Gradual Retirement in Italy*

by Angelo Scarioni**

The years from 1945 to 1970 can certainly be considered a «golden age» for Italy. It was an era of reconstruction in which the gross national product (GNP) increased by 5.6% and the population by 0.7% annually. Over the following 25 years (1971 to 1995) this picture changed radically.

The national reconstruction scheme and subsequent boom came to an end (certified at 2.6%) and Italy's demographic expansion fell by 0.3% annually to reach a negative population rate in 1993.

Over the last 10 years there has been rapid transformation due to modernization of the means of production, both in manufacturing and in services, likewise increasing the proportion of those employed in services in the workforce. And yet, whereas the manufacturing sector has in the recent past lost approximately 20% of its employees, the service sector has proved clearly incapable of absorbing the influx of redundant workers in addition to the new generation of the young entering the workforce for the first time.

The unemployment rate has remained at 11% over the last ten years, giving structural status to this phenomenon. At the same time the economic system has seen expansion, but to the exclusion of workers. This latter situation is set to worsen to the extent of becoming a threat to the social assistance sector.

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Social services (of which 94% are dispensed by the Public Administration Office) accounted for 25% of the GNP and 45% of public expenditure in 1994 and, it is forecast, for 70% the social security, 22% of health and 8% of social assistance. Yet while social services expenditure has increased relative to GNP health expenditure has decreased. Similarly the growth of state expenditure has mainly transferred to social security, to the detriment of health, making these sectors exposed and vulnerable.

1. Macro economics

1.1. Demographic aspects

The mid 1960s saw a progressive contraction of the birth rate giving Italy the lowest birth rate in the world. From 1993 onwards, with the death rate higher than the birth rate, Italy has seen a population reduction. These changes are affecting the entire social services sector which, in order to cope effectively, is obliged to redefine both itself and the beneficiaries of the state welfare system.

Such demographic changes have made necessary a rewriting of the social services and placed Italy in a delicate position. The following tables show why these expected changes are generating concern; shortly after the year 2000, a quarter of the Italian population will be over 60 years of age, and by 2038 this number will have risen to 40%. Although only forecasts, these projections provide useful data on the continuing demographic trend.

Population evolution of persons aged 60 years and over, male and female

	1951	1961	1971	1981	1991	1992	1993	1994
60-74	9,5	10,6	12,7	12,7	14,4	14,5	14,9	15,4
75 and over	2,6	3,3	3,9	4,7	6,7	6,7	6,6	6,4
60 and over	12,1	13,9	16,6	17,4	21,1	21,2	21,5	21,8

Source: ISTAT data

Population predictions of persons aged 60 years and over, male and female

	2003	2013	2023	2038
60-74	16,3	17,5	20,2	25,2
75 and over	8,3	9,8	11,2	14,5
60 and over	24,3	27,3	31,4	39,7

Source: ISTAT data

There exists other evidence of this young-to-old ratio (i.e. dependency rate). Change in this relationship is also determined by the increase in the average life expectancy of Italians, which is one of the highest in the world. From 1970 to 1994 average life expectancy increased for women from 74.9 years to 81.2 years and from 69 years to 74.7 years for men. Life expectancy is destined to rise and will thus mean a large increase of elderly in the Italian population.

The dependency rate, based on those under 20 years and over 64 years of age (i.e. exclusive of those between 20 and 64 years) shows the effect of aging on the population, resulting in a progressive disequilibrium between those within the work force and those outside it for reasons of age. It is likewise expected that the total number of dependents will rise from 78.2% in 1994 to 83.6% in 2020. It should be noted in addition that this trend takes into account only the population of working age and not those effectively in employment.

Dependency rate and old aged dependency of Italian people with unchanging birth rate

	1971	1981	1991	2001	2011
dep. rate	19,7	23,2	24,2	29,3	34,3
old dep.rate	35,5	44,5	62,2	90,6	110,5

Source: ISTAT data

Over the next 30 years, the Italian population will reduce overall, but the number of those over 60 years will increase.

Fig.1 -. Age-group rate - in percentage

Source: IRP-CNR

1.2. The work market: recent developments

In 1994 there were 20.13 million persons employed. The unemployed and first-time job-seekers stood at nearly 2.6 million. The total workforce increased to 32.93 million with the activity rate at 52.1% for males and 28.8% for females. The unemployment rate for males was 8.9% and 17.3% for females.

