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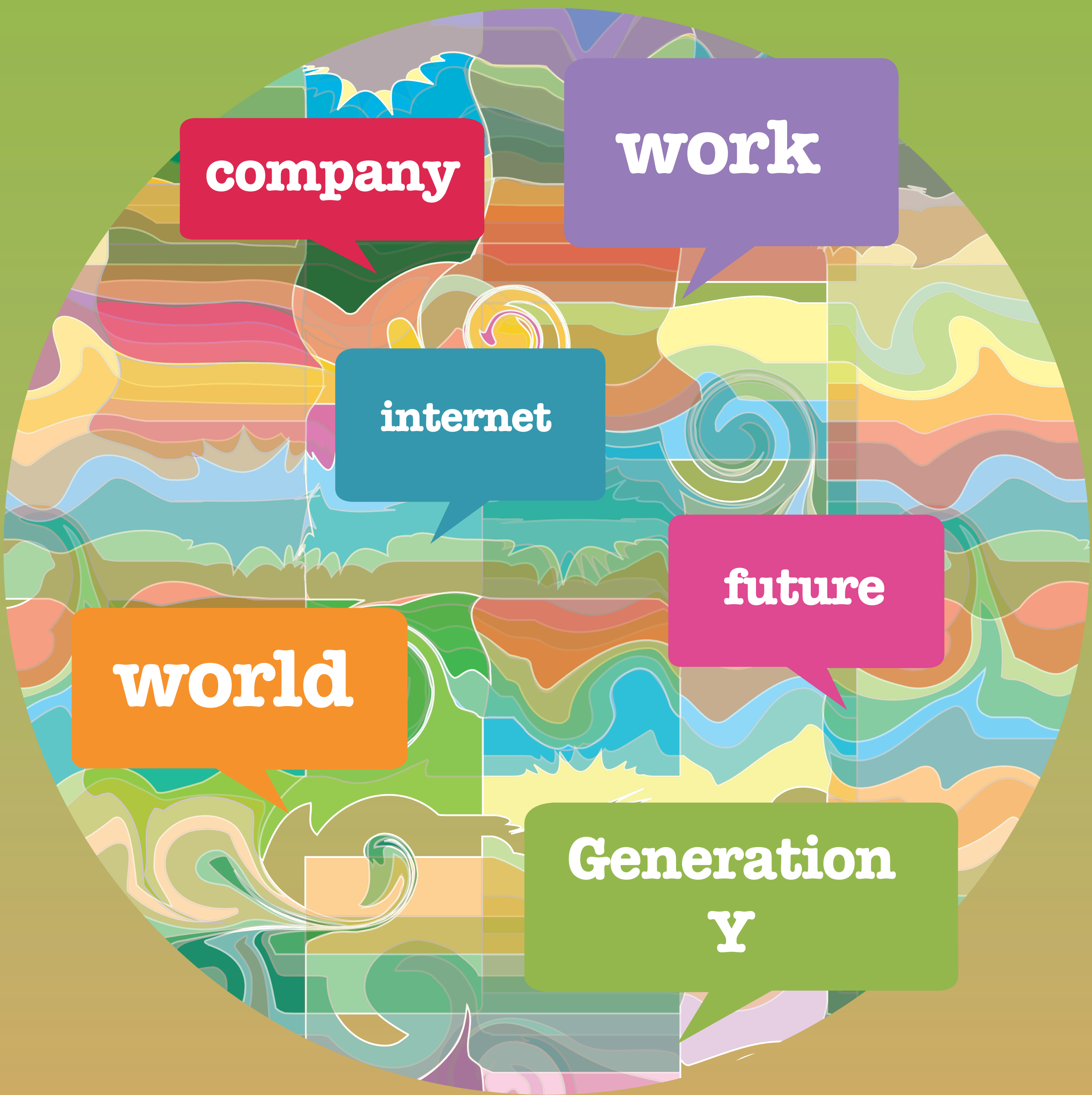

Yers ready for work around the world

Yers ready for work around the world
Final Research Report

Il presente quaderno di ricerca è frutto di un lavoro collettivo realizzato da un gruppo di ricercatori della Fondazione ISTUD, coordinato da Maria Giulia Marini.

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Introduction

Fondazione ISTUD's Permanent Research Programme "Young People and Work" was launched in 2008 to fill a research gap common to various operators in the economic and educational systems, i.e. understanding the characteristics, expectations and values that drive behaviours and professional choices of young people approaching the job market for the first time.

The entry of Y Generation (those born in the 80s) into the workplace effectively was bringing to light the potential limitations of traditional HR management and development policies (which rest upon criteria of homogeneity) and suggested a serious reflection on the need to adopt a segmented approach to the growing diversification of the corporate population.

Moving on from this consideration, our first project aimed at answering the following questions:

- Who are the Gen Y'ers and what are their values, motivations and expectations?
- How can we assist their entry into the workforce?
- How can we best address the needs and expectations of these new entrants, whose attention to the work-life balance far exceeds that of earlier generations?
- How can training processes be structured to pass knowledge and behaviours on to young people who feel ill at ease in classrooms and are more used to MP3 readers than books?
- How can development programmes be devised to instill a sense of security in young people who live in a general context of insecure economies?
- How to attract and retain young high potentials who see their ties with a company more in terms of sheer opportunity than loyalty?

During the following years, also Millennials (those born in the 90s) started entering the job market, making the working environment even more diversified. In fact, we have to consider that the retirement age is gradually increasing and the age gap between older and younger workers gets wider.

This means that are asked to cooperate and to share the same work place people:

- who belong to different generations;
- whose entry into the labor market was characterized by different historical, economic and social settings;
- whose behaviours are moved by different values, attitudes and expectations,

This also means that companies have to re-consider their HR management policies and have to find solutions that meet the needs, expectations and demands of different clusters of their workforce.

ISTUD Permanent Research Programme on young people and job, focusing in 2012 on young people's attitude towards the possibility of having an international career path, has highlighted some interesting evidences that point out different and sometimes contradictory points of view – partly depending on the critical conjuncture that young people are facing both at personal and professional level:

- The so-called Y Generation shows a great mental openness and the ability to activate a relevant number of relationships, partly depending on the availability of a virtual network that allows an easier and wider research of information and contacts. However, as a matter of fact, most of these contacts turn out to be more virtual than real and do not affect physically the personal sphere.

- An experience in a foreign country has a perceivable influence on life-styles and habits. But, although, young people often declare to be ready for a foreign experience immediately after their degree, dropping out of their professional and personal network still represents a clear constraint to the assumption of a clear choice in matter. Companies are then forced to make a further effort to reassure young people about their job proposal making their best to work out their resistances.

The research has clearly shown that different reasons can be envisaged behind a choice "pro" or "against" an international career. The influencing elements are various and may concern target countries, operational approach and some enabling factors. On one hand, when they're asked to move abroad, young workers are motivated by personal challenges, by the possibility to achieve higher wage levels, to improve their competences, exepriences and to support their career; on the other hand, a lot of worries may negatively impact on their willingness to expatriate. Most recurring worries concern:

- different life-styles of the destination countries;
- distance from family and friends;
- potential difficulties in facing to a completely unknown social system
- uncertainty about the possibility to create a new personal and professional network.

International research 2013: "Yers ready for work around the world"

This report analyses the main evidences from the research carried out by ISTUD Foundation between 2012 November and 2013 December.

2013 Research aimed at:

- Comparing at an international level main issues concerning young people's professional choices
- Understanding how young adults ready for entering the job market consider the possibility to stay within their country or to move abroad, how they select countries and job offers, and which are the main strategies they are planning to act in order to achieve their goals
- Comparing social, cultural, economic and job environment in some different countries
- Exploring how students from foreign countries consider the possibility to work in Italy or to work for an Italian firm.

Concerning the last point, although this is an international research, we kept a focus also on Italy, both to grant a “continuum” in data gathering within the Permanent Research Programme on Youth and the Labour Market at Italian level and to match interests and expectation of Italian Multinational Companies supporting the project. In fact, Italy is facing now a heavy brain drain that is not balanced by attracting young talents from foreign countries. For this reason we decided to explore the main variables influencing willingness to work in Italy or for an Italian Company.

The research project has been based on two main activities:

- A desk analysis aimed at investigating in qualitative terms the selected countries: Canada, US, Brazil, UK, France, Germany, Poland, Spain, Italy, Norway, Turkey, Mozambique, India, China, Malaysia, South Korea and Australia.

- A field analysis aimed at investigating, by means of the submission of online questionnaires, young people attitude towards internationalization in some of the above-mentioned countries (Brazil, China, Germany, India, Italy, Poland, UK and US). The field-analysis countries represent a sub-group of those ones that have been considered in the desk analysis and can be regarded as an important benchmark for investigating the target population of young people leaving the universities. In the meantime, they offer significant insights for monitoring attitudes and orientations of young people towards the dimension of internationalization in their personal and professional life.

This report includes the main findings from the field research, and the country table referred to the eight countries in which the field research has been carried out by questionnaire submission.

Country tables with information about other countries are available on the Project website, www.giovaniallavoro.it.

Field research

This chapter discusses the main evidence from our field research, which was carried out between January and November 2013. We collected 3,289 completed questionnaires from students living in eight different countries. It is important to note that the differences between these countries in terms of economic growth may influence participants' expectations of their futures. For this reason, the following discussion addresses not only the participants' attitudes, but also a comparison between the different points of view expressed by Italians contrasted against other young people living in two distinct economic areas:

– Great Western Industrial Countries (GWIC – students from UK, Germany and USA);
– BRIC countries (China, India and Brazil).

Amongst our participants there are also 151 students from Poland. Even though they are members of neither the BRIC nor the GWIC group, their answers are often found to be similar to those of GWIC participants. For this reason, Polish students' points of view are only indicated when their answers are different from the others.

In the following pages a general overview of the participants will be presented, followed by a detailed analysis of their attitudes towards the labour market and work. In the second part of this report foreign participants' opinions of Italian companies and the opportunity to work for an Italian firm are presented and discussed.

The questionnaire[1] was the main tool used by the ISTUD research team in order to collect both quantitative and qualitative information about participants' attitudes and expectations.
The questionnaire was translated into 5 different languages: Italian, English, Chinese, Portuguese and Polish. Questionnaire collection was carried out using both a paper-based an on-line format. In both cases, ISTUD's [2] collaborated to the collection process.

The questionnaire was structured in four different areas:
– Demographic characteristics (including: age, gender, education, country of origin, living environment)
– Experiences of and attitudes about living abroad (participants' willingness to move abroad)
– Job attitudes and values (comprising participants' expectations about their professional future, strategies they adopted in order to look for a job, main issues related to perceived quality of life)
– Opinions about Italian firms (such as reasons to work, or not, for an Italian company)

The questionnaire included open questions as well as closed questions, in order to collect qualitative data from participants.

1 The questionnaire can be dowloaded on the project website: www.giovaniallavoro.it
2 Beida (Peking University), Bhopal School of Social Sciences, California State University, Coventry University, Fundacao Dom Cabral (Belo Horizonte), InFlow, Italienische Kulturinstitut Berlin, Libera Università di Lingue e Comunicazione - IULM di Milano, OIC Foundation – Poland, Oslo and Akershus University College, Politecnico di Milano, Università Carlo Cattaneo – Liuc, Università Cattolica del Sacro Cuore di Milano

Participants characteristics

From February to September 2013, 3,289 were collected. Slightly over half the respondents were female (Figure 1).

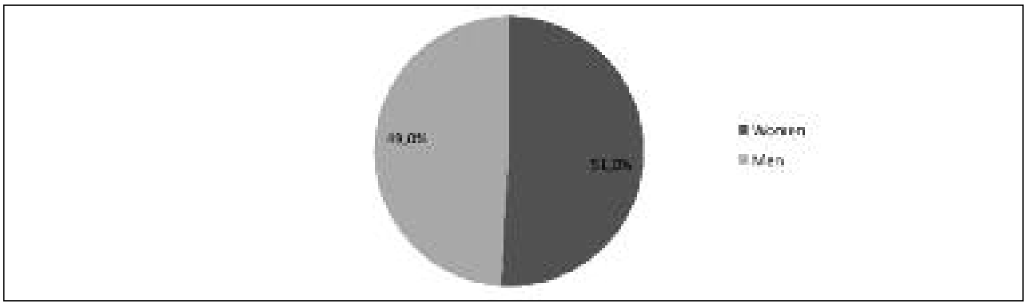

Figure 1: Participants' distribution by gender

Looking at the distribution by country, 24.7% of the questionnaires were collected in China (Figure 2), while the others included Italy (21.9%), India (16.3%), Brazil (13.7%), UK (8.8%), Germany (5.1%), USA (5.0%) and Poland (4.6%). The distribution of participants' nationality is shown in Figure 3.

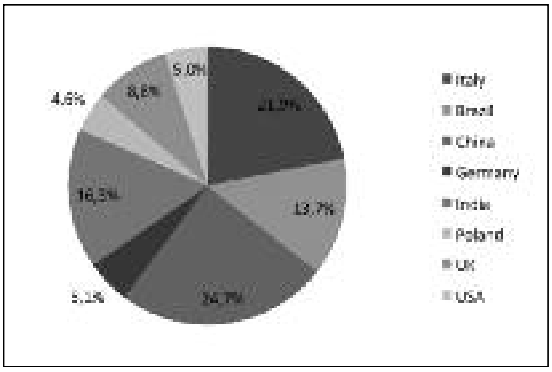

Figure 2: Questionnaires collected by country

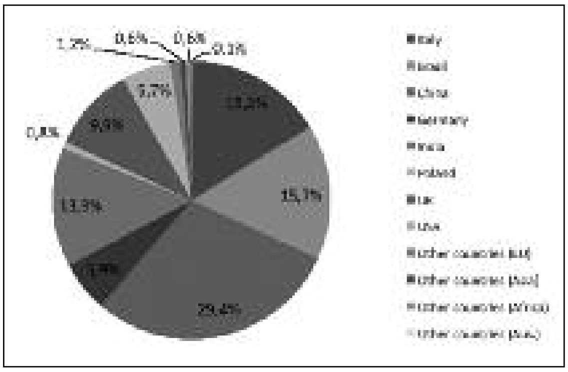

Figure 3: Distribution of participants by nationality

The age range was between 18 and 35[3] years, with an average value of 23 years and 9 months:

- 69% of the participants were less than 26 years old;
- 20% were between 26 and 30 years;
- 11% were over 30.

Regarding education, the majority of participants (65%) achieved a Bachelor degree (Figure 4), while the others hold a Post Graduate Master qualification (29.4%) or a Ph.D. (1.9%). The 3.7% of them have no university degree: these were the youngest participants who were attending a university programme, but who had not yet graduated. The 52% of participants' studies concerned the humanities, while 48% degrees were in a scientific field or economic sciences/management.

[3] Questionnaires completed by participants who were over 35 were not analysed, because these participants were considered out of our target range.

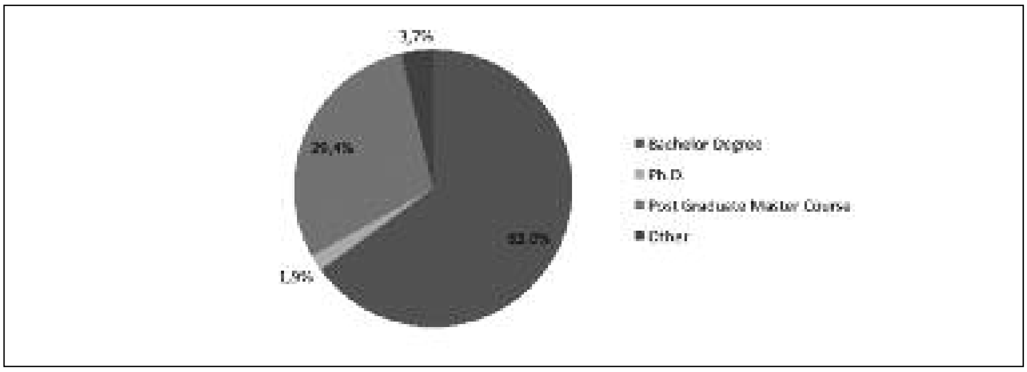

Figure 4: Participants distributed by education

Most of participants (58.0%) spoke at least one foreign language (Figure 5), but there were greatvariations: more people spoke at least one foreign language if we consider non-English and non-Chinese native speakers (93.4%). Chinese students had the lowest rate (1.2%) of second language skills.

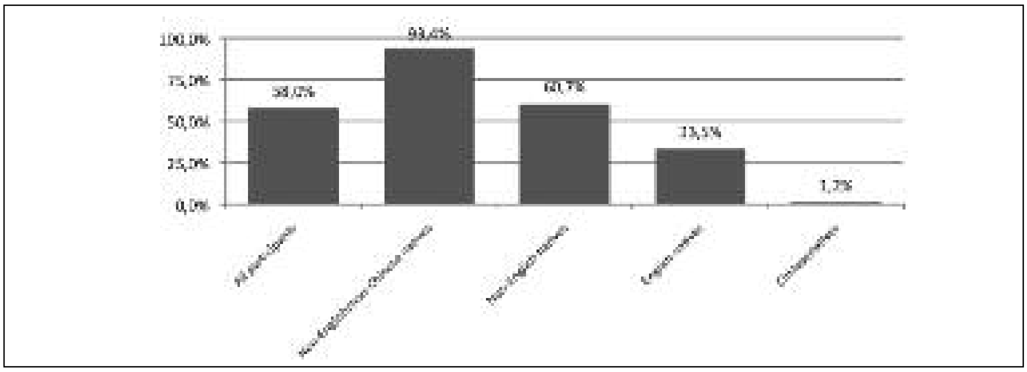

Figure 5: Participants speaking at least one foreign language

About the half of the participants lived in a large city with over 2 million inhabitants (Figure 6), with the distance between the university and the place where they lived, often more than 20 km (Figure 7).

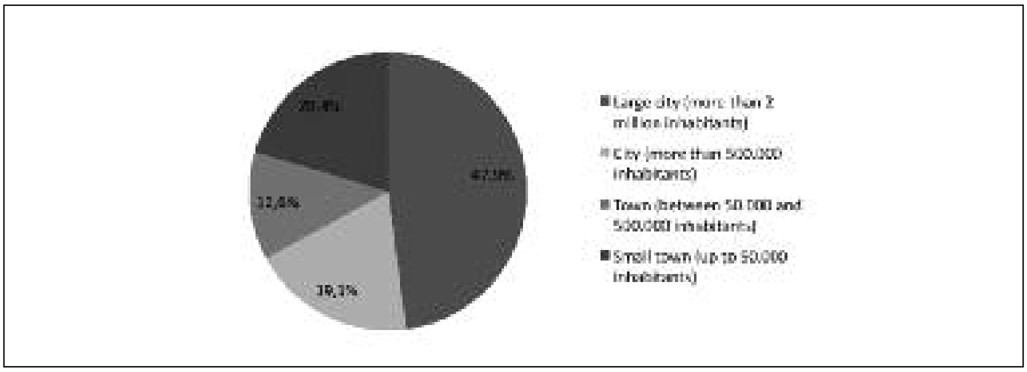

Figure 6: Communities where participants live

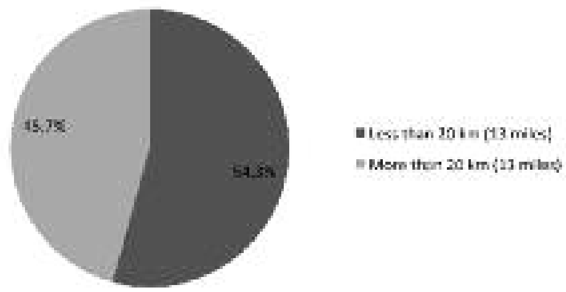

Figure 7: Distance between university and place where participants live

58% of participants did not live with their families currently (Figure8), but there were great differences between the main clusters. In contrast with students from other countries, most Italians (57%) lived with their families. This was not a surprise; young Italians' major difficulties in leaving the parental home were well known and arise for both cultural and economic reasons[4].

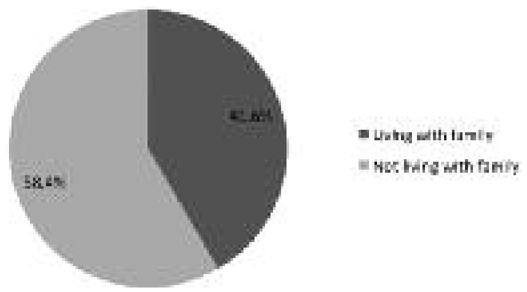

Figure 8: Participants' living arrangement

A comparison of students from the different countries showed that the proportion of Italian students living with their parents remained the highest regardless of age, while the likelihood of living in the parental home reduced with age for GWIC students (Figure 9). For example, GWIC in countries (Germany, UK, USA), students tend to leave the parental home when they started attending university and remained away until after completing their studies. In Italy (and in some other Mediterranean countries) many students who left the parental home during university returned after graduating and remained living with their parents even after obtaining paid employment[5].

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[4] See: "giovani e lavoro: dall'università al mondo. i giovani nelle aziende senza confini" research report, fondazione ISTUD 2012

[5] According to the Italian National Statistics Institute (ISTAT), in Italy there are 12.1 million of people aged between 18 and 35 years. More than 7 million of them (58%) are still living with their parents.

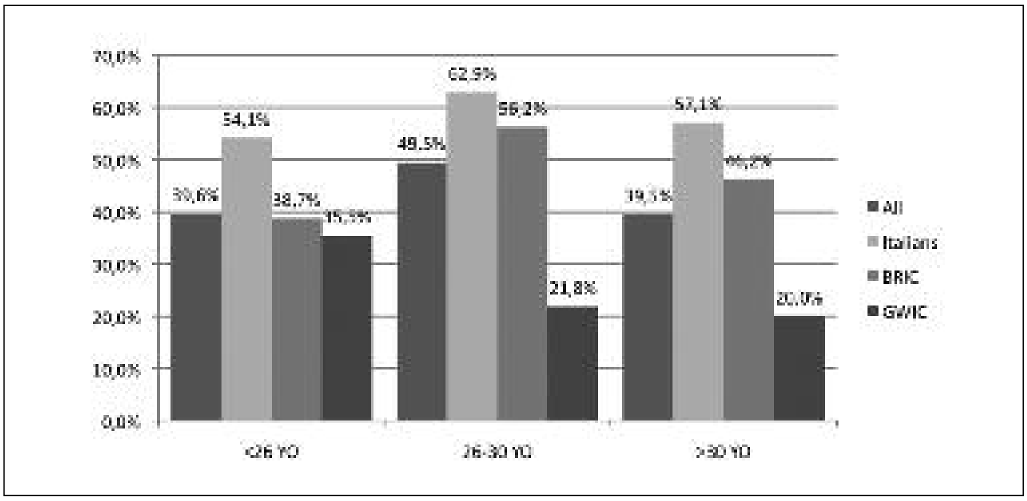


Figure 9: Participants living with their families

Students who did not live with their families were usually dwelling with roommates from the same country (54%), with a smaller proportion residing with those from other countries (17.6%). 14.4% of them were married or are lived with their partner (Figure 10).

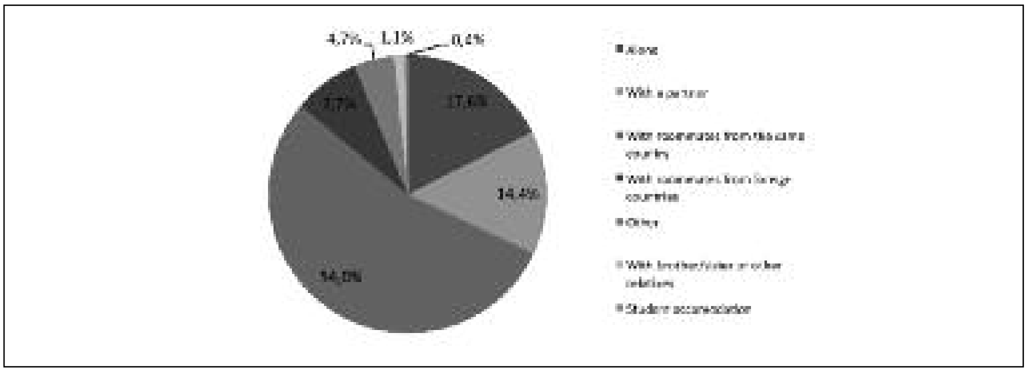


Figure 10: Participants not living with their families

Experiences and attitudes about living abroad

A number of questions explored participants' previous experiences of living abroad. The purpose of these questions was to build on earlier studies made by the ISTUD's research team which have shown that students who have lived abroad for quite a long period (at least 6 months) were much more prepared to face the world of work, and had a professional attitude that can be summarized in the following points:

– A greater interest in starting a freelance or entrepreneurial activity;
– An attitude more focused on long-term benefit (personal and professional growth, coherence between job activity and their own professional project) than on short-term benefit (salary);
– Less fear of the risks related with a temporary/non-permanent employment;

– A greater willingness to move abroad to look for a job fitting with their own personal interests.

For this reason, participants were asked if:

– They had ever lived abroad for more than 6 full months (Figure 11) and – if they answered "Yes" – at what age it happened (Figure 12);
– Whether one or both of their parents had ever lived abroad for more than 6 full months (Figure 13);
– If they had taken part in any intercultural exchange programmes with foreign countries during their university studies (Figure 14).

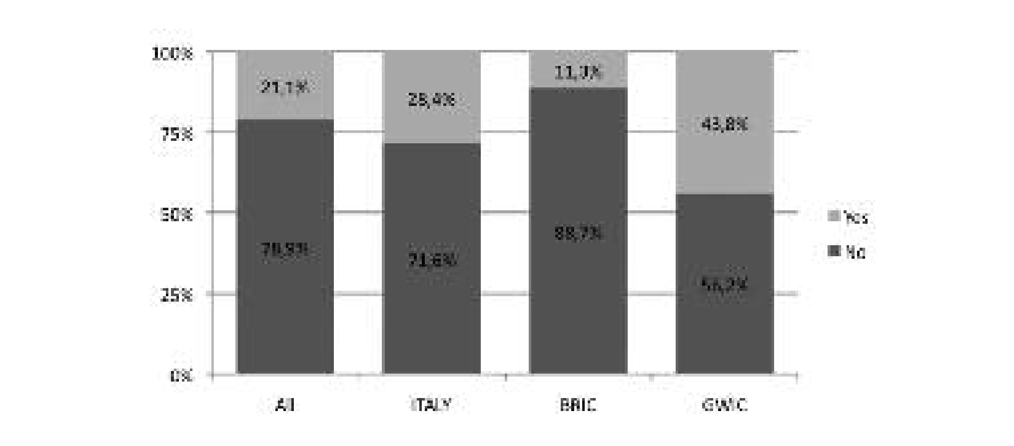


Figure 11: "Have you ever lived abroad for more than 6 full months?"

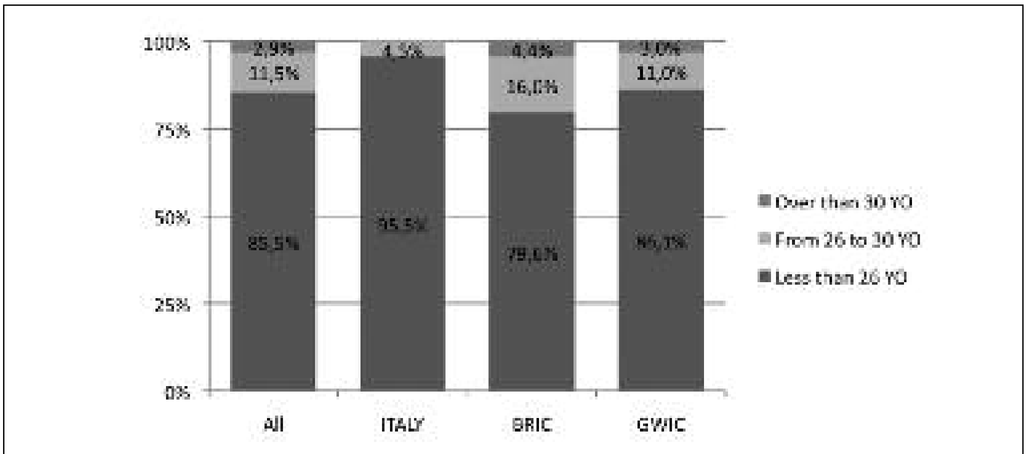


Figure 12: "At which age did you live abroad for more than 6 full months?"

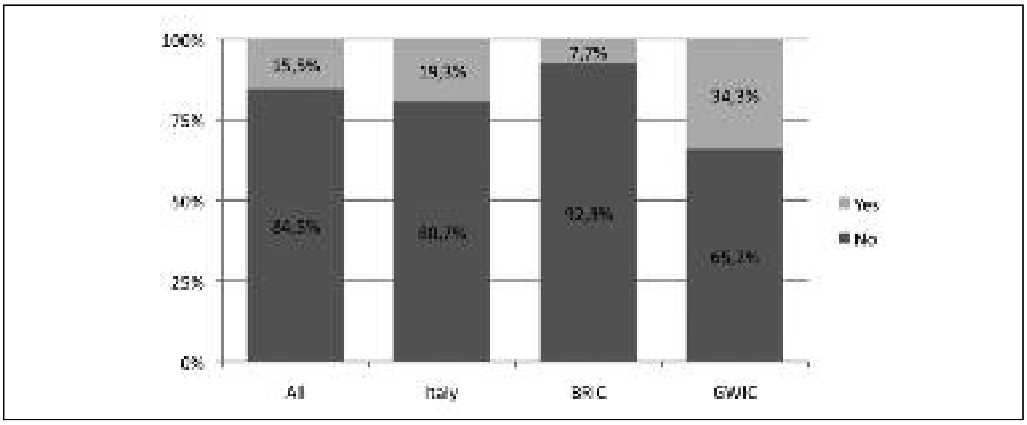


Figure 13: " Has one or both of your parents ever lived abroad for more than 6 full months?"

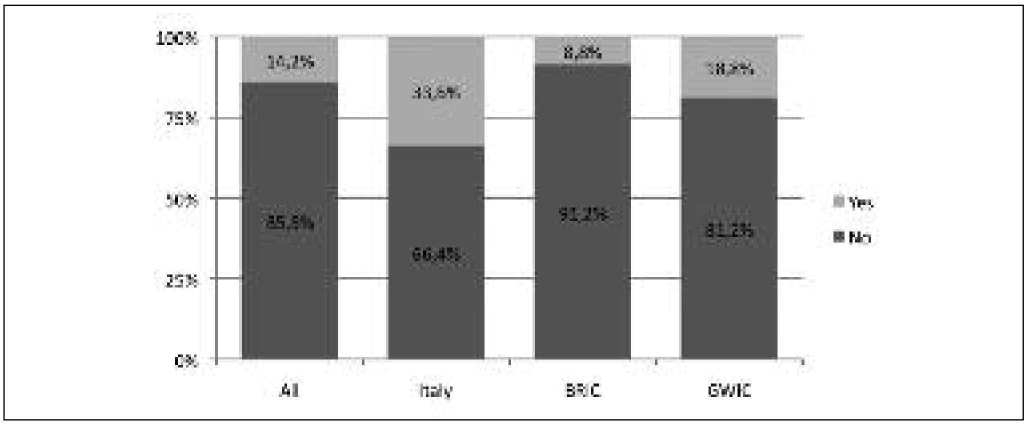


Figure 14: "During your university studies, have you taken part in intercultural exchange programmes with foreign countries?"

These data revealed distinct clusters of participants with different experiences concerning living abroad; Significantly the level of foreign experience was greater for GWIC students than the others. For the most participants, these experiences were related to their parents' exposure rather than their own exposure to exchange programmes. In fact about one third of GWIC students had one or both parents who had lived abroad for more than 6 full months. Italian students' foreign experiences were more often related with intercultural exchange programmes[6] they had taken part in during their university studies. BRIC students, on the other hand, had less personal and family experiences abroad.

[6] Such as Erasmus, Comenius or ASF Intercultural Programs.

We can therefore conclude that there were three different levels of maturity concerning foreign experiences:

– a high level of maturity, that is typical of GWIC. Students from these countries were more confident about living abroad because their parents were often involved in international career paths and, probably, because this included a period of travel abroad to work, or just to gain new experiences;
– a middle level of maturity, that was typical for the Italians students. They did not have much family experience of working abroad, instead they had the opportunity to move abroad by joining international exchange programmes during their university studies. Italian families were less inclined to move abroad for a long period – probably because of language and cultural constraints – while the younger generation appeared more ready to take advantage of the opportunity of a "safe" format, such as that found in exchange programmes;
– a low level of maturity, that was typical of BRIC countries, where there were fewer experiences – both for students and their parents – concerning living abroad. This was probably due to a combination of economic, cultural and logistic reasons. However, an increase in this exposure level is anticipanted in the near future (following changing flows of tourists, etc.).

We also asked participants what they thought about existing job opportunities in their own countries and whether they would prefer to work at home or abroad. Their opinions appeared strictly related to the different economic situations and forecasts for each country, and might reflect the previous results concerning levels of foreign experiences: while BRIC participants were very optimistic about their countries' growth prospects and did not seem to be interested in moving abroad; Italians had a far greater willingness to consider emigrate because of the lack of job opportunities and the high youth unemployment rate (Figures 15 and 16). Overall, it seemed that Italian young people were emotionally escaping to look for better opportunities, while those students from BRIC countries were more certain that greater opportunities could be found at home. In contrast those from GWIC countries lived in a much more balanced situation, and their choice of whether to move abroad looked more like a rational plan, as confirmed by the analysis of the qualitative data below.

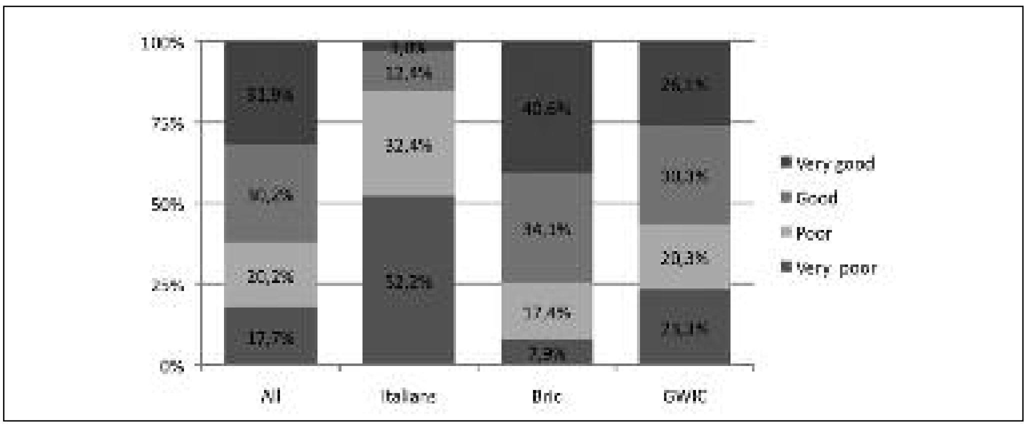


Figure 15: "In terms of job opportunities, how do you consider your country's growth prospects?"

By comparison those studying in Poland had a quite pessimistic view of their country's growth prospects: 13.4% of them rated it "very poor" and 51.2% "poor".
Referring to age groups, participants from the middle 26 to 30 years were more pessimistic compared to those from either the younger and older respondent groups. They were probably experiencing more directly the transition from Education to Employment (E2E).

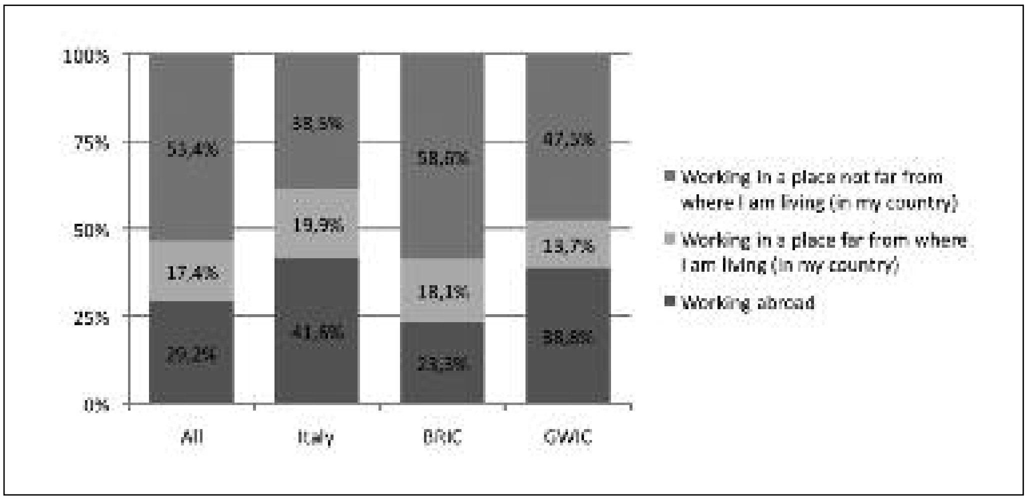


Figure 16: Thinking about your future, where would you like to work if you had a choice?

Polish respondents, by contrast with other GWIC were the more willing to find employemnt within their country, with only 8.8% of them saying that they would like to work abroad.

Asked about what they expect from a working experience abroad, the most usual answer from Italian students was, *"Career opportunities I cannot find in my country"* (21.4%), while both BRIC (26.7%) and GWIC (25.9%) students typical answer was, *"To build my personal and professional future"*.

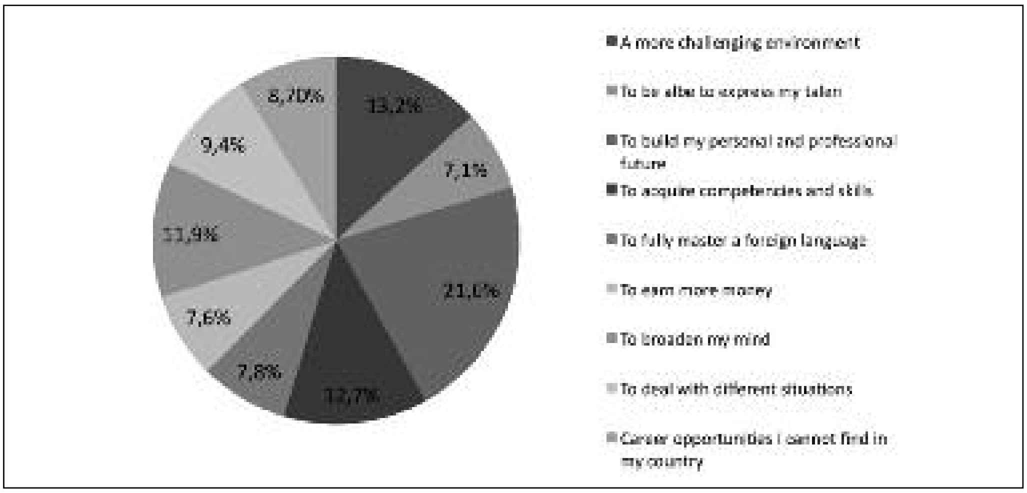


Figure 17: What do you expect from a working abroad experience?

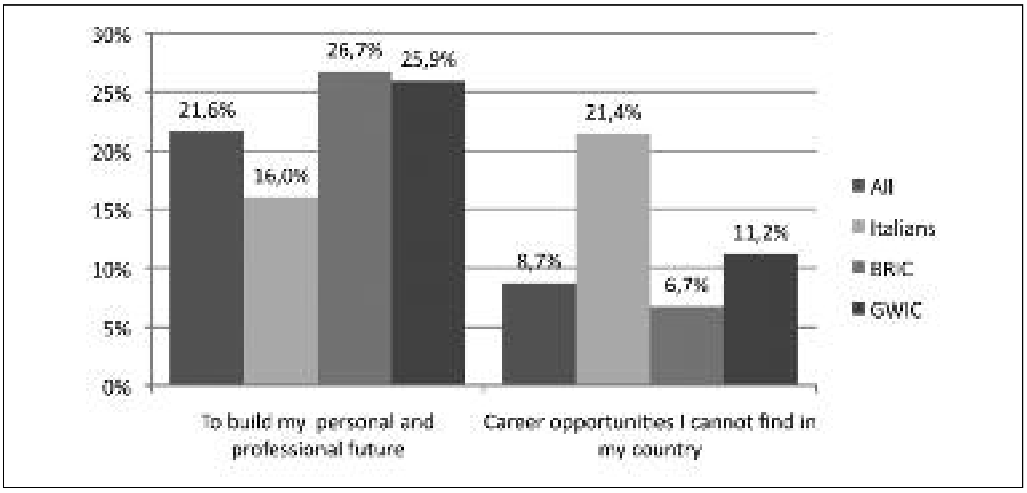


Figure 18: Escape or a planned attitude

Concerning age groups, we observed that younger graduates were more focused on becoming aware of their value and potential, while those from the older respondent groups expected to gain more regarding their competencies and skills.

Analysing Italians' attitude to moving abroad, it must also to be considered that it is easier for this groups and all young Europeans – to seek employment abroad (within the EU): as shown by previous ISTUD research. For Italian students – and probably it was the same for all EU students – "Europe" was almost felt to be one country, given that travelling has been cheap and quick with habits becoming more and more similar. At the same time, BRIC students experienced more frequent bureaucratic and logistic constraints.

