimental project Vallagarina Informs Women (*Val.I.Do - Vallagarina Informa Donne*) aimed at the employment of particularly vulnerable female workers in collaboration with the Provincial Councillor for Equality. Of the sixteen women involved in the project, four belonged to families receiving the new Minimum Income Guarantee scheme and three were disabled. Out of these sixteen women, thirteen have successfully completed the project. Currently, six of the women are employed and two enrolled in education.

The Labour Agency signed another agreement with the *Comunità delle Giudicarie* on May 24th 2012, and has already signed agreements with two large municipalities (in Trento with regard to summer jobs for young people and Rovereto about job-search assistance for vulnerable women). Another agreement has been signed with Valle di Non (31st July 2012) and others will soon be formally signed, such as with Alto Garda e Ledro.

Source: Ufficio Stampa (2012), available at:

http://www.uffstampaprovincia.tn.it/csw/c_stampa.nsf/8d60911a745c25adc12574940035857e/6ea9dcecede59a2e8c12579df0029ed6b?OpenDocument.

In terms of the delivery of supports to the unemployed, there are no “one-stop shops” in place that offer an integrated delivery model where job seekers have a variety of services (such as benefit payments, support with disabilities, access to active labour market programmes and support with transport/childcare). Employment offices have responsibility for dealing with the barriers to employment for some disadvantaged groups, such as disabled workers, and there is only a limited amount of co-ordination between these offices and other provincial government departments about welfare benefits for such

workers. There is an initiative in one of the *Comunità di Valle* (Vallagarina, around Rovereto) through which the municipality has signed an agreement involving the development of a one-stop shop to integrate services.

Other similar initiatives are being started in other areas of the province but they focus only on delivery of supports to the unemployed (due to the current recession). Nevertheless, such initiatives are likely to act as a catalyst for agreements concerning other labour market related policies. Therefore, there is scope for the deepening and widening of policy communication, co-ordination and delivery within the PAT itself, as well as between the PAT and the national government.

1.4. Evidence based policy making

There is a wealth of labour market data available within the PAT. There is some fit between this data and the former administrative unit, the *comprensori* and the *sistemi locali del lavoro* (which are the Italian equivalent of the travel-to-work areas). There is less fit between *sistemi locali del lavoro* and the *Comunità di valle*. This is unsurprising given that the latter is a creation of the PAT, whilst data for the *sistemi locali del lavoro* is produced outside the province, by the central office of Istat in Rome.

The main issue with the data produced within the province is that its use is limited in terms of informing provincial and sub-provincial programmes and priorities. An annual provincial skill survey is conducted to gather data on employee skills and employers skills gaps and shortages. This data should feed into employment and training programmes but the link between the two is weak because of the lack of a formal relationship between the Labour Agency and the training institutions noted earlier.

In addition, evaluation data is not optimal. As already noted, the absence of outcome-based assessment is common within Italy. Within the Labour Agency, there is currently no ex-post policy evaluation of projects and programmes, only some monitoring. However, there are signs of change with the development of an agreement with the provincial policy evaluation institute (IRVAPP/FBK) (Box 4). It is hoped that this agreement would lead the Labour Agency to disclose to IRVAPP/FBK its administration of training courses. For its part, IRVAPP/FBK should shorten evaluation completion times.

Box 4. IRVAPP/FBK: Istituto per la Ricerca Valutativa sulla Politiche Pubbliche

IRVAPP (*Istituto per la Ricerca Valutativa sulle Politiche Pubbliche*, Research Institute for the Evaluation of Public Policies)/FBK is a policy-orientated research organisation established in the Province in 2008. IRVAPP/FBK provides evaluations of the impact of public policy to international, national and local agencies in order to help establish evidence-based policy making.

IRVAPP/FBK research covers labour market policy, economic and industrial policy, welfare policy, and social and economic policies in developing countries. Research findings are disseminated, policy evaluators are trained and a policy-relevant data archive has been established.

Locally relevant research projects of IRVAPP/FBK include ex-post evaluation of the merit-based financial aid to students (a programme encouraging students from low income families to obtain higher education) and the Minimum Income Guarantee programme (see Box 8). The evaluation of the Guarantee will include: take-up rates amongst the target population, its impact on labour supply and its impact on household consumption.

The Labour Agency recognises the importance of such evaluations in helping determine the effectiveness of its policy interventions. The Labour Agency also recognises that working with the IRVAPP/FBK in this way represents a shift towards normalising systematic monitoring and evaluation of public policy in the province.

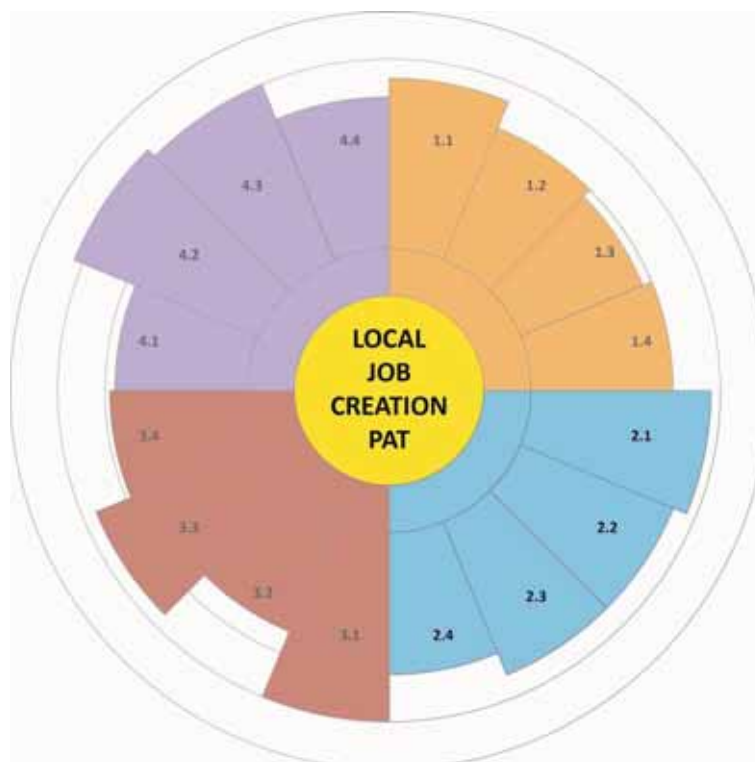
Source: Research Institute for the Evaluation of Public Policies, <http://irvapp.fbk.eu/it> and interviews with local stakeholders.

Theme 2: Adding value through skills

The results for this theme are presented figuratively in the index below.

Figure 11. Theme 2: Adding value through skills

Sub-Criteria	Score
2.1 Flexible training open to all in a broad range of sectors	3.8
2.2 Working with employers on training	3.5
2.3 Matching people to jobs	3.5
2.4 Joined up approaches to skills	3.0



2.1. Flexible training open to all in a broad range of sectors

Overall, there was a perception amongst local stakeholders that local training provision within the province is adequate. There is a wide variety of training courses (e.g. basic skills, vocational skills) and delivery modes (e.g. flexible, modular, and after-hours) available in the province which are accessible and meets demand. Vocational training is available to young workers, disadvantaged groups (e.g. disabled and immigrant workers), and workers who have been made redundant. In most cases, it includes training for higher level generic skills (networking, communication, leadership, innovation and problem-solving). Subsidised training is available to unemployed workers and job-seekers. Subsidised training is also offered to workers if their firms are part of the Inter-Branch Funds. A drawback of these courses is that they are not, in the majority of cases, legally certified; participation rather than competence is certified, which limits the transferability of skills acquired in these courses in the labour market.

2.2. Working with employers on training

Generally, the training available is geared towards meeting employer demand. There also appears to be good support for workplace training and apprenticeship. Between 0.5-1.0% of the employer payroll is invested in workforce training and skills development and there are also specific programmes in place (such as the Inter-Branch Funds) to increase workplace training. A challenge for the Labour Agency, and the PAT as a whole, relates to the large number of SMEs who face barriers to training their employees. There is little adaptation of public training programmes to meet the needs of SMEs. This weakness has been recognised and efforts are being made to improve the situation through SME-targeted, publicly-

funded training. For example, support is provided to employer associations and/or larger companies willing to support skills development in SMEs.

There is a wide-range of apprenticeships available within the province and over 20% of young people (15-24 years) in the province enrol for apprenticeships. However, research undertaken for this project indicates that some employers are still reluctant to use apprenticeships and prefer hiring individuals on fixed term contracts. Overcoming this reluctance is important not only as a tool for helping young people to find employment but also for the contribution apprenticeships make to the skills available within the province. There are currently no plans to develop the apprentice system in the PAT, for instance introducing the dual qualification scheme adopted with some success in many Germanic countries as well as, to some extent, in the Autonomous Province of Bolzano.

2.3. Matching people to jobs

Whilst there is good labour market data on jobs in the province there is some concern among local stakeholders about the appropriateness of careers guidance. For those looking for jobs, effective job matching services are in place, including an on-line service. Most registered unemployed individuals receive counselling and some training within the first three months of their claim. For a number of years, the Labour Agency has had job profiles by sector well-mapped within the province. However, job mapping is only now just beginning to inform labour market programmes aimed at the unemployed, and job-seekers generally. Although there are a range of sector strategies in place to better match the supply and demand of skills locally, the success of these strategies was questioned by local stakeholders.

Careers advice exists for youth (15-24 year olds) but it is not clear how well this advice is aligned with the local labour market. Likewise there is careers advice for adult workers (i.e. 25-64 years) but again there are concerns about how well this advice is adapted to the local labour market. These concerns raise questions about the advice offered by adult education institutions and universities, as well as support for professional development and career progression opportunities for low-qualified workers.

Some effort is being made to change this situation. The Labour Agency is implementing a new careers advice programme, including the innovative “Stock Exchange of Occupations”, which is an online marketplace of occupations that also provides job search assistance (see Box 5). It was suggested that the outcomes of this initiative should undergo evaluation – echoing a general theme among local stakeholders for the need for proper ex-post policy evaluation of labour market programmes in the province, and something which the Labour Agency is addressing through its relationship with IRVAPP/FBK (which was highlighted earlier).

Box 5. The “Stock Exchange of Occupations”

Employment agencies in some Italian regions (including the province) are currently moving towards the establishment of virtual stock exchanges of occupations. These stock exchanges bring together services related to job vacancies and labour market information to assist career choice and provide job search guidance. The stock exchanges will also include occupational profiles and offer monthly information on local labour market trends and developments. It will be a virtual meeting place where labour market participants interact and learn what is happening in the jobs market, and creates an intermediary between supply and demand.

In the province the stock exchange will list job openings both in the province and elsewhere, and firms and workers will lodge their job vacancies and CVs on-line. The stock exchange will provide workers, employment agencies and businesses with a dynamic tool tracking developments in the labour market and help workers through the various stages of their working life. At present the stock exchange within the province is in development and not fully functioning, though the Labour Agency is currently at an advanced stage of experimenting with the website's content.

