TASKFORCOME: TRANSNATIONAL ACTION TO ADVANCE SKILLS AND COMPETENCES FOR COMMUNITY ENGAGEMENT AND SOCIAL MIGRANTS ENTREPRENEURSHIP INITIATIVES IN THE CENTRAL EUROPE

NATIONAL LABOUR MARKET REPORT

ITALY - REPORT

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FINAL VERSION
August 2019

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1. EXECUTIVE SUMMARY

In these pages the in-depth report on the subject of work and the employment dynamics in Italy and in Emilia-Romagna is presented and the characteristics of the regional productive fabric are highlighted.

The last part of the report focuses on the job placement of foreign citizens, exploring the characteristics of migrant-run businesses, which represent the central focus of the project Task4Come.

Given the importance and centrality of the theme, we have tried to deepen it to the fullest,using multiple datasets. In particular:

a) the Istat, labour force survey;
b) the data provided by Unioncamere Emilia-Romagna for the study of entrepreneurshipand of foreign self-employment;
c) the Eurostat, regional labour force survey.

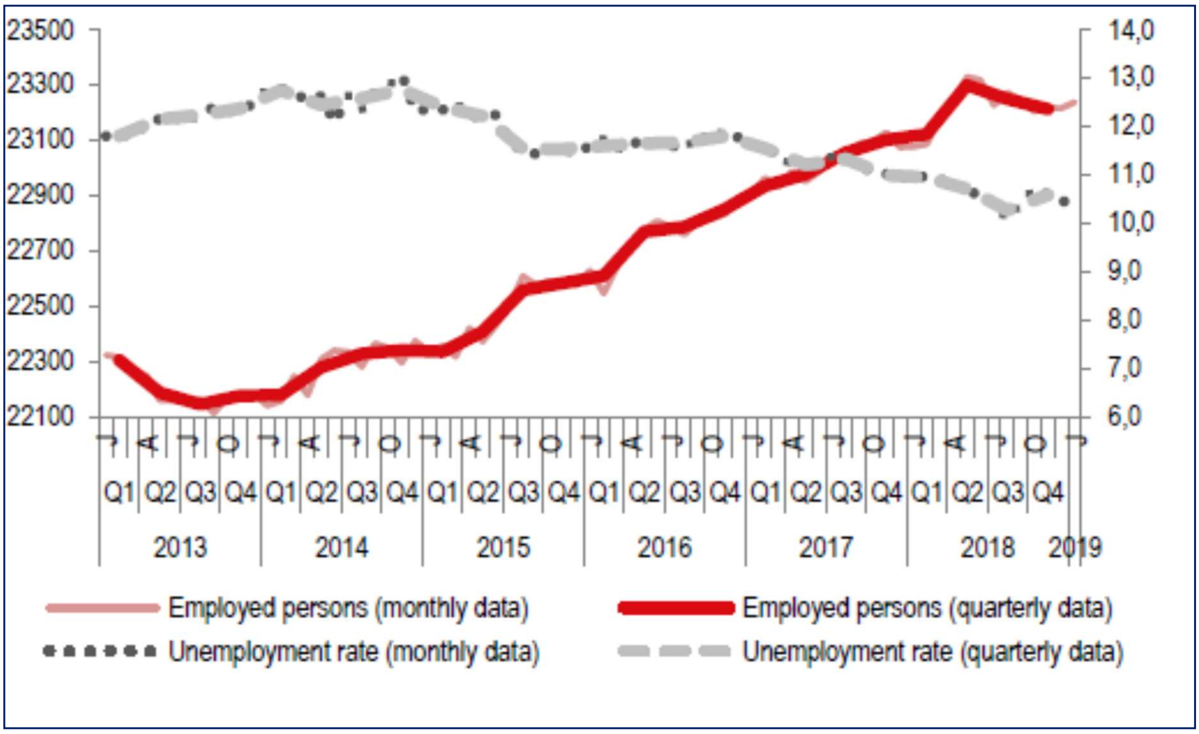
2. GENERAL TRENDS ON ITALIAN LABOUR MARKET

Italy has gone through several years of economic recession that have left profound wounds to its economy. The unemployment rate has increased markedly since the 2008crisis with some improvement since then.

Despite of this, from 2017 a new increase in employment has been highlighted. In the first quarter of 2019 there was a slight increase in employment compared to the previous quarter (+ 0.1%), in a context of falling unemployment and inactivity. This employment rate growth has been associated with a rising labour force.The trend shows an increase of 144 thousand employees (+ 0.6% in one year), due to both employees and independents (+92 thousand and +52 thousand, respectively); the incidence of fixed-term employees on total employees is 16.0% (+0.3 points in a year). The increase in full-time and, above all, part-time employees continues; the incidence of involuntary part-time is estimated at 64.1% of part-time workers (-0.1 points). Employment growth, especially in the North and in the Centre (+ 1.4% and + 0.3%, respectively) is offset, for the second consecutive quarter, by the decline in the South and Islands (-0.6%). In fact, notwithstanding recent improvements, the employment rate gap of the South to the national average was 14 pps: the territorial gaps widen.Inactivity remains pervasive among women, the low-skilled and the young, especially in the South of the country, where the greater decrease in the unemployment rate (-0.9 points compared to - 0.3 points in the Center and in the North) is associated with the growth in the inactivity rate.

