

## 13<sup>th</sup> ALMALAUREA GRADUATE EMPLOYMENT REPORT

Summary  
by Andrea Cammelli

### Graduates and the Job Market: The Crisis Persists

**AlmaLaurea's latest report on graduate employment in Italy involved some 400 thousand graduates.** Response rates to the survey were extremely high: some 90% for those graduating one year previously, i.e., in 2009. More than 113,000 1<sup>st</sup>-level, or bachelor's-level graduates; 48,500 2<sup>nd</sup> level, or master's graduates; more than 13,000 single-cycle graduates (i.e., earning degrees in medicine, architecture, veterinary medicine and law) were interviewed in 2010 one year after their graduation. Of **2007 graduates, 30,355 2nd-level graduates were interviewed for the first time at three years** from graduation. 2005 (pre-reform) graduates were also surveyed five years after earning their degrees.

The data have been broken down by university, faculty and specific degree programme, thereby enabling external assessment of university performance. The full report will be available on [www.almalaurea.net](http://www.almalaurea.net) from Thursday, 10<sup>th</sup> March 2011.

This report will be the focus of authoritative scholars, researchers and people directly involved in the job market at the European level and within the Mediterranean basin at an international conference entitled "**Human Capital and Employment in the European and Mediterranean Area**" to be held at the University of Bologna on 10<sup>th</sup> and 11<sup>th</sup> March 2011.

### Reference Framework

Signs of a recovery in the world economy are less optimistic for Italy, where growth lags behind that of other countries. Considerable uncertainty remains over employment prospects and the imbalances that penalise women, southern Italy, and especially young people. According to very recent data from Italy's national statistics board, Istat, **youth unemployment in Italy is close to 30%**. At the same time in certain areas there is the risk that some young people, engaged in no school or training programme nor with a job, may become marginalized from society.

This further underlines what an **unforgivable mistake it would be to underestimate the youth issue** or put off addressing this problem decisively and taking measures in favour of those who even after long, difficult and costly training, find it increasingly difficult to enter the labour market, achieve independence and plan a future. Furthermore, young people are in scant supply in Italy. The number of 19-year-olds has fallen 38% over the last 25 years! Yet with life expectancy rising and the reluctance of many of Italy's gerontocrats to relinquish their positions, young

people are finding it difficult to be part of the necessary process of generational change.

**Although they are still too few, graduates are not being taken up by the labour market.** The rise in the number of graduates in Italy has certainly raised the educational threshold of the general population and broadened the likelihood of talent been tapped. But this growth has stopped. The number of graduates started falling in 2008 and will continue to do so. In the 2004-2009 period, the percentage of graduates in the 30-34 age group grew by 3.3 percentage points from a low initial figure of 16%. This, however, is way below the 40% goal set by the European Commission's Strategic Objectives for 2020. This low educational threshold is also probably a root cause of the failure to fully understand the strategic role investment in higher education and research plays in the country's development. Italy invests much less in these areas than its main world competitors. G.S. Becker, winner of the 1992 Nobel Prize for Economics, points out that while plant and equipment are important attributes of any company, it is equally fundamental that the people who use these tools be highly skilled. This applies to workers and entrepreneurs since growth is impossible without a sound human-capital base. The success of a country depends on its ability to use its people.

**Low investment in education, research and development.** The latest surveys tell us that of 28 OECD countries considered, Italy's public and private funding of higher education is higher only than that of the Slovak Republic and Hungary. (Italy allocated 0.88% of its GDP as against 1.07% by Germany, 1.27% by the United Kingdom, 1.39% by France and 3.11% by the United States.) The situation is no better for R&D: Italy allocated 1.23% of its GDP to R&D in 2008, the least of all the most advanced European countries, which dedicate around 2% or more (Sweden 3.75%; Germany 2.63%; France 2.02%; United Kingdom 1.88%). The contribution of the business sector to R&D, a crucial factor for international competitiveness, is also weak, at the equivalent of 0.65% of the country's GDP. In the most advanced countries, the contribution of the business sector is at least double: 1.21% in the United Kingdom; 1.27% in France; 1.84% in Germany, and 2.78% in Sweden.

Although the percentage of young people with degrees is low in Italy, graduates nonetheless exert little appeal for the internal labour market, as evidenced by the Excelsior-Unioncamere survey. And this despite the excellent training received. The recent Eurobarometer survey does not seem to support the thesis that the mismatch between graduate skills and labour market requirements is a more severe problem here than in other European countries. According to 89% of all human-resources directors and 85% of all Italian HR managers interviewed, the graduates hired over the last 3-5 years possess the skills needed for the job in question.

