

Labour market

Fourth quarter of 2016

an integrated picture

In this release, in addition to the data referred to labour supply in the fourth quarter, also data on the annual average 2016 are reported, both total and at provincial and large municipality levels. The last year was generally characterised by a fresh and faster increase of employment – both in absolute values and in the corresponding rates – that involved also young people aged 15-34. However the increasing trends had a significant slow down in the second half of the year, when a substantial stability marked employment as a whole, though with different patterns for different types of employment. A relevant element for 2016 was the decrease by about 410 thousand units of the inactive population.

Italian economy recorded a quarter-on-quarter increase of Gdp by 0.2% in the last three months of the past year, and an annual growth by 1%. The moderate expansion of the economic activity went together with a more marked positive dynamics in the labour input, with an increase of hours worked as a whole by 0.4% to the previous quarter and by 1.6% on an annual basis.

Even though labour input maintained a faster pace of growth compared to the output of goods and services in the fourth quarter of 2016, on the labour supply side employment had slightly positive dynamics on a short term basis (+32 thousand, 0.1%), after the previous quarter stability. It was the result of a recovery in self-employment (+28 thousand, 0.5%), of a further increase of fixed-term employees (+22 thousand, 0.9%) and of the slight decrease of permanent employees (-17 thousand, -0.1%). The employment rate grew by 0.1 percentage points to the previous quarter. Most recent trends, measured by seasonally adjusted monthly data in January 2017, showed a slight increase of the employed mainly concentrated in the group of the self-employed against a stability of employees.

Within a year, between the fourth quarter of 2016 and the same period of 2015, a growth by 252 thousand employed persons (+1.1%) was recorded. It involved both fixed term and permanent employees only, against a stability of the self-employed. In absolute terms, the increase of full-time employees was more significant, and part-time grew almost exclusively in the voluntary component. Employment as a whole grew mostly among women (+148 thousand in one year), and was concentrated in the over50 group.

Unemployment rate grew by 0.2 percentage points both to the previous quarter and to the previous year, with a year-on-year growth of 108 thousand unemployed.

Participation in the labour market kept increasing during the fourth quarter of 2016 due to a significant decrease of the inactive aged 15-64 (estimated in -455 thousand over a year) and of the related inactivity rate. In the year-on-year comparison the decrease of inactivity was spread over gender and territory, while was concentrated in the adults. It involved both persons willing to work (-197 thousand potential labour forces especially among women) and the component which was farer from the labour market (-258 thousand of persons not seeking and not available for work).

Transitions of persons within the labour market, measured by flow data after a twelve-month time, pointed out a slight increase in the share of entries in the labour market by the previously unemployed, particularly among women, low educated individuals, in the South and Islands area. Also transitions from inactivity to employment increased, in a more limited way. A wider participation in the labour market was also testified by the growth of the share of persons searching for employment and previously in conditions of inactivity.

On the side of enterprises, the signs of short-term growth of labour demand, with an increase both of employee jobs, equal to 0.6% to the previous quarter, and of hours worked per employee, equal to 0.2% was confirmed. Short-time working allowance hours kept also decreasing. The increase of jobs evidenced the stability recorded in industry and the increase observed in services. The job vacancy rate increased by 0.1 percentage points to the previous quarter. Social security contributions slightly increased (+0.1%) giving evidence of the weakened effects of the favorable contributions associated to the new entries in permanent employment during the last two years. On the contrary wages and salaries stood stable as well as the labour cost.

TABLE 1. LABOUR INDICATORS. Q4 2016, absolute values, percentage values and index numbers, percentage points changes

