



# Italy country report

---

iNGenBar – Inter-generational Bargaining towards integrated bargaining  
for younger and older workers in EU countries

**Lisa Rustico and Roberto Pedersini**

**8/10/2014**



UNIVERSITÀ DEGLI STUDI DI MILANO

Dipartimento di Scienze Sociali e Politiche



iNGenBar – Inter-generational Bargaining – is financed by the European Commission, DG Employment, Social Affairs and Inclusion; Social Dialogue, Industrial Relations, Budget Heading 04.03.03.01, Industrial relations and social dialogue, VP/2013001. Subprogram II – improving expertise in the field of industrial relations. The Commission is not responsible for the content and author's views in this report, nor for any use that may be made of the information it contains.

## **Outline**

### **Chapter 1: Country overview**

1. Young and older workers in Italy
2. Policies for inter-generational solidarity in Italy
3. Policies for youth employment
4. Policies for older workers' active ageing and early retirement

### **Chapter 2: Case studies**

1. National action plan “Welfare to Work for re-employment policies 2012-2014”
2. The “generational bridge” project in region Lombardy
3. Inter-generational solidarity in the autonomous province of Trento
  - 3.1. Sandoz Industrial Products company agreement
  - 3.2. Finstral SpA company agreement
  - 3.3. Artisanal construction sector's agreement
4. The generational pact for the public sector in the autonomous province of Bolzano-Bozen
5. Case studies overview

### **Chapter 3: Conclusions**

#### **Annexes**

Annex 1: Respondents table

Annex 2: Italian labour market statistics

## CHAPTER 1

### Country overview

After a brief overview of young and older workers' employment condition in Italy, this chapter focuses on the integration of policies and strategies for young and older workers through collective bargaining and social dialogue, which can be direct and indirect, as well as explicit or covert. It first presents initiatives for “intergenerational solidarity” as such, i.e. measures that combine the two goals simultaneously, namely the promotion of youth employment and the measures to accompany older workers to flexible retirement. Second, it reports some of the main policies for youth employment and, third, those for active ageing and early and/or flexible retirement. This broad understanding of “intergenerational policies” allows considering approaches and practices that regard also indirect and non-explicit ways of connecting younger and older workers through collective bargaining. Likewise, it encompasses cases of policies' integration, where the same collective bargaining actors synchronically bargain/regulate for younger and older workers.

#### 1. Young and older workers in Italy

In Italy, as in many other economically developed countries, working population is ageing quickly: in 2010, people aged over 55 were more than one third of the total population (32.3%), and people aged over 65 increased from 20.4% in 2010 to 21.2% in 2013<sup>1</sup>. The last pension reform (see Box 1) aimed at neutralizing the impact of the ageing population trends on the sustainability of the pension system. This reform determined a significant increase in the labour market participation rate of older workers, which is expected to continue to grow for some time (years) in the future. Projections suggest that the activity rate of 57-66 years old workers, who are the main target of the pension reform, may increase from 28.7% in 2011 to 46.9% in 2020 (+18 pp or +63%)<sup>2</sup>. This novel situation is going to require more and better job opportunities for older workers, for instance by means of adapted working conditions and workplaces, the promotion of lifelong learning, as well as efficient policies for work-life balance. Despite demographic trends and projections, in 2011 the employment rate of Italian people aged between 55-64 years old was 37.9%, still considerably lower than the EU27 average (see Figure 1).

#### *Box 1. The Italian pensions system*

The National Social Security Institute (Inps) pays workers' pensions in Italy. Traditionally, in Italy there are two types of work-related pensions: old-age pensions and seniority pensions. Workers may receive the former when they reach the legal pension age; workers may request the latter when they reach the minimum pension age and have paid 35 years of contributions. According to the pension reform introduced in 1995 and later revised in different occasions:

1. Workers with at least 18 years' contributions at 31 December 1995 receive pension cheques calculated with the previous system, based on the earnings of the last years of their working lives (defined-benefit system, in Italian *sistema retributivo*);

<sup>1</sup> Istat, [www.istat.it](http://www.istat.it). More information on the employment condition of the ageing population, see Il Monitor, *Gli Over 55 in Italia*, Bollettino n. 33, Novembre 2011, <http://bancadati.italialavoro.it/bdds/download?fileName=7bb59834-4723-4243-96ae-d9bdc531a283.pdf&uid=7bb59834-4723-4243-96ae-d9bdc531a283>

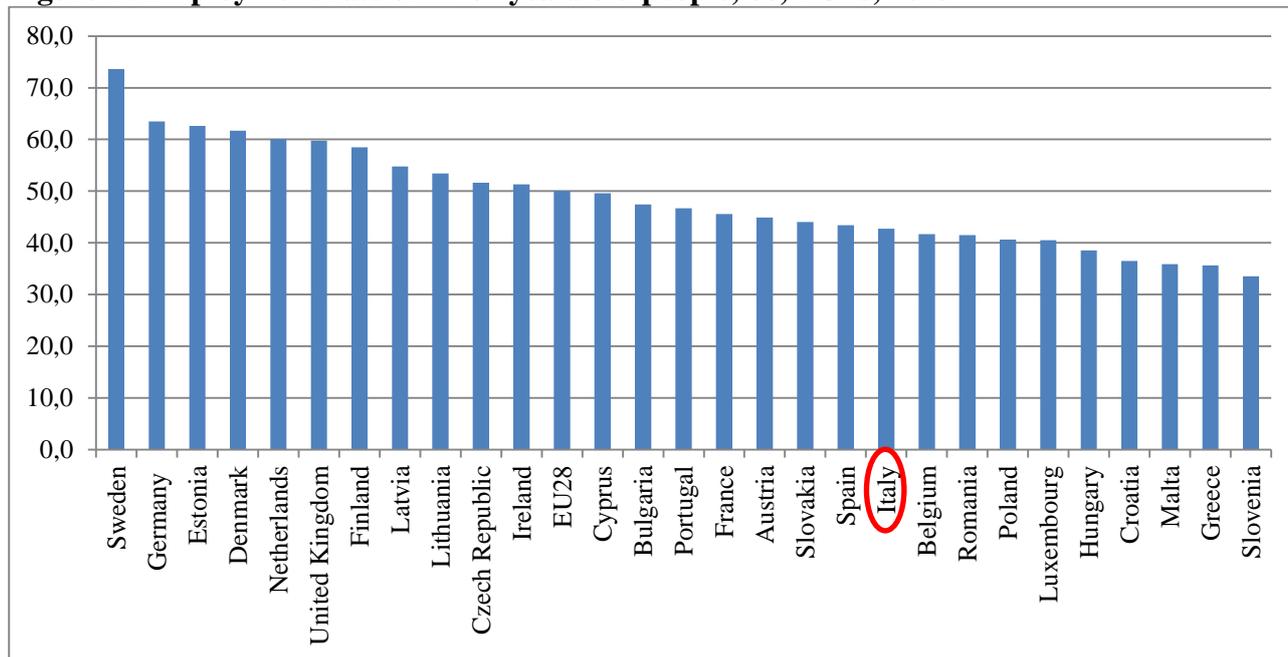
<sup>2</sup> Information drawn from Italia Lavoro slides, “L’iniziativa del Ministero del Lavoro a supporto della solidarietà intergenerazionale”; data source is CNEL on Istat data.

2. Workers with less than 18 years’ contributions at 31 December 1995 are entitled to pensions which are calculated pro-quota, that is the method of calculation is earning-based until 1995 and contribution-based after that (defined-contribution system, in Italian *sistema contributivo*);
3. Workers employed for the first time after 31 December 1995, to whom the new contribution system applies entirely, receive a pension which is exclusively calculated on their contributions.

The 2011 pension reform was introduced with article 24, law decree n. 201, 6 December 2011. From 1 January 2012 pensions are calculated only on the contributions paid, for at least 20 years. Retirement age is 66 for all male employees and self-employed. By 2018 this age requirement will apply to private sector female workers, through gradual monthly increases. Moreover, from 2013 retirement age is due to be adjusted to life expectancy increases every second year. As a result, Inps estimates that retirement age will be 68 years in 2041 and 69 years after 2050. However, the 2011 reform provides a safeguard clause, whereby retirement age cannot be less than 67 years from 2021 onwards, even if this target is not achieved through such adjustments. Seniority pensions can be paid after 40 years of contributions (in this case no age-related condition applies).

As a consequence of the pension requirements change introduced in 2011, workers who had voluntarily accepted to be laid off in case of company restructuring and were expecting to benefit of the ‘mobility’ allowance until their formal retirement, remained with no job and no pension (they are called *esodati* in Italian). Estimates suggest that these workers are about two hundred thousand.

**Figure 1: Employment rate of 55-64 years old people, %, EU28, 2013**

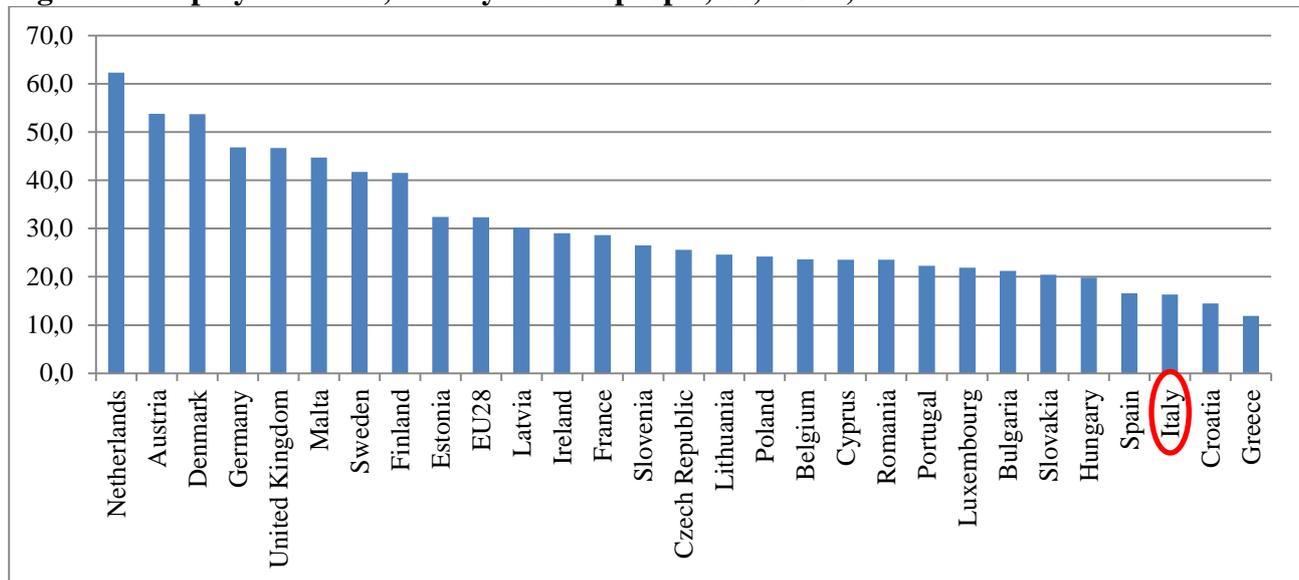


Source: Eurostat data

The labour market indicators for young people in Italy are among the worst in Europe, in terms of both employment and unemployment. Youth employment rate (15-24 years) was 16.3% in 2013 (see Figure 2); the unemployment rate was among the highest at about 40.0% (see Figure 3). It should be mentioned that, in Italy, the definition of “youth” usually extends beyond 25 years, at least up to 29 years old people, and, in the case of some employment policies and territories, even to people aged 30 or 35 years old. Having said that, in 2013 the youth unemployment rate was 29.6% for people aged 15-29 and 29.3% for those aged 18-29. The situation is worse in the Southern