## Outlook

Since the outset AlmaLaurea, a public consortium today including 62 universities and more than 77% of all Italian graduates, has been committed to providing reliable, updated and timely information on graduate profiles and the job market. It also aims to encourage wide-ranging debate on future prospects, especially for youth.

### **More trained people but people trained to learn**

Increasingly rapid and continuous innovation, the progressive shortening of technology and industry life cycles and a more unstable world economy can all be addressed by higher educational thresholds throughout the population, with training that aims above all to teach people how to learn rather than provide young people with specialist profession-specific training very early on. Learning to learn enables workers to adapt to the increasingly frequent economic downturns and the need to continually reposition human capital to other sectors and areas. Moreover, re-qualifying poorly educated workers is more complex and expensive.

There are also other benefits to education over and above adaptability on the labour market. Education contributes to people's sense of achievement in many areas of life: giving individuals non-specialist, general cultural baggage enhances their chances for self-fulfilment.

### **Increasing the Role of Databanks and AlmaLaurea**

It is increasingly recognised that information plays a fundamental role in bringing supply and demand together on the labour market. Not always do buyers and sellers – employers and workers, especially first-job seekers – meet up. Since the search process requires time and money, it creates market friction. At the same time, new jobs become available while others become unemployed. By the same token, the awarding of the Nobel Prize to Peter A. Diamond, Dale T. Mortensen, and Christopher A. Pissarides confirms the importance of databanks such as the one provided by AlmaLaurea, that facilitate the whole process of matching requirements with job-seeking graduates.

Today AlmaLaurea makes available 1.5 million graduate CVs, from newly graduated individuals to people with years of experience, all certified by their universities and updated, also in English, by the graduates themselves. Indeed, a study by Sylos Labini shows that graduates in the AlmaLaurea databank find a first job in less time than their peers who are not part of the network.

Reinforcing graduate recruitment databanks has another important advantage. It promotes the use of formal selection channels rather than informal networks, which are typically associated with poorer matching between required and effective worker skills and with greater weight being given to social networks in recruitment practices. AlmaLaurea also aims to make available its experience and widely tested working model (since 1998 it has supplied 3.5 million CVs to business). AlmaLaurea is now looking to collaborate with other initiatives,, both within but especially beyond Italy.

## **Beyond the Crisis: the role of individual entrepreneurship**

The reluctance of the business sector to invest and increase employment levels and the fewer opportunities offered by public sector employment on account of government spending cuts have often made self-employment and entrepreneurship the only alternative to employment for those seeking to enter the labour market or who have been expelled from it. But self-employment can be viewed as more than a passive response stemming from necessity and rather as an opportunity for income and self-fulfilment, especially for young people with higher education qualifications. This is especially the case in less mobile societies, where employment and career opportunities are fewer and conditioned by networking practices.

## **The Results of the 13<sup>th</sup> Report**

The 13<sup>th</sup> ALMA LAUREA report on graduate employment **confirms the difficult general situation.**

### **2009 graduates: after one year, unemployment up, wages down with job uncertainty for those in work**

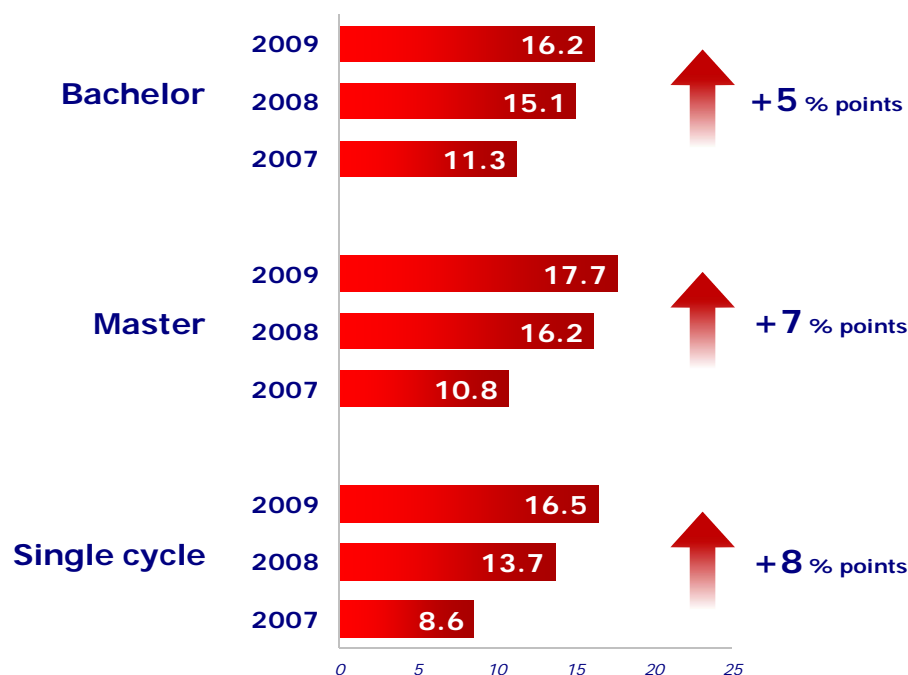
**Unemployment** rose again, although less than last year, among 1<sup>st</sup> level (3-year degree programmes) graduates from 15 to 16%. In the previous year's survey, unemployment had increased almost 4 points). Unemployment also rose among graduates with a master's or (longer) 2<sup>nd</sup> level degree from 16 to 18%. Previously unemployment had grown more than 5 points. This was also the case with single-cycle specialist graduates, among whom unemployment has gone from 14 to 16.5%, compared to a 5-point rise recorded the previous year.

