



ESF CoNet PROJECT: INTERNATIONAL LEARNING MODELS

REPORT FOR MARCHE

A report prepared by the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development in collaboration with the ESF CoNet and the Region of Marche.

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ABSTRACT

This report has been prepared as part of the ESF CoNet supported project: International Learning Models. A team of OECD and Italian experts visited Ancona in the Marche Region of Italy in May 2009 for a short study visit, looking specifically at provincial and regional methods for improving the participation of women in the labour market by introducing work-life balance vouchers and other measures to reform and improve childcare and general working practices. The study was undertaken as a peer review as part of a broader study investigating the design and effects of social policy funded through the European Union's Social Fund and the CoNET network. The study visit timetable can be found at Annex 1. This report is based significantly on the available statistics and on material gathered from the study visit.

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Introduction

Italy is now in the midst of a deep recession, as are many other countries, and there is great uncertainty about the timing and strength of the recovery. Moreover, several years of low productivity growth and declining aggregate profitability left Italy's export-oriented economy particularly vulnerable to the slump in world trade. (OECD, 2009)

The Marche Region, like the rest of Italy and Europe, is suffering the effects of a sudden and deep economic recession. The free market model had driven growth for the best part of two decades, but it is now in a major crisis. In October 2008, the former U.S. Federal Reserve chairman Alan Greenspan admitted that he could never have envisaged the "once-in-a-century credit tsunami" that has wreaked havoc on national economies throughout the world. Greenspan, who led the Federal Reserve for nearly two decades, said the financial crisis had "turned out to be much broader than anything I could have imagined". And he warned the economic meltdown will drive millions of people out of work.¹

Many countries, cities and regions had already been experiencing major challenges – in many places linked to economic events and crises of the relatively distant past; de-industrialisation, shifting global trade patterns, new methods of production and rapid technological and economic change. The industrial and sectoral composition of the Marche economy had already created serious pressures before the recent crisis. Manufacturing (especially textiles and footwear), food production and processing and engineering have all been particularly affected by globalisation and technological change in the past two to three decades with employment decline, widespread outsourcing and/or relocation to the developing world and intensifying competition.

Marche's predominantly small firm culture has both simultaneously exposed and insulated from these trends bringing increasing competition and declining profitability. The small family firm structure rooted in local economies in the region has meant that many such firms have carried on with their methods and processes regardless of global changes in markets and production. Networks and interrelationships between firms and sectors have provided some resilience, reinforcing the status quo, but overall trends have been extremely challenging and in the longer term the firm structure may inhibit innovation and, ultimately, place more firms and jobs at greater risk in globally traded sectors.

On top of these recent and long term economic shifts, come major challenges brought by environmental and demographic change. So today, cities and regions, such as Marche, are finding that they must face all of these crises together: rapid economic and social change exacerbated by the global economic crisis, deep seated population issues and an uncertain future. Further challenges add to this, including structural problems at the national level – ageing populations, declining birth rates, high levels of migration and environmental issues.

Marche and its provinces, like Italy and much of western Europe, was already faced with the challenges of economic reform and major demographic and social problems. The Italian state knew that reform was required even before the recent economic crisis and that this has intensified and accelerated because of it. In 2007, prior to the current economic crisis, the OECD's economic study of Italy summarised the challenges of poor productivity, high public debt, demographic problems and costs associated with an ageing population and a relatively bleak warning on living standards:

A welcome economic recovery is under way in Italy. In part, this reflects the cyclical upswing in the rest of Europe, but there are also early signs of a more fundamental

improvement, notably in terms of export and labour market performance. Even so, medium-term prospects remain challenging: total factor productivity shows little signs of resurgence, high public indebtedness threatens fiscal sustainability and population ageing looms large. Without further reforms to restore economic dynamism, living standards will be dragged down relative to other countries. (OECD, 2007)

And this was before Greenspan's "tsunami" hit.

The OECD's economic study in 2009 updates and reiterates these warnings:

Despite adopted reforms, growth in Italy was low, partly as a result of still excessive or cumbersome regulation, low competition in some sectors and a mostly inefficient public sector. These problems need to be addressed in order to restore confidence in the Italian economy. Progress has been made in improving regulation, but higher productivity growth remains elusive. Parts of the service sector remain largely protected from competition or encumbered with excessive regulation, sometimes varying across regions. Inefficiencies in public administration can also add to the obstacles faced by the private sector. (OECD, 2009)

The effects of such longer term structural issues taken together with the recent crisis are quite stark, despite several active measures introduced by the Italian Government in 2009 (see Box 1 below).

The labour market took a long time to react but is now weakening. Total full-time equivalent employment continued to grow up to the third quarter of 2008, with only a small fall in the fourth quarter even as GDP plunged. The pace of decline can be expected to pick up in the first half of this year; the use of the "*cassa integrazione*", in which companies may put workers in short time, already began to rise very sharply in January and February, having reached a historical low a year earlier. Unemployment had fallen fairly steadily for nearly 10 years until mid-2007, at least partly due to earlier labour market reforms introducing a considerable degree of flexibility in short term contracts. Throughout this period the labour market had successfully coped with a growing labour force due to both immigration and rising female participation. But this trend seems now to have reversed and by the end of 2008 unemployment was half a per cent above a year earlier, whereas GDP had fallen 3%.

Box 1. Spending measures in Italian “anti-crises” packages

Two packages have been presented, one announced in November 2008 and finalised in January 2009, the second announced in February 2009. These packages have two main characteristics: individual elements are small in macroeconomic terms, and they are designed to be fiscally neutral overall with spending increases or tax cuts in individual areas being offset by spending cuts or revenue increases elsewhere. The main spending increases are:

- Increased income support for low-income families, through a family bonus.
- The extension of unemployment benefits and temporary inactivity payments to some short-term contract workers in some sectors.
- Acceleration of some infrastructure projects, notably school and prison building, environmental infrastructure, museums and archaeological infrastructure.
- Incentives to buy low-emission cars.
- More spending on railway operation and infrastructure, provided new operating contracts are better oriented towards rationalisation and efficiency.

Revenue cuts involve:

- Freezing the prices of services provided by publicly-owned operators.
- A cap on the rate of interest on variable-rate mortgages (the government to make up the difference to lenders).
- Tax incentives to buy household appliances and furniture.
- Prolonging the partial tax exemption on productivity-based pay increases.
- Partial deductibility of the IRAP (regional tax on productive activities) against corporate and personal income tax.
- Reductions in advance tax payments by incorporated companies.

Spending reductions include:

- Lower spending on training and employment measures.
- Lower spending on regional policy.

Revenue increases include:

- Bringing tax accounting better into line with company accounting, on a voluntary basis.
- Better checking of tax declarations.
- Better tax collection.

Source: OECD Economic Outlook 2009

Introduction to the Marche Region

The Marche Region is situated in central Italy, stretching across from the Apennine mountains to the Adriatic coast in the East. Its largest city is the port and regional capital, Ancona, with approximately 100,000 inhabitants. With its sea and land links, the region is described as a gateway to both Southern and Eastern Europe. Overall the Marche region has a population of 1,329,685 inhabitants distributed across many rural and small urban centres in an area of over 10,000 km². It is split into four provinces² and 246 municipalities:

- Macerata
- Pesaro Urbino
- Ancona
- Ascoli Piceno

According to the EU, the Marche Region is one of the top 25 industrialised regions in Europe, with a diverse economy consisting of sectors and clusters of artisans, mechanics, shipbuilding and repair/ports, footwear/leather, wood/furniture, textile/clothing, some plastics/electronics, food processing along with the presence of universities and research centres.

The success of the Marche region's economic performance is built on industrial production, mainly resting on well established sectors made up of some 40 000 small and medium sized enterprises, 90% of which have less than nine employees (and most of them considerably fewer). Many have been small, family firms for many years and this stability of size and ownership contributes to traditions, skills and networks in the area. They perform mainly in four sectors: textiles and shoes, shipbuilding, wood processing and mechanics. This high industrial share, undoubtedly the crucial underlying factor of high employment and low unemployment rates compared to most other Italian regions, may now, amidst the current crises, make the region more vulnerable and potentially harder hit over a longer period.³

The small firm entrepreneurial structure is well embedded in the region, and so is also the carrier of a strong social network, which characterises life and business in the Marche Region and is perhaps one of the main factors of its longstanding success. The strong negative effects that can be expected for many small businesses as a result of the current crises might therefore damage more than just the Marche economy. Indeed, it is likely to damage the underlying social network around and between the small family firms too.

Prior to the visit of the OECD team, the Marche Regional authorities prepared their own assessment of the strengths, weaknesses and opportunities in the regional labour market. The strengths, backed up by clear data, included this high degree of "inter-connectedness" between small firms and also the increasing economic activity and employment rates especially for older workers. Relative to Italy (and in many cases to Europe as a whole), Marche performs strongly in its male employment rate and its low overall unemployment rate. Importantly, it also performs strongly in its higher proportion of graduates than Italy as a whole.

Weaknesses included Marche's lower activity rate compared to the European average (including for young people and for the 45+ and 55+ age groups) and its poor performance on education and training with relatively low proportions of STEM (science, technology, engineering and mathematics) graduates and of adults in training. In the context of this peer review visit, the most significant

weakness was the low female employment rate – well under the European average. The steady outperformance of at least 5% points ahead of the Italian average employment rate over the six years is shown below in Table 1.

Table 1. Marche's employment performance (Employment rate % age 15-64)

| Year | Marche Region | Italy |
|--------------------------|---------------|-------|
| 2004 | 63.8 | 57.4 |
| 2005 | 63.5 | 57.5 |
| 2006 | 64.4 | 58.4 |
| 2007 | 64.8 | 58.7 |
| 2008 (to 30th September) | 64.0 | 59.0 |

Source: Marche Background Report for OECD visit – May 2009

As set out in the background report to the visit, the Region also faces many of the same issues and challenges common throughout Italy and western Europe in particular; a low fertility rate, a declining overall population, growth of an ageing population and a growth in immigration. As discussed in the introduction to this paper, the Marche region, like the rest of Italy, is also facing many wider economic and social challenges. Italy's and Marche's economic record and standards of living are increasingly threatened by poor productivity and a declining relative working age population – see Tables 2 and 3 below:

Table 2. Italy's per capita GDP growth relative to population change 1970-2005

Annual average growth rates

| | Per capita GDP | GDP per hour worked | Hours /working age person | Working age population /total population |
|-----------|----------------|---------------------|---------------------------|--|
| 1970-1980 | 3.1 | 4.7 | -1.6 | 0.0 |
| 1980-1995 | 2.0 | 2.2 | -0.6 | 0.4 |
| 1995-2005 | 1.2 | 0.9 | 0.6 | .0.3 |
| 1995-2000 | 1.9 | 1.5 | 0.6 | -0.2 |
| 2000-2005 | 0.9 | 0.7 | 0.7 | -0.4 |

Source: OECD Economic Outlook No. 80 database and OECD Productivity database (2006)

Table 3. Age structure of population

| Years/Age | 0-14 | 15-64 | Over 65 |
|---------------|------|-------|---------|
| 1980 | 22.6 | 64.4 | 13.1 |
| 1990 | 16.8 | 68.5 | 14.7 |
| 2000 | 14.3 | 67.6 | 18.1 |
| 2001 | 14.3 | 67.3 | 18.4 |
| 2002 | 14.2 | 67.1 | 18.7 |
| 2003 | 14.2 | 66.8 | 19.0 |
| 2004 | 14.1 | 66.4 | 19.2 |
| 2005 | 14.1 | 66.2 | 19.7 |
| 2006 | 14.1 | 66.0 | 19.9 |
| 2006 (Marche) | 13.2 | 64.3 | 22.5 |

Source: Annuario statistico italiano 2005 and 2008, ISTAT (Italian Statistical Institute)

On top of the current economic crisis and the underpinning economic and structural changes of the last three decades, Italy is among the OECD countries that are being most severely hit by population ageing. Very low fertility rates and the lengthening life expectancy of its relatively large post war baby boom generation have exacerbated the sharp rise in the dependency ratio over the next thirty years (to 62%, at the EU's high end).