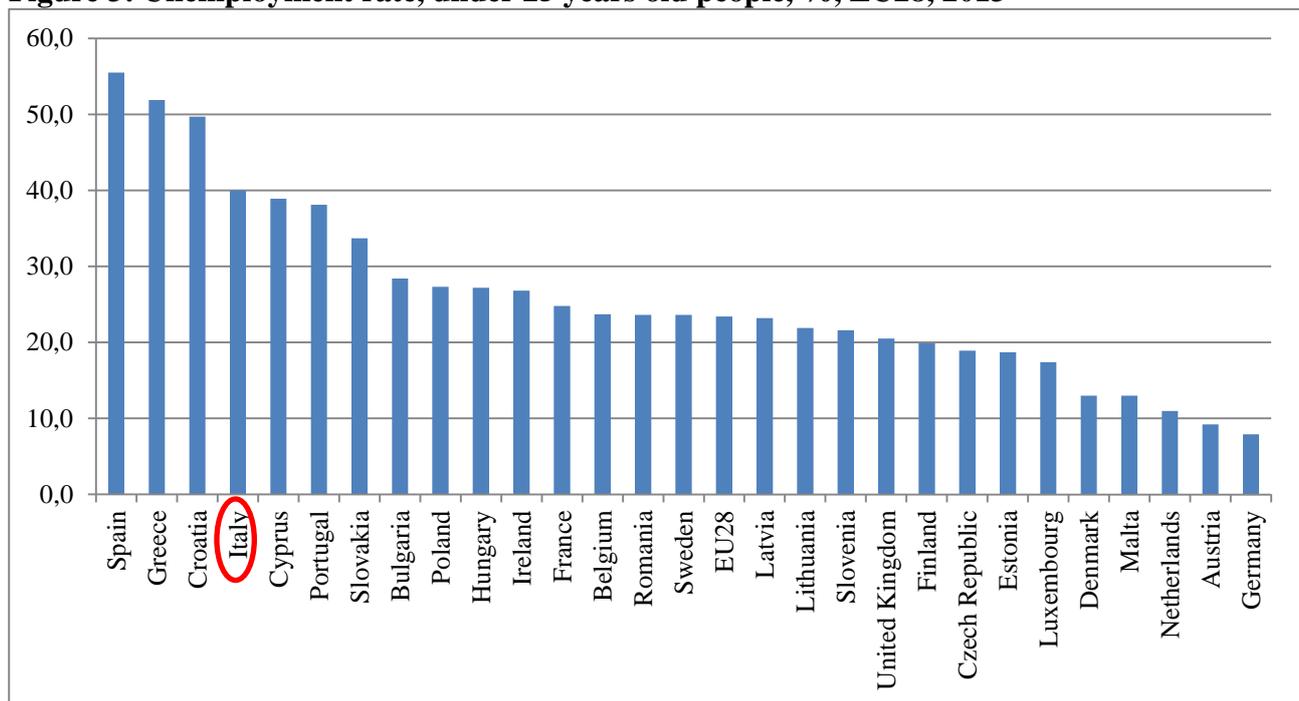
Regions, where the unemployment rate of people aged 18-29 was 42.6%, and 26.9% for those who were between 15 and 29 years old.

**Figure 2: Employment rate, 15-24 years old people, %, EU28, 2013**



Source: Eurostat

**Figure 3: Unemployment rate, under 25 years old people, %, EU28, 2013**



Source: Eurostat

Besides these figures, there is a structural problem for Italian young people, who cannot easily find a job after they leave school, and many others drop out from school. In 2012 more than three

million people aged 15-34 years old were neither in education nor in employment (NEETs), and this was the condition of almost one fourth of the 15-29 years old (23.9%)<sup>3</sup>.

In sum, older workers are staying longer in the labour market and youth find it difficult to access it (see Tables 1 and 2). To cope with these challenges, policy makers have supported policies for youth employment, they have reformed pension policies and, since the 1980s, they have attempted to create schemes that match youth employment creation and manage adults workers' longer careers, with a view to active ageing.

**Table 1: Employment rate, by age, %, Italy**

Age	2000	2005	2008	2010	2013
15 to 64 years old	53.7	57.6	58.7	56.9	55.6
20 to 64 years old	57.4	61.6	63.0	61.1	59.8
15 to 24 years old	26.4	25.7	24.4	20.5	16.3
25 to 54 years old	68.0	72.3	73.5	71.1	68.5
55 to 64 years old	27.7	31.4	34.4	36.6	42.7

Source: Eurostat, 2014

**Table 2: Unemployment rate, by age, %, Italy**

Age	2000	2005	2008	2010	2013
Total	10.0	7.7	6.7	8.4	12.2
Less than 25 years	26.2	24.0	21.3	27.8	40.0
From 25 to 74 years	7.9	6.2	5.6	7.0	10.3

Source: Eurostat, 2014

## 2. Policies for inter-generational solidarity in Italy

In general terms, a divide between young and older workers characterizes the Italian labour market, as well as the related public policies and public debate. The latter is often addressed in terms of an 'insiders *versus* outsiders' dualism. The term 'insiders' generally indicates adult workers, mostly male, who are employed with permanent employment contracts, benefit from a relatively strong employment protection legislation, and are entitled to full pension rights. On the other hand, the term 'outsiders' indicates non-standard workers, typically young people, female workers and all those employed with 'atypical' employment contracts, either temporary or semi-autonomous, to which limited social security rights apply, especially because of irregular careers with short job tenure and unemployment spells, as well as comparatively lower incomes. Moreover, insiders are more likely to be able to preserve their jobs, even in case of company crisis or restructuring, thanks to the Italian social shock-absorbers system, including the Wage Guarantee Fund (cassa integrazione guadagni). They have a stronger voice option, since adult permanent workers – and retired people too – represent the majority of unions members. However, trade unions do take up the demands of non-standard workers too, notably those with fixed-term and temporary contracts in unionised workplaces. Outsiders, instead, are usually the first to be affected in case of company crises, restructuring and staff reductions ('last in, first out'), also because they are hired with flexible and often temporary employment contracts.

<sup>3</sup> Istat, Rapporto Annuale 2013, see table 3.5, pp. 120-121, [http://www.istat.it/it/files/2013/05/Rapporto\\_annuale\\_2013.pdf](http://www.istat.it/it/files/2013/05/Rapporto_annuale_2013.pdf)

Policymakers and public debate as well, traditionally address the issues of young workers and older workers as two separate themes. On one side, Italian employment policies sustain senior workers' voluntary exit from the labour market, for instance by supporting early retirement with collective dismissal schemes (*mobilità*). On the other side, there are measures to reduce youth unemployment, that mainly increase employment flexibility. However, the economic crisis has blurred the boundaries of this divide, with adult workers increasingly becoming 'outsiders', as they are involved in company restructuring processes, collective dismissal procedures, and direct access to pensions is increasingly limited. At the same time, though, young people continue to face barriers to access employment, with high social costs, also for themselves and their families.

To prevent the risk of generational conflicts, Italian governments experimented a number of policies for inter-generational solidarity in the past years.

As early as the mid- 1980s, the so-called “expansive solidarity contract” (*contratto di solidarietà espansivo*) foresaw that company collective agreements<sup>4</sup> could permanently reduce working hours, and wages accordingly, to increase headcount (article 2.1, decree law no. 726/1984<sup>5</sup>). This scheme can be seen as public support for a “pact among generations”<sup>6</sup>. Employers who hire a new person with a permanent employment contract on the basis of such agreements receive a monthly economic benefit for the first year, equal to 15% of the gross wage foreseen by the sectoral collective agreement applied, at the corresponding pay grade. This benefit is reduced to 10% and 5% for each of the two following years. Employers who hire – within the scope of these collective agreements – people aged 15-29 benefit from additional incentives (article 2.2). Companies pay reduced contributions for three years too, as if new employees were apprentices. Likewise, company collective agreements (see note 4) can foresee that, within one year since the signature, senior workers who have reached pension requirements and have (maximum) two years before retiring, can access seniority pension, if they accept to work part-time and if there is an overall staff increase (article 2.5). These solidarity pacts were scarcely used, probably because company agreements were not obligatory for workers, unless in case of staff reduction or redundancies that justified dismissals, or because of limited incentives.

The 1997 budget law (law no. 662/1996)<sup>7</sup> introduced incentives for employment creation. Adult workers who had paid contributions for 36 years, or 35 years and were at least 54 years old, could access seniority pensions and turn their job into a part-time of minimum 18 hours per week. Pension reduction would be inversely proportional to working time reduction, which would be maximum 50 per cent. This would be possible if the employer hired new people, for the same period and for a number of hours equal to the working time reduction, with the authorisation of local employment offices. No contribution benefits supported this scheme, but some legal norms would not apply to the senior part-timers<sup>8</sup>. Law n. 662/1996 defined the criteria and procedures to apply this generational pact in the public administration too<sup>9</sup>. However, the 1997 scheme aimed to create employment and was not directly connected with inter-generational solidarity.

---

<sup>4</sup> Unions belonging to confederations comparatively most representative at the national level should sign such collective agreements.

<sup>5</sup> Law decree 30 October 1984, n. 726 “Urgent measures to support and enhance employment levels” (OJ n.299, 30 October 1984 ), converted in law. n. 863/1984. See T. Treu, *La disciplina legale dei contratti di solidarietà: riflessioni generali*, in DL, 1985, I, 14;

<sup>6</sup> T. Treu, *ibidem*.

<sup>7</sup> Law 23 December 1996 n. 662, article 1, paragraph 185, State budget law.

<sup>8</sup> M. Goffredo, V. Meleca, *Orario e tempi di lavoro*, Wolters Kluwer Italia, 2009, pp- 153 ff.

<sup>9</sup> Ministerial decree n. 331/1997. For schools, see ministerial decrees n. 446/1997 and n. 55/1998.

In 1997, a major labour market reform, the so-called *Pacchetto Treu* (law no. 196, 24 June 1997), introduced incentives for working time reductions and reorganization schemes to be collectively agreed (article 13, paragraph 2). A decree by the ministry of employment would have reduced contributions rates, if working time reductions were accompanied by a corresponding/proportional staff increase<sup>10</sup>. Higher contributions rate reductions would apply in some cases, i.e. if young (maximum 32 years) inactive or unemployed people were hired. This measure, however, did not respond much to the principle of inter-generational solidarity, but it favoured working time reductions.

Ten years later, law no. 296/2006 introduced the possibility to sign “generational solidarity agreements”, to promote job creation and to reduce inactivity rates of people aged over 55 years old. By signing these voluntary agreements, the parts agreed to turn over 55 workers’ contracts from full time into part time, and to simultaneously hire inactive or unemployed people aged under 25 years (or under 29 if they held a degree). The new contract should cover (at least) the working time reduction of older workers (article 1, paragraph 1160). Older workers would thus receive a monthly allowance of 131% of the pay decrease consequent to the working time reduction. Inps would pay the allowance, which could not exceed EUR 1,500.

The issue of inter-generational solidarity has recently drawn public attention in Italy, after two members of the Senate (Mr. Santini and Mr. Ghedini) presented the bill “Measures for flexible access to pensions, for active ageing and inter-generational solidarity”, on 26 March 2013<sup>11</sup>. The section on inter-generational (article 3) envisages that, in case of collective agreements on working time reductions accompanied by the recruitment of young workers through apprenticeships (maximum 29 years) or permanent contracts (maximum 35 years), public funds cover the older workers’ voluntary contributions for the working time reduction. This combines support to older workers’ gradual exit out of the labour market, without affecting their pensions, and support for youth employment and training. The proposal also envisages qualitative mechanisms of inter-generational exchange: young employees would benefit from on-the-job training and work-shadowing, as the senior part-timers would become their tutors. To support these schemes, the law proposes the creation of a “National fund to support flexible retirement and inter-generational solidarity”, with an initial amount of EUR 500 million for 2013. On 23 May 2013 the bill was consigned to relevant Senate commission (*assegnazione*), and still waits to be discussed.

In Italy there are also experiences of “parental recruiting” policies, that is the possibility for parents to hand their job over their children in the same company. To support early retirement of older workers, companies propose to hire their sons or daughters, or to give them priority in recruitment. This kind of practice was traditionally common in the banking sector (for instance, Unicredit) and in public utilities (such as postal services), but the economic crisis is likely to have largely limited it<sup>12</sup>. In June 2012, the Swiss multinational Nestlé proposed to introduce this kind of inter-generational pact in the San Sisto Perugia plant (Perugia). Older workers would reduce their weekly working time from 40 to 30 hours, thus losing part of their salary, but one of their children could get a job. The sectoral unions and the RSU (unitary workplace union structure) rejected this proposal and even organized a strike action against it.

---

<sup>10</sup> Decreto interministeriale 12 aprile 2000. Benefici contributivi per assunzioni di personale a part-time.