	Seasonally adjusted		Not seasonally adjusted data y-o-y (Q4 2016/Q4 2015)
	Value	Percentage changes (Q4 2016/ Q3 2016)	
LABOUR INPUT (a) (b)			
<i>National Accounts</i>			
Hours worked (thousands)	10,778,509	0.4	1.6
Agriculture	610,900	0.9	1.6
Industry excluding construction	1,853,312	0.6	2.2
Construction	682,816	-0.3	-2.3
Services	7,631,481	0.4	1.8
LABOUR SUPPLY			
<i>Labour force survey</i>			
Employed (thousands)	22,827	0.1	1.1
Employees	17,381	0.0	1.5
Permanent	14,908	-0.1	1.1
Temporary	2,473	0.9	4.0
Self-employed	5,446	0.5	0.0
Employment rate (aged 15-64) (percent and percentage points changes)	57.4	0.1	0.7
15-34 years	39.9	-0.1	-0.2
35-49 years	72.6	0.0	0.6
50-64 years	58.6	0.4	1.9
Unemployed (thousands)	3,077	2.5	3.5
Unemployment rate (percent and percentage points changes)	11.9	0.2	0.2
Inactive population (aged 15-64) (thousands)	13,468	-0.9	-3.3
Inactivity rate (aged 15-64) (percent and percentage points changes)	34.7	-0.3	-1.0
EMPLOYEE LABOUR DEMAND (a) (c)			
<i>Oros, Large enterprises and Vela Surveys</i>			
Number of jobs (index 2010=100)	102.2	0.6	2.6
Temporary employment agency jobs (d) (index 2010=100)	155.5	4.2	13.0
Hours worked (e) (f) (index 2010=100)	104.0	1.0	4.1
Per capita hours worked (c) (e) (index 2010=100)	100.2	0.2	0.9
Short-time working allowance hours per 1,000 hours worked (e) (absolute changes per 1,000 incidence)	na	na	-3.2
Job vacancy rate (e) (percent and percentage points changes)	0.8	0.1	0.1
EMPLOYEE LABOUR COST			
<i>Oros, Large enterprises and Vela, Contractual Wages and Salaries Survey</i>			
Gross wages (a) (c) (index 2010=100)	109.1	0.0	0.2
Social security contributions (a) (c) (index 2010=100)	103.4	0.1	-0.4
Labour cost (a) (c) (index 2010=100)	107.5	0.0	0.0
Cash wages according to collective labour agreements (monthly average in euros) (g)	2,558	-	0.5

(a) Provisional data.

(b) For the hours worked (National Accounts) the change over the same period of the previous year is computed on seasonally adjusted data.

(c) Section from B to S (excluding O) of the Nace Rev 2 classification of economic activities.

(d) Number of jobs relating to hires by employment agencies.

(e) Enterprises with at least 10 employees.

(f) The change over the same period of the previous year is computed on calendar day adjusted data.

(g) Not seasonally adjusted data calculated with a fixed employment structure (base December 2010).

Main results (fourth quarter of 2016)

Q4 2016 showed a new increase in participation in the labour market. The labour input used in the economic system (expressed by the hours worked in the national accounts) increased by 0.4% quarter-on-quarter and by 1.6% year-over-year. Employment, net of seasonal effects, as estimated by the labour force survey was equal to 22,827 million people, on the increase over the previous quarter (+0.1%, +32 thousand) after remaining stable in the third quarter. The employment rate grew to 57.4% (+0.1 percentage points), the result of a slight decline for the 15-34 year olds (-0.1 percentage points), a substantial stability for the 35-49 year olds, and a growth for the 50-64 year olds (+0.4 points).

The quarter-on-quarter increase in the number of persons employed was the result of a recovery in self-employment (+28 thousand, +0.5%), of the further increase in fixed-term employees (+22 thousand, +0.9%), and of the slight decrease in permanent employees (-17 thousand, -0.1%). The increase in employment showed no differences by gender, but was more concentrated in the Centre and North area (+76 thousand, +0.5%) while it decreased in the South and Islands (-43 thousand, -0.7%).

The unemployment rate confirmed at 11.9%, up by 0.2 percentage points after the substantial stability over the four previous quarters. The inactivity rate continued to decline at a faster rate (-0.3 percentage points) and reached 34.7%.

Employee jobs in industrial and services enterprises increased by 0.6% on a quarterly basis and by 2.6% on an annual basis; at the same time, total hours worked grew by 1.0% over the previous quarter and by 4.1% year-over-year, as well as hours worked per capita went up by 0.2% and 0.9%, respectively. Short-time working allowance hours decreased from 14.8 to 11.6 per thousand hours worked on an annual basis. Temporary employment agency jobs grew by 4.2% on a quarterly basis and by 13.0% year-over-year.

The job vacancy rate in enterprises with 10 or more employees increased by 0.1 percentage points both on the previous quarter and on an annual basis.

The seasonally adjusted labour cost index per full-time equivalent employee was stable on a quarterly basis as well as wages, against a 0.1% increase in social security contributions. On an annual basis, labour cost was stable, too, as a result of a 0.2% increase in wages and a 0.4% decrease in social security contributions.

The slight increase in social contributions on a quarterly basis, after a period of reduction due to new contracts for permanent employees in 2015, indicate a weakening of the effects of this labour market policy.

In this quarter the “Focus on” at pages 5-6 goes deep into the trends of the main indicators on labor supply at the local level through the analysis of annual data from the Labour force survey.