## Unemployment rate one year after graduation

GRADUATES  
2009-2007

definition in  
ISTAT-Labour  
Force  
(continuous  
survey)

*Bachelor's degree:*  
the data refers  
only to graduates  
not enrolled in  
further studies



percentage values

The **employment rate** of 1<sup>st</sup> level graduates, calculated against a population not enrolled in a further degree programme, is 71% at one year from graduation, much higher than that of their second-level peers for whom employment is 56% for master's-level graduates and 37% for single-cycle specialist graduates. This situation does, however, depend especially on the fact that many second-level graduates are undergoing further training, at times with pay, something that is extremely rarely amongst 1<sup>st</sup> level graduates. Master's graduates are mainly in traineeships, doing doctorate research or internships in companies. Their single-cycle graduate peers are doing professional traineeships or attending specialist schools.

## Employment rate one year after graduation



percentage values ● in employment according to defin. in ISTAT– Graduates's employment

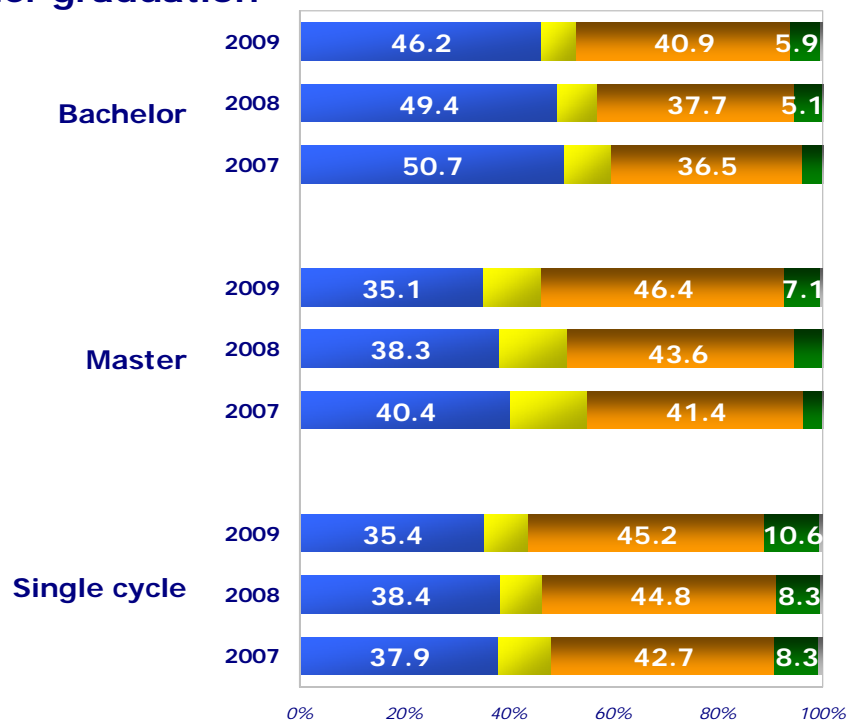
At one year from graduation, **the number of people in permanent employment fell to an even greater degree than recorded last year for graduates of all types.** Concomitantly, “atypical” or flexible work contracts have increased. Permanent employment is enjoyed by 46% of 1<sup>st</sup> level working graduates and 35% of 2<sup>nd</sup> level working graduates, a fall in both cases of 3 points compared with the 2009 survey. **The considerable growth of unregulated work among 2007 and 2009 graduates is a warning sign.** Graduates in jobs without a regular work contract one year after graduation have doubled among 2<sup>nd</sup> level graduates to 7%, while 1<sup>st</sup> level graduates working without a contract have gone from 3.8 to 6%. Single-cycle specialist graduates are also more likely to be in unregulated positions, the latter's incidence increasing from 8 to almost 11%.