However, the stock exchange in the nearby Veneto region – the *Borsino delle Professioni* – is already in operation and can provide insights into the initiative. The *Borsino delle Professioni* was established by *Veneto Lavoro* (the regional employment agency) during the period 2007 to 2009. Drawing on information about job vacancies and labour turnover provided to the Ministry of Labour it has created a guiding tool for education and career choices. The system is based on a classification grid of matched qualifications and occupational profiles, which in turn enables training and career paths to be identified. All this information is gathered in an open-access website. Its initial target was junior and senior high-school pupils, vocational training course participants, employment agencies and firms. Because the matching exercise is resource-intensive and requires tight collaboration from higher education institutions, there is, as yet, no link between the *Borsino* and tertiary education in the region.

Source: <http://borsino.borsalavoroveneto.it/cos-e-il-borsino/>, 14; interviews with respondents.

2.4. Joined up approaches to skills

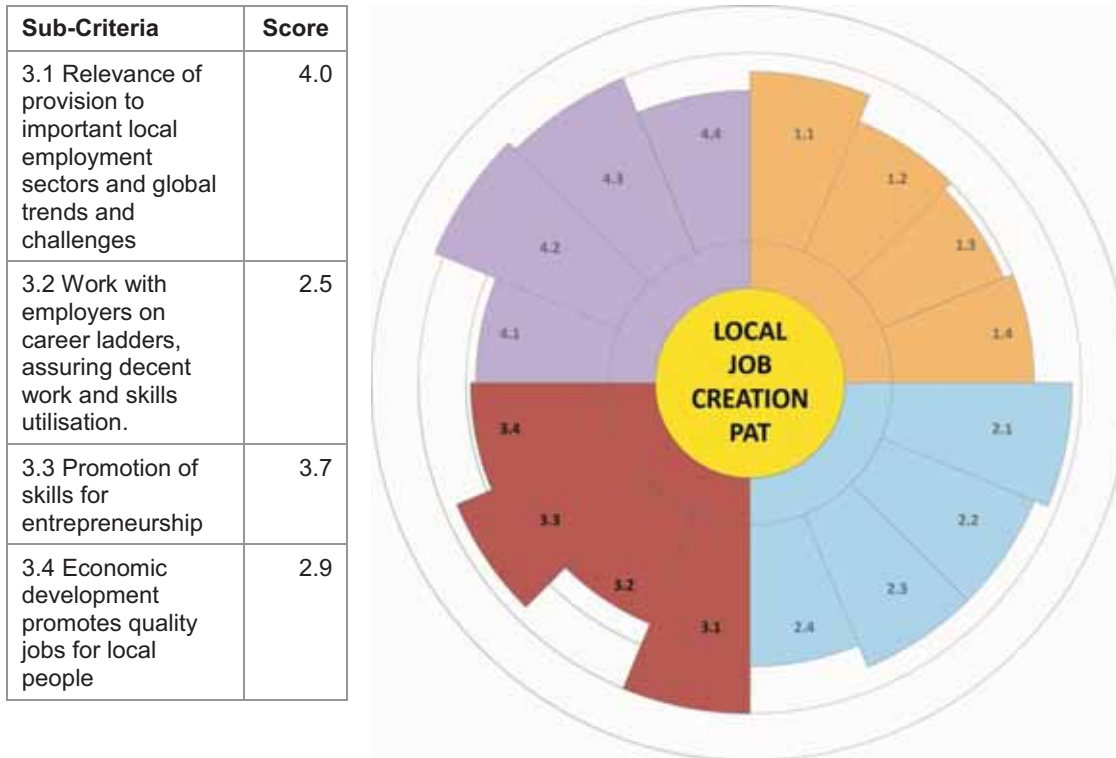
There is some concern among local stakeholders about the lack of linkage between economic development and future workforce development. Strategic plans do refer to the need to better co-ordinate skills initiatives that would improve the supply of new and existing workers with higher skills, attract and retain talent, provide better careers advice for the young, and improve the employment participation of lower skilled workers. However, these policy intentions have not been translated into practical actions and this is an important area for development not only for the Labour Agency, but also for the wider economic institutions of the PAT.

There was a consensus among local stakeholders that well co-ordinated, pro-active action on skills is needed. For example, the recognition of the need to attract and retain talent within the province has not been translated into better marketing, investment in improving the quality of life or better guidance on career opportunities in the province for young people. However, there have been recent, positive, developments in this area. The merger of *Trentino Marketing SpA* with *Trentino Sviluppo* mentioned previously was undertaken with a view to replicating the success of *Standortagentur Tirol* in nearby Tirol, Austria. The merger integrates regional development and promotion, the internationalisation of local firms and the attracting of inward investment. It is important to ensure that this development is accompanied by a focus on skills and the attraction and retention of talent.

Theme 3: Targeting policy to local employment sectors and investing in quality jobs.

The results for this theme are presented figuratively in the index below.

Figure 12. Theme 3: Targeting policy to local employment sectors and investing in quality jobs



3.1. Relevance of provision to important local employment sectors and global trends and challenges

Across the province, while there are sufficient employment, training and re-training programmes across the various age groups which target some of the province’s key economic sectors, training is geared to the needs that exist rather than new opportunities. There are relatively few programmes geared towards new or newly expanding sectors (such as, green industries and care work respectively) something which will be important in the medium- and long-term. Respondents highlighted this as evidence of an indication of the relative lack of innovation in the province.

Opinion is mixed about the relevance of work being undertaken across the province in relation to product, market and workplace innovations. Product innovation is felt to be good with university, education and training institutions actively involved in applied research in areas relevant to the local economy. The FBK-Irst (Bruno Kessler Foundation Institute for Scientific and Technological Research) is a public research centre founded by PAT in 1976. For almost thirty years it has been conducting research in, for example, information technology and micro-systems. The Fem-Edmund Mach Foundation (formerly *Istituto Agrario San Michele all’Adige*) conducts research on agricultural foodstuffs produced in the province, such as wine and olive oil.

Due to its special status, the PAT directly manages most (+ 90%) of state aid to firms in the region (Brancati, 2005; 2010). Financial support is provided to micro-firms, SMEs and manufacturing and services co-operatives as well as large firms. This support is provided to encourage applied research, more R&D and the acquisition of patents. The available evidence (Gabriele et al., 2006) suggests that this kind

of aid has had a positive impact on firms' size but not on profitability, technical change or productivity. The lack of effective selection procedures has often been blamed for this (see for instance Martini and Trivellato, 2011). The provision of public funding for R&D from the state, or in this case the PAT, is therefore insufficient to generate the innovation needed. In addition, firms need to be encouraged to adopt workplace innovation and, with it, better skills utilisation (see below).

3.2. Work with employers on career ladders, assuring decent work and skills utilisation

Career ladders, assuring decent work and skills utilisation are issues that appear to have little emphasis in the Labour Agency. Programmes exist that focus on supply and demand, however, demand tends to equate with recruitment and so the skills necessary to get, not necessarily do, a job. Whilst there is a formal strategic intent within the Labour Plan to improve skills utilisation and work organisation in the hope of improving labour productivity and competitiveness within the province, there is little action to translate this policy intent into practice within firms, nor are there sectoral strategies or programmes in place. For example, although the demand for "High Performance Work Practices" has gained traction recently amongst policy-makers generally as a means to maximise workplace innovation and skill utilisation (Warhurst and Findlay 2012), it was an unfamiliar concept to stake holders in the province – as it is across Italy (Trento and Warglien, 2001). This situation is being compounded by the recession. With rising unemployment the emphasis is, unsurprisingly, on training as the route to getting the unemployed back into work. As a consequence, skill acquisition, not skill utilisation, has become the priority.

Box 6. Boosting regional innovation and skills through social partnership and co-ordinated action in Germany

Concerned to ensure that its regional economy stays competitive, Germany's IG Metall trade union launched the "Better Not Cheaper" (BNC) campaign in North Rhine-Westphalia Lande. The campaign illustrates how the state, employers, employees, unions, consultants and researchers in the region can usefully combine to generate workplace innovations and improved business performance.

The North Rhine-Westphalia government's economic strategy focuses on stimulating innovation in targeted industries. The strategy is founded on a "Culture of Dialogue" involving government, employers, unions, NGOs and other stakeholders. However, in response to competitive pressures, some employers in the region have started using temporary contracts, reducing working hours and off-shoring production. BNC aims to counter this development and improve firm competitiveness.

BNC involves joint working between employers and employees – through works councils – to devise mutually agreed innovations to products and processes. When employers propose changes, these proposals are evaluated by the works council, with support from the trade union and consultants. This evaluation examines the proposal's implications for the business and employees against the benchmark of the region's long-term economic strategy. To enable the evaluation, works councils are given access to company financial information. Employers must make a convincing case that any change is both necessary and likely to be effective. Where works councils accept that the proposals can enhance business functioning or ensure business survival, they can sanction temporary deviation from industry-wide collective agreements. Given the strength of such agreements in Germany, this possibility is a powerful incentive for employers. Once agreement is reached, the works council monitors how management adhere to the terms of the agreement. Where the works council does not accept the management case, alternative solutions are proposed. Academics provide direct expertise and act as knowledge-brokers for the works councils and consultants are employed to provide expertise to lever, for example, technical changes.

Alternative solutions involve interventions that facilitate workers making better use of their skills and using better skills in their jobs. There have been immediate and significant gains. In the 137 plant-level cases to date, there have been process and product innovations; re-training and re-deployment; the shelving of business relocation plans; new customers and markets; employment growth and significant cost savings, often resulting in increased investment.

Box 6. Boosting regional innovation and skills through social partnership and co-ordinated action in Germany (cont'd)

As a consequence of the campaign, new relationships have been established between employers, trade unions, academics and wider industry stakeholders. With funding support from the Germany education ministry, collaborative arrangements have been established that encourage dialogue, knowledge exchange and knowledge transfer between universities and business through works councils. The overarching aim is to build a constructive and innovative network which brings together scientific expertise, and employer and employee experience directed to the sustainable development of individual firms. The campaign also has wider impacts. Works councils are connected in regional and sectoral networks, and there is transfer knowledge and the dissemination of good practice between works councils and so across firms and sectors. Academics, works councils and unions provide benchmarking data for use by other companies; engage in industry specific workshops, construct and disseminate industry reports, generate survey data and construct strategic and procedural guidelines and protocols for all participants.

Two evaluations are currently being undertaken of the campaign – one of its processes, the other of its outcomes.

Source: Warhurst and Findlay (2012) More effective skills utilisation: Shifting the terrain of skills policy in Scotland, SKOPE Research Paper no.107, 2012 Universities of Oxford and Cardiff.

3.3. Promotion of skills for entrepreneurship

Within the province there are reasonably strong policies in place to promote skills for entrepreneurship. Comprehensive employment programmes for the non-economically active that encourage self-employment are felt to be in place. These programmes centre on providing financial incentives, such as offering unsecured loans to underpin self-employment start-ups. It is an open question, however, as to whether the incentives to encourage self-employment actually encourage entrepreneurship within the province or act merely as a form of subsidy to an already thriving self-employment sector.

Vocational training and university courses that include some ad-hoc training in entrepreneurship skills are less evident, and an area for potential development. Box 7 outlines potential policy priorities for encouraging entrepreneurship within universities.

