

## Mobility in the labour market: main results for 2004-2008

Istat has started the production of transition matrices and of 12-months longitudinal microdata files derived from the new Labour force survey and it now publishes first findings referring to the period between the first quarter of 2004 and the first quarter of 2008. Following the thorough restructuring of the Survey in 2004, the methodology employed in the construction of the longitudinal archives has also been modified and improved with reference to the 2002 edition.

### The longitudinal component of the Labour force survey

Since 1959 the Labour Force Survey (hereafter LFS) has constituted the main source of information on the labour market. Based on a sample of approximately 300,000 households, it provides an extremely rich set of quarterly information, including estimates of the numbers of employed people and non-employed people (job-seekers, people who are not part of the labour force), referred to all households' members that are resident in Italy. Households with residence in Italy but which normally reside overseas and permanent members of communities (hospices, children's homes, religious institutes, military barracks, etc.) are excluded.

The LFS incorporates a longitudinal structure deriving from rotation system of the households within the quarterly samples. Specifically, half of the households included in a sample are re-interviewed 3 and 12 months after the first interview, and a further quarter of them 15 months afterwards. The information gathered about the same individuals at different moments in time thus constitutes the longitudinal component of the survey.

The transition matrices illustrated below take into account only the longitudinal population aged at least 15 at the beginning of the period. They therefore regard the initial population of working age, net of individuals who, over the period under examination, were taken off the population registers due to moving to other municipalities in Italy, emigration or death. Considering that the longitudinal component can correctly represent only the longitudinal population, it allows the estimation of both the number of transitions between the various "conditions" (employed, unemployed, non-labour force) and the characteristics of the individuals involved in these transitions.

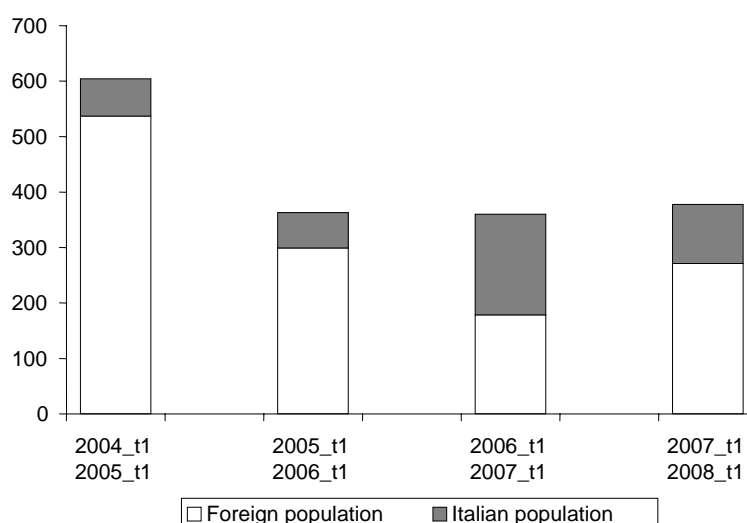
This report sets out the main results from the analysis of 12-months longitudinal datasets, from the first quarter of 2004 for the following three years. The transition matrices produced on the basis of the longitudinal population are obtained so as to ensure consistency with currently published cross-sectional estimates regarding the overall population of the LFS.

## An overview of the 1<sup>st</sup> quarter 2007 and 1<sup>st</sup> quarter 2008 period

According to LFS data, in the first quarter of 2008 the population of working age in Italy reached 50,801,000 units, with an increase of 3.5%, or approximately 1,700,000 units, compared to the first quarter of 2004. Foreign citizens accounted for over 75% of the total increase (Figure 1).

With reference to employment, the growth during the period under consideration was of over 1,100,000 units, largely – around 850,000 units – of foreign nationality. The share of foreign citizens over the total number of employed people more than doubled, from 3% to 6.5% over the four-year period in question.

Figure 1 – Increase in the population of working age.  
Transversal LFS data. *Thousands*



Over the same period the number of job-seekers recorded an overall fall of 338,000 units. During 2004-2007 the fall related exclusively to the Italian population, while 2008 saw a reversal of the trend, with an increase of 13%. On the contrary, the component of foreigners seeking work grew continuously during the four years.

Table 1 shows the complete matrix containing estimates of stocks and flows observed for the last period, from the first quarter of 2007 to the same quarter in 2008. For each of the identifiable components, this matrix provides a quantification of their contribution to determining labour market dynamics. With reference to this period, the population of working age increased by 376,000 units, from 50,424,000 to 50,801,000.

This increase is due to a natural balance arising from the balance between deaths (547,000) and fifteen-year-olds (584,000), which is moderately positive and of approximately 40,000 units, but in particular to a significant migratory balance – given by the difference between registrations (1,636,000) and cancellations (1,296,000) – of 340,000 units. Consequently, the longitudinal population, the one on which our analysis will focus over the next few paragraphs, totals 48,581,000 units, or 96.3% of the population of working age at the beginning of the period.

Table 1 – Complete matrix of initial and final stocks of overall and longitudinal populations of working age, incoming and outgoing flows between conditions of the longitudinal population. 1<sup>st</sup> quarter 2007 – 1<sup>st</sup> quarter 2008. *Thousands of units*

	CONDITION				Deaths	Cancellations	Population
	Employed	Job-seekers	Non-labour force	Total			
Employed	20,342	353	1,284	21,979	49	818	22,846
Job-seekers	487	454	514	1,455	2	99	1,556
Non-labour force	1,250	752	23,145	25,147	495	379	26,021
Total	22,079	1,559	24,942	48,581	547	1,296	50,424
15-year-olds			584	584			
Registrations	1,091	202	343	1,636			
Population	23,170	1,761	25,870	50,801			

Between the first quarter of 2007 and the first quarter of 2008 the employed people according to the LFS estimates increased by 324,000 units, from 22,846,000 to 23,170,000 units. Deaths accounted for 49,000 units fewer at the end of the period, while migration balance, which was positive by 273,000 units, was the result of 818,000 cancellations due to moving to another municipality and 1,091,000 registrations due to moving from another municipality. Finally, the longitudinal population, despite constituting the largest component, made a smaller contribution to the increase in employment over the period. In fact, the number of employed people within the longitudinal population rose from 21,979,000 in the first quarter of 2007 to 22,079,000 in the first quarter of 2008, an increase of 100,000 units, thus accounting for 35% of the total increase in employment observed in that year. An interesting aspect emerging from Table 1 is the enormous size of gross outflows and inflows in employment which determine the net change. The increase of 100,000 units recorded over the last year for employed people in the longitudinal population is in fact the result of flows of 3,373,000 units.

The number of job-seekers increased by 205,000 units, from 1,556,000 units in the first quarter of 2007 to 1,761,000 units in the first quarter of 2008. This balance was determined on one hand by the migration component, in which unemployed people numbered 99,000 at the beginning of the period and 202,000 at the end of the period, and on the other by the longitudinal population, in which the number of unemployed people increased from 1,455,000 to 1,559,000 over the twelve months in question. The population that was resident in the same municipality at the beginning and end of the period thus accounted for approximately 50% of the overall change. As has already been pointed out with regard to employment, the net change in unemployment in the longitudinal population is the result of a large quantity of inflows and outflows from and to the other conditions, totalling over 2,100,000 units during the year in question.

Between the first quarter of 2007 and the first quarter of 2008 the inactive population decreased by 150,000 units, from 26,021,000 to 25,870,000. The transition matrices highlight how such a sharp decrease is attributable to the significant flow of non-labour force units in the longitudinal population into unemployment. The natural movement was in fact positive, totalling 89,000 units, while the migratory movement, given by the difference between registrations and cancellations, was negative but totalled 36,000 units. Although the flows were particularly large, the inactive component, which includes all individuals who are not classified as employed or unemployed, was in any case characterised by a high rate of stability: for every 100 inactive people, at least 92 remained in the same condition after 12 months.

## Permanency and transitions in employment

Longitudinal data show a consistent level of permanency within the condition of “employed”: at least 9 out of 10 persons in employment at the beginning of the period were in the same condition one year later (Table 2). The rate of permanency remained essentially stable and above 92% over the entire period. The gender gap was of nearly 3 percentage points, with women faring worse, although it appears to have narrowed during the last year as a result of a slight increase in women’s chances of permanency and a small decrease in men’s chances (Figure 2). At the geographical level the South and the Islands confirms its disadvantage against the North, despite a slight recovery, with rates of permanency that were 4-5 percentage points lower (Figure 3).

Table 2 – Employed people: Rates of permanency, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1
Italy	92.0	92.6	92.4	92.6	93.3	94.0	93.9	93.7	89.9	90.4	90.1	90.7
North	93.7	94.2	94.0	93.9	94.9	95.7	95.2	95.1	91.9	92.2	92.4	92.3
North-west	93.7	94.1	94.5	93.8	95.0	95.5	95.9	94.8	92.0	92.2	92.5	92.4
North-east	93.6	94.4	93.3	94.0	94.8	95.9	94.1	95.4	91.8	92.2	92.3	92.2
Centre	92.2	93.2	91.6	93.3	93.8	94.6	94.1	94.5	90.0	91.2	88.1	91.5
South and the Islands	88.7	89.3	90.2	89.6	90.6	91.1	91.8	91.1	85.1	85.8	87.0	86.5

Figure 2 – Employed people: Rates of permanency by sex. *Percentage values*

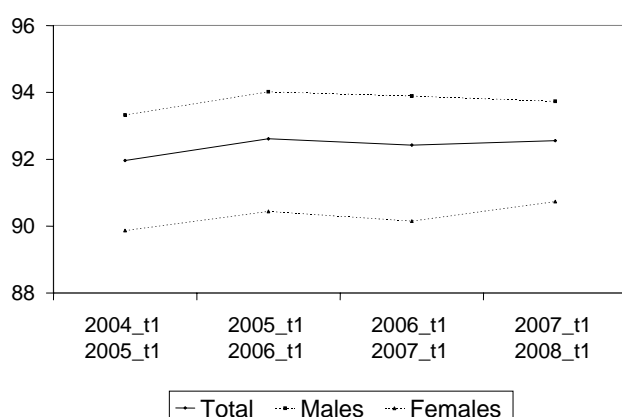
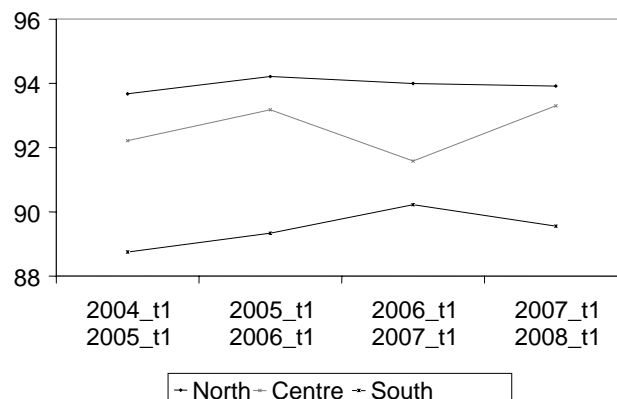


Figure 3 – Employed people: Rates of permanency by geographical area. *Percentage values*



Transitions from employment to the other conditions show a variable trend during the four-year period. Employed people who were instead seeking employment one year later accounted for less than 2% of the stock at the beginning of the period. The female component recorded higher rates than men. In the South and the Islands the rates of transition to unemployment were higher than in the Centre-North and the difference between the sexes became negligible (Table 3).

In the first three years, the rate of transition to unemployment recorded a reduction, from 2.1% to 1.5%. This trend affected both men and women across the whole country. In the last year, the overall favourable trend led to a moderate increase up to 1.6%.

This result was essentially due to the growth of the transition rate to unemployment for women in the South and the Islands and the North. On the contrary, both for women in the Centre and men in all regions these rates continued to decrease also during the last year.

Figure 4 – Employed people: Permanency and transition rates. *Percentage values*

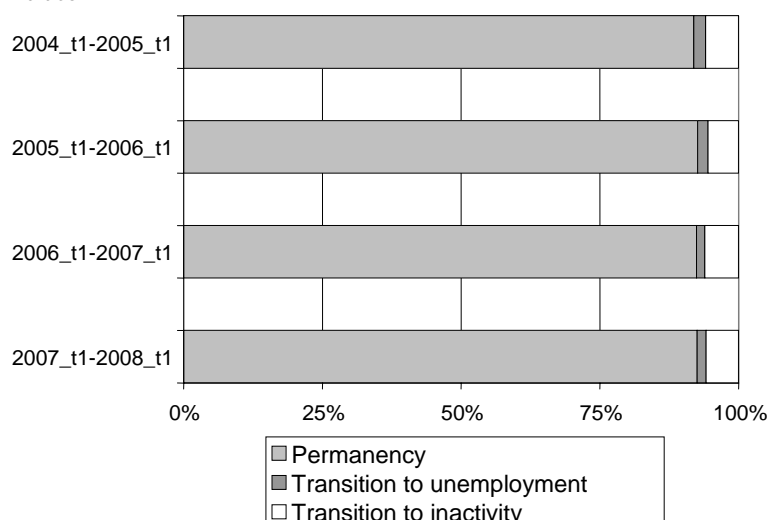


Table 3 – Employed people: Rates of transition to unemployment, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1
	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1
Italy	2.1	1.9	1.5	1.6	1.9	1.7	1.6	1.4	2.4	2.1	1.4	1.9
North	1.4	1.3	1.0	1.2	1.1	1.1	1.1	0.9	1.7	1.5	0.9	1.5
<i>North-west</i>	1.4	1.4	0.8	1.2	1.2	1.3	0.9	1.1	1.7	1.5	0.7	1.4
<i>North-east</i>	1.3	1.1	1.2	1.1	1.0	0.8	1.3	0.8	1.7	1.5	1.2	1.7
Centre	1.9	1.6	1.8	1.4	1.3	1.2	1.6	1.3	2.6	2.2	2.0	1.5
South and the Islands	3.6	3.2	2.2	2.5	3.6	3.1	2.4	2.2	3.6	3.4	1.9	3.1

The transition from employment to inactivity on average concerned slightly less than 6% of employed people, with the lowest values for men (4.6% on average) and the highest for women (7.8%). During the four-year period, the phenomenon was extremely variable without a clearly defined trend. As already observed with regard to transitions to unemployment, also the transitions to inactivity assumed greater proportions in the South and the Islands, and especially among women (Table 4). No particular trends emerge with regard to the transition to the various forms of inactivity, in particular the transition to “potential inactivity”<sup>1</sup> which stayed below 1% over the whole period.

Table 4 – Employed people: Rates of transition to inactivity, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1
	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1
Italy	5.9	5.5	6.1	5.8	4.8	4.2	4.5	4.9	7.8	7.5	8.4	7.4
North	5.0	4.5	5.0	4.9	4.0	3.3	3.8	4.0	6.3	6.3	6.7	6.2
<i>North-west</i>	4.9	4.5	4.7	5.0	3.8	3.2	3.1	4.1	6.3	6.4	6.8	6.2
<i>North-east</i>	5.1	4.5	5.4	4.8	4.1	3.3	4.6	3.9	6.4	6.3	6.5	6.2
Centre	5.9	5.2	6.7	5.3	4.9	4.2	4.4	4.1	7.3	6.6	9.9	7.0
South and the Islands	7.7	7.5	7.6	7.9	5.9	5.8	5.8	6.7	11.3	10.8	11.0	10.4

## Permanency and transitions in unemployment

Almost one third of people seeking employment remained in the same condition one year later. The gender difference, initially of nearly 7 percentage points, disappeared between 2005 and 2006, then subsequently returning to levels of around 6-7 percent in the final two years. At the geographical level, the South and the Islands shows markedly higher rates of permanency in unemployment, which in the final year reached 36.3%; in the North only 24 unemployed people out of 100 were still unemployed one year later.

<sup>1</sup> Potential labour forces are defined as those individuals that are seeking work, although not actively, and who are available to start working.

Figure 5 – People seeking employment: Rates of permanency by sex. *Percentage values*



Figure 6 – People seeking employment: Rates of permanency by geographical area. *Percentage values*

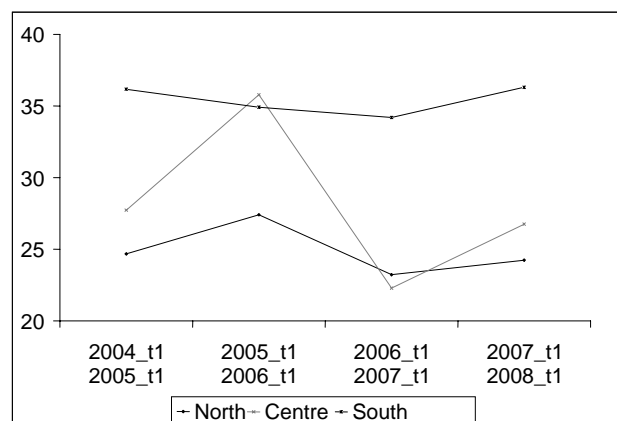


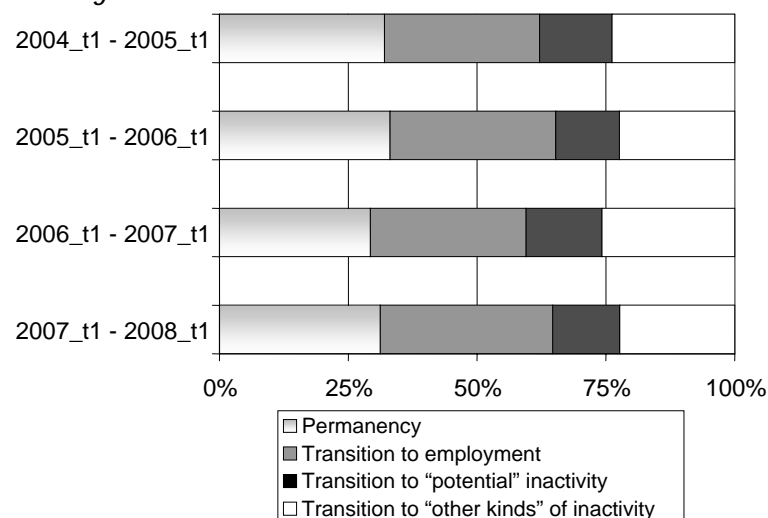
Table 5 – People seeking unemployment: Rates of permanency, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1
Italy	32.0	33.1	29.3	31.2	35.7	33.0	32.4	35.0	28.9	33.3	26.6	27.6
North	24.7	27.4	23.2	24.2	25.3	25.4	27.5	28.5	24.2	28.7	20.3	20.7
North-west	24.4	28.7	26.6	27.2	23.9	25.8	34.1	33.4	24.8	30.7	20.9	21.4
North-east	25.2	25.3	18.1	19.7	28.2	24.9	15.8	19.6	23.4	25.6	19.5	19.7
Centre	27.7	35.8	22.3	26.7	29.1	31.8	26.5	36.2	26.7	39.1	19.3	20.5
South and the Islands	36.2	34.9	34.2	36.3	40.8	35.7	35.6	37.6	31.7	34.0	32.7	34.7

Approximately two unemployed people out of three changed their condition during the following year. Less than half of them found employment, while the others moved to the category of inactivity (Figure 7).

With specific reference to the last year, both gender and geographical differences were clearly detectable. The transition rates to employment were greater in the North (44% on average); in the South and the Islands they never rose above 26% (Figure 8).

Figure 7 – People seeking employment: Permanency and transition rates. *Percentage values*



The difference between sexes was of around 9 percentage points, with average rates of 36% for men and 27% for women.

The transition to inactivity represents the complement of the two situations just described and was 35.4% between the first quarter of 2007 and the first quarter of 2008. Women had a much higher probability of becoming inactive than men (42% as against 28% in the final year), and the South and the Island yet again recorded the highest transition probability to the condition of inactivity (38%, once again with reference to the final year).

Figure 8 – People seeking employment: Permanency and transition rates. 1<sup>st</sup> quarter 2007 – 1<sup>st</sup> quarter 2008. *Percentage values*

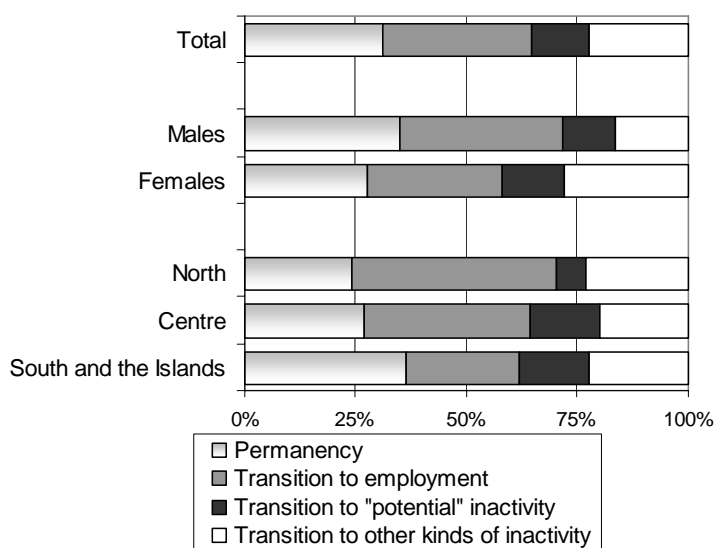


Table 6 – People seeking employment: Rates of transition to employment, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1
	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1
Italy	30.1	32.1	30.2	33.5	35.0	38.0	35.0	36.7	25.9	26.5	26.0	30.3
North	47.3	41.5	43.1	46.1	47.6	48.6	53.8	49.7	47.1	36.8	35.7	43.0
North-west	49.5	41.2	40.4	44.0	47.8	47.6	45.4	46.5	51.0	36.8	36.7	41.8
North-east	43.7	42.0	47.0	49.2	47.1	50.1	68.4	55.6	41.7	36.7	34.4	44.7
Centre	32.5	38.1	40.0	37.6	42.7	48.1	41.0	36.4	25.5	29.7	39.3	38.4
South and the Islands	22.6	26.4	21.3	25.5	28.7	32.2	26.5	30.9	16.7	19.5	15.8	19.1

Table 7 – People seeking employment: Rates of transition to inactivity, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1
	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1
Italy	37.9	34.7	40.5	35.3	29.4	29.0	32.6	28.3	45.1	40.2	47.4	42.1
North	28.0	31.1	33.7	29.7	27.1	26.0	18.7	21.7	28.7	34.5	44.0	36.3
North-west	26.1	30.1	33.0	28.8	28.3	26.6	20.5	20.1	24.2	32.4	42.4	36.8
North-east	31.1	32.7	34.8	31.1	24.7	25.0	15.7	24.7	35.0	37.7	46.1	35.6
Centre	39.7	26.1	37.7	35.6	28.2	20.0	32.5	27.4	47.8	31.2	41.4	41.1
South and the Islands	41.2	38.7	44.5	38.2	30.4	32.1	37.9	31.4	51.6	46.5	51.5	46.1

## Permanency and transitions in inactivity

Rates of permanency in the non-labour force greatly exceeded 90% (both in terms of gender and geographical distribution), and they were approximately 5 percentage point lower if estimated for the inactive population aged 15-64 only (Table 8). During the period in question the rates of permanency decreased for both sexes and in all geographical areas, although a marked fluctuation of around 4 percentage points was recorded in the Centre and the South and the Islands between the first quarter of 2006 and the first quarter of 2007 (Figures 9 and 10).

Figure 9 – Non-labour force (aged 15-64): Rates of permanency by sex. *Percentage values*



Figure 10 - Non-labour force (aged 15-64): Rates of permanency by geographical area. *Percentage values*

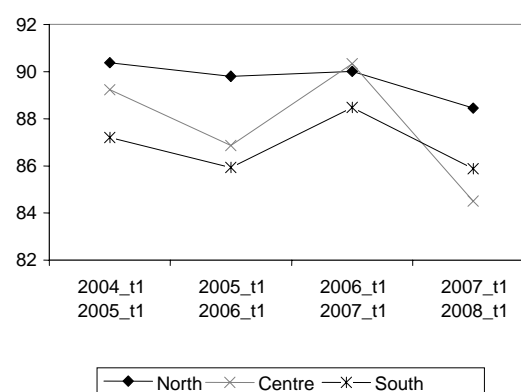


Table 8 – Non-labour force (aged 15-64): Rates of permanency, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1	2004_t1 2005_t1	2005_t1 2006_t1	2006_t1 2007_t1	2007_t1 2008_t1
Italy	88.8	87.6	89.4	86.6	84.8	84.1	86.3	83.4	90.9	89.3	91.0	88.2
North	90.4	89.8	90.0	88.4	88.8	89.2	88.6	88.2	91.2	90.1	90.8	88.6
North-west	90.7	90.5	90.0	89.3	88.8	89.9	88.9	89.7	91.7	90.9	90.5	89.1
North-east	90.0	88.7	90.1	87.2	89.0	88.2	88.1	85.9	90.5	89.0	91.2	87.8
Centre	89.2	86.9	90.3	84.5	86.5	83.8	89.1	80.4	90.7	88.5	91.0	86.7
South and the Islands	87.2	85.9	88.5	85.9	80.2	79.4	83.0	80.4	90.6	89.0	91.1	88.6

The percentage of inactive people aged between 15 and 64 who were employed after a year grew over the four-year period, peaking in 2008 at 8.3%. This growth regarded males and females alike and all geographical areas. Men have consistently higher rates than women over the entire period and in all geographical areas (Table 9). On the other hand, no clear geographical pattern exists: transition rates, in fact, underwent severe fluctuations, such as in the case of males in the Centre for whom the rate changed from 6.9% during 2006-2007 to 14.3% the following year.



Figure 11 – Non-labour force (aged 15-64): Permanency and transition rates. *Percentage values*

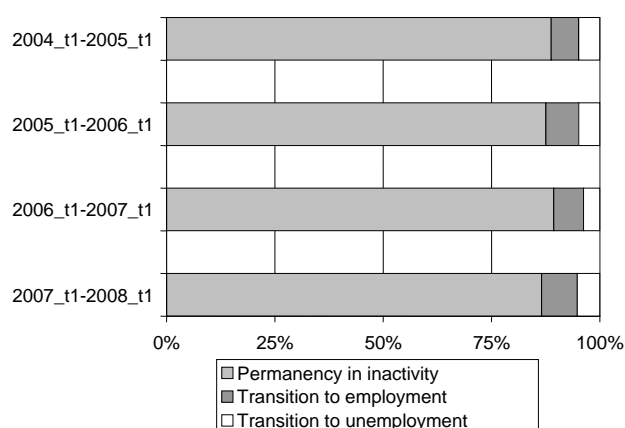


Figure 12 – Non-labour force (aged 15-64): Permanency and transition rates. 1<sup>st</sup> quarter 2007 – 1<sup>st</sup> quarter 2008. *Percentage values*

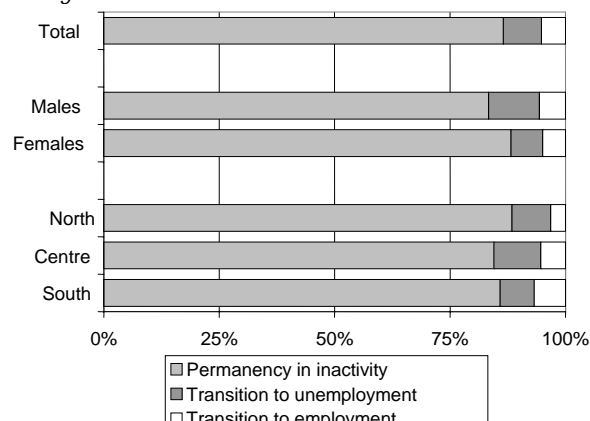


Table 9 – Non-labour force (aged 15-64): Rates of transition to employment, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1
	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1
Italy	6.4	7.6	6.9	8.3	9.1	10.5	9.0	11.0	4.9	6.1	5.8	6.8
North	6.5	7.3	7.4	8.4	8.1	8.4	8.7	9.2	5.6	6.7	6.6	7.9
North-west	6.2	6.9	7.4	7.6	8.2	7.6	8.0	7.8	5.0	6.5	7.0	7.6
North-east	7.1	7.9	7.4	9.5	8.1	9.4	9.7	11.4	6.5	7.0	6.0	8.5
Centre	6.8	9.1	6.1	10.2	9.3	12.8	6.9	14.3	5.5	7.2	5.7	8.0
South and the Islands	6.1	7.2	6.8	7.4	10.0	11.5	10.2	11.1	4.1	5.2	5.1	5.5

The percentage of inactive units aged between 15 and 64 who were unemployed after 12 months exceeded 5% during 2007-2008 (Table 10). Marked differences at the geographical level are observed: in the South and the Islands, the rate of transition to unemployment was over double the rate in the North of the Country.

Table 10 - Non-labour force (aged 15-64): Rates of transition to unemployment, by geographical area and sex. *Percentage values*

	Males and females				Males				Females			
	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1	2004_t1	2005_t1	2006_t1	2007_t1
	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1	2005_t1	2006_t1	2007_t1	2008_t1
Italy	4.8	4.9	3.7	5.2	6.1	5.4	4.7	5.6	4.2	4.6	3.3	4.9
North	3.1	2.9	2.6	3.2	3.0	2.4	2.7	2.6	3.1	3.2	2.6	3.5
North-west	3.2	2.6	2.7	3.0	3.1	2.5	3.0	2.5	3.3	2.6	2.5	3.3
North-east	2.9	3.4	2.6	3.4	3.0	2.4	2.2	2.7	2.9	4.0	2.8	3.7
Centre	3.9	4.0	3.6	5.3	4.2	3.4	4.0	5.3	3.8	4.3	3.3	5.3
South and the Islands	6.7	6.9	4.8	6.8	9.8	9.1	6.8	8.5	5.2	5.8	3.8	5.9

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