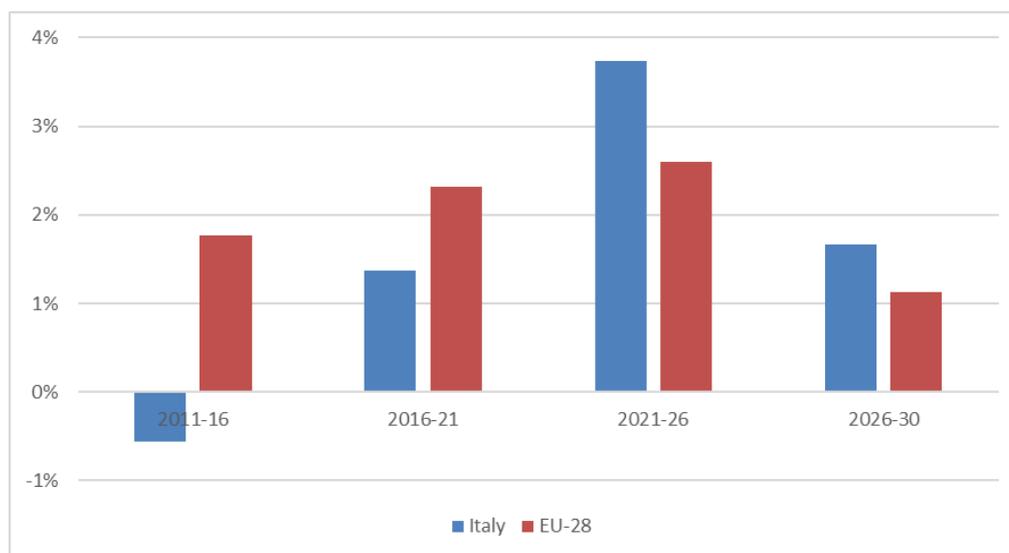# 1. Employment outlook

After a stagnation during 2011-16, employment is expected to grow in Italy in 2016-21 while the growth rate will remain below the EU-28 average. Employment growth is expected to peak in 2021-26, staying above the EU-28 average until 2030.

Figure 1 Percentage employment growth in Italy and the EU-28, 2011-30
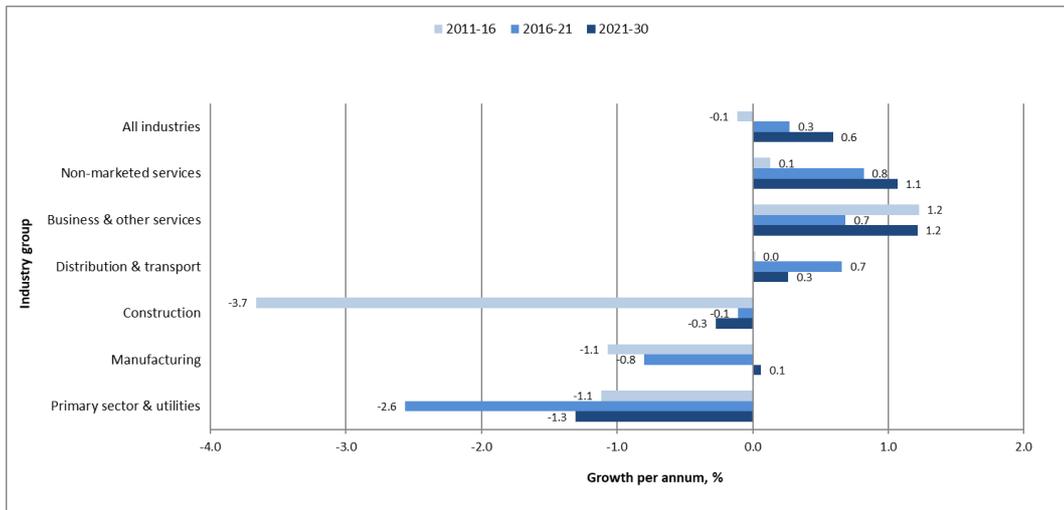

Source: Cedefop (2018 Skills Forecast)

2. Labour force overview

Italy's working age population and labour force are expected to stagnate up to 2030. The working age population is expected to grow only by 0.1% annually up to 2030, while its composition is expected to show an increase in the cohorts aged 60+, with low participation rates, and a decrease in most of the other age cohorts, which have a higher participation rate. Hence, the overall participation rate is expected to decline by -1.7pp), resulting in a -0.1% decrease per annum up to 2030 in the labour force supply.