The challenge to address this in Marche, and in Italy, is to make fuller use of the human resources available, including via immigration, better rates of female and older worker participation, and the highest possible youth employment rates. The real levels of participation and integration of many of these groups is difficult to ascertain, as the so called "informal economy" is a major feature of both the Marche and the Italian labour markets, with many working illegally and many firms and individuals under-reporting economic activity. Though it is better to be working in the informal sector than not at all, widespread informality will not help to develop a modern market economy:

First, it narrows the tax base, entailing a higher tax rate on those who pay. In the end, lower skill people are likely to enter work through the informal door, as the economy gets stuck in a sub-par equilibrium. Rapid public spending growth exacerbates the syndrome by further pushing up tax pressure. Second, it undermines the development of human capital, hence productivity, because informal workers are rarely trained and, being consigned to second class status, have no pension rights either. (OECD, 2007)

Table 4 (below) shows that Italy has experienced a consistently poor employment rate amongst both OECD and EU countries. Even though it has risen (particularly for women) over the last two decades – from 52.1% in 1985 to 57.5% in 2005 (caused mainly by the rise from 35.3% to 45.3% for women, whereas male employment rates have remained more or less constant), Italy still trails the EU 15 average of 65.2% and the OECD average of 65.5%.

Potential explanations for low productivity growth in Italy since 2000 are commonly thought to relate to this large informal economy, the nature and dominance of the Italian family firm⁴, low education, lack of innovation and research, and the presence of constraining regulatory issues in the economy. All of these issues are replicated in the Marche region to some degree, although, as in Italy generally, many of these factors are notoriously hard to evaluate empirically.

Labour Force Participation and Productivity Issues

In recent years, per capita GDP has though been clearly affected by the level of labour force participation. The employment rate in Italy is well below average for OECD countries. Measured on the population aged 15-64, only 59% of Italians are employed compared with an EU average of 67% and an OECD average of 69%. For males aged 25-54 the employment rate is similar to the EU and OECD averages. But all other age-gender groups show relatively low employment, including prime-age females, although the difference there is actually somewhat lower than for both older females and the 15-24 age group (Figure 1 below). The gap between female and male employment has been falling faster in Italy than in most other countries, but it still remains relatively high by OECD standards, even for prime age groups (OECD, 2008).

Figure 1. Labour Market Performance: International Comparisons

| | 1985-1995 | | | 1995-2005 | | | 1995 | | | 2005 | | |
|------------------------------|-----------|---------|---------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Italy | EU15 | OECD | Italy | EU15 | OECD | Italy | EU15 | OECD | Italy | EU15 | OECD |
| Employment rate ¹ | 52.1 | 60.3 | 52.5 | 54.1 | 62.9 | 54.9 | 51.2 | 58.5 | 63.4 | 57.5 | 65.2 | 65.5 |
| <i>of which:</i> | | | | | | | | | | | | |
| Men | 69.2 | 72.7 | 76.5 | 68.3 | 72.1 | 75.6 | 67.0 | 73.0 | 76.3 | 69.7 | 72.9 | 75.0 |
| Women | 35.3 | 48.1 | 52.5 | 39.9 | 53.7 | 54.9 | 35.4 | 44.2 | 50.8 | 45.3 | 57.5 | 56.1 |
| Unemployment rate | 11.4 | 10.0 | 7.3 | 10.2 | 9.1 | 6.9 | 11.7 | 10.7 | 8.0 | 7.8 | 8.4 | 6.8 |
| <i>of which:</i> | | | | | | | | | | | | |
| Men ¹ | 8.0 | 8.6 | 6.8 | 7.9 | 8.1 | 6.5 | 9.0 | 9.6 | 7.5 | 6.3 | 7.7 | 6.5 |
| Women ¹ | 17.3 | 12.0 | 8.0 | 14.0 | 10.4 | 7.4 | 16.3 | 12.5 | 8.7 | 10.1 | 9.2 | 7.1 |
| Long term ^{1, 2} | 81.8 | 67.8 | 48.3 | 75.9 | 64.4 | 47.5 | 80.2 | 71.8 | 48.8 | 67.7 | 60.4 | 46.9 |
| Young ³ | 32.6 | 19.4 | 14.2 | 28.7 | 17.3 | 13.1 | 31.9 | 22.3 | 16.4 | 24.0 | 16.6 | 13.3 |
| Participation rate | 58.8 | 66.9 | 69.5 | 60.2 | 69.2 | 69.9 | 57.9 | 65.5 | 68.8 | 62.4 | 71.1 | 70.2 |
| <i>of which:</i> | | | | | | | | | | | | |
| Men | 75.2 | 79.5 | 82.0 | 74.1 | 78.4 | 80.8 | 73.6 | 80.7 | 82.5 | 74.4 | 78.9 | 80.3 |
| Women | 42.6 | 54.3 | 57.2 | 46.3 | 60.0 | 59.2 | 42.3 | 50.5 | 55.6 | 50.4 | 63.3 | 60.3 |
| Older persons ⁴ | 32.5 | 40.4 | 49.3 | 30.1 | 42.8 | 51.2 | 29.6 | 41.3 | 49.2 | 32.6 | 50.6 | 54.5 |
| <i>of which:</i> | | | | | | | | | | | | |
| Men | 51.6 | 55.7 | 32.5 | 44.0 | 53.7 | 30.1 | 46.5 | 59.3 | 33.9 | 44.3 | 57.2 | 32.6 |
| Women | 15.1 | 26.3 | 35.2 | 17.2 | 31.9 | 39.5 | 14.1 | 25.4 | 34.1 | 21.5 | 38.3 | 43.9 |
| Hours worked ⁵ | 1 906.6 | 1 543.0 | 1 448.2 | 1 847.7 | 1 665.8 | 1 669.5 | 1 876.0 | 1 413.2 | 1 292.0 | 1 791.0 | 1 634.0 | 1 541.2 |

1. Refers to population aged 15 to 64.

2. Share of unemployment for 6 months and over.

3. Refers to population aged 15 to 24.

4. Refers to the population aged 55 to 64.

5. Refers to annual average, including self employed persons, unweighted average for OECD.

6. Refers to annual average per working age person, unweighted average for EU15 and OECD.

Source: OECD (2006), OECD Employment Outlook.

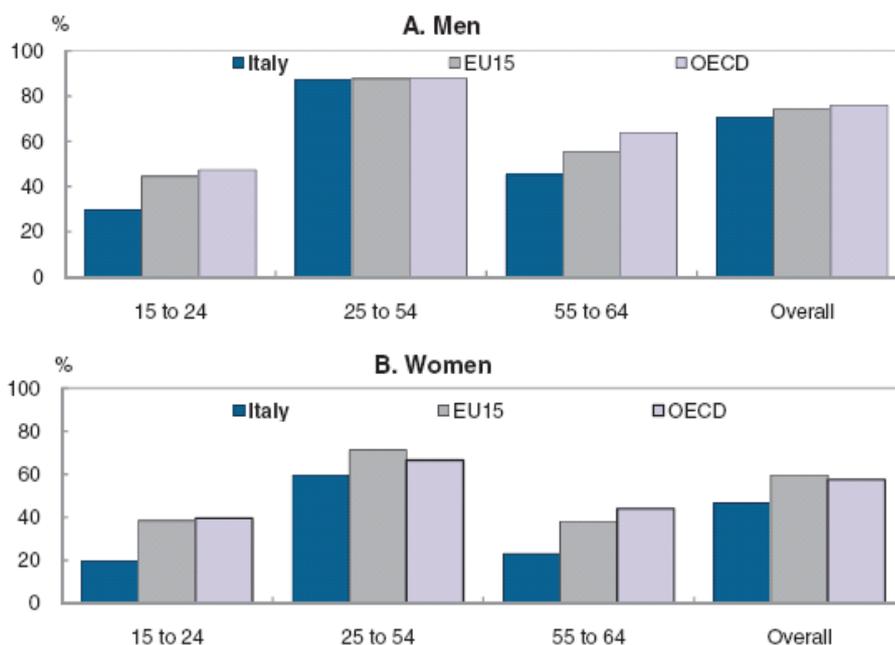
The dominance of the small family firm or SME in Italy generally but also in Marche – especially in craft, footwear and textile companies is a specific area of interest with regard to female employment issues. Although employment in these sectors is predominately male, and first effects of the economic downturn consequently show an increase in male unemployment, there is the fear that in the middle- and long-run it will be women who will have to pay the price of the crises, being (again) pushed out of the labour market into family care. This would counter successful political efforts of the last decade to increase the share of women on the labour market, and have negative long term consequences on economic performance, individual household income and social (especially pension) systems.

A Problem of Low Skills and Low Skills Utilisation?

A problem that underpins both the poor productivity and employment performance of Italy relative to other EU and OECD countries is the country's low levels of education and training especially amongst its adult population (see Figure 2 below). The relationship between skills and employment levels and overall productivity is important and it is clear that a part of Italy's poor economic performance has been because of poor skills levels in the population and poor utilization of skills and human capital in the workplace. In recent years, Italy's share in world trade has declined and low productivity growth has led to a widening gap in GDP per capita with the best OECD countries.

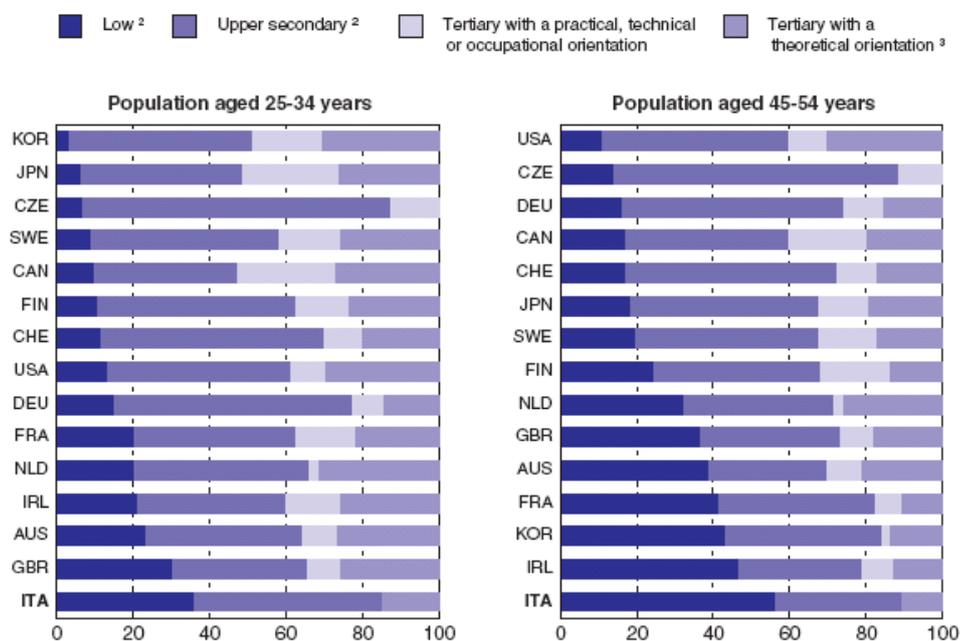
Improving levels of research and development and innovation in the economy is a crucial part of the solution and a key challenge for the Marche region. In some cases there has been significant improvement in the proportion of residents with higher level skills – including women – but thus far

Figure 2. Employment rate by age and gender, OECD (2008)



Source: OECD Labour Force Statistics.