Considering this variation in longitudinal level, the decrease in the number of unemployed continued albeit at a slower pace (-105 thousand in a year; -3.6%), involving both genders, all age groups and widespread throughout the geographical areas, with the exception of over-50. After the growth observed in the previous quarter, inactive people aged 15-64 decreased again (-100 thousand in a year; 0.8%). The unemployment rate increased in comparison with the previous quarter but decreased compared to the previous year, while inactivity rate (people aged 15-64) declined both in comparison with the previous quarter and with the previous year. Conversely, in the monthly data for January 2019, on a short-term basis, both the unemployment rate and the inactivity rate were stable at the same time.

Figure 1. Employed and Unemployment rate Q1 2013 – Q 4 2018, seasonally adjusted data, thousands and percentage rate

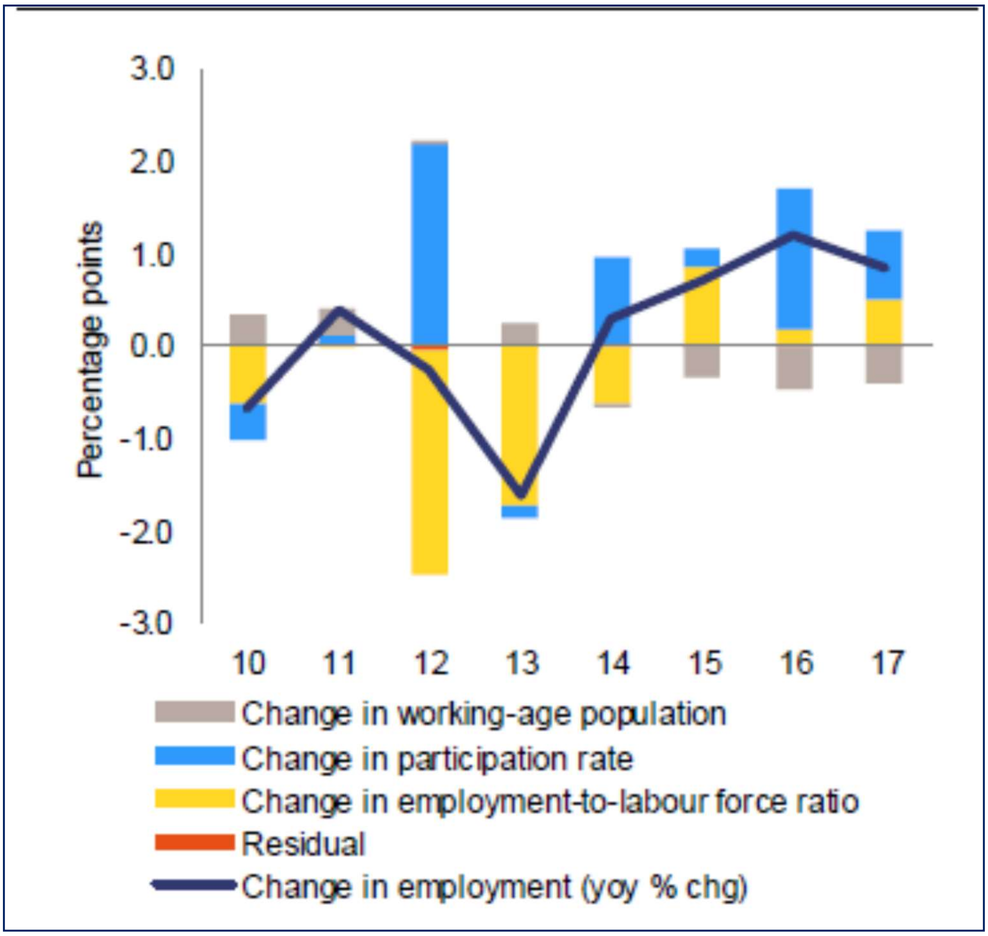


Source: Eurostat (2019)

Can be observed cyclical dynamics of the labour market, which reflect the slight increase in levels of economic activity recorded in the same period, in which there was a positive change in GDP (+ 0.1%) after two quarters of decline. With reference to labour input, we observe an increase in hours worked both on a short-term basis (+ 0.7%) and on a trend basis (+ 1.5%), much higher than that of GDP.

Past reforms that raised the effective retirement age increased labour supply, which was partly dampened by a shrinking working-age population (Figure 2).