<sup>11</sup> [http://www.senato.it/japp/bgt/showdoc/17/DDLPRES/699578/index.html?stampa=si&part=ddlpres\\_ddlpres1](http://www.senato.it/japp/bgt/showdoc/17/DDLPRES/699578/index.html?stampa=si&part=ddlpres_ddlpres1)

<sup>12</sup> <http://www.ilsole24ore.com/art/finanza-e-mercati/2012-08-13/stipendio-padre-figlio-135025.shtml?uuid=AbIG4wNG>

The 2014 reform of public employment<sup>13</sup> introduced new rules for “generational relay schemes” in the Italian Public Administration. From 1 November 2014, those who have reached the due pension age will not be allowed to remain in employment (article 1). Since 2015 this ban is going to apply to magistrates and soldiers too. To support generational rotation and to create new jobs, the reform also simplified and made more flexible turnover mechanisms in the Public Administration (article 3). These rules should allow saving public resources, as a result of the difference between seniors’ and young workers’ salaries, and to rejuvenate public employment, as the current average age of public employees is over 50 years old.

It is reasonable to conclude that inter-generational solidarity measures in Italy have been mainly promoted with a statutory top-down approach. Moreover, many were introduced as job creation measures, more than tools to foster inter-generational solidarity. Most of the policies promoted since the mid-eighties regard the private sector and combine older workers’ working time reduction with new jobs for youth in the same company. Under this kind of schemes, public resources pay economic incentives to cover older workers’ voluntary contributions.

Policies directed towards younger and older workers have not been often connected in collective bargaining and social partners’ involvement has been limited in this field. Their role was always confined to the implementation of legal rules, and it depended on the available public resources. Thus, it is hard to claim that collective bargaining has been the stepping stone for inter-generational solidarity measures in Italy, or that it played any major role to this aim.

There are examples of consultation and negotiation processes between the government and social partners about policies for younger and older workers. One example is the 2011 apprenticeship reform (see paragraph 3), which stemmed from an intense bargaining process between the government, both at central and regional level, and labour market forces. However, policy outcomes are limited, and youth employment and older workers’ working lives remain disconnected issues.

The recent interest for inter-generational solidarity in Italy can be understood by considering that the country is going to face several challenges in the years ahead: youth employment and their social inclusion, the welfare system sustainability, and innovation and competitiveness of the national economy.

### **3. Policies for youth employment**

In the last fifteen years Italian governments promoted several reforms to improve school-to-work transitions and to boost youth employment. Employers’ associations and trade unions have been consulted and involved at the national level to shape reforms, and at the local level to implement them. Among youth policies’ goals, there is the creation of a bridge between the worlds of education and training and the labour market, with a view to improve youth employability, by reducing skills mismatch. Among the policies that received the widest support there are apprenticeships and traineeships.

Apprenticeship in Italy is defined as a “permanent employment contract for youth training and employment” (article 1, legislative decree no. 167/2011, Consolidated act on apprenticeship). Apprenticeship legislation was introduced in 1955 and was repeatedly reformed, until the 2011 Act

---

<sup>13</sup> L. 11 agosto 2014, n. 114, Conversione in legge, con modificazioni, del decreto-legge 24 giugno 2014, n. 90, recante misure urgenti per la semplificazione e la trasparenza amministrativa e per l’efficienza degli uffici giudiziari.

simplified and radically changed the system. Social partners actively contributed to the policy-making process, by signing a number of protocols with the government and the regions, including an agreement on training guidelines, that supports work-based training and apprenticeship for youth<sup>14</sup>, and a number of protocols for the promotion of apprenticeship<sup>15</sup>. Since 2011 three labour market reforms amended the Consolidated act on apprenticeship<sup>16</sup>, and social partners' consultation was not always as consistent and intense as before 2011. Today the Italian apprenticeship system governance is shared between the regions that control public off-the-job VET, and social partners, which are responsible for company training and occupational standards, regulated by national collective labour agreements. Likewise, the costs of apprenticeship are shared between private parts, i.e. companies and apprentices, and the state, which allocates funds to the regions for public VET and pays economic and fiscal incentives to companies that hire apprentices.

Italian governments and social partners alike recognised that apprenticeship should be the main employment contract for young people, at least as a political commitment. To this end, in 2011 the regions allocated EUR 191,399,074.98 to apprenticeship training, i.e. +14% compared to 2010<sup>17</sup>. Nevertheless, the size of the Italian apprenticeship system has shrunk in the last years: the annual average of apprentices decreased from about 600,000 in 2009 to 500,000 in 2011. The share of 15-29 years old apprentices was 14.4% in 2011, while it was higher than 15% in 2009 and 2010. By the way, apprentices training activity levels have remained relatively low across time, at least compared to what is expected in a training contract. Only 159.682 apprentices were registered for public training activities in 2011 and apprenticeship public training coverage rate, i.e. the share of apprentices registered for regional training activities out of total apprentices, was 32% in 2011, but it has been about 25% in the past five years.

There are three types of apprenticeship. The first is for people aged 15 to 25 years old and it leads to a three-year vocational qualification or to a vocational diploma, by combining part-time VET and work experience (*apprendistato per la qualifica e il diploma professionale*). With the second type of apprenticeship (*apprendistato professionalizzante*), people aged between 18 and 29 year olds can be trained to gain an occupational qualification, as defined by national collective agreements and achieve the related pay grade, although this is a discretionary decision of the employer. The third type of apprenticeship (*apprendistato di alta formazione e di ricerca*) leads to upper secondary and tertiary qualifications (including Bachelor's, Master's and doctoral degrees), or it can train young people for doing research in companies. The second type of apprenticeship (*professionalizzante*) is the most widely used, while the other two apprenticeship types are still marginal in quantitative terms. This is confirmed also by the limited investment of resources allocated by the regions to the different apprenticeship types: in 2011, 80% of apprenticeship resources went for type 2, 14.5% for type 1, and 3.7% for type 3.

Beside apprenticeship, Italian governments have widely supported traineeships, also called internships or with the French word *stage*. Social partners' involvement mainly aimed at preventing they would be used to hire flexible low-cost young labour force. Among the different types, there are curricular traineeships, which are part of students' school and university courses: they integrate traditional learning methods with on-the-job training and work experience, and they are recognized

<sup>14</sup> Intesa tra governo, regioni, province autonome e parti sociali, *Linee guida per la formazione nel 2010*, 17 February 2010.

<sup>15</sup> Intesa tra governo, regioni, province autonome e parti sociali, *Intesa per il rilancio dell'apprendistato*, 27 October 2010; agreement between the social partners and ministry of employment signed on 11 July 2011, approving the agreement signed by the Joint Council State-Regions on 7 July 2011.

<sup>16</sup> Law n. 92/2012 (Monti-Fornero reform); law decree n. 76/2013; law decree n. 34/2014.

<sup>17</sup> Data source: ISFOL – XIII Report on Apprenticeship, 2013.

as didactic instruments (D.P.R. n. 88/2010). Non-curricular traineeship foresee on-the-job training in a company, whereby graduates – within 12 months after graduation (diploma, university degree etc.) – enhance their employability and get career guidance to choose a job. The third type of traineeships is open also to adult people who intend to enter or to re-enter the labour market after job losses or after they have left work for some time. This can be used for disadvantaged people too, to support social integration, by offering them vocational training and career guidance. Finally, there are summer traineeships that can be organized for students in summer, to ease the school-to-work transition and occupational guidance.

Among other measures to boost youth employability is “training alternance”, i.e. alternating training moments between school and the workplace, by combining theory and practice. It was introduced in 2003 as an option for secondary education (article 4, law no. 53/2003), and in 2005 it was recognized as didactic method of the national educational system (legislative decree no. 77/2005). The aim of the *alternanza scuola-lavoro* is to guide and motivate young students, and develop occupational skills for the labour market, which is still considered a priority for youth in the country<sup>18</sup>.

The European Council recommendation of 22 April 2013 introduced the “Youth Guarantee”, to respond to the youth employment crisis and to face the social costs of the NEETs phenomenon. The main goal is to ensure that any 15-24 years old people receives a ‘qualitatively adequate offer for education and training, or a job, an apprenticeship or a traineeship, within four months from unemployment or graduation’. According to the Italian ministry of employment guidelines, the regions approve territorial plans that can include nine activities within the scope of the Youth guarantee: welcome actions; occupational guidance; vocational training; support measures to find a job; apprenticeships; internships; civil service; support to self-employment; mobility within the national territory or in EU countries; employment bonuses for companies; e-learning. So far, only some regions have discussed and approved regional plans to implement the Youth guarantee in Italy and therefore, the success of this initiative seems to be marginal in Italy<sup>19</sup>.

Despite the intense legislative activity, social partners’ engagement and the attention of media on youth labour market problems, quantitative results in terms of employment impact are still limited. The Italian youth unemployment rate remains among the highest in Europe, together with the share of 15-24 NEETs. At the same time, the employment rate is among the lowest in the EU28.

#### **4. Policies for older workers’ active ageing and early retirement**

In Italy, ‘policies for older workers’ generally refer to pension policies aimed at supporting and incentivising early retirement, often in cases of company restructuring. The Italian law allows workers to early retire, if they have paid contributions for at least 42 years and 1 month (male workers, or for 41 years and 1 months if they are women). One extra month is required for 2013 and another extra month for 2014.

---

<sup>18</sup> Among the most recent official documents, ministry of education discussed trainign alternance and the importance of combining and connecting education and work in chapter 5, page 104 of “La buona scuola. Facciamo crescere il Paese”, in September 2014. <http://www.governo.it/backoffice/allegati/76600-9649.pdf>.

<sup>19</sup> Analysis of the job and stage opportunities on the website of the ministry of employment, 17 September 2014: <http://www.bollettinoadapt.it/garanzia-giovani-analisi-adapt-delle-offerte-di-lavoro-e-tirocinio-sul-portale-del-ministero/> For a comment, see G. Rosolen, 2 september 2014: <http://www.bollettinoadapt.it/garanzigiovani-il-tempo-delle-promesse-e-scaduto/>

The 2012 labour market reform introduced early-retirement incentives for older workers, if companies pay voluntary contributions until the retirement age of the workers involved (article 4, paragraphs 1-7, law no. 92/2012, modified by law decree no. 179/2012). In 2013, the energy multinational Enel used this opportunity as a tool for generational turnover<sup>20</sup>: on the basis of a group agreement with trade unions, the company launched a program of 3,500 voluntary early retirements, and hired 1,500 young people with an apprenticeship contract for technical and commercial jobs.

There are also measures that incentivise older workers to stay at work after the achievement of contributions requirements: these permit to add up wages and pension (*cumulo lavoro-pensione*). Article 19 of law decree no. 111/2008 canceled the prohibition to add employees' and autonomous workers' wages up to age pensions. This possibility applies since 1 January 2009 to any pension category (see Box 1) for private sector workers, while it does not apply to public employees in case they are re-employed in a public administration<sup>21</sup>.

As an alternative to early retirement measures, company often use collective dismissal procedures, as the case studies reveal (see Chapter 2). Law no. 223/1991 regulates collective dismissals: industrial companies employing more than 15 people and commercial companies employing more than 200 people can start a collective dismissal procedure in case of reduction, change and restructuring, or cessation of activity. This procedure must involve at least five workers (excluding senior executives) within 120 days. Redundant employees must be selected according to the criteria agreed upon in the due information and consultation process<sup>22</sup>. If no agreement is achieved, the selection criteria provided by law apply and these include seniority, but also family responsibilities and circumstances, technical, productive and organisational needs of the company. Redundant employees within the same production unit – or in several production units within the same province – receive public support. This covers shop-floor and office workers, managerial staff, production workers, and work cooperatives. Undertakings employing more than 15 workers, who have completed at least 12 months service, are included in a special programme managed by regional labour offices (the so-called 'mobility list', *lista di mobilità*). This allows workers to receive an unemployment allowance of 60–70% of their last salary for a period of 12-48 months, depending on the age and the location of the enterprise. A number of other measures are put in place to increase their employability. Workers included in the mobility list might opt for the payment of a lump sum instead of the monthly allowance, if they want to start up a new business or create a cooperative. The regional labour office informs workers included in the list of their re-employment options (but no expertise, patronage or counselling is given during restructuring).