Figure 3. Italy's Low Skill Problems (2004)



1. 2003 for Netherlands and Sweden, 2002 for Canada and United States.
2. Low comprises persons having primary school, lower secondary school or ISCED 3C short programmes as their only formal qualification; upper secondary includes also post-secondary-non-tertiary programmes.
3. Includes tertiary with a practical, technical or occupational orientation for Italy.

Source: Cotis (2006) in OECD (2007)

the deployment of new skills has yet to have a discernible impact on working practices, wages or productivity. The under utilisation of skills in Marche firms (and especially those of women workers) is an issue of particular significance for this report.

The issue of poor skills utilisation sets out two distinct challenges to the authorities in Italy and in Marche; firstly, to boost skill levels generally either through migration or training (or both) and, secondly, to boost the levels of high, postgraduate skills in particular.

Women in Marche and Italian Labour Markets

Two clear weak points of the Italian and Marche labour markets are therefore the low participation rate of women and the poor utilisation of women's skills. In Marche region, the situation is much better than the Italian average⁵, but the female participation rate is at 54.8% (2007) and is still considerably lower than the European average (Marche Region Background Report, 2009). Although the rate has improved by 10% over the last 10 years, the Lisbon objective of 60% participation by 2010 still appear to be out of reach.

In 2006, female employment rates were highest (over 80%) in Iceland, and in Denmark, Norway, Sweden and Switzerland (over 70%), all well above the OECD average of 57%. Female employment rates are below 50% in Greece, Mexico, Poland and Turkey, as well as Italy. The intensity of female labour market participation also differs, with part-time employment being very common in Australia, Germany, Japan, the Netherlands, Switzerland and the United Kingdom.

Female employment rates and average wages are both relatively low, while the level of education of younger females measured in terms of years spent in full time education is, for the new generations, somewhat higher than that of males. While low educational attainments may explain activity rates among women over 45-50, low female participation rates even among the youngest cohorts may have several other causes. Low provision of formal child care services means that the opportunity cost of work for mothers with young children is higher than in many other countries; this is also likely to be an important factor behind relatively low female participation (see, for instance, Jaumotte, 2003; D'Addio and d'Ercole, 2006; OECD 2007). Discrimination and occupational segregation might be other possibilities for low activity rates among Italian women, though there is no solid evidence supporting this explanation.

The global economic crisis and continuing demographic change in the Marche Region, has significantly slowed the previous increases in female employment evident in the Region. Between 1993 and 2007 the gender gap had been decreasing: the activity rate gap by 11% points and the employment rate by 10% points. The Lisbon Strategy target for female employment rate of 60% by 2010 seems unlikely to be reached and Marche Region indicators show a situation considerably worse than the European average. The table below shows the Marche regional labour market data, according to gender.

Table 4. Marche labour market by gender

| | Marche | | Italy | |
|--------------------------------|---------|----------------|------------|------------------|
| | Male | Female | Male | Female |
| Labour force | 391,998 | 290,023 | 14,779,254 | 9,948,624 |
| Employed | 381,327 | 272,269 | 14,056,827 | 9,165,010 |
| People looking for a job | 10,671 | 17,754 | 722,427 | 783,613 |
| Inactive people in working age | 114,999 | 203,813 | 4,983,691 | 9,612,166 |
| Activity rate (15-64) | 76.8 | 58.5 | 74.4 | 50.7 |
| Employment rate (15-64) | 74.7 | 54.8 | 70.7 | 46.6 |
| Unemployment rate | 2.7 | 6.1 | 4.9 | 7.9 |

Source: Extracted from the "2008 Marche Region Market Labour Annual Report", delivered by the "Osservatorio Regionale Mercato del Lavoro"

Female Participation and Motherhood Factors

Italy, along with Spain and Greece, is one of the European countries with the lowest participation rates of mothers with young and school age children. Although there is little available national data that combines information on child care use and labour market participation, it is commonly believed that the limited availability of childcare and school hours are often incompatible with full or even part time working hours and thus are major factors in Italy (Del Boca, Locatelli and Vuri, 2004). A further factor may be the disincentives to find either formal or informal childcare because of limited labour market opportunities – either good jobs themselves or jobs that might fit some caring responsibilities more easily with flexible hours and nearby opportunities.

Unlike other northern European countries, the number of private childcare facilities has not increased significantly over the last few decades and large proportions of Italian families still rely on informal child care arrangements often with family members such as grandparents. As Table 6 (below) shows, the proportion of women in the labour market in Italy has therefore increased at a much slower rate and to lower overall totals than in other countries such as the UK, France and Denmark where childcare is more readily available.

Table 5. Female participation rates (%) in selected countries

| Country | 1977 | 1999 |
|--------------|-------------|-------------|
| Italy | 37.6 | 44.1 |
| France | 53.0 | 59.8 |
| Spain | 33.0 | 47.1 |
| Greece | 33.3 | 47.5 |
| Denmark | 64.7 | 75.1 |
| Sweden | 70.0 | 74.5 |
| U.K. | 56.3 | 67.5 |

Source: OECD, Eurostat 2001 Statistics in Focus

In Italy, as in most European countries, public child care is funded, organised and delivered by local provinces and municipalities. In Marche, like most of Italy, there is a specific shortage in childcare for children under three years of age, as compared to other European countries as shown in Table 7 (below).

Table 6. Proportion of your children (%) using formal child-care arrangements

| Country | Year | Aged under 3 | Aged 3 to school age |
|--------------|-------------|--------------|----------------------|
| Denmark | 1998 | 64 | 91 |
| Finland | 1998 | 22 | 66 |
| Sweden | 1998 | 48 | 80 |
| Greece | 2000 | 3 | 46 |
| Italy | 1998 | 6 | 95 |
| Portugal | 1999 | 12 | 75 |
| Spain | 2000 | 5 | 84 |
| Ireland | 1998 | 38 | 56 |
| UK | 2000 | 34 | 60 |
| Austria | 1998 | 4 | 68 |
| Germany | 2000 | 10 | 78 |
| Netherlands | 1998 | 6 | 98 |
| Belgium | 2000 | 30 | 97 |
| France | 1998 | 29 | 99 |
| USA | 1995 | 54 | 70 |

Source: OECD, Employment Outlook, 2001 (quoted in Del Boca 2002)

Table 7. Child care availability by Italian region (per 100 children)

| Region | Availability |
|----------------|--------------|
| Emilia Romagna | 18.3 |
| Valled'Aosta | 12.3 |
| Umbria | 11.6 |
| Marche | 11.5 |
| Toscana | 11.3 |
| Piemonte | 10.7 |
| Lombardia | 9.7 |
| Liguria | 9.7 |
| Lazio | 8.5 |
| Friuli | 7.8 |
| Trentino | 7.5 |
| Italy | 7.4 |
| Veneto | 7.2 |
| Sardegna | 6.4 |
| Basilicata | 5.2 |
| Sicilia | 4.7 |
| Abruzzo | 4.1 |
| Molise | 2.9 |
| Puglia | 2.7 |
| Campania | 2.2 |
| Calabria | 1.9 |

Source: ISTAT - Annuario Statistico Italiano 1999-2001; Ministero del Lavoro e delle Politiche Sociali: I servizi educative per la prima infanzia, 2002.

In Marche the situation is, like in many other factors, relatively good by Italian standards, but as shown in earlier data, is historically very poor when compared to other European regions and nations. There are also clear differences in employment participation according to the status of women with and without children. During the discussions with representatives from the Province of Macerata, it was seen that the employment rate for single women was 87.3%; 74.3% for women in couples without children but only 55.5% for women in couples with children, and 37.5% for women in couples with three children or more. Almost two out of three women (64%) of the main age group between 35 and 44 were not looking for work because of childcare responsibilities.

Labour Market Objectives in Marche

To the credit of the authorities in the Marche region, there is a clear understanding of these challenges together with a will to address them and to increase female participation in coming years. The strategies to deliver such improvements are described in the 2008 Marche Region “Labour Quality and Employment Annual Programme” setting out the following active labour policies (with the budgets allocated for each measure):

- Training and Education Policy (EUR 16.25m)
- Employment Policy, focusing on:
 - Immigrants (EUR 1.46m);
 - Women (EUR 5.45m);
 - Disabled and disadvantaged people (EUR 2m);
 - Economic crisis measures (EUR 10.09m);
 - Entrepreneurship support (EUR 4m); and,
 - Young people (EUR 21.44m).

Women are therefore one of the main target groups targeted by Marche’s Regional labour policies, both in terms of specific policies funded by a budget of nearly EUR 5.5 million, but also through general measures aimed at boosting education and training and support for entrepreneurship, as well as measures to help young people and migrants.

Good Practice 1: Work-life balance measures in Marche

As part of this ambition to improve female participation, regional officials in Marche decided to adopt a series of measures in order to help working women (and families in general) to build increased labour market participation through the facilitation of a smoother and easier balancing of work and life issues. Of course, the benefits of pursuing work-life balance policies run more widely than female participation in the labour market, with other potential benefits to the child, the family and to the workplace.

Finding a good work/family balance is an important element in getting good child development outcomes as well as helping parents to realise their labour market and family aspirations. Furthermore, a better reconciliation of work and family life can reduce health and stress risks, which can contribute to stronger parent-child and parent-parent relationships. (OECD, 2007a)

Work-life balance is a concept that enables people to have a measure of control over when, where and how they work, so that they are better able to balance work and family responsibilities. According to the Work Foundation, a leading UK think tank, “work-life balance is best achieved when an individual’s right to a fulfilled life inside and outside paid work is accepted and respected as the norm, to the mutual benefit of the individual, business and society”.⁶

Striking a balance between the needs of the individual employee, customer and organisation demands the following:

- **For Employees:** Different individuals will have different expectations and needs at different times in their life cycle.
- **For Customers:** Organisations need to respond to the demands of their customers if they are to continue to be successful.
- **For Organisations:** Organisations need to be able to manage costs, maintain profitability and ensure that teams work effectively together.

According to the literature, work-life balance is not just about new practices, systems and opportunities that benefit individuals and families. According to research in the UK and Austria⁷, there are business benefits too:

- increased productivity
- improved recruitment and retention
- lower rates of absenteeism, health problems and sick leave
- reduced overheads
- an improved customer experience
- a more motivated, satisfied and equitable workforce
- less work pressure and higher individual competences
- improvement of in-firm communication and co-operation;

Initially viewed as a workplace social responsibility, work-life balance initiatives are increasingly viewed as strategies for firms and labour markets seeking to establish competitive advantage by attracting the best, most productive, people to fill jobs. Work-life balance has therefore been recognised by companies as a crucial factor in work relations, especially regarding productivity and creativity and the overall binding of employees towards a company. More flexible work forms, reduction of overtime, more part time employees and variable hours are amongst measures often described as “family friendly”.

As the Marche policies have appreciated, changing the culture in workplaces is vital and must be addressed – a realisation also advocated by the OECD: “Family-friendly workplaces are essential for the reconciliation of work and family life. Even where countries have good public policies, if the workplace is not family-friendly, they will have little effect.” (OECD, 2007)

As discussed above, in the Marche Region, the theme of work-life balance and family friendly working has been addressed mainly through three specific types of interventions. Central to these has been the knowledge that the Marche Region offers good quality child care, but not enough to meet demand. It is widely accepted amongst both provincial and regional authorities that a decisive obstacle to increasing female employment is the lack of accessible and affordable childcare.