3. Sectoral employment trends

The sectors that were stagnant during the period 2011-16 are expected to show an increase in employment during the subsequent periods, with the exception of *business and other services* which was already growing in 2011-16. The highest increase during the period 2016-21 is expected in *non-marketed services* sector, while during the period 2021-30 the highest increase is expected in *business and other services* sector. *Construction*, *manufacturing* and *primary sector and utilities* are expected to continue to stagnate or even decline over entire forecast period, after the sharp decrease of 2011-16. In terms of sub-sectors, *other business services,* as well as *health and social work* are those where the highest increase in employment is expected.

**Figure 2 Employment growth by broad sector of economic activity, 2011-30**

Source: Cedefop (2018 Skills Forecast)

2

4. Job openings by occupational group

Cedefop skills forecasts estimate the total job openings by occupational group as the sum of net employment change and replacement needs. Net employment change refers to new jobs created due to the expansion of the employment in that sector or occupation. Replacement needs arise as the workforce leaves the occupation due to retirement or career changes. Replacement needs, generally, provide more job opportunities than new jobs, meaning that significant job opportunities arise even in occupations declining in size (i.e. agricultural workers are a typical example, as ageing workers employed in the sector will need to be replaced).

Figure 3 shows the **total job openings** by broad occupational group over the period 2016–30. Most jobs will come from the need to replace workers retiring or changing occupations. The occupations expected to have the highest number of openings are *professionals* and *technicians and associate professionals*, accounting for 21% and 19% of total job openings respectively, with about 80% of openings due to replacement demand. Several other occupations are expected to shrink in total employment, with *service and shop and market sales workers* being the occupation with the strongest decrease. However, the need to replace retiring workers will still provide a sizable amount of job openings also for these shrinking occupations.

Figure 3 Job openings by broad occupational group, 2016-30
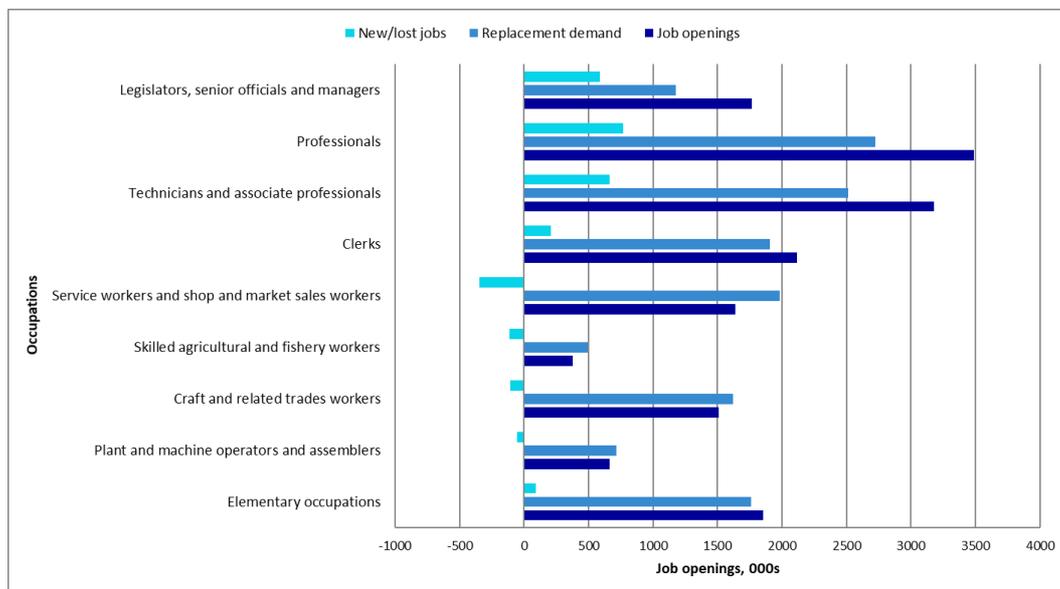
Source: Cedefop (2018 Skills Forecast)

Analysing occupational groups in more detail, it shows that **new jobs** will be created in *customer service clerks*, *hospitality, retail and other service managers*, as well as among *building and related trades workers excluding electricians*. The occupation that is expected to provide the highest number of **total job openings** is *business and administration associate professionals*, but also *cleaners and helpers* and *teaching professionals* are expected to contribute significantly.

5. Drivers of occupational change

Within the Cedefop skills forecasts, future employment growth (or decline) of occupations is further broken down by separating national economic components from regional industrial and economic effects, helping to interpret what is driving the change. From this perspective employment growth can be explained by three possible drivers: (a) overall trends of the economy (i.e. growth or decline), (b) shifts of employment between sectors and (c) changes in the occupational structure within sectors (i.e. factors making some occupations more important/ others).