Activity rates of those of working age (as percentage of total population) by sex

	1980	1985	1990	1991	1992	1993	1994
Males	54,4	54,7	54,4	54,9	54,5	52,6	52,1
Females	26	28,2	30,3	30,7	30,9	28,9	28,8
Total	39,9	41,1	42	42,4	42,4	40,4	40,1

Source: CENSIS-ISTAT data

Activity rate for those by 15 and 64 years by sex

	1980	1985	1990	1991	1992	1993	1994
Males	79,0	76,5	75,1	75,0	74,5	73,5	72,7
Females	38,3	40,5	43,6	44,0	42,3	42,2	42,2
Total	58,3	58,2	59,2	59,4	59,3	57,8	57,5

Source: ISTAT data

There was a constant increase in female participation on the labour market between the 1960s (development data) and the early 1990s, at which time this growth ceased leaving Italy far from the European Community average.

Italy is distinguished by a very low percentage of part-time workers which fluctuates between 5-6% of the workforce. Although there has been an increase recently, it is still approximately 6%.

The age of entry into the workforce is constantly rising, with the age of first employment continuing to climb towards thirty years. The number of persons finding work under the age of 24 years is falling while the age of those entering the workforce with a regular contract is closer to 30 years (see table). Employment in Italy is, as a result, becoming more a reality for the 30 to 50 year age-group and more of a family rather than an individual concern, with priority for the head of the family (male or female) and the parents supporting the children economically until adulthood.

Employment based on age (values in percentage)

	14-24	25-29	30-49	50-59	60-64	65-70	71 and	Total
1981	15,06	11,67	50,01	18,35	2,73	1,53	0,65	20753
1991	13,44	13,9	50,53	16,95	3,44	1,23	0,5	21597
1992	12,68	14,22	51,02	16,94	3,32	1,19	0,63	21459
1993	11,6	13,76	53,08	16,75	3,11	1,09	0,62	20469
1994	10,79	13,69	54,27	16,49	3,09	1,08	0,53	20127
1995*	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	19698

* January 1995

Source: CENSIS-ISTAT data

It can be stated, however, that in January 1995, when at 11.7% the lowest rate of unemployment was reached, employment recovered slightly but in the second half of that year unemployment had climbed back to beyond 12%.

Evolution of rate of unemployment for males and females

	1985	1986	1987	1988	1989	1990	1985	1986	1993	1994	1995*
Males	7,0	7,4	8,2	8,1	8,1	7,7	7,5	8,1	7,6	8,7	8,9
Females	17,3	17,8	18,7	18,7	18,7	17,6	16,7	17,3	14,7	15,6	16,3
Total	10,6	11,1	12,0	12,0	12,0	11,4	10,9	11,5	10,2	11,3	11,7

* January 1995

Source: ISTAT data

Recently, unemployment in Italy has shown the following features: it is essentially a problem in Southern Italy; unemployment in the North has remained at approximately 6.5% (in some areas less than 4%) while in the South it exceeds 20% (July 1995); the restructuring process has heavily involved the service sector, a new development compared to the past; it has particularly affected the young (with the youth unemployment rate at 34.3% in July, 1995) and women. It tends to last longer: from 1980 to 1994 the number of long-term unemployed increased from a little over 500,000 to over 1,600,000. This last data, the most recent available (July 1995), is estimated to account for 67.5% of total unemployment.

The endemic presence of illegal work (under-table payment), although difficult to quantify, is an important factor affecting the Italian situation: in practice it is estimated that there are approximately 3 million unregistered persons working illegally.

Evolution of long-term unemployment

	1980	1985	1990	1991	1992	1993	1994
1 - 2 years	323000	475000	486000	500000	530000	475000	549000
> 2 years	202000	539000	857000	860000	911000	921000	1072000

Source: ISTAT data

Despite this level of unemployment, many manufacturing companies are looking for specially-skilled persons, a clear symptom of the lack of communication between schools and the workforce, and of present cultural attitudes that substantially refuse blue collar employment or, more generally, are unaware of work opportunities in specific sectors. It is better to wait with support from the family, it is felt, rather than select employment believed to be unsuitable from the standpoints of cultural expectation and training.

Since the 1980s, parallel with a reduction in primary employment, there has been an increase in secondary employment. The data for 1994 confirm this trend: a drop of 1.9% in primary employment and subsequently an increase in secondary employment of 1.7%. Similarly, those already employed find it easier to find other employment.

Fig. 2 - First and secondary (non declared) employment

Source ISTAT-Sole 24 ore

1.3. The employment market and the elderly worker

The concentration of employment on the middle-aged, particularly on those between 30-50 years, demonstrates a progressive exclusion of persons under 30 years or over 50 years of age. The result is an increase in youth unemployment and also a growing exclusion of persons over 50 years from the employment market. Regarding employment of those of 55 years or over, their presence in the market is being progressively eroded.