**At one year from graduation, salaries** – already modest at €1,150 for 1<sup>st</sup>-level graduates and a little less than €1,100 for 2<sup>nd</sup> level graduates – **continue to lose purchasing power** compared to previous surveys: 4% among 1<sup>st</sup> level and single-cycle specialist graduates, and 5% among master's or 2<sup>nd</sup> level graduates.

## Type of employment contract one year after graduation

GRADUATES  
 2009-2007

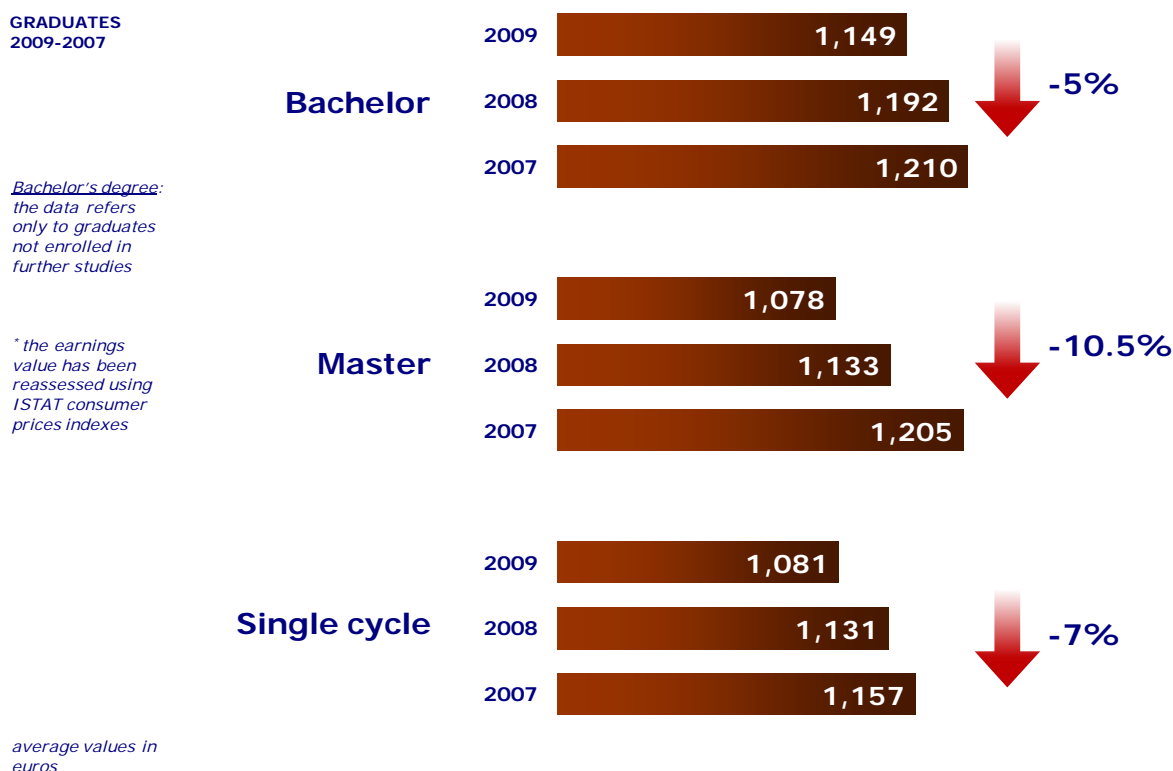
*Bachelor's degree:  
 the data refers  
 only to graduates  
 not enrolled in  
 further studies*



percentage values

- permanent employment contract
- trainee and apprenticeship contract
- flexible contract
- without contract
- no answer