The sectoral shift towards *non-marketed services* and *business and other services* is expected to create demand for high-skills occupations such as *health professionals*, *health associate professionals* and *legal, social and cultural professionals*, and also for low- and medium-skills occupations such as *personal care workers* or *cleaner and helpers*. The decrease in employment within *primary sector and utilities*, *construction* and *manufacturing* sectors is expected to affect mainly occupations such as *agricultural, forestry and fishery labourers* and *assemblers.*

On the other hand, advancement in ICT and automation technology will lower the demand for routine-based occupations such as *metal, machinery and related trade workers* and *general and keyboard clerks*.

Taking into accounts the various effects, the occupations which are expected to show the highest increase in employment are *administrative and commercial managers* and *hospitality, retail and other service managers*. On the other hand, occupations in declining and/or affected by automation are expected to decrease, like *metal, machinery and related trade workers.*

6. Demand for and supply of skills

Within the Cedefop skills forecasts, skills are proxied by the highest level of qualification held by individuals in the labour force and employment. Three levels are distinguished, high, medium, and low, which correspond to the official ISCED classification. The occupational group also offers an indication of the skill level required, as some occupations (e.g. professionals) typically require high-level skills, while some others (e.g. elementary) typically require only basic ones. Therefore, occupational groups are also linked to a skill level.

Figure 4 shows the shares of total job openings for qualifications needs. 37% of the job openings are expected to require a high level of qualification, 6 pp below the EU-28 average. 49% of the job openings are expected to require a medium level of qualification, while 14% will require low qualifications, with both figures being 3 pp higher than the EU-28 average for both levels.

**Figure 4 Share of total job openings by level of qualification, 2016-30**
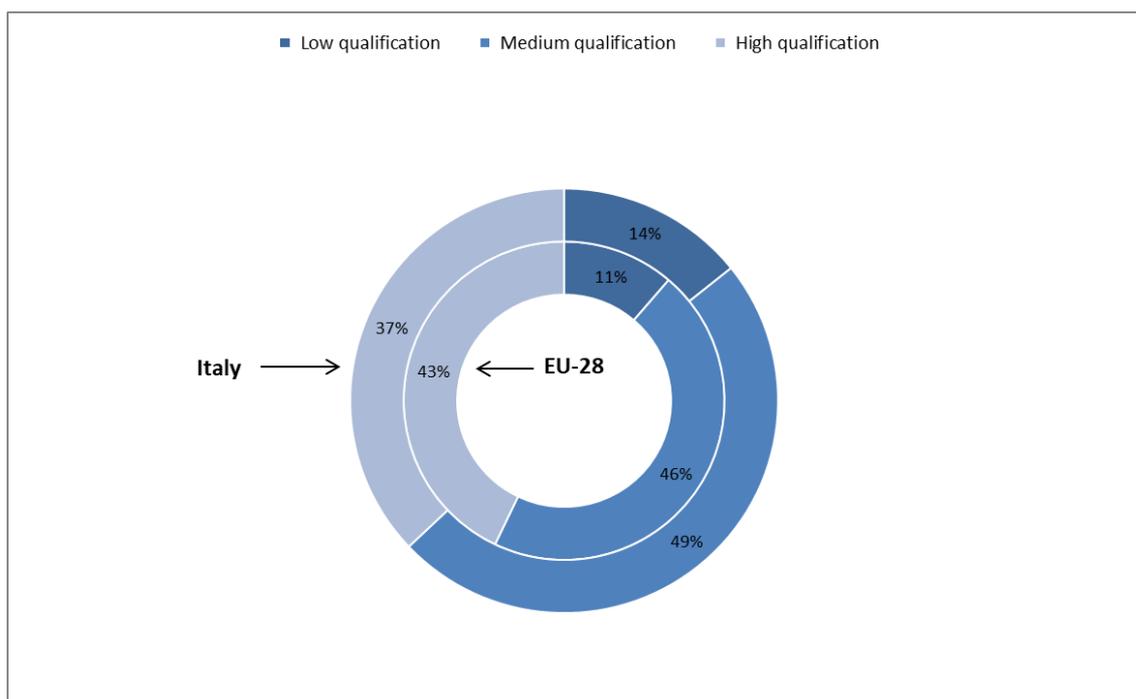
Source: Cedefop (2018 Skills Forecast)

The number of job openings requiring a high-level qualification is expected to increase for traditionally high-skills occupations such as *business and administration associate professionals* and *health professionals*, as well as for *clerks* and *teaching professionals*.

Future labour supply trends depend on the size of the working age population (defined as aged 15 or older), the labour market participation rates, and the extent to which people acquire formal qualifications.