Evolution of employment of persons aged 55 years and over

	1980	1985	1991	1992	1993	1994
55-59	1599000	1539000	1445000	1423000	1348000	1331000
60-64	532000	775000	744000	713000	636000	622000
65-70	359000	212000	266000	256000	223000	216000
71 and more	136000	132000	108000	137000	128000	106000
Total	2626000	2658000	2563000	2529000	2335000	2275000

Source: ISTAT data

Rate of employment activity of persons aged 55 years and over, by age-groups (values in percentages)

	1980	1985	1991	1992	1993	1994
55-59	46	43.82	42.76	42.17	40.59	38.95
60-64	23.87	23.22	22.49	21.48	19.36	18.82
65-70	11.16	8.42	7.68	7.35	6.36	6.15
71 and mor	3.41	2.76	2.27	2.81	2.46	1.96
Total	20.33	18.79	17.23	16.8	15.23	14.59
Total over 54	12915000	14142000	14934000	15049000	15328000	15595000

Source: ISTAT data

Even though the population over 54 years of age is constantly growing, their rate of participation in active work life is in progressive decline, in both relative and absolute terms.¹

Until recently, there was a higher proportion of older workers, despite the fact that there were less elderly in the population. This data refers particularly to employees of retirement age; 60 years for males and 50 for females. Only very recently, in the 1995, was the retirement age raised for both sexes (see below).

Many workers have been able to leave the workforce much earlier than the official retirement age and this has contributed to a decrease in the number of persons over 50 years in the workforce.

From 1971 to 1991, there was a reduction in employees aged 60-64 years (the pre-retirement years for males) of 25%. This reduction appears lower than in other European countries (for example: France and Holland where it has reached 70%) and likewise the workforce participation rate has been lower than in the aforementioned countries. Indeed, the actual rate per capita is significantly lower than in other countries.

1.4. Future prospects

Over the next ten years, employment is expected to change radically. Demographically, there will be insufficient persons making contributions to support those in retirement. A lengthening of work life is essential if only to maintain employment at adequate levels (and indirectly to preserve the social equilibrium). Theoretically, tomorrow's youth will have no difficulty in finding employment; although their level of preparation will be crucial. This situation, including the lack of skilled workers, obtains consistently throughout Italy, from North to South. Even where there exists a need to hire labour and persons available for work, there remains the problem of adequate skills levels.

¹ It should be remembered that the rate of self-employment among those of 55 years and over is increasing.

The lesson here is clear: undervaluation of youth as a replacement generation, will result in a generation lacking skills for want of employment experience.²

There will be a shortage of skilled workers to replace those who enter retirement. This will have inevitable repercussions in the social services system.

One of the characteristics of Italy is the increasing time it is taking the young to find a job (with imaginable social, economic and individual consequences). In the past, part-time or temporary work for the young were discouraged thus preventing (in the belief that it would be beneficial for the social dynamic and would guarantee greater protection of workers' rights) the possibility of negative premature contact with the workforce.

Other evidence includes the decrease in University registration in 1995 which, until then, had been on the increase. Although the causes may vary (tax increases, the introduction of a fixed intake at most universities, and diminished faith in the link between university and work) this data may demonstrate the beginning of a steady trend, to be reinforced in the future by demographic reduction.

If it is true that youth unemployment is rising, it is equally true that, since the beginning of the 1990s, there has been an increase in unemployment for persons over 49 years of age. It would appear, in certain areas especially, that this data has seen a stronger percentage increase over the last few years.

The record on the registration list of «employable laid-off workers» is held by persons of over 49 years. For example, the number of persons registered in Milan at the employment bureau is approximately 48% (April, 1995).

A small increase in the working-age population is expected as a consequence of the combined reduction in both birth and mortality rates, producing less young and more old, and generating a radical change in the employment market. Italy will be the first country to feel its effect, despite a population with a longer life span (similar to Japan) and the lowest birth rate in the world, because it has the lowest number of middle-aged employed.

There will be a great increase in the number of persons not conventionally considered of working age.

Traditionally persons of 64 years were no longer considered eligible for employment. However, this situation may need to be altered in a specific and careful manner, which does not force pensioners who actually need or desire to work to seek such employment through illegal means.

A gradual increase in the working age could correspond to the need for constantly raising the age of retirement. Such opportunities for deferred retirement should not be confined to those in selected professions, such as university professors, some categories of judge or personalities in journalism and politics.

² The Bank of Italy has published the results of an enquiry on a sample of 715 manufacturing companies with more than 50 employees. Of these companies, 46% had difficulty in finding skilled personnel, not only in the north, where the unemployment rate is quite low, but also in the south where the unemployment rate is 3 times higher. As a result, some of these companies have had to engage foreign labour (Bollettino Economico n°25, October 1995).

