

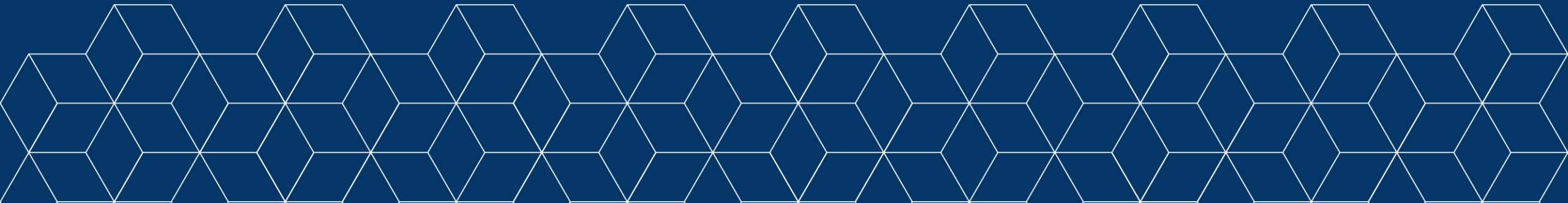
ACCESS TO HIGH-QUALITY DATA FOR IMPACT ASSESSMENT: ITALIAN CASE STUDIES

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ETF Peer Learning event

*“Effectiveness of active labour market policies: from theory to
research, from findings to action”*

Bari, 16 June 2026



INAPP: SUPPORTING EVIDENCE-BASED POLICY MAKING

- The **National Institute for the Analysis of Public Policies** (INAPP) plays a key role in Italy's institutional framework by providing rigorous research and analysis on labour market and human capital policies.
- INAPP **supports policymakers** by delivering evidence-based studies that evaluate the design, implementation, and impact of public policies.
- INAPP **helps improve the effectiveness, targeting, and efficiency** of labour market interventions.
- **Its work fosters informed decision-making**, contributing to the development of policies that better respond to the needs of workers, employers, and the economy.
- Over the years, **INAPP has carried out numerous studies and evaluations**, helping to improve the effectiveness, efficiency, and impact of public policies
- **Data Sources:** large dataset from both administrative and survey sources (Administrative from INPS and SISCO; Surveys from the Labour Force Survey (LFS) and RIL-INAPP)



WHY IMPACT ASSESSMENT MATTERS – A REAL-WORLD EXAMPLE

Suppose we have a group of unemployed individuals who are in training and who are looking for a job. Six months after the end of the training program we check their employment situation and find that 40% of the group is working.

- Can we conclude that 40% of those that were unemployed before the training found work **because of** the training program?
- To make a comprehensive evaluation one needs to take into account many things ➡ **How can we isolate the effect so it can be attributed solely on the treatment** (the training)? ➡ **CAUSAL INFERENCE**



LABOUR MARKET POLICIES IN ITALY

- Two types of policies are in place in Italy: **Active Labour Market Policies (ALMPs)** and **Passive Labour Market Policies**

ALMPs include

- **Vocational training and apprenticeships:** Skills development targeting youth and unemployed workers.
- **Job placement services:** Public Employment Services (*Centri per l'Impiego*) support job search and matching.
- **Subsidies to employers:** Wage subsidies or incentives to encourage hiring, especially for disadvantaged groups. Recent focus: Enhancing digital skills and adapting to green economy needs.

PLMPs

- Provide **income support and social protection** during unemployment or inactivity.
- **Unemployment benefits (NASpl):** Provides financial aid to eligible unemployed workers.
- **Social safety nets:** Minimum income schemes like *Reddito di Cittadinanza* (Citizenship Income) aimed at poverty reduction and encouraging job search.
- Challenges include balancing support with incentives to re-enter the workforce.