Box 7. Skills for entrepreneurship in universities

Teaching entrepreneurship and providing 'hands-on support' are still new to many universities. Successful implementation of these types of programmes requires not only closer links between the 'research' and 'education' missions of a university, but also partnerships with entrepreneurship-support providers and (global) sources of financing. Public policy can facilitate this process. The main policy priorities are:

- **Anchoring entrepreneurship support at top university-management level.** In promoting entrepreneurship, universities themselves need to be entrepreneurial and innovative. In the United States and Malaysia, recruitment and career-development procedures for academic staff in many private and public universities now take into account entrepreneurial attitudes and prior experience as well as work in mentoring entrepreneurs.
- **Facilitating networking and exchange.** Information on entrepreneurship needs to be easily accessible to students. In Germany, more than half of all universities are engaged in entrepreneurship support and many have established dedicated centres that offer information, training and access to networks. A new federal government programme, EXIST IV, awards universities that do particularly well with an excellence status and supporting funding. Networking and exchange of universities is also promoted. Inter-university collaboration can increase the spread and use of innovative pedagogies and teaching materials in entrepreneurship education. In France, the *Observatoire des pratiques pédagogiques en entrepreneuriat* (Observatory of Pedagogical Practices in Entrepreneurship) is an online resource centre for innovative and pertinent teaching material that also organises regular networking events for teachers and staff from entrepreneurship-support organisations.

Box 7. Skills for entrepreneurship in universities (cont'd)

- **Finding a balance between public and private financing.** Public start-up funding for university entrepreneurship support is provided in many OECD countries. Yet, while some public funding is important for the long-term financing of staff and overhead costs, universities should also be open to accepting financing from the private sector for, for example, entrepreneurship-support centres and incubation facilities. Early exposure of would-be entrepreneurs to the management and organisational characteristics of the private sector have a positive impact on entrepreneurship skills and competences. Universities can also seek revenues from the sale of shares in spinoff companies (a common practice in the United States) and by offering business consultancies (common in the UK). In Germany and Italy, private co-financing is less frequent, but there are signs of increasing private-sector involvement.
- **Increase across-campus participation in entrepreneurship activities.** Students need access to entrepreneurial learning opportunities inside and outside their courses of study. However, these activities have traditionally been available mainly to students in business and engineering rather than to the student population as a whole. Lately, however, students studying other subjects are receiving such support. While in countries, including Australia, the Czech Republic, Italy and Poland, entrepreneurship support is still primarily aimed at generating start-ups, there are signs of a shift towards stimulating growth-oriented and technology-intensive ventures, which is the main objective of this kind of support in the United States. The focus in Denmark and the UK is on creating “entrepreneurial mindsets”, and equipping students with the skills and competences that are useful for running one’s own business and for being an entrepreneurial employee.

Source: Hofer, A. et al./OECD (2010), “From Strategy to Practice in University Entrepreneurship Support: Strengthening Entrepreneurship and Local Economic Development in Eastern Germany: Youth, Entrepreneurship and Innovation”, *OECD LEED Working Paper*, No. 2010/09, OECD.

OECD (2012), *Better Skills, Better Jobs, Better Lives: A Strategic Approach to Skills Policies*, OECD Publishing. doi: 10.1787/9789264177338-en.

3.4. Economic development promotes quality jobs for local people

A cross-sector strategy is in place in the province, namely the Labour Plan linked to the Labour Agency that supports job creation in the public and private sectors. In the provincial planning process, the quality of jobs offered by potential local inward investors is a consideration. However recently, with the recession, more consideration is now accorded to job creation than job content, potential creating problems for future workforce sustainability. Good job quality provides not only higher job satisfaction (Clark 2005) and lower absenteeism and labour turnover within firms (Clegg, 1983; Freeman, 1978), those firms tend also to be more innovative and productive (Patterson et al., 1997; Toner/OECD, 2011). It is also linked to higher employment participation in the labour market and lower unemployment (EC, 2002; Siebern-Thomas, 2005).

For example, the Labour Agency is keen to encourage the creation of jobs through new local construction and development activities but there is little consideration of the skill utilisation, training and career development opportunities these jobs offer. In the few cases in which human resource management issues are considered – that is, in the awarding of public procurement contracts – the emphasis is limited, tending to focus on forms of equal opportunity policies and the percentage of local labour being employed. Developing awareness amongst policy-makers of the need for jobs of better quality, as well as delivering those jobs, is therefore important both within the Labour Agency, as well as other PAT actors, for its future economic development and should not be overlooked during the recession.

More broadly, the nexus between economic development and quality jobs for local people needs to be better articulated. Whilst there are job creation strategies, with the Labour Agency as a key and important actor, there is little effort to use this job creation as a tool for encouraging better quality jobs within the

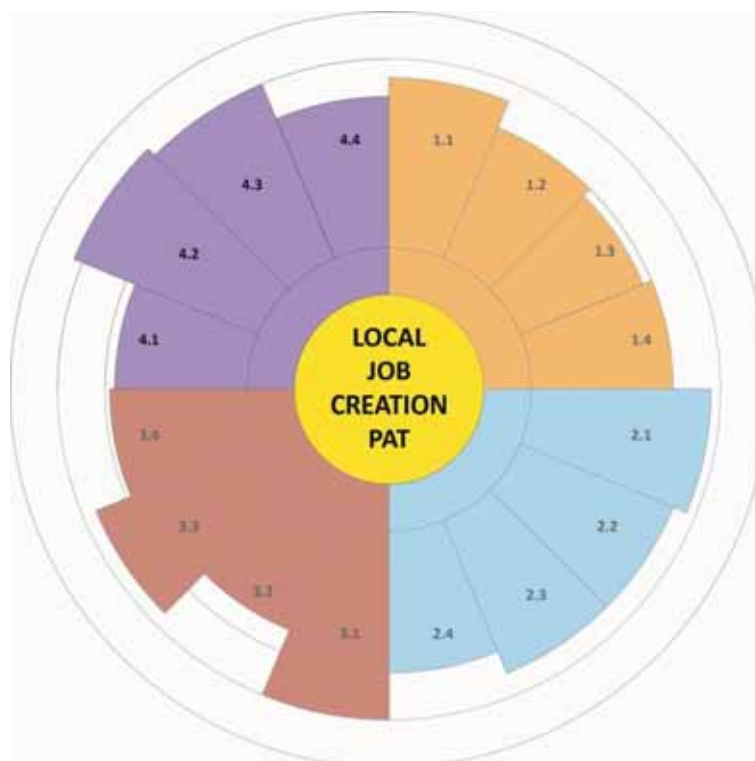
province. The emphasis tends to be of one providing any jobs rather than good jobs, which undermines, for example, other efforts to attract and retain talent in the province.

Theme 4: Inclusion

The results for this theme, which focuses on labour market inclusion, are presented figuratively in the index below.

Figure 13. Theme 4: Inclusion

Sub-Criteria	Score
4.1 Employment and training programmes are geared to local “at-risk” groups	2.8
4.2 Childcare and family friendly policies to support women’s participation in employment	4.2
4.3 Tackling youth unemployment	4.0
4.4 Openness to immigration	3.2



4.1. Employment and training programmes are geared to local “at-risk” groups

Provision within the province of support for at-risk groups, particularly those vulnerable on the labour market, is deemed to be good. In terms of welfare provision, a minimum income guarantee (*reddito di garanzia*) was implemented during 2009-10 which covers many at-risk groups (see Box 8 below). There are a number of long-established programmes intended to meet the needs of local at-risk groups on the labour market (including ethnic minority workers or workers with disabilities) One, “The Big Project: Special Project for the Promotion of Employment through Tourism and Eco-Environment” (*Progetto speciale per l’occupazione attraverso la valorizzazione delle potenzialità turistiche ed ecologico-ambientali*), relates to publicly-funded employment programmes for at-risk groups. This programme also covers older workers and female returners to the labour market.

Box 8. The Minimum Income Guarantee programme

In 2009 a Minimum Income Guarantee programme was introduced in the province. This programme represents a major innovation not just at the local level but also in the context of Italy's national welfare system because, within Western Europe, only Italy and Greece lack a "safety net" programme.

The Minimum Income Guarantee is aimed at tackling poverty in the province by providing a guaranteed income to households whose income falls below the poverty line (defined as the 60% of current national median income). The program is means-tested and works by topping up households' income to a "guaranteed" level, defined according to household composition and circumstances (disability, housing costs etc.). It is available for renewal for a further three times in the two years following the first application.

The programme is available for three years to all residents in Trentino who are registered as actively seeking work or for those living in households comprising people over 60 years if female and over 65 years if male. Other claimants are evaluated by the PAT's social services.

Means-testing generally represents the most cost-efficient way of delivering this welfare support. However, non-take up because of lack of information, administrative burden or social stigma might compromise the programme's effectiveness in tackling poverty. Moreover as a "safety net" programme it has the potential to act as a disincentive to labour supply both at the extensive (whether to participate or not in the labour market) and intensive margin (the amount of hours worked). Some amendments to the programme have been proposed by the PAT's Department of Labour and Welfare to make the guarantee more than a welfare benefit and instead use it as a tool that assists people to reintegrate into the labour market.

The programme might gain more social and political acceptance if it can be shown that the amount received is used to increase children's consumption rather than personal spending of the head of household. These sources of concern are being investigated by IRVAPP/FBK in collaboration with the Labour Agency.

Source: http://www.apapi.provincia.tn.it/reddito_garanzia/;
http://www.uffstampa.provincia.tn.it/csw/c_stampa.nsf/8d60911a745c25adc12574940035857e/c9701e88ab2b8731c1257a1e0049dd22?OpenDocument; <http://irvapp.fbk.eu/Ricerca/Reddito>; Interviews with interviews with respondents.

There are also local efforts to adapt VET/adult training programmes for at-risk groups. These programmes tend to be targeted at sectors that are important for the province's economy. Ensuring that programmes are not delivered from a "one size fits all" approach is important to meeting effectively the needs of those groups at-risk on the labour market. In addition, more evaluation of programmes is needed, as it is currently unclear if there is a process in place which seeks to establish what techniques have the most positive outcomes with which groups in helping them to move towards, and access, the labour market.

In addition, there are intermediate labour market initiatives through which publicly subsidised employment opportunities are provided through employers to create jobs or job placements for people not ready to enter formal employment. The "Big Project", for example, has created numerous such opportunities with employers, particularly in the social economy. The social economy is an important actor in work integration activities, and the strength of it, notably the co-operative movement, within the province enables it to provide significant support to people who need assistance to enter (or re-enter the labour market).

Nevertheless, there are some gaps in provision aimed at increasing labour market inclusion. There are no particular training programmes or institutions systematically targeting those from areas of deprivation. Efforts are made by the Labour Agency to do this, although it remains an area in need of greater focus. Moreover, little is being done to lift workers out of the informal economy and out of illegal employment, a particular feature of the agricultural sector in particular. However, respondents indicated that actions to tackle this problem cannot be a priority during the current recession.