---

<sup>20</sup> [https://www.enel.it/it-IT/eventi\\_news/news/assunzioni-in-enel-ecco-come-candidarsi/p/090027d9820a10df](https://www.enel.it/it-IT/eventi_news/news/assunzioni-in-enel-ecco-come-candidarsi/p/090027d9820a10df) and [http://www.enel.it/it-IT/media\\_investor/comunicati/release.aspx?iddoc=1661689](http://www.enel.it/it-IT/media_investor/comunicati/release.aspx?iddoc=1661689)

<sup>21</sup> For more information, see <http://www.inps.it/portale/default.aspx?itemdir=4805>

<sup>22</sup> Written information on collective redundancies must be given 'prior' to the adoption of the measure. The employer has to indicate the reasons explaining the redundancies, and the motives excluding the adoption of alternative measures capable of avoiding or reducing the dismissals. Moreover, the employer must communicate details about the redundant workers and the criteria for their selection, the time table for the redundancy plans and the measures to address the its consequences. The parties should reach an agreement within maximum 45 days (with possible extension of 30 extra days); although this is not obligatory, the cost for the enterprise is considerably greater. Following the consultation period, notice of termination/mobility procedure should be given to the authorities, trade unions/employee representatives and employees. (European Restructuring related Legislation database <http://www.eurofound.europa.eu/emcc/erm/rl/> ). By the way, during the consultation process, the employer's and employees' representatives must discuss alternatives to cushion the consequences of redundancy for all or part of the redundant workers within the organization, e.g. retraining, a lump sum payment or 'solidarity contracts' (*contratti di solidarietà*), whereby workers reduce their working time and share workload to avoid dismissals. In such cases, the national wage guarantees fund (*cassa integrazione guadagni*), covers 60% of the corresponding salary loss (80% in 2009–2010).

Among the benefits guaranteed by the mobility list, there is the possibility to attend training schemes offered by local institutions. Should workers refuse to take part to such schemes, they would be dropped from the support programme. Companies that employ workers from the mobility list, receive benefits (e.g. reduced social security contributions). Typically, older workers, especially if they are close to retirement, are involved in this kind of procedures.

In any case, managing companies' restructuring with passive – instead of active – labour market policies might discourage the use of intergenerational pacts. These are indeed less competitive, as being more, for the simple reason that they require companies to hire new staff and thus increase their size. As a result, this phenomenon limits the activation of new employment contracts, as it aims at protecting the existing ones.

Among legal incentives to retirement, standard employees are also entitled to a termination indemnity (*trattamento di fine rapporto*, TFR)<sup>23</sup>. This is calculated by adding the equivalent of the gross annual salary for each year of service divided by 13.5 (i.e. 7.4% of the annual gross salary). The aggregate TFR is accrued in favour of each employee during the entire term of employment and increased each year, based on the increase of the cost of living during that year. No social security payments are deducted from TFR, and a special lower tax rate is applied. TFR is accrued in a special company fund and paid to employees upon termination of the employment relationship.

Despite retirement incentives and early retirement support measures, Italy records a moderate degree of flexibility in retirement age phasing. After retirement, people can continue working, under certain conditions, and there are no distinctive fiscal disadvantages (in law and in practice) for retired workers who want to continue working on a temporary basis, e.g. in the calculation of their pension entitlement, pension disbursement percentages, etc. There are also specific legislative provisions facilitating work arrangements for people approaching retirement age, e.g. reduced working hours or partial access to pension. Finally, in terms of flexible retirement policies, people who have worked in multiple countries can easily port their pension into the country they retire in.

Shifting the attention to active ageing, this is becoming an increasing visible topic<sup>24</sup>, but it has not reached the relevance of a mainstream approach yet. This would require the adoption of active labour market policies, and to connect different policy areas, including employment, health care, social policies.

---

<sup>23</sup> Legge 29 maggio 1982, n. 297 Disciplina del trattamento di fine rapporto e norme in materia pensionistica

<sup>24</sup> The Italian Association of Personnel Directors (AIDP) recently promoted a seminar to the topic of ageing and related HR praxes (AIDP conference “Giovani e ageing”, Bergamo, 29 April 2014. According to AIDP, Italian companies should acknowledge the relevance of the ageing phenomenon and put in place adequate strategies to tackle it. Italy has indeed the second oldest population after Japan and the share of over 90ies has been growing over the last decades. In particular, companies should fight ageism and the related stereotypes, also with a view to effective human capital management policies.

## CHAPTER 2

### Case Studies

In Italy, inter-generational collective bargaining is significantly limited, almost non-existent, despite the active engagement of the ministry of employment and social policies, the regions and the autonomous provinces in this sense. Nevertheless, there are a number of projects on inter-generational solidarity that directly involve social partners through collective bargaining. This chapter presents the following case studies:

1. National plan “Welfare to Work for re-employment policies 2012-2014” (private sector).
2. Region Lombardy “generational bridge” (private sector).
3. Autonomous Province of Trento (public and private sector).
4. Autonomous Province of Bolzano-Bozen (public sector).

These are all promoted by public bodies at different governance levels, i.e. national, regional and provincial, including two company- and one sector-level examples as well. The case studies cover both the private and the public sectors, and they show different degrees of social partners’ involvement in inter-generational bargaining. Practice is limited in all cases, reflecting the scarce implementation of the legal and contractual instruments for generational solidarity introduced in the past 20 years. Nevertheless, all the projects considered are quite new, as they were introduced in relatively recent times.

The following paragraphs describe the case studies reporting: their goals, the relevant actors and bargaining and administrative processes, the measures foreseen, a summary of the main outcomes, and the interviewees’ opinion about success factors and obstacles of the projects.

#### **1. National action plan “Welfare to Work for re-employment policies 2012-2014”**

##### *Goals*

In 2011 the ministry of employment and social policies promoted an initiative called ‘*staffetta generazionale*’ (generational relay scheme) to increase youth employment by adopting solutions that match adult and young workers’ employment needs, in view of inter-generational solidarity. This initiative pursues three main goals: first, to promote active ageing, with a view to strengthen solidarity and cooperation among generations; second, to enhance the potential and the role of over 50 years old workers in the labour market; third, to equip employers with flexible instruments to support growth and productivity. To these ends, the ministry introduced the possibility for the regions to allocate the resources they receive within the scope of the national action plan “Welfare to Work for re-employment policies 2012-2014” (more than EUR 40 million) to cover voluntary contributions payment of older workers who voluntarily join in inter-generational solidarity projects. Most of public resources are drawn from the European Social Fund – Convergence (80%) – and the rest comes from the Rotation Fund (20%).

##### *Actors and process*

The plan “Welfare to Work for re-employment policies 2012-2014” is the first nation-wide intervention for inter-generational solidarity, characterised by social partners’ involvement, both during the design and the implementation of the initiative. The regions are significantly autonomous in the definition of territorial policies with the relevant stakeholders, so as to best respond to local needs. Within this scheme, the ministry suggested innovative active ageing initiatives, such as

mentoring and tutoring for the new young employees, but also lifelong learning strategies, and knowledge transfer among generations. All stakeholders should cooperate to share best practices in the field of active ageing and inter-generational solidarity, with a view to achieve an integrated sustainable strategy.

On 19 October 2012 the ministry of employment and social policies defined the framework and the procedures for the national plan implementation (decree no. 807/2012). On 15 April 2013, the ministry of employment and social policies published the guidelines for inter-generational solidarity schemes. These provide the definitions of the policy targets, namely over 50 years old workers, and 18-25 years old unemployed or inactive (maximum 29 if they have a university degree).

### *Measures*

The regions and autonomous provinces have to sign protocols with the territorial Inps offices<sup>25</sup>, to agree about the transfer of resources that will cover senior workers' voluntary contributions. The ministry transfers the money to the regions, once they submit the due communications<sup>26</sup>; alternatively, the regions can ask the ministry to directly pay Inps.

The regions should consult local social partners<sup>27</sup> to define territorial guidelines, and then publish public calls, whereby they finance inter-generational relay schemes. Employers can apply to these calls, if they demonstrate that there are workers who intend to voluntarily ask for working time reduction, and that they are going to hire young people with permanent employment contracts or apprenticeships<sup>28</sup>.

Public resources pay voluntary contributions of senior workers, who ask for working time reduction (by maximum 50%), for minimum 12 and maximum 36 months, unless local agreements foresee anything different. The company employing senior part-timers should simultaneously hire a young person, with an apprenticeship or a permanent contract, leading to positive employment balance in the firm.

Companies might decide to pay additional bonuses to the workers who voluntarily apply for working time reduction within inter-generational solidarity projects.

### *Outcomes*

Italia Lavoro reports that ten regions started implementing inter-generational schemes within the "Welfare to Work" national plan. Quantitative results are significantly limited, although the initiative has drawn attention from the media and in public debate.

**Table 3: "Welfare to Work" national plan implementation, September 2014**

Region	EUR	State of the art
1. Abruzzo	1,500,000	The region is considering to re-allocate money for other policies.
2. Basilicata	1,100,000	The region signed a protocol with Inps and will issue the call soon.

<sup>25</sup> The ministry provides a format for the protocol between the regions and autonomous provinces and Inps.

<sup>26</sup> The regions have to communicate to the ministry and to Italia Lavoro the amount of resources they intend to allocate to inter-generational solidarity measures. Italia Lavoro is the ministry's technical agency for active labour market policies and in charge of technical assistance within the scope of the national plan. They should also declare, every three months and at the end of the project, real expenditures, the names of workers and companies involved and the amount of voluntary contributions transferred to the territorial Inps offices.

<sup>27</sup> Territorial level social partners, among the comparatively most representative at the national level. Territorial guidelines could define, for instance, the maximum number of workers involved in each company; the type of employers who can participate; and the role of senior workers as tutors or mentors of the young employees.

<sup>28</sup> The ministry guidelines specify that the net positive employment balance is calculated confronting the working hours of the older employee's part-time and those of the young person. The regions monitor that this balance is maintained for the time the voluntary contribution is paid to the older worker, and can impose sanctions in case the company does not respect it.

3. Campania	3,000,000	The region signed the agreement with social partners and protocol with Inps. Call published on 3 June.
4. Emilia Romagna	3,000,000	The regional published a call, which expires on 30 June, but did not sign the due protocol with Inps. Three individual applications.
5. Lazio	3,000,000	The regional regulation was approved on 21 January 2014. The call was published on 17/07/2014.
6. Liguria	1,100,000	No formal act.
7. Lombardy	3,000,000	The regional call expired on 31 July 2013, it was then extended to 30 November 2014. Two individual applications.
8. Molise	1,100,000	The region is considering to re-allocate money for other policies.
9. Piedmont	3,000,000	The region approved the policy guidelines (D.G.R. n. 18-6043, 2 July 2013), but did not sign the due protocol with Inps.
10. Sicily	3,000,000	In July 2013 the region signed an agreement with social partners. The region is considering to re-allocate money for other policies.

Source: *Italia Lavoro, 2014*

Abruzzo, Molise and Sicily are considering to re-allocate the ministry's resources.

Basilicata is going to publish a call for companies.

Campania approved the regional call in June but no information about the results is available yet.

Emilia Romagna published a call, which expired on 30 June 2014, although the protocol with Inps is still missing. So far 3 senior workers applied and Inps is evaluating their pension requirements.

Piedmont region approved general guidelines for inter-generational pacts with the regional decree of 2 July 2013 n. 18-6043, but it has not signed the relevant protocol with Inps yet. The project of Piedmont introduces an additional requirement for senior part-timers, that is having been employees in the same company for at least 5 years. The region also extended the measure to youth until 32 years old. The industrial employers association (Unione Industriali) published a communication to inform the associated companies about the measure.

Lazio published a call in July 2014<sup>29</sup>. This foresees that the region allocates EUR 3,000,000 to cover voluntary contributions of older workers that undersign generational relay schemes. This sum is going to be managed in two steps: so far, the public call allocated EUR 1,500,000. The scheme and the requirements for older and young workers are similar to those of the other regions: older workers (over 50 years old) can ask for working time reduction (by maximum 50%), if the company hires an unemployed or inactive young person aged 18-29 years old. One major difference is that potential beneficiaries are private companies and bodies that are partly funded by public resources (not public bodies as such), provided that the latter employ at least one employee.

The case of Lombardy region is discussed in more detail below.

There are no certain data about the number of workers involved in the "Welfare to Work" project, but this is surely limited and it is likely to be less than 10 cases. Given the scant success of the measure in Italy, this report will mostly try to describe what hindered the success of the measure.

### *Success factors and obstacles*

According to Angelo Irano, national responsible of the "Welfare to Work" project in Italia Lavoro, this kind of schemes are necessary to support workers and companies against the generational breakdown that the country risks facing in the years ahead, in terms of employment, resources and solidarity. Among the factors that help explaining the limited success of the project, Angelo Irano mentioned the normative uncertainty, due to continuous pension and labour market reforms.

<sup>29</sup> Approvazione dell'Avviso Pubblico "Staffetta Generazionale" nell'ambito dell'azione di sistema Welfare to Work per le politiche del reimpiego 2012-2014 in attuazione della DGR 30/2014. Impegno di spesa a valere sul capitolo F31135, esercizio finanziario 2014.