The methodological note (in the Italian version) presents the confidence intervals of sample estimates of non-seasonally adjusted key indicators on labour supply and of some indicators on labour demand.

FIGURE 1. HOURS WORKED - TOTAL ECONOMY Q1 2011–Q4 2016, seasonally adjusted data, percentage change over the same quarter of the previous year

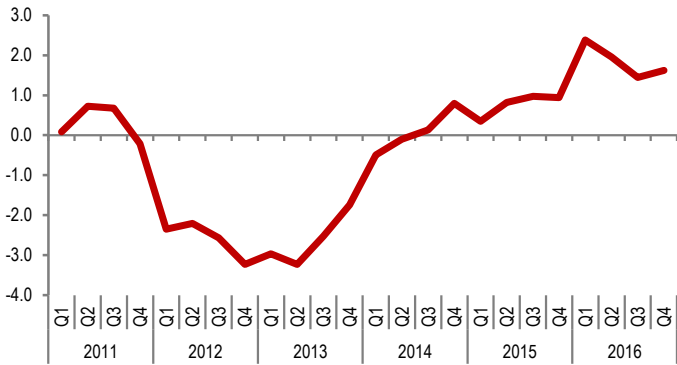


FIGURE 2. EMPLOYED (left scale) AND UNEMPLOYMENT RATE (right scale) Q1 2011– Q4 2016, seasonally adjusted data, thousand and percentage rates

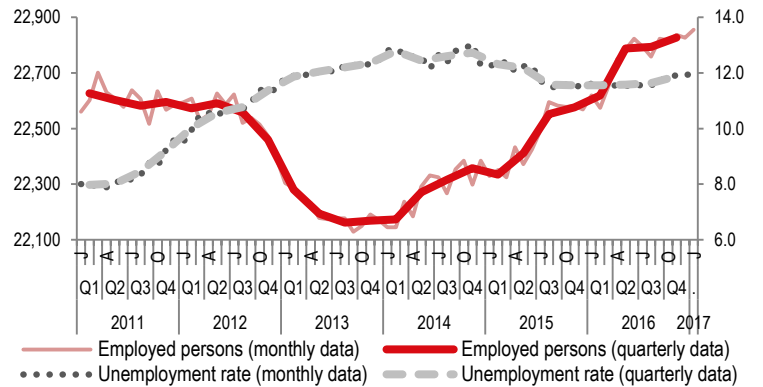


FIGURE 3. EMPLOYEES (PERMANENT AND TEMPORARY) AND SELF-EMPLOYED

Q1 2011–Q4 2016, seasonally adjusted data, values (left scale) and absolute changes over previous period (right scale)

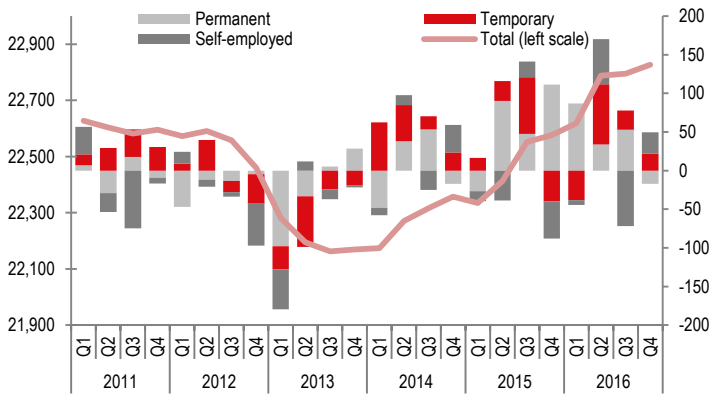


FIGURE 4. NUMBER OF JOBS IN INDUSTRY AND MARKET SERVICES (B-N) Q1 2011 – Q4 2016, not seasonally adjusted data, percentage change over the same quarter of the previous year (2010=100)