The incidence of manual labour (in, for example, assembly-line positions) is destined to diminish progressively, leaving more jobs where the individual is capable of working throughout the occupational life-span.

1.5. Age of retirement

Recent social reforms have gradually raised the retirement age. Under the most recent reform of 1995, workers, irrespective of gender, can decide to retire from 57 to 65 years of age (old-age retirement), while the number of contribution years conferring entitlement to a "full" pension will be gradually raised from 35 to 40.

The lower limit for old-age retirement remains below those of other European countries.

In recent years there has existed a difference between the legal and the actual retirement age. This situation is due to many factors: «baby» pensions (whereby in certain categories of employment, 15 years of employment for females and 20 years for males prior to entering retirement were sufficient); the «seniority pension» (whereby persons have been entitled to retirement following 35 years of service, regardless of age); recourse to early retirement (regardless of the fact that, compared to other countries like France, its use has been minimal).

1.6. Employment exit patterns

Complete cessation of employment on retirement is the only option currently available in Italy. In every case, retirement involves a dramatic wrench from the workplace. The progressive reduction of older persons in the workforce is due to the exit of persons over 60 years. From the mid 1980s onwards, there is evidence of a progressive decrease in this population and in their participation in the workforce. Public policy has had a significant impact on the exit from employment of workers considered to be elderly. Such exits were deemed a solution to the unemployment problem, in disregard of the potential problem they created and which today is having to be faced. In Italy this issue is aggravated by "seniority" pensions that have removed a considerable number of persons from the productive system, persons who were still in a position actively to participate in work life. On the other hand, Italy sees this practice as a social «shock absorber», in the hope that the exit of elderly persons will provide jobs for the younger generation.

2. New policy

2.1. Pensions and social security

Between 1975 and 1993, retirement expenditure grew 15-fold, while GNP grew only 10 times over the same period. Specifically, part of the national income was absorbed by the expansion and growing drawn-down of the social security system, which rose from 9.5% to 14%, resulting from an absence of increase in the population in work.

During the 1980s, pensions were re-evaluated using a rate above both inflation and the increase in salaries. It is not surprising, then, that Italian public debt grew enormously during that decade, for by that time already the number of persons on pensions outnumbered the number of those in work (respectively, 21.5 million and 20.5 million).

2.2. The Italian pension system

After the Second World War, Italy opted for a distribution-based pension system. It was the financial consequence of the world conflict which dictated Italy's choice. It was, however, a choice which was later to prove advantageous for the country. Italy subsequently experienced strong economic, employment and demographic growth; all being fundamental to the selected system. Pension reforms began at the end of the 1960s. In 1968 retirement pensions ceased to be based on contributions and were calculated on the income of the final years of employment. In 1969 a pension scale was introduced which indexed pensions to the cost of living. Successive alterations in 1976 and 1983 made this index even more generous. The latter unfortunately triggered a further debt increase; with the result that in the 1980s, the increase in pensions was proportionally greater than that of wages.³

Fig. 3 - Pensions and wages

Source ISTAT - Sole 24 ore. Evolution of average pensions (pensione media reale) and average wage effective (retribuzione media reale)

In 1993 an effective pension reform was developed to reduce the debt generated by the excessively generous pension system. This reform was to be implemented vigorously in the proposed new pension system (1.1.1996).⁴

The primary source of income for the retired Italian, until recently, has been the first pillar (state pension). This has left little dependence on other forms of second and third

³ The average differential was approximately 2 percentage points.

⁴ Calculations have shown that the average volume of the pensions distributed by the Italian State was twice the volume of contributions required when based on the actual contributions of workers.

pillar. It is important to stress the inclination to saving of the Italian people. Despite a decrease (from 25% in the 1970s, to 20% in the 1980s) savings remain significant but are exceptional in guaranteeing a noteworthy and additional income to the pensioner. The Bank of Italy has calculated that the average financial situation of families (with the primary bread-winner being over 65 years) is approximately 148 million liras and in 80% of cases the pensioners are owners or usufructuaries of the residential home.

The second pillar which covers "Collective Pensions" involves a minority of workers and almost exclusively workers of specific categories (especially those in the financial services). In 1987, this pillar represented 0.1% of funding Europewide (0.16% of national income equal to 1600 billion lira) and involved 2.2% of workers. By the beginning of the 1990s, collective pensions involved 5% of workers and represented 2% of national income (approximately 35,000 billion lira).

The latest reforms, removing fiscal constraints which previously impeded the growth of this form of social assistance, have made "Collective Pensions" more feasible for Italy.