Figure 2. Composition of the change of employment in Italy

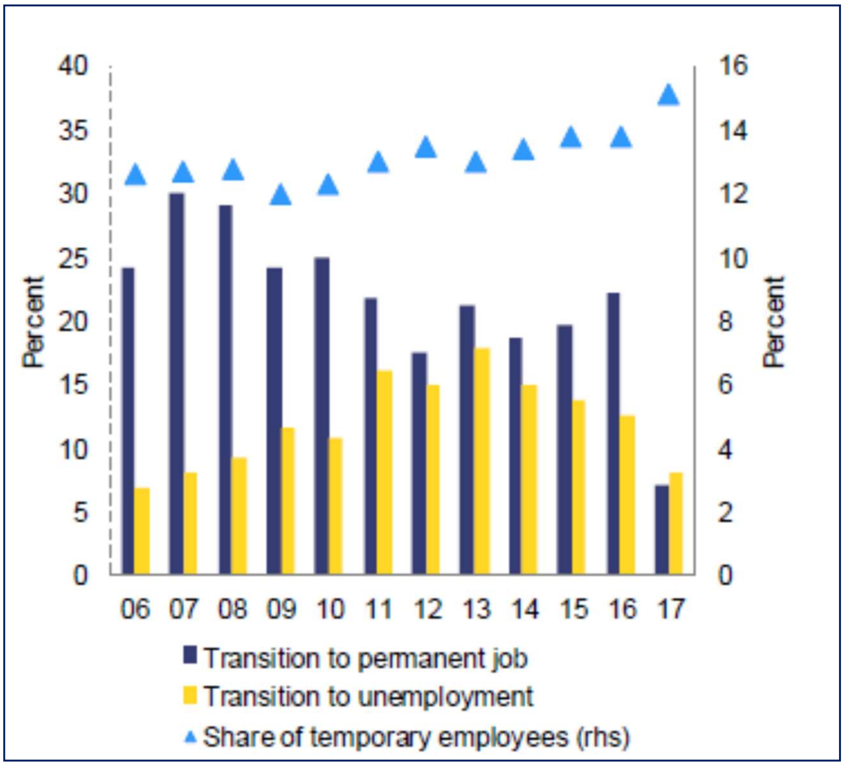


Source: Eurostat (2019)

Activity rates have also been supported by rising labour demand due to the cyclical upswing, in particular following fiscal incentives for hiring and reforms that eased labour market regulations.

Since 2017, employment growth has been based on temporary contracts. After the expiry of the hiring incentives at end-2016, temporary contracts have become the only driver of jobs growth. Between Q3 2017 and Q3 2018, temporary contracts grew by 11.6 %, while permanent jobs declined by 1.0 %. The median duration of temporary contracts is less than 12 months and the probability of a transition to a permanent post dropped substantially in 2017 after the end of the hiring incentives (Figure 3).

Figure 3. Transition rates of temporary employees



Source: Eurostat (2019)

Since 2008, the share of temporary employees (as percentage of the total number of employees, 20-64 years) has risen to 15.1 % in 2017, only briefly interrupted by the recession in 2012 and the hiring incentives for permanent jobs provided as part of the Jobs Act reform. The rise in temporary contracts and the associated higher job turnover reduces firms' incentive to invest in job specific training and the scope for workers' specialisation. Moreover, involuntary part-time remains widespread and around one third of involuntary part-timers are on a temporary contract.

The gender differences are decreasing: for women, both the growth in the employment rate (+0.8 points compared to +0.3 points for men) and the reduction in unemployment (-0.8 and - 0.3 points, respectively); the inactivity rate drops only for the female component (-0.4 points) while it remains unchanged for men. Despite of this, the employment rate of women (20-64) remains lower than the EU average (52.5% against 66.4%). This is for the lack of financial incentives for woman to take up work for second earners and of adequate measures to reconcile professional and private life.

As already mentioned, the problem of unemployment in Italy became critical in the first years of the financial crisis which started in 2008. It particularly impacted the youngest part of the labour force. Between 2010 and 2014 alone, the share of unemployed individuals aged between 15 and 24 years increased by more than 15 percent. Despite a steady decline observed after 2014, youth unemployment still exceeded 30 percent in 2018.

Undeclared work remains widespread in Italy. According to ISTAT and to National Labour Inspectorate data, the unobserved economy was worth about EUR 210 billion (12.4 % of GDP) in 2016. Around 37.2 % of it is attributable to undeclared work. The estimated share of undeclared work (as the percentage of total labour input) was 15.6 % in 2016. This mainly involves more vulnerable groups such as migrants, women and minors. An increase of 36 % of undeclared work has been registered in 2017 (253

000, up from 187 000). Productive sectors which are considered more at risk are: housing and food services, construction, commerce and agriculture are. In line with the previous year, almost 65 % of the inspected firms were found to be involved in irregular employment practices.