With the exception of illegal workers and the informal economy, efforts to help at-risk groups of workers are recognised to be fairly comprehensive and sustained. Some concern was raised though about the temptation to shift from support for these groups during the recession to support for “mainstream” workers recently made redundant. Such an approach has the potential to push at-risk groups further away from the labour market, in effect creating significant problems in the medium to long-term both in terms of labour market inclusion but also for wider social inclusion and cohesion.

Despite the initiatives for at-risk groups, there are difficulties in identifying their progress in tackling their social exclusion. The issue once again is that no proper ex-post policy evaluation exists of such initiatives. The figure of 3500 people moved into work by the “Big Project” is often stated but no robust assessment exists of the additionality and cost-efficiency of the initiative for example. IRVAPP/FBK (which was instrumental in implementing the basic income guarantee) is now tasked with providing this evaluation but work on it has yet to start.

4.2 Childcare and family friendly policies to support women’s participation in employment

The PAT has made efforts to ensure that most households can access affordable eldercare, and childcare and early years education, and the provision of childcare (0-2 years) is well above the Italian average.

The PAT has a long standing interest in the development of family friendly policies. In 2004 it approved the plan for interventions as regards family policies (*Piano degli interventi in materia di politiche familiari*) and then in 2009 the white paper on policies for the wellbeing of families and birthrate (*Libro Bianco sulle politiche strutturali per benessere familiare e natalità*). Employers are encouraged to adopt family friendly policies and there are some specific initiatives such as part-time working, career breaks, flexible maternity and paternity leave, and on-site crèche facilities that support women’s employment participation. Such provisions are Italy-wide but PAT, along with a number of regions such as Emilia-Romagna, devotes more resources to these provisions.

Indeed, the Labour Plan specifically foresees a range of interventions to further support female employment, with specific regard to family friendly policies. These interventions include projects on: working time systems to enable the reconciliation of work, both paid and self-employed, with caring responsibilities; promoting the involvement of fathers in care activities; and, steps to promote the employment of women, including encouraging unemployed women to return from leave.

4.3. Tackling youth unemployment

As noted earlier, youth unemployment is a growing concern with the province. The June 2012 Bank of Italy report on the region’s economy found that in the province, youth employment (up to 29 years of age) fell by 6.6% (whilst in Alto-Adige it grew by 0.7%) (Banca d’Italia 2012).

There is some focus on the so-called NEET group – those not in employment, education or training – within newly implemented labour market policies for the young in the province. Again these policies are Italy-wide but more emphasis is placed on them in the province than in many other areas of the country.

The province has the lowest incidence of early school leavers in Italy (11.8% in 2010, with north-east Italy at 15.4% and Italy at 18.8%) (Banca d’Italia, 2012) and there are various initiatives that support the re-integration and prevention of school drop-outs. Despite the apparent success evidenced in having the lowest incidence of early school leavers, there are again difficulties in identifying the success rates of the initiatives that are in place because of the lack of ex-post evaluation.

4.4. Openness to immigration

The PAT, as with the rest of Italy adheres to national laws and EU Directives on discrimination. There is at least an impression that there are efforts to tackle discrimination in the provincial labour market and in all sectors. However, there was uncertainty amongst respondents about concrete examples. Again, there is no ex-post policy evaluation of anti-discrimination programmes and their effectiveness.

Languages courses for immigrant workers are widely available across the province. These courses are available to workers of all skill levels and respondents stated that the supply of these courses meets local demand for them.

There are, however, still structural constraints to immigrant workers' integration into the provincial labour market, qualification recognition being an important issue. As in Italy generally, qualifications gained abroad tend not to be recognised in the province and there is very little support available to help immigrants convert those qualifications into locally recognised qualifications.

In summary, there are several employment and training programmes geared towards supporting local at-risk groups to enter and stay in the labour market. However, there are difficulties in identifying progress in reducing rates of social exclusion due to the absence of ex-post evaluation. There is clear support for helping women's employment participation, for example through the provision of affordable childcare, and there are measures to tackle youth unemployment in place across the province. The situation is more mixed in terms of support for immigrant workers. There is an openness to immigration in the province and yet unemployment amongst these workers is high (see Table 3) and there is little effort to remove the structural barriers that hinder their employment, most obviously through recognition or conversion of qualifications acquired abroad.

CONCLUSIONS AND RECOMMENDATIONS

Overall, the institutions of the PAT, and in particular the Labour Agency, perform well against the criteria of the Local Job Creation dashboard. Data presented at the beginning of this report demonstrates that the province has weathered the economic crisis relatively well compared to the rest of the Italy. In 2011, the unemployment rate was nearly half of Italy and much less than the average for the European Union. However, the unemployment rate rose from 4.4% to 6.9% in the first quarter of 2012, an increase of 2.5%. In order to build sustainable employment, over the long-term, there are a number of areas where the Labour Agency could prioritise resources in order to build sustainable employment and to better support the inclusion of vulnerable groups. In view of the new responsibilities which may accompany the proposed fiscal changes, the PAT, and the Labour Agency, could use this as opportunity to take stock of current strengths and weaknesses and where they should be prioritising in the future. A number of the recommendations below are already being envisaged in the Labour Plan.

Theme 1: Better aligning policies and programmes to local economic development

Looking at the flexibility of employment and training policies, it appears that the PAT is a model of good practice in Italy. A strength of that flexibility is the ability of the Labour Agency to design and implement initiatives to ensure local needs are being met. Furthermore, sub-provincial offices have the ability to apply for and design additional initiatives, further emphasising the capacity of the Labour Agency to act to meet newly identified needs OECD research (Froy and Giguère/OECD, 2010) has highlighted the importance of flexibility in the design of employment programmes. Flexibility is important because it enables local stakeholders to develop policies and programmes relevant to the local area as opposed to a 'one size fits all' approach. In addition, it ensures that collaboration can lead to concrete changes in the delivery of policies and programmes, as employment offices adapt to new objectives agreed with other actors.

It is clear that overall there is a high level of social cohesion within the province, which leads to a relatively strong network of informal partnerships and communication between policy actors. LEED research has identified that such informal means of communication are an important factor in making policies more effective. Problems do not just get solved with grand strategies, but also through knowing the right people who can help to address and overcome a problem on a daily basis. At the local level there appears to be interaction, at least on an ad-hoc basis, between the job centres, employers, and trade unions. However, interviews with local stakeholders conducted for this study indicate that there is variability in the level of communication between the job centres and local vocational education institutes. This finding also applied to communication between the job centres and economic development policy makers. Such communication is not simply about the provision of information, but is a dialogue between various actors. The Labour Agency could look at ways to improve the regularity of such dialogue and collaboration between employment, vocational education, and economic development policy makers to ensure policy silos are broken, potentially at the level of the *Comunità di Valle*. Such joint actions can lead to new synergies in approach, a more seamless service to clients, a reduction in duplication and economies of scale in delivery.

Both being flexible and acting collaboratively requires local actors to take more responsibility, and use more discretion in decision making. It is therefore important to ensure that capacity is built for staff at the local level to manage this responsibility. Whilst the evidence suggests that capacities do not seem to be

lacking at the local level, it will be important to recognise that rising workloads mean that staff have less time to think innovatively and engage in local collaboration. Finding the means of effectively disseminating information across the province on “what works” in terms of ways of helping different target groups back into work would also be beneficial, particularly if this were based on evaluations of activities across the province, elsewhere in Italy and in the OECD.

Currently, it appears that there is limited outcomes-based evaluation of actions undertaken by the Labour Agency through its job centres and more should be encouraged. Such evaluation will enable the Labour Agency to assess not only the effectiveness of its programmes and services but also the value for money that is being achieved from its investments. The findings for such evaluations should feed into the policy development process and enable the agency to focus on continuous improvement. Whilst the observatory of the Labour Agency has undertaken significant data collection and analysis over the past 20 years which has sought to assess the impact of various initiatives and has contributed to policy, there is nevertheless, the potential to strengthen this contribution further. As the long-term impact and cost-effectiveness of training and employment programmes is often not visible without longitudinal analysis, a task for IRVAPP/FBK could be to improve longer-term data collection in this area and to build on the data collected and provided by the observatory of the Labour Agency. It is also important that the evaluation which is currently, and that will be, carried out by IRVAPP/FBK is better mainstreamed and disseminated across the Labour Agency and its local offices and that it plays an important role in honing and delivering services, as well as in the wider development of medium- to long-term policies.

Box 9. Labour market evaluation: Germany and Sweden

In many EU countries, much public money is spent on labour market policy and evaluation of this policy. There is a need therefore to ensure that policy works as intended and that evaluations are fit for purpose. Some EU countries, such as Germany and Sweden, have strong evaluation traditions and provide useful examples of how evaluation is undertaken and what issues arise in making sure that evaluation is fit for purpose.

Germany is a federal state and the governance of labour market and employment policy is decentralised. The central government is primarily responsible for labour market policy, including the local implementation of labour market programmes through the public employment service (PES). The German Länder, however, also promote local employment and economic development.

Germany's Federal Employment Service (*Bundesagentur für Arbeit* or BA) is a quasi-independent agency under the supervision of the Federal Ministry for Labour and Social Affairs. The BA is responsible for providing labour market statistics and monitoring the development of the labour market. It is also responsible for evaluating its own labour market policies and programmes through its research institute, the Institute for Labour Market and Occupational Research (*Institut für Arbeitsmarkt- und Berufsbildungsforschung* or IAB). The IAB was set up in 1967 and is regulated by statute. In terms of budget and size, IAB is the most important institution for labour market research and evaluation in Germany. It has around 200 staff and a budget of around EUR 36 million.

In recent years the IAB has increased its autonomy, taking on project design, research methods, interpretation and publication of evaluation results and research findings. The IAB must consider the research needs of the public employment services and Ministry but can reject research requests if, for example, on grounds of scientific validity, the notice period is insufficient or there is a lack of resources). In public policy debates or in parliamentary hearings, the IAB articulates its own independent position, emphasising its status as an independent scientific research organisation to be assessed by the standards of the scientific community (e.g. through publication in refereed journals). The IAB also makes its data available to external researchers and IAB staff can undertake joint projects with universities and other research institutes based on third party financing. Consequently, the activity profile of the IAB is broad, serving not only the evaluation and consulting needs of the public employment service and the Ministry but also state and local governments and the public at large. This range of activity has contributed to making the IAB more externally accountable, helping to circumvent the hazards of it being a part of the public employment service.

Box 9. Labour market evaluation: Germany and Sweden (cont'd)

Three issues arise from the German case. The first is the importance of being seen to be independently-minded as part of the process of ensuring evaluation credibility. As with the IAB, the Institute for Evaluation of Labour Market and Education Policy (*Institutet för arbetsmarknads-och utbildningspolitisk utvärdering* or IFAU) in Sweden represents a model of organisation for evaluation research in a specialised government research agency. The major difference in the Swedish case is that it is an independent research institute for labour market policy evaluation. This independence of evaluators has been highlighted as one of the key issues of policy evaluation. The model needs to be able to ensure independence and a clear division of tasks between those who conceive and execute, and evaluate policy. However unlike the IAB, which offers a position in public debates and parliamentary hearings, the Swedish IFAU does not offer policy recommendations. It only reports research results and relies on policy-makers to make good use of the findings. The reason for the lack of policy recommendation function is that the IFAU does not want to be in the position of evaluating its own proposals, which could undermine the credibility of its research function.