The third pillar has experienced good development from the 1980s onwards, having been promoted by partial fiscal deductibility and by the Italian family's inclination to save. However, this system is still considered only an alternative form of savings rather than a future source of pension income.

In March 1995, life insurance companies managed business worth over 81,000 billion lira (in March 1994 this figure had been a little under 66,000 billion lira).

2.3. Pension reform

The principal characteristics of the most recent Pension Reform in Italy are as follows: the progression or transition from a Retributive to a virtually Contributive system; improved sustainability of the Pension system; equalization of the self-employed and employees in pension calculation; the introduction of a "pension age bracket" (or "window") whereby pension eligibility age can be selected. This bracket will extend from 57 to 65 years, and require a minimum of 5 years employment.

But one of the most important points of this reform is the opportunity for employees, approaching pension time, to work part-time. There are many limitations on gradual retirement: the maximum income - the sum of the pension and the salary- must not exceed the wage of a worker doing the same job; an employee must have acquired 37 years contribution; the age-limit for part-time work is 65. And last, but not the least, this part of the pension reform will come into force only at the beginning of the next century (2003).

Other features of the Reform concern effective access to the second pillar of retirement, (collective pension) and the separation of old-age pensions from disability and war pensions and from the various other forms of social assistance.

The heart of the Pension Reform is the transition from a Retributive to an essentially Contributive system in form if not necessarily in substance.

The final calculation of a retirement pension would depend upon many parameters, including: the sum of contributions, the average progress of the GNP in real terms, rates of contribution (assumed constant over the occupational life-span and originally set at 32%

for employees and 20% for the self-employed), starting salary, average salary increase, a variable processing coefficient, and variations based on the age at which retirement was entered into.

These parameters should be used to maintain the pension system in equilibrium. Yet, in spite of the enormous efforts to effect change, the reforms in question seem to have been unsuccessful in significantly modifying Italian social security. The Bank of Italy has already repeatedly stressed that not only is the reform too slow (it would be effective only in 40 years time) but it is in addition fairly inefficient. Specifically, the age limits and contribution levels (although higher than previously) are still incapable of generating the necessary reductions costs. A financial disequilibrium, resulting from hidden Social Assistance debt risks is once again appearing in the newly reformed system. The Monetary Fund has similarly commented on the complexity and slowness of the reforms.

2.4. Early retirement policy

Access to early retirement has been established as a virtual 'right' by the Italian authorities in recent years, starting in 1980. From 1981 (the year of the first application for early retirement) to 1994, 375,000 early retirements were authorized by INPS (National Pension Institute) at a cost of 40,000 billion lira. In January and February 1994, 23,800 early retirements were approved.

When firms restructure, it is common practice to off-load the most senior employees, although there do exist exceptions to this policy. There was evidence of this in the first months of 1994, when those who lost their jobs or were made redundant had an average age of 50 years for men, and 47 years for women; some had accumulated as little as 16 years of contributions.

That solution which is least conflictual for the firm and least traumatic for the employee, however, has proved negative for the country, not only in terms of immediate economic costs but also by reason of its insignificant or irrelevant occupational benefits.

One of the main justifications for early retirement has been the notion that those leaving work to enter retirement, would create new jobs, thus reducing the level of unemployment. Empirical studies, however, have shown the contrary to be the case.

Early retirement has been implemented abruptly and hastily. If this practice continues it will have serious, long-term consequences. With the baby-boom generation approaching retirement, social insurance contributions will fall dramatically. This will have a knock-on effect of putting even greater strain on the stability of a social system which will have already become unsustainable.

Implementation of the relevant ILO (International Labour Organization) directives is now absolutely crucial. Firms must stop automatically laying off aged employees when downsizing. Likewise, a phase of transition should be established through which the employee over time progresses from the status of full-time employee to that of full-time pensioner, instead of the traditional practice of immediate entry into retirement. This transition phase likewise would be essential in meeting the needs and requirements of aged personnel facing this change.

2.5. New public policies

On 27 March 1995, a decree law was passed which provided for contribution reductions for firms accepting part-time contracts in addition to existing personnel, or which transform full-time positions into part-time employment in addressing the problem of overmanning. Firms operating a flexible work week are also entitled to benefits under this new law.

Solidarity Contracts are common in Italy compared to other European countries and are promoted as a form of economic assistance. Such special economic facilities are also more generous than in other countries.

Unfortunately, trade unions fear that these atypical work contracts (temporary, term and part-time contracts) will render jobs precarious, and will only worsen an already difficult employment situation.