2.1 GENERAL TRENDS ON EMILIA ROMAGNA REGION'S LABOUR MARKET

The economy of the Emilia-Romagna Region continues to outperform the national economy in macroeconomic terms. In particular, since 2011, the GDP growth rate has exceeded the national figure by several fractions of a percentage point every year. In 2017, GDP is estimated to have increased region-wise by 1.7%, making Emilia-Romagna Italy's top region in terms of growth together with Lombardy. This trend also seems to be confirmed for the near future.

As far as the labour market is concerned, during 2017, the regional population continued to increase due to the contrasting trends of its components. In particular, it should be noted that the inactive over 15 years old increase more rapidly than the number of employed.

In more general terms, the analysis of the composition of the labour forceallows some considerations to be advanced:

- First of all, it is noted that the share of the workforce in the population in 2017 is growing, but more as a result of the participation in the labour market of the unemployed than for a rise in the number of employees;

- The decline in the employment rate for the entire population, from 53.2% in 2008 to 51.6% in 2017,represents a fragility for the public welfare system and detects a critical issues in the balance between generations.

The percentage of women in total employment has risen structurally but the gender pay gap does not continue to shrink: the pay gap in subordinated employment on the unit of time continues to remain at 28%. At the same time, the female incidence on the unemployed decreases steadily compared to 2008 but shows a cyclical upturn in 2017 due to a decline in the unemployed less precipitous than what was found for male unemployed;

• The employment base is growing older: the over-65s, while representing a marginal share (about 3.1% in 2017), report an increase of 32.8% in the 2008-2017 period, or about 15,000 employed in more. At the same time, under-24 employees fell by 16%, or about 18,000 fewer. The incidence of employed people under 44 has gone from 61.2% in 2008 to 49% in 2017, losing over 12 percentage points.

• The share of independent (self-employed) work after the positive rebound in 2016, hypothetically explained by the need for a realignment after contractual cannibalization by the 2015 and first half of 2016 subordinate work, is back by 5.9%, losing overall since 2008, over 80 thousand units of which 28 thousand in 2017 alone (for more details see the dedicated chapter). The contraction of self-employment in 2017 is transversal to all sectors, with the sole exception of agriculture. But if we widen the field of observation we can see how the sectoral composition has changed considerably with an explosion of forms of self-employment in "other services" (with a percentage incidence passed from 34% to 40.1% from 2008 to 2017) and a collapse in manufacturing (from 12.2% to 9.7%) and in construction (from 13.4% to 11%).

• Even through a logic of communicating vessels, the decline in independent work coincides with a rapid expansion of subordinate employment, which grew 2.3% in 2017 as well.

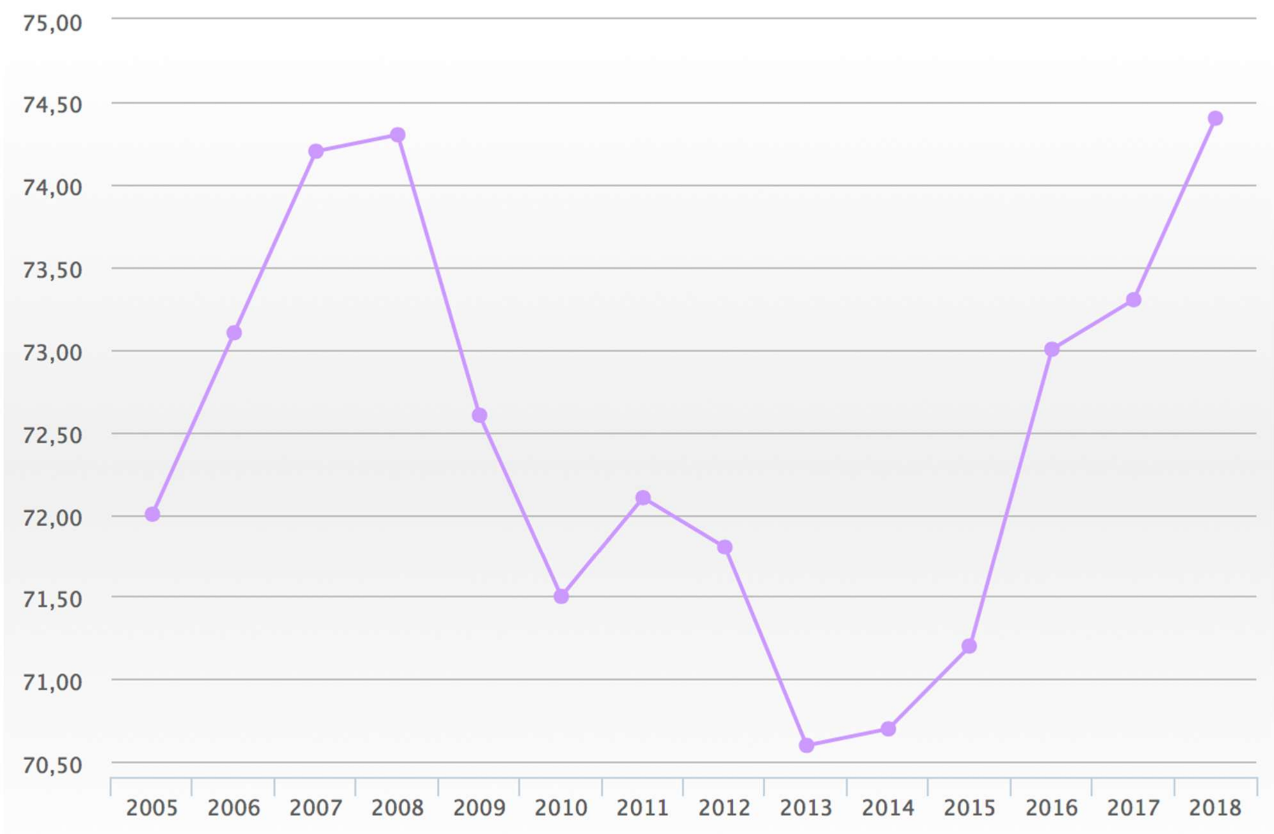
Table 1. Employed in Emilia-Romagna for different profiles (% values)