Box 2. Introduction to Work-life balance and Family Friendly Policies

What is Work-life balance Policy?

Many elements of work-life balance policy arise because of the vital interests of any society and state, e.g. child care, family and social structures, health, work related diseases and early pension requirements, labour productivity and income, and gender equality. Many of these issues are unlikely to be reconciled either by the market or by societal actions alone. They are therefore targeted by state interventions of various kinds, often implicitly and sometimes also explicitly in relation to a concept of work-life balance.

State interventions can be in the form of legal regulations, such as maximum working hours, parental child care leave, health provisions related to work or overtime taxation, to name a few. Another form of state policies relates to institutional support offered by the state, e.g. child care facilities and the price charged for them or national health provision. A third type of state intervention is financial incentives to allow individuals, but also companies, to choose other solutions than the current regional economic and labour market situation would provide them.

Depending on their main field of interest, state interventions can thus target employment and labour market policy (e.g. increase employability through better child care provisions, support of flexible work time solutions), social policy (e.g. parental leave, better child care provisions), health policy (e.g. special regulations for elder people on the labour market), family policy (e.g. family related social services), gender policy (e.g. support of measures to reduce traditional gender attributions that lead to disadvantages on the labour market, thus in the individual income).

What are family-friendly policies?

Family-friendly policies are those policies that facilitate the reconciliation of work and family life, ensure the adequacy of family resources, enhance child development, facilitate parental choice about work and care, and promote gender equity in employment opportunities. Family-friendly policies include improved access to affordable and quality childcare, financial support for children, arrangements that allow working parents to take leave to care for children, and flexible workplace practices that allow a better reconciliation of work and care commitments. They also include financial incentives to work for families with children and employment support for jobless parents.

Parents whose primary activity is looking after their children and/or elderly relatives are working – they are just not paid for the work. Casual references to the desirability of increasing the number of, say, mothers who “work” are resented as not acknowledging the importance of this unpaid work. Nevertheless, to avoid making the discussion overly cumbersome and wordy, “work” is often confined in this report to encompass all *paid* work (employment and self-employment). Whenever this usage might be confusing, an explicit distinction is drawn between paid and unpaid work.

“Families” and “reconciliation policies” are defined as follows by the OECD:

- *Families*: “Each household of one or more adults living together with, and taking responsibility for the care and rearing of one or more children.”
- *Reconciliation policies*: “All those measures that extend both family resources (income, services and time for parenting) and parental labour market attachment.”

Source: OECD (2007a)

The interventions are shaped around three measures:

- **Vouchers for childcare payments:** Financial transfer to women and families below a certain level of income who otherwise could not afford childcare services. Primarily targeted at employed women.
- **Co-operation with enterprises:** Funding made available to support new flexibilities and working practices in a few companies, demonstrating positive effects on both company productivity and on individual work-life balance.

- **Investing in extended facilities and services:** Funding made available for new childcare services (including longer opening hours of existing facilities), better or new transport services and other social services, including those for care of the elderly and other groups in need.

This three-legged approach is one of the most impressive aspects of the Marche policy – dealing simultaneously with three of the most important factors that otherwise might limit the ability of mothers to work; the availability of good quality and childcare, the ability for individual women to access it and the need to have flexible working conditions with an employer. By recognising and investing in all three issues, the programme in Marche clearly understands the inter-relatedness of these issues and the importance of developing initiatives in all of these areas.

This is in common with best practice and policy recommendations made by the OECD in the *Babies and Bosses* review in 2007:

The *Babies and Bosses* reviews advocated the use of a mixture of financing tools. Direct supply-side subsidies should be made towards capital investment, providers in deprived and/or scarcely populated areas and/or concerning the provision of services to children with special needs. In addition, as in Australia and the Netherlands, the private sector can be relied upon to provide childcare and when combined with demand-side funding to parents which is earmarked (vouchers), relatively high coverage of the population can be achieved. A further advantage of this approach is that parental choice is promoted, potentially leading to more variety in types of services and service providers, and efficiency can be promoted as well through competition between providers. Budgetary costs can be controlled through income testing and targeting of public supports on families which need it most. (OECD 2007a)

The First Call for Proposals

In this overall context came Marche's ambitions for both changing workplace and family culture and improving childcare infrastructure in the Region. The first call for proposals⁸ was issued in early 2006 and implemented between December 2006 and June 2008, and the second call closed on the 28th April, 2009 (a few days before the OECD team's Study Visit took place). The first call for proposals belonged to the 2000-2006 EU's structural funds policy period⁹; the second call for proposals and the voucher system belong to the current 2007-2013 period.

The first call for proposals was partially different from the second. It was a time constrained experiment attempting to test both the needs and proposed policy interventions aimed at improving female employment rates via various work-life balance initiatives. The one year period to develop and implement some Provincial pilot programmes delivered some positive and negative issues for the programme (see SWOT analysis and recommendations later in the report).

Vouchers were aimed at women with unmet care needs, especially for children under 12 or for disabled and/or elderly relatives. Eligibility was limited to women with incomes of up to EUR 16,000 per annum. Vouchers were distributed on a monthly basis (for a ten month period) up to a maximum of EUR 250 per month for eligible care expenditure such as childcare, baby-sitting, home assistance and other care-related issues, issuing refunds upon receipt of itemised expenditure. As described later in this report, this approach is to be applauded – combining supply and demand sides and enabling users to shape and 'co-create' new types and patterns of childcare provision.

The budget for the first call was EUR 1,013,083 and was allocated to two projects in the Provinces of Macerata, and Pesaro and Urbino:

1. Province of Macerata was allocated EUR 415,552 and introduced vouchers benefitting 126 women as well as other actions supporting eight local organisations/services, 11 sub-projects, one firm and one firm related sub-project.
2. Province of Pesaro and Urbino was allocated EUR 597,530 benefitting 253 women, three local organisations/services, six sub-projects, one firm and five firm related sub-projects.

The Second Call for Proposals

Within the 2007-2013 European Social Fund (ESF) Programme, the Marche Region rapidly developed a second call for proposals, again aiming broadly to improve regional competitiveness and employment. As in the first call, the objectives were as follows:

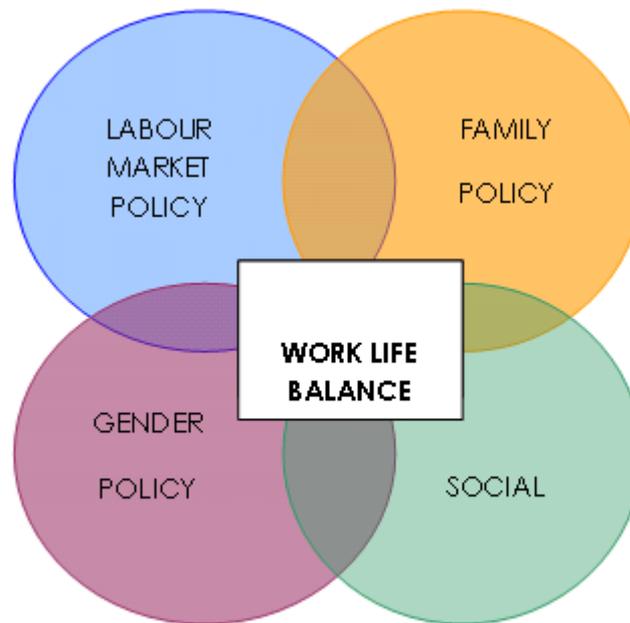
- Interventions aimed at the introduction of innovative work organisation methods for fostering work/life balance and women's career progression.
- Interventions aimed at improving women's employability, reducing the gender gap and fostering work/life balance.

The whole budget for the second call is approximately EUR 4,000,000 and is now co-financed by ESF and European Regional Development Fund (ERDF). Each single project is funded from EUR 400,000 up to a maximum of EUR 800,000. Overall it will be possible to finance between five and ten projects in the second call.

In the second call the vouchers are changing slightly as the programme and its intentions are refined and strengthened after the initial pilot phase in the first call. The Marche Region is not allocating each single voucher: instead, it is outlining specific guidance for each of the participating Provinces, in order to allow them to make their own call for proposals and to allocate their own vouchers, with EUR 1,000,000 available in each Province for this purpose. The new vouchers are also aimed at men as well as women, under a certain income (maximum EUR 20,000). Again this allows greater control over design and delivery at the point of use and delivery by empowering both users and provincial authorities.

As set out in Figure 4 (below), the approach in Marche can be seen as providing benefits in a number of areas at the same time. In this sense, the attempts to improve work-life balance (and female employment rates) are likely to have economic and social benefits but also specific gender and family related benefits too. The political framework of the approach chosen in Marche can therefore be depicted in the following way:

Figure 4. Work-life balance: Policies targeted in Marche Region



Whilst this alignment of benefits across several areas is useful, it provides some difficulties for evaluating all of the effects of the intervention. This is discussed more fully in the recommendations below, as it raises important issues about what are the main priorities for the policy intervention and thus the main objectives that can be monitored and assessed over time.

Good Practice 2: Developing User-led and Multi-faceted Approaches to Improving Work-Life Balance

The introduction of policies in Marche aiming to improve the levels of support for reconciling work and family life were unashamedly experimental in nature. There have been several waves and elements to this experimental process, but the following are the most significant:

1. Method of delivery – a “demand-led” process enabling service users to design and fund new services through the voucher process. This has ensured that investment is spent in the right places and in ways most suitable to the users of the services.
2. Developing a multi-pronged approach built on needs of users (parents/children), public services (childcare services and providers seeking extra investment) and private employers (requiring assistance to redesign working practices and processes).
3. Tapering public support and benefits system so that more support is made available to hard working families who would not normally qualify for financial support (specifically childcare assistance).

The willingness to innovate is, of course, a strength in itself, but the types of intervention, focusing attention on people and issues not considered priorities for public policy in the past, make the Marche approach doubly strong. Critics of such an approach may argue that the policies focus on firms and families that have managed reasonably well in recent years. A market failure is therefore

difficult to identify. However, the economic crisis combined with other economic and social challenges mean that families and firms are coming under increasing pressure.

There are strong political and demographic arguments that support such an approach. Politically, the family is an important focus for much policy and the “middle ranking” groups in any society are often the most significant politically because they are usually the largest socio-economic groups. In the UK and Australia, policies around what are described as “hard-working families”¹⁰ have been widely promoted by the governments.

Alongside this is a strong political argument about “fairness”. There is strong and compelling evidence throughout western democracies with well developed social security systems that state benefits should be allocated fairly according to both need and entitlement. The view that people should get help from a welfare system in proportion to their contributions is strongly held in many such countries alongside a willingness to help others if they are in real need especially if caused by issues outside of their control. It is often considered unfair by many people who work hard and play by the rules that there is little or no financial help for them when others seem able to access a wide range of services and financial support. Perceived fairness is a common characteristic of more tapered eligibility for financial and public service support as opposed to a more sudden cut off in eligibility for support. According to commentators in the USA, such as Fong, Bowles and Gintis (2004) and Dworkin (2002), this develops a strong principle on which welfare policies should be enacted. Essentially, this means that hard-working families should be able to access some support because of their circumstances and contributions through the tax system.

Accordingly, in framing the eligibility for individuals and families, the Marche region set annual salary limits that were relatively high and above the levels normally associated with benefits and state financial support of any form. However, it is clear that average salaries in both Marche and Italy are very low by EU standards. According to the OECD the average net salary in Italy in 2008 was USD 21,374 (EUR 15,846), just over EUR 1300 per month. It means that Italians are earning 17% less than the OECD average, and also significantly less than the EU 15 average (USD 27,793).