As seen in Figure 5, the share of workers with high-level qualifications is expected to increase up to 2030, although remaining quite below the EU-28 average. The share of workers with medium-level qualifications is expected to remain stable at about 48%, while the share of low-qualified workers, although decreasing, is expected to remain slightly above the EU-28 average.

Figure 5 Labour force share by level of qualification, 2011-30
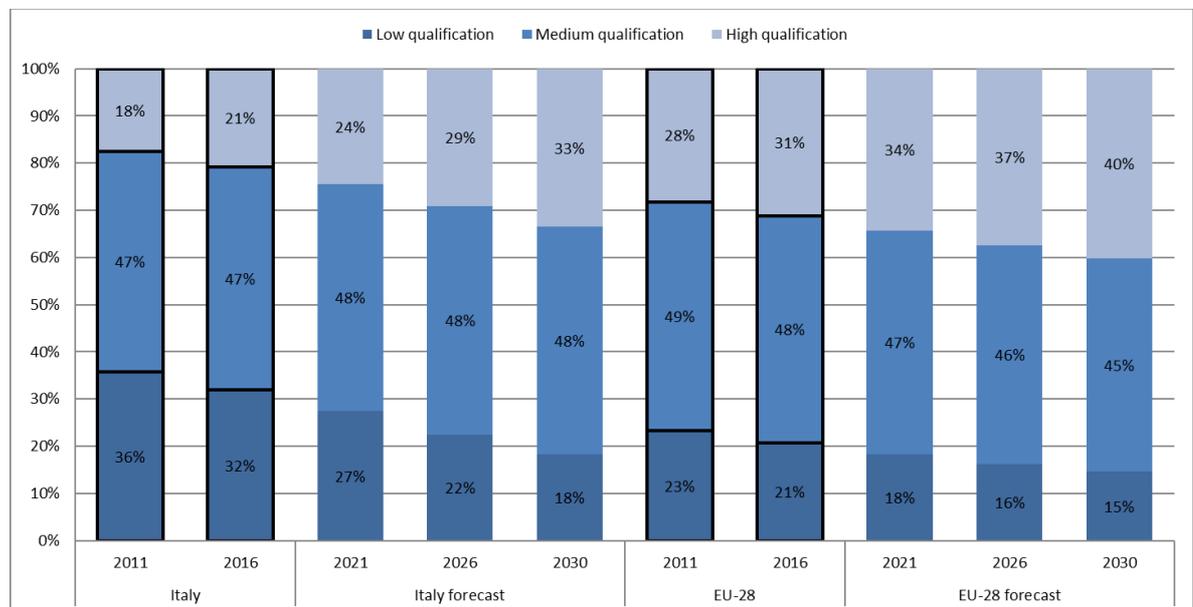
Source: Cedefop (2018 Skills Forecast)

The demand for highly-qualified workers is expected to exceed the supply, possibly creating skills mismatch as medium-qualified workers could be used to fill the unmet demand. Low-qualified workers are expected to be in surplus in the forecast period.

Cedefop methodology and scenarios

Cedefop skills forecast offer quantitative projections of future trends in employment by sector of economic activity and occupational group. Future trends on the level of education of the population and the labour force are also estimated. Cedefop's forecasts use harmonised international data and a common methodological approach allowing cross-country comparisons about employment trends in sectors, occupations and qualifications. The forecasts and methodologies applied are validated by a group of national experts. These forecasts do not substitute national forecasts, which often use more detailed methodologies and data, while they also incorporate in-depth knowledge of a country's labour market.

The latest round of forecasts covers the period up to 2030. The forecasts take account of global economic developments up to May 2017. Despite cross-country differences, the EU economy as a whole is expected to show modest growth, after a better-than-expected performance in 2017. Over 2018 and 2019, the EU economy as a whole is expected to grow, albeit at a slower pace compared to 2017, supported by increased household expenditure and falling unemployment, although wage growth remains muted. Investment is also expected to pick up given favourable financing conditions and an improved economic outlook. The key assumptions of the baseline scenario incorporate the Eurostat population forecast available in 2017 (Europop 2015) ([1]) and the short-term macroeconomic forecast produced by DG ECFIN in May 2017 ([2]).

For the latest update and access to more detailed Cedefop skills forecast data please visit:

http://www.cedefop.europa.eu/el/events-and-projects/projects/forecasting-skill-demand-and-supply

---

([1])   https://ec.europa.eu/eurostat/web/population-demography-migration-projections/population-projections-data

([2])   https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2017-economic-forecast_it

For more details, please contact Cedefop expert Ilias Livanos at: ilias.LIVANOS@cedefop.europa.eu