Employed in Emilia-Romagna for different profiles			
	Percentage Composition		
Year	2008	2016	2017
Male	56,2	54,8	55,0
Female	43,8	45,2	45,0
Total	100,0	100,0	100,0
15-24 years old	5,6	4,5	4,6
25-34 years old	23,6	17,0	16,7
35-44 years old	32,0	28,6	27,7
45-54 years old	26,1	30,4	31,0
55-64 years old	10,4	16,5	17,0
over 65 years old	2,4	3,0	3,1
Total	100,0	100,0	100,0
Self-Employed workers	27,2	24,2	22,7
Employed workers	72,8	75,8	77,3
Total	100,0	100,0	100,0
Agriculture	3,8	3,9	4,0
Industry	26,5	26,3	25,6
Construction	7,7	5,1	5,3
Commerce and tourism	20,7	28,9	20,0
Other Service	41,3	45,7	45,1
Total	100,0	100,0	100,0
Primary school	6,8	2,8	2,7
Secondary school	30,0	26,3	25,6
High School	46,3	48,1	48,2
Degree and Post Graduate Degre	17,0	22,6	22,8
Total	100,0	100,0	100,0
Full time	87,1	81,8	81,2
Part time	12,9	18,2	18,8
Total	100,0	100,0	100,0

Source: Eurostat, Regional labour force survey

The number of hours worked increased, but net hourly pay fell. Overall, the employment rate among people aged 15-64 averaged 68.6% in 2017, thus exceeding the national average value by more than 10 points – although the proportion of people in work has not yet returned to the pre-crisis level. The unemployment rate was 6.5%, showing a decrease with respect to 2016. Here again, this value is much lower than the national average (by almost 5 percentage points). During the current year, the unemployment rate is expected to drop further by 0.2%.

Figure 4. Employmet rate in Emilia-Romagna (2005-2018)



Source: Eurostat Regional Labour Market Statistics

There are just over 405 000 businesses in Emilia-Romagna (about one for every nine inhabitants). They are mostly owner-operator businesses and partnerships, making up the backbone of the region's economic system, which is centred around small and medium-sized enterprises, although there is also a pool of around 20 000 medium and medium-large enterprises with great innovative strength able to compete on the international markets, especially in the sectors of metalworking, ceramics and food. Overall, the region's economy is dominated by services enterprises (59 %), followed by construction (16 %), agriculture (14 %), and manufacturing (11 %).

During 2017, in Emilia-Romagna there was a further increase in total employment, continuing the recovery of the previous three years. In gender terms, 75.2 % of working-age males and 62.1 % of females are in work. This is quite a high rate when compared with both the Italian and the EU average. Employment has grown thanks to the positive performance of the tertiary sector and of industrial manufacturing.

3. OCCUPATIONAL TRENDS AND DEMAND FOR SKILLS

The educational gap in the labour market remains high: the employment rate reaches 78.7% for graduates (+0.1 points), 64.5% for graduates (+0.8 points) and 42.9 % for those who have attained the maximum license (+0.1 points). The unemployment rate fluctuates between 5.9% for graduates (-0.4 points in a year before), 10.5% for graduates (-0.6 points) and 15.5% for those who they have a lower title (-0.4 points); the inactivity rate passes from 16.2% of graduates (+0.2 points), to 27.8% of graduates (-0.5 points), to 49.0% (+0.2 points) for those who own a low level of education.