Moreover, the economic crisis significantly discouraged workers to reduce their salary. Finally, bureaucratic procedures are complicated, through the whole process. Qualitatively speaking, the implementation of the project aimed at senior workers' early retirement, and at generational relay at best, more than at inter-generational solidarity and exchange between older and young workers. In this connection, there has not been a solid commitment to build relationships between generations, for instance by supporting mutual knowledge transfer, with mentoring and reverse mentoring, or vocational training, while all this would have been desirable.

## 2. The 'generational bridge' project in region Lombardy

### *Goals*

The 'generational bridge' project in Lombardy explicitly pursues the goal of "accompanying older workers to retirement and simultaneously favouring youth employment". Although Lombardy is among the richest regions in Italy, labour market indicators suggest that youth employment conditions are relatively difficult (for instance, 26.6% of 15-25 years old people were unemployed in 2012; see Table 4). In this connection, the 'generational bridge' was promoted primarily as a measure to support youth employment.

**Table 4: Employment indicators, %, Lombardy-Italy, 2012**

<b>Indicator</b>	<b>Lombardy</b>	<b>Italy</b>
Employment rate 20-64 years old	69.1	61.0
Employment rate 55-64 years old	40.4	40.4
Total unemployment rate	7.5	10.7
Youth unemployment rate (15-24 years old)	26.6	35.3

*Source: Istat, 2014*

### *Actors and process*

Lombardy was the first region in Italy that started a project for inter-generational solidarity.

The region received EUR 3,000,000 from the ministry of employment and social policies within the scope of the "Welfare to Work" project. The region signed an agreement with Inps Lombardia and Assolombarda (the employers' representative association of the industry sector in Lombardy). Assolombarda then signed protocols with the unions' confederations involved, i.e. Cgil Milano, Cisl Milano, and Uil Milano e Lombardia.

The stepping stone was a territorial agreement signed by Assolombarda, Cgil Monza e Brianza, Cisl Brianza and Uil Monza e Brianza on 25 July 2012, whereby the parties agreed to support voluntary initiatives "for youth employment development" to ensure generational exchange, and leading to positive employment balance.

In winter 2012, Lombardy reached an informal agreement with Assolombarda to promote the 'generational bridge'.

On 4 December 2012, Assolombarda signed a formal agreement with Cgil Milano, Cisl Milano and Uil Milano e Lombardia, about the opportunity to start a pilot project called 'generational bridge'. Target workers would be 'senior workers', i.e. those within 36 months from pension, and young people, i.e. people aged minimum 18 years old. The proposed pilot project would consist in a voluntary agreement between older workers and the employer, to reduce working time by maximum 50%. The senior worker would be guaranteed the full contributions payment. The same company would consequently hire an unemployed or inactive young person with an apprenticeship or a permanent employment contract, thereby leading to net positive staff balance in the company. The agreement explicitly foresaw training, retraining and coaching measures for older workers, financed

with inter-professional bilateral funds resources, also to support their transition out of the labour market and active ageing.

On 11 December 2012, the president of Lombardy Region (Roberto Formigoni), the general director of Inps Lombardia (Giuliano Quattrone), and Assolombarda president (Alberto Meomartini) signed a protocol to start the ‘generational bridge’ pilot project. The protocol applies to Assolombarda affiliated companies operating in the provinces of Milan, Monza, and Lodi, and also to all the chemical and pharmaceutical firms in Lombardy (see Box 2 below).

On 28 February 2013, the region approved a public call allocating EUR 3,000,000 to the ‘generational bridge’ project (regional decree no. 1676/2013, ‘Avviso ponte generazionale’). The call provides details about the necessary administrative procedure. Annexed to the call are a format for the company voluntary application, and a sample declaration whereby older workers entrust Assolombarda to require Inps information about their individual pension contribution balance.

### *Measures*

The protocol and the public call specify that workers can ask for working time reduction (by maximum 50%), if they are supposed to retire within 36 months and if they had a maximum taxable income of EUR 80,000 in 2012. They have to work in Lombardy and be employed by companies that comply with relevant legal, fiscal and contractual norms, and that are not involved in legal procedures, and that are able to contract with public administrations.

The same company hires unemployed or inactive people aged between 18 and 29 years old, who live in Lombardy. As a result, the company should achieve positive balance in staff size for the duration of senior part-timers’ working time reduction. This should increase the number of working hours, including time for training.

The company commits indeed to provide training to young people, by involving senior employees as tutors, and also training to older workers. In the latter case, training should regard transversal topics in groups, and also individual training to support active ageing.

Inps Lombardia is in charge of supporting companies and workers in managing the administrative of the process and to check their pension requirements. The region commits to transfer the public resources necessary to cover voluntary contributions (for maximum 36 months) to Inps Lombardia.

The protocol envisages that training activities for older workers could be paid by the bilateral training funds Fondimpresa / Fondirigenti.

### *Box 2. Generational pacts in the chemical and pharmaceutical national collective agreement*

The chapter ‘productivity and employability’ of the national collective agreement renewal that Federchimica, Farindustria and Filctem-Cgil, Femca-Cisl, Uilcem-Uil signed on 22 September 2012, contains a clause called ‘generational bridge’. The parts thereby agreed to introduce company-level projects for generational solidarity: the employer would hire a young person against the gradual retirement of a senior worker. The project goals are to increase youth employment, to create a bridge between generations, by maximising mutual knowledge transfer, and to reduce older workers’ workload, but still getting them engaged. In the collective agreement the signatories called the State to approve the necessary legal norms and to allocate the necessary public resources to cover voluntary contributions during older workers’ working time reduction.

The ‘National agreement on guidelines for social responsibility in second level collective bargaining’ (18 November 2010) had already mentioned the idea of matching young and older workers’ employment needs, indeed. The signatory parts agreed to ease generational exchanges, through company-level welfare bargaining. For instance, by supporting older workers to gradually leave employment, and by facilitating knowledge transfer among generations, with tutoring and on-the-job training.

### *Outcomes*

Although more than one hundred companies affiliated to Assolombarda had initially expressed their interest for the scheme, the generational bridge was applied only for four workers in the region.

A female secretary in Assolombarda reduced her working time to part-time, in favour of a young graduate hired with an apprenticeship contract to be trained as a functionary.

Another case was in the Milan plant of Bayer, where a female senior worker shifted to part time and a female young worker was hired, for a different job, though.

### *Success factors and obstacles*

Assolombarda declared that both older and young workers should benefit from the generational bridge, and that companies have a stake in both. On one hand, coping with older and less productive workers might become a priority for firms. On the other hand, introducing new and fresh energies might support innovation and knowledge transfer.

Trade unions representatives, instead, underlined that the project should have primarily aimed at supporting youth employment and fighting youth unemployment in Lombardy.

All the stakeholders interviewed agreed that the major obstacles that hindered the success of ‘the bridge’, as it is called, are the following. First, the lack of older workers’ motivation to reduce their working time. This can be due to the unavailability, in times of economic crisis, to lose part of the income (up to 50%). Thus, the generational pact could have been more appealing for high level workers, such as managers or high-ranked and well paid workers; however, these are less likely to give up to their position and employers might be interested in retaining them, because of their knowledge, experience and responsibilities. A second reason that might explain scarce motivation on the side of workers, is the normative uncertainty, due to the continuous labour market and pension reforms. All the interviewees observed that phenomenon of the *esodati* (see Box 1) generated fear of losing both wage and pensions in many workers. Moreover, workers are uncertain about their retirement age: due to the life expectancy adjustment mechanisms, pension age cannot be determined exactly and workers risk losing their job and their pension after the generational relay scheme (as the *esodati*). This is not true in the province of Trento, however, where company agreements foresee the possibility to return to full time after the end of the scheme. Third, companies can still choose other – more convenient – instruments, such as collective dismissals procedures (*mobilità*), used as tools for senior redundant workers’ early-retirement, without having to hire new staff. This determinant was underlined especially by workers’ representatives at the local level. Finally, in Lombardy a functionary of the region and the local Welfare to Work project manager stressed that political turnover at regional level might have led to a change in political priorities. They also agreed that it is difficult to identify the target of this measure: blue and white collar workers are not likely to accept salary losses, but resources are limited to cover voluntary contributions of managers with high salaries. Technical complexity is another element that might have hindered the success of these pacts, together with, most of all, the negative impact of the Fornero pension reform on workers’ motivation.

## **3. Inter-generational solidarity in the autonomous province of Trento**

### *Goals*

The autonomous province of Trento promotes two measures for inter-generational solidarity namely: expansive solidarity contracts and ‘generational pacts’ or ‘generational relay schemes’ (*staffetta generazionale*). The former are based on company agreements for stable working time reductions, adopted against new staff employment (*infra*, paragraph 1, page 6). Generational pacts were introduced in the province of Trento in 2012, and are based on collective agreements that foresee temporary working time reduction of older workers close to retirement, against the

employment of young people with an apprenticeship or a permanent contract. The main aim is to combine support to youth employment and the gradual exit of older workers from the labour market, by guaranteeing them the full right to pension.

The labour market situation in the province of Trento is relatively more prosperous than the national average: employment rate was 65.6% in 2013, against national average of 55.6%; while the employment rate has grown in the province since 2012 (+0.1%), it has decreased at national level (-1.1%). Likewise, the national unemployment rate is double than the provincial rate (12.2% against 6.6%) and the national figure has increased three times as much as in Trento from 2012 to 2013 (1.5% against 0.5%). Nevertheless, in the province youth unemployment is relatively high for 15-24 years old people (23.5%), and for young-adults aged 25-34 as well (8.7%). Inter-generational solidarity measures were conceived as tools to curb the impact of the economic crisis on youth unemployment at territorial level, by also coping with the effects of workers' longer careers.

**Table 5: Labour market indicators, %, autonomous provinces, north-east, Italy, 2013**

	Activity rate		Employment rate		Unemployment rate	
	2013	Δ 2013/12	2013	Δ 2013/12	2013	Δ 2013/12
Province of Trento	70.3	+0.5	65.6	+0.1	6.6	+0.5
Province of Bolzano	74.9	-0.1	71.5	-0.3	4.4	+0.3
North-east	70.4	-0.5	64.9	-1.3	7.7	+1.0
Italy	63.5	-0.2	55.6	-1.1	12.2	+1.5

Source: Province of Trento employment agency, 2014

**Table 6: Unemployment rate, autonomous province of Trento, 2013**

	Male	Female	Total
15-24 years old	20.8	27.3	23.5
25-34 years old	6.7	11.2	8.7
35-44 years old	3.6	7.8	5.5
45-54 years old	4.6	4.6	4.6
55-64 years old	2.5	2.1	2.4
Total	5.4	8.0	6.6

Source: Province of Trento employment agency, 2014

#### Actors and process

The province of Trento is autonomous since 1983. The provincial council (*Consiglio Provinciale*) and the president of the province are elected with universal suffrage, and the president appoints the council members (*Giunta Provinciale*). The Giunta adopts the 'Document on employment policy measures' (Document) that defines and plans local employment policies on the basis of the provincial labour market law (n. 19/1983), which provides the overall policy strategy for the province. The provincial employment commission defines territorial employment measures. The employment Agency is responsible – with administrative, management and economic autonomy – and provides technical assistance for the implementation of passive and active labour market policies. The Agency is managed by a tripartite council, composed by two labour market experts, one of which serves as president, three employers' representative, three unions' representatives and one consultant for equal opportunities.

The province was already supporting defensive solidarity contracts since 2010 (EUR 3,000 contribution for each worker), to face the consequences of the crisis. Expansive solidarity contracts and generational pacts started parallel at the end of 2012. Procedures are relatively similar, except

for specific differences between the two measures (e.g. age requirements in generational pacts, stable vs. temporary working time reduction, etc.).

The 2011-2013 labour market policies provincial plan foresees a measure called ‘employment growth by generational pacts’ (*9-ter* measure, modified by a decree of 10 May 2013). This measure is based on collective agreements and it was introduced “to increase youth employment with innovative solutions that match young and older workers needs, with a view to inter-generational solidarity (so-called generational pacts or relay schemes)”.

The employment agency provides a format for agreements between unions and employers’ representatives, with the guidelines for company level implementation of the pact.

So far, Inps and the employment agency have not signed an agreement for the technical and administrative management of the project yet.

### *Measures*

The employment agency supports older workers, who accept to reduce their working time (there are no limits in this sense), as an effect of the application of expansive solidarity contracts or of generational pacts, by covering part of the voluntary contributions and salary loss, consequent to working time reduction. The agency allocates maximum EUR 7,000 for each worker yearly, for maximum 36 months, to cover 100% of voluntary contributions and, with residual resources, up to 50% of the salary loss.