CASE STUDY N.1

Brunetti I., M.E. Martino, Ricci A. (2022) *Evaluating hiring incentives: Evidence from Italian firms*, International Journal of Manpower, 43(7), 1646-1669

- **Objective:** To propose an evaluation of the employer-incentive programmes for the private sector established under Italian legislation in 2017
- **Methodology:** A policy evaluation framework to investigate the impact of the use of incentives in the short run. We infer the counterfactual policy scenario thanks to a survey question that asks about firms' behavior in the absence of the incentives.
- **Dataset:** Micro-data drawn from *Rilevazione su Imprese Lavoro* (RIL), conducted by Inapp in 2010, 2015 and 2018 on a representative sample of limited liability and partnership firms.



The hiring incentives programme

- The programme is **targeted and selective**
- Target population: **all firms operating in the private sector**
- A job-specific application submitted by firms to the National Social Security Institution (INPS) is requested.
- The program is selective because: **each incentive must be approved by INPS**
- The incentive is due for **all hires made from 1 January 2017 to 31 December 2017** with: permanent contract; apprenticeship contract with a duration of 12 months or more; fixed-term contract equals to or greater than six months.
- It is **paid as a contribution break** (*sgravio contributivo*) by adjusting the social security contributions paid by the employer within the maximum limit of € 8.060 (€ 4.030 if the worker is hired under a fixed-term contract) to be used over 12 months starting from the hiring date.



CASE STUDY N.1

The evaluation challenge: **what would firms have done without the incentive?**



- The objective is to assess whether hiring incentives introduced in 2017 actually generated additional employment.
- A key challenge in policy evaluation is that we never observe the same firm both **with** and **without** the incentive.
- To estimate the impact of the programme, we therefore need to build a **counterfactual scenario**:
- The RIL survey provides a **unique source of information** by asking firms directly whether, in the absence of the incentive, they would have:
 - *hired the same number of workers anyway*
 - *hired fewer workers*
 - *not hired at all*

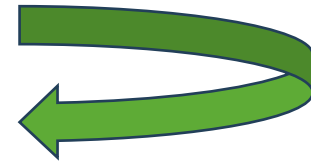


CASE STUDY N.1

- Not all firms receiving an incentive are necessarily influenced by it



For the evaluation, we distinguish between:



- **Firms affected by the incentive:** they would have hired fewer workers without the programme; or they would not have hired at all.
- **Firms not affected by the incentive:** they would have hired anyway; or they did not use the incentive.
- This distinction allows us to estimate the employment generated by the programme more accurately and to avoid attributing to the policy hires that would have occurred in any case.
- To further improve the identification of the policy effect, we compare firms over time using a **Difference-in-Differences approach with firm fixed effects**



Why use a survey for policy evaluation?

- **Data source:** RIL (Rilevazione Imprese e Lavoro), a large survey conducted by INAPP on Italian private-sector firms. The survey collects detailed information on: firms' workforce and hiring behaviour; use of public incentives; management and organisational practices; firm characteristics such as size, innovation and exports. Sample of around 30,000 firms

Strengths

- Rich information on firms' behaviour
- Direct information on the use of hiring incentives
- Unique survey question allowing us to build a counterfactual scenario: *"What would the firm have done in the absence of the incentive?"*
- Possibility to combine survey data with longitudinal analysis

Limitations

- Responses are self-reported and may be affected by perception or recall bias
- The counterfactual is based on firms' expectations rather than direct observation
- Survey data provide rich behavioural information but are collected less frequently than administrative records



CASE STUDY N.2

Brunetti I., Ricci A. (2023) *Programma Garanzia Giovani, occupazione e produttività: evidenze su dati employer-employees*, in Sinappsi, XIII, n.1

- **Policy objective:** Support the employment of young people registered in the Youth Guarantee Programme by reducing hiring costs for employers.
- **Target population:** Private-sector firms hiring Youth Guarantee participants under the age of 30.
- **Incentive:** Social security contribution rebate granted upon approval by INPS. Up to €8,060 for permanent and apprenticeship contracts. Up to €4,030 for fixed-term contracts (minimum duration: 6 months).
- **Evaluation question:** Did the incentive increase the recruitment of Youth Guarantee participants? Did these additional hires contribute to firms' productivity and performance?
- **Data challenge:** Linking programme participation records, hiring incentives, worker careers and firm-level outcomes through an integrated employer–employee dataset.