According to the OECD statistics on average incomes, Italy is classified in 23rd place within the OECD when it comes to the average net income (it was in the same place in 2007) and 22nd in gross salary terms (see Table 8 below).

Table 8. Average net salaries (US Dollars) in OECD Countries 2008

| Rank | Country | Annual average net salary (USD) |
|-----------|-----------------|---------------------------------|
| 1 | Korea | 39 931 |
| 2 | United Kingdom | 38 147 |
| 3 | Switzerland | 36 063 |
| 4 | Luxembourg | 36 035 |
| 5 | Japan | 34 445 |
| 6 | Norway | 33 413 |
| 7 | Australia | 31 726 |
| 8 | Ireland | 31 337 |
| 9 | Netherlands | 30 796 |
| 10 | USA | 30 774 |
| 11 | Germany | 29 570 |
| 12 | Austria | 28 996 |
| 13 | Sweden | 27 581 |
| 14 | Canada | 26 994 |
| 15 | Greece | 26 512 |
| 16 | Belgium | 26 311 |
| 17 | France | 26 010 |
| 18 | Finland | 25 911 |
| 19 | Iceland | 25 134 |
| 20 | Spain | 24 632 |
| 21 | Denmark | 24 531 |
| 22 | New Zealand | 23 650 |
| 23 | Italy | 21 374 |
| 24 | Portugal | 19 150 |
| 25 | Czech Republic | 14 540 |
| 26 | Turkey | 13 849 |
| 27 | Poland | 13 010 |
| 28 | Slovak Republic | 11 716 |
| 29 | Hungary | 10 332 |
| 30 | Mexico | 9 716 |

Source: OECD (2008)

Good Practice 3: Improving Work Organisation and Developing a Work-Life Balance Culture

There is almost endless literature on the positive results of work-life balance in firms. The key issue is what companies obtain by engaging in more flexible working arrangements based on the abilities, possibilities, interests and wishes of the individual employees compared to insisting on a strict time regime, high enforced work pressure and certain standardised qualifications based solely on short time productivity goals? Many private objectives and situations are hard to combine with company interests on first glance. There is usually some discretion offered by companies for employees in difficult situations but work-life balance and other related concepts for better stress and time management suggest that companies constantly engage in employment strategies that recognise individual possibilities and necessities.

It is especially important to frame these discussions in economic and demographic reality. The incentives for firms to engage in new work practices are lessened if the overall economic context is one of easy recruitment and available labour. However, as already discussed in this paper, this is not the reality of today or the future's labour market across the world. Over time the economic and demographic pressures described in the introduction will intensify and result in more and more skill shortages, a greater premium on talent and high skills and on innovation generally. In the short term, weaker labour markets with low skill needs and many applicants for vacancies, fuelled by recession and high unemployment, may disguise these overall trends for many firms, particularly for smaller enterprises. Economists and governments throughout the world agree that this is likely to be a

temporary phase and that where possible employers should be encouraged to raise their sights and look to the longer term.

This suggests a key leadership role for the regional government in Marche – one that sets out the challenges ahead and at the same time helps firms to adapt to these circumstances. This is a leadership role that has been emphatically embraced by the Region's government and combined with a clear desire to innovate and to take (justifiable) risks.

Box 3. Firms engaging in work organisation activities as part of Marche's work-life balance policy

1. Curvet® SpA in Colbordolo:

- Improved flexibility of work start times for 47 employees,
- Flexibility in trading shifts between 70 workers in the production line,
- Counselling service for 50 employees

2. DMM SpA, Sant'Angelo in Lizzola:

- Counselling services for all of their 117 employees,
- Flexibility for entrance and exit hours with time schedule compensation on a monthly basis that was used by two employees (one man and one woman),
- Reversible part-time working for mother returning from maternity leave

3. Labirinto Cooperativo Sociale, Pesaro:

- Time bank for 16 employees,
- Flexible self-management of time schedules for 13 beneficiaries,
- Individual counselling services when returning to work used by 7 employees,
- Time schedule flexibility in entrance and exit for 18 workers
- Two fathers took advantage of the paid paternity leave

4. SIFA SpA, Colbordolo:

- Counselling service for four employees, one of which was a woman,
- Working hours flexibility for entrance, exit and lunch break for 34 employees, of which 15 were women

Source: Presentation and Background Report to OECD visit (2009)

By including work organisation measures in the project, Marche is demonstrating both leadership and innovation. The awareness that only so much can be achieved without tackling the workplace cultures and traditions that typically provide few opportunities for women, and specifically for working mothers of young children, is central. Given the nature of employment in Marche, and in Italy generally, that is, many small and medium sized enterprises and family firms, it is clear that businesses will require help and support to change their working practices.

It is also clear from both the demographic and productivity evidence described earlier that firms need to help to understand the opportunities that changing their work practices are likely to bring them

too. This is an important “demand-side” issue and one that could feature more strongly in the materials and explanations of the programme’s purpose (see SWOT analysis and recommendations at the end of report).

A variety of methods have been used to ease the tensions between working and family lives. Many are related to time – with amended working hours and/or starting and finishing times during working days. Some have been related to improving transport (and therefore cutting down travel times between home and work and vice versa) such as the experiments with car pools, collective taxis and new factory shuttle services benefitting 1700 workers in the municipality of Pesaro.

International Learning Examples

1. England: Childcare, “Sure Start” and the “Right to Request” Flexible Working

The UK has more than doubled the number of childcare places, from 638,000 in 1997 to over 1.3 million in March 2009, based partly around the introduction of over 3,000 “Sure Start” children’s centres. All 3 and 4 year olds are also now entitled to a free part-time early education place (of 12.5 hours per week), if their parents want one.

Within the Sure Start programme introduced by the Labour Government shortly after 1997, a huge investment programme was announced to increase the availability of childcare in England and to complement it with a series of new rights and entitlements surrounding young children. These included new tax credit incentives alongside rights to universal childcare. Children’s centres were developed in every community as service hubs where children under five-years-old and their families could receive seamless integrated services and information. The government’s ambition was that by 2010, every community would be served by a Sure Start children’s centre, offering permanent universal provision across the country, ensuring that every child gets the best start in life. Currently these services vary according to the centre but are likely to include:

- Integrated early education and childcare – all centres offering Early Years provision have a minimum half-time qualified teacher (increasing to full-time within 18 months of the centre opening);
- Support for parents – including advice on parenting, local childcare options and access to specialist services for families;
- Child and family health services – ranging from health screening, health visitor services to breast-feeding support; and,
- Helping parents into work – with links to the local Jobcentre Plus and training.

The aim of Sure Start children’s centres is to improve outcomes for all children as well as to improve the ability of parents to get and sustain work. They are a vital part of the Government’s ten-year childcare strategy to enable all families with children to have access to an affordable, flexible, high-quality childcare place for their child.

Local authorities have strategic responsibility for the delivery of children’s centres, including the planning, location and development of centres to meet the needs of local communities, in consultation with parents, the private, voluntary and independent sectors, primary care trusts (PCTs), Jobcentre Plus and other key partners to deliver a range of services.

As in Marche, the UK Government has twinned increased childcare facilities and entitlements with demand-side initiatives designed to help employees and employers with changing work culture and organisation. The central policy in this approach has been the introduction of a “Right to Request Flexible Working”. “Flexible working” is a phrase that describes any working pattern adapted to suit the needs of parents. Common types of flexible working are:

- part-time: working less than the normal hours, perhaps by working fewer days per week;
- flexitime: choosing when to work (there is usually a core period which has to be worked);
- annualised hours: your hours are worked out over a year (often set shifts with the employee deciding when to work the other hours);
- compressed hours: working agreed hours over fewer days;
- staggered hours: different starting, break and finishing times for employees in the same workplace;
- job sharing: sharing a job designed for one person with someone else; and,
- homeworking: working from home

Anyone can ask their employer for flexible work arrangements, but the law provides some employees with the statutory right to request a flexible working pattern. Employers who receive such a request have a legal duty to give it serious consideration and to only reject requests based on pre-determined categories. However, regardless of the legal obligations, businesses are appreciating more and more how flexible working can benefit their performance, such as through improved staff motivation and productivity, easier recruitment and retention of staff and lower skills shortages.

The Work and Families Act 2006 is the first step towards delivery of some of the measures set out in the government’s response to the consultation, *Work and Families: Choice and Flexibility*, which was published in October 2005. It sought to establish a balanced package of rights and responsibilities for both employers and employees by:

- extending maternity and adoption pay from six to nine months from April 2007, towards the goal of a year's paid leave by spring 2010;
- extending the right to request flexible working to carers of adults from April 2007;
- giving employed fathers a new right to up to 26 weeks Additional Paternity Leave some of which could be paid, if the mother returns to work. (This will be introduced alongside the extension of maternity pay to 12 months.);
- introducing measures to help employers manage the administration of leave and pay and plan ahead with greater certainty from April 2007; and
- helping employers and employees benefit from improved communication during maternity leave.

2. Child care support and related politics in Austria¹¹

The Austrian Labour Market Service (AMS), responsible for labour market policy measures in Austria, has an instrument to support child care – *Kinderbetreuungsbeihilfe* – in its portfolio. This financial support is available to all women and men in need of child care because:

- they want to start work;
- they participate in an active labour market measure;
- their economic background has worsened considerably although they are working;
- changes in their working hours require a new care arrangement; or
- the traditional person caring is no longer available.

The maximum support time foreseen for one child is 156 weeks. The amount is dependent on the (family) income, the costs related to, and the type of, child care (full, half day and hourly services). The income limit is set at EUR 2,000 for single people and at EUR 2,912 for people in partnerships. In principle, all kinds of child care are eligible for funding, except family care or au-pairs.

As in Italy, Austrian women tend to stay away from the labour market for a number of years following childbirth, which then leads to disrupted careers, poor job offers and significant income differentials as compared to men. To counter this, the Austrian labour market policy has, for around ten years, followed a strict policy of gender mainstreaming with regard to child care policy – strongly supported and led by the ESF.

The AMS support to child care is thus dependent on individual need and subject to checking and approval. It is designed solely for labour market purposes. It has a clear social bias as it is related, in principle and in amount, to the individual (family) income, and takes into account single child care responsibility (as well as disability). No difference is being made as regards the sex of the applicants, though the vast majority of cases are female.

Since the 1980s a wide variety of counselling, guiding and training offers, specifically targeting women, has been developed and constantly enlarged by AMS. Different groups of women on the labour market; including the employed, unemployed, migrants, and those returning to the labour market after several years at home, are all targeted.

Family Policy

To get a clear picture of the policy attuned to more family related aspects of childcare support in Austria it is best to refer to the official statement by the Federal Ministry of Economy, Family and Youth on *Kinderbetreuungsgeld*:

The care for, and the raising of, children is a task to which parents are obliged to do out of personal responsibility, and civil society obligation, and which they are doing aside from their private interest, but also in the interest and benefit of society as a whole. In Austria, solidarity is organised by means of financial transfers, family supportive infrastructure and individual support ... By way of child care support (*Kinderbetreuungsgeld*) the care provided for by parents is being recognised and partly balanced; at the same time freedom

of choice is being enlarged and the compatibility of family and work is greatly improved. All parents are entitled to child care support regardless of having worked before birth.

Through the possibility of earning additional income of up to EUR 16,200 annually, a better compatibility of family and professions shall be ensured for mothers and fathers. This criterion shall furthermore ensure that parents stay in contact with their employer during child care leave. It is expected that these measures will positively influence the work life of women and a partnership approach to child care. (Austrian Federal Ministry of Economy, Family and Youth).