70.8% of respondents would have liked to find employment within their own country. When asked about the conditions that would make them change their minds, a higher wage emerged as the main motivational driver (20.2%), but also important was the opportunity to gain experience that could be useful for the future (19.8%), or undertake a more interesting or challenging job (19.5%). Only 2% of participants said that they do not want to work abroad at all.

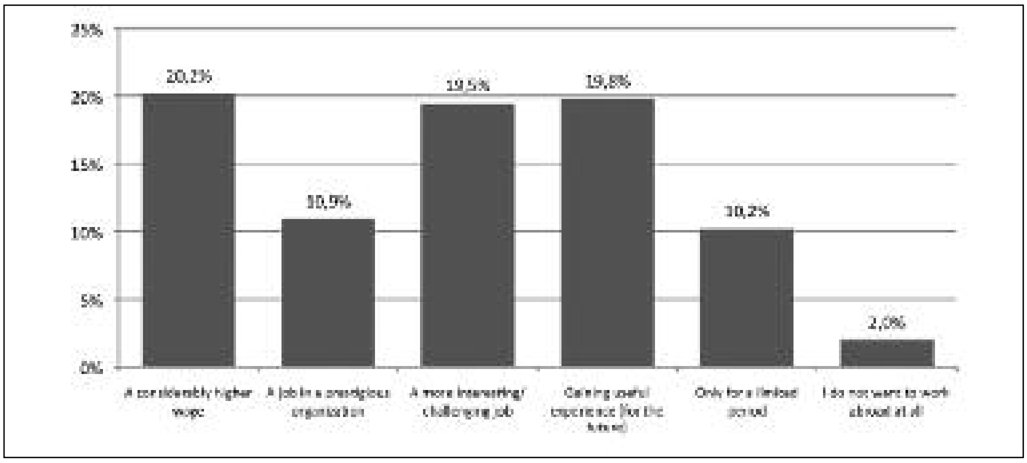


Figure 19: "Under which conditions would you be prepared to move abroad?"

These data suggested that the willingness to move abroad was often strictly related to the kind of destination, which might be encouraging or discouraging. For this reason, participants were also asked the reasons why they would never work in a foreign country (Figure 18). For about a quarter of them the main reason provided related to limitations of personal freedom (23.1%). The option “Other”, gave participants the opportunity to explain in an open field any additional reasons, and revealed two different kinds of motivations:

– most of them said that they would never work in a “war” country;
– many participants from the USA said that they would never work a nation that had poor diplomatic relations with their own country.

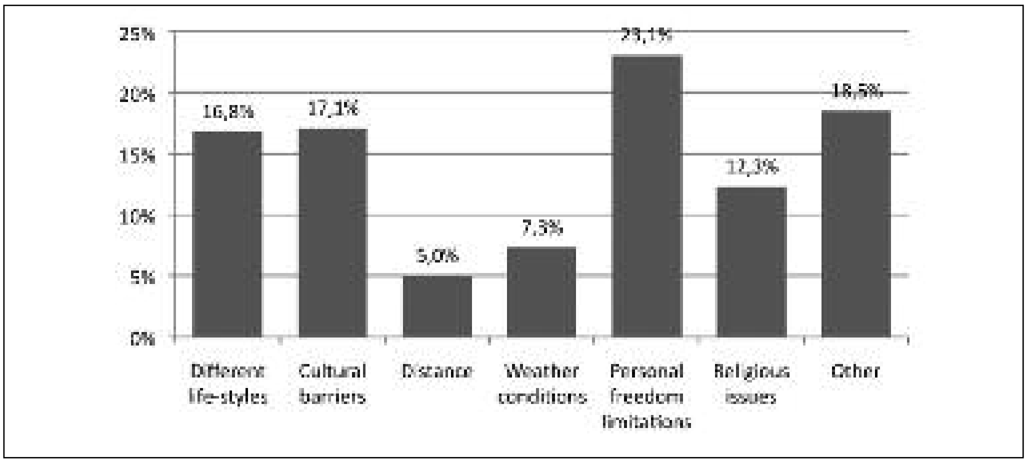


Figure 20:"Why would you never work in a certain foreign country?"

Job attitudes and values

Through the questionnaire we also explored participants' attitudes towards and values about job experiences and the labour market. This section composed of 7 issues. The first was about participants' willingness to seek a job at the end of their current studies or to continue studying (Figure 19). Data collected showed that almost 40% of the respondents were planning to look for a job within their own country or abroad, while more than the 30% would like to undertake attend a Master course. 7% of participants did not still do not know what they now would do.

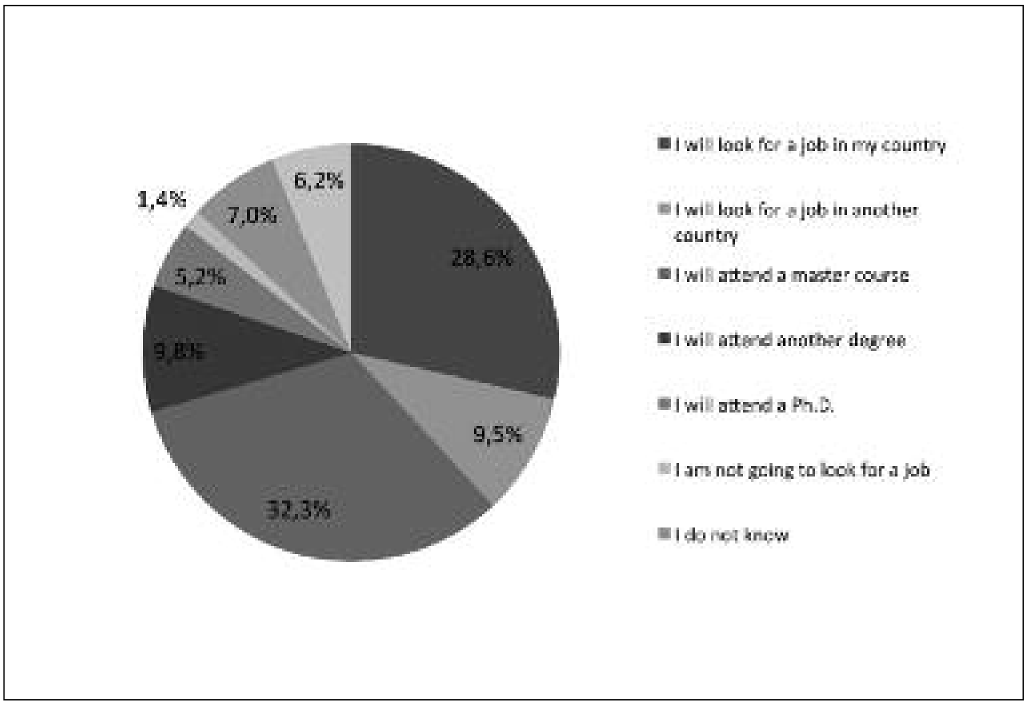


Figure 21: "What do you plan to do when you complete your studies?"

The greatest differences indicated by participants from these different countries concerned their levels of willingness to attend a further and more advanced level of additional study at the end of their current studies (Figure 22). While 40.5% of BRIC and 21.6% of GWIC participants would have liked to attend a master course, only 11.3% of Italians were planning to do so. This means there were variations in the different evaluations concerning the perceived usefulness of a Master course and its level of return on their investment:

- BRIC students looked at Masters courses as a way to access to better jobs and to progress faster within their chosen career paths in a fast growing labour market with greater opportunities for those with further qualifications to access employment;
- GWIC students were still considering Masters courses as a way to complete their studies and to enhance their skills and knowledge before starting to work, within a more mature labour mar-

ket where a Masters programme was recognized and rewarded in terms of wages and career by employers;

– Italian students had greater doubts about the effectiveness of a Masters course in helping them achieve employment, in a labour market where even graduates were excluded[7] notmerely because of the on-going crisis, but also due to a different socio-economic structure, which was based on the widespread presence of SMEs[8], who might be perceived as more sceptical about hiring too highly educated applicants. This concurs with other recent evidence (McKinsey 2014) about the reduced confidence of Italian students in investing on post-secondary studies as a means of enhancing their employment opportunities.

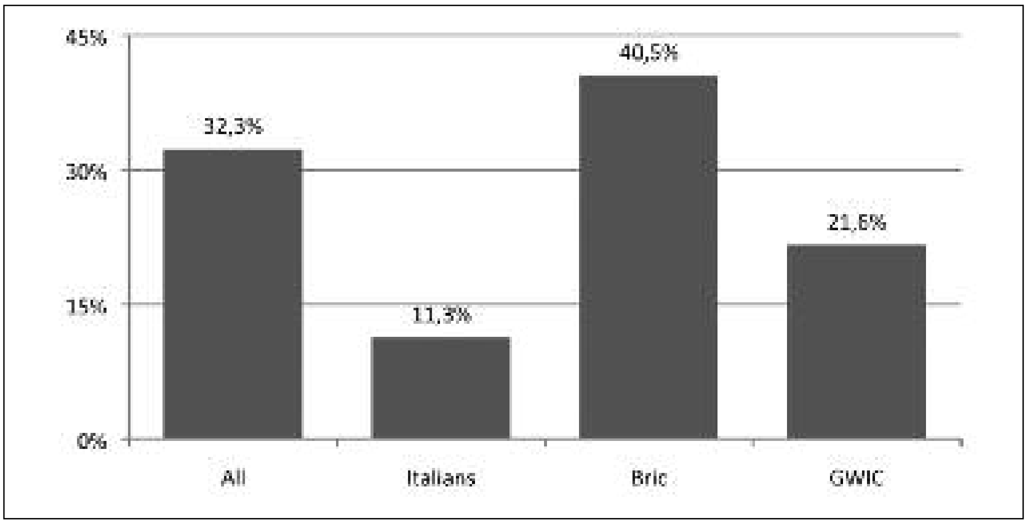


Figure 22: Participants planning to attend a Masters course at the end of their current studies

In looking at the Polish respondents, many were thinking of continuing to invest in their education, with most of them (52%) planning to attend another degree. The greatest willingness to move abroad for a job was found amongst respondents between 26 to 30 years (15.4%). As seen above, this group was also more pessimistic about job opportunities in their own countries.
The foreign destinations chosen by participants planning to move abroad, included UK (31.5%) and USA (18.7%) (Figure 20).

[7] According to ISTAT data, the unemployment rate in Italy has reached 14.9% if considering only those graduates between 25 and 34 years

[8] Past surveys carried by ISTUD within its Permanent Research Programme "Young People and Work" provided qualitative information concerning Italian students' opinions about Masters courses. Responses indicated such programmes were considered *"too expensive"* and *"unclear about the job opportunities they allow"*. At the same time, many interviewed participants said that they could be *"interested in attending a Masters course"*, but that they were also scared because of the lack of clear criteria to identify and select programmes that really fit their interests and needs: *"The label 'master' is often used (and abused) to identify different kind of training programmes. Even searching on the Internet, you find both very good and bad reviews for the same master course. This increases the risks of making a wrong choice"*.

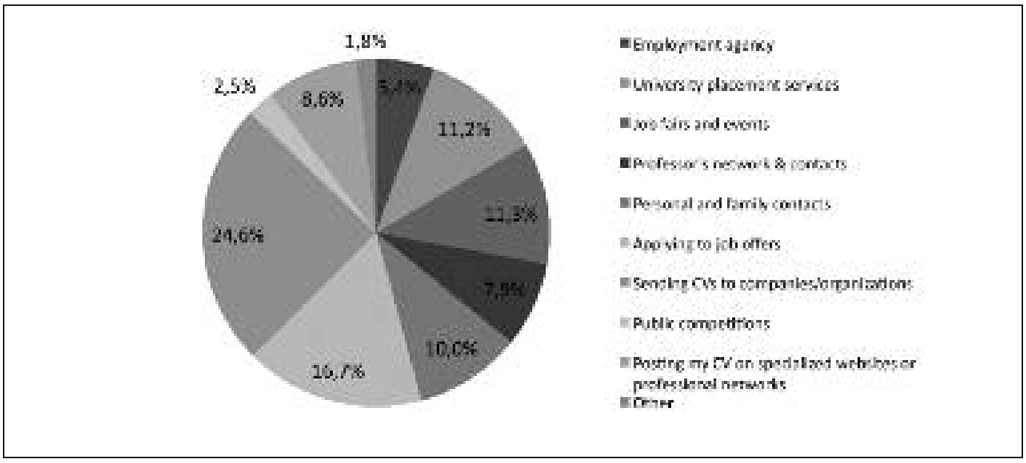


Figure 23: Preferred foreign destination for working

A second issue concerned the type of strategies adopted to look for employment. Asked about different options, participants answered that they will mainly send their CVs to firms (24.6%), even to those who were not openly advertising for positions.

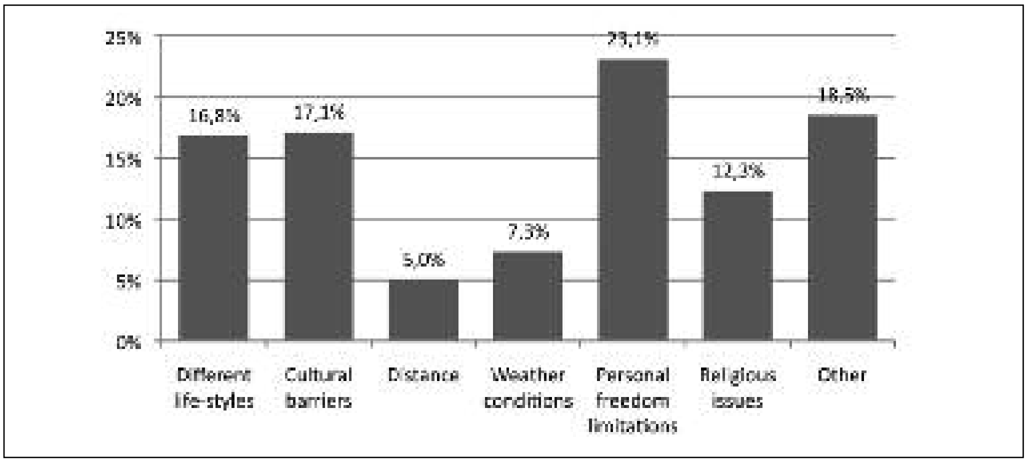


Figure 24: "How will you look for a job?"

Italian students were also planning to send unsolicited CVs to companies, but their job seeking strategies have some peculiarities that can be summarized in two points:

– a lower level of confidence in successfully applying for a job (5.3%), which was shown by a general distrust of the labour market and employers[9];

[9] The meaning of this data may be found in some statements by Italian students interviewed during past ISTUD research: *"Even posting an ad for a stage targeted to young graduates, Italian firms seek people having at least 6 months of working experience and speaking fluent English. Since we don't fit with these requirements, we don't apply to these ads".*

– a level of greater confidence of universities' placement services (18.3%), beyond their proven effectiveness.

A third issue regards work preferences. Asked about what they would have chosen if they had the chance, participants expressed their wish to work in either a large national or multinational corporation (Figure 23). This confirmed some evidence discussed in the literature and already reported by ISTUD's previous research: In particular young people born in the 1980s and 1990s comprised members of the digital-native generation and grown up in a global world that included dreams of being part of a multinational organization. This was probably one of the more global trends amongst juvenile cultures.

It was interesting to note that almost the 30% of respondents were thinking of becoming self-employed either becoming an entrepreneur, or working as freelancer. This may be in response to the economic downturn. Quite a low the percentage aspired to employment within the public sector (8.1%) which had been contracting within many countries – even those in which such employment was a significant opportunity – with the non-profit sector (7.5%) emerging for a generation described as highly socially sensitive (Tapscott, 2010).

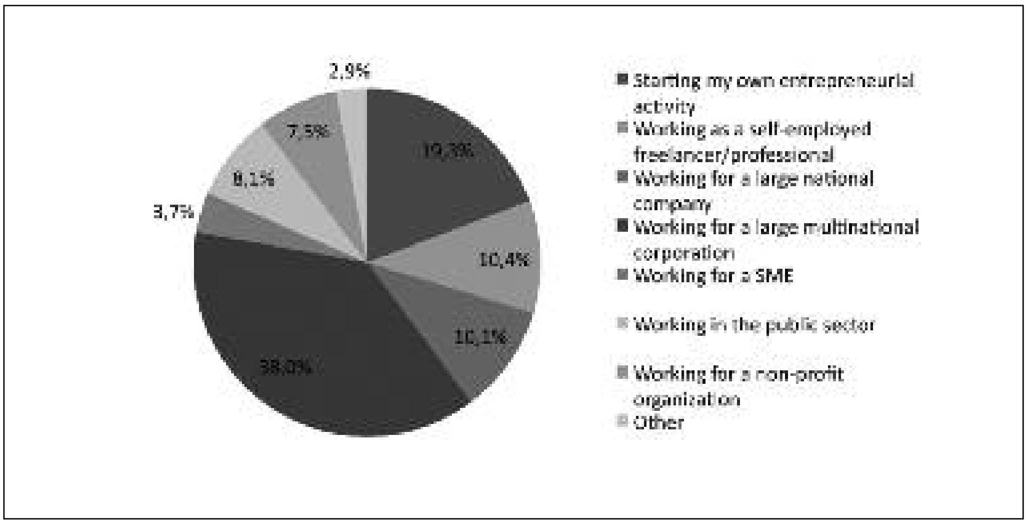


Figure 25: "Thinking about your future, what would you prefer if you had a choice?"

A comparison on the basis of gender of these different options showed that men had a stronger entrepreneurial attitude (25.8% compared with 14.2%), and a higher level of aspiration to enter a Masters programme (30.2%). At the same time, women preferred to work for a multinational company (42.6% compared with 34.9%), probably because they were hoping to find better policies relating to work / life balance, or, at least, a perception of more respect for equal opportunities.

This preference for large companies was also confirmed in students' descriptions of their ideal organization. Participants were shown twelve pairs of attributes from which one had to be chosen. These included:

Large	vs.	Small
Regulated	vs.	De-regulated
Low-tech	vs.	Hi-tech
Flat	vs.	Hierarchical
Solid	vs.	Flexible
We	vs.	Me
Traditional	vs.	Trendy
Daring	vs.	Cautious
Management driven	vs.	Family run
Global	vs.	Local

Their preferences for a large, global, hi-tech and management driven organization revealed their wish to work for a large multinational corporation. Indeed the portraits of an ideal organization indicated by participants from the different countries were very similar, so that we can affirm that preferences are the same for all clusters of participants.

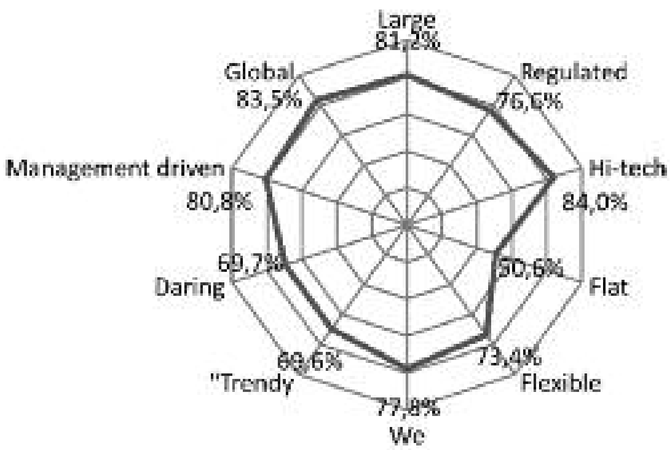


Figure 26: Portrait of the ideal organization

This preference towards employment with multinational company must be compared carefully with the employment opportunities offered such these organizations. For example, in countries such as Italy, where SMEs had a significant presence such attitudes might prejudice them against different employers, and thus prevent young people from finding the right job for them, or even finding a job at all. This is quite a relevant point for policy-makers at different levels.
A fourth issue was how participants imagined their “dream job” and how they rated their chances of achieving it. The questionnaire included an open field where participants could freely describe such a ideal role. The analysis of the data collected showed ten distinct categories, each one concerning a specific issue (Table 1):

Category/issue	Preferences	Motivation drivers
Professional activities	22.6%	– a job that fits my personal interests – the job I am studying for – most attractive jobs concern: - marketing - HR management - legal affairs - teaching - research activities
International activities	12.9%	– to work for a multinational firm – to be part of a multicultural team – thaving the chance to live and work abroad – to travel a lot
Industry	12.0%	– to work for a certain industry – most frequent choices are: - automotive - IT-Telco - oil and gas - fashion - design - government and public sector
Personal satisfaction	11.9%	– a stimulating environment – training and continuous learning – a challenging job – a job I really like – always new experiences – creativity – be free to express my talent – a job that fits with my values
Prestige, responsibility	10.3%	to be in charge of something having a leading role managing people and resources
Entrepreneurship-self employment	9.0%	to run my own business to start my own activity being a freelance professional
Successful firm	6.4%	to work for a large and well-known company to get a safe and permanent job
Social commitment	6.1%	helping others ethics and values to work for a NGO or non-profit organization being socially responsible
Work-life balance	4.4%	flexibility home working having time to spend for myself
Revenues/salary	4.3%	money first

Table 1: Dream job description

Participants from different countries had different points of view about the description of their dream job (Figure 25):

– Italian students appeared to be less motivated by the kind of professional activity (12.9%) and considered the opportunity to work in a multinational environment (19.7%) as the most important issue. This seemed consistent with Italians' greater willingness to move abroad. At the same time, Italian students considered as more important issues related with the kind of industry (16.8%), the prestige (15.8%) and the social engagement (11.5%) than found for other students. They were also less interested in starting an entrepreneurial activity (5.4%);
– BRIC students gave more attention to issues related with personal satisfaction (15.6%) and didnot consider social engagement a a great motivating issue (3.4%);
– GWIC students were the most motivated by the kind of professional activity (27.4%) and amongst the most interested in starting an entrepreneurial or freelance activity (10.9%).

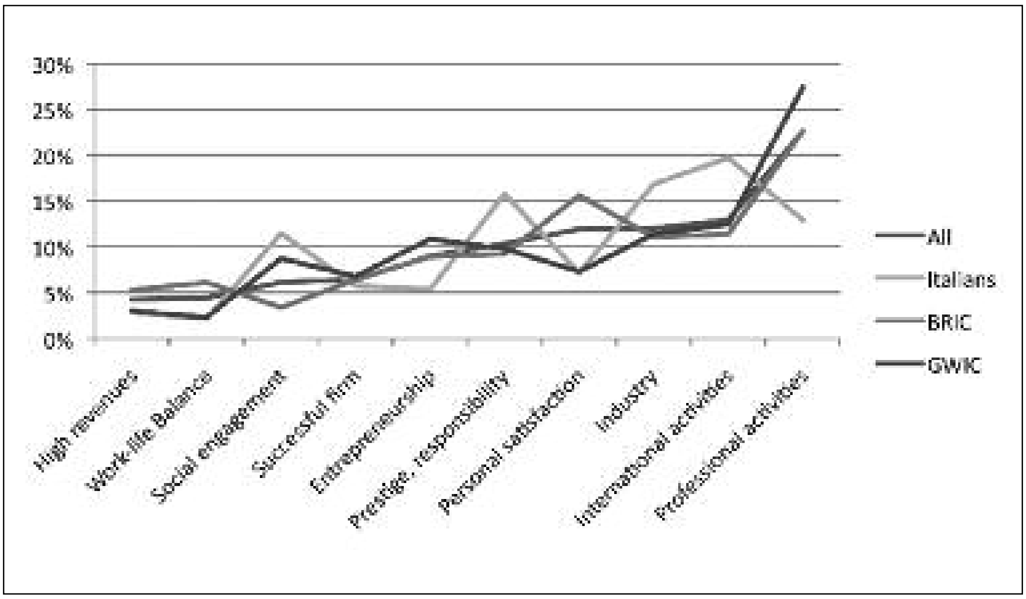


Figure 27: Dream job description by cluster

Yers and Millennials have often been described in the literature as generations that are less able to sacrifice their personal interests and hobbies for work reasons and as having a greater sensitivity towards work and life balance (WLB) issues. For this reason, it may be surprising to see how little importance was given by participants to WLB issues when they describe their dream job, since participants indicated WLB as the most important issue related with "quality of life" (see Figure 32). The lack of importance given to WLB when describing their dream job may be due to the fact that most participants were still students; they had not yet started to work, so they were not experiencing work and life conflict issues, and probably, in thinking about their entry into the labour market felt more inclined, in this first stage, to sacrifice something.

Participants were also asked how they rate their chances of achieving their dream job (Figure 26). Their answers clearly reflected the different economic growth prospects between these countries.

Italians' expectations were very low, with only 31.1% of them rating their chances as over 60% of finding their dream employment, while BRIC and GWIC students ratings for the same question were 43.7% and 47.9% respectively.

As already observed, for many Italian students today, this was probably one of the most powerful drivers toward their decision to leave their country of origin and move abroad. Polish students also had low expectations of their dream opportunity becoming a reality and only 35% of them rated their chances of achieving their dream job as above 60%; As already observed, this group were also less willing to move abroad.

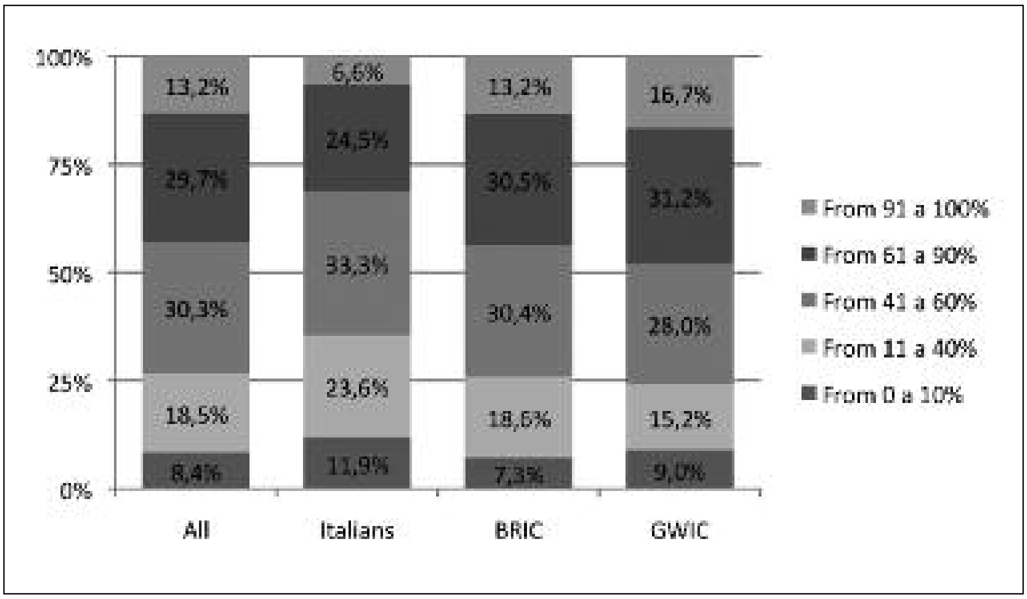


Figure 28: "How do you rate your chances of achieving your dream job?"

In assessing the strategies utilised to achieve this "dream job", participants' answers can be grouped into 7 categories (Table 2).

Strategy	Preferences	Motivation drivers
Investing on education	30.5%	– Get prepared – Study hard and get good credentials – An MBA or PhD can give you better chances to reach your dream job – Investing on good education will have its return
Step-by-step approach	14.2%	– Build up your way starting from internship – Join also low rated jobs if you feel they will improve your future employability – Do several job in order to reach the dream one – Gain experience by everyday activity – Be flexible
Persistence, motivation	14.0%	– Believe in yourself – Be resilient – Never give up – Be yourself – Be different – Be patient – Dare
Selective approach	13.2%	– Select companies you want to send your CV/application to – Build up a CV that is consistent with your professional development project
Hard working	12.7%	– Do your best – Show your talent
Networking	11.7%	– Build a professional network – Gain good references/recommendations – Keep in touch with professors
Move abroad	3.8%	– Travel the world as much as you can – Stay ready to move, your dream job is not close to your home

Table 2: "Which strategy will you adopt to achieve your dream job?"

Participants from different clusters suggested different strategies in order to get their dream job (Figure 27):

– Italians were more reliant on persistence, patience and motivation (25.0%), probably because they anticipated from the onset that the process was likely to be long and hard. They did not seem inclined to adopt a selective strategy (4.2%), rather they preferred a “shot-gun” approach, simply hoping to find a job. At the same time, they were more willing to move abroad in order to achieve a job that fitted their areas of interest (11.6%). Polish respondents also relied on simple persistence (22.3%);
– BRIC students appeared to be less willing to adopt a step-by-step approach (11.1%), be persistent (8.9%) or move abroad (1.2%). This might be related to the greater numbers of professional opportunities they already have. The economic growth of BRIC countries may enable them

to be more selective in seeking a job (18.7%), as they do not have to face very high levels of competition in that specific segment of the labour market, and also are aware of a good return on investment from their education (33.9%).

– GWIC participants were more willing to invest in hard work (16.2%) than the other participants, reflecting the typical protestant ethic described by Max Weber.

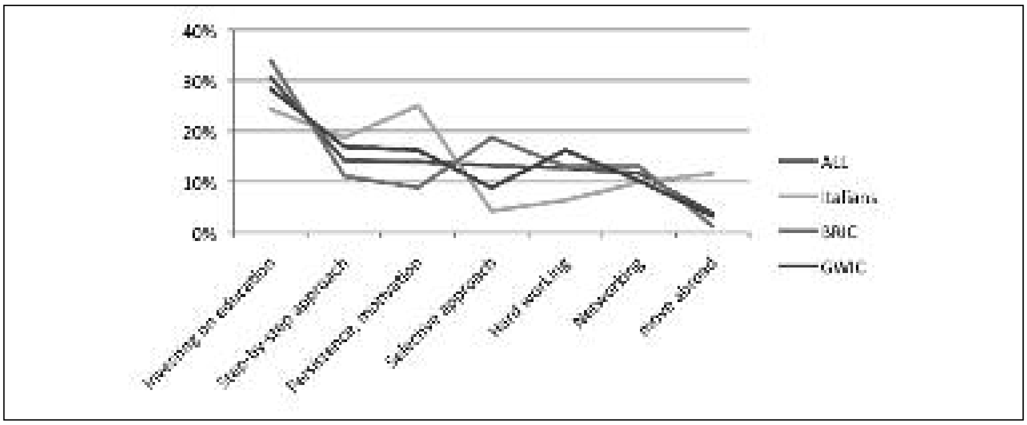


Figure 29: Dream job achieving strategies by cluster

A fifth issue was related to the ideas participants had concerning the meaning of “work” (Figure 28). Even if the most popular option was as “a means of survival” (15.4%), which suggested an instrumental/materialistic approach to work, many participants indicated a more expressive/idealistic approach and considered work as “a means for self-realization” (15.2%), a “continuous learning” experience (14.8%) and something that gave “a sense to life” (13.7%). Relative few participants associated work with “power” (3.1%), or “personal networks” (4.2%), probably due to a deep cultural shift that has been underway: power, as traditionally interpreted, was not so popular with a generation who have been defined as “conflict-averse” and the idea of networking may be taken for granted and included by respondents when they answer about the meaning of acceptable work.

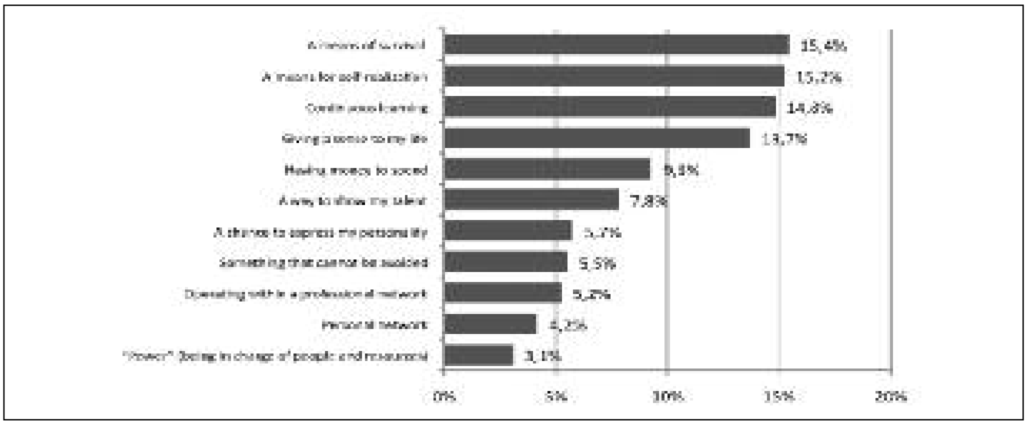


Figure 30: "What does “work” mean to you?"

A comparison of the answers provided by participants from different clusters showed that Italians had a more idealistic approach to “work” (Figure 29). More than one third of them considering work as a means for self-realization, while the importance given to money was very low (3.6%).

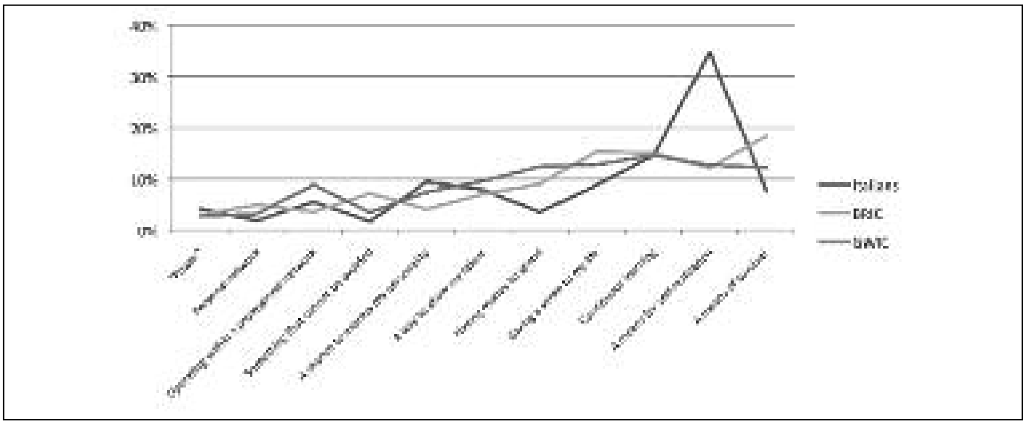


Figure 31: "Work" meanings by cluster

With age (and, probably, with early job experiences) the prominence of continuous learning increased (from 12.8% to 20.5%).

The sixth issue was related to ideas about “quality of life”. There were four items participants identified as the most important in order to ensure a really good quality of life:

– Balancing work and personal life (22.5%);
– Keeping good family relationships (20.7%);
– Being healthy (16.7%);
– Doing a satisfying job (14.2%).

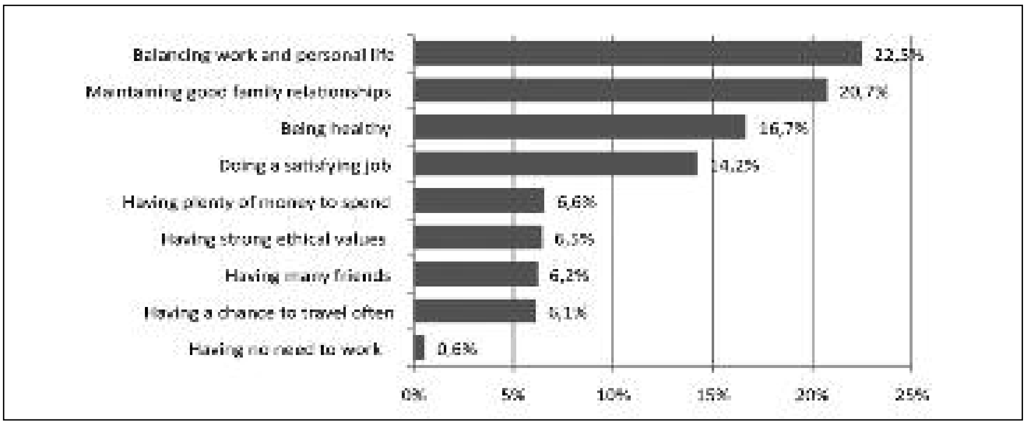


Figure 32: "Thinking about quality of life which items are the most important for you?"

While BRIC and GWIC participants had a similar point of view on this issue, Italians showed different preferences (Figure 31) that confirm their more idealistic approach and reflected a not very pragmatic culture; greater importance was given to ethical values (12.9%) and to work-life balance (27.3%) and less importance shown towards money (2.3%). Polish students also had different preferences and considered “doing a satisfying job” (21.0%), “being healthy” (21.0%), “maintaining good family relationships” (19.9%) and “balancing work and personal life” (18.1%) as the most important issues.

It may be a surprise that Italians appeared to attach less importance to good family relations in order to secure a good quality of life, but we must not forget that the most of our respondents were still living with their parents, so some of them may consider good family relations as a target that they have already achieved.

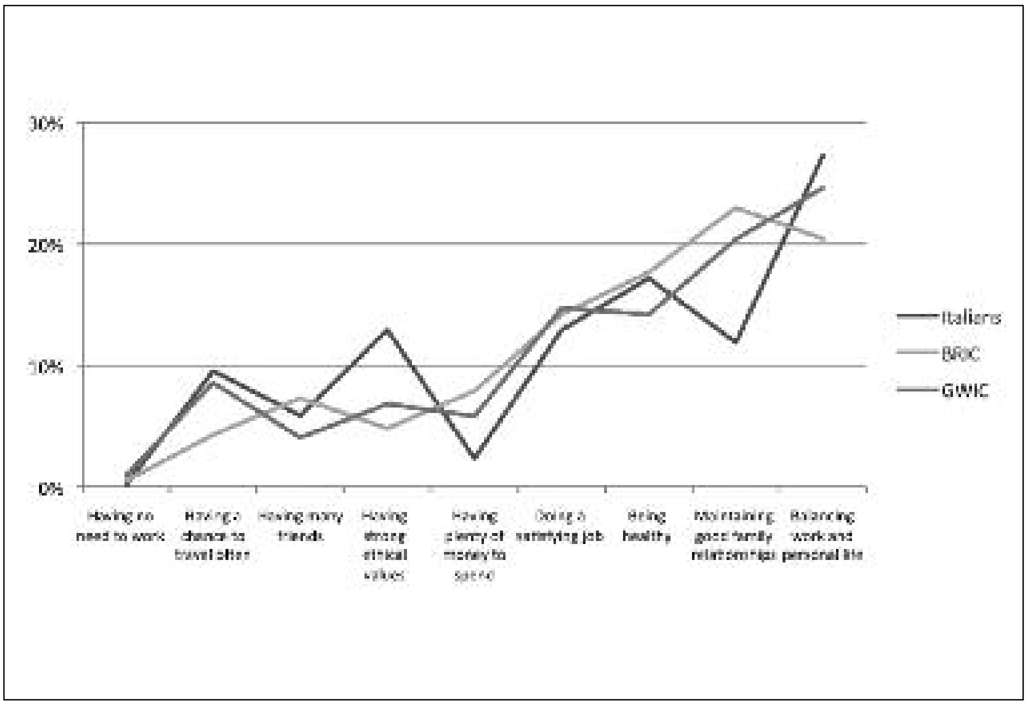


Figure 33: Opinions about "quality of life" by cluster

The penultimate issue concerned factors that participants considered key to reaching success in their lives (Figure 32). Participants’ preferences underlined their willingness to achieve success through a reliance on on only their own resources: competence/performance (24.3%) and effort/commitment (24.1%). The most important issues ranked related to participants’ skills and attitudes, while those issues outside more personal control (such as “luck”, or “family social standing”) were seen as having less significance. These preferences – which are similar for participants from all the country clusters– confirmed earlier ISTUD’s permanent research results on youth and work concerning the great confidence young people have in their own abilities and resources as a means of attaining their goals. Again we consider this a global trend characterizing this generation.

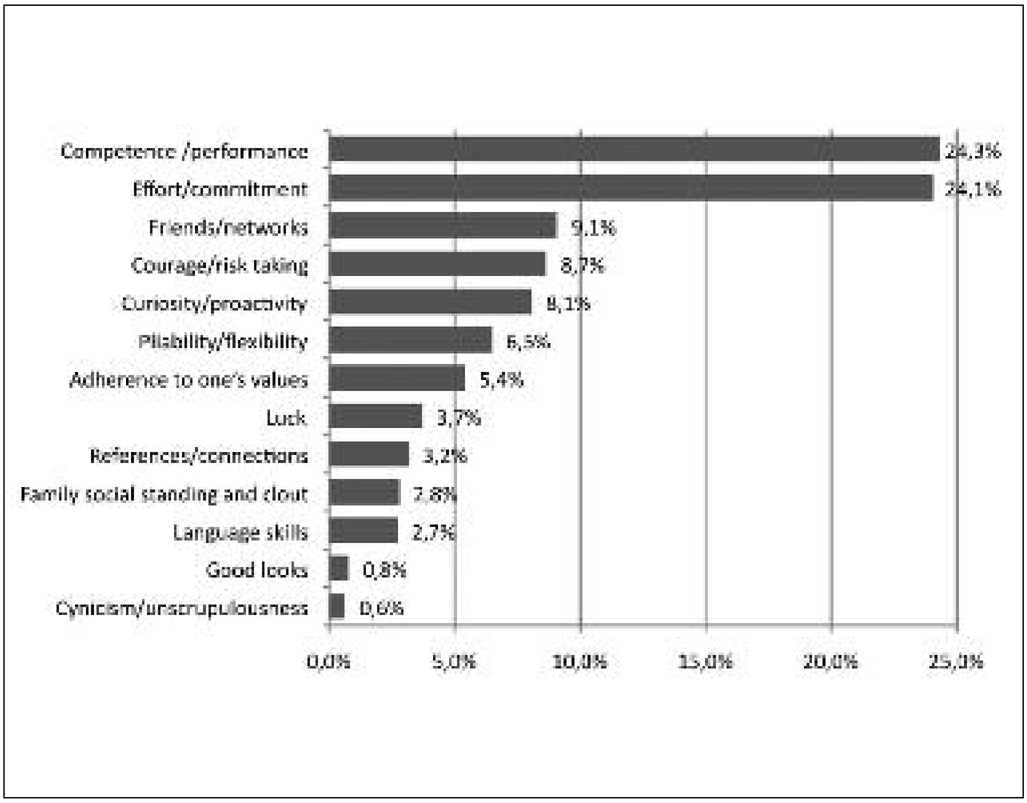


Figure 34: "In your opinion, what are the key factors for leading a successful life?"