Structural unemployment, as described in the previous section, measured by the non-accelerating wage rate of unemployment, is projected to remain high, due to the **prevailing mismatch between average workers' skills and the skills demanded by employers**. The skill mismatch is exacerbated by the high youth unemployment, among the highest in the EU, which has a long-term negative impact on skills formation and future employability of young people.

The first three quarters of 2018 are characterized by an **average increase in employee labor input** comparable to that of the previous two-year period but with a slight and continuous slowdown in the trend (+ 4.1% in Q1, + 3.4% in Q2 and + 3.2% Q3).The increase in the number of hours worked came from the **net creation of jobs (+3.3 in Q3)** while the number of hours worked per employee remained substantially unchanged.

The growth in job positions involved all the main macro-sectors:

- **manufacturing shows the highest trend values** since the beginning of the recovery;
- **in construction sector**, the increase in jobs is **still lower** than in the rest of the economy;
- As for the **tertiary sector**, in the market services the increase in jobs has been **progressively weakened** while in the activities of personal services the growth rate of the working positions has halved.

The **mismatch between the qualification achieved by the hired and that most requested by the companies for the same profession** was calculated from the analysis of the annual recruitment flows of Italian companies in the three-year period 2014-2016.

In the three-year period, this mismatch has affected more than half (53.5%) of the employment of Italian companies: the spread of over**-education (31.6%)** is greater than that of **under-education (21.8%),** especially for under-29s (for the over 49 the under-skilled prevail). The **greater spread of the phenomenon of over-education in the sectors with the highest knowledge intensity** (31.4%) and **technology** (42%) can be read as the overlapping of two phenomena: the strategic capacity of companies in these sectors to invest and attract professionalism qualified and the excess of human capital supply that our production system cannot absorb.

4. IMMIGRANTS ON ITALIAN ANDEMILIA ROMAGNA REGION LABOUR MARKETS

4.1 Definitions and legal framework

For the purposes of self-employment by not-Italian citizens it is necessary to distinguish between EU citizens (or equivalent) and non-EU citizens. While the former have a real right to settle in Italy, the latter need special qualifications (visa and valid residence permit) to enter Italy and stay there in order to become entrepreneurs. EU citizens (or equivalent) are those who have citizenship in one of the European Union countries as well as Iceland, Norway, Liechtenstein, Switzerland and San Marino. All non-EU citizens are those who do not belong to the countries listed above.

Entrepreneurship of EU citizens' (or equivalent)

EU and equivalent citizens have the right to enter Italy and carry out any activity of subordinate or autonomous work, under the same conditions as Italian citizens. For entry into Italy, an identity card valid for travel abroad is sufficient and the stay in Italy for the first three months is free. After this three-months –period, the EU citizen (or equivalent) is required to register in the registry office of the municipality of residence: without this registration, she/he loses the right to stay in Italy.

Therefore, the EU citizen(or equivalent), in the first three months of stay, can enroll in the Business Register without any particular formalities and under the same conditions as Italian citizens, presenting a valid identity document and a copy of the declaration of presence stamped by an Italian police office.

The same provisions also apply to family members of the EU citizen who do not have the citizenship of a member country of the European Union, provided they have a valid passport. After three months from the entry, they will have to for the "Residence card for a family member of a EU citizen", which is valid for five years from the date of issue.

Entrepreneurship of Third Country Nationals (non – EU citizens)

The non-EU citizens, that is not belonging to the countries of the European Union, must have a valid residence permit to start an activity of self-employment in Italy, both as an individual entrepreneur and as a partner or administrator within partnerships or capital.

Residence permits valid for self-employment include: 1. Self-employment Work Permit; 2. Employee Work Permit; 3. Family Reunification Visa; 4. Permit for subsidiary protection; 5. Pending employment permit; 6. Asylum

Visa; 7. EU residence permit for long-term residents. All the remaining types of residence permits are not valid for self-employment. Legal References: Italian Legislative Decree n. 286/1998; Decrees of the President of the Italian Republic n. 394/1999 and n. 445/2000.

4.2 Migrants on Italian and Emilia Romagna region's labour market

In Italy, the employment rate for non-EU born is around the EU average. The employment gap with respect to natives is very small.

Emilia-Romagna is an attractive region for job seekers, despite the decline in migration inflows during the period from 2008 to the first half of 2014, which was marked by a severe employment crisis. It is expected that, by 2020, there will be a guaranteed generational turnover of just 87 jobs for every 100 people leaving the labour market. Unless the job creation and destruction processes caused by technological innovation have a negative impact on overall regional employment levels, the region will continue to absorb labour force from other territories.

According to Istat estimates, updated to 2017, in Emilia-Romagna the number of people employed is around 1,973,000. Foreigners amount to almost 256 thousand, equal to 13.0% of the total, a higher value than 12.1% of foreign citizens out of the total number of residents in the region (as of 1 January 2018).