## Net monthly earnings one year after graduation at 2009 prices\*



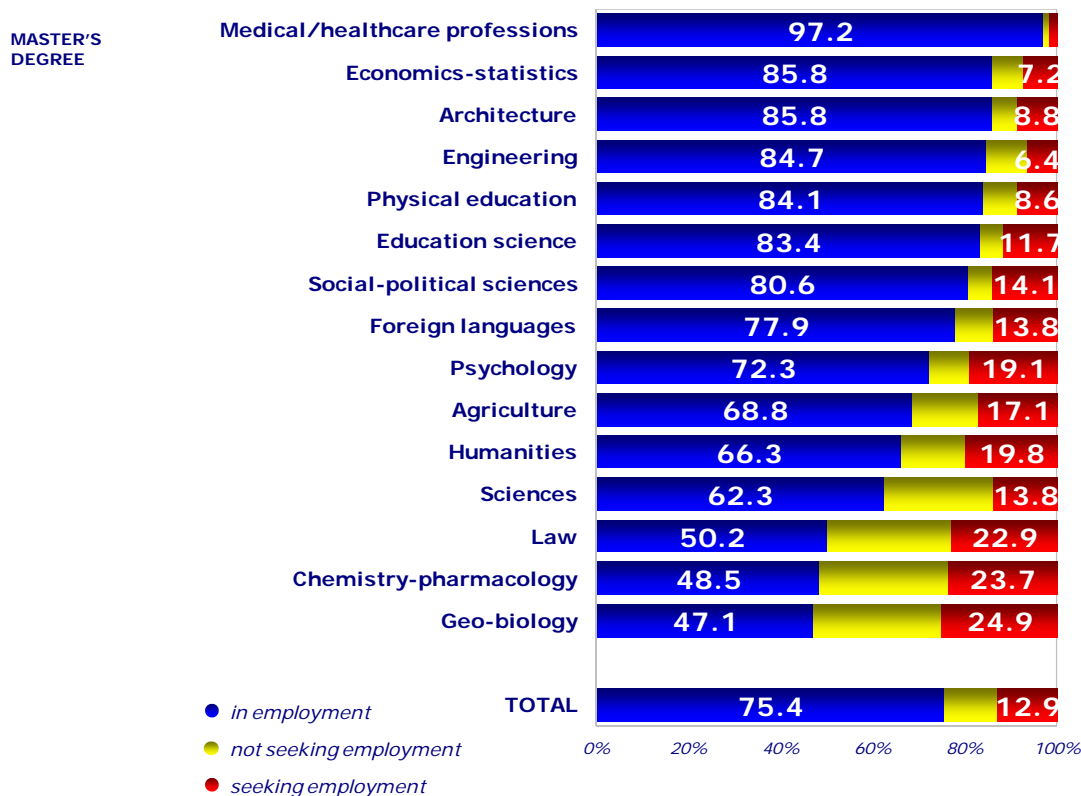
## Medium-term Labour Market Trends: Employment Rates at Three and Five Years from Graduation

The growing difficulties encountered by young people, including new graduates, are inevitably being felt by older graduates, even though it should be underlined that, with time, employment figures improve considerably among the graduate population.

### 2007 master's graduates interviewed three years after graduation

With this survey 2<sup>nd</sup> level (master's) graduates were interviewed at three years from graduation. 75% were found to be working. The percentage of those with job security increased considerably (by 22 points) compared with employment at one year, and concerned 62% of those with a job. Most enjoy permanent employment. Nominal net wages at three years top €1,300 a month.

## Employment condition three years after graduation by fields of study



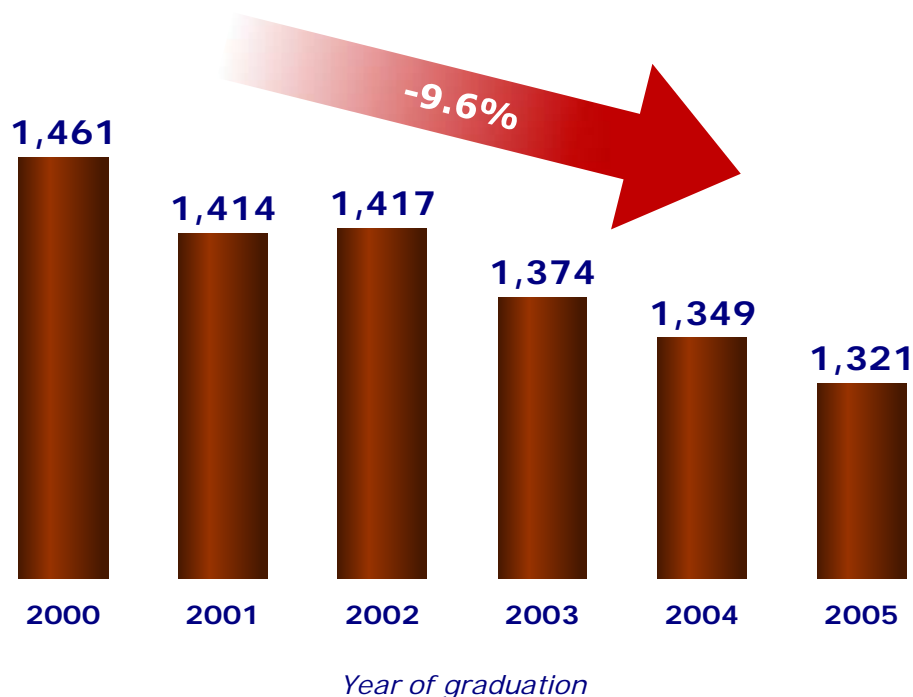
### 2005 pre-reform graduates interviewed after five years

The employment rate among pre-reform graduates 5 years after graduation is 81%, a fall of more than 1 point compared with the previous survey. In the longer time span stretching from **2005 to 2010, pre-reform graduate employment at five years has fallen almost 6 points**. Job security is enjoyed by 71% of those in employment. The downside, however, concerns salaries, at €1,300 among pre-reform graduates, which have fallen in real value over the last five years by almost 10%!