The second issue is that the impact of evaluation is difficult to ascertain. Evaluation results do inform policy communities and the policy-making process in Germany. However policy-making in coalition governments within a federal state is complex with multiple actors. This issue of impact though is not singular to Germany, it is similarly not clear how influential evaluations are to labour market policy-making across the EU. It is believed that evaluation results do influence the reform of existing policies and programmes but tend not to shape new ones.

The final issue is whether ex-post policy evaluation should be carried out through public agencies or other bodies through competitive tendering. With respect to the latter approach, the Federal Ministry of Labour and Social Affairs in Germany has recently contracted out some evaluations to various research institutes on a competitive basis. The advantages of centralised evaluation provision are that it saves on the cost of tendering and is deemed to be more publicly trustworthy, at least in Germany. Plus, it offers economies of scale, it. Indeed, a 'critical-mass' is needed for high quality evaluations: building and maintaining expertise in the field of evaluations requires a long-term commitment and sufficient financial resources. On the other hand, competitive tendering may provide better cost efficiencies, wider choice of projects and methods, and may encourage innovation.

For regions or small countries, the 'economies of scale' argument can be paramount as creating and maintaining a critical mass of specialised researchers can be difficult. Moreover because of the heterogeneity of suppliers and the lack of transparency in the market, it can be difficult for civil servants to assess the quality of research/evaluation proposals and peer reviewing can be difficult where researchers know each other in regions or small countries. Likewise in a small market, ensuring the independence of contractors can be an even more important yet difficult task, although the whether or not government use evidence based policy is an issue regardless of geographical size.

Sources: Jacobi, L. (2010), Evaluation of Active Labour Market Policy in Germany, Workshop 3, European Employment Research Dialogue, Brussels, 20 May.

Mosley, H. (2006) Governance and evaluation of labour market policy in Germany, How to govern and evaluate labour market policies, EU Mutual Learning Programme Peer Review, Stockholm, 3-4 April.

Mosley, H. (2011) 'Institutional vs. Market Evaluation: Is Germany an Alternative?', EU Mutual Learning Programme Peer Review, London, 29-30 September.

Mutual Learning Programme (2006) 'How to govern and evaluate labour market policies, Summary of the Peer Review', EU Mutual Learning Programme Peer Review, Stockholm, 3-4 April.

Sohlman, A. (2006) 'How to govern and evaluate labour market policies: the Swedish approach', EU Mutual Learning Programme Peer Review, Stockholm, 3-4 April.

There is speculation amongst some policy makers that, as the PAT gains more responsibilities in the area of social welfare, there should be a move towards flexicurity; understood as a system where social safety nets are made more universal, but job seekers are given strong support in getting back into work. This model has been successful in Denmark in allowing employers to operate more flexible employment practices while strong investment is made in the ability of workers to move more effectively between jobs through well-resourced active labour market policies. However, the territorial specificities of Denmark, as those of the province, should not be overlooked when examining policies and programmes.

Denmark's flexicurity approach is driven by the presence of a national legal framework which ensures citizens receive a similar level of service and their rights and duties are guaranteed, and that also provides performance targets. However, the majority of services are delivered at the local municipal level supported by sophisticated data and information technology systems. Municipalities have the necessary local, (almost) "real-time" information required as well as the flexibility to develop programmes to meet local needs and target specific groups. At the same time, the decentralisation of both responsibility and incentives has contributed to ensuring co-ordination exists between other departments such as those providing services to target groups such as youth, women, and immigrants including around childcare, education, training, issues to do with immigration and other health and local development initiatives operating in neighbourhoods.

The widely lauded system in place in Denmark has not been immune from the impact of the current economic problems and the economic situation has led to a more targeted deployment of resources. Three categories of job seekers have been identified; available for the labour market; ready for activation; and, temporarily passive. The first group are those who have the capacity to find work or enter education themselves and who are encouraged to do so, ideally without seeking unemployment benefit. Individuals in the other two categories receive varying levels of support in the development of their job plans and their transition to, and activation on, the labour market.

A target of 60% of claimants managing themselves through the use of digital self-service tools and facilities by 2015 has been set. To support that, a new vocational education: Digital Service Assistant, with a strong basis in IT and digital service solutions is being launched and the front desk of Job Centres are being rearranged in order to embrace the digital universe and self service facilities. Indeed, the use of technology is crucial to the Danish model. Aside from Jobnet.dk a country wide facility where available jobs – unsubsidised as well as subsidised – can be registered with or without the assistance of the Job Centres, and where the CV of an unemployed person has to be registered within the first month of unemployment, there is also a web-based system, *Arbejdsmarkedsportalen*, which is used in the planning, execution and follow-up of the general and individual employment efforts. The system has two parts: a profiling system and benefit history, with each unemployed person having their own individual account.

Whilst the Danish model is quite specific, if the PAT, and the Labour Agency, were to go down a route towards the introduction of some type of flexicurity, it would be particularly important that capacities are built in the field of developing and implementing active labour market policies locally. The study interviews indicated that this might be a challenge, due to cultural inertia (in the context of a long tradition of relatively passive labour market policies) and declining public budgets (in the context of fiscal federalism), although the Danish approach of focusing on supporting those who need it most does provide an illustration of the way in which the system is being adapted to recognise the diminishing resources available. Nevertheless, at a time of reduced public budgets it may be difficult to encourage the active participation of firms in training and employment schemes within the province, as they see this responsibility as mostly the domain of public policy.

In the short-term overcoming the challenges of cultural inertia and a perception of training falling into the public policy domain may not be possible given the economic difficulties in evidence. However, in the medium- to long-term these are important issues which the Labour Agency, amongst other local economic development actors, should seek to address.

Theme 2: Adding value through skills

There is a broad availability of training in the province, across a broad range of sectors, which is promising in terms of building a skills-rich recovery and meeting the diverse needs of the local economy. Generally, the PAT needs to more overtly and better align economic and workforce development. The

Labour Agency does put significant resources into training for unemployed individuals, which is important given the increased demand from job seekers in the current economic environment. Nevertheless, the Labour Agency could consider the length of the employment and training programmes targeted at unemployed people and whether they are effectively meeting client needs. In some cases, unemployed workers may need targeted training, which is under six weeks in length but in other cases, there may be a need for more intensive interventions to ensure unemployed individuals are equipped with the technical skills they need for long-term labour market success. Ensuring that support programmes are flexible enough to meet the needs of individuals is an important element to their success. Training programmes for the unemployed could also be more effectively designed to include a mix of unemployed and employed individuals. Findings from Denmark show that mixing unemployed people in training with employed people can have a positive impact on their employment outcomes, in part due to employed people acting as positive role models and providing effective networks back into work.

There has been a strong emphasis in the province on apprenticeships, which will remain a critical tool for integrating individuals into the labour market given the importance of medium-level technical skills for the economy, and rising youth unemployment. The wide-range of apprenticeships available is positive given the diversity of the local economy, and the broad range of local consultation that happens in the province for apprenticeship training is a best practice that could be highlighted for other OECD countries. However, research undertaken for this project indicates that some employers are still reluctant to use apprenticeships and prefer hiring individuals on fixed term contracts. Further efforts could therefore be made to promote apprenticeships to employers across the province (see, for example, the Mayor's campaign to promote apprenticeships in London in Box 10).

Box 10. The Mayor's Apprenticeship Campaign, London: a local case study from the UK

London has one of the highest unemployment rates in the United Kingdom and, until recently, particularly low take-up of training opportunities. London's economy is overwhelmingly service-based; therefore there is relatively little employment in the kinds of sectors that traditionally supported apprenticeships, such as manufacturing. The London government has established the Mayor's Apprenticeship Campaign to boost engagement in this type of training. The campaign has included a focus on boosting apprenticeships at the upper secondary level, ensuring greater coverage of apprenticeship frameworks in 'non-traditional' sectors, such as finance; and setting targets for London's local authorities and the Greater London Authority group to increase their use of apprenticeships.

The campaign has benefited from collaboration among various stakeholders, including employers, the London Development Agency and the Greater London Authority. As a result of the campaign, the number of apprentices in London doubled in one year alone: from 20 000 in 2009-10 to 40 000 in 2010-11.

Source: Evans, S. (forthcoming, 2012), "Apprenticeships in London: Boosting Skills in a City Economy", *OECD Local Economic and Employment Development (LEED) Working Papers*, OECD.

OECD (2012), *Better Skills, Better Jobs, Better Lives: A Strategic Approach to Skills Policies*, OECD Publishing. doi: 10.1787/9789264177338-en.

Further support services could also be provided to local employers, particularly SMEs, wishing to take on apprentices in the current difficult economic conditions. For example, the BladeRunners programme (Box 11) in Canada demonstrates that after engaging employers in training new recruits, follow up support from the public and not-for-profit sectors can be useful to ensure that such training is successful and leads to sustainable employment.

Box 11. BladeRunners: Ensuring follow-up support for youth in Canada

BladeRunners was conceived in downtown Vancouver in 1994 and a unique system of 24/7 support was subsequently developed. BladeRunners is an employment programme that helps youth (ages 15-30) with multiple barriers to employment build careers in construction and other industries throughout the province of British Columbia, Canada. Although the programme has since expanded to more than 20 other communities in British Columbia, the original Vancouver site continues to operate and build and recognise skills, and work on job retention, progression and work-based learning. Outcomes are successful; the data (2007-08) show an 88% job placement rate for all programmes, as well as a reduction in the homelessness rate and income assistance rate.

Support is offered whenever programme participants need it, 24 hours a day, 7 days a week. All programme participants are paired up with a BladeRunner coordinator who provides support either directly or through their network of contacts in community organisations. On the first day of work, a BladeRunners co-ordinator will bring the participant to the construction site and introduce him or her to the foreman, contractor or tradesperson, and to other BladeRunners. Over subsequent days, the co-ordinator will return to the site to ensure that all are satisfied with the placement. If required, co-ordinators will refer participants to other social service providers, assist with housing and transportation needs and counsel young people about further training and permanent job opportunities. In the past, access to support from coordinators was offered only up to 18 months after placement however today no time limits are placed on the availability of support.

Source: Travkina, E./OECD (forthcoming, 2012), Local Strategies for Youth Employment: Lessons from Case Studies, OECD, Paris.

Public support can be particularly important in helping people to complete their apprenticeships. The region of Mackay in Australia recognised that some local people were having a problem holding down apprenticeships, and that this was leading to skills shortages that were holding back growth in key manufacturing sectors of the economy. In response, manufacturing companies in Mackay formed an industry cluster named, Mackay Area Industry Network (MAIN), with the purpose of both helping local people and addressing skills-shortages quickly and effectively. The result was the MAIN CARE programme – a programme designed to recruit, select and manage apprentices in the workplace, which had some success in improving retention rates within local apprenticeship programmes (Martinez-Fernandez/OECD, 2009). More recently, in the Western Downs region of Queensland, the Chamber of Commerce has helped to support employers in offering apprenticeships, including developing shared apprenticeship schemes for SMEs (Eddington, 2012).