The company has to sign new employment contracts at the moment of the contract transformation. A peculiar characteristic of the Trento scheme is that companies can also transform existing fixed-time employment contracts in permanent ones, instead of hiring new people. This has to be done, in any case, within 45 days, so as to maintain net positive balance in the company staff size. This is defined as “at least one working hour more that the ratio between working time reduction and the young employee’s working hours”. The balance has to be guaranteed for the duration of the provincial contribution payment. As resources belong to the province of Trento, this measure falls outside the scope of the national Welfare to Work action plan.

The contribution is paid to over 50 years old employees in the private and public sector, who accept to reduce their working time, within the scope of collective agreements, and who reach minimum pension requirements within 36 months after the signature of the collective agreement, but not before 12 months. The province pays the economic contribution if the company hires workers aged 18 to 35 years old with a permanent employment contract.

Senior part-timers receive the voluntary contributions payment once the company has reached positive employment balance, and if this is maintained for the whole duration of the scheme. It is possible to vary working time during the project but this has to be communicated to the employment agency. In case of dismissal or if a worker leaves the job, the company has to restore the hourly positive balance within 45 days. After the allowance payment, the senior worker is entitled to restore the original full time employment contract, except for different agreements among the parts.

The implementation of the generational pact – in the private sector – starts with the older worker voluntarily requesting, also through the employment agency, to Inps information about its pensions rights (the contributions paid, the retirement date and the amount of voluntary contribution that should be paid in case of reduced working time). On the basis of this information, the worker is free to present a demand to the employment agency for the EUR 7,000 bonus, attaching the relevant company- or sector-level collective agreement. The employer duly communicates the employment agency the relevant information about the new young employee.

The province has recently extended the measure also to the public sector, that is the provincial administration and related entities, including school and health care, and local bodies with their own resources. The 2014 provincial budget law (art. 25, provincial law 22 April 2014, no. 1) introduced a norm to “irrevocably reduce working time of senior public employees aged 60 and above, or who reach pension requirements within 5 years, and have been continuously employed full time in the

last three years, or part-time in the last year”. Working time reduction is associated to new staff hiring, with permanent contracts and with no additional burden for public resources. The province pays the contributions gap until older workers retire. This measure is going to be enacted with a deliberation of the *Giunta provinciale*.

### Outcomes

In 2013, five company collective agreements were signed, two for expansive solidarity contracts and three for generational pacts; 14 senior workers were involved and 6 people were hired, mainly young people, with full time contracts. So far, in 2014, seven companies are being involved in processes to apply these measures: 1 expansive solidarity contract has been signed, involving 20 senior workers. Companies belong mainly to the following productive sectors: construction, which expressed a significant interest, probably because jobs are physically highly demanding and senior workers find it too hard to work when they become older. Moreover, also manufacturing, alimentary, catering, health care companies are involved.

**Table 7: Expansive solidarity contracts and generational pacts, province of Trento, 2013-14**

Employer's sector	Preliminary phase	Collective agreement	Part time		New jobs	Employment balance
			N. workers	Working time reduction		
Construction		Expansive solidarity contract 25/09/2013	N. workers	1	1 apprentice	+15 hours weekly
			Working time reduction	From 40 to 25 hours	Part time 30 hours	
			From	01/10/2013	01/10/2013	
Chemical - pharmaceutical		Generational pact 13/11/2013 Open	N. workers			
			Working time reduction			
			From			
Health care		Expansive solidarity contract 10/12/2013	N. workers	8	2	+11 hours monthly (2.5 hours weekly)
			Working time reduction	3 at 71% and 5 at 78.8%	Full time (38 ore)	
			From	01/01/2014	01/01/2014	
Doors and windows (glass)		Generational pact 30/01/2014	N. workers	4		
			Working time reduction			
			From			
Commerce		Generational pact 19/12/2013	N. workers	1	1 01/09/1981	20 hours weekly
			Working time reduction	From 40 to 20 hours	Full time (40 ore)	
			From	01/01/2014	01/01/2014	
Alimentary industry	Information			7 workers		
Catering	Admin procedures			10 workers		
Health care	Public financing required	Expansive solidarity contract 15/04/2014		1 worker from 38 to 27 hours		

Source: Province of Trento employment agency, 2014

### *Success factors and obstacles*

According to the employment agency interviewee, generational relay schemes are a positive initiative, to tackle both youth unemployment and older workers active ageing and their longer careers' management, and they are needed in the province. Quantitative results are limited but there is room for potential positive impact of the measure. This is confirmed by the numerous expressions of interest that the agency collected so far, which might increase if economic conditions improve.

Generational pacts have been successfully implemented when workers had a private pension fund, where the employment agency could deposit the individual contributions resources. Otherwise, the lack of an agreement between the provincial Inps and the employment agency, requires senior workers to pay voluntary contributions in advance and then ask for reimbursement to the agency.

### **3.1. Sandoz Industrial Products company agreement**

#### *Description*

Sandoz Industrial Products SpA is a company of the chemical sector belonging to the Novartis group. It applies the national collective agreement of the chemical and pharmaceutical sector, renewed in September 2012.

Its plant in Rovereto, in the province of Trento, employs 164 workers, 146 men and 18 women. The composition by age shows that 37% of all employees are 41-50 years old, 32% are 31-40 years old, 16% are 51-60 years old, 12% are under 30s and 3% are over 60. 39% of the plant staff seniority ranges between 6 and 15 years; 29% between 16 and 25 years and 21% of employees is employed since less than 5 years. There are 6 managers, 105 white collars and 53 blue collars. In terms of educational levels, 44% of workers has a high school diploma, 19% a vocational qualification, and only 1% university qualifications. The plant has been recording positive economic results, also in the recent times of crisis: it has not started any dismissal or restructuring procedure and it even hired new staff.

On 14 November 2013, Sandoz management signed an agreement for 'inter-generational relay' with the plant union representatives of Filctem-Cgil, Femca-Cisl and Uiltec-Uil. The parties used the format of agreement provided by the Province, whereby they acknowledge the importance of undertaking measures to improve active ageing, with strategies that allow keeping jobs in adult life; and the need to cope with the negative youth employment situation, worsened by the economic crisis. The parties signed the sample collective agreement provided by the province, with some changes: the employment contracts for young people have to be signed within 10 days from the senior worker's working time reduction. The agreement introduces the possibility to use within the company the inter-generational scheme foreseen by the province and described above. It specifies that senior workers return to full time employment after the end of the Provincial income support, in case this is revoked or in case of pension reforms.

Moreover, the company and the unions signed an addendum to the protocol, according to which the company pays an additional economic bonus *una tantum* to older workers who sign a generational pact, measured as a percentage of the working time reduction. The company pays maximum EUR 3,000 to workers who reduce their working time by 40% for 36 months; EUR 1,500 if the reduction ranges between 39 and 20% of full working time. The company pays minimum EUR 1,000 if the reduction lasts 12 months and it is between 20 and 40% of full time, and EUR 500 if it is less than 20% of full time.

#### *Evaluation*

The HR manager, Mr. Stitz, reported that despite the expression of interest of 7 workers, nobody required to reduce working time so far.

The measure is potentially interesting for the company in terms of labour costs reduction, resulting from lower gross salaries for older workers, and incentivised contracts for young people.

Advantages are also in terms of staff turnover and innovation potential. The company would also continue to benefit from public incentives, including Irap<sup>30</sup> deductions, and contribution incentives for new staff employment.

Older workers could access reduced working time, by still having the full right to pension and they would also receive the economic bonus *una tantum*, as Sandoz signed an ad hoc agreement with local unions to this purpose. They could even return to their full time job after the 36 months as part-timers.

Nevertheless, the measure has not been implemented. According to Mr. Stiz, first of all, this is due to the lack of an agreement between Inps and the province's employment agency. This means that the workers should have anticipated the voluntary contributions payment and then ask the agency for reimbursement. Moreover, normative uncertainty, mostly relative to pension reforms, might have discouraged workers to apply.

The local unions representatives reported that the economic crisis is one of the major factors that might explain workers' discouragement to lose part of their income. Moreover, they confirmed that companies in the province of Trento often prefer to use collective dismissal procedures (*mobilità*), as these are less costly from an economic and bureaucratic viewpoint. Part of the union representatives (Uiltec) claimed that economic support of the company is non sufficient: the *una tantum* bonus should be more generous. Moreover, a territorial cross-industry framework agreement, signed by the main union confederations and by Confindustria, providing practical guidelines, might support the development of these initiatives. Finally, the partial exit of a competent worker and the entrance of a new person requires work re-organisation, which might be a problem for companies that normally prefer to manage full time workers. Nevertheless, all the unions' representatives interviewed acknowledge the importance of the generational pacts, also considering that the availability of other competitor instruments (*mobilità*) is going to be limited in the next years.

### 3.2. Finstral SpA company agreement

#### *Description*

Finstral SpA produces doors and windows and its plants in Italy apply the rubber and plastic industry's national collective agreement, renewed in 2014. Its plant in Scurelle, in the province of Trento, produces special glass elements and insulated glazing since 1978. The economic situation of the plant is positive, at least compared to that of the local economy. The plant has not used any passive labour market tool, such as the Wage Guarantee (Cassa Integrazione Guadagni) during the recent crisis, nor in the past years. Finstral Scurelle plant employs 249 workers, out of which 48 are women (19%). At the group level, Finstral employs 960 employees, of which 235 are women. The average age in Scurelle is 47 anni: 8% of all employees are under 35 and 45% are over 50. The average seniority is 19.92 years in the company. This shows a clear need of generational turnover in the plant. The majority of workers in Scurelle are blue collars (about 230) and white collar workers (about 30 workers), and only 2 managers.

On 30 January 2014, the Finstral management signed an agreement for "inter-generational relay" with the plant union representatives of Filctem-Cgil, Femca-Cisl and Uiltec-Uil. The parties used the format of agreement provided by the Province, whereby they acknowledge the importance of undertaking measures to improve active ageing, with strategies that allow keeping jobs in adult life; and the need to cope with the negative youth employment situation, worsened by the economic crisis. The agreement introduces the possibility to use within the company the inter-generational scheme foreseen by the province and described above. It specifies that senior workers return to full

---

<sup>30</sup> Irap is the local tax on production.

time employment after the end of the Provincial income support, in case this is revoked or in case of pension reforms.

Differently from the Sandoz agreement, the parties agreed that the employment contracts for young people have to be signed within 45 days (not 10) from the senior worker's working time reduction. Moreover, Finstral agreed to activate a one-year pilot project only for four workers, whose names are reported in the protocol. The company explicitly neglect that it will activate further intergenerational schemes or expand the scope of the agreement. The parties also specified that junior workers might work in plants or company departments different from those where senior workers are employed, provided that they are located in the Province of Trento. Likewise, junior workers' tasks might be different and non equivalent with those of senior workers'. Working time organisation of both junior and senior workers is subject to change due to technical and organisational needs of the company. Such changes are normally communicated at least 3 days in advance, or one day due to force majeure.

#### *Evaluation.*

Mr. Hansjoerg Gallmetzer, Finstral HR manager, has been interviewed. He declared that the project was proposed by the local unions at the beginning of 2014 and the company agreed to sign the protocol as a concession to workers, since the management had any specific interest in this kind of measures. Nevertheless, Mr. Gallmetzer acknowledged that the project has been a positive practice for the company for more than one reason. First, it helped coping with the reduced productivity of senior workers, due to physical problems. Second, it supported the entrance of young labour force and the use of new technologies. Third, although this was not the primary goal, the scheme represented an opportunity to reduce labour costs.

### **3.3. Artisanal construction sector agreement**

#### *Description*

On 11 December 2013, the association of artisans and small enterprises of the Province of Trento signed an agreement with the provincial representatives of FeNEAL-Uil, Filca-Cisl and Fillea-Cgil in Trentino Province. The agreement regulates inter-generational schemes activated by companies of the construction sector. The pact integrates the agreement format for inter-generational relay schemes provided by the province, by referring to article 105 of the national collective labour agreement of construction and artisanat signed on 23 July 2008, which regulates the so called "arduous work". The sectoral fund for "lavori usuranti", constituted by the Trento Construction Workers' Fund and financed by the 0.10% contribution of gross pay, shall integrate the provincial income support measure, by sustaining company agreements that introduce generational schemes. The fund is supposed to cover 18.5% of holiday and Christmas bonuses, for maximum 36 months, for senior workers who voluntarily reduce their working time within such schemes and are entitled the province income support. The working hour lost after the working time reduction are going to be considered to calculate the sector seniority bonus anyway. Each worker is entitled maximum EUR 2,500 per year.