Financial Support for Children (*Kinderbetreuungsgeld*) is granted at the amount of EUR 14.53 per day for a period of 30 months; if parents share in child care this can be extended to up to 36 months. There is also a second option of a shorter, but higher allowance which follows the same principle. A supplement of EUR 6.06 is granted to low income parents/families in the form of a credit that has to be paid back at a later time.

There is a clear intention to increase the number of children born in Austria to balance the ageing society. Consequently (and in contrast to the clearly labour market orientated programmes of the AMS) this measure has a strong family policy aspect, and by recognising the invaluable contributions parents make to society as a whole by raising children the main intention is to ease their burden and the problems that might arise from this. As a family policy measure the included aspects of improved work-life balance are shaped solemnly around the compatibility of family and profession, as one would expect.

3. Child Care Policies in Europe

In 2002, explicit goals relating to the provision of child care services were set by the European Council as part of the conclusions of the Barcelona Summit. By making direct reference to the target of full employment and the need to increase especially female participation in the labour market, the Council addressed the lack of child care as one of the crucial elements to reach this goal. A target of childcare provision for 90% of all children between three years and the mandatory school age and for at least one out of three children under three years was set and reconfirmed in 2008 within the Employment guidelines for the years 2008-2010.

Though the close link between availability and affordability of child care and labour market participation, long term income and career perspectives (especially for women) as well as a better balanced demographic development of the society as a whole is well documented (Eurostat 2009), there is a surprisingly huge difference in European Union member states' child care provision and policies. For the group of the youngest (0-2 years) for example, formal childcare is available for 73% in Denmark but only for 2% in Czech Republic and Poland (Eurostat 2009). While in seven Member States (Denmark, Netherlands, Sweden, Belgium, Spain, Portugal and United Kingdom) and Iceland and Norway the use of childcare services is above, or at, the Barcelona target of 33%, childcare services are only used on a part-time basis (not covering a full working week) in others. The same difference, though on a higher overall level, can be observed for older age groups. For children from three to mandatory school age, only nine member states meet the targets set at Barcelona already in 2002 with formal child care provision varying from close to 100% (Belgium) to only 28% (Poland) (European Commission, 2009).

There are several different models applied in Europe. On the one end there is the "Nordic model" of the social state (Scandinavian countries), with heavily subsidised public child care provisions, long term entitlements to parental leave, flexible work schemes (also as a legal entitlement) and a much

higher participation rate of women in the labour market and an employment gender gap considerably lower than 10%. This does not mean that there is no discussion for change and further improvement. There is, for example, a discussion in Denmark, on more flexibility in child care provision (touching the limits of local communities' budgets), a tendency to more part time-care provisions in Finland to limit this care to real working time, and in Sweden development seems to go in opposite direction with opening child care places also to unemployed. Several countries are considering the creation of a legal right to child care (*e.g.* Norway and France), but budgetary restrictions make it seem unlikely that this will become reality soon.

On the other end there is a number of countries that have had almost no improvement in childcare or even a downward trend is visible, partly due to a controversial ideological fight about childcare being the responsibility of the mother who should therefore stay at home (Hungary, Slovak and Czech Republic) and partly also to the restructuring of former state services leading to fractures in the responsibility and severe problems in state, regional and community budgets.

The European Commission's comparative review on childcare identifies two different main models of child care provision being applied by European countries: the parallel and the sequential model. The parallel model, being applied, for example, in the Nordic countries as well as in France, allows for parents to choose between child care provisions or home care allowance after a first period of parental leave. Home care allowances are sometimes seen as a way to cut costs of publicly funded child care provisions (as in Finland). Although the measure is applied in different ways by the respective countries, a general tendency shows that the home care allowance seems to be a disincentive to work for low pay mothers, as the financial transfer they receive for home care is close to what they would receive as salary. This may further widen the labour market gap between high and low income mothers and families.

In countries that have a sequential model of child care provisions (*e.g.* the United Kingdom, Ireland, Germany, the Netherlands, Portugal, the Czech Republic), the general attitude is a period of parental leave followed by a period of child care. The main problem in this system is the deficit in child care facilities, leading to a period of certain months or even years between the end of paid parental leave and the availability of child care. This is again causing problems in the employment possibilities of (mainly) women. The strategies chosen by the countries to close this gap go into two directions: extending the parental leave periods and increasing the number of child care places.

The Czech Republic, going in the same direction as Austria (see above), has installed a system of different levels of parental leave support depending on the length of the leave period opted for (three or four years). As the shorter, higher "remunerated" leave period is available only to those above a certain income level; this system has adverse effects on the labour market participation of poorly paid women (parents).

Another example from Germany, and soon to be followed by Austria, links the height of the parental leave subsidy to the level of the previous income. Gender income differentials are considered to be a crucial factor in the decision process within the family of who shall take care of the child. The family income is usually lowered during periods of child care leave, the amount, of course, depending on the difference between the income previously earned and the support given. With the traditional wage and income differential disfavouring women the question of who shall stay with the child is a simple an economic one. It is, in many cases, just not affordable for the family if the person with the higher income, which is in most cases the man, is staying with the child, and the family has to live on the lower, usually female, income. To link the parental leave subsidy to the previous individual income should weaken the negative effect fixed parental subsidies have on the option of who shall take care of the children and thus enable more man to opt for this decision.

4. Policy reform in New Zealand and Australia

Between October 2004 and April 2007, the New Zealand government rolled out a new ‘Working For Families’ (WFF) assistance package, with a full annual cost of approximately NZD 1.1 billion (or USD 0.8 billion). This package attempted to simplify the benefit system and to create a fairer, more widely accessible system which would enable more families to benefit and more parents (especially lone mothers) to enter the labour market. The reforms had four principle components:

First, the maximum *Family Tax Credit* rates (the main payment per child) increased by around 75% until 2007 and was made more widely available to families with higher earnings (increasing the eligible threshold from NZD 20 000 to 27 500).

Second, working parents would now also be eligible for the *In-Work Family Tax Credit* (which is paid per family) that replaced and pays more than the previous Child Tax Credit (which was paid per child).

Third, *accommodation supplement* (benefits paid to support housing costs) would also be available to more working people, and many people are entitled to more assistance.

Fourth, *childcare subsidy* and *out-of-school-hours care subsidy* payment rates also increased in 2005, 2006 and 2007), partly as a result of raising eligibility thresholds – since 2007 these are now potentially available to 70% of families in New Zealand with dependent children.

The increase in Family Tax Credit and the new In-Work Family Tax Credit, cost up to NZD 1 billion by 2007 – roughly 90% of the costs of the entire “Working for Families” package, whereas the costs of the childcare subsidy component are estimated at NZD 35 million – only 3% of the package. One consequence of the reform is that as of 2007 for a family with two children, family benefits will cut out at around 150% of average earnings compared to roughly 100% prior to reform. Childcare subsidies are granted up to about 140% of average earnings compared to 93% in 2003. Both of these rates are significantly higher than in the past and have been exceedingly popular amongst the newly eligible recipients in New Zealand. Politicians and parents alike have described these higher entitlement thresholds as a “fairer” way of dividing up the benefits pot.

The introduction of the WFF package has also improved the incentives for lone parents to seek and to stay in work, with a small but positive effect on labour supply. It has been combined with a raft of other policy interventions designed to increase the proportion of single parents in work. To complement these initiatives, the New Zealand Government has also introduced a range of demand side policies aiming to increase the number of working opportunities available to parents, including expanded employment supports (*e.g.* the Jobs Jolt initiative), more accessible and affordable childcare and other service support for sole parents on benefit.

In Australia, as in the Marche reforms, childcare funding now follows parental choices via a newly developed voucher system that allocates public funding via eligible parents. Through income-testing and (partial) linkage of entitlements to working hours or to taking up job offers, employment objectives, as in New Zealand, are also a major aspect of the scheme.

The other clear objective in the Australian system is to improve the efficiency of providers through competition and choice as well as to increase the types of care available, including out-of-school-hours care. Vouchers are linked to *licensed* providers only (see below).

The number of children using Australian government-supported childcare services more than doubled between 1991 and 2004, from 262 200 to 646 800 (AIHW, 2006). Over this period, the number of children attending long daycare centres almost tripled, to 383 000, while the number attending outside school-hours (OSH) care more than tripled to 160 800. Paralleling this trend, the use of vacation care services has also increased markedly. Of the children who used formal childcare during 2004, 59% attended long-day-care centres; 14% family day care.

The Australian government funds the vouchers for parents through the Child Care Benefit (CCB), which is a payment made to families to help with the cost of childcare. The rate of CCB varies depending on family income, the number of children in care and the type of care used. Families using approved services who are on the lowest incomes receive the highest benefits but some support is still available for families with incomes of up to the equivalent of USD 28 100.¹² If families earn more than USD 28 100, the CCB tapers down to a minimum rate of USD 20.35 per child for 50 hours of care per week – or USD 0.41 per hour. If a family has an income greater than USD 80 568, they are eligible for only a minimum rate.

In addition, since 2005 there has been a Child Care Tax Rebate, which covers 30% of out-of-pocket childcare expenses for approved childcare for working parents, with a rebate of up to USD 3 277 per child per year. Out-of-pocket expenses are the total fees paid for childcare expenses for approved care, less the amount of Child Care Benefit (CCB) received.

The experiences in Australia and New Zealand have much in common with those policies recently undertaken in Marche. The increased investment, the increased eligibility thresholds for more middle income earners and the associated sense of “fairness” (as described in the summary and recommendations below) all bear strong resemblance to the policies in Marche. So too do the demand side interventions on work organisation and family friendly policies specifically demonstrated in New Zealand. However, the focus on specific employment outcomes, especially for unemployed lone parents, is significantly stronger in New Zealand and has been complemented by major reforms to the benefit system and to other incentives for parents to work.

In Australia the voucher method of purchasing accredited childcare is also reminiscent of that introduced in Marche – with a clear supply side agenda of increasing childcare but also using competition and parental choice as a way of driving up standards and accessibility in the childcare market. This is a stage further than that in place in Marche where accessibility is currently a more significant driver.

Whilst Marche does not have the level of resource or policy responsibility for many of the areas that feature in the Australian and New Zealand reforms (such as to the benefits system for example), the strong focus on employment outcomes is relevant. As described elsewhere in this paper, the ESF objectives for employability and adaptability make this an area that could be strengthened in Marche and the focus on seeking and/or retaining jobs could be promoted as a much more significant objective.

MARCHE SWOT (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) ANALYSIS

Strengths

- Strong innovation in public service delivery (and willingness to experiment with different methods).
- “Fairness” and a “hard working family” focus.
- Good evidence of involving stakeholders and good partnership working –good collaborative working (across government services and third sector bodies, including employer organisations and trade unions).
- Clear relationships between Region and Provinces, which in turn encourages and builds capacity and strong local autonomy and flexibility within provinces.
- Important “three pronged” approach – introducing measures that simultaneously focus on individual, employer and public services.
- Innovative thinking in work organisation enabling firms to access support (helpful in context of work-life balance objectives, but also to help address broader economic and social challenges such as improving productivity/skills utilisation and tackling consequences of demographic change).
- Focus on transport and travelling time as well as work organisation (*e.g.* car pools, buses to industrial estates).
- Demand led process for voucher system allows user, of childcare and other services such as transport, to shape and co-create new services as well as to help direct public investment.
- Focus of attention on tackling one aspect of informal economy – reducing undeclared labour, professionalising childcare to potential benefit of family and child in short and longer terms.
- Channelling of investment into developing sustainable childcare facilities and services.