While maintaining the current diversity of apprenticeships it may be useful to consider how some may be combined. In order to support mobility, it is important that apprenticeships are sufficiently broad for people to use their training in a number of different professional roles within a cluster or sector over their lifetime. In Germany, for example, the range of apprenticeships in the engineering sector have recently been reduced from 47 occupations down to 5 to support more general transferable training (Bosch and Charest, 2010). Similarly in Queensland, Australia, local training courses have been reduced in number to support more career mobility within the health care sector (Eddington, 2012).

In order to tackle rising youth unemployment, the PAT could also consider introducing a dual qualification scheme to support school to work transitions (see Box 12). This kind of apprenticeship scheme, first developed in Germany, allows young people to gain both a vocational qualification and an academic high school diploma and appears to have also been successful in the Netherlands and Austria. In the neighbouring Autonomous Province of Bolzano, apprenticeships can begin at 15 years of age and be accompanied by substantial training programmes outside the company, of up to 360 hours per year (Varesi, 2012). These apprenticeships may be one contributing factor to its current low rates of youth unemployment. However the popularity of this scheme is not unanimous among the local youth (Pizzin, 2011). One disadvantage of starting dual training too early is that young people may fail to pick up the generic transferable skills which will help them in being mobile later in their careers. In developing its support for employment progression, the Labour Agency should also consider building on its current

strong apprenticeship system. A particular strength of the Germany apprenticeship system, for example, is that it provides higher level apprenticeships which allow lower-skilled workers to train for management positions, supporting employment progression, and ensuring that management decisions in companies are based on a sound knowledge of the shop floor (Bosch and Charest, 2010).

Box 12. Dual System Apprenticeships

A dual system of apprenticeship combines workplace practice with vocational education in training schools. It exists in several countries, notably Germany, Austria and Switzerland (Varesi, 2012). In Germany, around 60% of all young people learn a profession within the dual education system. As one part of the dual system, apprentices are trained in a company 3-5 days a week. The company is responsible for ensuring that apprentices achieve the standard quantity and quality of training set down in the training descriptions for each trade. This practical training may be complemented by workshops run by the chambers of commerce to overcome any company-specific bias. These extra courses usually take three or four weeks a year. The other part of the dual system involves off-the-job education at a vocational school (*Berufsschule*). The responsibility for this part of the apprenticeship lies with the school authorities in every German Land. Both general and trade-specific topics are taught. The time spent at vocational school is approximately 60 days a year in blocks of 1-2 weeks spread over the year. The period of training is usually 2-3 years and concludes with a state examination. During this time, the apprentice is financially remunerated. Access to this training is not formally linked to a specific school certificate. However, most employers expect secondary school graduation at least. Apprenticeships prepare workers for specific occupations to be pursued immediately after the completion of training or for further learning. Examples of the 350 apprenticeship occupations (*Ausbildungsberufe*) include Dispensing Optician, Doctor's Assistant, Industrial Manager, and Oven Builder. The course syllabus and skills are strictly defined by national standards.

Apprenticeships in Austria are also organised through a dual system. Company-based training of apprentices is complemented by compulsory attendance of a part-time *Berufsschule*. Training within companies is overseen by a *Lehrherr* or *Ausbilder*. An *Ausbilder* must prove s/he has the professional qualifications needed to educate another person. Training lasts 2-4 years – the duration varies among the 250 legally recognised apprenticeship trades. About 40% of all Austrian teenagers enter apprenticeship training upon completion of compulsory education (at age 15). This number has been stable since the 1950s. The Apprenticeship Leave Certificate provides the apprentice with access to two different vocational careers. First, it is a prerequisite for the admission to the Master Craftsman Exam and for qualification tests; second, it offers access to higher education via the TVE-Exam or the Higher Education Entrance Exam which are prerequisites for study at colleges, universities, *Fachhochschulen*, post-secondary courses and post-secondary colleges..

Source: 2005 Reform of Vocational Education and Training (2005), Bundesministerium für Bildung und Forschung (Federal Ministry of Education and Research). Available at <http://www.bmukk.gv.at/enfr/school/secon/app.xml>.

Finally, a concern often discussed during the field research for this study was the lack of transferable credentials offered through employment and training programmes. Credentials are important because they represent attainment of a skill set or level of knowledge. Credentials also constitute an important aspect of career mobility because they provide information to employers about an individual's level of knowledge enabling them to determine who to hire to fill a job vacancy. The Labour Agency, and the PAT, could consider how to reform and improve the management of the employment and training system to ensure individuals attain a credential or certified qualification after completing a programme. In the United States, the Pennsylvania Mechatronics Industry Partnership emphasised the importance of credentials and attracted students by ensuring they could learn a trade while also obtaining a degree (Pages, 2012). The Mechatronics Industry Partnership also jettisoned traditional models and instead embraced a customised training ethos of “any time, any place, any pace”. Training was provided according to any schedule and customised to the needs of each individual or firm, while ultimately leading to a credential.

Theme 3: Targeting policy to local employment sectors and investing in quality jobs

The current governance system in the province appears to be relative flexible and agile in reacting to change, which may well be more effective than creating an overly rigid forward planning system in

uncertain economic times. However, it is also important that actors in the province share a long-term vision for where they would like the provincial economy to go in the medium-long term. Setting long-term goals and priorities can help focus actions and create more efficient outcomes for communities and individuals. While employment programmes and initiatives (as well as re-skilling programmes) in Trento are relatively well geared to the diversity of local employment sectors, there appears less awareness of how employment and skills programmes could capitalise on global trends to contribute to future employment growth.

Previous OECD LEED research found the provincial economy to be in a relative medium-high skills equilibrium in the Italian context, and it will be important to sustain or improve on this position in order to maintain job quality and ensure that young talent remains in the region. Regions which do well over the long term are those which continuously improve and innovate to take advantage of new markets: local, national and international. This means maintaining flexibility while also creating strategic leadership and bringing resources together to create the critical investments necessary to lead to innovation and change, both in the public and private sector.

Box 13. Continuous adaptation and improvement in Plastics Valley, Oyonnax

Oyonnax in France is a place that has constantly adapted and evolved to meet the challenges of economic change. The town is located in a valley close to Lyon and traditionally was the centre of cottage-based production of combs. After the Second World War, the region diversified into a broader centre for the plastics industry, becoming known as the 'plastics valley'. Now there are over 1500 companies which are responsible for all stages of the plastic industry. This study examines how skills and employment have been at the heart of the long-term success of the valley. Specialist skills in the plastics sector have been sourced locally through the creation of the *Ecole Supérieure de Plasturgie*, which trains future plastics manufacturing engineers.

The development of the *Lycée Arbez Carme* has helped train local people in the skills required to work in the production side of the plastics sector. In addition to the engineers and technicians, industries in the valley also need a lower skilled workforce to undertake more general tasks in the production process. However, skill shortages have persisted and business in the plastics valley has collaborated with organisations such as the French national employment agency to develop training schemes.

Source: Nativel, C. (2012), "The Plastics Valley Oyonnax, France", OECD LEED Local Skills Strategies project, unpublished.

Alongside the need to consider ways to capitalise on global trends, it is also important to consider the ways in which support can be provided to meeting sectoral skills demands that can be identified in the province. The two examples below from Antwerp, Belgium, and Breda, Netherlands, highlight the value of putting in place a strong collaborative approach to ensuring skills provision for key economic sectors.

Box 14. Sectoral initiatives to meeting skills demands in Antwerp, Belgium

The public employment service (VDAB: Flemish Service for Employment and Vocational Training) has been working directly with the City of Antwerp to support employment access and progression within key areas of the local economy, including construction and the tertiary sector. By bringing together education, labour market and sectoral partners, local employment bottlenecks could be approached in a comprehensive manner, while also supporting access to career progression by lower skilled people. It was recognised early on that a targeted sectoral approach required a sound knowledge of the local labour market.

Identifying the situation: skills needs analysis for the tertiary sector

To develop training and employment in the tertiary sector in Antwerp, a skills analysis was first developed in co-operation with labour market and education partners under the guidance of a non-profit research and consultancy bureau (WES). Available quantitative data was reviewed and a qualitative survey conducted with local companies. Through the qualitative research it was found that satisfaction with skills levels was fairly low in the tertiary sector for almost all types of skills, and this was true across all sub-sectors. Companies identified that new entrants to the labour market lacked occupationally specific skills and French language skills (service sector workers are expected to be fluent in both French and Flemish). In addition, they were felt to show insufficient flexibility. Following the surveys, partners came together in a workshop to perform a SWOT (strengths, weaknesses, opportunities and threats) analysis of the sector, as a basis for planning a strategic response to addressing skills needs.

Raising skills levels in the construction sector

The city of Antwerp has also developed a joint approach in the construction sector, called *Talentenwerf* (literally translated as “talent building site”). This is a partnership between the VDAB, the city of Antwerp, the Antwerp Education Council and the *Fonds voor Vakopleiding in de Bouw/FVB* (Fund for Professional Training in the Building Industry). The organisations gathered staff and knowhow under one roof to produce a one stop shop for construction companies, their workers, jobseekers and local schools. Large infrastructural works planned in the city will require thousands of extra construction workers, despite the economic downturn. Apart from matching supply and demand much attention is devoted to the development of innovative training programmes with the highest possible participation from companies. A temporary training infrastructure is also provided on building sites so as to bring training and education closer to industry. The *Talentenwerf* is run by staff from each of the different partner organisations, with the process being jointly steered by a co-ordinator, a management committee and a policy working group.

Source: Froy, F. and S. Giguère/OECD (2010), “Putting in Place Jobs that Last: A Guide to Rebuilding Quality Employment at Local Level”, *OECD Local Economic and Employment Development (LEED) Working Papers*, 2010/13, OECD. <http://dx.doi.org/10.1787/5km7jf7qtk9p-en>.

Box 15. Work with the retail sector in the municipality of Breda, Netherlands

Economically and socially the retail sector is of great importance to Breda and its surrounding area. The sector has 2 200 establishments in the area, and is currently relatively stable. However, in the context of the ageing of the population it is expected that it will become more difficult to fill vacancies in the future. It is also acknowledged that more has to be done to increase the quality of employment in the sector and the productivity and competitiveness of local enterprises, particularly small and medium sized enterprises (SMEs). Several organisations such as the national board for the retail trade, the retail platform Breda, the association of enterprises in the city centre of Breda, the Chamber of Commerce and *Werkplein Breda* have taken the initiative to establish a service-unit for the retail sector (*Servicepunt Detailhandel*). The objective of this service unit is threefold:

- Improving the inflow and outflow of workers and better managing labour market transitions within the sector (for example, by improving the match between demand for labour and supply of labour through investments in skills etc.);

Box 15. Work with the retail sector in the municipality of Breda, Netherlands (cont'd)

- Training of staff: implementing an external information and advice service on human resource management for SMEs, to improve work organisation, productivity and the quality of local job opportunities;
- Improving the image of the sector: stimulating and organising extra promotion with regard to (working in) the retail sector; improving customer satisfaction.