Participants' opinions about Italian firms

The final part of the questionnaire explored foreign participants' opinions about Italian firms and the opportunity to work for an Italian company. They were asked:

– To name up to 4 Italian companies they know;
– To provide 3 adjectives that come to their minds when thinking of Italian firms;
– To name 2 good reasons to work or not to work for an Italian firm.

Answers to second and third question have been analysed together because the adjectives mentioned by participants as both the good or bad reasons to work for an Italian company were the same. Looking at Italian firms named by participants (Figure 33), we can observe that almost 90% of them fall into three industries:

– Automotive, motorcycles and suppliers (55.6%);
– Fashion (27.1%);
– Food (4.4%).

italian firms' relevance for these industries was so high that:

- 2.7% of participants mentioned non-Italian brands (e.g. French fashion firms or American pizza restaurant chains) as Italian;
- Product brand is often better known than the producer's name (e.g. "Nutella" or "Rocher" instead of "Ferrero")
- Many participants who were not able to name an Italian firm named a product category (e.g. "pasta", "sport cars", "Barolo").

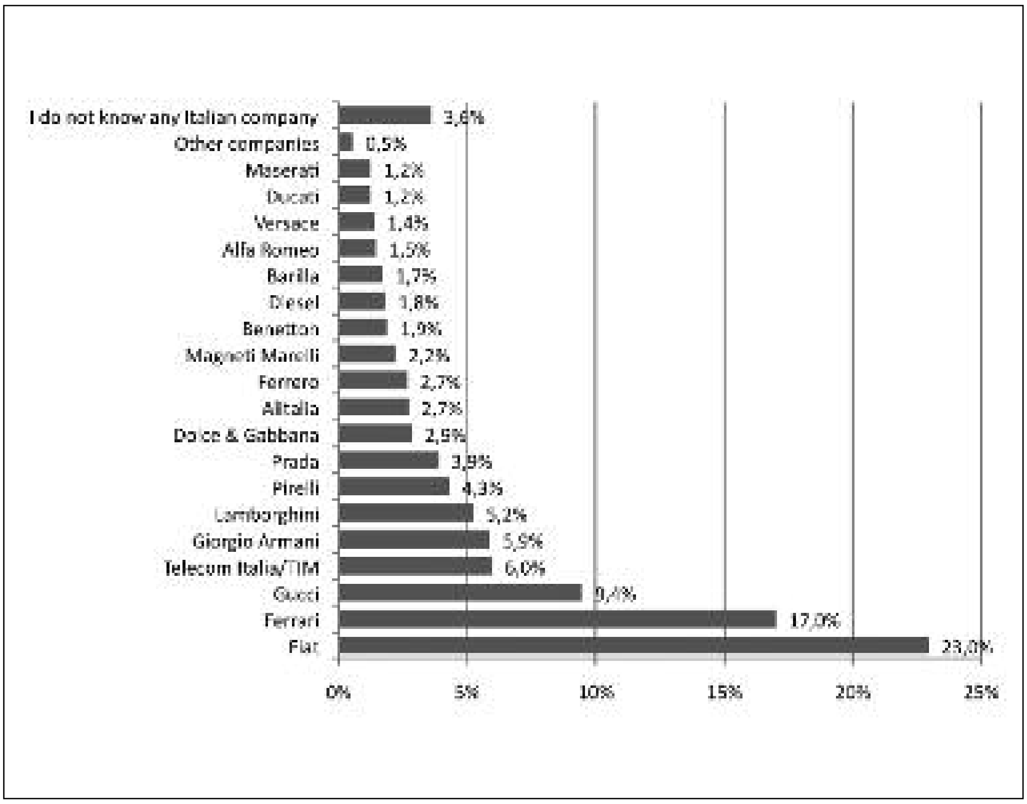


Figure 35: "Name 4 Italian companies that you know…"

In examining the reasons provided concerning whether to work or not to work for an Italian firm, participants' opinions can be grouped into the two following criteria (Figure 36):
- Firm-related issues;
- Country-related issues.

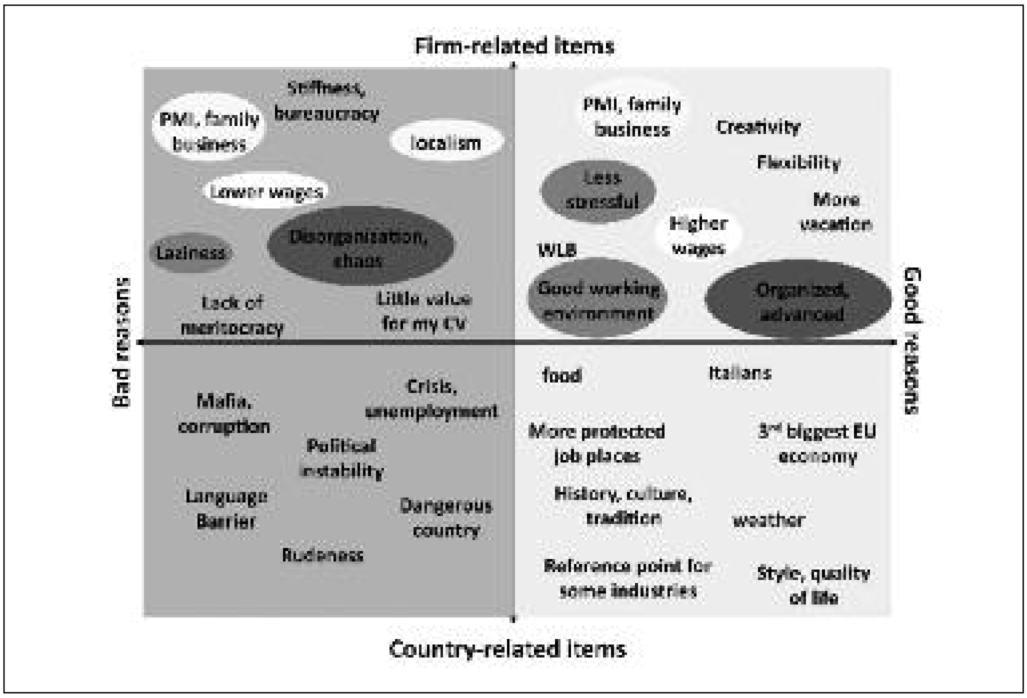


Figure 36: "Good reasons to work and not to work for an Italian firm"

As observed in Figure 36, some items were considered as both good and bad reasons to work for an Italian firm, depending on the participants' country of origin:

BRIC participants' point of view	**GWIC participants' point of view**
"Italian firms' wages are higher than our countries' firms ones"	*"Italian firms' wages are lower than our countries' firms ones"*
"Italian firms are advanced and well organized"	*"Italian firms are disorganized and chaotic"*

Other different opinions included the high presence of family run firms in Italy. This was considered to be something to be avoided by some participants (because such organisations were identified as "less professional" and "less career opportunities giving" than management driven companies), others said they would appreciate the opportunity to work for a family run company *("where you can be considered as a person and not only as a number")*.
Concerning country-related items, Italian political instability and criminality were provided the chief concerns of participants. Even if many of them are attracted by Italian weather, food and culture, they indicated they would never live and work in a place where they did not feel safe, or in which political uncertainty may affect a firm's competitiveness.

Conclusions

This research was designed to explore the values, attitudes and strategies of young people toward the labour market, with a particular focus on differences between Italian students and similar participants from other countries, who have been grouped into either BRIC or GWIC categories.

This comparison showed that foreign students from both groups have more faith in future economic development of their countries and job opportunities. Italians' views of their country's growth prospects impacted on their attitudes towards the labour market. In fact, they were:

– less willing to invest in Masters programmes;
– more oriented to move abroad to seek a job.

Even compared with foreign students who were interested in having work experience outside their country, Italians showed different motivations: they considered emigration as a central means pf accessing opportunities they cannot find in Italy. This approach may be described as an **"escape" strategy**. BRIC and GWIC students, on the other hand, considered an experience of work abroad as an opportunity to build their personal and professional future coherently with their own interests, studies and plans. This may be described as a **"professional project" strategy**.

At the same time, we also tried to explore whether there were some more global attitudes or values shared by young people across countries. We found the preference for working in a multinational company emerged as a common thread. This attitude had a deep impact on the labour market dynamics of those countries – such as Italy – in which the economic backbone comprises mostly SMEs.

On the other hand, our research identified Italian firms' strengths and weaknesses as employers operating in a global labour market. Their actual positioning stands at an intermediate level:

– Italian firms were considered to be good employers, especially by students from BRIC countries, because they were regarded as able to offer higher wages, career paths and better working conditions;
– they were considered to be a "second-choice" by GWIC students, who thought Italian companies were less well organised, had a reduced impact for their CVs and paid lower salaries.

We also identified that participants were influenced in their evaluations by their overall perception of the Italian socio-economic system. Their main concerns here included:

– bureaucracy;
– political instability;
– the language barrier;
– criminality.

These findings have significant implications for both policy makers, who are expected to increase the country's attractiveness, and firms who have to redefine their employer branding strategies.

Desk Research: looking at different countries[11]

In the next pages, the main evidences from the desk research are discussed.

As explained in the introduction, the desk research covered 18 countries, aiming at better understanding what young people might see when looking beyond their own national borders for professional development.
This report includes 8 country tables, the ones related to the countries in which the field research has been carried out. Country tables for the others are available for download at www.giovaniallavoro.it/.[12]
The investigation on the main information sources has started from the Italian specific situation that has been regarded as a sort of benchmark for the measurement of other countries' performances and indexes. As known, the Italian national scenario presents critical situations and strength points, the former being mainly ascribable to the macroeconomic indicators that do not cease to highlight a severe economic recession (8 GDP points have been lost since the beginning of the crisis in 2008). A further critical factor should be considered the youth unemployment rate, attested over 30% in 2013, although significant differences still exist between the North (where the situation is not so alarming) and the South (where this percentage exceeds the 50%). In spite of a well known university tradition, Italy lags behind also in the education field, giving up important positions to the other European countries and registering a remarkable trade-off between the education offer at tertiary level and the concrete opportunities on the job market. Highly positive remains, on the other hand, the human development index (considered as a sum of life expectancies, education level and quality of life), positioning Italy at the 25th place worldwide. In order to ensure a better comprehension of the main evidences rising from our investigation, it can be useful to mention some statistics that allow to identify a core of countries that should be considered as more appealing for young graduates and companies looking with interests at the international markets scenario.

Some of the most attractive job markets for young people: Canada, Germany and Australia

If we consider the attractiveness of job market, Canada must be mentioned among the most appealing countries, in particular for the incoming labour force that can benefit from a low level of bureaucracy and easy access to the required allowances. A quick glance at the main indicators of the country highlights a remarkable growth of the GDP (+2,5% respect to the beginning of 2012), associated with a low unemployment rate (7,4%). For young people and companies, the most attractive area is probably the energy sector (gas and oil above all) that bestows a considerable contribution on the national GDP growth. Even the Human Development Index (HDI) confirms the Canadian good performances, being the country 6th worldwide.

[11] For granting reliability and usability of the information included in the first section, we have selected certified and internationally recognized data sources as: OECD (Organization for Economic Co-operation and Development), UNDP (United Nations Development Programme), IMF (International Monetary Found), World Bank, State Departments and Ministries, ILO (International Labour Organization), Tradingeconomics (web), Justlanded (web), CIA Factbooks (web), BBC News (web).

[12] Country data have been collected in late 2012, when the project team was developing the project idea and tools for the field research, so they have to be considered as available at that time.

Immediately after Canada, Germany can be certainly mentioned among the most attractive job destinations for young people and companies, boasting of a flourishing job market, mainly in the capital intensive sectors that have survived the economic and financial crisis without remarkable losses. The German GDP, reported at +3,1% at the beginning of 2012, is remarkable in this regards and can be considered as the graphic representation of a country where the excellence of the education system is associated with low bureaucracy and high performances in the sectors of research and innovation. And, last but not least, youth unemployment rate is still among the lowest in Europe (7,7% in February 2013). Among the most appealing compartments, to be mentioned are especially the mechanic and automotive sector, the industrial chemistry and the energy industry with particular regard to the research in the field of renewable sources. Considering the HDI, Germany is ranked 9th worldwide.

Third in our ideal statistics, Australia can be represented by lights and shades. If on one hand, as Canada, can be still presented as a land of endless opportunities, on the other it reveals a growing tendency towards external closure, especially in regard to the increasing flow of low-skilled foreign workforce from the neighbouring countries and firstly from Indonesia. To this aim new laws have been passed aiming at containing the access to the national welfare benefits by foreign citizens, even well beyond their access to the national job market. Some critical points come to light also in regard to employment contracts that often imply part-time hiring with a minimum wage well beyond the average and limited access to the social safe net. Nevertheless, Australian GDP was still reported at +3,1% at the beginning of 2012 with excellence performances in some rapidly growing compartments as finance, tourism and mining industry, especially in the central areas. To be mentioned is finally the Australian ranking in the HDI international statistics: 2nd worldwide, after Norway.

Between Asian tigers and manufacturing Europe

A further group of countries that reveals common features in terms of job market attractiveness is that represented by the former “Asian tigers” (South Korea, Malaysia and China), followed by the rapidly growing economies of Eastern and Balkan Europe (with Poland and Turkey on the forefront). For what concerns the “Asian tigers”, they boast of excellent performances in terms of GDP growth (from the record numbers of China to the less impressive, but equally significant rates of Malaysia and South Korea). If the job opportunities are not missing, although they are often concentrated in the work intensive sectors that are not so appealing for young graduates, to make the difference are the effective conditions of integration that sometimes reveal nationalistic and discriminatory politics, as in Malaysia, or a work environment that is not acceptable for Western standards (pressing rhythms, low wages, poor social safe net...).

Among the Eastern European and Balkan states Poland and Turkey stand out showing significant growth rates, in spite of a job market that, although highly appealing for people looking for a job, is not still well differentiated and completely developed. To be mentioned are in particular the sectors of automotive in Poland and precision mechanics (especially household appliances) in Turkey. However, both countries offer job and social safe conditions that can be considered as well below the average EU standards, but they stand out for being among the best performers in Europe for GDP growth, while offering a direct access to the Russian and Central Asia markets.

The most attractive sectors for each country

Synoptic table
Canada: energy, finance, tourism, transports
Australia: mining sector, tourism, advanced tertiary sector
Poland: Automotive, precision mechanics, finance
Turkey: precision mechanics, trading industry, shipbuilding, tourism
Germany: mechanics, chemical industry, automotive, energy and renewable sources, ICT
China: textile, mechanics, mining sector, energy, ICT
Malaysia: finance, tourism
South Korea: ICT, shipbuilding

	GDP growth*	Youth unemployment rate %**	HDI (international ranking)***
Italy	+0,4%	37,8% (national average)	25°
Canada	+2,5%	14,8%	6°
Germany	+3,1%	7,7%	9°
Australia	+3,1%	23,8%	2°
China	+9,2%	Not available	101°
Malaysia	+5,1%	10,9% (2008)	64°
South Korea	+3,6%	9,8% (2010)	12°
Poland	+4,4%	28,1%	39°
Turkey	+8,5%	16,8%	90°

*The GDP growth rates are referred to January 2012 and have been corrected according to the inflation rate (Source: Indexmundi).

**The youth unemployment rate is drawn from the Ycharts site and is referred to the year 2012

***The HDI statistics are drawn from the UNDP site.

Country data have been collected in late 2012, when the project team was developing the project idea and tools for the field research, so they have to be considered as available at that time.

Brazil

Socio-political framework

Brazil, officially the Federative Republic of Brazil, is the largest country in South America and in the Latin America region. It is the world's fifth largest country, both by geographical area (with a total area of 8,514,876.599 km2 including 55,455 km2 of water) and by population with over 196 million people.

Brazil was a colony of Portugal until 1815, when it was elevated to the rank of kingdom and the United Kingdom of Portugal, Brazil and the Algarves was formed. The colonial bond was in fact broken in 1808, when the capital of the Portuguese colonial empire was transferred from Lisbon to Rio de Janeiro, after Napoleon invaded Portugal. Independence was achieved in 1822 with the formation of the Empire of Brazil, a unitary state governed under a constitutional monarchy and a parliamentary system. The country became a presidential republic in 1889, when a military coup d'état proclaimed the Republic, although the bicameral legislature, now called Congress, dates back to the ratification of the first constitution in 1824. Its current Constitution, formulated in 1988, defines Brazil as a Federal Republic. In 1989 there were the first free elections.

Brazil is a federation composed of 26 States, one Federal district (which contains the capital city, Brasília) and Municipalities. States have autonomous administrations, collect their own taxes and receive a share of taxes collected by the Federal government. They have a governor and a unicameral legislative body elected directly by their voters. They also have independent Courts of Law for common justice. Despite this, states have much less autonomy to create their own laws than in the United States. The states and the federal district may be grouped into regions: Northern, Northeast, Central-West, Southeast and Southern. The Brazilian regions are merely geographical and they do not have any specific form of government. Although defined by law, Brazilian regions are useful mainly for statistical purposes, and also to define the distribution of federal funds in development projects.

Characterized by large natural resources and raw materials, but also by great poverty and social inequality, since the 90 Brazil took action to reduce debt and inflation, which have attracted foreign capital. After the military autocracy that had accompanied the country for more than twenty years (1964-1985), Brazil took another twenty years to achieve political and economic stability and overcome the recurrent economic crises inherited from the precedent regime.

Fernando Collor de Mello was the first elected president by popular vote after 29 years of military regime in December 1989. Collor spent much of the early years of his government battling hyperinflation, which at times reached rates of 25% per month. Collor's neoliberal program was also followed by his successor Fernando Henrique Cardoso who maintained free trade and privatization programs. Collor's administration began the process of privatization of a number of government.

In elections held on October 3, 1994, Fernando Henrique Cardoso, his finance minister, defeated left-wing Lula da Silva. He was elected president due to the success of the so-called Plano Real. Reelected in 1998, he guided Brazil through a wave of financial crises.

After the Cardoso presidency, closely linked to the IMF, but that led to an increase in the debt of Brazil, since 2003 the government of Lula before and Dilma Roussalf after (since 2011) has attempted to revive plans for development. By controlling inflation, openness to international markets, investment in energy, poverty reduction, the Brazil went through years of great growth and development.

In the few months before the election, investors were scared by Lula's campaign platform for social change, and his past identification with labor unions and leftist ideology. After taking office, however, Lula maintained Cardoso's economic policies, warning that social reforms would take years and that Brazil had no alternative but to extend fiscal austerity policies. The Real and the nation's risk rating soon recovered.
Lula, however, has given a substantial increase to the minimum wage and his primary significant social initiative, was the Fome Zero (Zero Hunger) program, designed to give each Brazilian three meals a Lula, however, has given a substantial increase to the minimum wage and his primary significant social initiative, was the Fome Zero (Zero Hunger) program, designed to give each Brazilian three meals a day.
Having served two terms as president, Lula was forbidden by the Brazilian Constitution from standing again. In the 2010 presidential elections, the PT candidate, supported by Lula, was Dilma Rousseff who won the elections.

Since 1991, Brazil belongs to Meconsur. an economic and political agreement among Argentina, Brazil, Paraguay, Uruguay, and Venezuela. Its purpose is to promote free trade and the fluid movement of goods, people, and currency. Brazil alone produces approximately 77% of the economic output of the Since 1991, Brazil belongs to Meconsur. an economic and political agreement among Argentina, Brazil, Paraguay, Uruguay, and Venezuela. Its purpose is to promote free trade and the fluid movement of goods, people, and currency. Brazil alone produces approximately 77% of the economic output of the group.

Economic framework

The economy of Brazil is the world's seventh largest by nominal GDP and it has been predicted to become one of the five largest economies in the world in the decades to come.

For many decades, Brazil has had weak democracies and dictatorships that have increased external debt, forcing the country to low growth and high inflation. The roots of economic growth dating back to the '90s, during which the government managed to reduce the foreign debt - GDP at 20%, thanks to a devaluation of the currency in the country that attracted many foreign capitals.

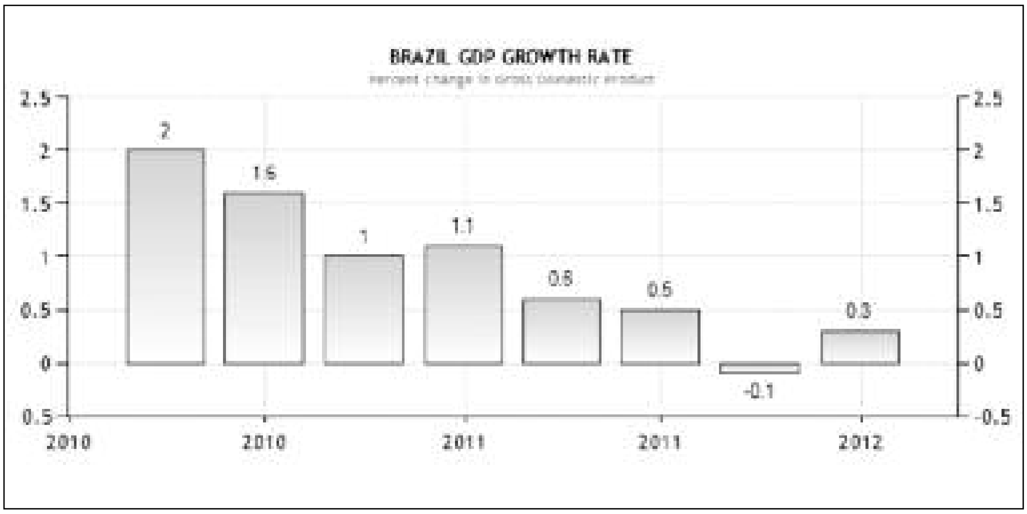
Important steps taken since the 1990s toward fiscal sustainability, as well as measures taken to liberalize and open the economy, have significantly boosted the country's competitiveness fundamentals, providing a better environment for private-sector development. Since 2003, Brazil has steadily improved its macroeconomic stability, building up foreign reserves, and reducing its debt profile by shifting its debt burden toward real denominated and domestically held instruments. The large presence of raw materials and oil fields, the social policies favoring the development of the middle class and the growth of domestic demand, the development of the export sector, locked on to Brazil an important growth.

Characterized by large and well-developed agricultural, mining, manufacturing, and service sectors, Brazil's economy outweighs that of all other South American countries, and Brazil is expanding its presence in world markets.

It is the world's largest producer and exporter of sugar cane and coffee, and a net exporter of cocoa, soya beans, orange juice and tobacco. Brazil has also considerable resources in the energy field.
The country is one of the world's largest producers of hydroelectric power. Moreover, thanks to an increase of oil production, since 2006 Brasilia has reached the virtual energy self-sufficiency, even if the shortage of plants of refining and transport infrastructure obliges the country to get trials abroad part of his domestic production.

Recent growth areas are renewable energy sector, in particular biofuel; water and waste management; automotive industry. In recent years, the country has been one of the fastest-growing economies in the world primarily due to its export potential.

The country’s trade is driven by its extensive natural resources and diverse agricultural and manufacturing production. In 2011 the trade exchange between Brazil and the rest of the world grew by 25 per cent to 482.2 billion dollars. Primary exports partners are: China (12.49 17,3 percent of total exports), US (10.1 percent), Argentina (8.9 percent), Netherlands (5.39 percent), Germany (4.05 percent).
Also, rising domestic demand, increasingly skilled workforce along with scientific and technological development, have attracted foreign direct investment.
The service sector is the largest component of GDP at 67.0 percent, The service sector has grown strongly in recent years, profoundly changing their characteristics: a strong growth in the financial sector and the use of professionals with high skills.
The industrial sector accounts for 27.5 percent of GDP. Brazil has the second biggest industrial sector in the Americas: Brazil's diverse industries range from automobiles, steel and petrochemicals to computers, aircraft, and consumer durables. With increased economic stability provided by the Plano Real, Brazilian and multinational businesses have invested heavily in new equipment and technology, a large proportion of which has been purchased from U.S. firms. Owner of a sophisticated technological sector, Brazil develops projects that range from submarines to aircraft and is involved in space research owner of a sophisticated technological sector.
Agriculture represents 5.5 percent of GDP (2011).



In 2008, Brazil became a net external creditor and two ratings agencies awarded investment grade status to its debt. After strong growth in 2007 and 2008, the onset of the global financial crisis hit Brazil in 2008. Brazil experienced two quarters of recession, as global demand for Brazil's commodity-based exports dwindled and external credit dried up. However, Brazil was one of the first emerging markets to begin a recovery. In 2010, consumer and investor confidence revived and GDP growth reached 7.5%, the highest growth rate in the past 25 years. Rising inflation led the authorities to take measures to cool the economy; these actions and the deteriorating international economic situation slowed growth to 2.7% for 2011 as a whole.
Despite slower growth in 2011, Brazil overtook the United Kingdom as the world's seventh largest economy in terms of GDP. Urban unemployment is at the historic low of 4.7% (December 2011), and Brazil's traditionally high level of income equality has declined for each of the last 12 years. [Source: Index Mundi].

The inflation rate in Brazil was recorded at 5.84 percent in December of 2012. Historically, from 1980 until 2012, Brazil Inflation Rate averaged 412.83 Percent reaching an all time high of 6821.31 Percent in April of 1990 and a record low of 1.65 Percent in December of 1998.

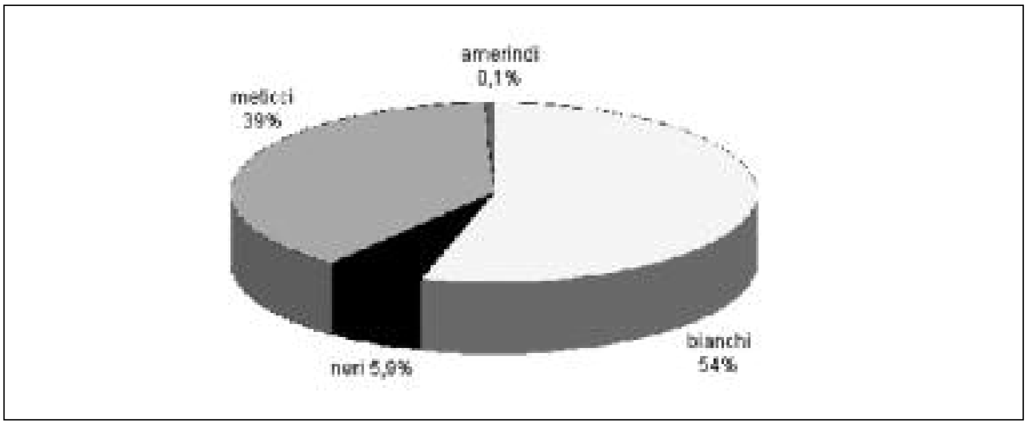
According to the UNDP statistics, the US is reported to be 85th in the international Human Development Index (HDI) ranking[13].

Demographic framework

With 196.655 million inhabitants, Brazil is the most populous country in Latin America and the fifth most populous country in the world. Thanks to the exceptional extension of its territory, the density of Brazil reveals very low: only 21 inhab. / Km ². The population, however, is distributed in a strongly unbalanced. At present 85% of Brazilians live in urban areas.
Brazil’s rural settlement patterns were largely defined by the mid-20th century, after which the nation began a headlong drive toward industrialization: this transformed Brazil from essentially rural to urban, led by the cities of the Southeast and South. 1940 less than one-third of a total population of 42 million lived in urban areas; by the end of the 20th century about 18 million lived in the São Paulo metropolitan area alone, which ranked as one of the world’s most populous cities. Rapid urban growth has produced a series of physical and social problems, while the demand for housing has raised urban land values to staggering heights. As a result, members of the middle class have been increasingly forced to live in minuscule apartments in densely packed high-rises, while the poor are confined in nearby favelas (“shantytowns”) or in residential areas that may be several hours away from their workplaces.

[13] The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education, standards of living and quality of life for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, a developing or an underdeveloped country, and also to measure the impact of economic policies on quality of life. The index was developed in 1990 by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen.

The population of Brazil is a ethnically diverse one consisting of four main ethnic groups including Amerindians, Asians, Africans, and Europeans.



Brazil has long been a melting pot for a wide range of cultures. From colonial times Portuguese Brazilians have favoured assimilation and tolerance for other peoples, and intermarriage was more acceptable in Brazil than in most other European colonies; Brazilian society is made up of a confluence of people of several different origins, from the original Native Americans, with the influx of Portuguese colonizers, Black African slaves and recent European, Arab and Japanese immigration. Other significant groups include Koreans, Chinese, Paraguayans and Bolivians.

Immigration was a major determinant of the population structure in Brazil. The indigenous inhabitants were Indians. During colonial times, Portuguese and Africans immigrated to the northeastern region of Brazil. The Portuguese settlers had few taboos against race mixture, and centuries of large-scale intermarriage have produced a tolerant and distinctly Brazilian culture. During the period between 1821-1945, approximately 5.2 million Europeans immigrated to Brazil, settling in the southern agricultural regions. After World War I, the Japanese community in Brazil grew to become the largest expatriate Japanese group of the world, with more than 1 million immigrants.

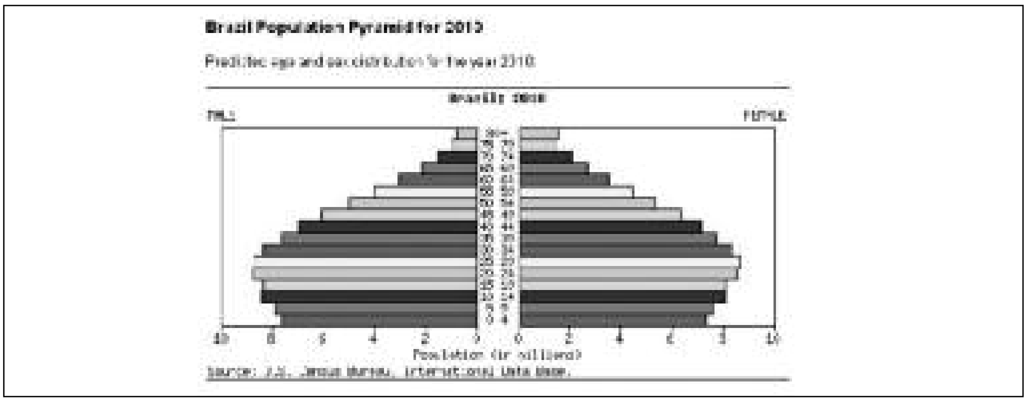
According to the most recent estimates, 55% of Brazil's population are white; 38% are mixed white and black; and 5% are black. The remaining 1% is comprised of Japanese, Arab, and Amerindian groups. In spite racially motivated violence and intolerance are less common in Brazil than in the United States and some parts of Europe, ethnic background influence social interactions in Brazil. Brazilians with darker skin colour account for a disproportionately large number of the country's poor.

According to the 2007 Brazilian national resource, the white workers had an average monthly income almost twice that of blacks and pardos (browns). The blacks and browns earned on average 1.8 minimum wages, while the whites had a yield of 3.4 minimum wages. Among the 1% richest population of Brazil, only 12% were blacks and browns, while whites constituted 86.3% of the group. In the 10% poorest there were 73.9% of blacks and browns, and 25.5% of whites. 13.4% of white Brazilians were graduated, compared to 4% of blacks and browns. 24.2% of whites were studying in a College or University, compared to 8.4% of blacks and browns. In 2007, 57.9% of white students between 18 and 24 years old were attending a University or a College. However, only 25.4% of black and brown students of the same age group studied at the same level. Of just over 14 million illiterates in Brazil, nearly 9 million were black or pardo. The illiteracy rate among white people over 15 years old was 6.1%. Among blacks and browns of the same age group over 14%.

In spite, according to a World Bank report, the GINI index in Brazil was 54.69 in 2009, Brazil in recent years has seen a sharp reduction in social inequality, with the emergence of the middle class. Brazilian Middle Class reaches 95 Million, representing over half of population. According to National Household Sample Survey (Pesquisa Nacional por Amostra de Domicílios - PNAD), over the decade from 1999 to 2009, 31 million people entered the Brazilian middle class bringing the total number of citizens in the middle class to 95 million – or 52 percent of the total population.
The demographic shifts highlighted point to an accelerated decrease in Brazil’s lower class over the concentrated six-year period between 2003 and 2009. In absolute terms, the lower class fell from 85 million to 61 million citizens over this period, while the number of citizens living below the poverty line dropped from almost 40 percent of the population at the end of 2003 to 24 percent at end 2009. This rapid shift is the result of social protection policies, the resumption of inclusive economic growth, the expansion of employment and access to credit, and an increase in access to education.

At present, Brazil is an attractive destination for Latin Americans from various socio-economic and educational backgrounds, particularly following the creation of Mercosur in 1991. Immigration in Brazil is currently regulated by Law No. 6 815 (1980) and Decree No. 86 715 (1981. More recent measures have prioritised entry permits for those who have attended at least secondary education. The last three decades have seen Brazil move from being a country of destination to one of origin. The economic crises in the 1980s and 1990s were factors in this. The most recent census counted more than 670 000 Brazilians living abroad, but official figures from the Ministry of Foreign Affairs estimate the total number at more than 2 million in 2008. Their main destinations are the United States, Japan and Paraguay, and to a lesser extent the countries of the European Union. though recently there are phenomena of reverse migration.

Although the population of Brazil is "young"- approximately 29 percent of the population is between 0-14 years old, 66 percent is between 15-64 years old, and only 5 percent is over 65 years old- there has been a sharp drop in the birth rate, which went from over 6 in 1950 to less than 2 in 2011.



Education System

Historically education in Brazil had always been the privilege of the elite. Only very recently did Brazil start its revolution of universal access to education.

Public education in Brazil is free at all levels. Most Primary schools are constitutionally maintained either by municipalities or the states. Both entities are obliged to apply at least 25% of their budgets in education. Since economic disparities exist between states, richer states and cities have more money to deliver quality education, whereas in the poorer cities and States the education will be generally of lower standards.

Although education is free investments in school are generally low (Brazil is one of the countries where annual expenditure per student is lower) and focused on the primary school: in Brazil the share of GDP spent on tertiary institutions is below the OECD average while their share of GDP spent on primary, secondary and post-secondary nontertiary education is above the OECD average. Brazil spent 5.5% of its annual wealth on education in 2009, compared to the OECD average of 6.2% [Source Oecd].

Since the country invested little in education, public education's standards dropped and the middle class moved their children to private schools. Nowadays, practically all the middle class sends their children to private schools.

The Brazilian education system is broadly divided between basic education (educação básica) and higher education (educação superior). Basic education currently includes early childhood education (educação infantil, 4-6 years), elementary education (ensino fundamental, 6-15) and secondary education (ensino médio, 15-18).

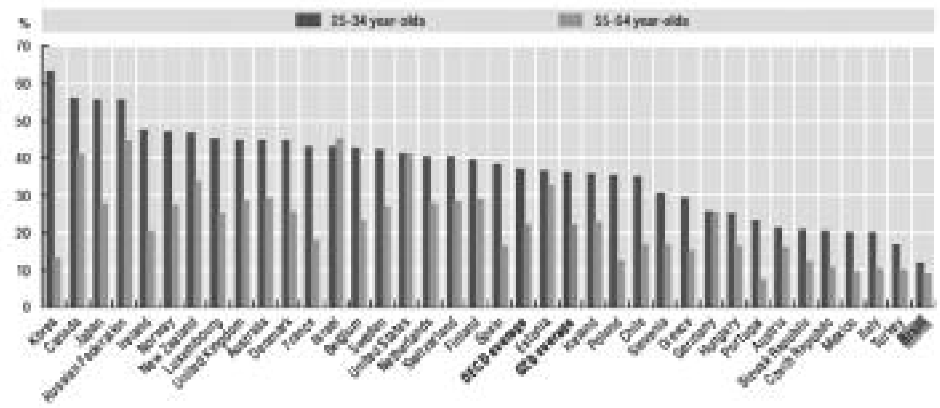
Elementary- and secondary-level education is offered mainly in the public sector, although there are also many private schools (13 percent of total enrollment in 2009, according to the World Bank).
The country is pointed out as having been very successful at raising enrollment rates, from 67 percent in 1970 to 96 percent in 1998 for the age group 7-14 years. (Unesco, 2006). Enrollment rates are high, with almost 100 percent of children starting the first grade. However, the inefficiency in the country's schooling system is also often highlighted, since it presents lower rates of actual school attendance than enrollment, and very high rates of grade repetition. This situation occurs despite improvements that have been taking place, as the share of children completing eight years of primary education increased, from below half in 1990 to 72 percent ten years later.

The situation is more complex for secondary and higher education where public investment decreases and the school fees are expensive.

In Brazil, 41% of adults aged 25-64 have earned the equivalent of a high-school degree, much less than the OECD average of 74%. Among younger people – a better indicator of Brazil's future – 53% of 25-34 year-olds have earned the equivalent of a high-school degree, also lower than the OECD average of 81% but showing progress.

Figure 1.2. **Population that has attained tertiary education, 2009**

This figure shows the percentage of 25-34 year-olds and 55-64 year-olds who have been through tertiary education.



Source: OECD (2011), Education at a Glance 2011, Table A1.3a, available at http://dx.doi.org/10.1787/888932462282.

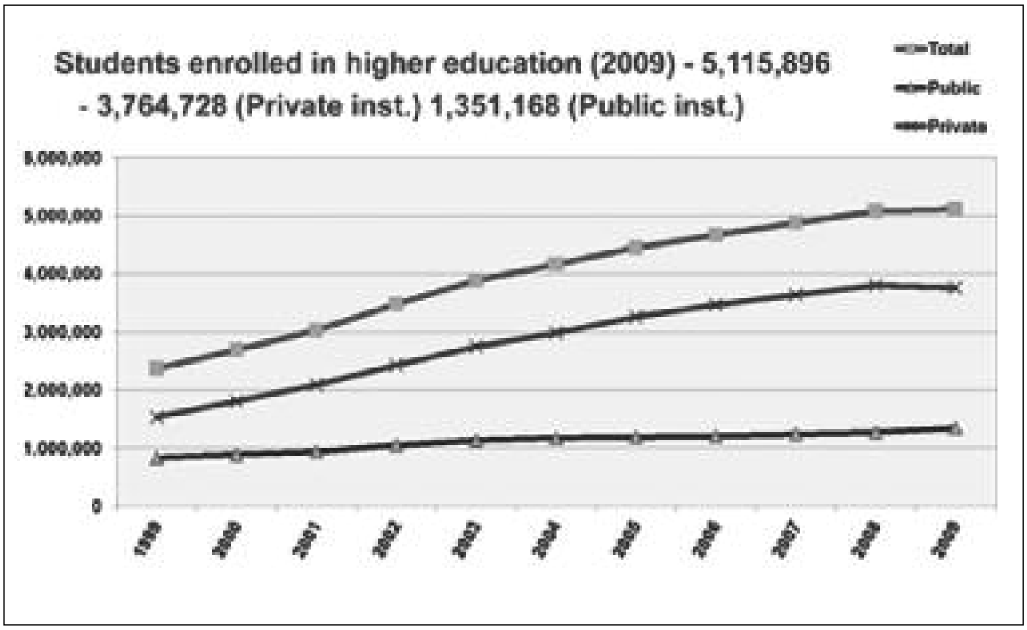
The data are even lower for the population that has attained tertiary education: Brazil is the last among the OECD countries.

Higher education is also a mix of public and private provision, with the private sector having grown considerably in recent years to cater to demand not being met by the public sector, especially at the undergraduate level. Today, almost 75 percent of tertiary-level students are enrolled at private colleges and universities [source: Word education Services]. Students with the Certificado de Conclusão de Ensino Médio and Certificado de Conclusão de Ensino Médio com Habilitação Técnica can sit the university entrance exam (Vestibular). Admission to university is based on results from the Vestibular (and/or ENEM), in addition to interviews at some universities, with top-scoring students given first choice of institution.

The 2009 Brazilian Educational Census listed 2,252 institutions of higher education nationwide, with a total enrollment of 5.45 million students. Admission to public universities is very competitive, as they are generally considered to be of a higher quality, in addition to being almost free (students pay a nominal maintenance fee established by the academic institution in compliance with corresponding jurisdictions). These institutions, especially at the federal level, are typically well regarded and highly competitive. Most graduate research work is done at public universities.