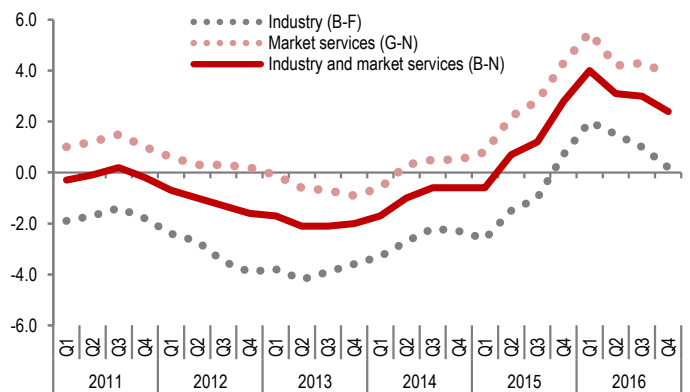


FIGURE 5. PER CAPITA HOURS WORKED (left scale) AND PERCENTAGE OF SHORT-TIME WORKING ALLOWANCE HOURS (right scale) FOR ENTERPRISES WITH AT LEAST 10 EMPLOYEES IN INDUSTRY AND SERVICES (B-S) Q1 2011 – Q4 2016, seasonally adjusted indices (2010=100) and percentage on 1,000 hours worked

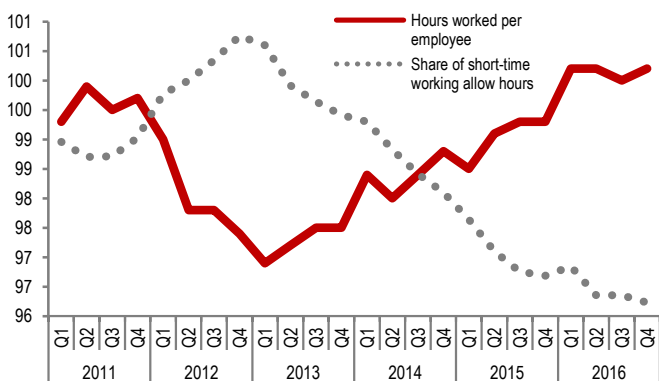
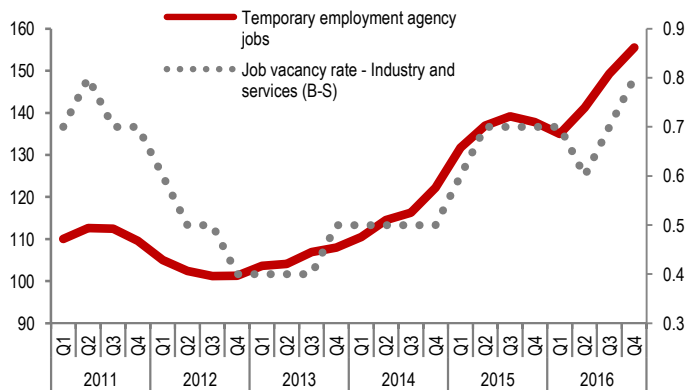


FIGURE 6. TEMPORARY EMPLOYMENT AGENCY JOBS (left scale) AND JOB VACANCY RATE FOR ENTERPRISES WITH AT LEAST 10 EMPLOYEES (right scale) IN INDUSTRY AND SERVICES (B-S) Q1 2011–Q4 2016, indices (2010=100) and seasonally adjusted percentage values



a focus on...