The strength of the service-unit is that the approach is demand driven and based on one-on-one relationships with local retailers. If action is needed this takes place immediately through individual company visits and via visits to the member and board meetings of the association of retailers. These visits are being undertaken by work coaches of the *Werkplein Breda*. They have extensive experience with regard to contacting local companies and good knowledge of local training opportunities in relation to the retail sector. The work coaches also receive training from the national board for the retail trade. *Servicepunt Detailhandel* started in 2009 and in early 2010 a similar service point was established for the care and welfare sectors, with plans to develop one for technical professions.

Source: Dorenbos, R. and F. Froy (2011), "Building Flexibility and Accountability Into Local Employment Services: Country Report for the Netherlands", *OECD Local Economic and Employment Development (LEED) Working Papers*, 2011/13, OECD, <http://dx.doi.org/10.1787/5kg3mktqnn34-en>.

Within the province, there are a number of sectors which may contribute to the long-term growth of the economy and which could benefit from future investment. Tourism, for example, plays an increasingly important role in the economy of many OECD countries, contributing to their economic growth and job creation, and providing employment and income. Despite recent challenges, the provincial tourism sector is already relatively well-developed but there is the capacity to invest further in this industry, to exploit new seasonal markets and improve the quality and training associated with jobs in the sector. Current employment in tourism in Trento is relatively seasonal, and the province may be able to learn from actions in other countries (see Box 16 below) to improve conditions for seasonal workers.

Box 16. Seasonal Unemployment in France (*Maison des saisonniers*)

For people with no specific skills seeking employment a seasonal job may be a gateway to the world of work. This is a category of labour targeted by the French government's policy and initiatives. The steps taken to improve conditions of employment include legislative measures (entitling seasonal workers to the same rights as core workers), information campaigns on the rights of seasonal workers, and centres specifically for them (*maisons des saisonniers*) where they can find out about a wide-range range of subjects. Two years after the launch, businesses are satisfied because they now have skilled labour, as are workers because they are now more stable over the year, alternating between periods of work and training. The approach is based on convincing, mobilising and involving stakeholders through partnerships. It is through this – rather than the traditional approach of awarding seasonal worker status – that France is endeavouring to improve the situation for its seasonal workers.

Source: OECD (2003), Proceedings of the conference "Challenges and policies regarding human resources in tourism", held on 21-22 November-2002, Cappadocia, Turkey.

In addition, there is also scope for employment growth within services to local residents. For example, in the care sector, both child care and elderly care could be areas of future employment growth for the Province, and it may be possible to consider how further regulating informal employment in these sectors could both improve the quality and coverage of services and provide quality jobs and careers. Such actions often have double benefits. In the childcare sector, for example, if workers in local childcare services are also tasked with offering early years education, policy makers can both improve the quality of local childcare jobs (as additional responsibilities will create more job satisfaction and higher pay) while also

helping to ensure that all children, including those in more deprived communities, are equipped with the generic skills which are crucial in today's economy. Further improving care services will free up family members of working age (particularly woman) to go back to work, which will be important in the future as labour markets tighten through demographic change.

The Labour Agency, and other provincial actors, may also wish to reflect on the opportunities to the region provided by green growth. Today, green industries are growing contributors to wealth in OECD countries, however many local economies remain unclear about the scope of the green economy locally and the current training needs which may be associated with it, as well as those required for the exploitation of potential new markets. As green growth is a relatively new area for policy, many localities are starting by mapping the extent of green jobs in the existing labour market and the current utilisation of 'green skills'. The state of Michigan in the United States, whose automobile industry was particularly badly affected by the downturn, launched an initiative to better define the nature of green jobs and their importance to the state. A three-pronged methodology was used, including an employers' survey to uncover the current number of Michigan green jobs and employers' expectations of future employment levels, difficulty in hiring qualified workers, and green occupations requiring green skills and employee training. The findings were then analysed in the context of labour market information and economic intelligence to understand industry and occupational trends. Finally, a qualitative approach involved using focus groups to enhance the understanding of green-related workforce issues. The research helped to define Michigan's green economy and identify support which could be developed in terms of training for future jobs (Froy and Giguère/OECD, 2010).

In both cases, it may be that new training programmes are needed to align with new and newly expanding industries in the province. More generally, developments in the care and green industries, and, as signalled elsewhere in this report, existing and required changes to the tourism industry, suggest that a systematic evaluation of the actual and potential structural changes to the province's economy and employment should be undertaken.

Employment progression

Ensuring employment progression is also a key aspect of job quality. Work is already taking place in the Province to map local careers and local job profiles, which has increased with the recent introduction of the new careers "stock exchange". Such actions will be important in increasing the attractiveness of the local employment market to young people and potentially slowing the migration of newly graduated and high skilled young people to Milan and elsewhere. They could also contribute to the provision of information and guidance which would be useful in ensuring that the level of educational and employment mis-match (Table 6) remains low. Funding introduced by the PAT to encourage youth to stay in the local areas after graduating from university by undertaking additional research is also a good step towards "recovering" the supply of skills in the local economy.

The Labour Agency could build on this positive work to develop further collaboration on delivery between employment, vocational training and economic development officials around local "career clusters", ensuring that individuals are guided to relevant careers, and can both understand and access modular training which will help them to move upwards and sideways in particular sectors over the life-time. A career cluster is a grouping of occupations and broad industries based on commonalities. Job profiles are mapped across an entire industry so learners and workers can see how different careers interact and rely on one another and then local training organisations, industry bodies and economic development and employment actors collaborate to facilitate effective pathways within the clusters. Providing support to individuals by creating sustainable career pathways is particularly important in policy contexts where temporary employment is on the rise.

Efforts undertaken in Spain and the United States to map career clusters and pathways demonstrate that they can be effective in strengthening the labour force attachment of youth and also aid the school to work transition (see Box 17). For example, in Maryland, policy makers used a career cluster system to develop programmes that extend from high school to two- and four-year colleges/universities, graduate schools, apprenticeship programmes and the workplace. This policy approach can also be targeted to low-skilled individuals and immigrants. In Barcelona, Spain, the local development agency has set up a web portal that contains tools for all types of users who want help defining and putting into practice their own professional paths.

Box 17. Career guidance and clusters in Spain and the United States

Maryland, US

In the United States, local and regional government agencies have increasingly adopted sectoral strategy approaches to economic development and a similar approach is surfacing in the workforce-development field. As partnership between workforce and economic-development agencies becomes more common in regions and communities, the role of education and workforce agencies in mapping and building skills pipelines for key industries becomes more critical to economic-development practitioners. Public education and workforce systems organise their work through pathways and cluster models. For high schools and community colleges, establishing career-pathway models helps to connect them to the economy, and to produce workers with the appropriate skills for jobs in the region.

Maryland started working on a sectoral strategy approach in 1995 under the School-to-Work Opportunities Act. Some 350 business executives in ten different sectors were brought together to inform education policy makers about their bottom line: how they made money and what they needed to be successful. The original project was funded with USD 25 million of federal School-to-Work funds, and the approach was bottom-up: mapping what knowledge and skills were required and developing programmes around clusters of skills. Within each county, a Cluster Advisory Board (CAB) focused on different industry clusters. In Montgomery County, Maryland, for example, which hosts the third-largest biotechnology cluster in the United States, a CAB is focused on the biosciences, health science and medicine cluster. Administrators, counsellors, and faculty members use the career-cluster system to develop programmes that extend from high school to two- and four-year colleges/universities, graduate schools, apprenticeship programmes and the workplace. Although the cluster framework was originally developed for high schools and young people, it is now being adopted by workforce investment boards and other programmes serving adults.

Barcelona Activa, Spain

Barcelona Activa, Barcelona's Local Development Agency, is seeking to "foster the transformation of Barcelona through entrepreneurship, business growth, innovation, human capital, professional opportunities and quality employment". As part of this process, the agency aims to improve the skills demand and supply match in the city. To assist with this, Barcelona Activa has recently created a unique online service for professional guidance – Porta22. Porta22 is a web portal that contains tools for all types of users who want help defining and putting into practice their own professional paths, as well as for professional guidance counsellors. It is divided into three main sections (Person, Tools and the Market) and provides functions that allow users to explore the local labour market and learn more about job opportunities.

One of its most advanced tools is a bank of almost 1000 professional profile descriptions that provides information on all aspects of a given career, and profile descriptions are linked to a search engine that has over 7000 job offers. A professional interest test allows users to identify their work interests and match their own profile with job profiles. The key skills dictionary allows users to better understand the importance of key competencies in the current labour market.

Providing clear, up-to-date information on local employment sectors and the skills required to enter these means that job-seekers can assess which career paths are open to them, and it also helps to ensure greater transparency in career pathways.

Source: Hamilton, V. (2012) "Career Pathway and Cluster Skill Development: Promising models from the United States", *OECD Local Economic and Employment Development (LEED) Working Papers*, 2012/14, OECD Publishing. <http://dx.doi.org/10.1787/5k94g1s6f7td-en>.

Entrepreneurship and innovation

Another consideration for the Labour Agency relates to developing skills for entrepreneurship. Entrepreneurship is a process of transforming opportunities into value and is a critical lever for creating new jobs, which is important given the reliance of the province on public sector employment. While there are comprehensive actions taken to encourage entrepreneurship in employment programmes, it appears that more could be done to integrate entrepreneurship into vocational education and university curriculum. The Labour Agency could consider offering short duration “innovation boot camps” for SME owner-managers such as weekend seminars and short online courses.

In addition, the Labour Agency could work to support an innovative and entrepreneurial approach more generally in the province. There has been significant investment in recent years in research and development, however the majority of research and development investments are focused on high-end skills which are important but a focus could also be put on stimulating incremental innovation in sectors, which comprise lower to medium skilled workers as these primarily dominate the local economy, such as the services sector. OECD research (2012) has demonstrated that there is a value in pursuing actions to boost productivity and skills in local sectors which have traditionally hosted low-skilled jobs (for example tourism, retail, lower-tech manufacturing), particularly where such sectors are likely to remain an important source for employment in the future.

The OECD (2010) has highlighted five priorities for government action to stimulate and promote innovation. These include empowering people to innovate; unleashing innovation in firms; creating and applying knowledge; applying innovation to address global and social challenges; and improving the governance and measurement of policies for innovation. Stimulating employer networks, particularly amongst smaller companies can help in the development of quality local brands and support effective marketing to niche and higher value markets. Bringing employers together can also promote technology transfer, and support the sharing of training resources and co-operation on the development and testing of new product innovations.

Most strikingly, no sector strategies seem to exist to improve work organisation or labour productivity. The concepts of skills utilisation and high performance work practices do not appear to be widely appreciated in the province (or indeed in other Italian regions: see Trento and Warglien, 2001). There should be encouragement for firms to make more effective use of skills. There are a number of tools which local stakeholders can use to support better work organisation and skills utilisation in order to drive up productivity while also improving job quality (see Box 18).