Weaknesses

- Key objectives for each aspect of policy/programme are not always clear – making it more difficult to evaluate outcomes correctly and to promote further investment/development of services. This could be more clearly aligned with EU’s stated ESF goals.
- Data collection and evaluation of outcomes (*e.g.* employment outcomes, job retention, improved productivity at firm level) could be improved and made more readily available to other partners (firms, individuals, provinces etc.) and to national and EU authorities.
- First call very ambitious in limited time frame – very difficult to build partnerships and deliver inside 12 months – operational issues and lack of co-ordination between partner organisations as a result.

- Limited resources of programme raises questions over sustainability of new facilities and services in provinces (*e.g.* 0-3 childcare centres, transport etc) – how will they manage if the funding drops or disappears?

Opportunities

- Better presentation of the goals and objectives of the programme could help to sustain funding over longer period. Given the popularity of the programme, mobilising strong public support would be possible and desirable.
- More demand led/co-produced services and strategies in the future – increasing the proportion and types of mainstream services that could be driven by voucher type transactions with users.
- Greater promotion of flexible working as a way of increasing firm level performance in the Marche region – especially in light of demographic and productivity challenges in local firms and sectors.
- More promotion/facilitation of female and broader entrepreneurship through vouchers and employment/training support.
- Improved links between childcare and other programmes with specific programmes to help unemployed/economically inactive female jobseekers in region.
- More connections could be made between childcare and work-life balance vouchers and vocational education and training provision in the region.
- Work organisation and other policies could be more clearly linked to industrial policy in the region targeting growth firms and sectors and further diversification.

Threats

- Political situation regionally and nationally – especially refocus of ESF funding to broader unemployment support due to economic crisis.
- Reduction in available funds (political change, crisis related cuts in regional, national and EU budgets).
- More rapid demographic/economic/technological change.
- Further industrial change still likely and the impact on the economy may be significant. For example, economic change in key industries may still be likely (*e.g.* shipyards in Ancona, textiles/footwear sectors, etc.) – also because of small and “tight knit” nature of family firms this is likely to have a more pronounced social effect.
- Cultural change may continue to be a constraint – significant barriers within population groups and within small firm structure in region (and in Italy generally).
- Lack of employer engagement – the crisis may force employer attention elsewhere – to shorter term issues (rather than on longer term structural and demographic problems).

SUMMARY AND RECOMMENDATIONS

The overall context for our recommendations are those that we have set out throughout the OECD visit and this report, namely the ongoing economic crisis and response, the intensification of other social and economic challenges through globalisation, demographic pressures and continuing social change. As a result the need for strong leadership and effective regional strategies are clear. However, it is also clear that these are the most challenging times for the development and delivery of policy. There will be continuing pressure on public (and regional) finances for many years to come because there is less money around as a result of the crisis (less tax receipts, more pressure on social costs such as benefits and unemployment) and because of the limited room for active anti-crisis measures within the generally parlous Italian state finances.

But, the need to change will not disappear when the current economic crises passes. Indeed the demographic and economic pressures to change working practices and daily lives will only intensify in the future. This is why the Regional authorities in Marche should continue to develop their policies on work-life balance and the innovative approach to developing and delivering public services. It is also why there is a need for Marche to demonstrate real leadership and to set out how they see the social and economic future of the Region develop in the coming years ahead.

We think that there are six broad areas to focus on that will help the Regional authorities to improve their work-life balance initiative and also to set it within a strong framework of economic and social ambition for Marche. These broad recommendations are in the following areas:

1. Setting clear objectives and promoting the need for economic and demographic change;
2. Improving data and evaluation and using broader international evidence to support further programmes/investment;
3. Pursuing “fairness” and attention on broader beneficiaries of welfare sending/financial support agenda more strongly;
4. Promoting the benefits to children as well as families and parents;
5. Broadening work-life balance agenda and focus in regional policy making; and,
6. An enhanced leadership role for Marche Region.

1. Setting clear objectives for programme and promoting the need for economic and demographic change

By setting clear objectives for the programme, the Marche authorities will make their ambitions – and broader vision for the region – easier to understand and to deliver. There is a need to be clear about the specific problems in the Marche economy and labour market that the programme is trying to address and a responsibility to show how it can help individuals and firms in the Marche economy prepare for the future (that is, to tackle the effects of the crises mentioned in the introduction).

There are many aspects of the labour market that the programme may be helping to tackle and some of these are set out in the following bullet points:

- increasing female employment rates
- tackling discrimination in labour market
- addressing the extent of the informal economy in Marche and Italy
- tackling cultural barriers to growth in firms
- reducing occupational and industrial segregation that restricts female employment opportunities
- improving work practice/organisation issues
- tackling low productivity and poor skills utilisation
- extending and improving maternity and paternity rights
- improving working hours of parents and flexibility of employment contracts
- industrial/economic policy

What is the long term aim of the programme and how should success be measured? There is a need for a clear rationale with clear objectives so that the main aims are made more achievable. With so many potential benefits and possibilities, it is desirable to provide a clear focus, otherwise with relatively small funds it is possible that the resources are spread too thinly across too many objectives with reduced outputs.

In turn, this will provide a clearer focus for provinces and other partner organisations participating in the design and delivery of the programmes. Provinces may wish to set their own overall vision and objectives and to tailor their own schemes to objectives in their areas. Overall it is best though if everyone is clear what the main objectives in each place and programme are, cutting down on confusion, duplication and making evaluation easier.

2. Improving (and deploying data and evaluation) and using broader international evidence to support further programmes/investment

Flowing on from the first recommendation above, it is vitally important that what has already been learned or adapted from the first wave is used to fully benefit the programmes and partnerships established in the second wave of projects. This is especially important given the expansion of the programme to new areas and partnerships. It is also desirable to know why some changes have been made and on what basis.

To these ends it is very important to improve data collection and evidence so that progress towards key objectives can be properly assessed and demonstrated (*e.g.* if firm productivity and/or female employment is rising as a result then make sure that performance and evaluation data is available to support that progress/outcome(s)).

It is also very important to supplement evaluations of the programmes themselves with relevant data and evidence from similar programmes and policies around the world. There is a wealth of international evidence and literature that will support the types of interventions being designed and delivered in Marche.

Some of the key areas where there is significant international evidence will be as follows:

- childcare – performance of children in education is improved with better childcare services (also increased earnings of parents are likely to lead to better life chances for children);
- employment rates and incomes of women (and households) after interventions/participation (strong international evidence links higher employment rates and earnings of women to childcare availability); and,
- recruitment and retention (and progression of workers benefitting from services) and performance/productivity of workplaces (strong evidence available to support measures that aim to improve staff commitment and skill utilisation).

It is also important in an increasingly resource constrained environment to mobilise stakeholder and partner support for the initiatives in the Marche Region. This is especially important from employers, employer organisations and trade unions. If more evidence can be assembled from the programmes themselves, and from relevant international experiences, then it should be possible to develop a strong level of consensus and support for the policies introduced by the region. Facilitating this support will complement evidence and build a case for sustaining the types of interventions (and services) over the longer term.

3. Pursue “fairness” and attention on broader beneficiaries of welfare spending/financial support agenda more strongly.

Perceived fairness of benefits system and the availability of state financial support is a significant political issue in many countries – especially as the crisis deepens. There is evidence that greater redistribution can take place if more people feel that they are getting their fair share – or are being treated fairly. Many people are prepared to see help given to those that have been suddenly affected by the economic crisis; however it is also important that the majority also see the ongoing system to be one that distributes state support in a fair way.

Many people work hard, pay taxes but struggle to get by – especially in household terms, bringing up children, balancing work and family pressures and so on. This is also likely to get harder during the recession with potentially lower incomes and higher costs. The target group for the Marche work-life balance vouchers is an excellent example of such a group – parents in work but earning below average salaries in the region (NB: as explained above, these levels are above average for Italy but below average in Marche). There is common ground with similar approaches in other countries (see the examples from UK, New Zealand and Australia above). It is important that the authorities in Marche exploit these sentiments and present the strongest rationale for their approach so far.

This is a particularly important issue in Italy given the refocusing of ESF funding at the regional level to supporting the national system of unemployment payments. Over a long period this may jeopardise some of the objectives of the Marche programme and so it is important that a case is made that sets out why it is desirable to help such middle income groups and why it is also important for such programmes to address longer term economic and social challenges alongside the effects of the crisis today.

4. Promote the benefits to children as well as families and parents

An increasing amount of research shows that investment in early schooling and childcare boosts children’s motivation and ability from the very start and is particularly beneficial for socially

disadvantaged children. The educational performance of children participating in enhanced childcare is likely to improve alongside the earnings potential of parents and the household. All of this can create a positive spiral effect where there are combinations of positive factors in place all likely to boost the life chances and educational performance of the child.

Italy currently lags behind in childcare and early years provision and is therefore at a potential disadvantage when attempting to improve life chances for children who are subject to poor childcare or haphazard or unstructured arrangements.

Setting out the longer term benefits for children, as well as parents, will help strengthen the case for continuing and expanding the programme and the mainstream childcare services complementing the policies funded through ESF.

5. Broaden work-life balance agenda and focus in regional policy making

The concept of work-life balance applied in the Marche region is arguably too narrow, mainly concentrating on childcare and female employment (though the latter will be changed at least formally during the second call). By providing better childcare facilities (especially by widening the opening hours and by making these extra services affordable) employment possibilities for women shall be improved – in the sense that women can stay in their jobs. Thus far there have been few aspects of health included (although health issues such as tackling stress and other illnesses resulting from long hours are usually considered to be a central factor in work-life balance) and work time flexibility seems to be of secondary importance.

Though employment issues are defined as the main objective, measures are also concentrated on aspects of family and social policy. This becomes especially visible from the evaluations of the first wave. The questions centre on the satisfaction with improved childcare facilities, and there is no single inquiry made to discover changes on the demand or work side such as for example any reduction in absence. And there is no monitoring of labour market effects, like the number of jobs that could be kept because of improved childcare facilities or career perspectives opened up (though this may show limited effects due to the short time span of the project, it would nonetheless be a valid question to ask).

It is interesting that the work-life balance project in Marche does not target the unemployed (particularly women), as the lack of childcare is definitely seen as a key barrier for parents (especially single women) from accepting job offers.¹³ This is another clear sign that the package does not really focus on labour market policy as much as it might. Financial support to the unemployed to provide for their additional childcare costs when taking up a job would undoubtedly have strong positive employment results.

Within the typical framework of social policies, one would expect a differentiation of benefit recipients. But this does not seem to be the case: as data shows, a large share of (until now only female) voucher recipients is well educated (school or high school diploma), in a relationship (which is also an indication of a second income) and have no more than two children. This is clearly the description of a (perhaps lower) middle class family, indicating that low income families or the working poor have not been reached to the same extent.

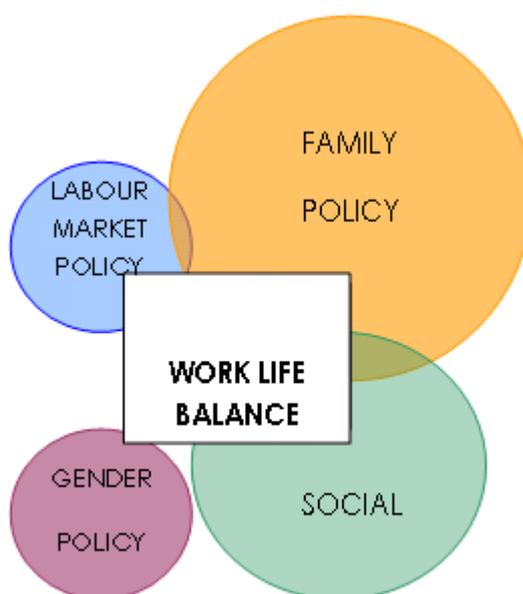
Public transport in Marche seems to have its weaknesses, according to references made during the interviews. In families with only one car this might lead to situations where the main income earner (usually the man) requires the car to be able to approach the workplace, while the lower income earner (usually the woman) will have to search for jobs locally. Thus, job opportunities are limited by

public transport facilities. Improvement in public transport services, company organised transport arrangements, private car sharing, etc. could significantly improve the working possibilities of women.