Significant differences are observed between the characteristics of the employed and foreign and Italian employment, with respect to gender and age, as well as in the distinction between employees and self-employed. In Emilia-Romagna almost a quarter of Italian workers are self-employed (24.4%) while among foreigners this percentage drops to 11.2%. The differences between employed Italians and employed foreigners remain considerable - in particular on the female component of workers - also with reference to part-time work: according to Istat data, it concerns almost a quarter (24.2%) of foreign workers, coming close at 40% if we consider only those employed abroad, while among Italians the part-time concerns 18.0% of workers (31.3% among women).

Also, the distribution by sector of economic activity of the employed is not homogeneous for foreigners and Italians. The former show in fact a greater concentration in agriculture, in construction (in particular men). The leading role is in any case covered by the sector of the other services of the tertiary sector, which concentrates more than half of the Italian and foreign employed, as a result of what is observed on the female employment front: there are in fact more than 77% of the employed foreign women (in particular in hotel, restaurant and care services) and almost 64% of Italian women. The lower relative weight of the latter is offset by what is found for trade, in which 15.6% of Italian women workers and 5.4% of foreign women are employed.

The historical series shows an improvement in the employment rate of the foreign component of the labour force in the last three years more than proportional to that of the Italians, so much so as to lead to a reduction in the differential that had occurred in previous years, characterized by the economic crisis . It is recalled that before the crisis, in 2007 and 2008, the employment rate of foreign citizens was almost in line with that of the Italians, around 70%. It is since 2009 and especially in the following years that the rate of foreigners has worsened considerably, reaching in the three-year period 2013-2015 even below 60%, with a differential of about 9 percentage points compared to the rate of Italians.

In 2017, in Emilia-Romagna, the unemployed with foreign citizenship are over 37,700, slightly down compared to those of the previous three-year period, but still significantly above those observed in the first decade of the 2000s. Suffice it to point out that up until 2008 - the year in which the economic-financial and employment crisis was also evident in Emilia-Romagna - the 15,000 unemployed foreigners had never been exceeded and that in 2010 alone 30,000 were exceeded.

In 2017 the unemployed with foreign citizenship make up more than a quarter (27.4%) of the total unemployed in Emilia-Romagna (21.3% in 2008). This percentage rises further (28.3%) if we consider only women.

It should be specified that two thirds of foreign employed workers, both in Emilia-Romagna than in Italy, perform manual, specialized or non-specialized jobs (the latter with a lower weight at regional level compared to the rest of the country). This share is considerably reduced for the Italian component of workers, with a decidedly lower weight in particular for non-specialized manual jobs. These differences in terms of duties and qualifications are also reflected in the salaries: among the workers of Emilia-Romagna, for Italians an average remuneration of 1,422 euros is calculated, while for foreigners it is lower than 1,100 euros, with a differential of 23.2% for the benefit of Italian workers.

Considering Foreign Citizenship Enterprises, according to Union Camere Emilia-Romagna data, the total number of foreign Emilia Romagna companies is 46,931, equal to 11.6% of all active companies in the region. This number is always growing: in the last year companies have increased by 2.5% (+1.128 companies). Italian companies, on the other hand, continue to be affected by the effects of the crisis and are still falling. In 2017, this amounted to 357.827 and fell by -3.987 with a decrease of -1.1%.

The legal nature of foreign companies shows that 82.2% are sole proprietorships, 9.3% joint stock companies, 6.9% partnerships and 1.5% other company forms. Note the strong increase in capital companies starting from 2015 (+ 14.9% in 2016 compared to 2015) and (+ 13.4% in 2017 compared to 2016). Individual firms grow in the last two years (2016-17), but in a contained way (+ 1.5%).

If we compare this data with the Italian context, we note that it is growing too, but decidedly less than in Emilia-Romagna. In fact, at the end of 2017, Italy's figure for individual companies out of the total number of active companies is 8.6%.

Another important factor is the incidence of foreign individual businesses on the total number of individual businesses: in 2017 the value is 16.7%, this percentage also growing continuously since the 2000s. It should also be noted that the regional incidence rate is more than two percentage points higher than the national average (14.3%).

Then examining the time span 2008-2017 (comparison of the pre-crisis data with the current one) it emerges that the number of foreign individual companies has increased in Emilia-Romagna by almost 28% (at a national level of over 43%) and highlights, as in already observed for the total enterprises, that the contraction of the economy has not stopped the foreign companies, while in the same period it is evident the decline of the Italian ones that have recorded a decrease in Emilia-Romagna of 16.1% and in Italy almost of 14%.

The resident foreign population In Emilia Romagna region, 11,3 % of the region's total, is mostly concentrated in the areas of Bologna, Modena, Reggio Emilia and Parma, where employment opportunities are better, although these areas too have not returned to the full employment level enjoyed prior to the international economic crisis of 2008.