THE DATASET

- **Comunicazioni Obbligatorie (COB):** an administrative dataset provided by the Ministry of Labor and Social Policies. It tracks all events related to a job position (hiring, contractual transformation firing, dismissal). For each job relationship experienced by the individuals from 2009, it records the date of activation and termination of the relationship. These two last information allowing to compute the total number of workers hired for each firm and year
- **ORBIS:** an administrative archive containing data on certified financial statements for almost all joint-stock firms operating in Italy. Information on added value, labor costs, etc.
- **ASIA Archive (Firms):** the Statistical Register of Active Firms provided by ISTAT. It covers the universe of Italian firms and records in detail the productive sector and the geographical location of each firm, as well as their size and legal form
- **Rilevazione Imprese e Lavoro (RIL):** a survey conducted periodically by the National Institute for Public Policies Analysis (INAPP). It records in detail numerous firms' characteristics (e.g. the **use of the incentive**, ownership structure, type of industrial relations, organization and management of personnel)



Building the evaluation dataset

- **Unit of analysis:** Firm
- The **tax code** was used to link information from different data sources and build an integrated employer–employee dataset.
- **Sample:** Representative sample of firms from the RIL 2018 survey Linked to COB, ORBIS and ASIA archives → Final sample: around 13,000 firms
- **Treatment:** Firms that requested the Youth Guarantee hiring incentive compared with similar firms that did not request it
- **Outcomes:** Share of young workers (under 30) among net hires; Labour productivity
- **Information used for comparison:**
 - To identify a credible comparison group, we controlled for: Management and corporate governance practices; Workforce characteristics; Firm size and sector Innovation activities; Export orientation
- **Key point:** High-quality impact evaluation requires not only information on Programme participation and outcomes, but also **rich firm-level characteristics to construct a credible counterfactual**



What makes this dataset valuable for impact evaluation?

Strengths

- **Linked employer–employee data** allow us to connect programme participation, hiring decisions and firm performance
- **Multiple data sources** provide a comprehensive picture of firms, workers and labour market outcomes
- **Rich firm-level information** helps identify a credible comparison group and reduce selection bias.
- **Administrative records** ensure large coverage and accurate measurement of employment dynamics.

Challenges

- No dataset is perfect: some factors influencing firms' decisions may remain unobserved
- Data linkage requires substantial effort and access to different administrative sources
- Administrative data are designed for management purposes and may not capture all dimensions relevant for evaluation



WHAT DID WE LEARN FROM THIS CASE STUDY?

- A central challenge is identifying what would have happened in the absence of the policy intervention.
- In this case, the survey provided a unique source of information that helped us build a credible counterfactual and improve the identification of causal effects.
- **Combining methods and data sources matters**
- The evaluation benefited from:
 - Survey information on firms' behaviour;
 - Longitudinal data on firms over time;
 - Quasi-experimental methods (Difference-in-Differences).
- **Key lesson:** robust evaluation often requires combining different sources of evidence rather than relying on a single dataset or method.



WHY IS POLICY EVALUATION OFTEN DIFFICULT?

Structural and institutional challenges

- **Policies are not implemented in a laboratory**
 - Labour market programmes are often managed by different institutions and levels of government.
 - Eligibility rules and implementation procedures may vary across regions and over time.
 - Legal and administrative constraints can limit the use of experimental approaches.
- **Data and monitoring challenges**
 - Good evaluation requires good data.
 - Administrative data are often fragmented across institutions and databases.
 - Linking information on beneficiaries, firms and outcomes can be difficult.
 - Policies are frequently implemented nationwide from the start, leaving little room for pilot projects or controlled experiments.





THANKS FOR YOUR ATTENTION

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