The private sector has grown three times faster than the public sector in terms of enrollments over the last decade and today the vast majority of tertiary-level institutions are private and non-university. While most private institutions are considered of a lower quality than those in the public sector, there are some well-regarded private universities, especially denominational ones. Private institutions of higher education in Brazil now enroll 75 percent of all tertiary level students, with many taking evening programs in vocationally oriented, for-profit schools.

At the undergraduate level, the majority of students attend private higher education institutions, whereas at the graduate level the majority attends public universities. These are mainly federal, although two of the most important research universities are state institutions in São Paulo.



Source: Instituto Nacional de Estudos e Pesquisas Educacionais Anísio Teixeira (INEP) http://portal.inep.gov.br/

In the last several years the federal government has tried to increase access to public institutions with the creation of four new federal universities in some of the country's poorest states, in addition to 47 new campuses at existing institutions. In 2009, 3.7 million out of 5 million tertiary students were enrolled in private institutions. Of the 1.3 million in the public sector, 752,000 were enrolled in federal institutions. Current government plans would see federal university enrollment increase to 1 million, including greatly expanded access to technical education (from 54,000 students in 2009 to an eventual goal of more than 650,000 students).
Since 2003, new enrollments at Brazil's federal universities have grown from 109,200 to 243,500 in 2012, according to the most recent INEP Higher Education Census. Total enrollment has grown from 527,700 in 2003 to 696,700 in 2009. The number of federal universities has increased over the same timeframe from 45 to 59, while funding has also been provided for 126 new university campuses.
These statistics reflect the ongoing expansion plan of Brazil's federal higher education system, which in a little more than eight years has seen its budget doubled, according to the Ministry of Education. In 2009, tertiary enrollment rate was 36% (+16% compared to 2000) [sources: UIS].
However, the positive news is offset by a worrying increase in the number of students who are abandoning classes. Here in the state capital of São Paulo, Brazil's most populous city and the one with the most universities, a dropout rate that oscillated between 14% and 17% for most of the decade jumped to 20% in 2007 and 24% in 2008.

There has also been significant growth in graduate education over the last five years. Whereas in 2003, there were 27,649 masters and 8,094 doctorate degrees awarded by Brazilian universities, there were approximately 41,000 masters and 12,000 PhDs awarded in 2010, according to Coordenação de Aperfeiçoamento de Pessoal de Nível Superior (CAPES). The sciences accounted for 51.6 percent of the master's degrees in 2008.

According to the regional classification developed by QS University Rankings,
65 universities in the top 200 universities of South America are Brazilian universities while Brazil is of course the first place, the University of Sao Paulo, which is 169 in the world rankings.

Education system and job market: statistical overview

The rise in secondary education attainment rates in Brazil is clearly evident when comparing the proportion of 55-64 year-olds with the proportion of 25-34 year-olds who had enrolled in upper secondary education. In 2009, 25% of the older age group and as much as 53% of the younger group had graduated from upper secondary education. However, Brazil's 41% upper secondary attainment rate for 25-64 year-olds is below the G20 average of 56% and far below the OECD average of 74%. Tertiary attainment rates have risen, too, but at a much slower pace. In 2009, 12% of 25-34 year-olds in Brazil had attained a tertiary education, compared to 9% of 55-64 year-olds.

As in all the other OECD countries, in Brazil, further education increases the likelihood of employment. While only 68.7% of Brazilians without an upper secondary education were employed, the employment rate rose to 77.4% for those with an upper secondary education, and to 85.6% for those with tertiary education.
But one in five 15-29 year-olds was neither in education nor employed in 2009. In 2009, 20% of 15-29 year old Brazilians were neither in education nor employed (NEET), as compared to the average of 16% in OECD countries.

Brazil continues to be the leading source country in Latin America for students studying abroad. the student numbers increased at all levels of study. According the the AEI there was a 20.9% increase in the number of students enrolled for the higher education and a 24.4% increase in the vocational training sector

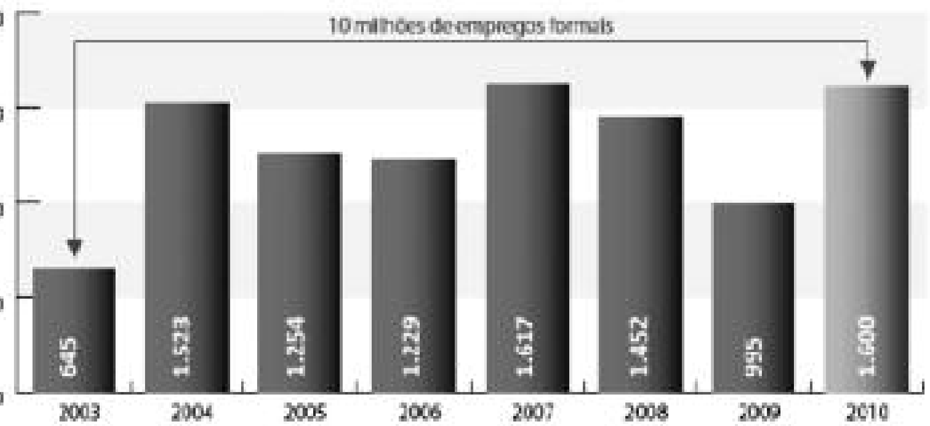
The labour market

One of the forces driving the so-called "new Brazil" of the past decade has been its buoyant labour market, which has continued to develop even as the economy has slowed to a crawl – from 7.5 per cent in 2010 to a projected 2 per cent this year. A mixture of favourable demographics and a resilient services sector, with Brazilians continuing to consume, has kept the country's workers in jobs even as their peers in Europe and the US have struggled to find employment. Alongside this, new industries in Brazil, such as the discovery of offshore oil reserves, have led to a shortage of all kinds of workers – from those on the shop floor to engineers, middle managers and chief executives. What began with a glut of labour has turned to paucity, with companies increasingly struggling to find the right skills for the right job.

Brazilian labor market has an important wedge (40%-50%:minimum wage, huge tax on the wage bill, firing penalties to employers, several labor rights that increase the labor cost).

Brazilian labor force is estimated at 100.77 million of which 10 percent is occupied in agriculture, 19 percent in the industry sector and 71 percent in the service sector. Unemployment Rate in Brazil decreased to 4.90 percent in November of 2012. Historically, from 2001 until 2012, Brazil Unemployment Rate averaged 9.10 Percent reaching an all time high of 13.10 Percent in August of 2003 and a record low of 4.70 Percent in December of 2011.

According Ministero della Fazenda, from 2003 to 2010, 10 million new jobs were created, 2,544,457only in 2010. The sectors that have contributed the most were the Services (939.448), the processing industry (638,006) and Commerce (505,202). The Micro and Small Enterprises were responsible for 72.4% of new jobs.



In 2012, the unemployment rate of Brazil's youth (aged 15/16-24) was 15.6%, a relatively low rate compared with the OECD average of 17.1%. In 2009, the rate of Brazil's youth neither in employment nor in education or training (NEET) was 18.6%, (on par with the OECD average of 18.6%), of which 6.5% were unemployed and 12.1% were inactive. The qualifications of Brazil's workers aren't well matched with the requirements of their jobs. In 2005, 32% of Brazil's workers were over-qualified for their jobs (against the OECD average of 25%), and 8% were under-qualified (against the OECD average of 22%).

Among the key features of the Brazilian labor market is the great quest of skilled workers. In 2011, 57% of Brazil's employers reported recruitment difficulties [Source Oecd].
Brazil has a shortage of graduates employed in various fields, made more acute by economic growth. It starts from Health: the country has 1.8 doctors per thousand inhabitants and by 2020 the government wants to reach 2.5 per thousand.
There is also a huge demand for engineers in view of its work for the great works related to the World Cup in 2014 and the Olympics in Rio de Janeiro in 2016, experts in the oil field (biologists, chemists, oceanographers, technicians) for the offshore research, physicists, graduates in Pharmacy and university researchers. But in Brazil there is also a shortage of workers in tourism, gastronomy, design, fashion and craft.
In the industrial sector, the increase in workers is due to industrial park expansion, including modernization and implementation of new industrial segments. The acquisition of new equipment and technology from abroad demands that you bring in professionals specialized in supervising the building and execution of the most sensitive steps in the process of setting up this equipment in order for a decent transfer of technology to happen,

This situation has led both phenomena of reverse migration both in an increase of foreign workers Just ten years ago, Brazilian professionals were fleeing the country in search of better jobs and higher pay elsewhe, at present Brazil's bullish economy has also sparked a kind of reversemigration. Many Brazilians who left the country in search of a better life are coming home, from Portugal, Japan and the United States.
In 2011, the number of legal foreign workers jumped 57% to 1.51 million, according to the Justice Ministry. Many of them are young professionals from the United States, Portugal and Spain lured by Brazil's booming consumer market and quickly expanding construction sector at a time when their own economies are suffering. Foreign investment has lead to an increase in the hire of foreign workers, which according to Forbes, rose by 30% in 2010. Oil and gas companies are particularly big recruiters and in other sectors the acquisition of new equipment and technology from abroad means professionals with the relevant specialised experience are in demand.
Prospects for graduates without experience are more limited

Partly because of this skills shortage in Brazil, wages have continued to rise – by between 40 and 50 per cent since 2003.

Foreign direct investment in Brazil had played a significant part in the country's industrialization process in the past few decades. FDI inflows into Brazil were attracted mostly by the size of the vast domestic market and also by favorable government policies. It has been observed that the FDI inflows into Brazil favored the capital intensive or technology intensive industrial production sectors of the economy. Of late the Brazilian services sector has also started garnering FDI inflows.
Brazil had a FDI regulatory regime, which was far from discriminatory. In comparison to the widespread variety of restrictions imposed on the country's imports, investment activity attracted a small number of horizontal reservations and some standard sectoral limitations.

FDI flow into Brazil was encouraged by the existence of a vast, dynamic home market insulated by a host of trade barriers. Since the very beginning the Brazilian government prompted the market seeking behavior of foreign investments. A protectionist trade policy was put in place to guarantee the profitability of these investments.

The Brazilian investment scenario in the Import Substitution era was marked by remarkable stability. Much of the credit goes to its constitutional rules and in particular to Law number 4.131.

1990s were characterized by a host of path breaking liberalizing reforms in the Brazilian economy. In the year 1991 the Brazilian information-technology sector opened its doors to foreign companies. They were free to enter and operate in the Brazilian IT sector.

Some restrictions on capital outflow were also done away with. Partial liberalization was brought about in the financial inflows. A series of constitutional amendments were enacted within 1995 to 1996. They removed the constitutional distinction among national companies and foreign companies. They also put an end to the state monopoly in oil, gas and telecommunications.

According to the United Nations Conference on Trade and Development, Brazil is seen as the world's No. 5 destination for FDI in the next two years. The last year, the South American nation ranked No. 4.

Brazil's large population and relatively newfound economic stability have made it a favorite destination for foreign investors in recent years as FDI rose to nearly $67 billion in 2011 from $19 billion in 2006 according . Expanding consumer markets, economic growth and abundant natural resources have contributed to fast growth in South America's FDI, 55% of which went to Brazil in 2011.

Foreign investment has remained robust in Brazil, despite a sharp economic slowdown since mid-2011, as investors see more opportunities in the Latin American giant than in a recession-hit Europe or a sluggishly recovering United States. As host of the 2014 Soccer World Cup, the 2016 Olympics and holder of some of the world's largest oil reserves, Brazil is expected to keep attracting foreign capital in the coming years.

Foreign investment in the industry has been mostly in food, chemical and pharmaceutical products, central bank data showed. On the other hand, investments have fallen in the electronics, metals, oil derivatives and vehicles segments.

China

The socio-political framework

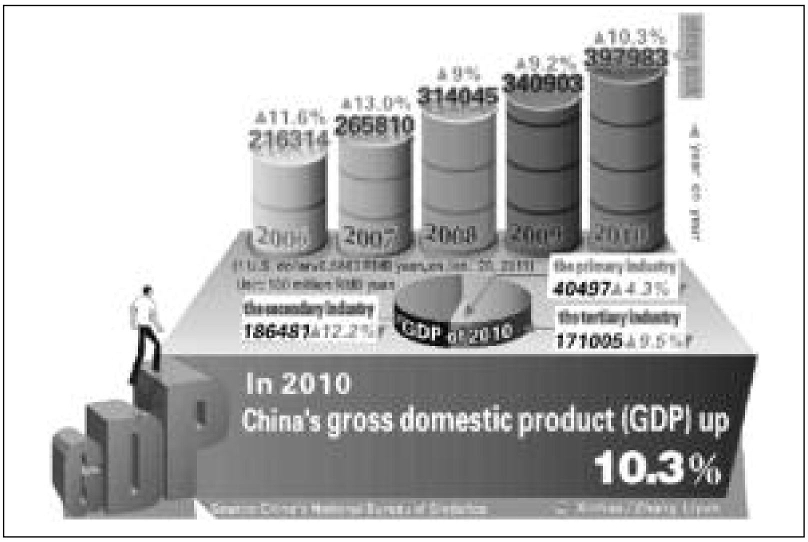
People’s Republic of China was established in 1949 after the civil war between Mao Zedong (in the picture below), leader of the Communist Party, and Chiang Kai Shek, leader of the Nationalists. On the basis of the 1982 Constitution, PRC is a socialist state led by the Communist Party. Since 1993, China has adopted the principle of “socialist market economy”, consisting of a mixture of State-owned enterprises with an open-market economy, a sort of State capitalism which recognizes the private property against the original principle of socialist planning. Communist Party is still facing a radical shift of paradigms and attitudes, gradually adopting a strategy which combines the benefits of a free market with the need for a severe State control on people’s lives. Crucial will be likely the 18th Congress of the Chinese Communist Party which will proclaim the Hu Jiabao successor; two are currently the prominent figures: Xi Jinping and Li Keqiang, both involved in the process of modernization and democratization of the Chinese society, more and more regarded as an inescapable necessity to avoid the outbreak of discontent among the members of the working class, which has largely supported the economic growth of the country.

In regard to the foreign policy, PRC pursues a strategy based on a principle of absolute independence aimed at strengthening the economic relationships with the bordering countries, with the most important world producers of raw materials as well as with the industrialized markets of EU and US which represent a natural outlet for the Chinese goods.

The macro-economic framework

In spite of a rapid growth during the last decade, peaked in 2010 with a rate of 10,3% (see graphic on the right), the current trend highlights a progressive slowdown of the Chinese economy, sometimes referred as “soft landing”, consistent with the overall downturn of the global markets. According to the data released in 2011 by the National Bureau of Statistics (NBSC), Chinese GDP

has increased by 9,5% with respect to the previous year. A further reduction of about 1% is foreseen for the end of 2012, joint with a progressive decrease in the industrial production (1-2%). “Soft landing” can be however regarded as aligned with the strategic priorities of the Chinese Government, strongly committed to promoting a progressive shift from an export-based economy to a domestic demand-driven market, capable of ensuring high level of environmental sustainability on the long run. Still controversial remains the question whether the domestic demand will be able to replace the external one in absence of public support to the internal purchasing power – which is currently decisive, above all in the sector of infrastructural investments.
According to the UNDP statistics, People’s Republic of China is reported to be 101st in the international Human Development Index (HDI) ranking[14].



Statistics released by the Ministry for Trade of the PRC highlights a positive trend for the foreign trade. If we consider the period January-September 2011, the overall trend confirms an increase of 21,3% in respect to the year 2009. In particular, if we consider 2011 in comparison to 2009, global Chinese import (amounting to 1.285 bln. USD) shows an increase of 27,8%, while national export (amounting to 1.392 bln. USD) shows a more moderate increasing tendency (+15,9%). The trade exchange rate between China and its main partners (EU, Japan and US) has decreased of about 5/10% in the first nine months of 2011 as a result of a downturn of those traditional export markets, while a significant increase has been recorded in the commercial exchange between China and the BRICS/ASEAN countries (Brazil, Russia, India, South Africa, Indonesia, Malaysia, Singapore and Vietnam above all) - respectively +39,7% and +26,4%. Statistics declare the EU as first commercial partner of the PRC (17% of the Chinese overall trade exchange). However, in detail, Chinese exports towards the EU (20,1% of the total - 235.666 mln. Euro) have largely exceeded the amount

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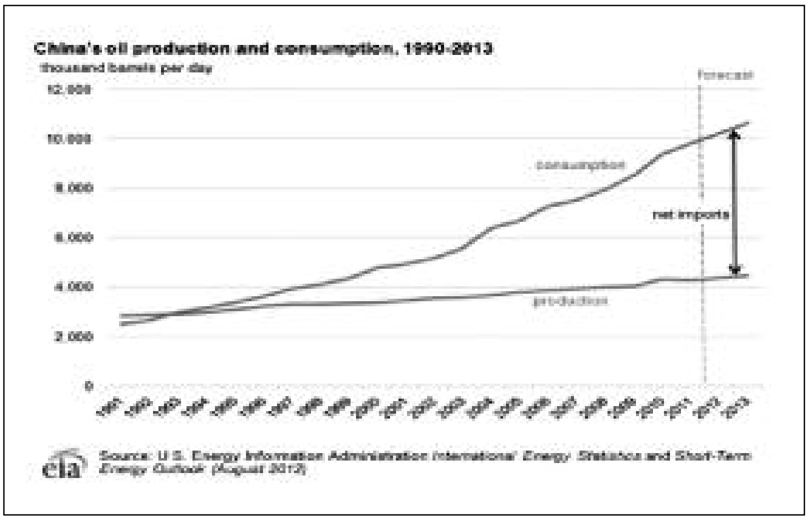
14 The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education, standards of living and quality of life for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, a developing or an underdeveloped country, and also to measure the impact of economic policies on quality of life. The index was developed in 1990 by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen.

of imports (13,2% of the total – 127.524 mln. Euro). Among the best partners of the PRC, to be mentioned are in particular UK, Germany, French and Italy (Source: ICE/MAE).

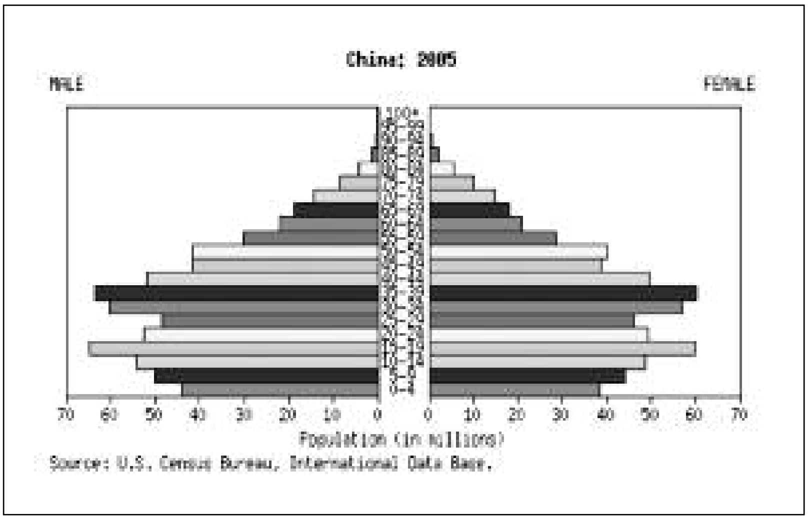


Inflation trend (4,3% in 2011) is increasingly influenced by the favorable conditions of credit access, particularly in the strategic sectors of food and real estates. Hence the intervention of the Government aimed at curbing the credit opportunities with the aim to restrain inflation trend, particularly in the area of real estates, whose incomes have been increasingly compromised by the rapid growth of market prices and loans – as a matter of fact Chinese banking system exposure to the real estate industry is considerable. Another factor to be considered in the near future is the fast growing consumption of oil in comparison to the domestic production (see graphic above), a trend which could threaten the stability of prices and even the Chinese economic growth itself, further pushing the oil prices also on the Western markets.

The paramount role played by the PRC Government in the international scenario is well represented by the escalation of the Chinese financial world. The banking system in China used to be monolithic, with the People's Bank of China (PBC), which is the central bank, as the main entity authorized to conduct operations in that country. In the early 1980s, the government started opening up the banking system and allowed four state owned specialized banks to accept deposits and conduct banking business. These four specialized banks are the Industrial & Commercial Bank of China (ICBC), China Construction Bank (CCB), Bank of China (BOC) and Agricultural Bank of China (ABC). In 1994, the Chinese government established three more banks, each of which is dedicated to a specific lending purpose. These policymaking banks include the Agricultural Development Bank of China (ADBC), the China Development Bank (CDB) and the Export-Import Bank of China. The four specialized banks have all conducted initial public offerings and have varying degrees of ownership by the public. Despite these IPOs, the banks are all still majority owned by the Chinese government. China has also allowed a dozen joint stock commercial banking institutions and more than a hundred city commercial banks to operate in the country. There are also banks in China dedicated to rural areas of the country. Foreign banks were also allowed to establish branches in China, and to make strategic minority investments in many of the state owned commercial banks. (Source: Investopedia).

The demographic framework

The population pyramid from the 2005 census (in the picture below) tells the dramatic story of PRC population during the last decades. For instance, one can see China's "baby boom" which peaked in the late 1960s and early 1970s. The baby boom actually started in the 1950s with those generations that - in 2005 - were 55 to 60 years of age. Then the demographic disaster of the "Great Leap Forward" cut down the cohorts to half their size. The number of people that were 42 to 46 years of age in 2005 (that is, they were born between 1959 and 1963) is substantially smaller than the generations before and afterwards. This severe "cut" in China's age structure is due to the deficit of birth during the Great Leap Forward. It is well known that during severe famine years fertility declines sharply. After the Great Leap Forward births rapidly increased again. The largest cohorts were between 31 and 41 years of age in 2005 - that is they where born between 1964 and 1974.



Then the Chinese family planning program began to take effect. The birth cohorts rapidly declined. Those guys, that were between 19 and 29 in 2005, belonged to the smallest birth cohorts after the baby boom. They were born between 1976 and 1986.

At the bottom of the Chinese population pyramid one can again see large cohorts, that were born between 1985 and 1990, aged 15-20 in 2005. They are almost as large as the birth cohorts during the "baby boom" years. However, these large numbers of births are just the "echo effect" of the baby boom between the mid-1960s and the mid-1970s. The members of the baby boom generation had their (first) children - and despite the fact, that each couple should have only one child, the total number of births was high, because of the large number of parents. The average fertility during the early 1990s was also still more than two children.

Finally, if we consider the base of the pyramid, representing those children born between 1995 and 2005 – being from 0 to 10 in 2005 -, a significant cut down can be seen, that can be related to the effects of the “one child” policy.

A factor to be carefully considered when dealing with demography is the migration rate of the Chinese population. According to the statistics contained in the 34th OECD Continuous Reporting System on Migration, Chinese want to get out of their country more than the citizens of almost any other country. Chinese immigrants rank among the top ten in at least 15 of the countries that make up the 31 countries of the OECD. Nonetheless, Chinese have a long history of out-migration, from the time they colonized much of Southeast Asia and peopled the gold mines of California in the 1850s. In 2008, according to the OECD report, Chinese citizens in the US were the fourth-largest group of foreign-born residents after Mexicans, Filipinos and Indians. They were second in Canada, second in New Zealand, third in Australia, eighth in Ireland and sixth in Hungary and Finland.

The essential question, primarily concerning students but also settlers, is the extent to which they are inclined to return to China after the experience abroad. The case of student migration from other East Asian countries indicates that the proportion of returnees tends to increase over time. Very large numbers in the governments of Taiwan and Korea have been trained overseas and the trends towards more democratic systems and increasing rates of return migration are not simply coincidental. So far, according to official Chinese sources, only about one third of the 220.000 students from China who have gone overseas since 1979 have returned, and the proportion returning from the United States is only about one fifth.

Actually, even if the Chinese economy has improved so dramatically, the numbers of those seeking to get out of the country is rising, not falling. China was among low-income economies until 1997, when it moved into the group of lower-middle-income economies. Chinese migrants now account to 10% of all the émigrés into the OECD. Among the top 20 countries providing migrants, Colombians, Chinese, Moroccans and Romanians have seen the highest rates of increase in migrants flows since 1995. While 144.000 emigrated from China annually between 1995 and 1999, by 2008 that figure had nearly quadrupled to 539.000 annually. As a percentage of total émigrés, the figure had risen from 4,9% in 1995 to 9,8% in 2008.

In Asia itself, half of Chinese migrants went to Japan or Korea. Another 20% went to Europe, 15% to the United States and 11% to Australia, Canada and New Zealand. According to the report, in 2008 more than half of the foreign residents in South Korea were Chinese, the top ethnic group migrating to Japan, Korea, the Netherlands and Canada too. Remarkably, they were the second-largest migrant group into the United States, topped only by Mexico, a poor and crime-ridden country with contiguous borders with the US. They were the fourth-largest group in Australia and Hungary, the third in Finland, the fifth in Italy, the sixth in France and the seventh in Spain and Sweden.
Nor are they economic migrants only. Chinese asylum-seekers represent the largest single group seeking refuge in the United States, ahead of such war-torn or poverty stricken countries as El Salvador (2nd), Haiti (5th), Iraq (9th) or Russia (13th). Along with Sri Lankans and Indians, Chinese represent the largest number of asylum seekers in Australia (Source: Asian correspondent .com).
Finally, internal migration (see map above) is increasingly changing the socio-economical structure of China, as a result of a fast-growing transfer of citizens from the poor western regions to the wealthy cities of the eastern coast.

The education system

Since 1949, when the PRC was founded, the government has always placed education high on its agenda. Through uninterrupted efforts over the past five decades, China has made significant progresses. A nine-years compulsory education has been implemented in planned stages nationwide and primary schooling is now available to 91% of the Chinese population. Institutions of higher learning such as occupational polytechnic, diversified adult and ethical schools have also been developed rapidly.
China has set up an educational system where government is the major investor and social partners are co-investors. Currently, local governments are playing a key role in compulsory education, while central and provincial governments are dominant in higher learning. The Ministry of Education is responsible for carrying out laws, regulations, guidelines and policies of the central government. It is also in charge of planning the development of the education sector, integrating and coordinating initiatives and programs nationwide. In recent years, non-government investment has been moving into the educational sector, providing more seats for more applicants.
Financial allocation is still the major source of the education budget. At present, funds needed by schools controlled by the central government come from the central financial pool; schools controlled by local governments are supported by local finance etc. Other types of arrangements include schools sponsored by the governments of small towns and villages in combination with public institutions, which are mainly financed by the sponsor institutions and subsidized by local governments.

China's education system consists of four levels: basic, occupational/polytechnic, common higher and adult education.
Chinese government has always listed basic education as one of its top priorities. Since 1986, primary schooling has prevailed in most areas of China, while junior middle schooling is being to be implemented in large cities and economically developed areas. Up to 1999, there were 582.300 pri-

mary schools countrywide attended by 135,5 million students. By 1999, there were 64.400 junior middle schools nationwide engaging 58,1 million pupils. In addition, there were 14.100 high schools nationwide enrolling 10,5 million people.
Medium-level Occupational and Polytechnic Education is mainly composed of medium-level professional schools, polytechnic schools, occupational middle schools and short-term occupational and technical training programs of various forms. Up to 1997, there were 33.464 occupational and polytechnic schools nationwide with an enrollment of 18,7 million people.
Common Higher Education consists of junior colleges, bachelors, masters and doctoral degree programs. Junior colleges programs usually last two or three years; bachelors programs four years (medical and some engineering and technical programs five years); masters programs two or three years; doctoral programs three years. Up to 1999, there were 1.071 common colleges and universities countrywide. These schools offered 2.754.500 seats to those applying for junior colleges and bachelor programs, 19.900 seats to those applying for doctoral programs and 72.300 seats to masters programs applicants.
Adult Education includes schooling, anti-illiteracy education and other programs oriented to adult groups. China's adult education has evolved rapidly since 1949. Up to 1999, there were 871 colleges and universities dedicated to adult education and 800 correspondence-based and evening programs at common colleges. These schools offered 1.157.700 seats to those pursuing junior colleges and bachelor programs and granted diplomas to 888.200 people (Source: Chinatour360).

Education system and job market: statistical overview

While the overall level of tertiary attainment in China is low, because of the size of its population, China represents 12% of the world's tertiary graduates (31 million)
In 2010, less than 5% of 25-64 year-olds in China have a tertiary degree. However, considerable progress has been made on this measure: In China, the proportion of the population with tertiary education attainment has almost doubled over the past 30 years.

It is estimated that 65% of young Chinese today will complete upper secondary education over their lifetimes. In China, 50.4% of upper secondary students are enrolled in pre-vocational or vocational programmes.

In absolute terms, the largest numbers of international students are from China, India and Korea. Asians account for 52% of all students studying abroad worldwide.

China is the biggest single source country, accounting for 18.2% of all students studying abroad in the OECD area (or 19.5% if Hong Kong-China is included). Students from China study primarily in Australia (12.4%), Canada (6.1%), France (4.2%), Germany (4.4%), Japan (14%), Korea4 (6.9%), New Zealand (2.5%), the United Kingdom (8.3%) and the United States (21.9%).

Conversely, fewer than 2% of foreign students choose to study in China.

Labour market

Although it's difficult to make a general statement about the different job ethics that make up China, it is fair to say that they are all significantly influenced by the principles of Confucius (in the picture below) and Confucianism which was originated as an "ethical-sociopolitical teaching" during the Han Dynasty[15]. The core of Confucianism is humanism, the belief that human beings are teachable, improvable and perfectible through personal and communal endeavour, especially including self-cultivation and self-creation. Confucianism focuses on the cultivation of virtue and maintenance of ethic principles, the most basic of which are ren, yi, and li. Ren is an obligation of altruism and humaneness for other individuals within a community, yi is the upholding of righteousness and the moral disposition to do good, and li is a system of norms that determine how a person should properly act within a community. Confucianism holds that one should give up one's life, if necessary, either passively or actively, for the sake of upholding the cardinal moral values of ren and yi[16].

Confucian theories are often regarded as the origin of Chinese work ethic, commonly based on the principles of sacrifice, altruism and identification with the interests of the society as a whole. The key element that distinguishes Chinese (even if in young age) from the Westerners seems to be that the latter are more individually motivated, while the former are more group-motivated. Americans and Europeans typically have used the philosophy that if you work hard you can reap the benefits of your labor and enjoy personal success. Chinese have instead historically been taught to strive for the success and harmony of their group rather than for the individual glory.

How does this cultural approach has affected the relationship between young people and the job market? Young Chinese people's approach to job selection has undergone a significant change since the reform and opening-up. There have been al least three identifiable stages of development.

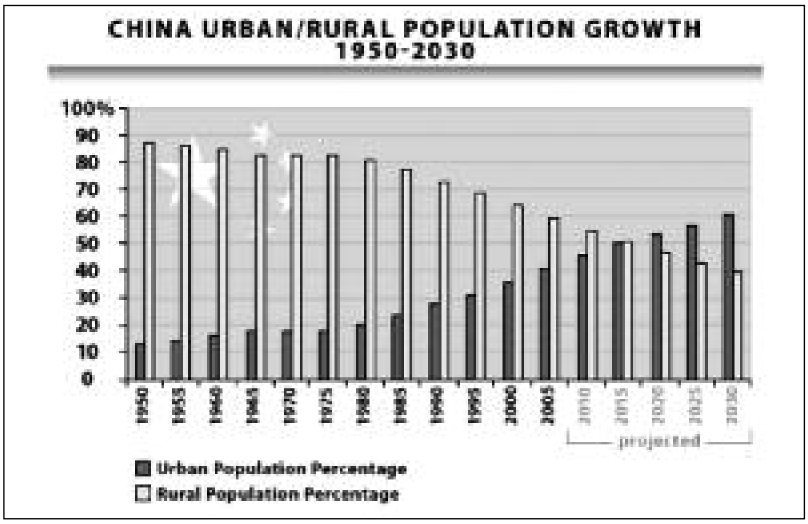
Under the planned economy, employment was guaranteed by the State. From 1978 to the mid-1980s, most young people in rural areas were engaged in farming due to measures to limit migration between villages and cities. Only a small number passed the college entrance exam for higher education. Urban youth without a degree had access to the parents' positions. The employment of college graduates was guaranteed by the state. During this period, urban youth considered social status to be the top priority when selecting jobs. Additionally, young employees preferred government departments and large-scale industry to business opportunities.

[11] Craig, Edward (1998), Routledge Encyclopedia of Philosophy, Volume 7, Taylor & Francis, p.550

[12] Craig, Edward (1998), Routledge Encyclopedia of Philosophy, Volume 7, Taylor & Francis, p.536.

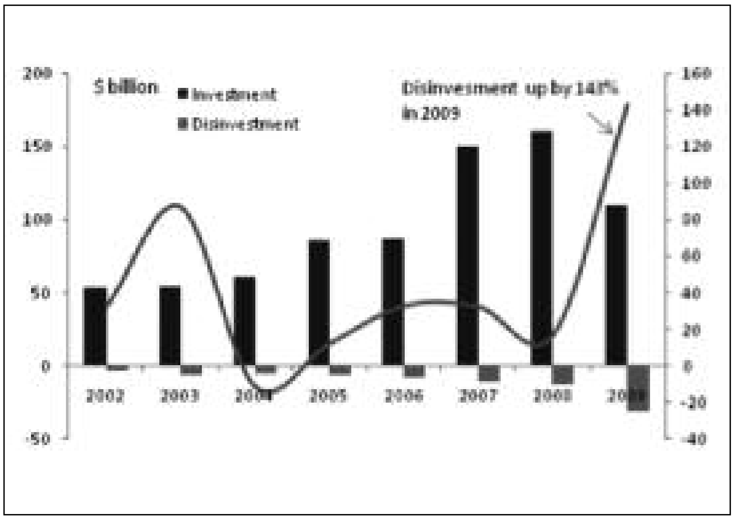
As agricultural reform was initiated in the 1980s, large numbers of rural employees were freed from agricultural production under the household contract responsibility system. At the same time, non-agricultural enterprises were in urgent need of staff, and the state also reduced restrictions on internal labor force migration. All of these factors contributed to the flow of rural workers into urban areas. Rural youth were more open-minded when job-seeking. From 1985 the country gradually removed the state-backed graduate employment system, encouraging young people to find jobs through the market. Young job hunters began to attach greater importance to income and welfare benefits.

Since the mid-1990s, rural youth have been able to migrate freely into urban areas. Large numbers of rural workers have come to work in the cities. As Chinese colleges expanded enrollment and government departments and state-owned enterprises reorganized, the employment situation became much tougher. Educated young people began to be more focused on development prospects, income and welfare benefits, as well as on the working environment. The service sector became one of their preferred options. College graduates asked to work in a field that could interest them, balancing their choice between what they would have liked and what was available. Chinese young people began to be less dependent on their parents, and some of them are now setting up their own businesses (Source: China.org).



In spite of a general framework highlighting an increasing improvement in youth work conditions, employment opportunities for young people in China appears increasingly at risk. As a matter of fact, during the 12th Quinquennial Plan (2011-2015), the third baby boom generation will gradually enter into the working age causing the peak of new labor market entrants, an average by 11,91 million annually, exceeding 9,12 million entrants annually during the years of the previous Quinquennial Plan. Added to the existing urban employed and the laid-off employees, this would mean that the annual job seekers would run from 22 million to 23 million. If the GDP growth will be maintained at 8/9% under the current economic situation, it will only generate 7 to 8 million jobs a year, causing an employment gap of 14 to 15 million units. A further element to be carefully considered is the increasing transfer of rural labor force into non-agricultural sectors and the conse-

quent transfer of about 150 million people into overcrowded urban centers – see graphic above (Source: jil.go.jp).
Youth unemployment rate was reported to be at 7,6% in 2012 (Source: OECD).



National and foreign companies based in China are largely benefitting from an increasing and skilled labor force availability in urban areas. A further important support is provided by a sound banking system, supplied with consistent liquidity assets from the international trade, which ensures good opportunity for credit access, attracting an increasing number of foreign investments – although a significant decrease has been noticed after the beginning of the financial crisis in 2008 (see graphic above from China State Administration of Foreign Exchange) - which can now benefit from a more favorable legislation for the promotion of the so-called “Foreign Invested Enterprises”. The new Foreign Industrial Guidance, issued in 2011, has significantly increased the number of categories which are regarded as opened to foreign investors, according to the strategies implemented in the frame of the 12th Quinquennial Plan (2011-2015). Aim of this policy is to foster the exploitation of foreign capitals in the strategic sectors of manufacture, high technology and renewable energy sources. Most of the foreign companies and corporations operate in China as Joint Ventures, distinguished between Equity Joint Ventures and Cooperative Contractual Joint Ventures. The former are limited companies with a foreign participation of at least 25% in the social capital; the latter can be either physical or juridical persons with a high level of flexibility in the profit sharing allocation. A further corporate form is represented by the Wholly Foreign Owned Enterprises, usually established as limited companies entirely managed by foreign investors. Finally a last option is represented by the Foreign Invested Commercial Enterprises, commercial companies owned by foreign investors which operate in the fields of wholesale, retail and franchising (Source: Assocamere).

Thanks to the economic growth, the opportunities for foreigners wanting to work in China have increased considerably in the last few years. In 1996 there were 180.000 foreign workers registered in China and the number is rapidly growing.

Teaching English is one of the main job areas for foreigners in China, but there is also a growing demand for expatriate workers with skills in sales, engineering and management amongst others. Most of these jobs are offered by foreign-invested enterprises (as international firms are called), but there is also a growing number of Chinese companies hiring expatriates, even among the State-owned companies.

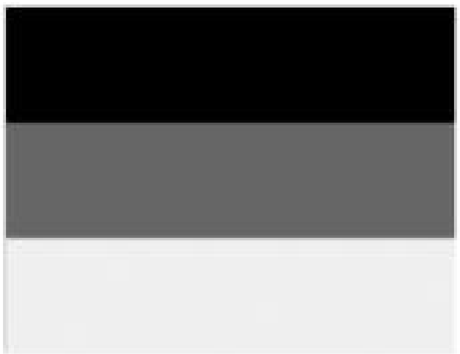
Like everywhere else in the world, companies in China are especially looking for employees with a good mix of hard skills, soft skills and language skills. In a country where cheap labor is abundant, a college degree is a major advantage and most of the expatriates working in China have some form of higher education.

One of the best things to do to get a head start in China is to learn Chinese. Speaking Chinese certainly gives greater options when looking for work, and the best-paying jobs require at least a conversational level of Mandarin.

Besides the attraction of working in one of the fastest-growing economies in the world, many expatriates are also drawn to China because of a personal desire to experience a completely different culture. These cultural differences may however add a high level of stress to work situation and not everyone can cope with working in a cross-cultural environment. The expat “failure rate” for China has been reported to be as high as 70%, with many expatriates returning home before their contract expires.

According to Chinese labor law, the standard working time is 40 hours per week. In theory, the standard work week in China runs from Monday to Friday from 9 am to 6 pm, but in reality, overtime is the norm. All workers in China are entitled to three national holidays, each stretching into a week of vacation: Chinese New Year (usually in late January or late February), International Labor Day (first week of May) and National Day (first week of October). Employment package depends on whether a person is hired as an expat from abroad or locally. Employees from oversees can expect a salary according to Western European or US-standards and a full range of benefits. Salaries depend on the position/industry sector, but generally range from US$ 25,000 to 100,000 per year. Benefits often include standard bonuses, housing allowance, 3-5 weeks paid vacation, a round trip air ticket once a year, full Western standard healthcare, evacuation insurance, tax coverage, coverage of shipping fees and all other expenses and training sessions that are required. In high-level positions, a mobile phone and a car and/or driver are usually provided. If a person is hired locally in China, the picture changes significantly. As a matter of fact, just a fraction of the package that is expected when being sent to China from a company back home will be provided. An expatriate will often enjoy better conditions than his Chinese colleagues, but even so the level of EU/US benefits will be never reached. Typical business salaries for local expatriate hires run between US$ 15,000 and 50,000 per year. Besides the salary itself, the extra benefits (housing, healthcare, bonuses…) that a person will receive as a local expat worker in China can be just as important (Source: justlanded.com).

Germany



The socio-political framework

As Europe's largest economy and second most populous nation (after Russia), Germany is a key member of the continent's economic, political, and defence organizations. European power struggles immersed Germany in two devastating World Wars in the first half of the 20th century and left the country occupied by the victorious Allied powers of the US, UK, France, and the Soviet Union in 1945. With the advent of the Cold War, two German states were formed in 1949: the western Federal Republic of Germany (FRG) and the eastern German Democratic Republic (GDR). The democratic FRG embedded itself in key Western economic and security organizations, the EC, which became the EU, and NATO, while the Communist GDR was on the front line of the Soviet-led Warsaw Pact.

The decline of the USSR and the fall of the Berlin Wall (in the picture on the left) allowed for German unification in 1990. Since then, Germany has expended considerable funds to bring Eastern productivity and wages up to Western standards. In January 1999, Germany and 10 other EU countries introduced a common European exchange currency, the euro. In January 2011, Germany assumed a non permanent seat on the UN Security Council for the 2011-12 term (Source: Indexmundi).