Although these concerns may justify the scepticism of trade unions, other industrialized nations have experienced just the opposite, finding that an increase in part-time positions has resulted in an improvement in the employment situation. Similarly, Entrepreneur Associations are convinced that it is only through the introduction of major flexibility in work contracts that occupational recovery can be promoted.

Fig. 4 - Part-time and unemployment

Source OCSE 1992. Part-time and unemployment: unemployment rate and part-time workers' rate

Solidarity contracts as currently designed and regulated lavish excessive benefits on workers and firms.

While the employment crisis remains serious, market incentive measures remain blocked. The regulations or standards on part time, temporary work and unemployment offices (with a fall in government funding) are not having the desired effect.

2.6. Part-time and flexible employment

Italy remains the country within the European community in which part-time employment is used least.

Part-time workers in some European countries in 1994

	MALE	FEMALE	TOTAL
EUR 12	4.4	31.4	16
NETHERLANDS	15.6	65.4	36.2
UNITED KINGDOM	6.4	43.8	24.3
GERMANY	2.9	33.1	15.9
FRANCE	4.5	28.3	15.4
ITALY	2.4	11.9	5.8

Source: EUROSTAT and ISTAT

However, the Italian part-time employee is noted for working the greatest number of hours - 1101 annually. The contrary is true of the full-time employee in Italy, who works 1710 hours annually compared to the European average of 1795 hours. Belgium follows Italy with 1711 hours annually.

Average usual hours per week, employees working full-time and part-time

	FULL-TIME	PART-TIME
EUR 12	40.3	19.6
UNITED KINGDOM	43.6	17.6
FRANCE	39.9	22.4
GERMANY	39.7	20.1
NETHERLANDS	39.4	18.1
ITALY	38.5	24.7

Full-time employment remains the dominant form of employment in Italy; part-time exists primarily in the Central/Northern regions of Italy at 6.3-6.5% and in Southern Italy at 5.1% (October 1994 data).

Distribution of part-time employment per age range (in absolute values)

	1985		1990		1991		1992		1993		1994	
	M	F	M	F	M	F	M	F	M	F	M	F
14-29	136	190	126	213	139	228	131	237	104	216	108	239
30-49	115	342	118	361	106	366	111	401	117	419	122	448
50+	181	185	155	155	150	162	139	164	115	141	118	140

Source: CENSIS-ISTAT data

Distribution of part-time employment per age range (in percentages)

	1985		1990		1991		1992		1993		1994	
	M	F	M	F	M	F	M	F	M	F	M	F
14-29	4,25	9,12	3,87	9,5	4,11	9,55	3,8	10,18	3,36	10,33	3,68	11,99
Total	6,17		7,26		6,2		6,38		6,16		7,04	
30-49	1,59	9,85	1,66	9,43	1,49	9,63	1,57	10,37	1,66	10,93	1,74	11,49
Total	4,28		4,38		4,33		4,67		4,93		5,22	
50+	5,09	15,45	4,33	12,1	4,31	12,42	4,06	12,41	3,59	11,63	3,81	11,95
Total	7,69		6,38		6,53		6,37		5,79		6,05	
TOTAL	5,54		5,29		5,33		5,51		5,43		5,84	

Source: ISTAT data

From these figures it is clear that part-time employment is utilized primarily by the young and aged.

Distribution of part-time employment per sector (in absolute values)

	1985	1990	1991	1992	1993	1994
Agriculture						
Men	153000	125000	116000	105000	81000	78000
Women	229000	162000	158000	158000	122000	105000
Industry						
Men	107000	101000	102000	97000	90000	89000
Women	117000	120000	127000	127000	127000	152000
Other						
Men	172000	173000	176000	179000	165000	182000
Women	371000	447000	471000	516000	527000	570000

Source: ISTAT data

Over the past 15 years, part-time employment has declined in the agricultural sector. In industry there has been a reduction in the number of male workers, while the figure for female workers has remained stable, although recently there has been a significant increase. Within the service sector, male workers figures remain constant, while those for female workers they have increased. Indeed, the service sector (and, in particular, administration) has the lion's share of part-time contracts with a net predominance of women⁵ and low responsibility jobs (eg. typewriting, secretarial, housekeeping, cafeteria services, cashiers).

⁵ The average number of new part-time contracts remains approximately 200.000; of this figure, 70% involve contracts given to women.