#### 4. The generational pact for the public sector in the autonomous province of Bolzano-Bozen

##### Goals

The collective agreement signed by the autonomous province of Bolzano, the trade unions and the province's representatives of public industries introduces a generational pact for public sector. The main goal is allowing senior workers' flexible exit from the administration and simplifying under 35 years old people access to the public sector.

The need to address inter-generational solidarity is a consequence of the recent youth unemployment increase in the province of Bolzano, at least relatively to the traditional territorial low percentages (not much relatively to the national average; see table 8).

Moreover, this initiative was conceived as a response to the need of innovating services and processes and to stop staff turnover in the public sector.

**Table 8: Labour market indicators, %, province of Bolzano, Italy, 2012**

Indicator	Bolzano	Italy
Employment rate 20-64 years old	76.9	61.0
Employment rate 55-64 years old	49.8	40.4
Total unemployment rate	4.1	10.7
Youth unemployment rate (15-24 years old)	11.6	35.3

Source: Istat, 2014

##### Actors and process

The stakeholders involved are the autonomous province of Bolzano, which represents both the financing body and the employer. The province is bilingual and the autonomy statute provides specific rules for public employment, also in terms of 'ethnic' representation: Italian, German and the 'ladine' population must be represented in proportional shares.

The province relied for technical issues on the institute for workers development (AFI, Arbeitsförderungsinstitut; IPL, Istituto Promozione Laboratori), a body of the province that carries out research, consultancy and support for workers, supported the technical design of the policy.

Finally, the unions involved represent public sector workers: the three main confederations (Asgb-Cgil, Ascg-Cisl, Agb-Uil), and the autonomous trade unions ASGB representing German speaking workers.

The measure in Bolzano does not foresee extra costs for the province, as the latter is the employer and does not have to allocate additional resources to the ordinary personnel management.

The province adopts a multi-annual employment plan, whereby the local government and social partners agree about labour market policies and the related priorities. The last was approved at the end of 2013, and it covers 2014-2020. It includes 44 measures, among which 7 are considered as priorities. One of these (measure 4.4) is the "generational pact in public employment".

On 26 November 2013, the autonomous province of Bolzano, the public sector trade unions and the province's representatives of public sectors signed a cross-sector agreement for such pact.

##### Measures

The cross-sector agreement for a generational pact applies to personnel employed in the following divisions in Bolzano province: provincial administration; municipalities, old-age homes and other communities; provincial services; institute for social construction; Bolzano agency for tourism and Merano agency for health care and tourism; primary and secondary schools teachers and directors.

Against senior public employees' working time reduction, the public administration hires under 35 years old unemployed. Senior workers can (irrevocably) require to reduce their working time by minimum 25% and maximum 50% until retirement. The public employer covers voluntary contribution payments for the amount corresponding to the working time reduction. The resources

consequently saved (in terms of public employees reduced salaries) are invested to hire young people.

Older workers requirements are being over 60 years old or being maximum three years away from retirement, being employed with a permanent contract, and seniority requirements (i.e. having reached at least the ‘tenth upper salary level’, which means having worked for at least 23 years, considering that, after the first three years, salary levels increase every two years). Those who are closer to retirement have pre-emption right.

On the basis of the cross-sector agreement, public administration should inform sectoral trade unions about the implementation of the pact.

The public employer also committed to involve sectoral unions (e.g. health care, schools, etc.), by signing sectoral contracts, in order to consider their specific needs within collective bargaining competence.

### *Outcomes*

The province collected several expressions of interest but no individual or collective generational pact has been financed so far.

### *Success factors and obstacles*

According to all interviewees, among the potential success factors of the Bolzano generational pact is the absence of additional financial burden for public administration.

Unions stressed that external obstacles concern workers’ uncertainty about their pension rights, due to the changing legal framework, but also their unavailability to give up to part of their salary in times of crisis.

According to the local Cisl representative, the implementation process of the pact has not been transparently explained, mainly regarding work-reorganisation and the re-allocation of responsibilities across different public industries. Likewise, the hiring mechanisms of young people are not clear: this is particularly important, as access to public employment functions through public competitions and, in the province of Bolzano there are also rules about ethnic representation of the German, Italian and Ladine people<sup>31</sup>. Moreover, the entrance of new staff might create conflicts with precarious workers of the public administration, who might see young people as benefitting from pre-emption rights to their expenses. Finally, there is disagreement between the provincial agency for collective bargaining and trade unions about next steps/procedures, i.e. the necessity to sign sector specific agreements for the pact implementation. While the unions would require such agreements, the agency for collective bargaining does not consider them as necessary.

## **5. Case studies overview**

This paragraph and table 9 report a summary of the case studies of generational relay schemes described in this chapter: the generational bridge in region Lombardy, and the collective agreements for relay schemes in the autonomous provinces of Trento and Bolzano.

While Lombardy applies the scheme only to the private sector, the Trento agreement applies to both the public and private sector, and the collective agreement in Bolzano covers only the public sector. The intergenerational solidarity measures considered here are schemes that present the same structure: older workers voluntarily apply to reduce their working time, by typically maximum 50% for maximum 36 months. The company commits to consequently hire a young person, so as to

---

<sup>31</sup> Should the pact be implemented, apprenticeship would be ideal to train and employ new staff, considering the success of the dual training tradition in Bolzano, but this employment contract cannot be used in the public sector in Italy.

reach positive balance in staff size. The region or the province provide public support to cover senior workers' voluntary contribution payment.

In the province of Trento, there are also expansive solidarity contracts that are used to combine support for older and young workers.

All the projects foresee specific requirements for older as well as for young workers. Age and seniority requirements apply to employees who intend to reduce their working time, namely being 50 (Lombardy and Trento) or 60 (Bolzano) years old, and applying within 36 months before retirement and, in the province of Trento, not less than 12 months. Companies should hire people aged between 18 and 29 years old in Lombardy, and up to 35 in Trento and Bolzano.

The amount of public money financing these initiatives varies. The province of Trento pays an annual individual bonus of EUR 7,000, which can be used to pay voluntary contributions and up to 50% of the pay loss. There is no information about the total investment of the Bolzano province, while it amounts to EUR 3,000,000 in Lombardy. This sum is drawn from the national investment of more than EUR 40 millions, which the regions can use to cover voluntary contributions of the older workers involved in inter-generational solidarity projects. Most of public resources are drawn from the European Social Fund – Convergence (80%) – and the rest comes from the Rotation Fund (20%).

None of the three project led to significant quantitative results: there have been two cases in Lombardy (involving 4 workers in total), none in Bolzano and a few companies are involved in Trento, not only in specific generational relay schemes, but also in expansive solidarity contracts.

The interviewees observed a few elements that might be considered to analyse the case studies. Given the limited success of the initiatives, it is quite hard to identify any success factor. Nevertheless, in the province of Trento an internal positive condition that favoured the use of these pacts was the possibility to use private pension funds, instead of relying on the national social security system (Inps). Another success factor in Trento was the flexibility of the measure, which, for instance, did not require a correspondence between older workers' and young workers' jobs and tasks. Flexibility consisted also in the possibility to transform existing fixed-term employment contracts into permanent ones, instead of hiring new people. The availability of generous economic resources surely helped. Finally, the relative success of the intergenerational schemes in Trento can be explained, at least in part, also with the intense social partners' engagement: unions and employers' representative sit indeed in the employment agency board and they signed more than one company and sector agreement.

In terms of obstacles, it is possible to identify elements common to all the case studies. According to the interviewees, there are two main external drivers that seem to have hindered, more than others, the development of inter-generational schemes. One is the uncertainty linked to the legal framework, which has been changing continuously in Italy. This was evident after the Fornero Reform, which left hundreds of workers without a job and without a pension (*esodati*). Second, the economic crisis might explain the reluctance of many workers to lose part of their salary. One internal 'negative' driver is political change and the consequent redefinition of political priorities; this was observed particularly in the interviews in Lombardy. Here, another obstacle is the impossibility for workers to return to full employment after the generational bridge. In Trento, as mentioned, the main obstacle to the use of relay schemes was the lack of an agreement between Inps and the employment agency. In Bolzano, instead, more than one controversial factor might explain the lack of implementation. First, according to the unions, the lack of transparency about hiring mechanisms of young people: since the pact covers the public sector, new staff should be selected through a public competition, but it does not seem to be the case for the new contracts for youth within the generational scheme. Second, the collective agreement regulating the generational pact in Bolzano is cross-sectoral, thus covering more than one industry in the public sector (e.g. schools, health care, etc.). One problem related to the extended coverage of the pact was the functional cross-sector work-reorganisation. Third, the German union reported that, given the

importance of apprenticeship in Bolzano for youth training and employment, the impossibility to hire young people with an apprenticeship contract in the public sector is an obstacle. Fourth, part of the unions doubts that the project will create competition between precarious workers in public administration and the new comers, hired without a public exam under generational relay schemes. Finally, there is disagreement between the provincial agency for collective bargaining and trade unions about next steps/procedures to implement the measure: the former does not see the need to sign sector specific agreements, while the latter claim that this is necessary.

**Table 9: Case studies – synthesis**

	<b>Lombardy: generational bridge</b>	<b>Autonomous province of Trento</b>	<b>Autonomous province of Bolzano</b>
<b>Scope</b>	Employees of private sector companies of the provinces of Milan, Monza, and Lodi, and also to chemical-pharmaceutical firms in all Lombardy provinces.	Employees of private sector companies in the province. Employees of public sector (normative process to be completed).	Employees of public sectors, in the province (see above for detailed list of divisions).
<b>Requirements</b>			
<b>Older workers</b>	Over 50 and within 36 months from retirement, with maximum EUR 80,000 taxable income in 2012, employed in Lombardy in companies duly complying with legal and contractual norms.	Over 50 and within 12 and 36 months from retirement.	Over 60 workers or those who are 3 years away from retirement. Permanent employment contract. Seniority: at least the tenth salary increase level.
<b>Young workers</b>	18-29 years old unemployed or inactive, who live in Lombardy.	18-35 year olds.	Under 35 years old unemployed.
<b>Activities</b>	Voluntary working time reduction (max 50%) for max 36 months. The company commits to hire a young person, to reach positive staff balance, and to provide training both to young new employees and to older workers. EUR 3,000,000 to cover voluntary contribution payment in the whole region.	Voluntary working time reduction (no limits) for max 36 months, against contextual hiring (within 45 days) of a young person, or transformation of fixed-time contracts in permanent ones, so to have positive staff balance. EUR 7,000 yearly, to cover individual contributions gap and max 50% of the salary loss for 36 months. Irap deduction for companies.	Voluntary working time reduction, minimum 25%, maximum 50%, against hiring of under 35 unemployed.
<b>Funds</b>	EUR 3,000,000 from Welfare to Work	Funds of the province managed by the employment agency: EUR 7,000 per person, annual, for 36 months.	Funds of the province.
<b>Success factors</b>			
<b>Internal</b>	/	Use of private pension funds. Flexibility of the measure (no correspondence between older and young worker job, etc.).	Re-investment of public resources savings (potential).

		Economic resources. Social partners' engagement (they sit in the employment agency and signed company and sector agreement).	
<b>External</b>	/		/
<b>Obstacles</b>			
<b>Internal</b>	Political change in the region. No possibility for the worker to return to full employment after the bridge.	Lack of the Inps-employment agency agreement.	Cross-sector work-reorganisation. Apprenticeship cannot be used in the public sector. Part of the trade union is doubtful about the project, as this would create competition with precarious workers in public administration. Lack of transparency about hiring mechanisms of new staff. Disagreement between the provincial agency for collective bargaining and trade unions about next steps/procedures (sector specific agreements).
<b>External</b>	Fornero pension reform: uncertainty . Economic crisis: reluctance to lose part of the salary. Competition of other instruments (mobilità).	Fornero pension reform: uncertainty. Economic crisis: reluctance to lose part of the salary. Competition of other instruments (mobilità).	Fornero pension reform: uncertainty. Economic crisis: reluctance to lose part of the salary.

Source: authors, 2014.