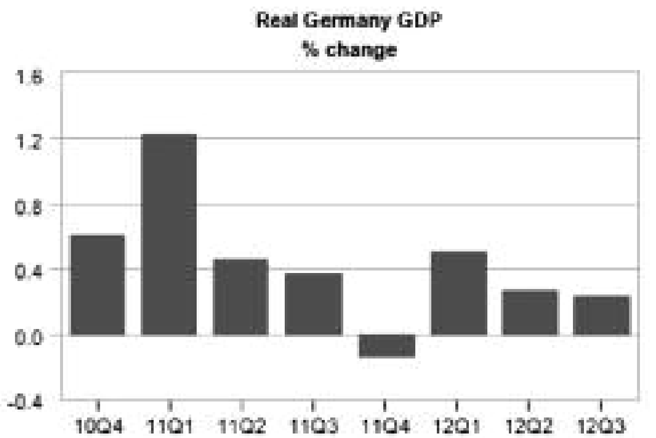
Germany's economic success since World War II is to a large extent built on its potent export industries, fiscal discipline and consensus-driven industrial relations and welfare policies.

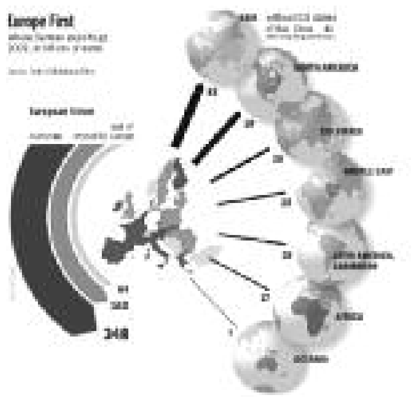
Germany's export-dependent economy was initially hit hard by the global financial crisis of 2008-9, which triggered the worst recession since 1949. But by 2010, its exports had helped the country to rebound more robustly than most other EU members.

However, an ageing population has led to concern over the continued viability of Germany's high welfare and health spending. There is also a debate about how to improve integration of the many post-war immigrants whose labour helped fuel the economic boom. In addition, what was once the German Democratic Republic, the former Soviet-dominated east, has struggled to catch up with the more affluent west after reunification, while people in west had to pay a higher than expected financial price. The pain of Germany's Nazi-era history remains a sensitive element in the country's collective modern-day psyche. Out of the devastation of World War II grew an awareness of the need to guard against any such catastrophe recurring on the continent (Source: BBC).

The macro-economic framework

The German economy is a leading exporter of machinery, vehicles, chemicals, and household equipment and benefits from a highly skilled labour force. Like its Western European neighbours, Germany faces significant demographic challenges to sustained long-term growth. Low fertility rates and declining net immigration are increasing pressure on the country's social welfare system and necessitate structural reforms. Reforms launched by the government of Chancellor Gerhard Schroeder (1998-2005), deemed necessary to address chronically high unemployment and low average growth, contributed to strong growth in 2006 and 2007 and falling unemployment. These advances, as well as a government subsidized, reduced working hour scheme, help explain the relatively modest increase in unemployment during the 2008-09 recession - the deepest since World War II - and its decrease to 6% in 2011.



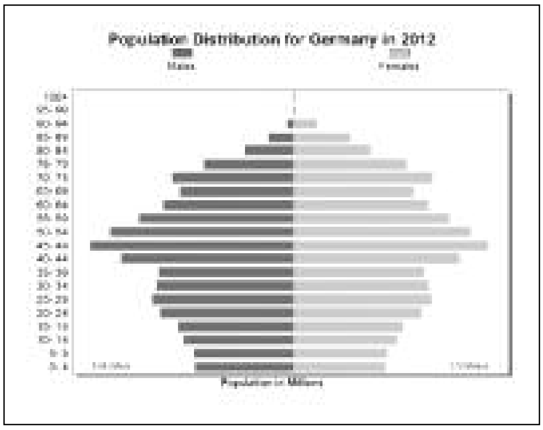


GDP contracted 5,1% in 2009 but grew by 3,6% in 2010, and 2,7% in 2011. The recovery was attributable primarily to rebounding manufacturing orders and exports - increasingly outside the Euro Zone. Germany's central bank projects that GDP will grow 0,6% in 2012, a reflection of the worsening euro-zone financial crisis and the financial burden it places on Germany as well as falling demand for German exports (see graphic above). Domestic demand is therefore becoming a more significant driver of Germany's economic expansion. Stimulus and stabilization efforts initiated in 2008 and 2009 and tax cuts introduced in Chancellor Angela Merkel's second term increased Germany's budget deficit to 3,3% in 2010, but slower spending and higher tax revenues reduce the deficit to 1,7% in 2011, below the EU's 3% limit. A constitutional amendment approved in 2009 limits the federal government to structural deficits of no more than 0,35% of GDP per annum as of 2016 (Source: CIA country reports). Germany recorded a trade surplus of 16,90 bln Euro in September of 2012. Historically, from 1971 until 2012, Germany balance of trade averaged 5,7 bln Euro reaching an all time high of 20,1 bln Euro in June of 2008 and a record low of -0,5 bln Euro in January of 1981. German economy is heavily export-oriented (the world's biggest exporter), with exports accounting for more than one-third of national output. Its principal exports are: motor vehicles, machinery, chemical products, electrical devices and telecommunications technology. German's principal imports are motor vehicles, chemical products, machinery, oil and gas and computers. European Union makes 60% of the total trade. Other major partners are: U.S., China and Russia – see picture above (Source: Tradingeconomics). The global value of German export, recorded in 2011 just for what concerns the goods' sector, amounts to about 1.060 bln Euro while import to about 902 bln Euro. If we consider the first 2 quarters of 2012, import and export flows have respectively increased by 5,1% and 1,9%. By the end of the year, increase on both sides is expected to be 4,1% and 3,2% (Source: Italian Embassy country report).

During the 2009 worldwide financial and economic crisis, Germany kept its position as the fourth largest host economy for inward foreign direct investment (IFDI) among developed countries, although its IFDI stock measured in Euros decreased slightly due to valuation effects. IFDI flows strongly rose that year and further increased in 2010, reflecting the improved financial position of multinational enterprises operating in Germany and the strong economic upswing of the German economy at that time. In the first half of 2011, IFDI flows were low, as foreign parent companies sharply cut intra-company lending to their German affiliates. Economic reforms in recent years have further improved the attractiveness of Germany as a business location, reflected in excellent international competitiveness rankings. But, the ongoing European debt crisis and the economic slowdown of the European economy could dampen IFDI in the second half of 2011 and in 2012 (Source: Columbia University).

Until the end of the last century, German banking and corporate governance and the financial system as a whole were characterized by a remarkable degree of stability, ensured by the never-ending control of the Bundesbank (see picture below). Its most important characteristics were bank dominance of the entire financial sector, a strong role of not strictly profit-oriented banks and a stakeholder oriented and insider controlled corporate governance regime. In looking at the German financial system as it used to be, one can easily recognize that it constituted a well-balanced system.

However, the past seven to ten years have witnessed an array of changes in the legal, financial and business environment of German banks and corporations and in the financial system as a whole. Most notably, the role of public banks and the stakeholder orientation of the corporate governance system have come under pressure, and the possible demise of these elements may imply a fundamental transformation of the entire German financial system. One way of explaining the former stability of the German financial systems is to point out that its main elements were complementary to each other and also consistent. Recent developments, most notably a change in the behaviour and the strategy of Germany's large private banks and their growing exposure to toxic assets during the ongoing financial crisis, have already undermined this systemic consistency (Source: EBS. Universitaet fuer Wirtschaft und Recht, research paper).



The inflation rate in Germany was recorded at 1,9% in November of 2012. Historically, from 1992 until 2012, Germany inflation rate averaged 1,9% reaching an all time high of 6,4% in May of 1992 and a record low of -0,4% in July of 2009 – see graphic above (Source: Tradingeconomics). The ongoing fear of increasing inflation rates and the consequent attention to the strengthening of the Stability and Growth Pact across Europe has largely conditioned the German economic policies, especially during the severe outbreak of the last financial crisis, pushing the Federal Government to take a firm position against those EU countries whose public expenditure was out of control, as Greece, Spain, Portugal and Italy.

The demographic framework

The population of *Germany* is approximately 81.859.000 (November 30, 2011), making it the 16th most populous country in the world. Three trends are characteristic of demographic developments in Germany: a low birth rate, increasing life expectancy and an aging society. For more than 30 years now Germany has been witnessing few births. With slight fluctuations, since 1975 the number of newborn infants has been approximately 1,3 children per woman. This means that for 35 years the generation of children has been smaller than that of their parents. High rates of immigration to Germany prevented the overall population from shrinking accordingly. At the same time, as in other wealthy nations, life expectancy has risen continuously, and is now 77 years for men and 82 years for women.

The rise in life expectancy and, to an even greater extent, the low birth rates are the reason for the third trend: the ratio of young people in the overall population is decreasing, that of elderly people rising. In the early 1990s there were almost three people of an employable age for every person over the age of 60. In the early 21st century, the ratio was only 1 to 2.2 and calculations indicate that within the next decade the ratio will already be less than 1 to 2. As such the aging of society is one of the greatest challenges facing welfare and family policy (Source: Tatsachen ueber Deutschland). Germany was mainly a country of emigration in the 19th and first half of the 20th century. Since

the mid-1950s, however, Germany has become one of the most important European destinations for migrants. The recruitment of guest workers, the influx of (Spät-)Aussiedler (ethnic Germans from Eastern Europe and the former Soviet states), as well as the reception of asylum-seekers have led to the growth of the immigrant population in the country (see picture above).
Since the beginning of the 1990s, when the immigration of asylum-seekers and Aussiedler reached its peak, immigration and integration have become important and highly contested topics in domestic policy discussions. Important policy developments since then include:

- the "asylum compromise" of 1993, which amended the German constitution to allow for limitations on access to political asylum;
- a new Nationality Act, which came into effect in January 2000;
- the introduction in 2000 of a "Green Card" system aimed specifically at recruiting IT professionals;
- the protracted process of adopting the Immigration Act, which came into force in January 2005[1].

Imigration plays an important role in the debate about the consequences of demographic development. Here, the question arises as to how far immigration can counteract the consequences of an ageing population and the associated economic repercussions.4 Also forming part of this debate is how the potential of migrants already living in the country, and of the second generation who were born there, might be put to better use and promoted.

The foreign population includes all persons who are not German citizens. In 1968 the resident foreign population numbered 1,9 mln. In the following five years, until foreign workers recruitment was stopped in 1973, this figure increased to four million. In the 1970s, the number of foreigners remained relatively constant; thereafter, until 1989, it rose to 4,9 mln. Subsequently, the number of foreigners increased further; it has remained constant at 7,3 mln since the mid-1990s. The decline to 6,7 mln in 2004 is primarily due to an adjustment of the central register of foreigners. At the end of 2006, there were 6.751.002 foreigners living in Germany (including the most numerous Turkish community in Europe), corresponding in percentage terms to 8,2% of the total population. This figure also includes 1,4 mln foreign nationals who were born in Germany.

Figure 3: Foreign population as of 31st December 2006, 10 most common citizenships

Citizenship	Total
Turkish	1,738,831
Italian	534,657
Polish	361,696
Serbian-Montenegrin*	316,823
Greek	303,761
Croatian	227,510
Russian	187,514
Austrian	175,653
Bosnian-Herzegovinian	157,094
Ukrainian	128,950

Source: German Federal Statistical Office

Recruitment during the guest worker era has left clear marks on the composition of the foreign population: 57% of the foreigners living in Germany are citizens of a former recruitment state. A total of 33% of foreigners living in Germany originate from a member state of the European Union, and a further 47% from another European state (Source: Focus Migration).

The education system

Normally, schooling for all children begins at the age of six in the first year of a *Grundschule*. Children attend the *Grundschule* for 4 years (6 in Berlin and Brandenburg), during which time they learn to read, write and to do arithmetic. In addition, teachers also offer some basic instruction in social science, history, geography, biology, physics and chemistry. Pupils can try out their creative powers in music, art, and craft lessons. Sport also forms part of the curriculum at the *Grundschule*. The teaching of foreign languages, which used to take place exclusively in secondary schools, is now also being offered at more and more primary schools.

Secondary Level I can consist of any of the following: *Hauptschule* (grades 5-9 or 10), the Realschule (grades 5-10), *Gymnasium* (grades 5-10) and the Sonderschule (Special School). Most students are taught English at Secondary Level I. When they finish Secondary Level I, pupils sit the Mittlere Reife examination, which entitles them to start vocational training, to go to a vocational school at Secondary Level II or to attend a *Gymnasium*.

In the majority of the *Länder* (federal states), children spend five years at the *Hauptschule* (grades 5-9 or 10). The main objective of the Hauptschule is to prepare students for their entry into the world of work. From the first year of *Hauptschule*, all children learn English (sometimes French). They are also taught German, mathematics, physics/chemistry, biology, geography, history, religion (or a substitute subject), music, art, politics and sports, and are given an introduction to the world of work (*Arbeitslehre*). Once students have obtained their leaving certificate at the age of 15/16, they can go into practical vocational training, start work in the public service at basic or secretarial level, or attend a *Berufsfachschule* (full-time vocational school).

Students attend Realschule for six years (grades 5-11). Unlike the *Hauptschule*, the *Realschule* gives children a broader general education and expects them to show greater independence. They also have a chance to learn a second foreign language (usually French), in addition to the first compulsory language (generally English). In comparison with the *Gymnasium*, the pupils are given a more vocationally-oriented education. At the end of their 10th year, successful pupils will obtain the *Realschule* leaving certificate. With this certificate, they have access to several training options: in-company vocational training, work in the public service at secretarial and executive level, further education in school at Secondary Level II or at a *Fachhochschule.* The Realschule is very popular in Germany.

Those school students who leave the *Grundschule* and go straight on to the *Gymnasium* still have another 8 or 9 years of school education before they take their final examination (*Abitur or Hochschulreife*). The *Gymnasium* is designed to provide students with an education which will enable them, once they have passed their *Abitur*, to study at a German university or equivalent. Students receive intensive specialised instruction to prepare them for academic work at a higher level. Secondary Level II, i.e. the last 2 or 3 years at the Gymnasium, consists of courses, which students select themselves, depending on certain conditions and on their own preferences (with certain restrictions). All pupils have to select 2 Leistungskurse (special subjects). Students following *Leistungskurse* have to attend five hours of classes each week. The Abitur is based on the assessment of the subjects chosen as *Leistungskurse* and of two other subjects.

The *Gesamtschule* combines elements from the *Hauptschule*, the *Realschule* and the *Gymnasium*. This type of school was introduced later than all the other types, mainly on the initiative of the education ministers in *Länder* governed by the SPD (Social Democratic Party). Children usually spend six years at the *Gesamtschule*, from the 6th to the 10th grade. Depending on their ability, they either obtain a *Hauptschule* or a *Realschule* leaving certificate. Pupils wishing to sit the Abitur attend school for another three grades (Source: Uk-German Connection).

The German university system is divided into two parts: Universities and Universities of Applied Sciences. Universities have, since the time of reformer Wilhelm von Humboldt (1767-1835), pursued the "unity of research and theory". German universities are thus not simply or strictly educational, but also focus on research into fundamentals and even applied research as well. Universities award academic degrees and doctoral degrees.
A University of Applied Sciences (Hochschule or simply HS) is an institution devoted to natural sciences, social sciences, economics, technical or artistic subjects. This type of institution is relatively new and was started in 1970. The characteristic feature of a HS is the focus on practical teaching and research, especially in the fields of engineering, business, management, and social studies (Source: Koblenz University).

Education system and job market: statistical overview

Germany is making progress in increasing entry rates into higher (tertiary) education. An estimated 42% of young people in Germany are expected to enter tertiary-type A programmes (longer, more academically-oriented programmes) in their lifetime, up from 26% in 1995 (OECD average: 62% in 2010; 37% in 1995). At the same time, since the growth rate in Germany does not exceed the growth rate on average across OECD countries, the relative position of Germany remains unchanged. An estimated 21% of young people in Germany are expected to enter tertiary-type B (shorter, more vocationally-oriented programmes), up from 15% in 1995 (OECD averages: 17% in 2010, 17% in 1995). Higher education graduation rates are increasing too. An estimated 30% of young people in Germany are expected to graduate from tertiary-type A programmes in their lifetime, up from 14% in 1995.

Despite the global recession, in Germany the percentage of young people high skilled who are neither in employment nor education has remained very low. The percentage of unemployed (25-64 year-olds) who attained below upper secondary school was 15,9% (Oecd average 12,5%) upper secondary and post secondary education is 6.9% (Oecd average 7,6%) and who attained tertiary education is 3,1% (Oecd average 4.7%).

Students from Germany represent the 3.6% of foreign OECD students enrolled in other OECD countries. Althouth Germany's market share fell by about two percentage points Germany is one of the six destinations of young people who have studied abroad in 2009. 7% of the students who go to study abroad have chosen Germany as country of destination. Sciences attract at least 15% of international students in Germany. The large proportion of foreign students in scientific disciplines in Germany may reflect the country's strong tradition in these fields.

The labour market

For many foreigners, Germany has amazing working conditions. German employees enjoy some of the highest salaries in the world, generous benefits and state-mandated job protection. In some industries, working hours have been reduced to 35 hours/week and holiday of up 30 days/year is not uncommon. On the downside, Germany suffers high unemployment (around 12%), which is mostly structural due to strict labor market regulation and the changing nature of the German economy. Today, the country has around 5 million unemployed, many of whom will find it impossible to re-enter the job market. High unemployment means finding a job is difficult, especially for foreigners not speaking fluent German.

There are large regional differences in the German labor market. Employment levels are higher in the West of Germany than the East (with the exception of Berlin and the South of the former German Democratic Republic) – see map below. Unemployment is generally more widespread in rural areas than cities. Traditional German heavy industries such as mining, construction and ship-building have high structural unemployment, while jobs are more plentiful in service industries.

When looking for a job, as in any foreign country, speaking the local language is a must. Obviously the environment at a multinational, compared to a small family-owned company, will probably be more suited to foreigners.

A remarkable range of occupations are regulated in Germany, with many jobs requiring formal qualification. The country has an apprenticeship system that requires most young workers to pass a training program (usually 2/3 years) before entering the real labor market, which ensures they have first-hand experience in the job. For foreigners looking for a job this can mean to be often required to have a previous experience at home, e.g. electrician, computer technician, etc.

Many foreigners need some time to adapt to the German attitude to work. People don't tend to work long hours; in many offices, especially in the public sector, the day ends at around 4 pm. However, there is a strong emphasis on efficiency, people tend to use their working time to be highly productive and there is little or no time spent socializing or chatting. The exception to this is during break periods, which are usually 15 minutes, with 45 minutes for lunch. Management culture in Germany is usually highly hierarchical. Germans like to work on well-thought-out plans and make factually-based decisions. Orderly and well scheduled meetings form a large part of what tends to be a consensual, group approach to decision-making. Punctuality is expected and lateness is not tolerated.

Salaries (*Lohn/Gehalt*) in Germany are among the highest in the world. Most jobs for graduates start from €30.000/year. Student jobs or unqualified work is generally paid around €10-15/hour. Salaries are usually talked about gross (*Brutto*), i.e. before deductions for tax and social security. To be always carefully considered is that taxes, depending on salaries, can be more than 50% of the gross salary. Salary is stated monthly in the employment contract, which should also detail special benefits, bonuses and salary reviews. Many employers pay 13th monthly payment a year, which is normally paid out in December for Christmas or split between summer and Christmas. In some management positions, it is also foreseen a 14th salary. It's difficult to get exact salary data for specific jobs or positions, which can be useful for negotiating salaries. The internet site *Personalmarkt* (*www.personalmarkt.de*) offers a salary analysis for a fee that takes into account sector, education, work experience and the geographical region. To enter employment, it is required a work permit (*Arbeitsgenehmigung* or *Arbeitserlaubnis*), a residency permit, a tax card (*Lohnsteuerkarte*) and a social security number (*Sozialversicherungsnummer*). Tax cards are issued by the city/regional authority while Social security numbers are issued by pension insurance institutions. When an employee first enters employment, the employer generally makes the registration for him/her and provides a social security number and identity card.

Germany has one of the most highly regulated labor markets in the world, mainly consisting of a Labor law designed to protect employees. Whether or not an employment contract exists, all employees have basic rights to: holidays, sick pay, chose to work part-time, receive training, receive maternity/paternity leave and related employment protection.
Periods of notice are also laid down under law, but companies can agree longer periods of notice under individual or collective labor law agreements. Working conditions which do not reach the legal minimum standard are not permitted and are not legally binding.

There is also a collective labor law which stems from the laws protecting collective labor agreements and the rights of employees at their workplace (*Betriebsverfassungsrecht*). The laws governing collective labor agreements allow both partners (trade unions and employers' federations or individual employers) to make their own labor agreements. Labor agreements regulate wages, working hours, holidays and notice periods. Most employees work under a labor agreement, although in recent years more companies have received exemptions in order to negotiate their own agreements.

The *Betriebsverfassungsrecht* regulates the relationship between employees and employers at the workplace. Employees are represented by the works council (*Betriebsrat)* whose members are elected by the workforce. Among other things, it is responsible for protecting employees rights at the workplace. Management must also consult with the Betriebsrat about issues regarding staff or the company. In firms with 2.000 or more employees, the 1976 Worker's Participation Law (*Mitbestimmungsgesetz*) is applied. This law requires that the company's supervisory board contains a certain number of employees representatives. The principle of Codetermination means that unions and employees have a say in company policy, as well as sharing responsibility for the firm.

Unemployment insurance is mandatory for all employees in Germany. Contributions are 6,5% of gross monthly salary up to a certain level split equally between employer and employee. Unemployment benefits are paid if a person is unemployed and has worked (and paid contributions) for at least 12 months in the last three years (this period will be probably shortened to two years). To receive unemployment benefits, a person must be registered at the local employment office (*Arbeitsamt*). Benefits are around 60% of the previous net salary and are paid directly into the bank account. If the person in matter has children, this percentage rises to around 67%. The duration of benefits depends on the length of former employment as well as on the age. Benefits are restricted to one year for people up to 45 years. While receiving benefits, it is required to report regularly to the *Arbeitsamt* and proving to be in search for a job if requested.
To be considered is that unemployment insurance is undergoing rapid changes as the government tries to keep costs under control. Rules and regulations are changing quickly and not usually in favor of the unemployed! (Source: justlanded)

Opportunities for young people and working organizations

It is not only the 30 major corporations such as Siemens, Volkswagen, Allianz, SAP and BASF listed on the German share index (DAX) that make the country competitive internationally, but ten thousands of small and medium-sized enterprises (up to 500 employees) in manufacturing, in particular mechanical engineering, the supplier industry, as well as nano and biotechnology, which frequently form clusters. Small and medium-sized enterprises employ over 25 million people, making them the biggest employer. They are regarded as the backbone of the German economy and also provide the majority of apprenticeships for young people.

Industry is also an important pillar of the German economy. In comparison with other industrial nations, such as Great Britain and the USA, it has a broad basis with a strong workforce – five million people work in industrial companies. In no other traditional economy does classic industrial production play a comparably major role.

Germany specializes in developing and manufacturing complex industrial goods, primarily capital goods and innovative production technologies. The most important sectors of industry are automotive manufacture, mechanical engineering, electrical engineering and chemicals. These four sectors alone provide work for 2,9 mln people. Automotive manufacture is the innovation engine room: around 30% of all internal company spending on R&D is in this sector. With the six manufacturers VW, Audi, BMW, Daimler, Porsche (VW) and Opel (General Motors), Germany, alongside Japan, China and the USA is one of the largest car producers – with a significant share of the upper mid-range and luxury market segments. Nevertheless, the worldwide crisis in sales has hit German car manufacturers hard. So as to be braced for the future, all vehicle manufacturers are now working on environmentally friendly drives, for example on a new generation of diesel engines, hybrid drives and further electrification of the powertrain that represent an important job market especially for young graduates in engineering and chemicals.

With a share of 13%, in terms of sales the almost 6.000 mechanical engineering companies are in second place after vehicle manufacture. As the largest employer in industry (965.000 jobs) and the

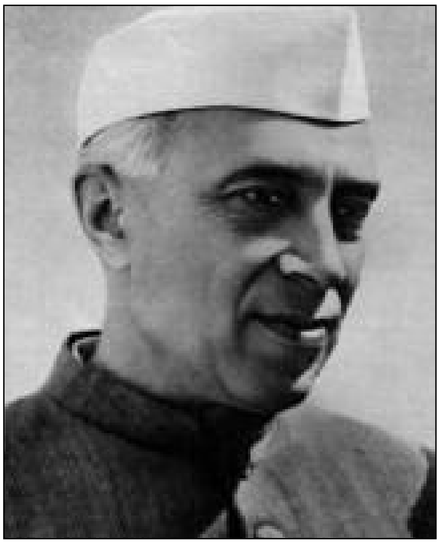
leading export sector, mechanical engineering has a key position in the German economy. The electronics industry is one of the strongest, particularly innovative growth sectors. Over 20% of investment by industry in research and development is in the electronics industry. The chemical industry, as a result of takeovers and mergers partially owned by foreign companies, primarily manufactures producer goods. In BASF, in Ludwigshafen, Germany boasts the world's largest chemicals company.
More than 29 million people work in the service sector – around 12 million in private and public service providers, ten million in commerce, hospitality and transport and seven million in financing, leasing, and corporate services. Banking and insurance are a pillar of the service sector. It is concentrated in Frankfurt am Main the leading banking sector in continental Europe, where the European Central Bank (ECB), the German central bank, (the Bundesbank) and the Deutsche Börse are all headquartered.
The cultural and creative industry is a sector that is increasingly attracting attention, employing almost one million people. It embraces fields such as music, literature, art, cinema and the stage, as well as radio/TV, the press, advertising, design and software. The creative industry has not only gained considerable significance for the national economy, but it is also in itself a model for a modern economy, since it offers above-average employment opportunities playing a pioneering role on the way to a knowledge-based and innovative economy.

The most important economic hubs in Germany are the Ruhr area (an industrial region that is being transformed into a centre of high-tech and service provision), the metropolitan areas of Munich and Stuttgart (high-tech, automotive), Rhine-Neckar (chemicals), Frankfurt am Main (finance), Cologne and Hamburg (harbour, Airbus aircraft construction, media). In the new federal states, a small but efficient industrial sector has now established itself in various high-tech centres, the so-called "beacon regions": Dresden, Jena, Leipzig and Berlin-Brandenburg (source: Tatsachen ueber Deutschland).

During the 2009 worldwide financial and economic crisis, Germany kept its position as the fourth largest host economy for inward foreign direct investment (FDI) among developed countries, although its FDI stock measured in Euros decreased slightly due to valuation effects. FDI flows strongly rose that year and further increased in 2010, reflecting the improved financial position of multinational enterprises operating in Germany and the strong economic upswing of the German economy at that time. In the first half of 2011, FDI flows were low, as foreign parent companies sharply cut intra-company lending to their German affiliates. Economic reforms in recent years have further improved the attractiveness of Germany as a business location, reflected in excellent international competitiveness rankings. But, the ongoing European debt crisis and the economic slowdown of the European economy will probably dampen IFDI in the second half of 2012 (Source: Columbia University).
According to official Bundesbank statistics for 2009, 77% (or EUR 361 bln) of all FDI stocks in Germany originate from within the EU-27, with a further 9% stemming from the remaining European non-EU countries. Investments from outside the EU continue to grow. North America accounts for eight percent of FDI stock, while Asia holds a five percent share. Especially Asian countries increased their FDI stocks in Germany in recent years. Both China and India have recorded growth rates of around 100% since 2006 (Source: German Trade and Invest).

India

The socio-political framework

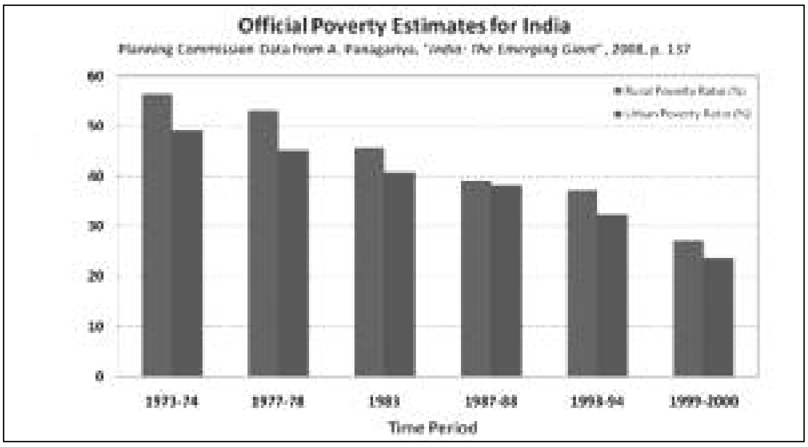


According to the 1950 constitution, India is a federal republic consisting of 28 states and 7 “territories”. The President is elected by the members of the Central and State Assembly for a five years mandate, eventually renewable.
The legislative power is exerted by the Parliament, composed by the People’s Chamber (Lok Sabha, consisting of 545 members) and by the States Council (Raiva Sabha, consisting of 245 members). The executive power is exerted by the Ministries Council, elected by the Parliament. The Prime Minister is usually appointed in the figure of the majority party leader. Each State, ruled by a Governor appointed by the President, has its own Parliament and Government, whose composition can be different from that of the central ones (Source: Unioncamere).

India is currently the world’s largest democracy and second most populous country emerged as a major power in the 1990s. It is militarily strong, has major cultural influence and a fast-growing and powerful economy. However, India is still tackling huge social, economic and environmental problems. The vast and diverse Indian sub-continent - from the mountainous Afghan frontier to the jungles of Burma - was under foreign rule from the early 1800s until the demise of the British Raj in 1947. The subsequent partition of the sub-continent - into present-day India and Pakistan - sowed the seeds for future conflict. There have been three wars between India and its arch-rival Pakistan since 1947, two of them over the disputed territory of Kashmir. A peace process, which started in

2004, stayed on track despite tension over Kashmir and several high-profile bombings until the Mumbai attacks of November 2008, carried out by Islamist militants overwhelmingly from Pakistan and organised by the Pakistani movement Lashkar-e-Taiba. India announced that the process was on pause the following month. With its many languages, cultures and religions, India is highly diverse. Communal, caste and regional tensions continue to haunt Indian politics, sometimes threatening its long-standing democratic and secular ethos. In 1984 Prime Minister Indira Gandhi was gunned down by her Sikh bodyguards after ordering troops to flush out Sikh militants from the Golden Temple in Amritsar. And in 1992, widespread Hindu-Muslim violence erupted after Hindu extremists demolished the Babri mosque at Ayodhya.

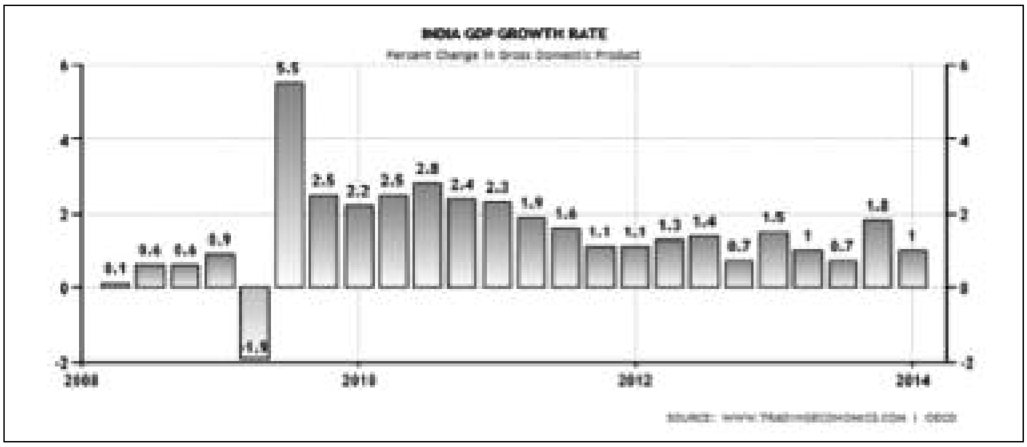
Currently, India can be defined as a unique mix of socialism and free market, resulting from a tradition dating from the time of its first prime minister, Jawaharlal Nehru (see the picture above), who dreamed of a socialist society and created a vast public infrastructure, much of which became a burden on the state. From the late 1980s, India began to open up to the outside world, encouraging economic reform and foreign investments. It is now courted by the world's leading economic and political powers, including its one-time foe China.



The country boasts about a numerous and well-educated burgeoning urban middle class and has made great strides in fields such as information technology. Its large, skilled workforce makes it a popular choice for international companies seeking to outsource work beyond its borders. The vast mass of the rural population remains poor, although a significant improvement has been registered in the last decades (see graphic on the left). Their lives continue to be influenced by the ancient Hindu caste system, which assigns each person a place in the social hierarchy. Discrimination on the basis of caste is now illegal and various measures have been introduced to empower disadvantaged groups and give them easier access to opportunities - such as education and work (Source: BBC).

The macro-economic framework

India is developing into an open-market economy, yet traces of its past autarkic policies remain.



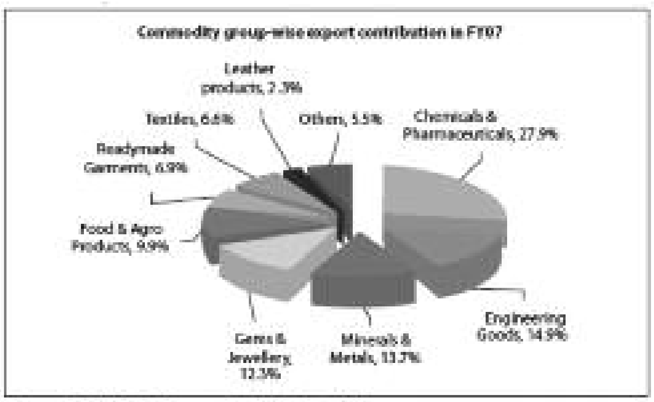
Economic liberalization, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and has served to accelerate the country's growth, which has averaged more than 7% per year since 1997. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly more than half of the work force is in agriculture, but services are the major source of economic growth, accounting for more than half of India's output, with only one-third of its labour force. India has capitalized on its large educated English-speaking population to become a major exporter of information technology services and software workers. In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand - and growth exceeded 8% year-on-year in real terms. However, India's economic growth in 2011 slowed because of persistently high inflation and interest rates and little progress on economic reforms. High international crude prices have exacerbated the government's fuel subsidy expenditures contributing to a higher fiscal deficit, and a worsening current account deficit. Little economic reform took place in 2011 largely due to corruption scandals that have slowed legislative work. India's medium-term growth outlook is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India has many long-term challenges that it has not yet fully addressed, including widespread poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, scarce access to quality basic and higher education, and accommodating rural-to-urban migration.

The Gross Domestic Product (GDP) in India expanded 0,6% in the third quarter of 2012 over the previous quarter. Historically, from 1996 until 2012, India GDP Growth Rate averaged 1,6% reaching an all time high of 6,1% in March of 2010 and a record low of -1,5% in March of 2004 (see graphic below). India is the world's tenth largest economy and the second most populous. The most important and the fastest growing sector of Indian economy are services. Trade, hotels, transport and communication; financing, insurance, real estate and business services and community, social and personal services account for more than 60% of GDP. Agriculture, forestry and fishing constitute around 12% of the output, but employs more than 50% of the labor force. Manufacturing accounts for 15% of GDP, construction for another 8% and mining, quarrying, electricity, gas and water supply for the remaining 5% (Source: Tradingeconomics).

According to the UNDP statistics, India is reported to be 134th in the international Human Development Index (HDI) ranking[17].

In 2011, Indian labour force was assessed at 487.6 million with an unemployment rate of 9,8% (10,5% among young people). Inflation trend was assessed at 8,9% in 2011, as a result of an international scenario marked by a sudden increasing of raw materials prices (Source: Indexmundi). Although the Indian market can be still considered closed, if compared with the international standards, the global amount of import and export flows has significantly increased in the last decade. In particular, Indian import has grown 5 times in the last 10 years, bringing the import value to the 30% of the national GDP and the export to the 25%. Recent statistics, provided by the Indian Trade Ministry, show an increase of 52% in the trade exchange in the last 10 months of 2011, while in the meantime export has grown of 23,4% and import of 29,4% (to be mentioned is in particular the growth of oil import, assessed at about +38,8% in the same lapse of time). Altogether Indian trade deficit has undergone an overall increase of 40% in the above mentioned period.

Among Indian main partners, China plays a paramount role as first supplier country with a percentage of 11,1% of the total import. The significant Indian dependence on foreign energy supply is a well-known weak point of the national economy, considering that about ¼ of the total import is referred to oil-producing Arab countries. Among developed countries, a key role is played by Switzerland (7,8% of Indian import), US (4,7%) and Australia (2,8%). First among EU countries is Germany (35), followed by Belgium (2,1%), UK (1,7%) and Italy (1,1%).



Source: DGCIS & the Reserve Bank of India (RBI)

If we consider the export side, the most important end-market for Indian goods are the EAU (12,1%), followed by the US (11%). All the other countries follow from afar, leaded by Singapore with a percentage of 7,7%. If considered globally, EU represents however the first end-market for

[17]The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education, standards of living and quality of life for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, a developing or an underdeveloped country, and also to measure the impact of economic policies on quality of life. The index was developed in 1990 by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen.

Indian export with a share of 13,7%. The internal ranking is headed by the Netherlands (3,1%), followed by the UK, Germany, Belgium and Italy. In detail, to be exported from India are above all engraved stones and pieces of jewellery (see graphic on the left), whose value has grown about 3 times from 2002 to 2010, peaking in 2011 with a percentage of 19,2% on the global amount of Indian export – the main end-markets being the EAU, Hong Kong, the US and Belgium. Nevertheless an even higher export percentage is represented by chemicals and pharmaceutical products (around 30%) and oil. In spite of a large and young labour force, labour intensive sectors are still undergoing a growth process that is hampered by the not still significant weight of important compartments as cotton and textiles industry. On the other hand, a fast-growing industry is that of the means of transport, whose percentage amounts to the 7,46% of the export global value (2011). Other sectors which are undergoing a process of fast growth are the capital intensive ones, as the pharmaceutical and chemical industry, the automotive and the electronic engineering (Source: Unioncamere).

The Indian financial system has made significant strides in recent years. Beginning in the early 1990s, the financial sector reforms have been pursued vigorously with measures such as deregulated interest rates, liberal branch-licensing procedures and reduction in Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR), increasing operational autonomy, disinvestment of public ownership in public sector banks, transparent entry norms for private and foreign banks and permission for Foreign Direct Investment (FDI) and portfolio investment in banking. These have led to improved efficiency and transparency in the financial sector. Post reforms, the asset shares of public sector banks have fallen and those of Indian private sector banks have increased, although public sector banks (PSBs) still dominate accounting for three-fourths of industry assets. The new private banks which accounted for 2,6% of the commercial banking sector in March 1997 have developed rapidly and accounted for nearly 17% of the commercial banking assets by end-March 2008. In recent years, there is also considerable increase in the share of PSBs in the industry-wide profit. While the Indian economy is predicted to be less affected by the global financial crisis in comparison to other export-dependent countries of the region, the slowdown in the economy is imminent and incipient signs of slowdown are already visible in many sectors including finance, insurance, real estate, business services, exports-imports and the manufacturing compartment.

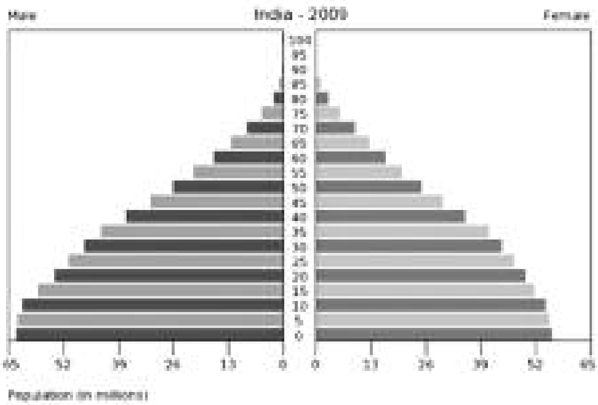
Corporate investment - the major growth driver during recent years - is expected to shrink because of weakening profitability and confidence, and tightening of financing conditions from foreign and non-bank sources. Analysts predict approximately 10 million job losses as a consequence of this down-turn. The government has taken a number of steps to stimulate the economy, including increase in public spending, central bank's action on cutting policy rates, lowering the cash reserve ratio and the statutory liquidity ratio, and easing controls on capital inflows to ease monetary policy and stimulate bank lending (Source: South Asian Microfinance Network).

The demographic framework

India is the second most populous country in the world, with over 1.21 billion people (2011 census), more than a sixth of the world's population. Already containing 17.5% of the world's population, India is projected to be the world's most populous country by 2025, surpassing China, its population reaching 1.6 billion by 2050. Its population growth rate is 1.41%, ranking 102nd in the world in 2010. India has more than 50% of its population below the age of 25 and more than 65% below the age of 35 (see population pyramid on the left). It is expected that, in 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan. According to the 2001 census, 72.2% of the population lives in about 638,000 villages and the remaining 27.8% lives in more than 5,100 towns and over 380 urban agglomerations (Source: Wikipedia).

A large number of Indians are currently living abroad. Occupation levels of Indian community vary significantly, but statistics highlight the emerging of a generally highly skilled workforce, resulting from an increasing literacy rate that can be regarded as the main output of the governmental efforts to ensure better education levels to the population living in the big cities and more recently also in the countryside. To be mentioned is in particular the strength of the Indian community in some of the Commonwealth countries as Canada (851.000), the UK(1.200.00) and South Africa (1.000.000), but still more impressive is their presence in countries as the US (1.678.000), Malaysia (1.665.000) or Myanmar (2.902.000) (Source: Ministry for Indian Overseas Affairs – 2009).

The education system



India's education system turns out millions of graduates each year, many skilled in IT and engineering. This manpower advantage underpins India's recent economic progresses, but masks never solved problems within its education system. While India's demographics are generally perceived to give it an edge over other countries' economies (India will have a youthful population when other countries have ageing populations), if this advantage is restricted to a small, highly educated elite, the domestic political ramifications could be severe. With 35 per cent of the population under the age of 15, India's education system faces numerous challenges. Successive governments have pledged to increase spending on education to 6 per cent of GDP, but actual spending has hovered around 4 per cent for the last few years. While, at the top end, India's business schools, Indian Institutes of Technology (IITs), Indian Institutes of Management (IIMs) and universities produce globally competitive graduates, primary and secondary schools, particularly in rural areas, struggle to find staff.

As a result, large areas of the country are still widely affected by high levels of illiteracy, as highlighted in the map on the left. Historically speaking, the Indian government has always considered education as a crucial development tool since the Independence of the country in 1947. Since then, education policies of Indian governments have built on the substantial legacies of the Nehruvian period, targeting the core themes of plurality and secularism, with a focus on excellence in higher education and inclusiveness at all levels. Recently, the issue of funding has become more and more problematic: governments have then promised to increase state spending while realizing the economic potential of bringing in private-sector financial support (Source: Chatam House). If we consider the structure of Indian education system, four stages can be identified, namely primary, upper primary, secondary and higher secondary (or high school). Overall, schooling lasts 12 years, following the "10+2 pattern". However, there are considerable differences between the various states in terms of the organizational patterns within these first 10 years of schooling. The government is committed to ensuring universal elementary education (primary and upper primary) education for all children aged 6-14 years of age. Primary school includes children of ages six to eleven, organized into classes one through five. Upper Primary and Secondary school pupils aged eleven through fifteen are organized into classes six through ten, and higher secondary school students ages sixteen through seventeen are enrolled in classes eleven through twelve. Higher Education in India provides an opportunity to specialize in a field and includes technical schools (such as the Indian Institutes of Technology), colleges, and universities.

Education system and job market: statistical overview

In higher education, the proportion of the college-aged population enrolled continues to be far lower than comparable countries. India enrolled 13.6% of college-aged students in higher education in the 2007-2008 fiscal, but that ratio remains low by international standards (Russian Federation, Brazil, China and Indonesia have significantly higher proportions of that age group in colleges and universities). But India aims to increase this ratio to 30 per cent by 2020.

In absolute terms, the largest numbers of international students are from China, India and Korea. Asians account for 52% of all students studying abroad worldwide. Globally, Indian students constitute the second largest flow after China and now represent the largest flow into the US and second largest in the UK (IIENetwork)

The labour market

Working in India demonstrates the willingness to work in a new culture and international market. As India's importance in world economy increases, work experience in this country will become increasingly profitable. As a matter of fact, India's economy is one of the largest in the world and the third largest in Asia. If it keeps growing at current rates, it will become the third largest economy in the world within the next ten years. Though agriculture is becoming less and less important, more than 60% of the Indian population still depends on it.

However, the Indian economy is visibly changing. A clear example is represented by the IT parks that have sprung up like mushrooms (see the map on the left). Today, more than 50% of India's GDP is generated through services. The Indian government has made huge efforts in terms of market liberalisation to attract foreign capitals. Multi-national companies that were unable to invest in India 20 years ago due to strict regulations are now spending vast amounts of money creating ultra-modern infrastructure. However there are still many obstacles when it comes to doing business in India. This is why India ranks as one of the most difficult countries for business.

India's billion person market is one of the largest in the world. In terms of spending power, India is the fifth-largest economy in the world. One of the fastest growing sectors in India is the IT-sector. Every year, many graduates from Indian universities enter the job market competing for the highest salaries. However demand in this sector is still high and likely to remain high. India has become one of the major exporters of software services within the last years, and around two thirds of worldwide off-shore IT services are based here. Engineering is another rapidly growing sector in India. As Indian companies start to expand globally, it becomes easier for foreigners to start their careers in India. Labour demand is especially high in the fields of biotechnology, aeronautics, auto industry and consumer electronics. Positions in marketing and sales are also widely available. In international companies these positions are often given to foreign nationals.

There are many multi-national companies operating in India, such as IBM, PWC, Goldman Sachs, ABN Amro, Microsoft, Unilever, Adobe and BP. Many Indian companies have also started recruiting expatriates. Examples for Indian companies are Tata Engineering, ITC, TCS and Infosys.

Since India has a huge supply of cheap labour, good education is the key to success. A western college or university degree is a major advantage and a few years of work experience will improve one's chances of finding a job in India. India's growing economy creates huge demand for highly skilled workers. While sectors such as IT are popular among young Indians, others face the problem of a lack of qualified labour. There are many education and professional training possibilities in India, but they cannot (yet) meet the demand of qualified people. This has created opportunities for expatriates who want to work in the education and professional training fields. Upper management positions used to be filled with expatriates. Work experience in the West, especially in the USA, was seen as major advantage. Although this is often still the case, Indian companies usually prefer to employ indigenous staff.

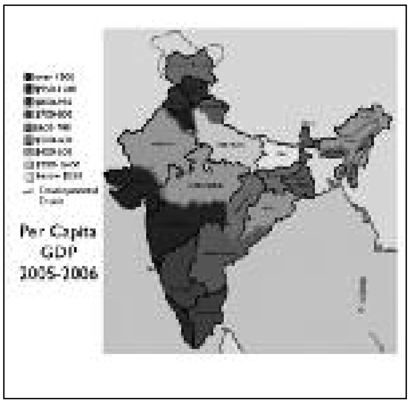
Learning the language of the Indian region is not necessary, as English is spoken in most companies. It will improve however one's chances of finding a job, and, eventually, of getting a promotion.

The Indian work culture is immensely diverse. There are major differences depending on whether a person is interested to work for small, local companies, for big Indian corporations or for international companies. Business practices also vary between regions. On approaching the Indian job market, work practices should be carefully considered. The importance of hierarchies in Indian culture, for example, is largely reflected in the daily work environment. People of different management levels are treated differently. The behaviour of superiors towards other employees seems very rude from a Western point of view. This is normal in India. Even though that might make feel uncomfortable at first, it is required to adapt to this, as otherwise employees of lower hierarchy levels are used to take advantage of personal kindness, expecting favours in return, such as help in getting a job in the West. Communication within Indian companies is something many expatriates have trouble getting used to. Unlike rather relaxed business dinners, formality plays an important role in Indian work environment and instructions are direct.

Average salaries in India are only a fraction of Western salaries. However, they are rising at rates between 12 and 14 percent each year. Expatriates usually earn significantly higher salaries than Indians, though this depends on whether they work for Indian or international companies. If a person is appointed to India by a company from overseas, his/her salary will usually be at a Western level, with the full list of benefits available to employees in Europe or the US. In addition to salary and standard benefits, international companies often provide special expatriate allowances, such as housing allowance, three to five weeks paid vacation, a round trip air ticket per year, full healthcare coverage etc. If a person is working for an Indian company, the situation changes dramatically. Salary will be significantly lower, very far from Western levels. Most importantly, Indian companies usually do not offer the fancy expat benefits provided by international companies. However, fringe benefits are an important part of every pay check and can account to up to 50% of the salary. Typical benefits include paid vacation, sick leave, health insurance and maternity leave.

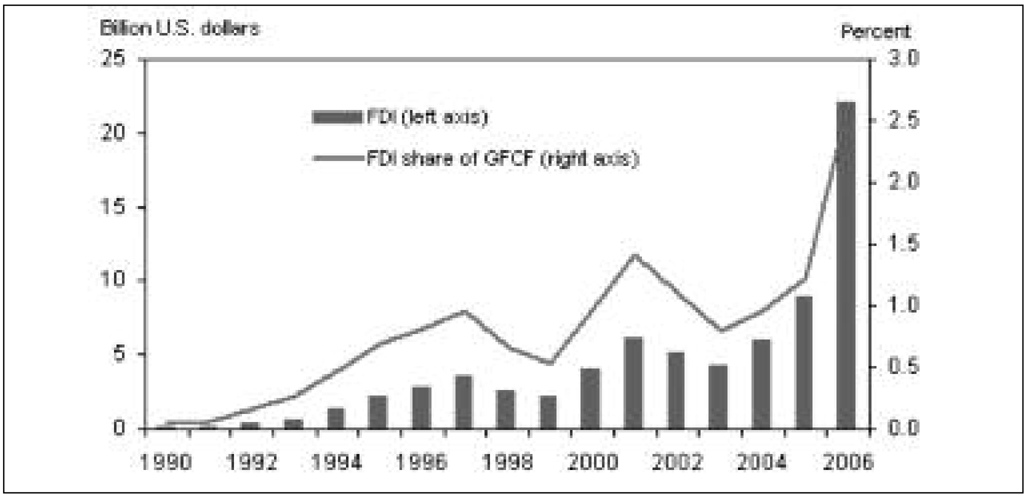
There are 15 to 20 paid public holidays, depending on where a person is appointed to work in India. Indian employees will additionally get a minimum of 12 days paid vacation. Expatriates are usually entitled to 18 to 30 days of paid vacation a year (Source: Justlanded).

Opportunities for young people and working organizations



The Indian economy has recovered quickly from the financial crisis, mainly as a result of its strong domestic market but also due to the country’s thriving service industry, in which information technology services and software workers are exported to other countries.

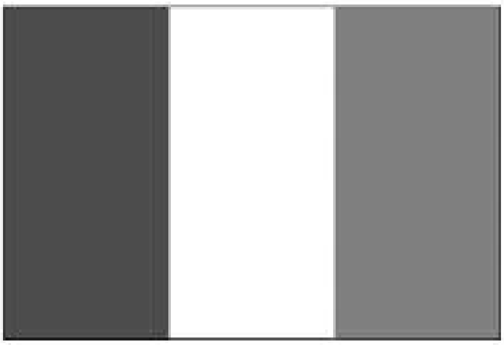
There has been very positive growth in the employment market in India during the first quarter of 2011 – especially for what concerns young graduates - with considerable recruitment activity taking place. Major Indian industries (textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery, software, pharmaceuticals) are still attractive for local and sometimes also for foreign workers, but a particular attention should be paid to those emerging areas whose growth rates are noteworthy: energy, clothing, telecommunications, banking, steel, IT and automobile. Consistent differences still exist among states and regions, resulting from cultural, geographical and strategic backgrounds. As a consequence, India can be well regarded as a sort of sub-continent consisting of several states, each one with specific and unique features in terms of culture, human capital, market structure and income (see map above). Two states distinguish themselves for being the most attractive in terms of employment opportunities and foreign investments: Gujarat and Maharashtra.



As the third-largest economy in the world, India is a preferred destination for foreign direct investments, attracted by national excellences in strategic fields as: information technology, auto components, apparels, chemicals, pharmaceuticals, jewellery and so on. Although India has always held promise for global investors, its rigid FDI policies have been a significant hindrance for a long time. However, as a result of a series of ambitious and positive economic reforms aimed at deregulating the economy and stimulating foreign investments, India has positioned itself as one of the front-runners in the Asia Pacific Region, offering a large pool of skilled managerial and technical expertise and a middle-class population (300 million people) that exceeds the inhabitants of both the US and the EU. Furthermore, industrial policy reforms have substantially reduced licensing requirements, removing restrictions and facilitating easy access to foreign technology and FDI – as resulting from the upward moving growth curve of the real-estate sector that has largely benefitted from such initiatives. Restrictions will be soon relaxed also in sectors as diverse as civil aviation, industrial parks, commodity exchanges, petroleum and natural gas, credit-information services, mining and so on. There is no doubt about the fact that there has been a worldwide stir about foreign direct investments in India whose growth rate certainly (see graphic above) owes a lot to foreign equity capitals and foreign direct investments.

Top foreign investors in India are the US, the UK, Japan, South Korea, Germany, Australia and French (Source: Ministry of Finance).

Italy



The socio-political framework

Italy became a nation-state in 1861 when the regional states of the peninsula, along with Sardinia and Sicily, were united under King Victor Emmanuel II. An era of parliamentary government came to a close in the early 1920s when Benito Mussolini established a Fascist dictatorship. His alliance with Nazi Germany led to Italy's defeat in World War II.

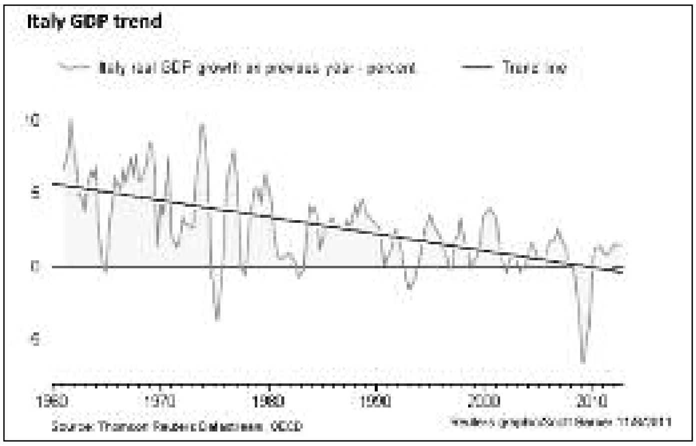
A democratic republic replaced the monarchy in 1946 and economic revival followed. Italy was a charter member of the European Economic Community (EEC – in the picture above the signing of the Rome Treaty in 1957) and of the North Atlantic Treaty Organisation (NATO) and one of the six countries which signed the 1951 Paris Treaty setting Europe off on the path to integration. It has been staunchly at the heart of Europe ever since, although in the early 2000s the government of Silvio Berlusconi adopted a more Eurosceptic stance. The Italian political landscape underwent a seismic shift in the 1990s when the "Clean Hands" operation exposed corruption at the highest levels of politics and big business. Several former prime ministers were implicated and thousands of businessmen and politicians were investigated.

It has been at the forefront of European economic and political unification, joining the Economic and Monetary Union in 1999. Persistent problems include illegal immigration, organized crime, corruption, high unemployment, sluggish economic growth, and the low incomes and technical standards of southern Italy compared with the prosperous north (Source: Indexmundi).

Italy is the fourth largest European economy and for long enjoyed one of the highest per capita incomes in Europe, despite the decline in traditional industries such as textiles and car manufacturing as a result of globalisation. But it became one of the first eurozone victims of the global financial crisis of 2008. By the end of 2011, Italy had one of the highest levels of public debt - a towering 118% of GDP (annual economic output) - in the eurozone. There is concern over Italy's birth rate - the lowest in Europe - and the economic implications of an ageing population (Source: BBC).

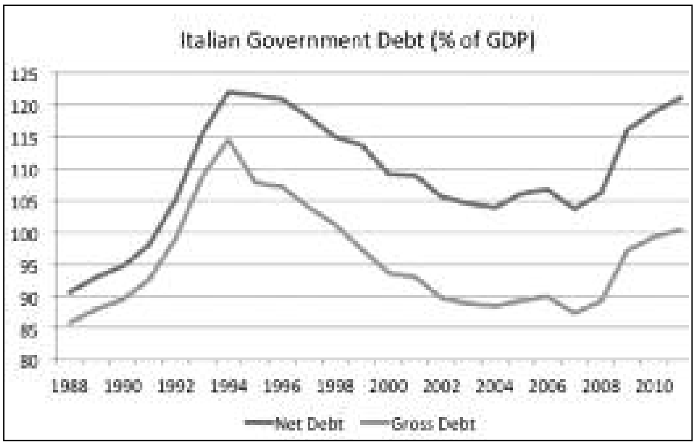
The macro-economic framework

Italian Gross Domestic Product (GDP) in Italy contracted 0,20% in the third quarter of 2012 over the previous quarter. Historically, from 1960 until 2012, Italy GDP Growth Rate averaged 0,7 Percent reaching an all time high of 6% in March of 1970 and a record low of -3,2% in March of 2009 (see graphic below). Italy is a member of the G8 group of leading industrialized countries and has a diversified industrial economy, which is divided into a developed industrial north, dominated by private companies, and a less-developed, welfare-dependent, agricultural south, with high unemployment. The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises (Source: Tradingeconomics).

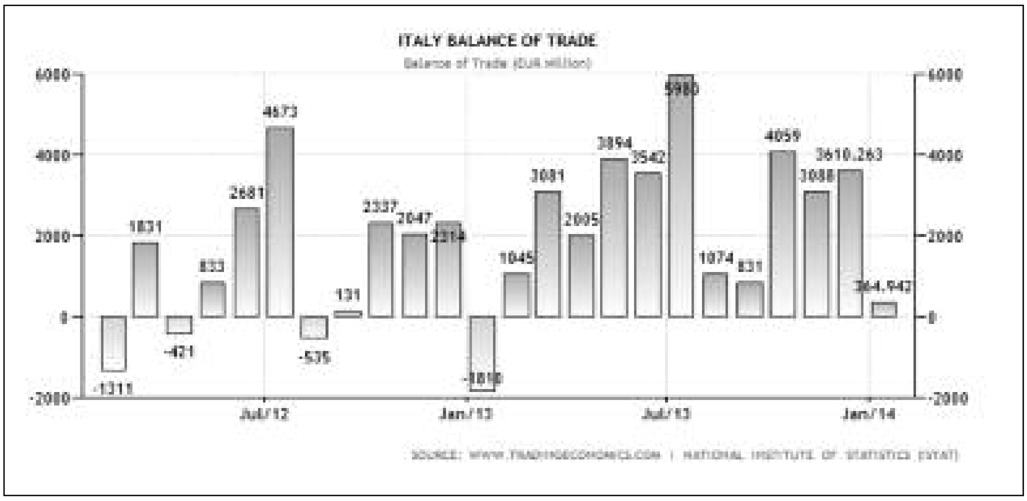


Since the outbreak of the financial and economic crisis in 2008, Italian economy has undertaken a process of deep transformation. The Lehman Brothers collapse in September 2008, in particolar, has revealed the weakness of Italian credit system, signing the beginning of the ongoing financial and economic emergency. As a consequence of it, Italy has undergone a process of contraction in the interbank loan market with banks refusing to lend money to each other because of a lack of liquidity and uncertainty about the financial soundness of borrowers. In spite of the European support, in fact, Italian banks have significantly reduced the availability of credit to clients to regain liquidity, suffering in particular from their growing financial exposure to the instability of Eastern European markets (the most famous case is that of Unicredit). Nevertheless, the support of the Government has enabled a banking crisis to be avoided. Small and medium-sized banks, instead, have reacted to the liquidity crisis by reducing credit to clients and consumers and raising the amount of collaterals required for new loans. This policy has reduced investments in machineries and houses threatening the viability of small and mediumsized firms in various sectors.

Moreover, credit restrictions and pessimistic outlooks have deterred consumers from spending. So, sectors such as real estate, house building and cars have collapsed. Industries have reacted in various ways, firstly reducing their profit margins and costs, secondly cutting the number of fulltime permanent jobs with serious consequences on the employment levels, especially among young people. Many larger firms have strengthened their financial position, internationalising part or almost all of the production process and delaying payments to their suppliers. In this way, medium and small-sized firms have finally borne the highest costs of the crisis on their backs.



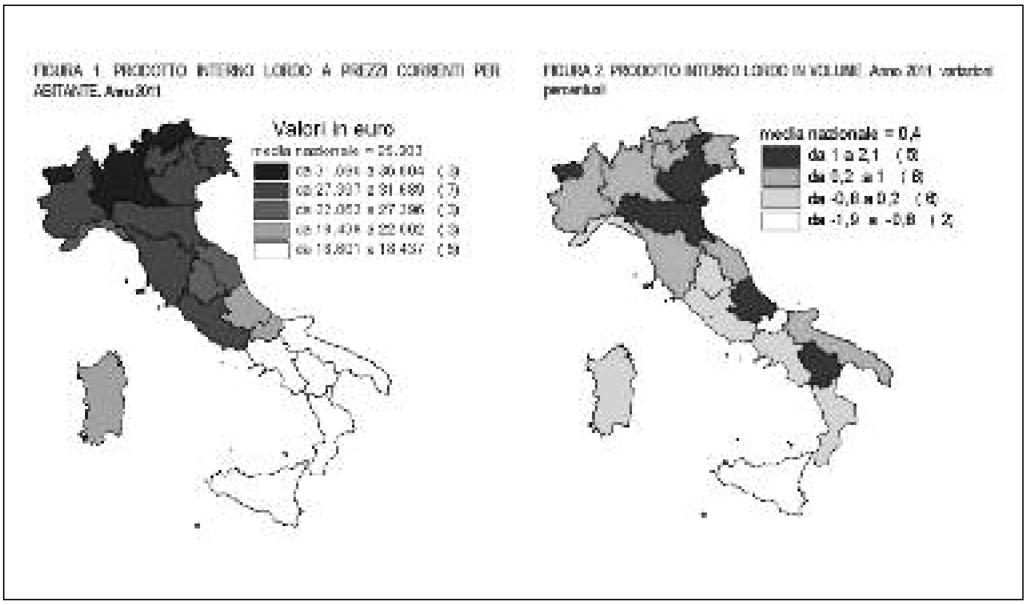
Of course, the economic crisis has then involved the public finance (suffering in Italy from a chronic disorder – see graphic above) as a result of a combination between economic downturn and expenditure increase for anticrisis policies. This has finally resulted in a dramatic growth in the budget deficit and public debt causing the breaching of the Growth and Stability Pact parameters.



In spite of the above described scenario, Italy can still vaunt excellent performances in the field of trade balance, mainly caused by the undisputed prestige of some historical Italian brands (particularly in the sectors of fashion, clothing, gatronomy and automotive). Italy recorded a trade surplus of 408,10 mln Euro in September 2012. Historically, from 1991 until 2012, Italian trade balance averaged 211,75 mln Euro reaching an all time high of 6382,91 mln Euro in July 1996 and a record low of -6389,31 mln Euro in January 2011 (see graphic on the left). Italy's major exports are food, clothing, precision machineries, motor vehicles, chemicals and electric goods, while, on the imports side, to be mentioned are mainly engineering products, chemicals, transport equipments, energy products, minerals, textiles and clothing. Italy's closest trade ties are with the other countries of the European Union, above all Germany and France, with whom it conducts about 59% of its total trade (Source: tradingeconomics).

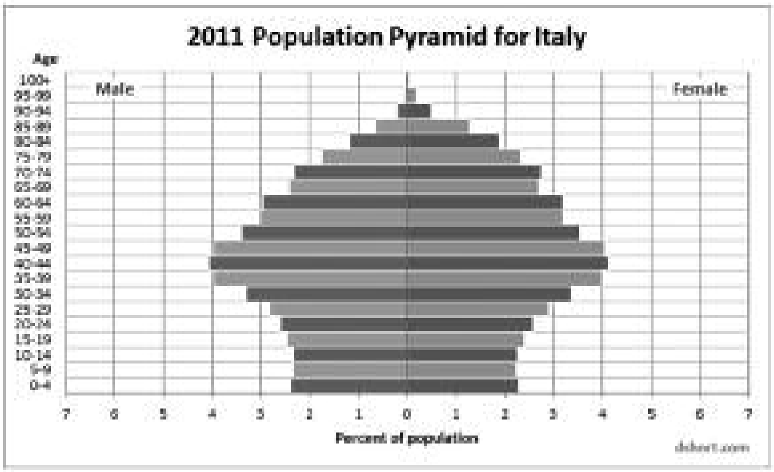
The inflation rate in Italy was recorded at 2,50% in November 2012. Historically, from 1997 until 2012, Italian inflation rate averaged 2,23% reaching an all time high of 4,10% in July 2008 and a record low of 0% in July 2009.

As explained, Italy has been heavily affected by the economic crisis, but the Italian banking system, with the exception of Unicredit, has proved to be generally stronger than the international counterparts. Indeed, the investments of the Italian banks have turned out to be more conservative and safer than originally thought, putting a lid on dangerous banking operations. Traditionally, Italian institutions have been very cautious in terms of cash and Bank of Italy has always exerted a direct control over the system. This has resulted in the Bank's ability to avoid those dramatic economic and financial disasters that have occurred elsewhere. Nevertheless, credit access has been significantly reduced especially for small and medium enterprises that represent more than 90% of the overall number of Italian companies, especially in the prosperous regions of north (in the map above the GDP differences between northern, central and southern regions).



The demographic framework

Italy has 60.626.442 inhabitants according to 2011 municipal records (see population pyramid below). Its population density, at 201/km², is higher than that of most Western European countries. However the distribution of the population is widely uneven. The most densely populated areas are the Po valley (that accounts for almost a half of the national population) and the metropolitan areas of Rome and Naples, while vast regions such as the Alps and Appennines highlands, the plateaus of Basilicata and the island of Sardinia are very sparsely populated.



The population of Italy almost doubled during the twentieth century, but the pattern of growth was extremely uneven due to large-scale internal migration from the rural South to the industrial cities of the North, a phenomenon which happened as a consequence of the Italian economic miracle of the 1950-60s. In addition, after centuries of net emigration, from the 1980s Italy has experienced large-scale immigration for the first time in modern history. High fertility and birth rates persisted until the 1970s, after which they started to dramatically decline, leading to rapid population aging. At the end of the 2000s, one in five Italians was over 65 years old. However, thanks mainly to the massive immigration of the last two decades, in recent years Italy experienced a significant growth in birth rates. The total fertility rate has also climbed from an all-time low of 1,18 children per woman in 1995 to 1,41 in 2008 (Source: Wikipedia).

In spite of a long history of migration (especially towards the USA and South America – in the picture on the left Italian immigrants leaving their country in 1890s), sometimes referred as the "Italian Diaspora", peaking in the years between 1876 and 1915, Italy has recently become a land of immigration, attracting a growing numbers of people, in particular from its southern and eastern borders.

At the beginning of 2011 there were 4.570.317 foreign nationals resident and registered in Italy, amounting to 7,5% of the country's population These figures include more than half a million children born in Italy, but exclude foreign nationals who have subsequently acquired Italian nationality. They also exclude illegal immigrants, whose numbers are difficult to determine. Since the expansion of the European Union, the most recent wave of migration has been from surrounding European nations, particularly Eastern Europe, and increasingly Asia, replacing North Africa as the major immigration area. Some 997.000 Romanians, around 10% of them being Romanis, are officially registered as living in Italy, replacing Albanians and Moroccans as the largest ethnic minority group.

As of 2011, the foreign born population of Italy was subdivided as follows: Europe (53,4%), Asia (16,8%), North Africa (14,8%), Americas (8,1%), sub-Saharan Africa (6,7%) and other lands (such as Oceania) (0,2%). The distribution of foreign born population is largely uneven in Italy: 86,45% of immigrants live in the northern and central parts of the country (the most economically developed areas), while only 13,55% live in the southern half of the peninsula (see map on the left).

The education system

Education in Italy is state-controlled and all schools, both public and private, are subject to comply with the curricula and teaching methods laid down by the Ministry of Public Education. Education is compulsory and free of charge for all children between the ages of 6 and 14 and is segmented into 5 classes at elementary level and 3 classes at lower secondary level (middle school). Italy, in terms of both compulsory and higher education, is currently undergoing a period of transition through which the basic structure of the state system, as a whole, is being overhauled. These changes are designed not only to bring Italian education in line with the rest of the European Union but also create a more flexible system, which better and more broadly educates those choosing to study in Italy.

The elementary and secondary distinction is perhaps more difficult to make in regard to the Italian Education System, as it is currently divided into three distinct sections. The first is known in Italy as “Scuola elementare”, it lasts for 5 years and begins at the age of 6. The second, “Scuola media”, is a three year stint at the end of which students, assuming all goes well, receive a diploma and therefore the right to continue their education. Here, at the age of 14, is where obligatory education currently ends and an optional 4 or 5 year course of study begins.

Students may choose from a range of High Schools known as “Licei” with either classical, linguistic, artistic or scientific specialisation or move to study at an “Institute” which prepares students for elementary school teaching as well as technical, commercial and industrial careers.

On completion of their chosen course, students undertake a state composed exam which gives them a diploma and hence the right to attend university. Whether the course is four or five years long is irrelevant, as in the case of a 4 year program an additional year of study must be integrated into the course in order for the student to be granted admission to an Italian university.
With the implementation of the new system, the age of compulsory education has shifted upward to 16 years. The traditional “Liceo” and “Institute” have been replaced by an obligatory two-year period of general studies, followed by three more years of optional specialised education.

Higher Education in Italy is based on a system in which universities are expected to fulfil the twin tasks of teaching and research. Academic autonomy and freedom are not only inherent aspects of this approach, but also guaranteed by Italian law. Italy has four types of higher education institutions, educating over 1,25 mln students. They include: 42 state universities, 6 private universities, 3 technical universities, 12 university institutes with special status. Recent major investment has seen the creation of new universities and substantial upgrading elsewhere with the provision of multimedia centres, language laboratories and distance learning tuition increasingly standard. Major Italian university centres include Bologna, the world's oldest founded in 1088 (see logo above), Milan, Turin, Rome, Florence, Naples and many others (Source: italyontheweb).

Education system and job market: statistical overview

The percentage of population (25-64 year-olds) that has attained least upper secondary education was 55% (Oecd averge 77%) and tertiary education was 15% (Oecd averge 31%).

Entry rates for higher education increased after Italy introduced a new degree structure in the early 2000s. The proportion of young people in Italy who can expect to enter university-level higher education programmes over their lifetime increased from 39% in 2000 to 49% in 2010 and the proportion of young people expected to graduate from such programmes over their lifetime increased even faster, from 19% in 2000 to 32% in 2010. The proportion of Italians with university-level higher education has increased from generation to generation.

However, even as higher education attainment has increased in successive cohorts of Italians, many indicators suggest that the labour market for young graduates has become more difficult over the past decade. Employment rates for Italians (25-64 year-olds) with higher education decreased between 2002 and 2010, from 82.2% to 78.3%, while the employment rate of adults with upper secondary education remained stable (72.3% in 2002; 72.6% in 2010). The difference in unemployment rates for these two groups also became smaller: the unemployment rate for people with higher education increased slightly between 2002 and 2010, from 5.3% to 5.6%, while unemployment rates for adults with upper secondary education fell from 6.4% to 6.1%. In Italy employment and unemployment rates for people with higher education moved closer to those for people with no more than upper secondary education.

The percentage of unemployed (25-64 year-olds) who attained below upper secondary school was 9.1% (Oecd average 12,5%) upper secondary and post secondary education is 6,1% (Oecd average 7,6%) and who attained tertiary education is 5,6% (Oecd average 4.7%).

Only the 1,4% of the students who go to study abroad have chosen Italy as the country of destination.

The labour market

Italy has a relatively high unemployment rate, which was officially running at around 11,10% in October 2012 (Source: Tradingeconomics). Unemployment rate varies largely according to the regions and in the impoverished south it's as high as 50% in some areas, where the youth has traditionally migrated to the north or abroad in search of work. Unemployment is a real emergency for Italy's youth; some 30% of young people in the under 25-age group are unemployed, many of whom have little prospects of finding a job. Although unemployment has hit manufacturing industries the hardest, no sector has survived unscathed, including the flourishing service industries. Some of the hardest-hit industries have been construction, electronics, communications, the media and banking, all traditionally strong sectors. Many companies have periodic bans on recruitment and expect many employees to accept short-term contracts, rather than life-long security (Italian job security had traditionally been among the best in Europe). Unemployment benefits are not common in Italy and less than 25% of the country's unemployed are eligible for any form of unemployment compensation, and families have traditionally been expected to support their unemployed members. There's no national scheme or assistance for the long-term unemployed in Italy, although there's a limited degree of support for low-income families in the south (Source: Justlanded).

Working hours should not exceed eight hours per day, or an average of 40 hours per five-day working week. Official working hours are from 9am to 6pm, Monday to Friday, although they can vary significantly according to the sector.

A good knowledge of Italian language is to be considered a priority, since English is not commonly spoken, even among young people. Salaries levels vary significantly from northern to southern regions, suffering from chronic unemployment rates. Italian average income per year swings between 10/12.000 Euro in the extreme southern areas and about 30.000 Euro in the richer north, confirming the considerable gap existing between the richest and the poorest – the top 20% of the population earn five times as much as the bottom 20%.
In terms of employment, 57% of people aged 15 to 64 in Italy have a paid job, below the OECD employment average of 66%. Some 68% of men are in paid work, compared with 46% of women. This suggests that women encounter difficulties in balancing work and family life. People in Italy work 1.778 hours a year, slightly more than most people in the OECD who work 1.749 hours on average (OECD).

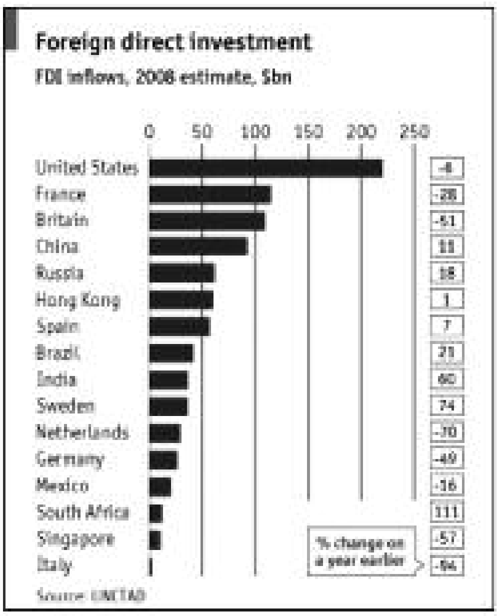
Social insurance provides benefits for unemployment (just in some cases), sickness and maternity, accidents at work and occupational diseases, as well as old-age, invalidity and survivor's pensions, and family allowances. It doesn't include the national heath service, which is funded from general taxation. The system is run by a number of state agencies, which have been brought together under the umbrella of the National Institute for Social Security. All resident employees and self-employed workers pay social security contributions, with a few exceptions.
Employee's contributions are deducted at source from their gross salary by their employer, who pays around two-thirds of pension contributions, while the remaining third is paid by the employee. For other types of social insurance, the employee's contributions are negligible. There are different contribution rates for employees in industry, commerce and agriculture, and for workers, office staff and managers, who also receive different benefits. For managers in industry, an income ceiling

applies for certain types of social security contributions, such as disability, old age pension and survivor's benefits. The self-employed must register and make contributions either to a separate organisation, which is a social security fund allied to their profession, or directly with the National institute for Social Security (Source: Justlanded).

When approaching the Italian job market, foreign people should carefully consider the peculiarities of Italian work environment that differ (sometimes largely) from the average of European countries. As a matter of fact, Italian economy is deeply rooted in the sense of family that has a strong influence on the structure of business companies, which are mainly small or medium and family-based. Therefore, it is not uncommon to find relatives working in the same company and, although business is taken quite seriously, the family and the interests of the group are often regarded as more important than following the rules. Even in business contexts, managers are used to take a somewhat paternalistic attitude to their employees.

Being internationally recognized as people who appreciate style and fashion, Italians attach a great importance to the ability of presenting oneself and behaving in a formal and elegant way ("dress to impress"), giving a great importance to the value of status-symbols as cars or fashion clothes.

For what concerns interpersonal relations, Italians are always very friendly, also at the workplace, prefer face-to face contacts and do not hesitate to greet people they know with a warm embrace. Punctuality at work is not regarded as a must, since Italians are usually relaxed around time-related issues (being late with a good reason has not generally negative consequences). Even negotiation processes can be sometimes very slow and demonstrating a sense of urgency is often considered as a sign of weakness. Small talk during business meetings is very common as well as the custom of speaking simultaneously or interrupting one another.

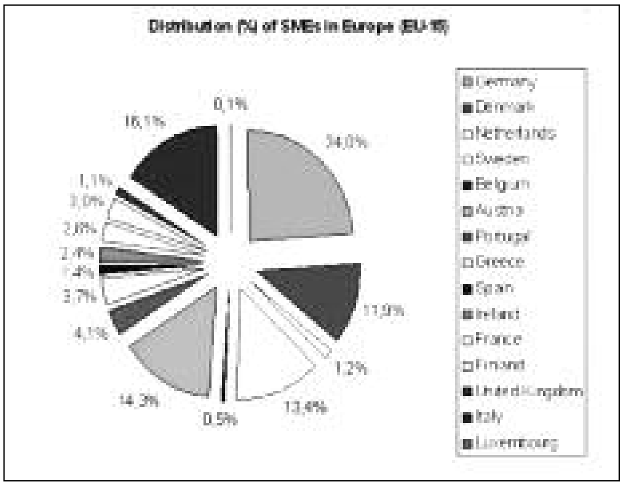


Young people addressing the Italian job market should consider with attention some sectors that reveal the highest rates of growth and vaunt international prestige; among the others: fashion and design, automotive (but the situation is rather changing), mechanics and tourism. Unfortunately, all of them have been suffering from the consequences of the financial and economic crisis that is having extremely negative effects on the employment levels, especially among young people who are subjected, in Italy more than elsewhere, to the negative consequences of a gerontocratic society.

The attractiveness of the Italian economy for inward foreign direct investments (FDI) has been traditionally limited, despite country's advantages such as a large domestic market and a skilled labor force. The recent global crisis has worsened the country's position, with flows falling from 30 bln Euro in 2007 to 8,5 bln Euro in 2008, before recovering to 15 bln Euro in 2009 and going down again to 6,8 bln Euro in 2010. Although the country's FDI stock has grown since 2000 at a rate similar to that of the European Union as a whole, in 2010/2011 FDI stock has contracted vis-à-vis 2009, reflecting how Italy, compared to other key countries, continues to underperform (see graphic above).

The main obstacles to exploiting the country's potential for FDI lie in the largely insufficient actions undertaken to attract and promote them, in the high levels of public corruption/organized crime, in the high burden of bureaucracy, in the limited competition of several industrial sectors, in the extent of the black economy as well as in the lack of coordination with other relevant policy measures (e.g. infrastructure development) within a broader framework aimed at regional and national development. Additional barriers to FDI stem from the weaknesses of the national innovation system and from the uncertainty of public research grants (that could represent an important incentive for foreign enterprises to locate in Italy their research and innovation centres).

In spite of these factors, there are still many good reasons to invest in Italy. The first is Italy's GDP, ranking fourth in Europe and tenth worldwide. The second is the importance of the domestic market (almost 60 million consumers) and its potential growth rates. The country is acknowledged to be a "trend setter" for major consumer products (e.g. food, fashion and design, mobile phones). Moreover, Italy is centrally located in the heart of the Mediterranean and is (or should be) a crucial crossroad for trade through land, sea and air routes linking the north and the south of Europe.



Last but not least, the country has a diversified manufacturing industry, ranking second in Europe in terms of value-added and exports, behind Germany. "Made in Italy" represents excellence and creativity all over the world, not to mention the fact that the country offers a skilled workforce at relatively low cost. Add to this, the Italian economy is still characterized by a wide and unique system of high-quality small and medium-sized enterprises (see graphic on the right), often located in clusters of excellence or districts that provide major external economies for specialist producers and thus offer significant opportunities for international investments. As a matter of fact, Italian small and medium-sized enterprises can be either very demanding customers, that cooperate with their suppliers of machineries and intermediate goods for the development of advanced products (e.g., chemistry for the textile and leather industries, tiles, furniture, textiles and clothing, electronics and industrial machine tools), or efficient suppliers of specialized machineries and original technological solutions, thanks to their well-known design and engineering capabilities, or even flexible and efficient partners for the outsourcing of production processes (Source: Columbia University research papers).

Poland

The socio-political framework

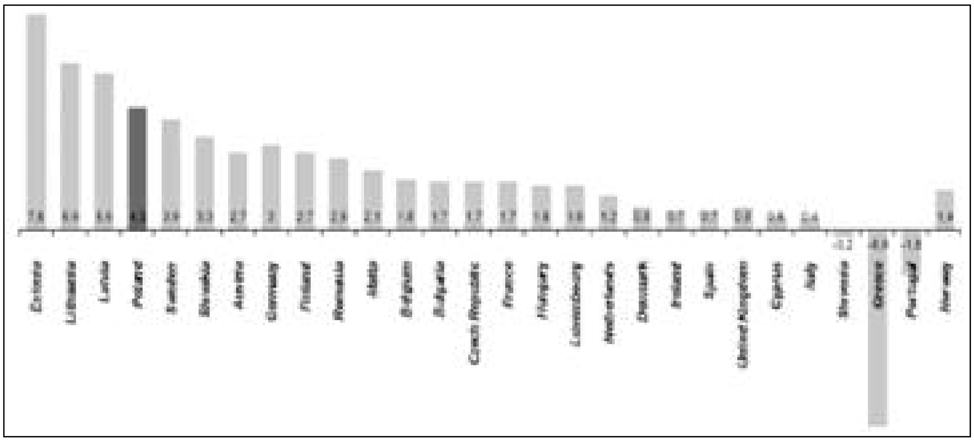
After having regained its independence in 1918, Poland was overrun by Germany and the Soviet Union in World War II. It became a Soviet satellite state following the war, but its government was comparatively tolerant and progressive. It was the birthplace of the former Soviet bloc's first officially recognised independent mass political movement when strikes at the Gdansk shipyard in August 1980 led to agreement with the authorities on the establishment of the Solidarność trade union, leaded by a carismatic leader as Lech Walesa (see picture below). The shoots of political freedom were trampled again 16 months later when communist leader Wojciech Jaruzelski declared martial law. But the movement for change was irreversible. Elections in summer 1989 ushered in eastern Europe's first post-communist government. The presence in the Vatican of Polish Pope John-Paul II was an important influence on the Solidarnosc movement throughout the 1980s.

After free elections in 1989 and 1990, Solidarnosc obtained the control over the parliament and the presidency, bringing the Communist era to a close. A "shock therapy" program during the early 1990s enabled the country to transform its economy into one of the most robust in Central Europe. Poland joined NATO in 1999 and the European Union in 2004. With its transformation to a democratic, market-oriented country largely completed, Poland is currently an increasingly active member of Euro-Atlantic organizations (Source: Indexmundi).

Poland has made major economic strides since the fall of communism, and especially since joining the EU. In 2009, when all the major European economies were contracting because of the credit crunch, Poland was the only country in Europe to experience economic growth. There has been marked success in creating a market economy and attracting foreign investment. Germany is now Poland's biggest trading partner. There was a massive movement of workers to western Europe in the years after Poland joined the EU, but the exodus slowed down after the global economic crisis took hold. Poland still has a huge farming sector - agriculture accounts for about 60% of the country's total land area - but the sector remains hampered by inefficiency, structural problems and lack of investment. Warsaw's profile on the international stage was raised by its support for the US-led military campaigns in Iraq and Afghanistan. Polish peacekeeping troops served in south-central Iraq from 2003 until 2008, and the country has also contributed a sizeable contingent to the Nato peacekeeping force in Afghanistan (Source: BBC).

The macro-economic framework

Poland's gross domestic product (GDP) increased by 3,5% in the first four months of 2012. At the same time, investments increased by an estimated 6,7%, while domestic demand gained 2,7%. These data already indicate a slowdown of the economic growth, compared with the last year, when GDP grew by 4,3% with investments increasing by 8,1% and domestic demand by 3,6%.
Eurostat data indicate that in terms of 2011 GDP growth rate Poland ranked fourth among 27 EU member states (see graphic below), falling behind the three Baltic States. In the light of the newest forecasts by the European Commission, Polish GDP growth is to amount to 2,7% in 2012 and will be the highest amidst all the EU member states. In 2013, the EC anticipates, Polish GDP may increase by 2,6%.



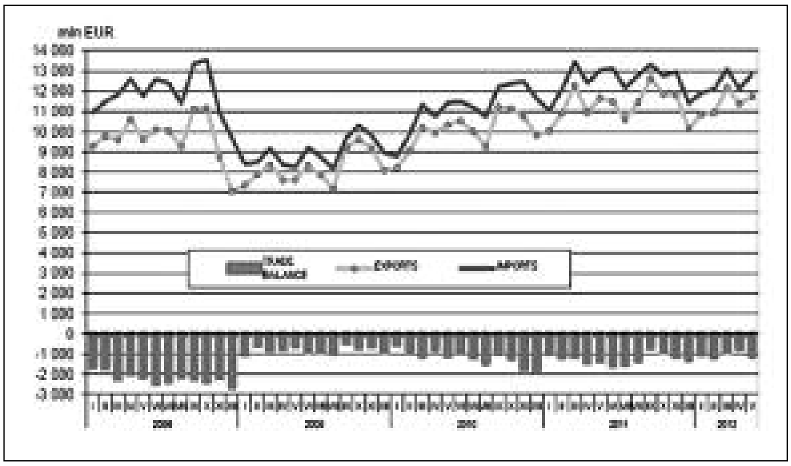
Over the recent years, observers have grown accustomed to the Polish economy's relatively good performance against the backdrop of the region of Central and Eastern Europe as well as the entire European Union. It was particularly visible in 2009, when Polish GDP, according to Eurostat data, grew 1,6%, making Poland the only EU country with a positive economic growth and earning the country the name of the "green island". It was also in 2010 that Polish economy stood out among European peers: the GDP growth of 3,9% was the third highest in the EU, behind Slovakia's and Sweden's. Growing faster than its environment, Poland is catching up, in terms of economic situation, with Western EU countries. Poland's GDP per capita in 1995 was 43% of the average of EU countries, in 2000 it was 48%, and in 2010 – 63%. According to the UNDP statistics, Poland is reported to be 39th in the international Human Development Index (HDI) ranking[18].

From Poland's accession to the European Union until the Polish presidency of the European Union Council in the second half of 2011, the country has come a long way. A strong support in this process has and continues to be provided by the inflow of structural funds granted in the framework of the EU's cohesion policy. In the EU's 2007-2013 budget, the subsidies for Poland amounted to nearly EUR 68 bln, the highest sum among the EU funding beneficiaries. According to the Regional Development Ministry's data, since the launching of EU subsidies programs of the 2007-2013 framework, authorities and beneficiaries signed 72.696 contracts for the total sum of PLN 310,9 bln of qualified expenses, including co-funding on the part of the EU amounting to PLN 213,4 bln, which constitutes 74,9% of the allocation for the 2007-2013 period. The inflow of EU funds may still increase in the years 2014-2020. The draft regulations concerning the new cohesion policy after 2013 presume allocating EUR 336 bln to the cohesion policy in the next six-year budget of the EU and capping individual member states' absorption of structural funds at 2,5% of their respective GDPs, which in the case of Poland could translate into an inflow of EU subsidies worth some EUR 80 bln in 2014-2020. After the July 2012 update of macroeconomic data and mid-term forecasts for the EU, which took into account the spring data showing an economic slowdown in the UE, the budget of the cohesion fund for the next seven years was trimmed by EUR 5,5 bln. This change, alongside the 2011 weakening of the zloty, will translate into smaller pool of funds allocated for Poland.

According to UNCTAD data quoted by the Polish Information and Foreign Investment Agency (PAIiIZ), 2011 FDI inflow to Poland increased by as many as 65% to USD 15,1 bln. The value of FDI inflow to Poland in 2011 was nearly three times higher than the respective value recorded by the Czech Republic, the second country amidst 10 new EU member states in UNCTAD's ranking. The turn of 2011 and 2012 brought weaker readings of foreign direct investments inflow to Poland: in January, February and April the net FDI was negative. Earlier FDI data indicate that Poland have so far stood out in terms of foreign direct investments (FDI) among its CEE peers. According to UNCTAD data, foreign direct investments inflow to Poland between 2005 and 2010 totaled at some USD 91,7 bln (compared to Lithuania's FDI of some USD 7,6 bln, Latvia – some USD 6,4 bln, the Czech Republic – some USD 37,7 bln, Bulgaria – some USD 39,5 bln and Hungary – some USD 30,3 bln in the same period). In 2010 the inflow of foreign direct investments to Poland was nearly USD 9,7 bln, which ranked the country first in the region.

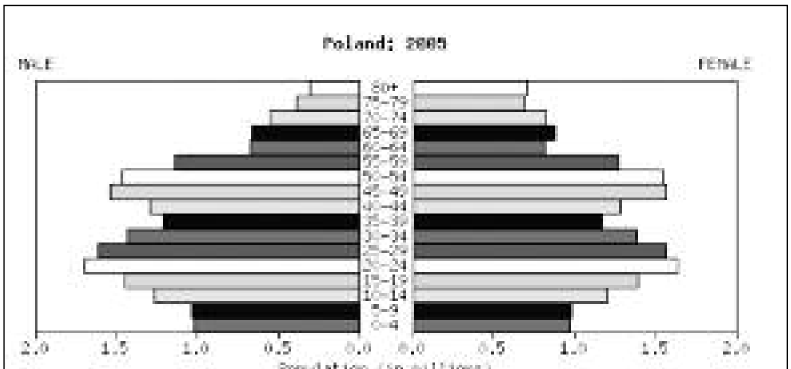
According to the Polish Central Statistical Office, in 2011 exports grew faster than imports. PLN-denominated exports in current prices were higher by 15,3% compared with 2010 and amounted to PLN 554,8 bln. Imports, in turn, increased by 14,6%, hitting the level of PLN 614,4 bln. Thus, the foreign trade exchange ended the year with a deficit of PLN 59,6 bln, compared with a deficit of PLN 55,1 bln in 2010 (see table on the left).

[18] The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education, standards of living and quality of life for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, a developing or an underdeveloped country, and also to measure the impact of economic policies on quality of life. The index was developed in 1990 by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen.



The exports growth rate remains at higher levels than the one of imports in 2012 too: the PLN-denominated value of exports, in current prices, increased by 9,9% in the January-May period, while the corresponding growth rate of imports was 7,7%. The geographical structure of Poland's foreign trade slightly shifted in the course of the five first months of 2012: the share of developed countries (including the EU countries) in Poland's total foreign trade turnover decreased, while the significance of all the other groups of countries increased compared with the same period in 2011. The shift might be seen as a sign that in the face of the economic slowdown in the Western European countries, Polish companies are searching for trade partners on other, more prospective markets. In the first five months of 2012, Germany has retained its position of the leading recipient of Polish exports. Poland's western neighbor absorbed 25,6% of Poland exports in the January-May period and was responsible for 21,3% of imports to Poland in the period. Germany's share in both of the categories has slightly decreased compared with the same period of the year prior (Source: Polish Ministry of Treasury).

The demographic framework



According to the estimates of Polish Central Statistical Office (GUS), at the end of 2007 Poland had a population of 38.115.000, which translates into average population density of 122 people/km². 61.5% of Polish population lives in the urban areas, a number which is slowly diminishing. Total population of Poland is almost stagnant (population growth was 0,08%) and its distribution is uneven. From ethnic perspective, Poland is very homogeneous, with 96,7% of population being Polish. Virtually all people in Poland claim Polish nationality, with Polish as their native tongue. Ukrainians and Rusyns, the largest minority group, are scattered in various northern districts. Lesser numbers of Belarusians and Lithuanians live in areas adjoining Belarus and Lithuania. The Jewish community, almost entirely Polonized, has been greatly reduced during the Nazi persecution of the Second World War.

In Silesia a significant segment of the population, of mixed Polish and German ancestry, tends to declare itself as Polish or German according to political circumstances. Minorities of Germans remain in Pomerania, Silesia, East Prussia, and Lubus. Small populations of Polish Tatars still exist. Some Polish towns, mainly in northeastern Poland have mosques. Tatars arrived as mercenary soldiers beginning in the late 14th century. The Tatar population reached approximately 100.000 in 1630 but was less than 500 in 2000 (Source: Wikipedia).

The history of migration in Poland is characterised largely by emigration. Until the end of the 20th century, emigration took place both in large waves and in continual yearly movements. The end of the Second World War and the subsequent shifting of Poland's borders westwards resulted in the mass displacement and forced resettlement of approximately eight million people of Polish, Ukrainian, Belarusian and German origin. Another large wave of migration occurred after the Second World War when about 300.000 Jews of Polish origin returned to Poland. However, in the years that followed about 220.000 of these moved on to Palestine/Israel, Western Europe and overseas. Since the 1950s, the majority of people emigrating from Poland to the Federal Republic of Germany have been Aussiedler (ethnic Germans from Eastern Europe and the former Soviet states). Another large wave began in 1968, when up to 25.000 Polish Jews left the country. Polish citizens were allowed to travel relatively freely until the late 1970s, but in 1981 most western countries imposed visa restrictions. As a result of these restrictions primarily people from ethnic minority groups continued to migrate on the basis of agreements and international treaties.
During the suppression of the Solidarność movement and the imposition of martial law at the beginning of the 1980s, another 250.000 Polish citizens emigrated. Since the fall of Communism in 1989, the nature of migration to and from Poland has been in flux. As a result of its negative migration balance, Poland is still regarded mainly as a country of emigration. Because of its geographic location between Eastern and Western Europe, however, it increasingly serves as a transit country for migrants. There are also numerous immigrants from Vietnam and Armenia living in the country. In addition to this, Poland seems to be developing into a destination country, primarily for migrants from neighbouring countries on its eastern border (Ukraine, Belarus, Russia), and from other parts of the former Soviet Union. This is predominantly due to the fact that, compared with other Central and Eastern European countries, Poland has been experiencing a period of comparatively rapid economic growth since the 1990s, first as a country associated with the European Union (EU), then as a candidate for accession, and now as a new EU member state (Source: Focus Migration).

The education system

The present educational system in Poland was introduced in 1998/1999. According to the new Educational Act of 2002, pre-school education is treated as the first level of the education system and, starting from 2003/2004 school years, it will be compulsory for children of six years old. This education stimulates the general development offering the primary reading skills and basic mathematics.
Pupils of 7-12 attend primary school, which is also compulsory. Primary education is divided into two cycles: the first cycle (grades 1-3) at which beginning learning is offered, and the second cycle (grades 4-6) at which systematic learning is provided.. The main disciplines taught at the lower level

of the primary school (grades 1-3) are: Polish language, social and natural environment and mathematics, crafts and technology, art and music and physical education.
After completing primary school, pupils can choose different secondary education, which is free of charge. General secondary schools provide pupils with general education and the possibility of receiving the graduation certificate of general education. Those who have passed the final examination - called “matura” - may apply to universities. Those who do not want to study at university and those who have not taken the “matura” examination may continue their education in post-secondary vocational schools.
Secondary schools of vocational education prepare qualified workers and others with equivalent qualification. They also provide general secondary education. The purpose of these schools is to meet the demand for qualified workers, and they also provide young people with the opportunity of acquiring secondary education and taking the “matura” examination. Students can choose post-secondary education. They are trained as nurses, accountants, administrative personnel for enterprises and hotels, computer specialists, librarians.
After secondary school students can take higher education. There are various types of higher education institutions in Poland as: universities, polytechnics, economic academies, agricultural academies and others. The biggest academic centre is Warsaw, which has the largest student enrollment, the greatest number of higher education institutions and the largest number of teachers. Day studies in state higher schools are free of charge (Source: Partners in education).

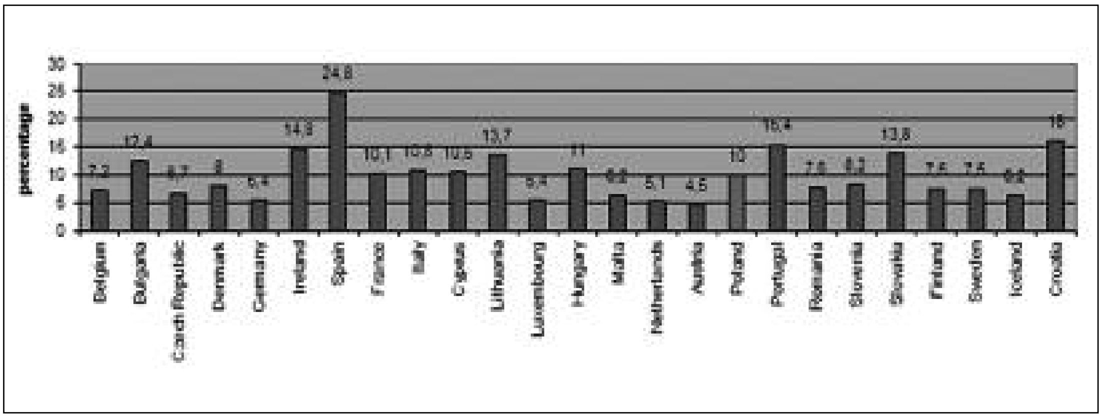
Education system and job market: statistical overview

Regarding the percentage of the population that has attained tertiary education the value is below the OECD average. However, this value is set to rise, given the very sharp rise in the percentage of graduates in recent years.
There has been growth in enrolment for 20-29 year-olds, the age span during which most students are enrolled in tertiary education; between 1995 and 2009, their enrolment rates increased in Poland of above 10 percentage points.
The percentage of population (25-64 year-olds) that has attained on 2010 least upper secondary education was 89% (Oecd averge 77%) and tertiary education was 23% (Oecd averge 31%).
The percentage of unemployed (25-64 year-olds) who attained below upper secondary school was 16,3% (Oecd average 12,5%) upper secondary and post secondary education is 8.9% (Oecd average 7,6%) and who attained tertiary education is 4,2% (Oecd average 4.7%).
In Poland international students represent less than 2% of tertiary students.

The labour market

Poland is a gateway to Eastern Europe, opening up new markets and offering opportunities not only for its citizens, but also for the other EU newcomers. Unemployment is a serious problem in Polish society (see comparative graphic above), especially amongst young people and in rural areas.

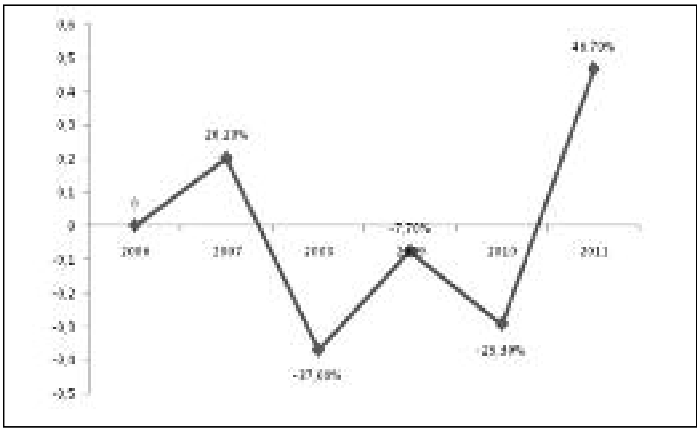
Finding a job directly after graduation is not easy. A lot of graduates, even from the best universities, have difficulties in finding a good job. Youth unemployment rate is reported to be at 28,4% in December 2012 (Source: Ychart).



Graduates have to work part-time or temporarily and do not have a strong chance to start a career in finance, banking or accountancy sectors. Polish graduates are usually 24 or 25 when they begin to work. Many undertake a Masters after completing an initial degree. To improve the chances of getting a good job, qualifications and experiences are of the utmost importance. There is work for people with knowledge of foreign languages, logistics, direct marketing, telecommunications and/or computer science, particularly for specialists able to program networks. The employers in this sector are willing to recruit anyone regardless of nationality. There are opportunities for senior level people with foreign language, equipped with IT skills and an understanding of EU regulations.

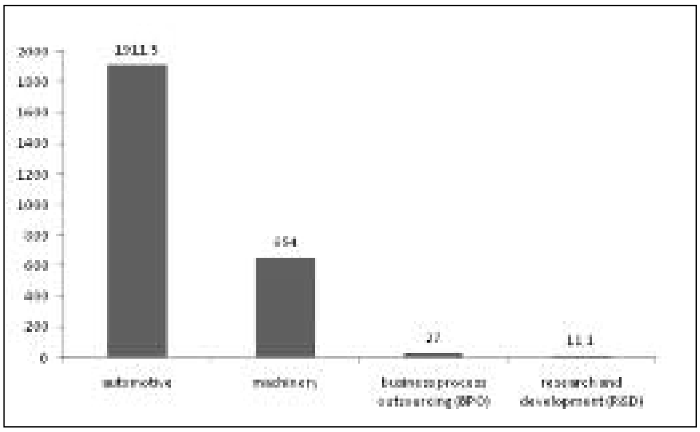
Working hours should not exceed eight hours per day, or an average of 40 hours per five-day working week. Official working hours are from 8am to 4pm, Monday to Friday, however many international companies that employ foreign staff work 9am to 5pm. Employees who have worked for a year or more are entitled to at least 20 days paid annual leave. The graduate starting salary is PLN 33.360. Poland's taxation of an individual's income is progressive. The 2008 personal income tax (PIT) rate is between 19-40%. Personal income tax is paid both by Poland's citizens and by foreigners. A foreign resident who is employed in Poland pays tax only on income earned in Poland. Polish is spoken by 98% of the population. English and German are the most commonly spoken foreign languages, although neither language is by any means commonly spoken or understood. English is spoken more among business, professional and academic communities and the younger generation. German is spoken more by the older generation (Source: Prospectsnet).

Young people addressing the Polish job market should consider with attention some industrial sectors that reveal the highest rates of growth, among the others: IT, finance, business services, transportation services (the automotive sector has been revitalized by the FIAT investments in Tychy), education, banking and tourism, while traditional areas as agriculture, mining, textiles and metalwork show clear signs of decline.



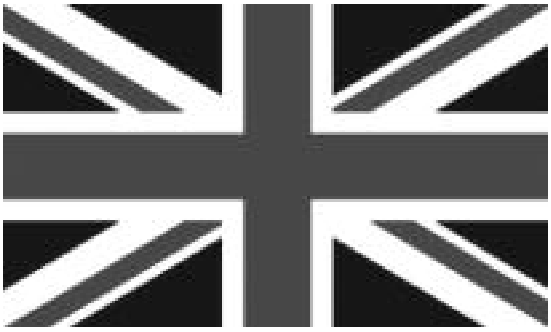
When considering the reasons behind the current Polish growth, a particular attention should be given to the contribution of foreign direct investments by international companies and working organizations that are entering the Polish job market at increasing rates (see graphic on the left). Foreign direct investment inflow to Poland increased by 46,7% in 2011, amounting to USD 14,2 bln compared with USD 9,7 bln in the year prior, according to the newest analyses by UNCTAD quoted by the Polish Information and Foreign Investments Agency (PAIiIZ). It is a result considerably higher than the global average: according to UNCTAD estimates, in 2011 global FDI increased by 17%.

Over the recent years Poland has stood out in terms of FDI against the backdrop of the Central and Eastern Europe. According to UNCTAD data, foreign direct investment inflow to Poland in the years 2005-2010 totaled some USD 91,7 bln (compared to Lithuania's same-period FDI of some USD 7,6 bln, Latvia – some USD 6,4 bln, the Czech Republic – some USD 37,7 bln, Bulgaria – some USD 39,5 bln and Hungary – some USD 30,3 bln). As of January 17, 2012, PAIiIZ was conducting 151 investment projects of the pooled worth of EUR 5,7 bln, expected to create nearly 40.000 new jobs. The highest number of projects involve investors from the US (43 projects jointly worth EUR 1.382 mln, expected to create 8547 jobs), Great Britain (16 projects jointly worth EUR 373,8 mln, to create 5.802 jobs), Germany (16 projects jointly worth EUR 524,6 mln, 4.527 jobs) and China (10 projects jointly worth EUR 207,5 mln euro, 1.271 jobs).



Sector-wise (see graphic on the left), the most numerous group of foreign investment projects currently carried out by PAIiIZ is the group of automotive industry investments (29 projects jointly worth EUR 1911,5 mln), followed by business process outsourcing (BPO) investments (28 projects jointly worth EUR 27 mln), machinery sector investments (11 projects jointly worth EUR 654 mln) and research and development (R&D) sector investments (8 projects jointly worth EUR 11,1 mln) (Source: Polish Ministry of Treasury).

United Kingdom



The socio-political framework

The United Kingdom (UK) of Great Britain and Northern Ireland is governed by a constitutional monarchy and formed from four "constituent countries": England, Northern Ireland, Scotland and Wales. At the height of its powers in the 20th Century, the British Empire ruled over almost a quarter of the world's land surface. The UK has experienced a progressive downsizing of its role in the global balance from the end of World War II. During the 18th century, it was the first country in the world to industrialize (First industrial revolution). Britain went on to dominate the global economy during the 19th century but suffered in the late 19th century due to the emerging role of the United States and Germany; leading countries of the Second Industrial Revolution.

The costs of both the First and Second World War also weakened the UK's position. The external pressure of a growing decolonization process brought about the collapse of the British Empire. Despite the loss of the sovereignty over countries beyond The Channel, the UK maintains a cordial political relationships with the former colonies in the Commonwealth of Nations.

During the 1960's the UK experienced high levels of incoming migratory flows especially from these former colonies (India, Pakistan and Caribbean) and until it entry into the European Community, these former colonies provided the UK with a sort of preferred channel for trade.
Following a period of widespread economic downturn and industrial strife in the 1970s, the Conservative Government of the 1980s initiated a radical policy of deregulation, particularly of the financial sector, the introduction of more flexible labor markets, the privatization of state-owned

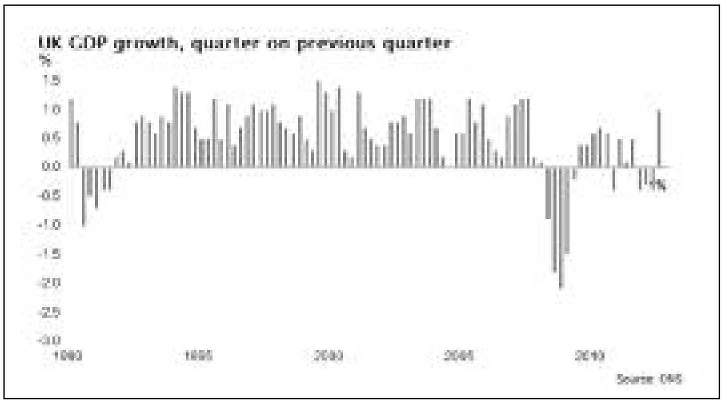
companies, and the withdrawal of subsidies to others. Aided, from 1984, by the inflow of substantial North Sea oil revenues, the UK then experienced a period of significant economic growth.

The United Kingdom's currency is the Pound Sterling and it has no declared plans to adopt the Euro in the foreseeable future. It negotiated an opt-out from the Maastricht Treaty that would have required it to adopt the common currency and the Coalition Government elected in May 2010 pledged not to join the Euro for the lifetime of the parliament. British public opinion has been consistently opposed to joining the Euro. The ongoing economic recession in Britain and the fall in value of the Pound have changed public opinion in this regard. By August 2011, the percentage of people not wanting to join the Euro had reached a new high of 85%.

The party system in the UK is bipartisan: Since the WWII two parties, the Labor Party and the Conservative Party, have taken turns to guide the executive. After ten years of the Labour Blair government, which changed the physiognomy of the Labor Party (New Labor) through attempting to provide a synthesis between capitalism and socialism, for the first time in 2010 the citizens elected a Coalition of Conservative and Liberal parties, led by Conservative Party's David Cameron.

Macro-economic framework

The United Kingdom has the world's seventh largest economy. As with most developed countries, the contribution of manufacturing to GDP has been in decline compared to the service sector. This phenomenon is more evident in the UK context.
Although the United Kingdom is still one of the biggest manufacturers in the world, production constitutes only 10% of its GDP. The second largest component of its GDP is construction, which accounts for around 7% of total output. Like many other developed nations, services is the most important sector of the economy and accounts for more than 75% of total GDP. Key segments within services are: distribution, transport, hotels and restaurants (18% of total GDP), government, health and education (20%); professional and support (11%); financial and insurance (9%) and real estate (9%). After 1992, the UK economy and average household incomes enjoyed a period of unbroken growth. However, the global financial crisis of 2008 plunged the UK into its longest and deepest recession since comparable records began in the 1950s.



Consumer spending had been rising in the years leading up to the crisis due to a buoyant housing market and the availability of cheap and easy credit. Following the credit crunch and fears for job consumers have cut their spending, deciding instead to pay off their personal debts and save instead.
A fall in demand for UK goods

and services at both home and abroad, has hit businesses. This decline in demand has been further compounded by a reluctance of banks to lend any money, so even those firms with strong balance sheets are facing hardships.

The period since the start of the financial crisis has been categorized by short bursts of growth and contraction in what the Bank of England has described as a “zigzag” path to recovery.

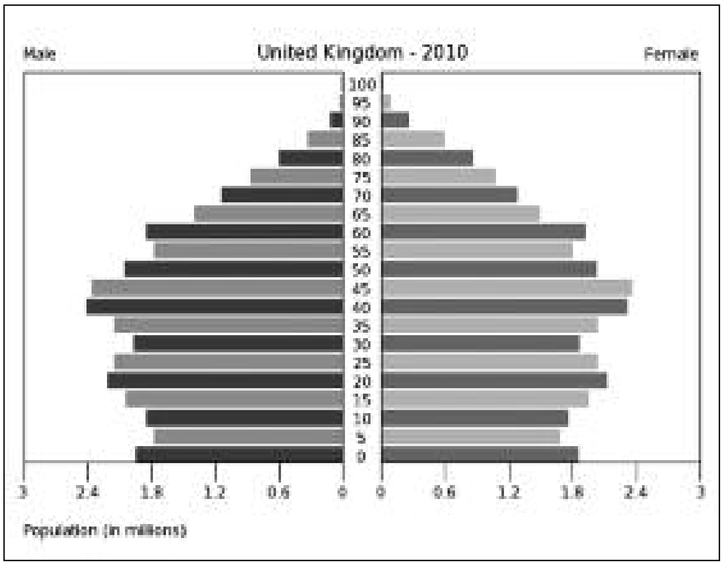
The Gross Domestic Product (GDP) in the United Kingdom expanded in the third quarter of 2012 over the previous quarter. From 1955 until 2012, the United Kingdom GDP Growth Rate averaged at 0.6% reaching an all-time high of 5.3% in March of 1973, and, a record low of -2.5% in June of 1958. After three consecutive periods of falling gross domestic product (GDP), the UK’s economy grew by 1% during the third quarter of 2012.

The UK’s economy is dominated by the services sector, which accounted for most of the growth during this period. A 0.2 percentage point contribution to quarterly GDP growth from higher production sector output – the first positive contribution in the sector since the third quarter of 2010 – which was offset by a negative contribution of 0.2 points from the construction sector.

This 1% growth in the third quarter of 2012 was the strongest since the third quarter of 2007. The hosting of the Olympics and Paralympics in London 2012 may have had an impact on growth, especially as ticket sales were accrued to the quarter when they were used rather than the period when they were purchased. It is estimated that ticket sales added 0.2 percentage points to GDP growth in the third quarter. Real GDP in the third quarter of 2012 was unchanged from its level a year earlier, even with the benefit of the Olympic and Paralympics ticket sales.

The United Kingdom stands high in international rankings of foreign direct investment, ranking second in the world for both inbound and outbound investments (Source: UNCTAD). The reasons for this position are linked to a set of systemic factors such as cultural and linguistic accessibility, availability of infrastructure and basic services to facilitate development, the strong focus on research and innovation, the availability of labor and a regulatory environment particularly “business friendly”.In addition, the policy of high openness towards foreign investments pursued by sucessive Government. The total number of projects carried out by investments from foreign countries was 1.404 in the period of 2011-2012. Investments in 2011-2012 were received from a total of 58 different countries. The United States is the leading investor in the UK with a market share of approximately 24% of total foreign direct investment.

The demographic framework



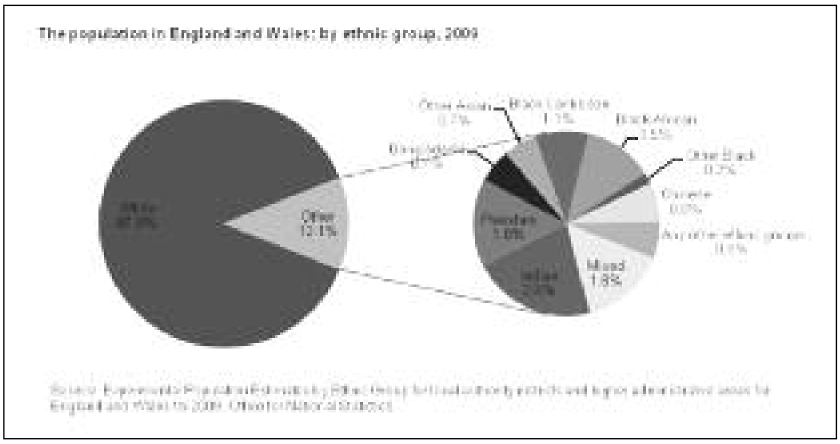
The UK population stands at an estimated 63.1 million people, up four million from the last decade. The population is very unequally distributed over the four parts of the UK: England more or less constantly makes up 84% of the total population, Wales around 5%, Scotland roughly 8.5 %, and Northern Ireland less than 3%.
From a demographic point of view, the UK is characterized by several aspects:
varied ethnic composition, strong population growth, the high migration inflows and outflows, the high birth rate, and an ageing population. The considerable migration after the Second World War and the process of decolonization has made the UK an increasingly ethnically and racially diverse state.

According to the most recent Census (2011), the population has grown 7% over the last decade the ethnic composition of the United Kingdom was White British 85.6%, White (other[19]) 5.2%, Indian 1.8%, Pakistani 1.5%, White Irish 1.2%, Mixed 1.2%, Black Caribbean 1%, Black African 0.8%, Bangladeshi 0.5%, Chinese 0.4% (Census 2001).

Information provided by the Office for National Statistics showed that this varied composition was further increased due to multiculturalism.
The white British population has reduced since 2001. Despite an increase in births, there have also been a similar number of people migrating. The non-white British population has grown from 6.6 million in 2001 to 9.1 million in 2009 - or nearly one in six and has grown by 4.1% a year, or a total of 2,5 million over the whole period, or 37.4%.

The only group to see a decrease in population levels is the white Irish population which is down from 646.600 in 2001 to 574.200 due to falling birthrates and migration. A rise in the "other white" population from 1.4 million to 1.9 million is not simply due to Eastern Europeans moving to the UK, but also people from the old Commonwealth - countries including Australia and New Zealand. The mixed-race population has neared a million for the first time - from 672.000 in 2001 to 986.600 in 2009, an increase of nearly 50%. A third are mixed Afro-Caribbean and white, followed by Asian/white.

[19] Poland is now a significant birth place for many migrants to the UK.



With regard to this rapid population growth, the first results from the 2011 Census showed the largest increase in the population of England and Wales since records began in 1801. This population growth spurt makes England the fifth fastest growing country in the European Union, and Wales the 11th. The recent census indicates that the population of England and Wales increased by 3.7 million over the past decade – the biggest rise since national records began in 1801.
The number of residents in the UK jumped 7.1% from 52.4 million in 2001 to 56, million in 2011 - the highest growth rate of the past century (Source Office of National Statistics).
In contrast to the 2001 population survey - where populations in the north-east and north-west of England declined – reveals that all regions of England and Wales experienced a population expansion during the last 10 years. The projections for the next years confirm this trend.

The population growth is connected to other significant demographic phenomenona: the sustained immigration, the high fertility levels and increased life expectancy (with the consequent ageing of the population).
Despite more restrictive policies for the foreign entrance[20], in 2009 the total number of foreign citizens in the United Kingdom reached 4.4 million, around 7.2% of the population (Souce OECD 2010). The UK was the third European country (preceded by Germany and Spain) to the presence of foreigner [Source Eurostat 2009] but the first to number of immigrants on 2009.
The total inflow of foreign nationals is mostly due to the increased inflow of EU15, A-8 and non-EU citizens: the foreign migrants were mainly from Poland, India, Pakistan and China.
By 2009 The United Kingdom was also characterized by a high rate of emigration and reported the highest number of emigrants among EU 27 (368 000).

In addition to increasing levels of immigration, the high birth rate within the UK has also contributed to the growth of the population. The growth rate in 2010 in the UK was the highest since 1962, during the “baby boom” years.
According the Office for National Statistics, two factors are significant in driving this trend: rising fertility among UK-born women and more inward migration of women of childbearing age. The number of babies born to UK-born mothers has risen by 6% in six years, to reach 529.700. By contrast, the figure for immigrant mothers leapt by 64% from 97.900 to 160.300 accounting for two thirds of the overall increase in the nation’s birth rate.

[20] The main policy changes introduced in UK were the extension of the Identity Card scheme for foreign nationals, increased restrictions for Tier 1, Tier 2 and Tier 4 of the Points Based System (PBS) and the publication of a full draft Immigration Bill.

Finally, the growth in population levels can be explained by the increased life expectancy of people living within the UK.
In March 2012 the Office for National Statistics, in spite of the high birth rate, reported that the proportion of the UK population aged under 16 dropped from 25% in 1971 to 19% in 2010. Meanwhile, the proportion of people aged 65 and over rose from 13% in 1971 to 17% in 2010, a trend which is predicted to continue.

By 2035, 23% of the population will be aged 65 or over compared with the 18% of the population that will be aged 16 or younger.
The fastest population increase has been among those aged 85 and over, often known as the “oldest old”. In 1985, there were just 700.000 people in the UK aged 85 or over. By 2010, the numbers had doubled, reaching 1,4 million. By 2035 there will be a predicted 3,5 million people aged 85 and over, representing 5% of the total population.

The education system

The English educational system has traditionally been characterized by strong decentralization with the elitist higher education dominated by prestigious universities, such as Cambridge and Oxford. A series of transformations, which started in 1970, served to mitigate these two aspects of the English educational system.
Regarding education system decentralization (which allowed each school to freely define the curriculum), the Education Reform Act - approved in July 1988 - introduce school programs at a national level for students of compulsory school age (National Curriculum) which involved the setting of common minimum targets (Attainment Targets), skill levels (levels) and carry out by inspections at the national level (SATS: Standards of Achievement tests).

Further steps have been taken to reduce disparities in the elitist character of education.
Prior to the 1970’s, an examination at the end of primary education (11 years) divided the students into three curricula rigidly separated according to their performance (grammar school, technical schools and modern school). The UK had the highest education dropout rate among European countries with 60% of students abandoning school having just finished compulsory education (16 years).By the 1980’s, the tripartite structure of secondary education had been replaced by a national curriculum to strengthen the unified system of primary and secondary education and to prevent disparities. In an attempt to reduce the number of dropouts after the 16 years and offer professional qualifications, the Thatcher government introduced and strengthened further education: curricula (NVG-National vocational qualifications and GNVQ General-national vocation qualifications) with practical experiences which provided a link between school and the world of work.

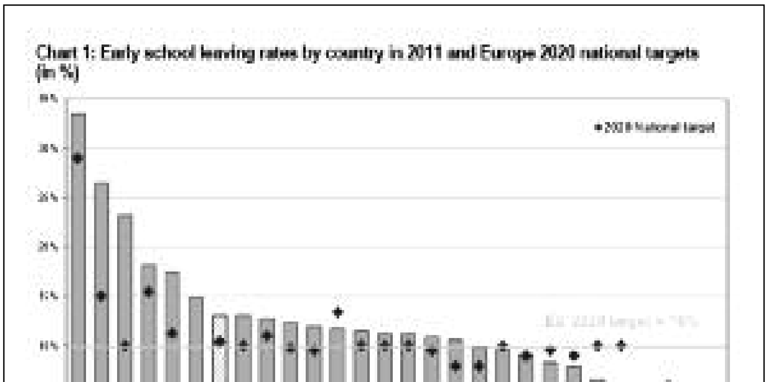
At present, the education system in the UK is divided into four main parts, Primary education (5-11), Secondary education (11-16), Further education (+16) and Higher education (+18).
Children in the UK are legally required to attend primary and secondary education which runs from about 5 years old until the student is 16 years old. The leaving age for compulsory education was raised in 2008 by the Education and Skills Act to 18 years. The change will take effect in 2013 for 16-year-olds and 2015 for 17-year-olds. The education system in the UK is also split into "key stages" which breaks down as follows:

- Key Stage 1 - 5 to 7 years old
- Key Stage 2 - 7 to 11 years old
- Key Stage 3 - 11 to 14 years old
- Key Stage 4 - 14 to 16 years old

Generally key stages 1 and 2 are undertaken at primary school, and at 11 years old a student moves onto secondary school and finishes key stages 3 and 4.

Students are assessed at the end of each stage. The most important assessment occurs at age 16 when students pursue their GCSE's, or General Certificate of Secondary Education. Once students complete these assessments, they have the choice to go onto further education and then potential tertiary education. Further education absorbs today, one third of all sixteen year olds and a substantial number of adults. Many students receive professional qualifications and fit into the world of work at intermediate levels.

About a quarter of the students who continue higher education come from further education.
The percentage of students attending college has doubled in the six years from 1988 to 1994.
Despite this, disparities remain as evidenced by the high rate of school dropouts and the high percentage of people with degrees.



The Early school leavers are , defined as individuals between 18-24 year olds with only lower secondary education qualifications and who are no longer in education or training.11 European Member States have surpassed the 10% benchmark for early school leavers and the UK has a dropout rate of 15% (Source: Eurostat).
To illustrate the differences present in the English school system in addition to a high percentage of early school leavers there is also a high number of people with degrees.
According to Eurostat data, the percentage of mature graduates between 30 and 34 years is in the UK was 45.8% which is high compared to the European average of 34.6%.

The higher education system in the UK is also characterized by Universities which are highly stratified in terms of prestige, with Oxford (see picture above) and Cambridge being two of the more prestigious ones.
In the ranking of the top 10 universities in the world, three are from the UK: the University of Oxford, (fourth), the University of Cambridge (sixth) and Imperial College London (eighth).

Education system and job market: statistical overview

The demand for tertiary graduates in the UK's labour market continued to be strong, even during the global recession. The average employment rate of tertiary-educated individuals in the UK increased even during the crisis (by 0.1 percentage points) while the employment rate among individuals with lower levels of education decreased by 3.3 percentage points between 2008 and 2001 2011?. Individuals without an upper secondary qualification, equivalent to five GCSEs (grades A- C) or an equivalent vocational qualification, saw a marked drop in the employment rate by 3.3 percentage points, from 59.3% in 2008 to 56% in 2010.

Some 42.1% of 15-29 year-olds were in education in 2010, compared to 38.2% in 2008. This increase is mostly due to a greater proportion of 25-29 year-olds remaining in education.

The transition to the labour market has been significantly smoother for more educated 15-29 year-olds. Some 5.2% of young tertiary graduates in the UK were unemployed in 2010, compared to 6.6% of those with an upper secondary education and 9.2% of those without an upper secondary education. Young adults with a tertiary education were also less likely to be unemployed for more than six months. The percentage of unemployed (25-64 year-olds) who attained below upper secondary school was 10.3% (Oecd average 12,5%) upper secondary and post-secondary education is 6.2% (Oecd average 7,6%) and who attained tertiary education is 3.4% (Oecd average 4.7%).

The UK is the second favourite destination of young people who have studied abroad in 2009 (is this a report you can cite?)
13% of the students who go to study abroad have chosen the UK. International students make a significant contribution to tertiary graduation rates and in international students represent 15.3% of tertiary students in the UK.

The labour market

The famous work of Max Weber "The Protestant Ethic and the Spirit of Capitalism" is probably the one that best summarizes the characteristics of work ethics traditionally present in the UK and in the countries where the Protestant Reformation has spread. The Protestant Reformation produced a transformation of Catholic values and a strong enhancement of commitment worldwide. Since worldly success could be interpreted as a sign of eternal salvation, it was vigorously pursued: the hard work, the spirit of sacrifice, the efficiency and the self-discipline therefore are considered fundamental values of the Protestant ethic.

According to Weber, this work ethic is the reason for the spread of capitalism and the affirmation of the industrial revolution within Protestant countries, ahead of other nations. Weber theorized that with the waning of a religious world view, the Protestant ethic remained as "the spirit of capitalism". This "spirit" (enhancement of work, commitment, worldly success, thrift) have therefore traditionally marked the work ethic of the UK and represent a legacy still present in the population.

Surpassed only by Eastern Europe countries, the UK is above the EU15 average for the number of hours worked per year. The UK has one of the lowest number of public holidays (working time developments - 2010 - Eurofond) and is the country with highest number of days lost to the employer due to employee illness (Source Mercer).
The economic crisis and the increasingly strong competition with the rapidly developing countries and their resources, have led to a change in work ethic, especially among young people. In February 2012, the Adecco group released a research paper showing that 73% of employers believed that a "permanent underclass" of unemployable people is emerging within UK society (nicknamed 'Chavs'). The report revealed that 57% of employers did not have any apprentices, despite a general belief that they were "a good thing" - the implication being, of course, that it was the "non employability" of such young workers which was putting employers off from expanding their workforces. This belief was confirmed with a recent statement by the Mayor of London, Boris Johnson who, when considering the rate of youth unemployment andlarge numbers of job vacancies, warned that the unemployed young people need to learn lessons from the hard-working immigrants who have taken their jobs. The Coalition Government has recently taken steps through its reform of the welfare system to alter attitudes to work, by reducing dramatically the availability of benefits for those not actively seeking work or in some form of training.
The UK labor market is characterized by strong flexibility and is amongst the most flexible in the OECD. Reforms to UK employment laws have made it easier to hire and fire workers - which reduces the cost to the employer of making modifications in the size of their employed labor force; Output and employment can more easily be matched during the different stages of an economic cycle. This feature of the job market is also evident in attitudes to work.
Workers within the UK change jobs more often than workers in any other country in Europe (source: OECD). Young workers are particularly likely to change their jobs until they find the one that most closely matches their talents. Due to their lower seniority, they are also the group more likely to lose their jobs.

Thanks to the flexibility of the market and unemployment benefits, young people in the UK consider it normal and desirable to change jobs frequently and have a career with several firms rather than in a single workplace. Until a few years ago, this flexibility significantly contributed to low unemployment and high participation rates. However the recent Eurozone crisis has led to an average unemployment rate of 11.5% (22% for young people), a percentage of which is made up of workers within the UK. Unemployment for young people in the UK aged 16 to 24 in December 2011 stood at 1.04 million, the highest number since 1986/87.

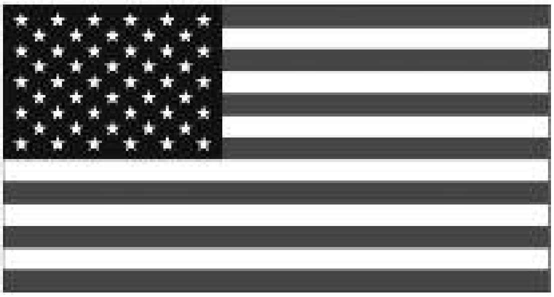
Those with the highest level of education in the UK still find it easier than their less educated counterparts find work. Graduates typically have higher employment rates than non-graduates and in the final quarter of 2011, 86% of all graduates were in work compared with 72,3% of non-graduates. Non-graduates have a higher rate of inactivity, 20.9% compared with 10.1% for all graduates. This is partly explained by non-graduates being made up of an older population than graduates. Around 31% of non-graduates were aged 50 to 59 (women)/64 (men) compared with 25% of all graduates. However, unemployment is also higher for non-graduates, 8.7% compared to 4.3% for all graduates. Despite this, graduates are less likely than in the past to do a qualified job. The percentage of recent graduates, people who completed a degree or higher education qualification within the last six years, employed in lower skilled jobs has increased from around 26.7% in 2001, or just over one in every four recent graduates, to around 35.9%, or more than one in three recent graduates in the final quarter of 2011. Higher skill jobs generally require competence through post-compulsory education

The presence of many young and highly skilled foreign migrants confirms the attractiveness of the UK labor market for young talents. According to Migration Observatory at the University of Oxford, migrant workers are, on average, slightly younger than UK-born workers. Nearly 39% of foreign-born workers were aged between 25 and 35 years old in 2011. In 2011, nearly one in two recent migrants, defined as those born abroad who have spent fewer than 5 years in the UK, were in the highest educational category compared to one in four among the UK-born population.
Since the late 1990s, migrants' average hourly wages exceeded those of UK-born workers.
In 2011, around 9% of recently arrived male foreign-born workers had only completed education up to 16 years of age, compared to nearly 19% for all male foreign-born workers, and 47% for UK-born men. In 2011, nearly one in two recent migrants was in the highest educational category compared to one in four UK-born workers.

In 2011, the employment rates of male workers from Australia (91%), the A8 countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia) (89%), and India (82%) were considerably higher than that of UK-born men (75%)
Despite this, there can sometimes be a mismatch between an individual's educational attainment and the skill level required for his or her job in the UK. Specific groups of foreign-born workers (e.g. recent migrants from the A8 countries) are known to be frequently employed in jobs that do not correspond with their education and skills.

The UK attracted more foreign direct investment (FDI) than any other European country in 2011. Despite suffering a 7% decline in the number of inward investment projects in 2011, the UK has retained its long-standing position at the top of the European FDI rankings.
Britain enjoyed 17% of foreign direct investment available. The UK's long-standing leadership in European FDI is a direct result of two key factors: its position as the investment location of choice for US companies, and its strength in several key sectors, including the financial services industry. This position once again reinforces the belief that the UK is place of excellence for business - with sectors such as business services, software, machinery and equipment driving in foreign investment in the country.
Investors ranked quality of life, culture and language, the stable political environment and technology and infrastructure as the main attractions behind their decision to invest in the UK.
According to Ernst & Young Report, foreign investors expect the UK's attractiveness to improve further over the next three years, with financial services, energy and utilities, and manufacturing all touted as growth sectors, while research and development and innovation, and financial services remain strong.

United States



The socio-political framework

The USA is the world's foremost economic and military power, with global interests and an unmatched global reach. America's gross domestic product accounts for close to a quarter of the world total, and its military budget is reckoned to be almost as much as the rest of the world's defence spending put together. The country is also a major source of entertainment: American TV, Hollywood films, jazz, blues, rock and rap music are primary ingredients in global popular culture.

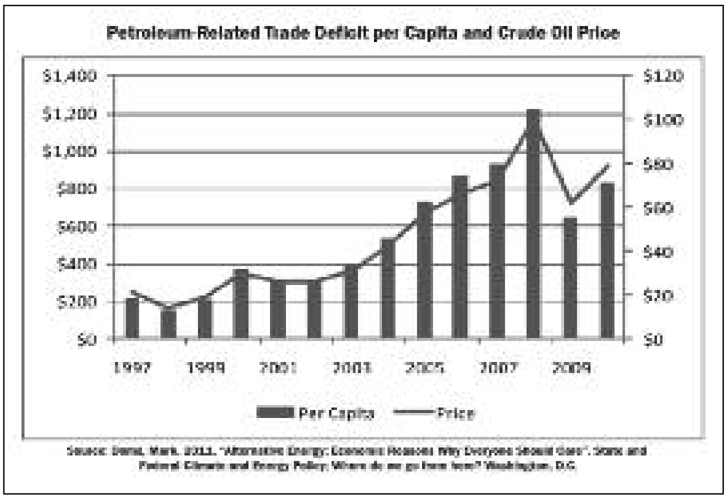
The United States became an independent nation after it declared separation from the the British Crown. The constitution, drafted in 1787, established a federal system with a division of powers which has remained unchanged in form since its inception. The US contains a highly diverse population, the result of numerous and sustained waves of immigration. Ethnic and racial diversity - the "melting pot" - is celebrated as a core element of the American ideology. The original inhabitants of North America, who made up of several distinct tribal groups of native Americans, went into progressive decline in population with the arrival of settlers and now only constitute a minority of the population. The early immigrants came predominantly from the British Isles. Large numbers of black Africans were brought in as slaves to work in the booming cotton and tobacco plantations in the rapidly changing country, while millions of Europeans in search of political freedom and economic opportunity constituted a third stage of immigration. Today, increasingly Asians from the Pacific rim and South Asia and Hispanics from the Latin American countriess are among those seeking what their predecessors wanted - the promise of prosperity and freedom which remains one of the defining hallmarks of the “American dream”.

Despite relative prosperity in recent years, the gap between rich and poor remains a major challenge. More than 30 million Americans live below the official poverty line, with a disproportionate percentage of these being African-Americans and Hispanics. Furthermore, the global financial crisis of 2008 has left the US facing its most challenging set of economic circumstances since the Great Depression of the 1930s (Source: BBC News), the consequent economic decline after 2008 is often referred to as the great recession.

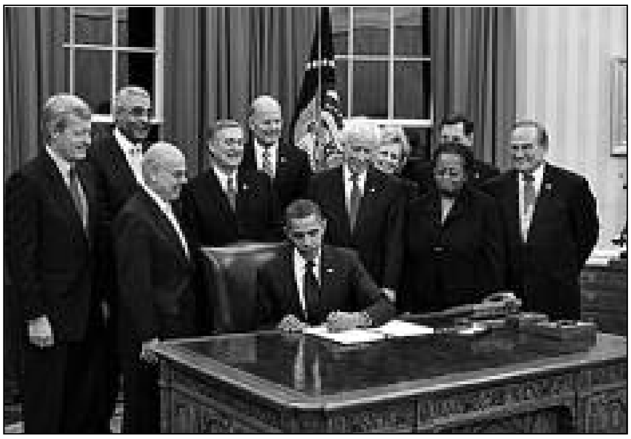
The macro-economic framework

The Gross Domestic Product (GDP) in the United States expanded 3.1% in the third quarter of 2012 over the previous quarter. GDP Growth Rate in the United States is reported by the Bureau of Economic Analysis. Historically, from 1947 until 2012, the United States GDP Growth Rate averaged 3.25% reaching an all time high of 17.2% in March of 1950 riding the post war boom and a record low of -10.4% in March of 1958. Currently, the United States has one of the most diversified and most technologically advanced economies in the world. Finance, insurance, real estate, rental, leasing, health care, social assistance, professional, business and educational services account for more than 40% of the GDP. Retail and wholesale trade creates another 12% of the wealth. The government related services fuel 13% of the GDP. Utilities, transportation and warehousing and information account for 10% of the GDP. Manufacturing, mining, and construction constitute 17% of the output. Agriculture accounts for only 1,5% of the GDP, yet due to use of advance technologies, the United States is a net exporter of food. (Source: Tradingeconomics).

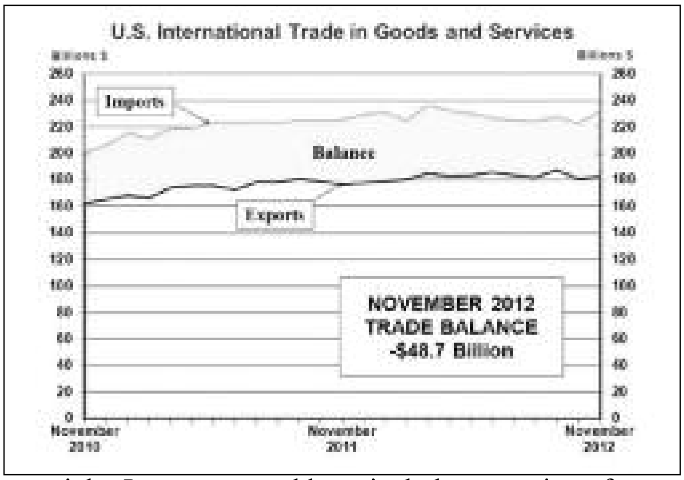
The US GDP is susceptible to external economic shocks, sensitive to fluctuations in the more and international oil prices, for the national economy still highly dependendt on imported fossil fuels. Imported oil accounts for nearly 55% of US consumption. Crude oil prices doubled between 2001 and 2006, the year real estate prices peaked; higher gasoline prices ate into consumers' budgets and many individuals fell behind in their mortgage payments which ultimately led to the "sub-prime" mortgage crisis. Oil prices climbed another 50% between 2006 and 2008, and bank foreclosures more than doubled in the same period. Besides busting the housing boom, soaring oil prices denominated in dollars caused a deterioration in the US merchandise trade deficit (see graphic below), which peaked at $840 billion in 2008.



The sub-prime mortgage crisis, falling home prices, investment bank failures, tight credit, and the global economic downturn pushed the United States into a recession by mid-2008. The GDP contracted until the third quarter of 2009, making this the deepest and longest downturn since the Great Depression, and hence it is called the Great Recession. To help stabilize the financial markets, in October 2008 the US Congress established a $700 billion Troubled Asset Relief Program (TARP), or popularly disparaged and called as the “Bailout”. The government used some of these funds to bolster equity in US financial institutions (for example, the Citi and the AIG) and industrial corporations (for example, the General Motors), much of which have been recouped by early 2011 after the government sold this equity in the improving stock market . In January 2009 the US Congress passed and President Barack Obama signed a bill providing an additional $787 billion fiscal stimulus to be used over 10 years - two-thirds on additional spending and one-third on tax cuts - to create jobs and to help the economy recover. In 2010 and 2011, the federal budget deficit reached nearly 9% of GDP. In 2012 the federal government reduced the growth of spending and the deficit shrank to 7.6% of GDP.



The long drawn wars in Iraq and Afghanistan post 911 required major shifts in deployment of national resources to military purposes and contributed to the growth of the budget deficit and public debt. Through 2011, the direct costs of the wars totaled nearly $900 billion, according to US government figures. US revenues from taxes and other sources are lower, as a percentage of GDP, than those of most other countries. In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act (see picture on the left), a health insurance reform that will extend coverage to an additional 32 million American citizens by 2016, through private health insurance for the general population and Medicaid for the impoverished. Total spending on health care - public plus private - rose from 9% of GDP in 1980 to 17.9% in 2010.



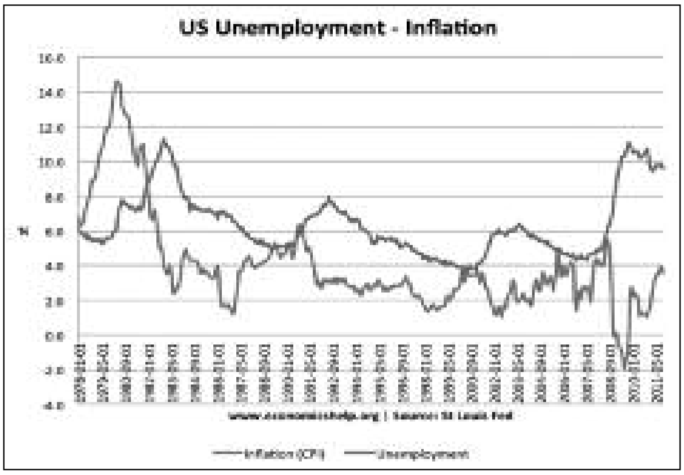
In July 2010, the president signed the Dodd-Frank Wall Street Reform and Consumer Protection Act, a law designed to promote financial stability by protecting consumers from financial abuses, ending taxpayer bailouts of financial firms, reforms to deal with troubled banks that are "too big to fail" and improving accountability and transparency in the financial system - in particular, by requiring certain financial derivatives to be traded in markets that are subject to government regulation and oversight. Long-term problems include stagnation of wages for lower-income families, inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, energy shortages, and sizable current account and budget deficits - including significant budget shortages for state governments (Source: CIA World Factbook).

According to the UNDP statistics, the US is reported to be fourth in the international Human Development Index (HDI) ranking[21].
The United States recorded a trade deficit of 48.7 Billion USD in November of 2012 (see the graphic above). Balance of Trade in the United States is reported by the US Census Bureau. Historically, from 1992 until 2012, the United States Balance of Trade averaged -31.8 Billion USD reaching an all time high of 83.1 Billion USD Million in February of 1992 and a record low of -67.3 Billion USD in August of 2006. The United States has been running consistent trade deficits since 1980 due to high imports of oil and consumer products. In recent years, the biggest trade deficits were recorded with China, Japan, Germany, Mexico and Saudi Arabia. United States records trade surpluses with Hong Kong, Australia, Netherlands and Belgium (Source: Tradingeconomics).

The United States dollar is the unit of currency of the United States. The US dollar is the currency most used in international transactions, and therefore is the de-facto reserve currency of the World. Several countries *use it as their official currency*, and for many others it is pegged at fixed exchange value to the local currency, and therefore the *de facto currency*. The federal government attempts to use both *monetary policy* (control of the money supply through mechanisms such as changes in interest rates) and *fiscal policy* (taxes and spending) to maintain low inflation, high economic growth, and low unemployment (see graphic on the left). A private *central bank*, known as the *Federal Reserve*, was formed in 1913 under an act of the US congress to supposedly provide a

[21] The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education, standards of living and quality of life for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, a developing or an underdeveloped country, and also to measure the impact of economic policies on quality of life. The index was developed in 1990 by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen.

stable currency and *monetary policy*. The US dollar has been regarded as one of the more stable currencies in the world and many nations back their own currency with US dollar reserves.

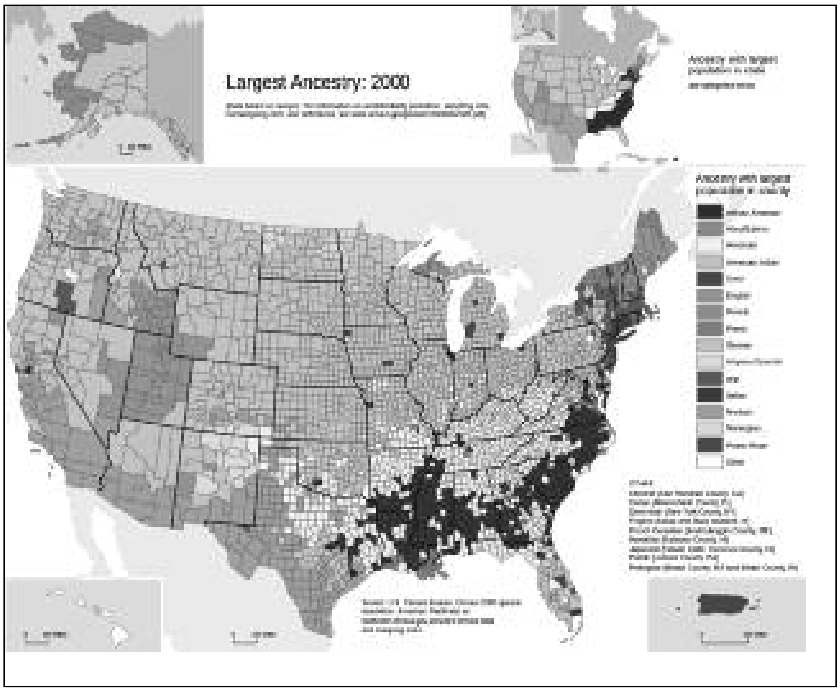


The US dollar has maintained its position as the world's primary reserve currency, although it is gradually being challenged in that role. Almost two-thirds of currency reserves held around the world are held in US dollars, compared to around 25% for the next most popular currency, the Euro. Rising US national debt and *quantitative easing* has caused some to predict that the US Dollar will lose its status as the world's reserve currency, however these predictions have not come to fruition (Source: Wikipedia). The prevailing uncertainty in the Euro zone, however, may prolong the continued dominance of the US Dollar as the unquestioned reserve currency of the world economy in the near term at least.

The demographic framework

As of January 1, 2013, the *United States* had a total resident population of 315.2 Million, making it the *third most populous country* in the world. It is a very urbanized population, with 82% residing in cities and suburbs as of 2008 (the worldwide urban rate is 50.5%). This leaves vast expanses of the country nearly uninhabited. *California* and *Texas* are the most populous states, as the *mean centre of United States population* has consistently shifted westward and southward. This shift is also aided by the hollowing out of the manufacturing economy in the mid-western states, collectively called the "rust belt". *New York City* is the *most populous city in the United States*. The *total fertility rate* in the United States estimated for 2011 is 1,89 children per woman, which is below the *replacement fertility rate* of approximately 2,1. Compared to other Western countries, in 2011, US fertility rate was lower than that of *France* (2.02) and the *United Kingdom* (1.97). However, US *population growth* is among the highest in industrialized countries, because the increased immigration has more or less offset the decrease in fertility rates. The *United States Census Bureau* shows population increase of 0.75% for the twelve-month period ending in July 2012. Though high by industrialized country standards, this is below the world average annual rate of 1.09%.
There were 155.6 million females in the United States in 2009. The number of males was 151.4 million. At age 85 and older, there were more than twice as many women as men. People under 20 years of age made up over a quarter of the US population (27.3%), and people age 65 and over made up one-eighth (12.8%) in 2009. The national median age was 36.8 years. The United States Census Bureau defines White people as those "having origins in any of the original peoples of Europe, the Middle East, or North Africa. It includes people who reported 'White' or wrote in entries such as Irish, German, Italian, Lebanese, Near Easterner, Arab, or Polish". Whites constitute the majority of the US population, with a total of 223.5 Millon or 72,4% of the population in the *2010 United*

States Census. (72.4% = 63.7% “White + Not Hispanic or Latino” + 8.7% “White + Hispanic or Latino”). Despite major changes due to *illegal* and legal immigration since the 1960s – especially across the southern border with Mexico – and the higher birth-rates of nonwhites, the overall current majority of American citizens are still white, and American *English-speaking* though regional differences exist (an in-depth representation of the ethnic structure of the US is represented in the map below).



The American population more than tripled during the 20th century – at a growth rate of about 1.3% a year – from about 76 million in 1900 to 281 million in 2000. It reached the 200 million mark in 1967, and the 300 million mark on October 17, 2006. Currently, population growth is fastest among minorities as a whole, and according to the Census Bureau’s estimation for 2012, 50.4% of American children under the age of 1 belonged to minority groups. Hispanic and Latino Americans accounted for 69% of the national *population growth* of 2.9 million between July 1, 2005, and July 1, 2006. Immigrants and their US-born descendants are expected to provide most of the US population gains in the decades ahead.

The Census Bureau projects a U.S. population of 439 million in 2050, which is a 46% increase from 2007 (301.3 million). However, the *United Nations* projects a US population of 402 million in 2050, an increase of 32% from 2007 (the UN projects a gain of 38% for the world at large). In either case, such growth is unlike most European countries, especially *Germany*, *Russia* and *Greece*, or Asian countries such as *Japan* or *South Korea*, where *populations* are slowly declining, and fertility rates are below replacement levels. Official census report reported that 54.4% (2.1 out of 3.9) of births in 2010 were non Hispanic white. An increase of 0.34% compared to the previous year, which was 54.06% (Source: Wikipedia).

The education system

For a foreigner, the US educational system understandably appears large, varied, complex or even chaotic. Within this complexity, however, the American education system reflects the history, culture, and values of the changing country itself. From a broad perspective, the American educational system can be characterized by its large size, private sector dominance, organizational structure, marked decentralization, and increasing diversity.

Schools in the United States – public and private, elementary and secondary, state universities and private colleges – can be found everywhere, and the United States continues to operate one of the largest universal education systems in the world. More than 75 million children and adults were enrolled in US schools and colleges in the 2005-2006 academic year, according to the National Centre for Education Statistics. Another 6.8 million were employed as teachers, teaching kindergarten through college. In addition, more than a million preschool children from low-income families, usually ages three and four, attend Head Start programs designed to provide learning, social development and nutrition programs to ensure that these preschoolers will be ready for school at age five or six.

Public school enrolments grew exponentially during the post-World War II “baby boom” generation (usually defined as baby boomers, those born from 1946 to 1964). After a drop-off in the 1980s, enrolments have rebounded strongly, largely as a result of growing Hispanic populations, according to the latest US Census Bureau reports. The US educational system today comprises almost 96,000 public elementary and secondary schools, plus more than 4,200 institutions of higher learning, ranging from small, two-year community colleges to massive state universities with undergraduate and graduate programs in excess of 30,000 students (in the picture on the right the imposing frontage building of the Massachusetts Institute of Technology in Boston). The nation’s total expenditures for education stand at approximately $878 billion a year.

School attendance is compulsory for students through age 16 in most states. Children generally begin elementary school with kindergarten (grade K) at age five and continue through secondary school (grade 12) to age 18. Typically, the elementary school years include kindergarten through grades five or six, and at some schools through grade eight. Secondary schools – known as high schools in the United States – generally include grades nine through 12. Fifty years ago, elementary school students typically moved immediately to high school, or they attended junior high school for grades seven and eight or grades seven, eight, and nine. During the past 30 years, however, junior high schools have been largely replaced with middle schools configured for grades seven through eight, or roughly for the same grades as junior high. Estimates are that 20 million young people, ages 10 to 15, attend middle schools today. Team teaching and flexible block scheduling, rather than set 45- or 50-minute classes, are characteristic of middle schools. These schools also place emphasis on small groups, on an interdisciplinary approach to subject matter, and on special projects that can engage 10- to 15-year-olds.

The large contemporary high school, offering a broad menu of academic and elective courses for students ages 14 to 18, became a fixture in American education by the mid-20th century. High school students also can choose from a host of clubs, activities, athletics, work-study arrangements, and other extracurricular activities. Based on grades and tests, students can take advanced academic courses or more general or vocational class work. Through most of the 20th century, high schools were consolidated into larger units to offer wider class choices to more and more students. The rural country school almost disappeared, replaced by countywide high schools. In cities, it was not uncommon for large school campuses to hold as many as 5,000 students with both college-oriented and vocational courses that could appeal to just about everyone. More recently, concerns over the quality of education in such large schools has led to a call for the establishment of smaller schools with lower student-teacher ratios.

Private schools flourish in the United States; many of these schools are run by churches and other religious organizations. Of the estimated 55.8 million children attending elementary and secondary schools during the 2007-2008 academic year, about 6 million, or 11%, were enrolled in private schools. More than half of the nation's private school students attend Catholic schools, the nation's oldest private school system. Other private schools reflect America's religious diversity, encompassing nearly all major Protestant denominations, and the Quaker, Islamic, Jewish, and Greek Orthodox faiths.

The country's oldest private schools, however, are elite boarding schools, founded in the 18th century, which have had a record of educating many of the country's intellectual and political leaders. Another 1,1 million students are home-schooled by their parents under guidelines established by each of the 50 states, according to recent census figures.

Perhaps the most remarkable characteristic of American education is its decentralization of its school system. Schools in the United States have been, and remain, overwhelmingly a state and local responsibility. Unlike most other nations, the United States does not operate a national education system – with only a few exceptions, notably the nation's military academies and Native American schools. Neither does the federal government approve nor administer a national curriculum. Public education constitutes the single largest expenditure for almost every US city and county, which receive the bulk of their funding from local property taxes. Local boards of education, most of which are elected, administer the nation's nearly 15,500 school districts, ranging from small rural schools in states like Kansas and Nebraska to the New York City system, which educates more than a million children annually. State boards of education, along with a state superintendent or commissioner, oversee local education districts, set student and teacher standards, approve the classroom curriculum, and often review textbook selections. The state's chief power, however, is increasingly financial; most states now provide substantial aid to schools to supplement local tax revenues.

Schools in the United States have experienced waves of immigration throughout their history, and today American schools, like the larger society they serve, are more ethnically diverse than ever. In the early 20th century, children of immigrant families – most from southern and eastern Europe – flooded public school systems in the Northeast and Midwest. Today new immigrants continue to change the ethnic composition of student populations, although the largest numbers now come from Latin American and Asian countries . African Americans constitute about 17% of the K-12 student population; Hispanics, however, are becoming the largest single minority group in public schools. It is not uncommon to find schools, especially along the East and West Coasts, where more than a dozen different languages, from Arabic to Vietnamese, are spoken at home by students of foreign-born parents. As a result, the teaching of English as a second language remains one of education's most important responsibilities (Source: US department of State).

Education system and job market: statistical overview

The U.S. ranks 14th in the world in the percentage of 25-34 year-olds with higher education (42%). In the United States, 42% of all 25-64 year-olds have a tertiary (higher education) attainment, making it one of the most well-educated countries in the world. About educational attainment 24-64 years olds in 2009, the percentage of population who has attained below upper secondary was 11%, Upper secondary and post-secondary non-tertiary was 47%, Tertiary education was 42%.
The percentage of unemployed (25-64 year-olds) who attained below upper secondary school was 16,8% (Oecd average 12,5%) upper secondary and post secondary education is 11,2% (OECDaverage 7.6%) and who attained tertiary education is 5.3% (OECD average 4.7%).

Although United States saw a significant drop as a preferred destination of foreign students between 2000 and 2010, falling from about 23% of the global market share to 17%, USA is still the first destination of young people who have studied abroad in 2010. The slump in the United States' share may be due in part to the to the increasing diversification of destinations, especially among fast-growing economies, as well as to competition from universities in the Asia-Pacific region, which are becoming increasingly active in their marketing efforts.
In USA, international students represent 3% of tertiary students.
Students from USA represent only 1.8% of foreign OECD students enrolled in other OECD countries.

The labour market

The main problem facing most people wishing to work in the US is not finding a job, but obtaining a work visa. Historically, the US has drawn much of its economic success from attracting some of the world's most intelligent and well educated people . Currently, high unemployment rates and difficult economic conditions mean that it is not easy for a foreigner to find a proper job in this country. According to a recent report of the Labour Bureau of Statistics, the average length of unemployment is about 5 months.

Another factor to be carefully considered when addressing the US labour market is the so-called "American way" or "American exceptionalism" that is a strange mix of individualism and productivity-oriented philosophy, that mainly reflects the tradition of the "self-made man". In practice, it means that employees are still largely considered as a production factor who are rated according to their productivity levels. Job security is often regarded as a thing of the past and most corporations consider their employees as disposable resources to be "exploited" and "discarded" at will (in return, many employees regard the companies they work for in the same manner). Unlike European companies, US companies are not liable for any redundancy payment and can lay off workers quickly when business is bad (this sort of "hire and fire" policy is part of the above-mentioned American way).

The US work culture is still basically rooted on the Protestant work ethic principle that assumes good, honest and hard work is always rewarded. Because of this work ethic, time management and productivity are regarded as priorities, although work conditions can vary significantly from a state to another. Traditionally, East Coast states are more conservative and formal in terms of dress code and manners, while in the West the atmosphere is more relaxed and reflect pace and informality. The technology sector in the west coast epitomizes this culture.

Full-time working is usually 40 hours per week, usually from Monday to Friday (9 am to 6 pm), including one hour for lunch and two breaks of 15 minutes. Nevertheless, about one third of Americans work longer than 40 hours and the higher one person is moving up the career ladder, the more is usually expected to work.

In comparison to European countries, US number of holidays allowed may also come as a nasty surprise. Most new employees receive just one or two weeks paid holiday per year, that is to say less than in any other industrial nation, except Japan. Holidays are usually increased by 1/2 days every year, so it can take up to 10 years to get 4 full weeks vacation. According to a UN research, the average American works some 250 hours more than a British worker and 500 more than a German one.

Job security in the United States is not comparable with the European standards. If an employer decides that he does no longer need an employee, he is basically free to fire him/her. One's only security is his/her own potential and willingness to work. In the American work environment, diversity is also very important (at least in theory). Looking for a job, adverts will state "We are an equal opportunity employer offering competitive salaries and benefits in a professional work environment". This means that, in the US, a person will be probably requested to work with various people from different backgrounds and cultures.

Salary is just one component of the overall job offer but, at least for Americans, it is usually the most important one. The cost of living in the US can be very high, particularly in the big cities. However, salaries are usually also higher there. Average salaries for workers range from $8 to $12 per hour (entry level) depending on the job title. The legal minimum salary is around $7 per hour in most states. Another important factor that should be considered is the benefits plan. Most good companies have additional benefits for their employees, including bonus schemes, medical and dental insurance, vision-care, life insurance, disability insurance, retirement plan and accidental death and dismemberment benefits. Salaries and benefits packages vary according to the location of the job and market conditions.

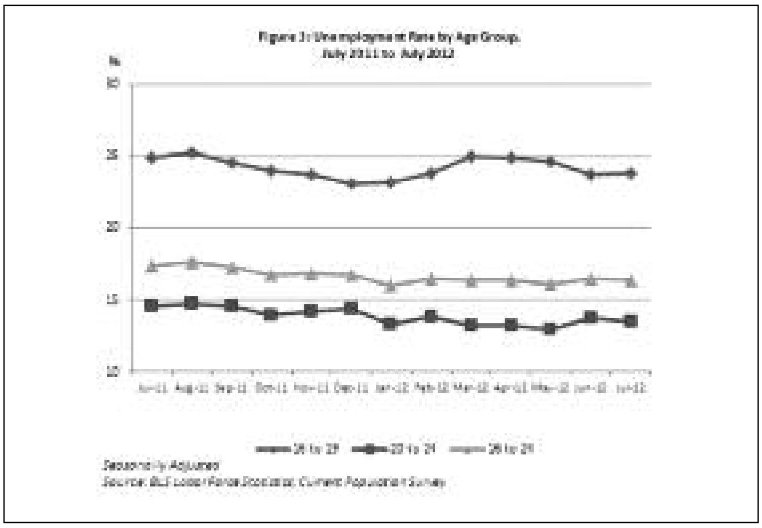
The right to a safe workplace is recognized in the US. Workers compensation is insurance paid for by employers. It provides cash benefits and medical care if an employee becomes disabled due to work-related injury. Companies with 4 or more employees (although this varies by state) are legally required to provide workers compensation insurance. If an employee is injured, he will file a claim with the workers compensation insurance company. In general, workers compensation provides replacement income, medical expenses and vocational rehabilitation benefits (Source: Justlanded).

As world's largest economy, the US job offer is practically unlimited, varying from research to finance, industry, tourism, transports and whatsoever other kind of opportunities (America is the land of opportunities, reputed as flowing with milk and honey). Nevertheless unemployment among young people is not uncommon, even in the land of opportunities.

In July 2012, there were approximately 38.8 million youth (16 to 24 years old) in the US with 21.4 million participating in the labor force, that is, either working or unemployed. In other words, 55.2% of the youth population was in the labor force, corresponding to what is known as the labor force participation rate. Among youth, there remain large disparities in labor participation rates: teens — defined as youth 16 to 19 years old — had a participation rate of 35.2%. This is a school-age population, which explains why many are not participating in the labor force. Meanwhile young adults — 20 to 24 years old — had a much higher participation rate of 71%. Labor force participation across all youth was slightly higher for males (57.3%) than for females (53.1%). Differences across races were much more pronounced.

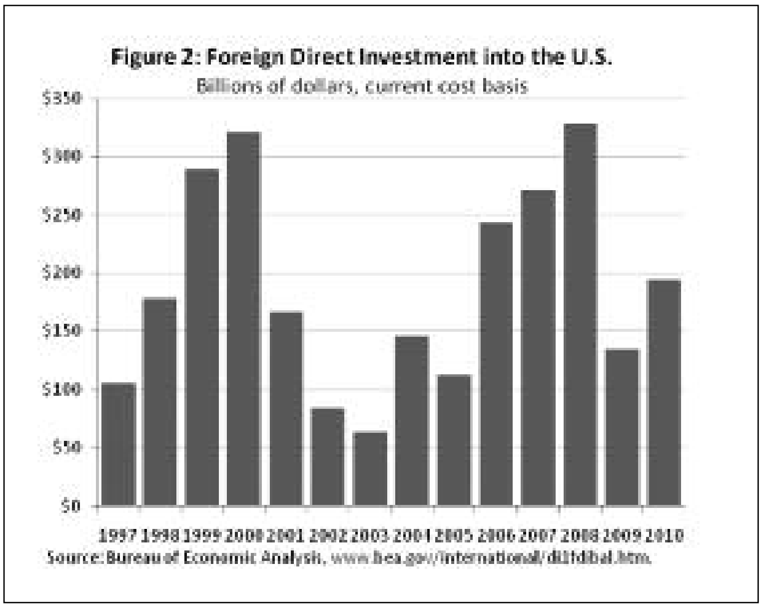
Out of the 21.4 million youth in the labor force, 17.9 million were employed in July, while approximately 3.5 million were unemployed. The employment-to-population ratio (E/P) for youth — the proportion of youth that is working — stood at 46.2% in July 2012. The E/P is an indicator of the ability of an economy to create jobs and, in the case of youth, remains low. The E/P ratio for teens — at 26.8% — is much lower than that of young adults — at 61.2% — since the 16 to 19 age group is attending school and thus is less likely to participate in the labor force.

In July 2012, there were 3.5 million youth unemployed (seasonally adjusted), corresponding to an unemployment rate of 16.4% (see graphic above). This number is just 0.1 percentage points lower than in the previous month, but is a full percentage point lower than in July 2011. Although the rate for the 16 to 19 year old age group sagged from October 2011 until January 2012, it increased in the spring and has only slightly decreased again in the past two months (Source: ILO).

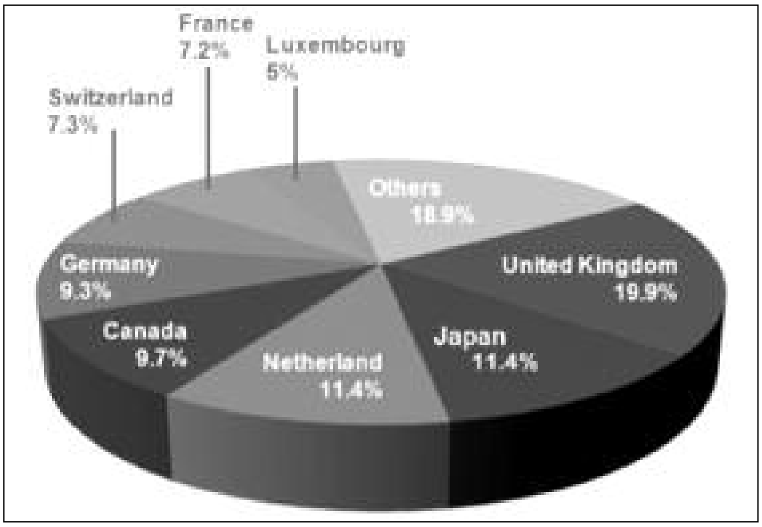


On the entrepreneurial side, the US still represents an extremely important outflow for all kind of goods and services. Statistics about foreign direct investments are very elementary with respect to this assumption.

Foreign Direct Investments into the United States have been an important factor in the US economy for a number of years, with FDI totalling $1.7 trillion over the last ten years. FDI have generally fluctuated with the US business cycle. Investments surged to an historical peak of $328 billion in 2008 (though, these figures could also include capital inflows due to currency uncertainty in other countries) and reached a similarly high level in 2000, though they hit a low of $64 billion in 2003 and then rebounded to $194 billion in 2010 (see graphic on the right).



A significant portion of FDI goes to the US manufacturing sector. In 2010, $78 billion of FDI, or 41% of total FDI, was spent on the manufacturing sector. Over the past 15 years, manufacturing's share of FDI has varied from a low of 15% in 2004 to a high of 81% in 1998, averaging 39%. Other sectors that have received significant FDI over time include the wholesale and retail sector (21% in 2010) and financial-related industries (14% in 2010). Since 1997, about two-thirds of the remaining investment has been in information, mining, utilities, and non-bank holding companies. Very little FDI goes to construction, transportation services and other service industries.



Currently, the vast majority of FDI into the US comes from a relatively small set of countries. In 2010, 81% of FDI into the United States came from firms based in eight countries: Switzerland, the United Kingdom, Japan, France, Germany, Luxembourg, the Netherlands and Canada (see graph above).

The concentration of these investments positions has changed over time. Though there has been some fluctuation in the importance of the "top 8" investor countries over the past 14 years, these 8 have nevertheless contributed to 81% of total FDI. Of the remaining 19%, 9% derives from other European (mostly West European) countries, and 10% comes from all other countries – Caribbean, Brazil, Australia… (Source: ESA).