Distribution of part-time employment (in percentages)

	1985	1990	1991	1992	1993	1994
Agriculture						
Men	10,30	10,28	9,95	9,50	7,75	7,81
Women	28,20	23,86	24,01	24,53	19,58	18,26
Total	16,68	15,09	15,03	15,05	12,16	11,67
Industry						
Men	2,03	1,96	1,94	1,86	1,75	1,77
Women	7,02	7,14	7,67	7,76	8,04	9,71
Total	3,25	3,23	3,31	3,28	3,26	3,66
Others						
Men	3,28	2,29	2,29	2,35	2,31	11,58
Women	8,59	8,95	9,10	9,86	10,68	6,28
Total	4,71	4,91	5,04	5,40	5,72	2,94
All Sectors						
Men	3,10	2,86	2,80	2,73	2,52	2,94
Women	10,61	9,91	10,09	10,67	10,88	11,70
Total	5,54	5,29	5,33	5,51	5,43	5,84

Source: ISTAT data

Relevant statistical surveys evince the substantial stability of part-time employment. The increase which has emerged in recent years has been a positive trend, but unfortunately has not been sufficient effectively to change the economic reality of Italy today.

Italian legislation has foreseen the possibility of workers continuing in employment, by introducing a form of discrimination which favours employees. Until recently, very few self-employed have chosen to remain occupationally active on reaching retirement age. This has been fundamentally due to cultural and fiscal factors, which have severely limited the opportunities for continuing employment.

Consequently, just as flexibility has been introduced, with regard to selection of the age of retirement (the pension-age bracket), so a similar flexibility regarding the type of work available at end of career has emerged in the form of transforming employment from full-time to part-time prior to entering retirement.

It has long been common practice to discourage the continuation of employment activities post-retirement, and firms have had no reasons to encourage the idea (in part, because two part-time employees cost more than one full-time). In this way, illegal work (in the informal labour market) has been encouraged, a phenomenon which has become widespread particularly among the aged, especially in the months and years immediately following entry into retirement.

Despite recent pension reform, which provides for part-time employment, the opportunities in practice for this type of work which could eventually pave the way towards “transitional/gradual” retirement remain severely limited (see Pension Reform).

While part-time or temporary work has been actively and widely used in Western Europe, in Italy its use has been limited and is destined to remain of minimum benefit, due to the legislative and cultural situation in the country, in contradistinction to the success it has otherwise enjoyed in neighbouring Western Countries. The limitations on part-time work, should they remain unchanged, will contribute to the maintenance of a high level of employment.

Regardless of its great potential, for example, 65.6% of unemployed persons state their willingness to accept part-time employment (according to ISTAT statistics), Italy appears unwilling to take advantage of this opportunity to enable large numbers of those currently excluded from the labor market to return to it.

3. Micro economics

3.1. Recent trends

In recent years, changes to work schedules have been introduced by many firms in an attempt either to confront the economic crisis, or merely to improve performance. The first of such changes includes various innovations in work sharing, including “Solidarity Contracts” whereby all employees share work-hour reductions, and part-time employment (see tables). Other modifications include using employees part-time on selected days of the week. Through these modifications, part-time contracts have increased (directly proportional to increasing firm size) as also have term contracts (inversely proportional to increasing firm size). In both situations women have been involved more than men (Milan).

3.2. Professional development and training

The different Italian regions are directly responsible for personnel training in most firms. Training focuses mainly on the younger population, neglecting older employees.

Within firms where development or training is necessary, approximately 70% of those provided with such training are less than 40 years of age (according to unverified statistical data). The bulk of training occurs in the service sector. In industry, training appears to be provided predominantly to males, whereas in the service sector, a more balanced distribution between the sexes obtains, although in the 1980s there was male prevalence, followed by female prevalence in the 1990s.

Training appears to cease in Italy 5 to 10 years earlier than in other European countries. This is a significant gap and worthy of note.

Numerous studies have consistently contradicted the stereotype of the elderly worker presumed to be reluctant to accept the introduction of new technologies. In spite of being unable to identify the mean age differences of subjects studied in the tests, their behaviour with respect to innovation remained substantially identical. Instead, factors outside work (cultural, social, economic, geographic) appeared to be what was decisive.

Training in Italy has been identified as one of the country's greatest weaknesses. The government has recently began the task of reforming the Professional Training System focusing mainly on the following areas: 1) Continued Training, designed to requalify those who have lost their jobs due to advanced age, 2) Training which alternates between the school and the work place, 3) Advanced Professional Training.

3.3 Transitional retirement: case studies

Contrary to the practice of other nations, in Italy there has been no movement to develop within firms strategies which provide for a gradual reduction in the number of work hours for personnel approaching the end of their careers. Research into this issue is of practical significance especially given Italy's potential in this area and the willingness of firms to entertain the idea of transitional retirement.

Notwithstanding the significant number of firms involved in this research, representative of a wide range of sectors, it was only in the banking and insurance sectors that sufficient numbers on which to base conclusions were forthcoming. Contributions from other sectors were deemed insignificant.