## Comparison of net monthly earnings five years after graduation at 2009 prices\*

PRE-REFORM  
GRADUATES

\* the earnings value has been reassessed using ISTAT consumer prices indexes



average values in euros

## University Degrees and Upper Secondary Diplomas: A Degree is Worth More

The survey confirms that as a rule the higher the level of education, the greater one's employability and wages. In fact, graduates are better able to react to changes in the labour market because they have more adequate cultural and professional skills. Official (ISTAT and OECD) figures tell us that over an individual's entire working life, graduates have a more than 11% higher employment rate than diploma holders (77% compared with 66%). The same sources confirm that wages are higher for those with higher education qualifications. Among 25-64-year-olds, graduates have a 55% wage advantage over those with secondary education.

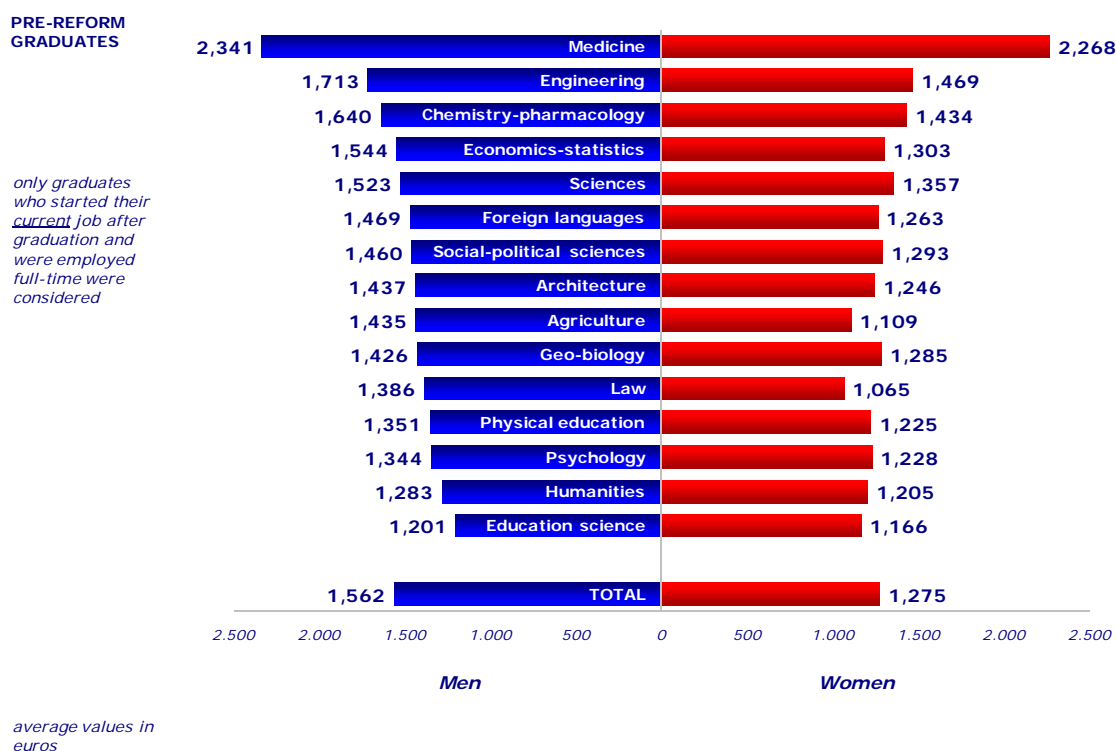
## Graduates and Work: North and South

In employment terms, the differences between the North and the South of Italy have by and large remained unchanged. For all the generations considered, the differential at five years from graduation is always more than 10 percentage points. At 5 years from graduation, residents in the North have employment rates of 87% compared with 74% in the South (in the previous survey, these figures were 88 and 75%, respectively). It is true, however, that with time the North-South divide significantly narrows: 2005 graduates evidenced a 23% difference, with 64% of Northern residents in employment as against 41% in the South.

## Fewer Jobs and Lower Wages for Women

Different employment rates and wages between male and female graduates underline how much women, even the most highly-educated women, are still penalised on the labour market. At one year from graduation, the difference among master's graduates is 6 points: 59% of all men are employed as against 53% of women. With time this divide actually widens, in terms not only of employment rates but also wages. In the 2005 graduate population at 5 years from graduation, the gap between men and women is more than 9 points, with 86 out of every one hundred men in a job compared with 77 women. The difference is more marked than in 2006, when this same population had graduated only one year earlier. The advantages enjoyed by men are also confirmed throughout all fields of study, with peak differences in agriculture (a 17 point advantage for men) and smaller gaps in the chemistry-pharmaceutics sector (1 point). **At 5 years from graduation, men are earning 30% more than their female colleagues (€1,519 compared with €1,167).**

### Net monthly earnings five years after graduation by gender and fields of study



Men are at an advantage even when they have the same type of job and the same type of contract as women, earning 10.5% more when on trainee employment contracts and some 23% more in the case of a permanent work contract.

