

## Chapter 3

### The labour market

#### Fewer opportunities and more participation

##### Employment between flexibility and vulnerability

- The effects of the recession still in progress were reflected in the labour market. In 2012, the employment rate, after a modest increase in 2011, fell by 0.3% over the previous year (69,000 units less) and by 2.2% over 2008 (-506 thousand). The decline was much more pronounced in the South and Islands area, where employment fell by 0.6% in 2012 (-0.3% in the North) and by 4.6% in 2008 (-1.4% in the North).
- Unemployment increased by 30.2% in 2012 (+636 thousand units, over 1 million more since 2008), also due to reductions in inactivity. The unemployment rate in the South and Islands, which had declined until 2011, started growing again and over the last year the difference between the North and the South has grown by about 2 percentage points. The unemployment rate in the South and Islands exceeded 17%, almost 10 percentage points more than in the North.
- The gap between the employment rate of Italy and the average in the Eu27, already significant before the 2008 recession, grew further in 2012 (56.8% against 64.2%). The unemployment rate remained lower than the Eu27 average until March of 2012 and then overcame it (10.7% against 10.4% of the Eu27) and reached 11, 5% in March 2013 (10.9% in Eu27).
- The rise in unemployment was related to reductions in inactivity. In six cases out of ten it is due to workers who lost their jobs and started looking for a new one. In other cases, this rise in unemployment is due to people who were previously inactive and then decided to look for work, especially women; in 2012 they contributed to reductions in inactivity in seven out of ten cases.
- The segment of inactive people who showed the most significant increase was that of potential labour force. It included 3 million and 86 thousand people who were willing to work even if they did not seek it or were seeking work but were not immediately available and, therefore, included among the inactive. Adding up the potential labour force to the unemployed, the number of employable people approached 6 million individuals.
- The duration of unemployment increased. From 2008 to 2012 job-seekers for at least 12 months increased to 675,000 units, representing 53% of the total, compared with the Eu27 average of 44.4%. In 2012 the average job search duration was 21 months, 15 months in the North and 27 months in the South and Islands- and 30 months for who are looking for their first job seekers.

- The reduction in employment was accompanied by a polarization of the types of contracts: standard employment – long-term, full time contracts- continued to decline (-5.3% in 2008, equal to 950 thousand units and -2.3% over the last year, equal to -410 thousand units) mainly for age groups up to 49 years, while long-term, part-time employment continued to increase (+16.4%, to 425,000 units in 2008, 9.1% in 2012 to 253 thousand units) as well as atypical, or temporary, and co-workers (+0.7% over 2008 equal to 20,000 units, +3.3% to 89,000 units in 2012).
- The crisis was specially felt among more qualified professions: the group of executives and entrepreneurs lost well 449,000 units (equal to -42.6%) over four years, nearly 100,000 last year alone; in most cases they are small business owners and business managers.
- Among fixed-term employment contracts, those at short-term grew most: in 2012 an atypical worker in two had a contract of less than one year, but 19% of temporary employees (535,000) had been so for at least five years, due to different contracts succeeding one another.
- Long-term, part-time employment grew in 2012 by 9.1% (+16.4% from 2008), particularly among the 15-29 year olds (15.5%) and in a totally involuntary way. In nine cases out of ten it occurred in the services sector - especially retail trade, hotels and restaurants, services for businesses, health and assistance - and concerned unskilled jobs and executive professions. Part-time employment is involuntary for 54.4% of permanent employees and 35.7% of the self-employed.
- Longitudinal data, comparing the employment status of individuals over a twelve-month period, show that in the first quarter of 2011-2012 approximately 53 out of 100 new employees found a fixed-term employment or a collaborator contract, 16 accepted a part time job and only 31 could find a permanent, full time job.
- In the first quarter of 2011-2012 the number of shifts from part-time to full-time among permanent jobs halved (5.6% versus 10.3% in 2010-2011); shifts from atypical (fixed-term or collaboration) to permanent, full-time employment decreased (from 18.7% in 2010-2011 to 16.0% in 2011-2012). and transition into unemployment was more frequent (from 7.4% to 9.7 %). The share of those who remained fixed-term or under a collaboration contract after a year was unchanged at 58%.
- In 2012 companies increased the use of ordinary, extraordinary or special wage supplementation schemes (Cig-Cassa Integrazione Guadagni), after a reduction recorded in 2010-2011. Monitoring the annual changes in the status of workers on wage supplementation scheme since 2008, it emerged that the duration of Wage supplementation programs tended to last longer and the transition into unemployment was more likely.
- The share of workers remaining on Wage supplementation scheme increased by 7.4 percentage points (from 25.9% registered in 2009-2010 to 33.3% in 2011-2012), the percentage of employees who after a period of Wage supplementation scheme, returned to full employment decreased by as much as 23.1 percentage points, from 57.6% to 34.5%; the

share of those who made a transition to unemployment or inactivity also increased (from 4.0% to 14.3% and from 12.9% to 17.8%, respectively).

- In 2011-2012, more than 80% of the 30-49 year olds shifted from Wage supplementation scheme to unemployment, affected while over 50% of people over 49 to inactivity. The situation in the South and Islands area was particularly critical: the share of workers remaining on Wage supplementation scheme were higher (43.0% against 27.2% in the North) as well as that of individuals who after one year were no longer fully occupied (28.5% against 39.7%).

## Italian and foreign citizens: a dual labour market

- In 2012, employed foreigners (2 million 334 thousand) increased (+83 thousand compared to 2011) but, unlike the recent past, at a slower pace. In more than eight out of ten cases, moreover, it is accounted for by a strong increase in household services (+73 thousand units, almost exclusively women).
- Since 2008 foreign employment rate fell by 6.5 percentage points compared to 1.8 points of the domestic one (from 67.1% to 60.6% and from 58.1% to 56.4%, respectively). In particular, foreign men lost 10.3 percentage points compared with 3.5 points of the Italians.
- Foreign job-seekers increased by 23.4%. Between 2008 and 2012 the immigrant unemployment rate rose by almost 2 points more (8, 5% to 14.1%) than that of the Italians (from 6.6% to 10.3%). In 2012 the differences with the natives were more remarkable in the North (14.4% versus 6.4% of Italians).
- The various communities have been differently affected by the crisis: the loss of employment is higher among Moroccans and Albanians, mostly working in the industrial sector, than among other communities (Philippine, Romanian, Polish), who are mostly engaged in the domestic and care work sector (especially the female component).
- The labour market dualism between Italians and foreigners lay in their concentration in a few sectors and professions. The presence of foreigners was higher in constructions (18.9%) and domestic and care services (76.8% in 2012 from 67.3% in 2008). Among the unskilled occupations, one worker out of three is a foreigner.
- The share of highly educated immigrants is more than double that of the Italians (41.2% against 19.5%). Overall, only 9.8% of immigrants with a high school and university degree could find a qualified job; the remaining 32.0% held unskilled positions (40.2% for women).

## The trend in female employment

- In 2012 female employment increased by 110,000 units compared to 2011 (+117 thousand compared to 2008). This increase was partly accounted for by the growth of foreign female occupation (+76 thousand, or 7.9%) and, partly, by the increase in employment among Italian women over 49 (+148 thousand + 6.8%), which more than offset the decline in younger women's employment. Longitudinal data showed that the employment retention

rate over twelve months among women over 49 was progressively increasing: from 86.2% in 2004-2005 to 89.8% in 2008-2009, reaching 92.1% in 2011-2012.

- The share of women employed in Italy, however, remained far below that of the Eu (47.1% compared to 58.6%). The reduction of gender differences in our country was mainly due to the worsening of the male employment situation whose rate has fallen by 3.8 percentage points since 2008 and by 0.9 percentage points since 2011 (-0.1 and +0.6 points for women).
- Since 2008 female employment in unskilled occupations has grown at a rate more than double that recorded for men (in 2008-2012 +24.9% compared to +10.4% for men) and more than triple that of executive professions in the business and services sectors (+14.1 and +4.6%, respectively).
- 50% of employment is accounted for by 51 occupations for men and only 18 for women. Retail saleswoman, domestic workers and secretaries are the professions with the highest number of people employed (1 million 737 thousand units, 18% of total female employment).
- In 2012, the percentage of over-educated women employed is 23.3%, compared to 20.6% of men under equal condition. The difference is marked and growing for those with a university degree: it goes from 5.1 percentage points in 2011 to 6.1 points in 2012 (36.2% compared to 30.1% of men).
- The increased supply of female labour of the most recent period is due to occupational segregation, but also to a shift in favor of more advanced age groups, and to households adopting new and popular strategies to face the economic difficulties caused by the crisis. Compared to 2011 women living in couple with children and seeking employment increased by almost 35% (+115 thousand in comparison to 2011; +127 million, +39.4% compared to 2008).
- There has been also an increase in couples with children where the woman works; they rose from 224 thousand in 2008 (5.0% of all couples with children) to 314 thousand in 2011 (7.0%) and 381 thousand in 2012 (8.4%). In particular, the increase concerned employed women living in couples where the man is looking for a job and is available for work (+51 thousand compared to 2011, amounting to 21.2%), or is on Wage supplementation scheme (+20 thousand units, equal to +53.9%).

## Young people and the labour market

- The opportunity to obtain or retain employment for young people have significantly reduced: between 2008 and 2012 employed people aged 15-29 decreased by 727,000 units (-132,000 units only in the last year) and the employment rate of the 15-29 year olds has dropped by about 7 percentage points (-1.2 points in the last year), reaching 32.5%. During the same period, the employment rate of the 30-49 year olds reduced by 3.1 percentage points (0.8 percentage points in 2012), while it increased in the 50-64 age group, especially for women (+4.0 percentage points on average, 5.6 if women; in 2012, +1.7 and +2.4

percentage points, respectively). In 2012 the employment rate was thus 72.7% for the 30-49 year olds, and 51.3% for the 50-64 age group.

- Between 2011 and 2012, the unemployment rate of young people aged 15-29 increased by nearly 5 percentage points, from 20.5 to 25.2% (from 31.4 to 37.3% in the South and Islands area); since 2008, the increase has been ten points. Young people with low qualifications were relatively more affected, especially those with lower secondary education (+5.2 percentage points). The number of students has remained broadly stable at around 4 million (41.5% of 15-29 year olds; 3 million 849 thousand in 2008).
- Italy has the highest share of Europe (23.9%) of young people aged 15-29 who are neither working nor attending education or training (the so-called Neets - Not in Education, Employment or Training). They are 2,250 thousand young: 40% are actively looking for work (49% among men, 33.1% among women), about one third belongs to the potential labour force, while the remaining 29.4% are inactive and not seeking work and are not available for work.
- Between 2011 and 2012, the number of Neets increased by 4.4% (+21.1% in 2008, amounting to 391 thousand young people) due to the increase in the unemployed (+23.4%, equal to 172 thousand units more).
- Despite the increase in the Neet count in recent years has been more marked in the Centre-North, the situation in the South and Islands remains the most critical one. In this area, indeed, one in three young people are Neet (compared to one in six in the North and one in five in the Centre) while the Neets actively looking for work are less numerous (36% vs approximately 46% in the Centre-North). Nevertheless, adding the unemployed and the potential labour forces, the percentage of those who claim to be interested in entering or re-entering the labour market in the South is still higher (73.3% compared to 67.1% in the Centre-North).
- Among those who have completed the education and training no longer than three years before, in 2011 the employment rate of upper-secondary school and university graduates aged 20-34 (this indicator being recently included among those of the European Council) is equal to 57.6% (77.2% on average in the Eu27). The difference with the average European rate is high especially for upper secondary school graduates (50.6% compared to 71.4% of the European average), but remains large even for graduates (66.1% and 82.6%, respectively).
- Between 2006 and 2011 the difference between the average employment rate in Europe and Italy among young upper secondary graduates within three years from graduation has doubled (from 10.2 to 20.8 points of difference), while that of university graduates from no more than three years has grown less (from 15.2 to 16.5 points of difference). Compared to most major European countries the gap is accentuated for upper secondary graduates in comparison with the Germany, where eight out of ten new upper secondary graduates are employed and France where they are a little less than seven out of ten

- University degrees secure better protection against the most negative events of the labour market. In Italy, the gap between the employment rates of upper secondary and university graduates aged 20-34 years is wide and continues to grow (from 5.4 percentage points in 2006 to 15 points in 2011), both for women and, to a greater extent, for men.
- The disadvantage in terms of employment of graduates is also confirmed by the trend in unemployment rates: the gap between college graduates and high school graduates, both within three years after graduation, has expanded over the past five years, from 4 percentage points in 2006 to more than 12 points in 2011. Rates rose from 20.9% to 30.5% for high school graduates and from 17.1% to 17.7% for university graduates.
- Among high school graduates aged 20-34 within three years from graduation the percentage of over-educated (with a level of education higher than the average required in the job) young people in employment is increasing more than is the case for university graduates: in 2012 it reached 58.4%, 8 percentage points higher than in 2008.
- Some effects of the crisis on the job opportunities for graduates seem to have emphasized the role of cultural background, which increases for upper classes, the probability of finding a job or getting a higher pay. This negatively affects social mobility worsening the already difficult situation of less affluent classes when enrolling at the University (extensive documentation is available in last year's Report).