The 2016 territorial trend in labour supply

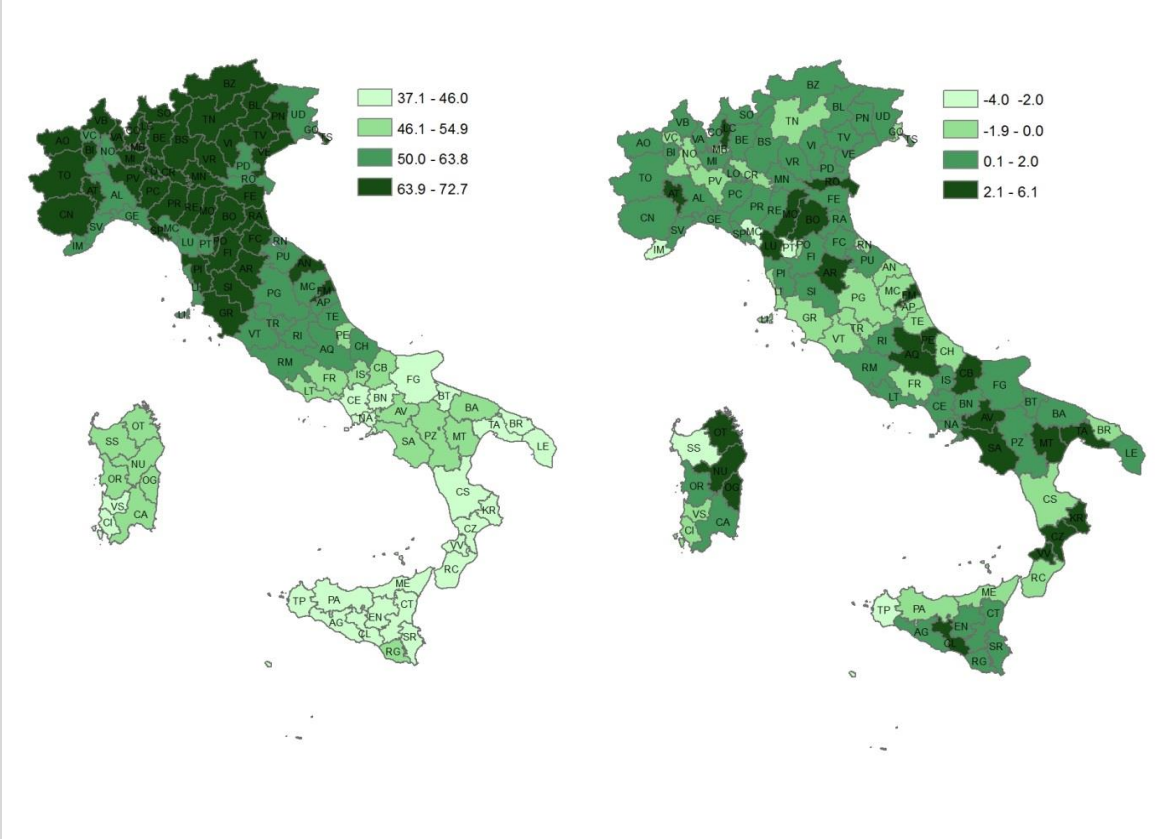
Annual average data allow to analyse more in depth labour market indicators with a highly detailed territorial information. Overall, employment growth concerned above all the North and South and Islands areas. In the Southern regions the employment rate for the aged 15-64 grew by 0.9 points in a year (compared with 1.1 in the North and 0.6 in the Centre). However, the indicator kept 2.6 points below the 2008 level (-1.0 points in the North and -0.7 in the Centre). Territorial gaps were still quite marked: the Centre-North recorded more than 6 persons employed out of 10 in the age group 15-64, while in the South and Islands area employed persons were still slightly more than 4 out of 10. In 2016 unemployment was still decreasing excluding in the Southern regions, where the unemployment rate rose by 0.2 percentage points (versus -0.5 points in the North and -0.2 in the Centre). Therefore, territorial gaps for unemployment widened, with the indicator rising to 19.6% in the South and the Islands and descending to 10.4% in the Centre and 7.6% in the North.

As for Northern regions the highest increases of the employment rate were in Emilia Romagna and in the Autonomous Province Bolzano (+1.7 and +1.3 points, respectively); the unemployment rate decreased in all regions, with the exception of Liguria (+0.5 points) and the Autonomous Province Bolzano, where it kept unchanged. Emilia Romagna and Piemonte also reported one of the highest reduction of the unemployment rate (-0.8 and -0.9 points). At the provincial level, the largest increases in the employment rate were in Modena, Bologna, Asti, Rovigo and Lecco (ranging from +2 to +3 points). The most significant reductions in the unemployment rate were recorded in Savona, Asti, Bologna, Ferrara and Udine (decreases ranging from -3.0 and -1.6 points), while the indicator grew in Imperia, Genova, Vicenza, Forlì-Cesena and Cuneo (increases from 1 to 2 points). In the largest municipalities the highest increase in the employment rate was registered in Venezia (+3.8 points), on the contrary Torino and above all Genova reported a decrease in the indicator (-0.2 and -0.9 percentage points). The unemployment rate grew by 2.0 percentage points in Genova, while it decreased in the remaining large municipalities in the North, especially in Bologna and Milano (-1.9 and -1.2 points).