The main economic sectors of foreign companies in the province of Forlì – Cesena-Rimini are broken down as follows: construction (36,8 % of total foreign individual companies), trade (26.9%). This is followed by manufacturing activities (10.5%,) and restaurant and hotel (7.7%)

The countries of origin of migrants which are most represented include, in descending order: Albania, China and Romania.

Table 2: Foreign Enterprises in Forli-Cesena and Rimini for different profiles, 2019

Foreign Enterprises in Forlì-Cesena and Rimini		
	Absolute Value	*Percentage Composition*
Productive Sector		
Construction	1.273	40,6
Commerce	930	29,7
Manifacturing	364	11,6
Restaurants and Hotels	267	8,5
Other Service (care servic	168	5,4
Transports	132	4,2
Total	3.134	100
Country of Origin		
Albania	532	30,4
China	367	21,0
Romania	329	18,8
Marocco	321	18,4
Tunisia	200	11,4
Total	1749	100

Source: Osservatorio economico della CCIAA della Romagna - Forlì-Cesena e Rimini 2019

5. ENTREPRENEURSHIP AND PUBLIC SUPPORT FOR ENTREPRENEURS

The government tightened labour market rules to curb the use of temporary contracts. **The Law 96/2018** ("DecretoDignità"), adopted in August 2018, has introduced regulatory changes in the previous normative framework (Jobs Act). The law reduces the maximum duration of temporary contracts from 36 to 24 months and requires employers to provide formal reasons to extend contracts beyond 12 months (Otherwise, the contract is automatically converted into an open-ended one). The new rules apply both to fixed-term and agency-work contracts. The law also increases workers' compensation in case of unfair dismissals for open-ended contracts. For the period 2019-20, **existing incentives for hiring people under 30 are extended to persons aged 35 or less**. Furthermore, on September 2018 the Constitutional Court abrogated any automatic link between the job tenure and the indemnity for unfair dismissal, giving more leeway to the assessment by judges.

Despite new steps to strengthen public employment services and reduce regional disparities, **active labour market policies are barely integrated and coordinated with related policies** (e.g. social protection, social services, adult learning, and vocational training).

Major competences lie with regional authorities, which received new resources in 2018 to reinforce public employment services. A further comprehensive reform of the system is also envisaged to implement the activation component of the citizenship income scheme, with a maximum of EUR 1 billion for each year in 2019 and 2020 allocated by the 2019 Budget Law. Investment in staff is crucial to improve the quality of the public employment services. Monitoring indicators and minimum standards were set at the national level by Decree in January 2018 but strengthening coordination between the national agency (ANPAL) and regions remains a major challenge. Following the 2019 budget law and the Decree on the Citizen Income, public employment services are being linked through a newly developed national IT system. Beneficiaries of the citizenship income scheme will be supported in their job search by specialised staff ("navigator"). Beneficiaries will also receive the re-placement voucher, with the aim to increasethe take up, which has been very limited so far.

The Youth Guarantee scheme is supporting an increasing number of young people. Since its launch in 2014, 1.4 million young people have registered, out of which 53% have received support through activation measures. However, large discrepancies persist across regions, with 45 % of the young covered by the scheme in the South compared to 71.1 % in the North-West. Traineeships are by far the most common provided measure. Their potential substitution effects and their impact on labour market segmentation should be further monitored.

Italian system for entrepreneurial support is mostly managed by regions through Regional Operative Programmes financed by ERDF and ESF....

The Emilia-Romagna ROP ERDF 2014-2020 aims to support the regional socio-economic dynamism and to promote its process of change towards smart innovation and creativity, digital and sustainable economy. Innovation strategy is based on the regional Smart Specialisation Strategy, but the scope of the program is to combine innovation with sustainable development and social change.

The budget of 480 M€ is funded by the EC for 50%, by the Italian government for 35% and by the Region for 15%. Research, innovation and digital agenda

represent 62% of the total budget.
The ROP is organised in six axes of policies:

- Reinforcing regional innovation system and promoting dynamism in the productive system, through the following main measures: strategic R&D projects, business R&D collaborative projects, innovative start ups, innovation and diversification, networking for innovation, research infrastructure.
- Digital agenda, that will extend the broadband to the major industrial parks of the region.
- **Support firms' competitiveness and investment. This axe supports SMEs investment in ICT, promotes financial innovation and internationalization**;
- Promoting low carbon economy, by supporting projects of energy efficiency or introduction of renewable energy and sustainable mobility.
- Valorise the regional cultural and environmental heritage and promote sustainable tourism. This action promotes the creation of integrated activities for the promotion of the regional environmental and cultural heritage.
- Urban qualification, through which are sustained projects aimed at developing innovation labs for the diffusion of opportunities and solutions of the digital agenda to firms, citizens and institutions.

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