## FURTHER CONSIDERATIONS

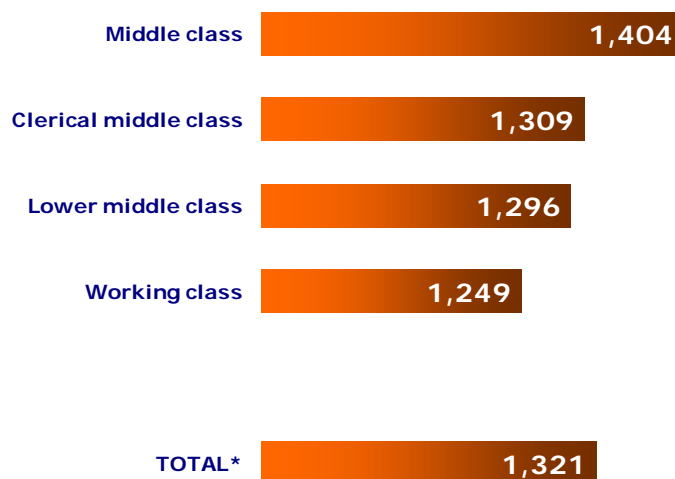
### Graduate Parents, Graduate Children: No Social Mobility

The choice of university programmes is influenced by social class. Middle-class graduates, unlike their counterparts from working-class families, are more frequently found in medical faculties (9% as against 3% of students from a working class background) and law (15% as against 11%), while they are less likely to opt for degrees in teaching or economics and statistics (3% and 14%, respectively, as against 8 and 18% of their working-class peers). Social class also influences graduates' aspirations once they get their degrees: middle-class graduates are more likely to exploit opportunities for self-employment (14% compared with 6% from working class parents), while young graduates from working class families are more likely to be attracted by the security of public sector employment (21% compared with 16.5% middle class graduates). At 5 years from graduation, employment differences depending on social class, although slight, are nonetheless significant. Slightly more graduates from middle-class families are in work (83% compared with 80% of their working class peers). Middle-class graduates more frequently enjoy job security than working class graduates (73% as against 69%), especially in self-employment (30 as against 17%). At 5 years from graduation, middle-class graduates have net monthly earnings of €1,404 against €1,249 for their working-class peers. Work satisfaction also proves to be significantly higher for middle-class graduates.

### Net monthly earnings five years after graduation by parent's social class

PRE-REFORM  
GRADUATES

*\* it also includes a percentage of graduates for whom this information was not available*