Interestingly, the few measures within the programme intended to improve the transport system did not target improved accessibility of work places, but mobility of children. This is attributed to the fact that schools and other child care facilities are often hard to reach and thus require an adult to take care of private transportation. An improvement in the transport system for children makes way for their parents to leave for their jobs. This measure was welcomed by those benefitting, but again labour market effects were not measured, so it is not possible to answer how many jobs (if any) have been saved or created by this measure.

If one tries now to weigh the different policy areas according to the attention they receive, it might be described by the following figure – a clearer depiction of objectives than above in Figure 3. This is of course only a sketch of the impression taken from interviews, but it gives some indication of the priorities as they have been stated by province authorities.

Figure 5. Work-life balance: Policies targeted in the Marche Region



This is by no means a criticism of the balancing of policies, but intends to show why the measures in Marche, although positively received by recipients, may be questioned by the European Commission as regards eligibility under the European Social Fund¹⁴ and where possibilities for their improvement might be.

The ESF is the budgetary contribution of the European Union in support of employment and employability in member states. The scope of the ESF is generally a wide one, as it includes, for example, measures to improve education, but with the clear intention to support the long term development of human capital (see ESF regulation, especially Article 3 and “where as” clauses). And it has a special priority on employability, which covers all kinds of different actions that need to be done to assist people in getting or keeping a job. Improvements in the child care system could be

summarised under this topic but only insofar as they show a clear link to improvements on the labour market (employability, perhaps adaptability). This means that a wide variety of things can be funded, if they have a relation to labour market policy. The same items are non-eligible though, if this cannot be shown. Child care is clearly eligible as a precondition for labour market integration or for sustaining labour market participation.

By shifting the attention a bit more to labour market results the same measures could be used to receive different effects. It would be easy to connect childcare support to labour market goals. While family and partly also social aspects are reached by the measures, there should be a clearly demonstrable connection to labour market objectives. It would be easy to connect childcare support to labour market goals. So could the funding of extended opening hours be made dependent on a certain percentage rate of children of unemployed parents in the institution who are then able to accept jobs or could use of services be linked to retaining people in jobs? Vouchers could explicitly target unemployed parents when taking up a job which otherwise could not be accepted, and when they are granted to employed parents, this could be tied to their income as well as to improvements in their labour market situation (*e.g.* by participation in qualification).

The same holds true for gender aspects. In traditional Italian society (and not only there), child care is still perceived as primarily a female task. This contradicts the freedom of choice for women to have children and to continue their professional career, limits their income perspectives, narrows their fields of professional activity and is an enormous obstacle to the overall economic performance. Consequently, one might say, vouchers were given only to women in the first phase. But this would imply that childcare is truly a female task. In the second phase, vouchers will be given also to men, which is clearly a step in the right direction. But to make it a gender issue, one could for example tie the (amount of) vouchers to shared childcare responsibility.

As a social policy measure, there could be a stronger diversification by income and there could be additional factors taken into account, like for example disabilities.

The positive results of the co-operation with enterprises regarding working time flexibility should be spread. It could be supported by a professional counselling service. This could take special account of the requirements of the thousands of small enterprises in Marche and develop a flexibility set applicable also in cases of only a few employees.

The Marche approach touches several issues with only a small budget available and a short time span for realisation (at least in the first round). The programme was referred to as an incentive to develop new ideas within the framework of work-life balance. As has been shown the concept of work-life balance is much wider than the topics chosen by Marche region, and the priorities set and measures realised were narrowing down the picture even further. What is missing therefore is a more explicit concept what elements of work-life balance are prioritised and why and how they interact with other policy areas. Derived from this, there should be indicators developed to monitor the success (or failure) of the measures and their contribution to the wider policy framework. This would allow for a better argumentation of future budgetary shifts. Otherwise there is the danger that measures will be funded on a limited scale to the extent of currently available budgetary means without a perspective of being generalised (as there is no stringent argument for major budgetary shifts) and in constant danger of being closed down again (whenever another topic is appearing in the political spotlight).

6. An enhanced leadership role for the Marche Region

An enhanced leadership role – see also Recommendation 1 above – should involve the Marche region articulating clear objectives and a compelling future strategy and vision for the region (and its

provinces). It is noticeable that unlike the autonomous status enjoyed by Trento and Friuli Venezia Giulia (two other case study locations in this study), Marche is subject to significantly less autonomy in its design and implementation of economic and social policies. As already demonstrated, both the ESF funds and other types of regional policy are likely to suffer as a consequence of the current economic crisis.

As described throughout the paper, it is clear that the Marche region has developed some innovative social policy in their development and piloting of their work-life balance initiative. Their role in continuing to promote the needs and consequences of further cultural, social and economic change will become more important in the future. It will be especially important for the Regional authorities to help people, firms (and perhaps also the Italian Government as a whole) to also plan for the future as well as to react to the current economic crisis.

By enabling provinces to deliver programmes and to innovate, but setting out clear goals for cultural (around female employment, family firms, childcare, etc), social (addressing demographic challenges), and economic change (improving economic future by enabling firms – especially small family firms and SMEs – to embrace and deploy new types of skills), the Marche region will set the right context and overall leadership. The structure and sectoral breakdown of the Marche economy, makes this type of leadership very important. Many firms are likely to continue with long established production and organization methods and be reluctant to change and develop. In many cases this complacent approach is likely to be detrimental not only to the health of companies and sectors, but also extremely damaging to the social fabric of Marche's communities.

Marche should also take a lead by strongly encouraging more social and economic innovation amongst firms and public services and an attendant need to attract, retain and deploy the most skilled workers as firms progress higher in value chains. This could firmly link the work-life balance measures to a broader industrial and economic strategy for the region. Also, by setting out a vision for the kind of economy and labour market that the authorities in the Marche Region wish to see over a 5 to 10 year period, they will be able to tie today's interventions (from the short-term, anti-crisis measures to work-life balance programme for longer term cultural and social change) to an effective strategy for the future.

Overall Conclusions

The Marche region, through the first and second calls for its work-life balance initiative, is pursuing a series of highly innovative strategies to reform and improve public services and infrastructure, supporting businesses to adapt to changing economic and demographic circumstances and helping families to reconcile the intensifying conflicts between work and family life. The focus on women and young children is especially strong in all three of these areas.

The methods of reform are impressive in three distinct ways. Firstly the voucher system has begun to drive a process of co-created public service investment and delivery – shaped effectively by citizens and users. Secondly, this in turn has helped to deliver significant new investment in public services such as childcare where unmet demand has been historically high. Thirdly, the process has also rightly involved co-operation with and support for, employers in the Marche region – helping them to organise working processes differently and more effectively.

As explained throughout this report, the benefits are potentially wide ranging with improved outcomes for women, children and families, firms and sectors and the broader social and economic fabric of the Marche Region. However, this scope is a challenge as well as an opportunity and more

will be achieved if the objectives and outputs are clearer and effectively shared and communicated with delivery partners (provinces, firms, trade unions) and with the broader public in Marche.

More effective evaluation and a stronger evidence-based promotion of the wider benefits of facilitating economic and social change through these initiatives will help to ensure the longer term sustainability of such an approach, especially during the current crisis where shorter term priorities and thinking are likely to have a greater call on regional, national and European resources.

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ANNEX 1: AGENDA FOR OECD STUDY VISIT TO MARCHE

Agenda for OECD study visit to Marche

Modelli Internazionali di Apprendimento - International Learning models

Progetto fra OCSE-Provincia di Trento e Rete ESF-Conet

MARCHE REGION - Ancona LEOPARDI BUILDING - SALA AGRICOLTURA (First Floor, Room n.40)

5 MAY 2009

9.30 – 11.00 Presentation of the Marche Region

- Mr. Terzoni Mauro, Head of Education, training and labour Unit
- Mr. Fabio Montanini, Head of Employment Services and labour Market Unit

Presentation of the first Call Marche Region of Work-life balance projects (*general overview and main actions in the call*)

- Mr. Alessandro Belfiore

14.30 – 17.30 Presentation and discussion of the project in Macerata

Main discussants:

- Representative of Province of Macerata (Project referents)
- Representatives of the partnership of the projects and other beneficiaries of the main actions implemented (local public administration; private companies; private and public organization, workers associations and entrepreneurs associations involved in the projects)
- OCSE Team and experts
- Marche region Referents

6 MAY 2009

9.30 – 13.00 Presentation of the project Managed by the province of Pesaro (first call).

Main discussants:

- Representative of province of Pesaro (project referents)
- Representatives of the partnership of the projects and other beneficiaries of the main actions implemented (local public administration; private companies; private and public organizations, trade unions and employer associations involved in projects)
- OECD Team and Marche Representatives

15.00 – 17.30 Final Panel Discussion and Concluding remarks/suggestions - OECD TEAM - Marche region Representatives

ENDNOTES

- ¹ 24th October, 2008 Alan Greenspan in Evidence to Congress House Oversight and Government Reform Committee.
- ² A fifth province will be created and added to the Marche Region - the province of Fermo. The new province, set to become operative in 2009, is made up of some 40 *communes* that used to be under the province of Ascoli Piceno.
- ³ Summary of opening comments by Mauro Terzoni, Head of Education, Training and Labour Unit.
- ⁴ Another aspect of the industrial structure that is often highlighted in Italy is the high proportion of employment in small firms. Often these have been family firms. If small firms (or a sufficient number of them) nevertheless grew fast, their high numbers might be an advantage, but this does not appear to be the case. In practice, it is hard to separate discussion of why small firms are predominant from why this might affect overall growth. One set of reasons put forward for the importance of small firms concerns explicit threshold effects in regulation, notably in labour law; others are related to some combination of corporate governance arrangements and the role of the state; and more “cultural” explanations are often advanced too. The cultural explanation – that Italian entrepreneurs themselves *prefer* their companies to stay small – is difficult to refute, but requires explanation itself (OECD, 2009).
- ⁵ Compared to the national Italian picture, the Marche Region continues to have one of the highest rates of female participation in the market labour at 8% points higher than the national average, both for overall activity and employment rates.
- ⁶ <http://www.theworkfoundation.com/difference/e4wlb/definition.aspx>
- ⁷ Work Foundation (see above) and IBG, Institut für Humanökologische Unternehmensführung, Austria
- ⁸ Proposals are developed and delivered by consortia in each of the Provinces. Eligible applicants are partnerships formed by both public bodies and private enterprises: however, the lead partner must be a public body, while the other partners have to be “present or represented” over the territorial area where the project is designed to be implemented (these areas must have: a population of 40,000 to 180,000 inhabitants; a large presence of people employed in Industry, Craftsmanship, Trade and Services, and a large presence of commuters). The structure of the partnership consists of a lead partner, a project co-ordinator and a working group.
- ⁹ ESF funds in Marche are allocated principally to the Provinces: 75% held by provinces and 25% retained at regional level (with 25% of that set aside specifically for experimentation/innovation).
- ¹⁰ See for example http://en.wikipedia.org/wiki/Hardworking_families
- ¹¹ AMS Austria, Federal Ministry of Economy, Family and Youth (*Kammer für Arbeiter und Angestellte für Wien*)
- ¹² Monetary value is the approximate conversion of Australian dollars into US dollars.
- ¹³ During interviews though, participation of unemployed women was mentioned.
- ¹⁴ This was mentioned by Marche representatives during discussions.