## CHAPTER 3

### Conclusions

In Italy, legal regulations and collective bargaining only rarely included a clear and explicit link between policies directed towards younger and older workers. This mostly applied to so-called “generational relay schemes” whereby partial retirement of older workers is connected to the recruitment of young workers. In some cases, this may also involve some forms of mentoring across the two groups of workers, at least in principle. Despite such initiatives, which have a relatively long record in Italy and have been debated at least since the 1990s, this report shows that generational relay schemes at the national, regional or company level did not record relevant success, despite the availability of public resources, coordination among actors and the interests of the stakeholders involved explicitly showed in both legal and collective initiatives.

However, it is possible to identify a number of measures that have been activated since the mid-eighties in Italy to address the issue of generational solidarity, including the case studies presented in this report. These can be classified along two dimensions: the source of regulation, either legal or contractual rules; and the source of funding, either public or private.

**Table 10: Italian inter-generational solidarity measures’ analysis**

	Public funds	Private funds
<b>Legal rules</b>	<ul style="list-style-type: none"> <li>- Expansive solidarity contracts.</li> <li>- Collective dismissal procedures (<i>mobilità</i>).</li> <li>- Law no. 662/1996 incentives for employment creation</li> <li>- Law no. 196/1997 incentives to working time reduction.</li> <li>- 2013 Santini-Ghedini bill.</li> <li>- National program Welfare to Work re-employment policies 2012-2014 and the implementing regional plans;</li> <li>- Initiatives to support generational relay schemes in the autonomous provinces of Trento and Bolzano.</li> </ul>	
<b>Contracts rules</b>	<ul style="list-style-type: none"> <li>- Company or sector agreements to implement public relay schemes (e.g. Sandoz, Finstral, construction sector in Trento).</li> <li>- Generational solidarity agreements under law no. 296/2006.</li> </ul>	<ul style="list-style-type: none"> <li>- Parental recruiting in public utilities (e.g. Poste Italiane).</li> <li>- Additional company bonuses (e.g. Sandoz in Trento Province).</li> <li>- Company initiatives for early retirement (e.g. Enel initiative).</li> </ul>

The national programme ‘Welfare to Work re-employment policies 2012-2014’, and the regional plans to implement it at the local level, as well as the provincial initiatives to support generational relay schemes in Trento and Bolzano, are measures funded with public resources (respectively the European Social Fund and the Rotation Fund, and the provinces’ funds), and regulated by legal norms. Among the initiatives statutorily regulated and supported by public funds, there are expansive solidarity contracts, incentives for employment creation introduced by law no. 662/1996, and the measures proposed in the 2013 Santini-Ghedini bill. Likewise, collective dismissal

procedures may fall in this category: although their primary goal is not encouraging inter-generational solidarity, they are used as an alternative to generational pacts.

The case studies of company- and sector-level agreements belong to the category of measures regulated by contractual rules and supported by public funds: in Sandoz and in Finstral, for instance, the Province of Trento paid or would pay the voluntary contributions of the senior workers involved, while the employer and the local unions bargained the rules and signed the due agreement at the company level.

The addendum to the Sandoz company agreement introducing additional wage bonuses for senior workers involved in relay schemes, instead, falls in the category of measures funded by private sources and regulated by contractual rules. Also parental recruiting, which was used in public utilities like the postal service (*infra*, p. 7), falls into this category. This includes also early retirement incentives used to support generational solidarity, such as in the case of Enel: by a group agreement with trade unions, the company launched a program of 3,500 voluntary early retirements, and hired 1,500 young people. Generational solidarity agreements introduced by law no. 296/2006 would fall in this group of measures too.

Despite the initiatives described above, the attention and engagement of Italian governments and social partners to implement generational solidarity have been discontinuous, or insufficient. This might partly explain the marginal success of the projects started in the past years, and suggests that a greater and more continuous commitment would be needed to achieve success. Among the obstacles to the effective implementation of generational schemes, there are also the uncertainty of the changing legal framework, and the contingent economic crisis that discourages workers to accept reduced wages. Moreover, the use of passive labour market policies, like collective dismissal procedures to manage company restructuring cases, tends to protect existing jobs instead of creating new ones. Finally, this possibility might discourage employers and workers to engage in new projects, such as generational pacts.

On the other hand, connecting policies intended for older workers and youth employment, for instance through relay schemes, has potential advantages. These include the possibility for companies to manage change and work reorganisation needs, due to older workers' reduced productivity, obsolete knowledge and limited motivation. Moreover, relay schemes allow companies to hire new staff, thus supporting innovation processes and generational turnover. These schemes may also be convenient in terms of costs, as they are typically supported by public resources. By reducing their working time under generational solidarity schemes, seniors workers may satisfy their need of rebalancing time and energies between work and life, for health, family or personal reasons.

It is reasonable to conclude that the analysed bargaining practices in the case studies in Italy are not 'working' as expected. Their real impact on younger workers and on older workers, at least in quantitative terms, is at most marginal.

However, explicit forms of inter-generational solidarity in collective bargaining seems to indicate a possible new approach to industrial relations, which may help to bridge the gap between 'insiders' and 'outsiders', with a potential benefit in terms of social cohesion and legitimacy.

Indeed, a number of potential benefits may flow from integrated policy approaches and bargaining for younger and older workers in the Italian industrial relations and labour market context.

- Addressing simultaneously the employment priorities of an ageing population and youth employment;

- Fighting ageism by generational solidarity;
- Blurring the boundaries of the insiders/outside divide, by engaging young workers in representation/voice actions and creating a dialogue between generations.

The cases analysed in the report show that public financial support may be essential, but it is certainly not enough to ensure high take-up rates. In this perspective, it is possible that the main focus on retirement of older workers may be counterproductive. The relative uncertainty about retirement rules and prospects in recent years in Italy, as well as the prevalence of the financial and economic attractiveness of the operation, risk to overshadow the potential for new workplace policies centred around the learning and innovation potential of mainstreaming age in human relations policies. Therefore, it seems that a more balanced approach, which would focus on recruitment, the transfer of knowledge and lifelong learning may contribute to promote intergenerational policies. Rather than a measure to accompany retirement, intergenerational policies may prove attractive for both employers and workers, if they are a lever for up-grading the skills of both young and older workers. The main objectives may be to respond to the changing needs and expectations of workers during their working life and make the best to involve them at all stages, otherwise they will depend too much on economic and financial conditions. Rather than merely redistributing resources, inter-generational policies may actively contribute to improve organisational performance, working conditions and employees' satisfaction.

**Annex 1. Respondents table**

<b>NATIONAL ACTION PLAN “WELFARE TO WORK RE-EMPLOYMENT POLICIES 2012-2014”</b>				
	<b>Institution</b>	<b>Name</b>	<b>Function/position</b>	<b>Method</b>
1	Italia Lavoro	Angelo Irano	National head of Welfare to Work	face to face
2	Italia Lavoro - Lombardy	Sara Barbieri	Regional head of Welfare to Work	face to face

<b>GENERATIONAL BRIDGE – LOMBARDY REGION</b>				
	<b>Institution</b>	<b>Name</b>	<b>Function/position</b>	<b>Method</b>
3	Regione lombardia	Adriana Cheber	Work and training services functionary	face to face
4	Assolombarda	Massimo Bottelli	Industrial relations director	face to face
5	CGIL Milano	Ivana Brunato	Secretary	to be done
6	CILS Milano	Renato Zambelli	Secretary	face to face
7	UIL Milano e Lombardia	Claudio Negro	Secretary	telephone
8	Federchimica	Andrea Piscitelli	Industrial relations director	face to face
9	Federchimica	Paolo Cuneo	Industrial relations	face to face
10	Bayer	Marina Poggio	Industrial relations	To be done

<b>AUTONOMOUS PROVINCE OF TRENTO</b>				
	<b>Institution</b>	<b>Name</b>	<b>Function/position</b>	<b>Method</b>
11	Sandoz	Andrea Stiz	HR director	face to face
12	Finstral SpA	Hansjoerg Gallmetzer	HR director	telephone
13	Finstral SpA	Alessio Maselli	HR assistant	telephone
14	Employment Agency	Alessandra Rosani	Head of Employment services	face to face
15	Filctem Cgil	Mario Cerutti	Secretary	telephone
16	Filca Cisl	Corrado Dalvit	Secretary	face to face
17	Uiltec Uil	Osvaldo Angolini	Secretary	face to face
18	Uiltec Uil	Alan Tancredi	Secretary	face to face

<b>AUTONOMOUS PROVINCE OF BOLZANO-BOZEN</b>				
	<b>Institution</b>	<b>Name</b>	<b>Function/position</b>	<b>Method</b>
19	Bolzano Province	Engelbert Schaller	Direttore di ripartizione	face to face
20	Bolzano Province	Roberto Bizzo	Vicepresident	face to face
21	AFI-IPL	Mario Giovannacci	Vicepresident	face to face
22	ASGB	Toni Tschenett	Secretary	face to face
23	ASCG-CISL	Tila Mair	Secretary	face to face
24	AGB	Alfred Ebner	Secretary	face to face

## Annex 2. Italian labour market statistics

### 1. Employment rate, by age group

Employment Rate (15 To 64 Years)										
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	62,9	63,4	64,3	65,3	65,7	64,5	64,0	64,1	64,1	64,1
Italy	57,6	57,6	58,4	58,7	58,7	57,5	56,9	56,9	56,8	55,6
Employment Rate (20 To 64 Years)										
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	67,4	67,9	68,9	69,8	70,3	68,9	68,5	68,5	68,4	68,3
Italy	61,5	61,6	62,5	62,8	63,0	61,7	61,1	61,2	61,0	59,8
Employment Rate (15 To 24 Years)										
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	36,0	35,9	36,5	37,2	37,3	34,9	33,9	33,5	32,7	32,3
Italy	27,6	25,7	25,5	24,7	24,4	21,7	20,5	19,4	18,6	16,3
Employment rate (25 to 54 years)										
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	76,6	77,0	78,0	79,0	79,4	78,0	77,5	77,6	77,2	76,8
Italy	72,2	72,3	73,3	73,5	73,5	71,9	71,1	71,1	70,3	68,5
Employment rate (55 to 64 years)										
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	40,6	42,2	43,4	44,5	45,5	45,9	46,3	47,3	48,8	50,1
Italy	30,5	31,4	32,5	33,8	34,4	35,7	36,6	37,9	40,4	42,7

### 2. Unemployment rate, by age group

Unemployment rate by sex and age groups - annual average, Age total										
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	9,3	9,0	8,2	7,2	7,0	9,0	9,6	9,6	10,4	10,8
Italy	8,0	7,7	6,8	6,1	6,7	7,8	8,4	8,4	10,7	12,2
Unemployment rate by sex and age groups - annual average, Age less than 25 years old										
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	19,1	18,9	17,6	15,7	15,8	20,1	21,1	21,4	23,0	23,4
Italy	23,5	24,0	21,6	20,3	21,3	25,4	27,8	29,1	35,3	40,0

	Unemployment rate by sex and age groups - annual average, Age from 25 to 74 years old									
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU28	7,9	7,7	7,0	6,1	5,9	7,6	8,3	8,3	9,0	9,5
Italy	6,5	6,2	5,5	4,9	5,6	6,4	7,0	6,9	8,9	10,3

### 3. Pensions

	Pensions beneficiaries at 31st December 2013					
GEO/TIME	2006	2007	2008	2009	2010	2011
Italy	16.543.737	16.640.272	16.643.396	16.591.344	16.571.414	16.531.632

	Pensions expenditure, Euro per inhabitant (at constant 2005 prices)						
GEO	Italy	Italy	Italy	Italy	Italy	Italy	Italy
SPDEPB/TIME	1993	2003	2004	2008	2009	2010	2011
Total	3.022,62	3.574,66	3.578,77	3.617,47	3.739,83	3.751,97	3.719,34
Old age pension	2.175,92	2.720,25	2.753,65	2.254,35	2.367,35	2.412,59	2.438,21
Anticipated old age pension	0,00	0,00	0,00	574,95	555,30	535,18	495,72
Partial pension	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Disability pension	109,09	77,91	72,59	67,98	70,81	66,53	57,51

	Pension expenditure projections % of GDP (baseline scenario)										
Geo\Time	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060
EU (27 countries)	11,3	11,2	11,3	11,5	11,9	12,3	12,6	12,7	12,8	12,9	12,9
Italy	15,3	14,9	14,5	14,4	14,5	15	15,6	15,9	15,7	15	14,4

	Ratio of income from pensions of persons aged between 65 and 74 years and income from work of persons aged between 50 and 59 years									
Geo/Time	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU27	:	0,51	0,50	0,49	0,50	0,51	0,53	0,54	0,54	:
Italy	0,59	0,58	0,58	0,49	0,51	0,51	0,53	0,55	0,58	: