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Job Training, Remote Working, and Self-Employment: Displaced Workers Beyond Employment Hysteresis[†]

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Abstract

The recent SARS-Cov-2 pandemic has contributed to several corporate crises. As a result, many Small- and Medium-Sized Enterprises (SMEs) in Italy have filed for bankruptcy in the first quarter of 2020. In addition to a gigantic macroeconomic effect, the lockdown has impacted individuals to a large extent. In this article, we investigate the behavioural response of employees who are under a dual condition of stress; namely, the pandemic and the risk of job loss. The hypothesis of employment hysteresis is challenged by looking at the tendency of individuals who are employed in firms facing a crisis, or in difficulty, to participate in training measures for: a similar job, remote working, and self-employment. Findings from a seemingly unrelated regressions (SUR) model show a significant increase in the likelihood to participate in standard or high-commitment training measures for similar jobs and remote working for employees who: *i)* positively value their professional social capital, i.e. their membership in a trade union (+24.4 and +25.2 percentage points, respectively); *ii)* have some displaced colleagues (+29.6 and +40.7 percentage points, respectively). Finally, we find that employees with a lower educational background are less likely to consider the possibility of switching between occupations.

Keywords: Corporate Crisis; Displaced Workers; Employment Hysteresis; Job Training; Self-Employment; SARS-Cov-2; Remote Working.

JEL: J24, J51, J62, L26, M14, M53.

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1 Introduction

The recent pandemic, and the containment measures adopted by governments, have already had an incredibly large economic impact. With 71 micro-, small-, and medium-sized enterprises (SMEs) per 1,000 inhabitants in the non-financial business sectors[1], the Italian economy displays the most fragmented industrial structure among the G7 countries (Cisi et al., 2018). Given its structural fragility, the lockdown has brought about a huge number of corporate crises in the country, with the total number of firms active at the end of the first quarter of 2020 falling by 30,000 units compared to the first quarter of the previous year.[2] With respect to the previous quarter, in the period February–April 2020, both the number of employed and unemployed persons considerably decreased (by -226 thousand (-1.0%) and -497 thousand (-20.4%), respectively), while a growth among inactive people aged 15-64 years was registered (+5.2%, or +686 thousand).[3]

Noteworthy, a fraction of the individuals who kept their occupation are employed in firms currently facing a crisis and are therefore either receiving a redundancy fund or a similar form of financial support. While passive labor market measures help individuals survive economically, active measures such as job training services contribute to their professional development. A large number of the unemployed, however, is often reluctant to participate in training programs that could increase their skills and job prospects. Sub-cultural effects from unemployed peers (Focacci and Lam, 2020) and high unemployment benefits that decrease the job search rate (Uusitalo and Verho, 2010; Wanberg et al., 2020) contribute to influencing such decision. Among the numerous studies dealing with the impact of unemployment benefits on the individuals' probability of re-employment, only a few have also focused on the behavioral response to training programs of workers who are displaced or face job loss.

To fill this gap in the extant literature, we provide an analysis on the desirability of three distinct training programs for a group of workers affected by a dual condition of stress; stress caused by the SARS-Cov-2 pandemic and stress caused by the risk of job loss. In particular, it is our aim to understand whether and why they are motivated to participate in training programs that could help them learn new skills for: a similar job, remote working, or self-employment. For instance, less educated individuals may see the opportunity to get involved in job training programs as a means to compensate for their weak educational background. Similarly, individuals at high-ranked positions may disregard participation in training programs because of their unwillingness

[1] European Commission, 2018.

[2] For more information please refer to: https://www.ilsole24ore.com/art/coronavirus-gia-chiuse-primo-trimestre-9mila-aziende-piu-2019-ADmwYGM.

[3] Istat Statistics, 3 June 2020. For more information please refer to: https://www.istat.it/en/archivio/243676.

to accept job changes, even more so when the potential new job would represent a demotion. Our analysis is also justified by the argument that when adverse conditions prevail in the labor market, individuals may choose to remain unemployed or displaced rather than accept any kind of job rotation or start a career elsewhere (Carree et al., 2009). This phenomenon of 'employment hysteresis'[4] is driven by various occurrences, which we will explore in this paper. Firstly, we analyze those factors that might induce individuals to be more open to switch between occupations and to take part in training programs. Secondly, we look at how and to what extent those same factors influence the intention of individuals to opt for self-employment as well as for jobs that entail remote working. On the one side, the idea of entrepreneurship as an occupational choice is relevant in a pandemic context that has disrupted the occupational status of many individuals (Vosko, 2010). On the other side, during the pandemic remote working has become the norm for many professions globally. The positive results observed by Bloom et al. (2015) with respect to increased performance and job satisfaction with remote working are an additional reason to investigate the willingness of individuals to accept this kind of jobs.

We focus on the Province of Rimini, in the Emilia-Romagna region of Italy. The analysis is carried out using survey data from 193 individuals who are currently employed at firms for the most part in a state of corporate crisis. The paper is organized as follows. Section 2 reviews the extant literature with reference to the impact of supporting measures for unemployment or atypical forms of employment in case of corporate crisis. Section 3 explains the empirical strategy used for the analysis, while Section 4 illustrates the data used and the descriptive statistics of interest. The main findings are presented and discussed in Section 5. Section 6 concludes with some policy implications.

2 Literature Review

A corporate crisis has negative consequences for a large number of agents, including both the employees and the firm itself. Brown and Matsa (2016), for instance, found that firms who have experienced a corporate crisis have difficulty in attracting high-quality job applicants. CEOs, too, were found to experience a median loss of 7.2 million dollars for corporate bankruptcy (Espen Eckbo et al., 2016), indicating the negative consequences that a corporate crisis can have, irrespective of the role held in the firm. On the other hand, perceiving an unemployment benefit, a redundancy fund subsidy, or other similar forms of financial support can have negative implications for the employees in question. In this connection, active labor market programs (ALMPs) aimed to increase

[4]For professionals such as pilots, identity with the company can be so strong that, while some manage to retrain for new careers, others are unwilling to make a move when they face job loss (Fraher and Gabriel, 2014)

the employment opportunities for individuals already unemployed or exposed to high risk of becoming unemployed, to improve matching between vacancies and the unemployed, and to enhance the creation of new ventures by the job seekers are becoming increasingly popular (Laffineur et al., 2017), although they are often criticized for their underlying assumption that 'any work is better than no work' (Egdell and Beck, 2020) or their ability to worsen precarity due to they 'altering the institutional constitution of the labour market' (Greer, 2016).

With respect to job search, according to an analysis by Baker and Fradkin (2017), an increase in potential benefit duration of unemployment insurance is likely to lead to a, even if minor, significant decrease in aggregate job search in the US. A similar finding was illustrated by Guglielminetti et al. (2015). According to their study when the unemployment spell gets longer, individuals tend to accept lower-paid jobs as well as jobs farther away from their original workplace for Austria. Similarly, Uusitalo and Verho (2010) found for Finland that a higher unemployment insurance allowance corresponded to a decrease in the rate of re-employment equal to 20%. In line with this, it has also been observed that unemployed people tend to overestimate the rapidity with which they will find a job to a large extent (Spinnewijn, 2015). Wanberg et al. (2020) recently found that receiving unemployment insurance tends to make individuals feel distant from the concept of work and labor market. Thus, perceived generosity of unemployment insurance in the US, Germany, and the Netherlands was associated with slower reemployment speed. This is line with the idea that financial support is not sufficient for overcoming occupational inactivity or instability. Investment in human capital is also required. Graham et al. (2019) found that when a firm files for bankruptcy the employee's annual earnings fall by 10%. The effect is apparently even stronger for smaller firms. But a loss of earnings is not the only problem here. In line with the hypothesis that education may matter in deciding whether or not to participate in a training program and consistent with transaction cost theory (Williamson, 1981), Graham et al. (2019) stressed that when an employee's set of skills, or human capital, is specific to the industry in which she works, the earnings loss is evidently more prominent.

As argued by Dostie and Javdani (2020) job training represents one of the most relevant tools for the formation of skills and the accumulation of human capital. For Canada, they found that certain minorities in firms, such as immigrants, are disadvantaged in terms of receiving training irrespective of their educational levels. In both economic or firm crises, employees need to professionally readjust. When analysing the first oil crisis, Hiroyuki Chuma (2002) observed that outplacement as well as the reduction of job offers to recent graduates were methods used in this period, underlining that an educational background such as a University degree is not always a factor of success for employment. With respect to the idea of earnings loss caused by displacement, Carrington and Fallick (2017) similarly observed that human capital theory is not always consistent. This is in line with the idea that while the knowledge of firm-specific

skills may be an obstacle for displaced workers, education is not the only factor to play a role in their professional life. Chadi and Hetschko (2020) found that while life satisfaction increases for the so-called job switchers, a negative effect is observed for workers who experience involuntary mobility. This may explain why Kolvereid (1996) observed that the most popular reason for choosing to become self-employed was the perceived sense of authority and independence in decision making. Similarly, individuals may or may not participate in a job training program for a variety of reasons. The analysis by Nollen and Gaertner (1991), for example, showed that while individuals in factories achieve better results due to training, what appears to influence performance ratings in firms is often the positive attitude towards work of employees. In other words, while educational background certainly influences the perception of job fixity or availability to change, other factors may contribute to the latter.

Particularly, the professional social capital that comes from both colleagues, or peers in the firm, and the trade union of reference may influence the decision of an employee to participate or not in a training program with the prospect of finding a new job or keeping the current one. In addition to showing that within the firm, loyalty is among the most relevant qualities for members registered with a union, Panos and Theodossiou (2013) found that 'unionized workers are more receptive to arrangements involving reciprocal loyalty' due to the fact that they internalize the norms typical of union behavior. This is in line with the hypothesis that union membership may function as an incentive to take part in training programs for increasing occupational success. With respect to this, the studies by both Heyes and Stuart (1998) and Boheim and Booth (2004) found a positive correlation between workplace union recognition or union involvement and training activities. Conversely, the analysis by Arulampalam and Booth (1998) highlighted that short- or part-time workers not covered by a union collective agreement participated in work-related training with lower probability. The recent findings from an analysis by Kelly (2018) showed that even originally negative feelings towards learning skills such as mathematics in the workplace can become positive when a trade union is involved. This is mainly due to the collectivist principle in favor of social networks that increases individual motivation to learn. Wotschack (2019) found the same finding for low-skilled workers, observing a positive effect of employee representation on training participation, especially in the manufacturing sector. Waddoups (2014) showed 'that union members are more likely to receive employer-sponsored training'. A positive relationship between union membership and training participation was found by Green (1993) for small establishments. With respect to the decision to engage in entrepreneurship, membership in any association was observed, too, to be a positive determinant for entry in self-employment (Roman et al., 2013). According to Nicolau and Shane (2010), the willingness of an individual to become self-employed is heritable. Particularly, there can exist genetic effects on entrepreneurship that also influence work values and vocational interests, ultimately leading to occupational change (Nicolau and Shane, 2010). In this regard, the pandemic, too, is likely to have changed the perception of work and

self-employment for many individuals by forcing them to work from home. In particular, the current world health and economics crisis may have created 'new ways and forms of pursuing entrepreneurial opportunities' (Nambisan, 2017); for instance, through adequate training or the acknowledgment of the role played by social entrepreneurial venture (Austin et al., 2006), kinship (Verver and Koning, 2018), or the combinations of both human and social capital (Linder et al., 2019).[5] This is in line with the analysis by Amoros et al. (2019) according to which state fragility increases the probability of engagement in necessity-driven entrepreneurship.

In general, Verwijmeren and Derwall (2009) proved that it is increasingly important for an employee to be protected by its firm. In particular, they observed that when firms have strong employee relations, chance of bankruptcy is reduced. However, this type of protection is also insufficient for safeguarding workers against unemployment or other types of job instability. Understandably, individuals do not learn skills at the same pace and because training employees is expensive, firms usually seek skilled individuals able to learn firm-specific human capital (Kalaitzidakis, 2002). This is why it is fundamental for individuals to acquire skills during a corporate crisis or in view of a near and necessary job search. Participation in training programs allows individuals,even if they have an occupation, to acquire new skills, ameliorate existing ones, and prepares them for the prospect of job search necessity. In this regard, the analysis by Haelermans and Borghans (2012) illustrates the positive effect of on-the-job training on the average wage of workers. Per course, the increase experienced was equal to 2.6%. Active labour market programs, including training, are even more relevant in a situation such as the current one, when employees are distressed not only due to the number of economic, social, and psychological implications caused by the SARS-Cov-2 pandemic, but also due to the risk of potential job loss. The reason why we focus on training is that it represents 'the cornerstone of active labor market policy' (Crepon and van den Berg, 2016). Vooren et al. (2019) for instance, found that while public employment programs or subsidized work usually entail negative short-term effects, programs such as a job-search assistance or training have a positive impact in both short and long terms. Understandably, the implementation of the right active labor market program at the right moment is crucial in a context of pandemic-based economic crisis; and not just for displaced workers and firms in crisis, but also for employees who face a risk of probable job loss. On this subject, the analysis by Card et al. (2018) illustrates how active labor market program show positive effects in periods of recession. Additionally, larger impacts on job search success are observed for programs that focus on human capital accumulation Card et al. (2018), including qualification measures (Lechner and Wiehler, 2013).

Because the timing of active measures matters (Lechner and Wiehler, 2013), we believe it is relevant to understand how employees react to them in a situation

[5] As stressed by Hu et al. (2019) social entrepreneurship is becoming increasingly relevant in both theory and practice.

of stress of dual nature; namely, the SARS-Cov-2 pandemic and the risk of potential job loss. In the next sections we illustrate the data and empirical methods used to conduct our analysis.

3 Empirical Strategy

We use the seemingly unrelated regressions (SUR) model proposed by Zellner (1962). Particularly, we study the impact and direction of educational attainments (human capital) and of attitudes towards colleagues and the trade union itself (professional social capital) on the individual's decision to participate in a training program in view of a similar or different job or of a transition from paid employment to self-employment.

To do so, we exploit a linear regression model that includes four f regression equations, one for each of our outcomes of interest. Because the error terms related to one individual may be correlated across the four equations, the four linear regressions that could be estimated separately are 'seemingly related' (Davidson and MacKinnon, 1993). Using the Maximum Likelihood (ML) estimation technique (Drton and Richardson, 2004) we estimate the effect of human capital and professional social capital on $TRAIN_i$ and $EXTRATRAIN_i$, or participation in regular and high-commitment training for a similar job in another firm, and the effect on participation in training for telematic skills to be acquired in view of $REMOTEWORKING_i$ and self-employment ($SELFEMPL_i$) as in Equation (1):

$$Y_{ip} = x_{ip}^T \beta_i + \epsilon_{ip}, \quad i = 1, ..., 4, \tag{1}$$

where i represents the number of regression equations in the model, equal to 4; p represents the time period (from 1 to P, with P tending to ∞); and ϵ_{ip} indicates that errors are correlated across equations for a single individual but uncorrelated across individuals.[6]

Each equation has its dependent variable y_{ip} and a vector X_i of regressors. Thus, Eq. (1) can be written in vector form as follows:

$$\begin{Bmatrix} Y_1 \\ Y_2 \\ Y_3 \\ Y_4 \end{Bmatrix} = \begin{Bmatrix} X_1 & 0 & ... & 0 \\ 0 & X_2 & ... & 0 \\ 0 & ... & X_3 & 0 \\ 0 & 0 & ... & X_4 \end{Bmatrix} \begin{Bmatrix} \beta_1 \\ \beta_2 \\ \beta_3 \\ \beta_4 \end{Bmatrix} + \begin{Bmatrix} \epsilon_1 \\ \epsilon_2 \\ \epsilon_3 \\ \epsilon_4 \end{Bmatrix}$$

[6] In particular, $E(\epsilon_{ip}\epsilon_{ip'}) = \sigma_{pp'}$, with $\sigma_{pp'} \neq 0$ and $p \neq p'$.

or,

$$Y_i = X_i\beta_i + \epsilon_i, \quad i = 1, ..., 4, \tag{2}$$

where Y_i is equal to Y_1, ..., Y_4 corresponding to our outcomes of interest; namely, standard and high-commitment training for a similar job in a different firm, remote working, and self-employment. X_i, on the other hand, includes both the individual and firm controls K_i and the main regressors of interest; namely, the existence of displaced colleagues, or $PEERS_i$, the employees' membership to the in the Italian General Confederation of Labor (CGIL) trade union, or $TRADEUN_i$, and their higher educational attainment, or $EDUC_i$.

Particularly, K is always equal to:

$$\begin{aligned} K_i = \beta AGE_i + \theta_f FEMALE_i + \sum_{n=1}^{6} \theta_c COUNTRY_{n,i} + \sum_{l=1}^{6} \theta_r ROLE_{l,i} + \\ + \sum_{o=1}^{10} \theta_l LEGAL_{o,i} + \sum_{p=1}^{5} \theta_s SUBSIDY_{p,i} + \sum_{s=1}^{3} \theta_s SIZE_{s,i} + \sum_{n=c}^{9} \xi_c CATEG_i + \\ + \omega PRIVATE_i + \sum_{p=1}^{7} \iota_p PARTIC_{p,i} + \sum_{n=1}^{8} \kappa_n NONPARTIC_{n,i}, \end{aligned} \tag{3}$$

Below we illustrate the dependent and independent variables used for our analysis.

3.1 Variables

3.1.1 Dependent Variables

Participation in training represents a means to achieve an alternative to the current state of the displaced, or non-displaced, worker; namely, a means to achieve a similar job but somewhere else, or a different job in the same firm or somewhere else. With respect to our main outcomes of interest we distinguish between different types of training.

$TRAIN$ is a dummy equal to 1 if the employee agrees to participate in a *training program* that invests in skills and requires commitment on her behalf.

$EXTRATRAIN$ is a dummy equal to 1 if the employee agrees to participate in a *high-commitment training* to learn advanced skills in view of a similar job in a different firm.

Other valid alternatives are training to gain telematic skills for a job that requires remote working or self-employment, for which entrepreneurial skills would be necessary. For this reason, we also investigate the two following outcomes of interest.

$REMOTEWORKING_i$ is a dummy equal to 1 if the individual is willing to take part in a training with the aim of carrying out a job based on *remote working*.

$SELFEMPL_i$ is a dummy equal to 1 if the individual is willing to opt for *self-employment*.

Below we specify our independent variables.

3.1.2 Independent Variables

With respect to our independent variables we distinguish between control variables, or individual fixed effects, and main regressors of interest.

The control variables that we take into account in our analysis are the following.

AGE_i represents the *age* of the employee at the time of the survey expressed in years.

$FEMALE_i$ is a dummy that represents the *gender* of the employee equal to 1 when the employee is female.

$COUNTRY_i$ represents the *country of origin* of the individual. $COUNTRY1$-$COUNTRY7$ are dummies for Albania, Cameroon, Greece, Italy, Sweden, Ukraine, and Uganda.

$ROLE_i$ indicates the *role* of the individual in the firm. $ROLE1$-$ROLE7$ are dummies that describe the type of profession for which the individual is employed; namely, skilled worker/artisan, plant operator, executive profession, intellectual/scientific profession, non-qualified profession (e.g. trade), qualified profession in the commercial or service activities, and technical role.

$LEGAL_i$ represents the *legal form* of the firm where the employee works. $LEGAL1$-$LEGAL11$ are dummies for individual company, partnership, general partnership, limited partnership, limited liability company, shareholder company, partnership limited by shares, cooperative, local government, public body, and economic public body.

$SIZE_i$ distinguishes firms based on their *size*; namely, micro ($<$ 10 employees) , small ($<$ 50 employees), medium ($<$ 250 employees), or large ($>$ 250 employees).

$PRIVATE_i$ is a dummy equal to 1 if the firm is *private* and equal to 0 if the firm where the employee works is public.

$CATEG_i$ the *trade federation* to which the firm belongs. $CATEG1$-$CATEG10$ refer to the following federations of the CGIL trade union: FILCAMS (commerce, service, tourism), FILCTEM (chemistry, textile, energy, manufacture), FILLEA (wood), FILT (transport), FIOM (metallurgy), FISAC (insurance, credit), FLAI (agro-industry), FLC (education), FP (public function), and SLC (communication).

$SUBSIDY_i$ indicates the *type of subsidy* that the employee is receiving, such as from a redundancy or layoff fund. $SUBSIDY1$-$SUBSIDY6$ refer to other, redundancy fund (CIGO), extraordinary redundancy fund (CIGS), layoff fund (CIG in deroga), and 'not available'.

$PARTIC_i$ represents the most relevant *reason to participate* in a training program. $PARTIC1$-$PARTIC8$ indicate the reasons why individuals may be more willing to participate in a training program; namely, the encouragement of the trade union, the encouragement of the firm, the possibility to gain new skills, the possibility to find a job different from the current one, the possibility to find a job similar to the current one the possibility of a salary higher than the redundancy fund or any other subsidy, the presence of a professional tutor in the program, or the presence of a generous subsidy for participation.

$NONPARTIC_i$ represents the most relevant *reason not to participate* in a training program. $NONPARTIC1$-$NONPARTIC9$ indicate the reasons why individuals may be less willing to participate in a training program; namely, the fear of not acquiring any new skill, the fear of finding a job different from the current one, the fear of finding a job similar to the current one, the absence of colleagues in the program, the absence of encouragement from the trade union, the absence of encouragement from the firm, the absence of a generous subsidy for participation, the obligation of attendance, or the possibility to find a job with a salary lower than the subsidy for displacement or unemployment.

The main regressors of interest refer to the educational background and professional social capital of the employee and are the following.

$EDUC_i$ represents the *higher educational attainment* of the employee. $EDUC1$-$EDUC4$ are dummies equal to 1 if the education of the individual corresponds to compulsory school, technical school (or Istituto Tecnico), high school (or Liceo), and University. $PEERS_i$ is a dummy equal to 1 if the employee admits that having displaced *colleagues*, or being a displaced worker, is an incentive to take part in a training program. $TRADEUN_i$ is a dummy equal to 1 if the employee admits that being a member of her *trade union* is an incentive to take part in a training program.

In the next sections we provide descriptive statistics for the data used, as well as we illustrate our main findings from a causal analysis.

4 Descriptive Statistics

We collect data from 193 individuals employed in firms based in the Provice of Rimini, in the region of Emilia-Romagna, and registered with the Italian General Confederation of labor (CGIL), the most ancient trade union in the country.[7] In particular, data were collected between February the 25th and May the 20th of the year 2020, when individuals took part in an online survey on Google through a collaboration with CGIL itself. Overall, data are proportionally distributed among female and male employees, younger and older individuals, less or more educated employees, and low-ranked and high-ranked positions within firms (Table 1). A certain degree of variety is also observed in terms of the trade federations to which the firms belong and the legal nature of the firms.

Particularly, we observe that 47% of our interviewees are female employees, that individuals are 47.8 years old on average, and that they mostly come from Italy (93.8%). We also note that a good proportion of individuals who perform an executive activity (25.9%), followed by skilled workers (13.5%) and qualified professionals (16.6%). Among the displaced workers, 12.9% is receiving a redundancy fund.

With respect to the type of firm where individuals work, 67.9% work in a private company, of which 31.6% entered an official state of crisis, most of the time due to the SARS-Cov-2 pandemic (92.2%). Because filing for bankruptcy usually requires a large amount of time and because the SARS-Cov-2 pandemic created an unforeseeable condition of impasse, it is very likely that a larger amount of firms compared to what has been notified in the survey is currently in a state of crisis. Most interestingly, we observe a variety of industrial categories among firms. 30.1% of the sample is made of individuals employed at firms registered with FILCAMS-CGIL, or the trade union category that represents workers in the commerce, service, and tourism sectors. 20.2% of the sample, on the other hand, is made of individuals employed at firms registered with FIOM, which represents workers in the metallurgic sector. 18.1% of the individuals work in a firm represented by FP, which is the trade union category for workers who have a public function. Individuals mostly work in big- (40.9%) or medium-sized (36.7%) firms. With regard to the legal nature of the firm, most of the workers are employed in a joint-stock company (36.3%) or a cooperative society (16%).

Overall, the sample is representative of the individuals registered with the CGIL trade union. A report by CGIL dated to 2018 illustrates that among its 763,654 members, 54% are women and only 11.6% of the total are foreigners.

[7] Through a collaboration with CGIL a potential number of about 6,507 individuals represented by the said trade union could be reached. Because two individuals compiled the survey despite being unemployed, we dropped the observations associated to them.

With respect to the trade federations, the report also confirms the predominance of FILCAMS-CGIL (commerce, service, tourism) and FIOM-CGIL (metallurgy) as the most significant trade federations.

We also observe the reasons that make participation in a training program more or less attractive. First, we find that the most frequent reason for joining a training program is to gain more skills (62.2%), followed by the possibility to find a different job (11.4%). Second, we find that the most frequent reason for not joining a training program is the fear of not acquiring any new skill (28.5%), followed by the possibility to be offered a job with a salary lower than the redundancy fund, or any other subsidy (16.1%), and by the compulsory attendance of the training program (13.5%).

Concerning the main regressors of interest, we observe that 12.4%, 36.3%, 14%, and 37.3% of the individuals have a degree from, respectively, compulsory school, technical school, high school, and University (Table 2). We also note that membership in the CGIL trade union represents an incentive to participate in a training program for 79.3% of the employees. Similarly, having colleagues who are currently displaced workers represents an incentive to participate in a training program for 86% of the employees. This is line with the hypothesis that, in addition to the educational background of an individual, an employee may be affected by both her colleagues and the trade union when making the decision to take part or not in a training program.

As regards the outcomes of interest, we note that 46% of the employees would take part in a training program, while 54% would be prepared to participate in a higher-commitment training (Table 3). Finally, we observe that 66% of the employees would be willing to start a job entailing remote working and that only 24% would opt for self-employment.

We then look at how the various options –participate either in a training program or in a high-commitment training program, enter into remote working or into self-employment– change according to the educational and socio-professional background of the individual (Table 3). Findings show that only 13.6% of individuals with a compulsory-school degree would participate in training compared to 39.8% of individuals that graduated from University. A similar pattern is found for high-commitment training. In this case, while the proportion of employees with a compulsory-school and a high-school would participate, respectively, 10.6% and 15.4% of the time, individuals who have a technical-school or University degree would participate, respectively, 37.5% and 36.5% of the time. Evidently, those who have a tertiary educational background, as well as those who have a secondary but technical educational background, are more interested in participating in training programs. Individuals with a technical degree may be willing to participate to acquire non-technical skills, while the opposite could be true for individuals who graduated from University.

We also observe that remote working represents a valid possibility for individuals with a technical-school (33.6%) or University degree (43%), but not for individuals with a compulsory-school degree (7.8%), probably because their job cannot be done 'from home'. Self-employment, on the other hand, is a possibility mostly considered by individuals with a University degree (37%). Self-selection of University graduates into entrepreneurship has positive implications, since education has been shown to have an important role in increasing the likelihood of survival of new firms and in improving post-entry economic performance (Santarelli and Vivarelli, 2007).

Finally, in regards to the professional social capital, we note that the individuals who are positively encouraged to participate in a training program from belonging to their trade union or from being surrounded by colleagues who have been displaced, are also those who are mostly willing to participate in training, opt for remote working, or signal their intention to enter into self-employment. Among those who admitted that being a member of the CGIL trade union represented a positive incentive to participate in a training program, 90.9% answered they would participate in a training program and even in a high-commitment program (91.4%). A similar pattern is observed for those who conceived having displaced as a positive incentive to participate in a training program. These individuals were likely to participate in training and high-commitment training 96.6% and 93.3% of the time, respectively. These results are in line with our findings from a causal analysis illustrated in the next section.

5 Results & Discussion

Results from a seemingly unrelated regressions (SUR) model with respect to the willingness of displaced workers and regular employees to participate in a training program for a similar or different job as well as to enter into self-employment are illustrated below. In particular, we present Maximum Likelihood estimates on the desirability of the different training programs for a group of workers affected by a dual condition of stress due to the SARS-Cov-2 pandemic and the risk of job loss.

5.1 Training for a Similar Job

As shown in Table 4 we observe that for individuals who are positively influenced by their displaced colleagues and their membership to the CGIL trade union there is an increase in the likelihood of participation in standard training for a similar job of, respectively, 29.6 and 24.2 percentage points, significant at 5% level. When including controls, we note that for individuals with a

compulsory-school degree there is a similar decrease of 32.6 percentage points, compared to employees with a University degree. Table 4 also shows the probability of employees to participate or not in a high-commitment training that offers individuals additional skills. Here too, we observe that the professional social capital is significantly relevant. For employees who positively value their membership to the trade union we note an increase in the probability of participating in $EXTRATRAIN$ equal to 33.8 percentage points, significant at 1%.

These results could be explained by the fact that individuals are influenced by their peers also in the corporate context, so that they are more likely to take a certain action if other colleagues have already done so or will do so (Fangyun Tan and Natissine, 2019). Additionally, individuals may perceive the existence of many displaced colleagues as a wake-up call. In particular, they acknowledge the unfortunate condition of their colleagues, who are supported by a redundancy fund or unemployment benefit, and desire to act for that not to happen to themselves. Participating in a training program could therefore contribute to decreasing the risk of remaining or becoming displaced as well. With respect to the positive impact of trade union membership findings may be the result of the protective and empowering effect that such an institution has on its registered members. Belonging to an institution such as the CGIL, which by definition represents them, may lead individuals to believe that training is a safe choice because, independent of its outcome, CGIL will always 'have their back'. Moreover, belonging to a trade union may also have another effect on its members; namely, that it expects its members to take actions of which the trade union and the community would be proud of, including learning new skills to either keep a job or find a new one. This is in line with Kelly (2018). With respect to the instability caused by the current pandemic, these results are also in accordance with the findings by Bryson et al. (2013), who argued that belonging to a unionized workplace significantly decreases job-related anxiety in the case of organizational change.

5.2 Training for Remote Working

With regards to the participation in a training program that would help acquire telematic skills for a job possibly requiring remote working, we observe a decrease in the likelihood of choosing training for $REMOTEWORKING$ for individuals with a compulsory-school and technical-school equal to 30 and 17.1 percentage points, significant at 1% and 5% level, compared to their colleagues who graduated from University (Table 4). This result is not surprising as certain individuals may be used to doing a type of job that is necessarily 'physical' and therefore struggle to picture themselves either doing their tasks from home or changing their profession completely. This is in line with the employment hysteresis hypothesis, which is more likely to be valid for individuals with more

specific skills (Kalaitzidakis, 2002). On the contrary, individuals with tertiary education may be able to a larger extent to change not only firm, but also job and tasks as their education allows for a more flexible professional life.

Most interestingly, acknowledgement of the positive influence on training participation that membership in the CGIL trade union has, as well as acknowledgement of the positive influence on training participation associated to colleagues being displaced, increases the likelihood to participate in training for remote working by, respectively, 25.2 and 40.7 percentage points, significant at 5% and 1% level (Table 4). Belonging to an organization such as CGIL may give individuals the necessary encouragement to participate in activities even distant from their original mindset, including remote working. This is line with the idea that a trade union may function as a shield, which makes going from a perfectly regular job to remote working a valid possibility.

5.3 Self-Employment

In line with Roman et al. (2013), we find a positive effect from acknowledging displaced colleagues, with an increase of 42.4 percentage points, significant at 1% level, on the the likelihood to opt for self-employment derived. Interestingly, we also find a much larger increase of such an effect for individuals holding a high-school degree, or *Liceo*, (17.8%), than for those with a University degree (Table 4).

This could be explained by the fact that individuals with a University degree are aware of their educational background and skills and, therefore, know that they will be offered a job contract in some way. On the other hand, individuals with a compulsory-school degree know they have not enough competencies to become entrepreneurs. The same could be said about employees with a technical-degree. While they have a number of valuable skills, these remain purely technical. Conversely, individuals with a high-school degree cannot be completely certain that they will in fact be offered a job or that they will be able to keep their current one and, thus, may opt for self-employment due to the lower value of their occupational alternatives (Poschke, 2013). At the same time, the general education they received allows them to develop entrepreneurial skills more easily than colleagues with a technical background. In this regard, Carbonara et al. (2020) found that individuals who have high entrepreneurial skills, proxied also by education, have a tendency to experience an occupational transition to habitual entrepreneurship. What is certain, however, is that the constraint experienced by employees in firms is not only financial in terms of the wage received, but also educational. Because it is easier for entrepreneurs to control their human capital assets (Douhan and van Praag, 2009), many individuals may opt for self-employment to put their skills at better use.

6 Conclusions

In Italy, the first wave of the SARS-Cov-2 pandemic has caused several corporate crises and exposed employees to a severe condition of stress. In this article we explored the behavioral response of employees with respect to active labour market policies that might prove helpful to reduce stress in the workplace and enhance the chances to get a new job. Because investment in human capital represents a valid means to exit a condition of occupational pressure, we examined how individuals respond to the possibility of undertaking training in view of a possible job search urgency. In particular, we challenged the employment hysteresis hypothesis of employees' preference for not changing their occupational status by looking at how human capital as well as professional social capital influence their decision to attend training programs for a similar job, remote working, and self-employment.

For this purpose, we conducted online interviews with a sample of employees registered with the CGIL trade union in the Province of Rimini, in the Emilia-Romagna region, and studied the impact of the current pandemic and the risk of job loss on their employment choices. Findings from estimation of a seemingly unrelated regressions (SUR) model show that being an employee who positively values membership in her trade union increases the probability to participate in training for a similar job or remote working by 24.2 and 25.2 percentage points, respectively. In other words, the situation of dual stress experienced by employees tends to be rejected in a stronger sense of community. The effect is even stronger for employees prone to professional social capital, namely those who acknowledge the presence of displaced colleagues as an incentive to participate in training. For these individuals there is an increase equal to, respectively, 29.6 and 40.7 percentage points. In addition to the effect from professional social capital, we also observe an effect from educational achievements represented by the fact that employees with a lower educational background are less likely to opt for remote working (with a decrease of 30 percentage points). In turn, the option of self-employment does not appear to be significantly influenced by either human capital or professional social capital. Results are confirmed when we conduct the same analysis on the general desirability to change of the employees, indicating that while higher educational background plays a relevant role, the sense of community and identity in the firm is a significantly stronger incentive to accept a change of occupational condition.

Our study has four main limitations. First, the number of respondents is rather small. Second, the Province of Rimini, given its industrial structure and labour market characteristics might not be representative of the whole country. Third, although the study employs self-reported data collected using an online survey, one cannot exclude that interviewees could have over-reported their level of confidence on ALMPs. Fourth, since the interviews were conducted in the early phase of the pandemic, one cannot exclude that perception about

desirability of ALMPs has changed over time. Thus, it would be important that results are replicated in relation to a larger sample of workers, possibly living in different areas of the country, and by conducting direct interviews with the participants.

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Table 1: Descriptive Statistics for Individual and Firm Controls

Variable	Mean	SE
$FEMALE$	0.47	0.50
AGE	47.8	9.33
$COUNTRY1$	0.03	0.17
$COUNTRY2$	0.01	0.07
$COUNTRY3$	0.01	0.07
$COUNTRY4$	0.94	0.24
$COUNTRY5$	0.01	0.07
$COUNTRY6$	0.01	0.10
$COUNTRY7$	0.01	0.07
$ROLE1$	0.19	0.39
$ROLE2$	0.09	0.28
$ROLE3$	0.26	0.44
$ROLE4$	0.13	0.34
$ROLE5$	0.04	0.20
$ROLE6$	0.17	0.37
$ROLE7$	0.12	0.33
$SUBSIDY1$	0.09	0.29
$SUBSIDY2$	0.13	0.34
$SUBSIDY3$	0.05	0.22
$SUBSIDY4$	0.13	0.34
$SUBSIDY5$	0.55	0.50
$SUBSIDY6$	0.04	0.19

Variable	Mean	SE
$SIZE1$	0.41	0.49
$SIZE2$	0.37	0.48
$SIZE3$	0.07	0.25
$SIZE4$	0.16	0.36
$PRIVATE$	0.68	0.47
$CATEG1$	0.30	0.46
$CATEG2$	0.06	0.23
$CATEG3$	0.06	0.23
$CATEG4$	0.06	0.23
$CATEG5$	0.20	0.40
$CATEG6$	0.02	0.14
$CATEG7$	0.01	0.10
$CATEG8$	0.09	0.29
$CATEG9$	0.18	0.39
$CATEG10$	0.02	0.14
$LEGAL1$	0.01	0.07
$LEGAL2$	0.12	0.32
$LEGAL3$	0.16	0.37
$LEGAL4$	0.03	0.16
$LEGAL5$	0.01	0.10
$LEGAL6$	0.12	0.32
$LEGAL7$	0.36	0.48

Variable	Mean	SE
$LEGAL8$	0.15	0.36
$LEGAL9$	0.02	0.12
$LEGAL10$	0.03	0.16
$LEGAL11$	0.01	0.07
$PARTIC1$	0.02	0.14
$PARTIC2$	0.05	0.21
$PARTIC3$	0.62	0.49
$PARTIC4$	0.11	0.32
$PARTIC5$	0.07	0.25
$PARTIC6$	0.06	0.24
$PARTIC7$	0.02	0.14
$PARTIC8$	0.05	0.22
$NONPARTIC1$	0.28	0.45
$NONPARTIC2$	0.08	0.27
$NONPARTIC3$	0.11	0.31
$NONPARTIC4$	0.04	0.20
$NONPARTIC5$	0.02	0.14
$NONPARTIC6$	0.10	0.30
$NONPARTIC7$	0.07	0.26
$NONPARTIC8$	0.13	0.34
$NONPARTIC9$	0.16	0.37

Notes: The table shows descriptive statistics for the individual and firm controls relative to employees registered at the CGIL trade union and working in firms located in the Province of Rimini, in the Italian Region of Emilia-Romagna. Observations are equal to 193, except for two individuals who did not declare their age. $COUNTRY1$-$COUNTRY7$ refer to dummies for country of origin. $SUBSIDY1$-$SUBSIDY6$ refer to the type of subsidy received. $ROLE1$-$ROLE7$ indicate the type of profession for which the individual is employed. $CRISIS$ indicates whether the firm is or is not in crisis, while $COVID19$ is equal to 1 if the firm entered a state of corporate crisis during the SARS-Cov-2 pandemic. $CATEG1$-$CATEG10$ refers to the industrial federation to which the firm belongs. $PARTIC1$-$PARTIC8$ indicate the reasons why individuals may be more willing to participate to a training program. $NONPARTIC1$-$NONPARTIC9$ indicate the reasons why individuals may be less willing to participate to a training program. $ROLE1$-$ROLE7$ are dummies that describe the type of profession for which the individual is employed; namely, skilled worker/artisan, plant operator, executive profession, intellectual/scientific profession, non-qualified profession (e.g. trade), qualified profession in the commercial or service activities, and technical role. $LEGAL_i$ represents the legal form of the firm. $LEGAL1$-$LEGAL11$ are dummies for individual company, partnership, general partnership, limited partnership, limited liability company, shareholder company, partnership limited by shares, cooperative, local government, public body, and economic public body. $SIZE_i$ distinguishes firms based on their size and $PRIVATE_i$ is a dummy equal to 1 if the firm is private.

Table 2: Descriptive Statistics for Main Regressors of Interest

VARIABLE	**Mean**	**SE**
$EDUC1 =$ *Compulsory School*	0.12	0.33
$EDUC2 =$ *Technical School (ITC)*	0.36	0.48
$EDUC3 =$ *High School (Liceo)*	0.14	0.35
$EDUC4 =$ *University*	0.37	0.48
$PEERS$	0.86	0.35
$TRADEUN$	0.79	0.41

Notes: The table shows descriptive statistics for the main regressors of interest used in a seemingly unrelated regressions model for individuals registered at the CGIL trade union and working in firms located in the Province of Rimini, in the Italian Region of Emilia-Romagna. $EDUC1$-$EDUC4$ indicate the educational degree of the employee. $TRADEUN$ is a dummy equal to 1 if the individual admits that belonging to the CGIL trade union makes her more willing to participate in a training program. $PEERS$ is a dummy equal to 1 if the individual admits that having displaced colleagues makes her more willing to participate in a training program.

Table 3: Descriptive Statistics for Outcomes of Interest

Variable	**Mean**	**SE**	*if*	$EDUC1=1$	$EDUC2=1$	$EDUC3=1$	$EDUC4=1$	$PEERS=1$	$TRADEUN=1$
$TRAIN$	0.46	0.50		13.6	29.6	17.1	39.8	96.6	90.9
$EXTRATRAIN$	0.54	0.50		10.6	37.5	15.4	36.5	93.3	91.4
$REMOTEWORKING$	0.66	0.47		7.8	33.6	15.6	43	95.3	89.8
$SELFEMPL$	0.24	0.43		15.2	23.9	23.9	37	93.5	84.8

Notes: The table shows descriptive statistics for the outcomes of interest relative to the individuals registered at the CGIL trade union and working in firms located in the Province of Rimini, in the Italian Region of Emilia-Romagna. Observations are equal to 193 for all variables. $TRAIN$ indicates participation in a training program; $EXTRATRAIN$ indicates participation in a high-commitment training program; $REMOTEWORKING$ indicates willingness to start a job that entails remote working; and finally, $SELFEMPL$ indicates willingness to become self-employed.

Table 4: Seemingly Unrelated Regressions Analysis for Participation in Training

Y	*TRAIN*		*EXTRATRAIN*		*REMOTEWORKING*		*SELFEMPL*	
TRADEUN	0.242**	0.112	0.338***	0.202**	0.252**	0.164*	0.052	-0.066
	(0.093)	(0.091)	(0.094)	(0.088)	(0.082)	(0.86)	(0.083)	0.084
PEERS	0.296**	0.283**	0.162	0.265**	0.407***	0.424***	0.137	0.189**
	(0.107)	(0.101)	(0.108)	(0.098)	(0.095)	(0.095)	(0.095)	(0.093)
*EDUC*1	0.063	-0.326**	0.006	-0.231*	-0.300**	-0.212**	0.064	-0.125
	(0.112)	(0.134)	(0.113)	(0.130)	(0.099)	(0.126)	(0.100)	(0.124)
*EDUC*2	-0.132*	-0.271**	0.015	0.008	-0.171**	-0.107	-0.085	-0.164**
	(0.078)	(0.087)	(0.079)	(0.085)	(0.069)	(0.082)	(0.070)	(0.081)
*EDUC*3	0.089	-0.099	0.084	-0.036	0.001	0.075	0.178*	0.044
	(0.105)	(0.105)	(0.106)	(0.102)	(0.093)	(0.099)	(0.093)	(0.097)
CONS	0.037	-0.049	0.113	1.400**	0.213**	1.031	0.077	0.999
	(0.105)	(0.703)	(0.106)	(0.682)	(0.213)	(0.661)	(0.094)	(0.649)
Controls	No	Yes	No	Yes	No	Yes	No	Yes
R^2	13.2	48.4	11.7	51.6	24.6	49.2	5.7	39.5
Observations	*193*	*191*	*193*	*191*	*193*	*191*	*193*	*191*

Notes: The table shows the results from a seemingly unrelated regressions (SUR) analysis where the outcome variables are $TRAIN$, a dummy variable equal to 1 if the worker is willing to participate in a training program with the prospect of new skills; $EXTRATRAIN$, a dummy variable equal to 1 if the worker is willing to participate in a high-commitment training program with the prospect of new skills; $REMOTEWORKING$, a dummy variable equal to 1 if the displaced worker is willing to participate in a training program with the prospect of a new job that requires remote working; and $SELFEMPL$, a dummy variable equal to 1 if the displaced worker is willing to participate in a training program with the prospect of becoming self-employed. Data refer to workers in the Province of Rimini, in the Italian region of Emilia-Romagna registered at the CGIL trade union. Standard errors are in parentheses. Observations are equal to 193. When adding controls these are equal to 191 due to two participants not declaring their age. Significance at 1, 5, 10% levels correspond, respectively, to ***, **, and *.