Box 18. Tools to raise the quality of local jobs and improve skills utilisation

Guidance, facilitation and training

Support technology transfer: facilitating investment in new technology by employers, setting up partnerships for the sharing of innovation and new technologies.

Provide technical assistance to improve working conditions and work organisation: this may mean employing expert consultants or promoting knowledge sharing networks.

Encourage participation in training for both managers and workers: better trained managers are likely to create more productive working environments for their staff. At the same time, companies need to be encouraged to make training and other skills development opportunities available to their employees.

Finance and procurement

Ensure the availability of patient capital: in order to invest fully in their staff and upgrade their production processes, companies need long-term investment security. The availability of local patient capital (i.e. funds invested for medium or long term, generally for 5 to 10 years) will be important for this.

Develop a quality-driven supply chain: public procurement can also be used to help local firms think longer term and therefore invest in increased productivity. This can include, for example, longer contracting periods. In addition government contracts can require a certain level of working conditions, and a certain level of commitment to training.

Theme 4: Inclusion

In the province, programmes for labour market inclusion, and support for the unemployed is generally offered broadly, and there is a lack of targeting to specific groups. The Labour Agency should consider strengthening efforts that have been made to evaluate programmes and services, and to further analyse whether more specific policies might be more effective with certain groups of people. For example, the current pilot programme targeting young (up to 35 years) disabled people and providing them with extra support in finding work could be fully evaluated and its effectiveness assessed before being fully rolled out. Better targeting services is one way of saving resources when public financing becomes more restricted. It can also contribute to engaging with “difficult to reach” groups who may be far from the labour market.

In terms of enhancing the support for the inclusion of specific groups, three important groups appear to stand out: youth, women and immigrants. Youth stand to gain from the strong apprenticeship system, and will benefit from the new careers advice being introduced to support school-work transitions, as well as targeted measures such as the agreements between the Labour Agency and *Comunità della Vallagarina*, and other *Comunità di Valle* (see Box 3) on providing new opportunities, such as job placements, for young people in a climate of increasing youth unemployment. However, more emphasis could still be placed on this area, to prevent today’s young people becoming part of a ‘lost generation’, particularly given the rising number of those ‘not in employment, education or training’ (Bank of Italy, 2012). Both by improving childcare provision and looking at the demands on families created by current school timetables, the female employment rate could be boosted, providing a valuable additional labour pool as the job market becomes more tight as a result of demographic change.

With regard to immigrants, the Labour Agency should ensure that training programmes are adequately integrating these individuals into the local labour market. In particular, efforts should be undertaken to provide for the informal recognition of qualifications and competencies acquired abroad. Immigrants make up a large proportion of the unemployed (with 10.8% unemployment), which indicates that there could be a stronger focus on tailoring some programmes specifically to these individuals, who will be an important source of labour supply given potential demographic changes related to an ageing workforce in the province.

In helping people at a distance from the labour market, it should be noted that the social economy has a strong role within the province and will continue to be an important player in the delivery of labour market programmes. As noted earlier in this report, a highly distinctive feature of the province is the co-operative movement. Social economy organisations can play an important role in helping governments to deliver their policy objectives. They are also an important player in ensuring inclusive growth. The PAT has long recognised this role; in 1990 a “special employment project” was launched which sought to address the labour market difficulties that had emerged in the 1980s and did so through the establishment of co-operatives focusing on the environment, creating not only employment opportunities for vulnerable groups and individuals, but also contributing to environmental protection and tourism promotion (Salvatori, 2012).

Whilst the province should also be recognised for its proactive approach to public procurement, such as by awarding contracts to co-operatives who support vulnerable groups and those who are socially excluded, it is important that full potential of public procurement is seized. Such an approach sees public procurement as a strategic tool, rather than simply an operational one, to meet wider objectives and seeks to ensure that all public expenditure is focused on having a positive impact. The potential to use public procurement, not only for inclusion but for wider social and economic goals, is one that is being increasingly utilised, such as in Wales, UK, through their “Community Benefits” approach (Box 19) and in the Kensington re-development in Victoria, Australia, where it was specifically focused on supporting social enterprise activity (Box 20).

Box 19. Public procurement: using it for economic, environmental and social benefit, Wales, UK

The Welsh Assembly Government has placed a strong focus on using public procurement processes to meet economic, social and environmental goals. By embedding sustainable development into public procurement, the Welsh government has recognised the role public procurement can play not only in meeting social goals, such as reducing poverty and social exclusion, but also in the way in which it can be used to build strong, more economically successful local communities. The ‘Community Benefits’ approach has been used to ensure that public contracts support SMEs and the social economy’s involvement in public procurement process, tackle long-term unemployment, promote equality, provide training and ensure work meets minimum requirements. An example of the positive impact of the ‘Community Benefits’ approach can be found in the construction sector in Wales. Six, now completed contracts, worth GBP 146 million led to GBP 56 million in salaries to Welsh people and GBP 68 million spent in Welsh based businesses, some 82% of which were SMES. Training and work experience were also provided to apprentices and disadvantaged individuals. The Welsh government has suggested that the very small fall in employment in the construction sector (0.4%) compared to other parts of the UK (up to 15%) is an outcome of the Community Benefits approach.

Source: Ministry of Business and Budget (Wales) *Community Benefits: Delivering Maximum Value for the Welsh Pound*, Cardiff, Ministry for Business and Budget. (2010); “Making procurement work for Welsh economy and communities” (2012) <http://wales.gov.uk/newsroom/improvingpublicservices/2012/120222procurement/?lang=en>.

Box 20. Leveraging benefits and supporting social enterprise: Kensington re-development, Victoria, Australia

The Kensington re-development is a small public housing area in the inner suburbs of Melbourne, Australia. Managed by a non-governmental organisation, Urban Communities, they and AMES (a long-established support agency for new refugees and immigrants) jointly established a social enterprise in 2009, Magic Green Clean, to take over an existing commercial cleaning contract. Utilising Australian federal government seed-funding (from the Jobs Fund) the social enterprise employed and trained long-term unemployed job seekers with the purpose of transferring them to the open labour market. At the same time, the project was seen as an opportunity to provide evidence for social procurement.

The evaluation of the impact of this social procurement examined what, if any, economic and social benefits accrued to both government, the community and to the individuals, involved using both a cost benefit analysis and a social impact analysis. Not only were their significant social benefits, such as improved health and well-being amongst individuals, but crucially significant economic ones. Savings in unemployment benefits, accompanied by increased tax revenue, and the economic value of individual expenditure, were notable. Indeed, the analysis suggests that over a 20 year period the original funding would be returned ten-fold. It is worth noting that the contract was delivered on commercially comparable terms.

Source: Quinn, M., Charter Keck Cramer and AMES Research and Policy, (2012), *Social Enterprise: Making it Work – A Case for Public Procurement*, http://www.ames.net.au/files/file/Research/Social%20Enterprise%20Making%20it%20Work_FINALMarch19_2012.pdf.

Using public procurement to stimulate equitable local growth and social inclusion does not have to come at the cost of “value for money”. Rather, it requires an acknowledgement that value for money is not about the lowest cost, but also includes social, economic and environmental costs, or benefits, which may accrue in the short-, medium- and long-term.

In general, when it comes to inclusion, it may be useful for the province to consider moving from a concern with equity *per se* to a concern with equitable growth. There is considerable concern about the labour market inclusion of youth, especially, young immigrants. However, this concern relates to a desire to see social equity as opposed to understanding youth to be a critical strategic resource as the future labour force of the province. A similar issue can be seen in the concern expressed by policy-makers’ and practitioners’ with regard to temporary work contracts – they are viewed as inequitable but there is a lack of understanding regarding their negative impact on firm efficiency (see Adam and Canziani, 1998; Samek Lodovici and Semenza, 2003; Hernanz and Toharia, 2004). Better understanding the relationship between inclusion and growth may help in “selling” activities to support excluded groups to employers and firms, and ensuring strong private sector buy-in, which may become important in a time of diminishing public resources.

Issues for Consideration: Developing an Action Plan

As the report has noted, the institutions of the PAT, and in particular the Labour Agency, perform well against the criteria of the Local Job Creation dashboard. The economic crisis has presented the province with significant social and economic challenges, and it has been relatively successful in addressing them with unemployment at levels below both the Italian and EU averages. There are a number of areas that have been identified as being important for consideration, and for resources to be appropriately prioritised in order to seize the opportunities a return to growth and to ensure that the challenges confronted today do not lead to entrenched long-term unemployment. Drawing on the conclusions and recommendations discussed in this chapter the following box provides an outline of key issues that should be considered in the development of an action plan in order to support and promote local job creation. These should be read in conjunction with this chapter which provides not only more depth and breadth in considering why such measures could be adopted, but also examples of relevant good international practices that could inform future activities.

Box 21. Issues for Consideration

- Establish a stronger vision for where the provincial economy can go in the medium-long term, and further consider the way in which employment and training policies can support this vision. This vision should be evidence-based and include a clear alignment of economic and workforce development;
- Maintain the current support for a diverse, adaptable and innovative economy, while considering how to further exploit future emerging employment sectors such as the care sector and those related to green growth;
- Introduce appropriate training programmes for new and newly expanding industries;
- Ensure that support for innovation and R&D does not just focus on high-skilled sectors, but also promotes greater incremental innovation in those sectors which employ a significant number of people locally. This could be accompanied by efforts to stimulate employer networks, particularly amongst smaller companies, to help in the development of quality local brands and support effective marketing to niche and higher value markets;
- Utilise public procurement as a strategic financial intervention in order to meet economic, social and environmental goals;
- Capitalise on the flexibility available within employment policy to build concrete ongoing collaboration between employment, economic development and skills actors at the local level, potentially at the level of the *Comunità di Valle*;
- Build on the work which the Labour Agency is already doing to map local careers by establishing collaboration between employment, economic development and vocational training actors around 'career clusters'. The promotion of career clusters could make the local economy more attractive to young talent, while also helping individuals to become more mobile through accessing appropriate training throughout their lives;
- Support the further pooling of training funds by SMEs to improve accessibility to in-work training;
- Support the formation of networks to enable SMEs to develop their skills more informally. Such networks could focus on both sector specific knowledge and also innovation and technology transfer, work organisation and management training;
- Encourage more effective skills utilisation by working collaboratively with social partners to build better quality employment and work organisation;
- Work to support an innovative and entrepreneurial approach more generally in the province;
- Ensure that the evaluation of programmes specifically focuses on outcomes and not just processes and outputs. Such evaluation results should feed back into policy making to decide on the best way of targeting particular groups and particular local economies;
- Circulate widely information on 'what works' and why at the local level;
- Further build on and promote Trento's strong apprenticeship model, and provide greater support for employers taking on apprentices at least in the short-term economic context;
- Consider whether the design and length of training programmes for unemployed people effectively meets their needs;
- Explore ways in which training programmes for the unemployed could be designed to include both unemployed and employed individuals;
- Continue to support the social economy, in their activities to support the inclusion of disadvantaged groups;
- Provide greater support for immigrants wishing to have their training and skills audited and competences verified in order to contribute more fully to the local economy.

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