In the firms examined, employees over 60 years accounted for less than 2% (while the national average is approximately 4% of the workforce).

Part-time employment within insurance firms varies enormously, being on the increase in some cases and on the decrease in others. In the banking sector the evidence suggests that part-time employment is above the national average. Contracts in the insurance sector are left to the individual firm, the latter determining ceilings. In contrast, in the banking sector, contracts are determined at a national level.

Professional training appears to end between the ages of 40 and 45 years (later than the national average), but is related to employee function rather than to age. As to the funds devoted to personnel training, in this regard the insurance sector appears to be lagging well behind other European insurance sectors. In the banking sector in Italy, the situation is more favourable.

Italian research into the Fourth Pillar has provided various explanations for the obstacles to continuing employment for older employees. First, the current overabundance of available personnel (especially in the banking sector) has dispelled all concern about a possible future manpower scarcity. Second, many findings point to a lack of flexibility and adaptability in older employees where new technology is concerned, and to the difficulty of training and its elevated cost. Finally there are further reasons which relate to the health of older employees.

These findings appear to parallel conclusions of similar research studies in the past into the elderly in general and the problem of unemployment in the context of the social economic system.

3.4 The potential for transitional retirement

In 1992, 1.45 million persons over the age of 65 wanted to work. Over the same period only 390,000 elderly persons were employed. Had those wanting to work been employed, the number of employed in this age group would have been 4.6 times greater.

The desire to remain within the workforce can be attributed to the perceived state of health of persons aged 65-74 years. 44.5% of this population state that they feel "well" or "very well". This means that in 1992 possibly more than 2.1 million persons were potentially able to make an active contribution as members of the workforce.

Numerous medical and social research studies exist to confirm the above statistics. These studies underline the improvement of the health of the elderly in recent years. It has been established that today a person of 75 years has roughly the same physiological age (in terms of the aging of cells, arteries, intellectual capacities) as a person of 60 years during the inter-war period. The Italian National Health Report for 1994, produced by the Committee on Mortality Studies, demonstrated that 40% of Italians over the age of 85 years are in good health. Given that these are persons who have grown up during wartime and suffered from other events, the future elderly can reasonably be expected to be more fortunate, having benefited overall from better instruction, nutrition and social/hygiene conditions.

Given the late entry of youth into the work force, coupled with the current desire of the aged to continue or re-enter employment (a desire which increases subsequently with a rise in the level of instruction and of gratification in the workplace) given also the probable future shortage of competent personnel, greater attention needs to be given to the elderly employee who, because of his or her experience, is also the expert employee.

Only minimal expansion of the working-age population (conventionally comprised between 14 and 65 years of age) is expected in the next few years. This fact, combined with low birth and death rates in Italy, makes inevitable growth in the number of persons above "working/employment age" and in the relative weight of the burden they will have to bear.

In the past decade or so people have woken up to the error of the assumption that those above the age of 64 years are, by definition, no longer of working age. It is equally absurd, especially when the average age of first employment is at least 10 years higher, to assume that persons of 14 years will be prepared to join the workforce.

Merely raising the retirement age from 64 to 70 years (or even higher if appropriate in the year 2000) would be sufficient to maintain an overall sustainable balance between those who are employed and those who are inactive.

The widely-held myth that the elderly are mere passive subjects requiring assistance must be destroyed. Instead, biological age should be equated with anagrafic age. The limits here are principally socio-cultural.

Similarly, the elderly are commonly identified as a homogeneous entity. In actual fact elderly persons are as diverse as are the needs of each stage of old age. Neither are they easily distinguishable or identifiable through chronological age alone. The mere subdivision of the young elderly (extending through to 75 years) from the old elderly (above 75 years) suggests that it is clearly essential gradually to differentiate both the needs and value of the elderly person.

In practice, however, the situation is such that employment is restricted to an increasingly shorter period of time (due to late entry into, and premature departure from, the workforce). This problem must be approached not only by re-examining the design of the

system, but also by taking a closer look at the strengths and potential of those who would be excluded from the workplace.

Deferring retirement has implications both for society as a whole and for the individuals concerned.

The elderly person must be considered as he or she actually is today. While the 60 year-olds of yesterday were (but a step from the tomb) slowing down their lives, today 70 year-olds are planning their future.

The increase of old people will imply a corresponding increase in the number of persons wanting for an active role in the workforce.

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> – retention of psychophysical responsibilities – preservation of income – gradual disengagement from employment – general well-being 	<ul style="list-style-type: none"> – severity of employment – monotony of work and/or inability to change place of employment (factors that depend largely on the type of employment and the individual)

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