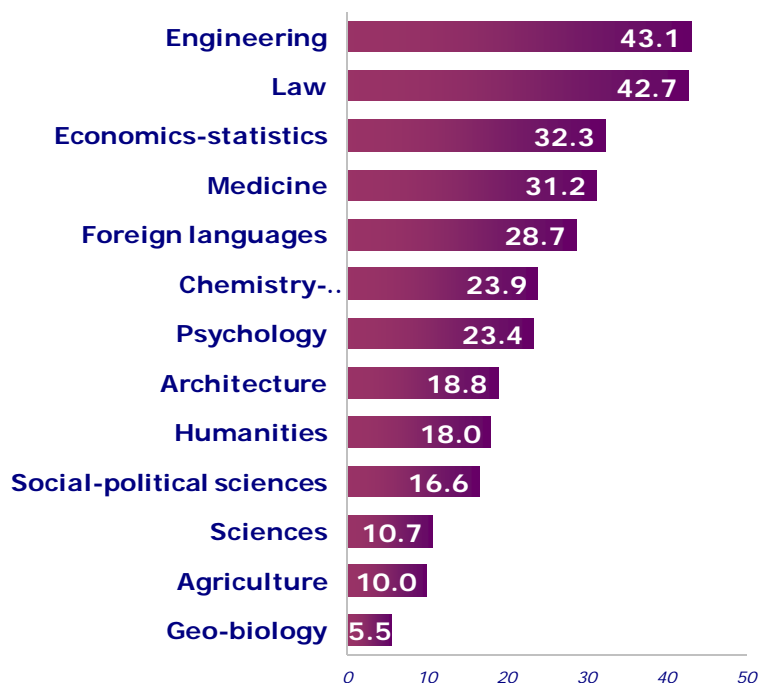
*average values in euros*

Still in 2009, 73% of all Italian graduates are the first degree-holders in their family. In the case of parents with degrees, the similarity of these degrees with those of their offspring is much more pronounced than might be expected. Although this may seem physiological and almost traditional for the liberal professions (law, engineering, pharmaceuticals, medicine), it was also the case for other degree programmes. In fact 43% of engineer fathers have a son with a degree in engineering; 43% of fathers with a degree in law have a child with the same type of degree; 32% of economist fathers have a child with a similar degree; 31% of doctors have a child with a medical degree; 29% of parents with a language degree have an offspring with a language degree; 24% of chemists or pharmacists have a child who has taken the same university course; 23% of psychologists have a child who has graduated in psychology; 19% of architects have an architect offspring.

### Father's degree and son's degree

PRE-REFORM  
GRADUATES

*data concerning  
the defence and  
security group,  
physical education  
and education  
science are  
not shown*



percentage values ● rate of fathers with son in the same field of study

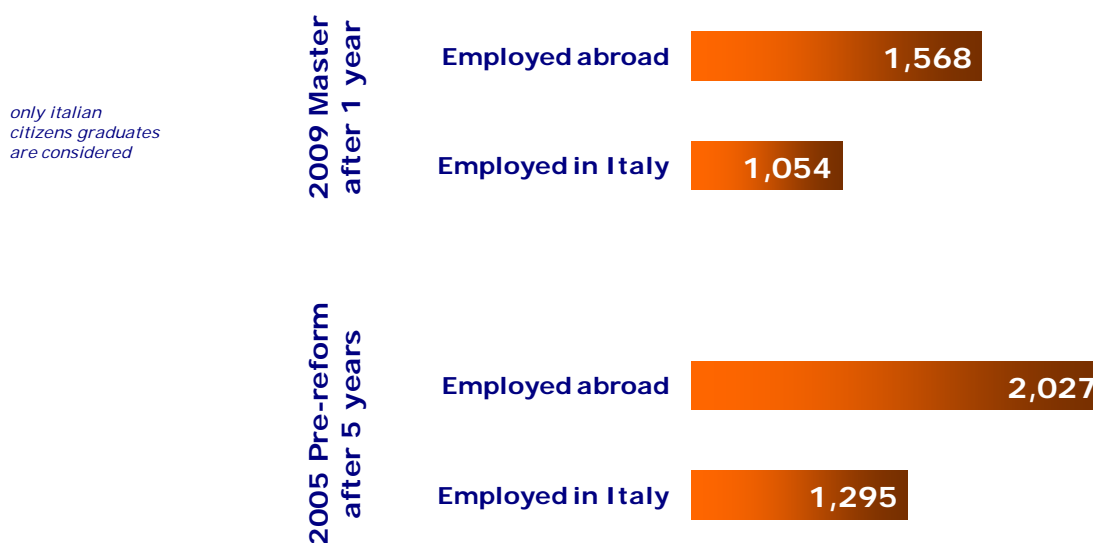
### The Brain Drain

Is the phenomenon of Italian graduates working abroad an investment or a brain drain on account of the difficulties encountered in Italy? **4.5% of all 2009 master's graduates with Italian citizenship are working abroad at one year from graduation.** Given the small numbers, however, one must be fairly cautious when analysing this group by field of study: 29% of all those working abroad are engineering graduates, for example, 16.5% language graduates, 16% economics and statistics graduates and 12% have earned degrees in political and social sciences.

Italian master's graduates working abroad mainly come from better off families. They are more likely to reside and have studied in the North of Italy, and already during their university career they will have had a study period abroad.

At one year from graduation, 48% of all Italian graduates working abroad enjoy job security, 14% more than the master's graduates with jobs in Italy. This is a combined effect of less self-employment among Italians abroad (3% as against 8% of those working in Italy) and a higher frequency of permanent work contracts (45% compared with 26% in Italy). More than 70% of Italian master's graduates working abroad are in the services sector, especially in teaching and research (19%), commerce and consulting (10% each) and IT (8%). Average monthly wages are considerably higher than in Italy. Master's graduates working abroad **at one year from graduation are earning €1,568 compared with €1,054** for their peers who have remained in Italy. These figures of course must be assessed against the different cost of living in the various countries.

### Net monthly earnings by type of degree course and geographical area of employment



*average values in euros*

**“For every brain that enters, one and a half leaves”.** In-depth studies suggest that the focus should not be so much on outflows, which are not particularly heavier than in other countries, but rather on inflows. There are few foreign students who decide to enrol in Italian universities, as there are few non-Italian researchers in Italian research centres: this situation should prompt reflection on the fact that Italy as a system is failing to attract students from abroad. The result is a recurrent negative balance.