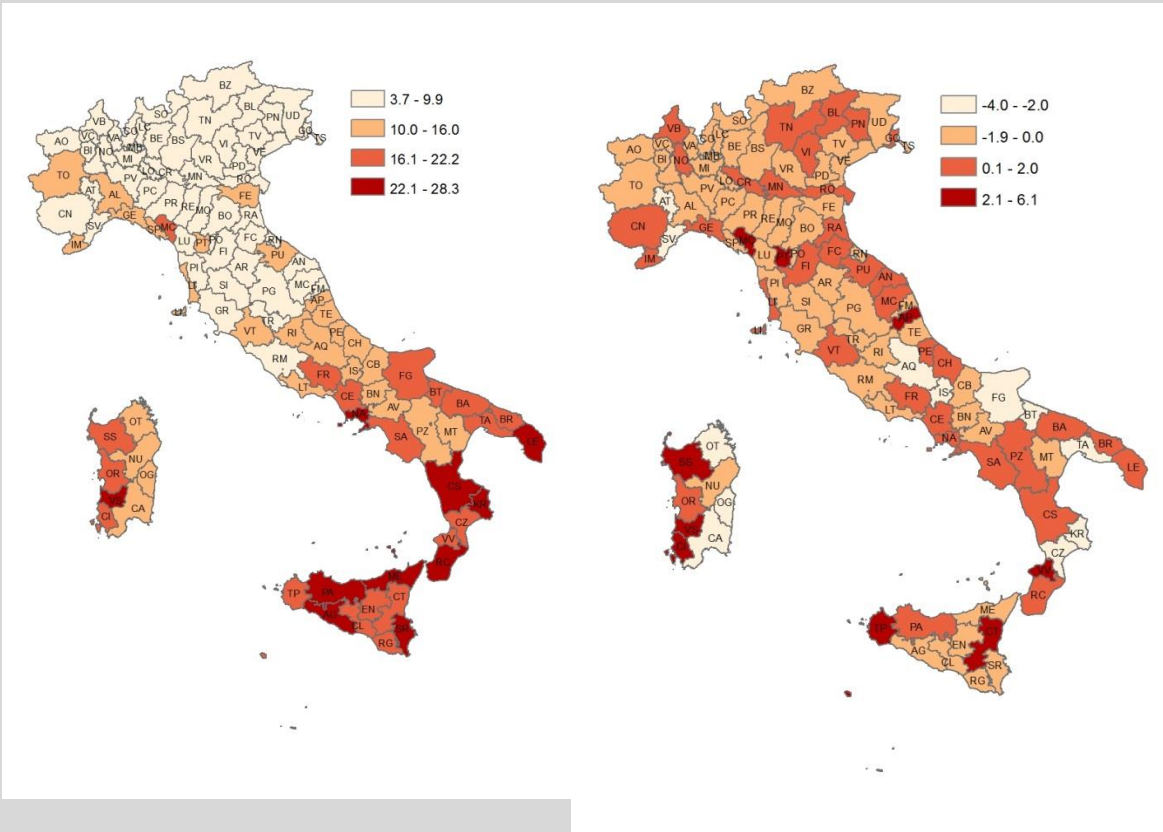
In the Central regions the employment rate grew above all in Lazio and Toscana (+0.9 and +0.5 points), while it decreased in Umbria (-0.4 points). The unemployment rate declined in Umbria and Lazio, while it increased in Marche and Toscana. In the provinces, the largest increases for the employment rate were registered in Arezzo, Fermo and Lucca (increases by 3.5, 2.4 and 2.0 points, respectively), while the most relevant drops were in Pistoia, Massa Carrara, Ancona and Frosinone (decreases between -3.4 and -1.0 points). The provinces showing the largest decreases of the unemployment rate were Lucca, Terni, Fermo, Pisa, Arezzo, Prato and Latina (decreases between -1.6 and -1.1 points). Among the large municipalities, the employment rate grew relevantly in Firenze (+2.2 points) and at a slower pace in Roma (+0.5 points), while the unemployment rate dropped in Roma (-0.9 points) and remained unchanged in Firenze.

In the South and the Islands area the rise of the employment rate concerned all the regions but above all Molise, Campania, Abruzzo, Basilicata and Puglia (increases between 2.5 and 1.0 points), while Sicilia and Sardegna reported the least relevant variations (0.1 and 0.2 points). The unemployment rate decreased in all regions excluding Sicilia, Campania and Calabria (registering, respectively, +0.7, +0.6 and +0.2 percentage points increases). Among Southern provinces, Caltanissetta, Vibo Valentia, Avellino, Ogliastro, l'Aquila and Nuoro registered employment rate increases higher than 3 percentage points. The unemployment rate decreased more (over 3 points) in the provinces of Ogliastro, Cagliari, Catanzaro, Crotone and Foggia, while it grew above all in Medio Campidano, Sassari, Trapani, Carbonia Iglesias and Vibo Valentia (between +6.1 and +3.2 points). Among the large municipalities in the South and Islands area the employment rate increased in Napoli only (+1.3 points), and decreased in all other municipalities, especially in Bari and Palermo (-1.2 and -1.0 points, respectively). Excluding Messina, the unemployment rate grew in the large municipalities of the South and the Islands, above all in Catania and Bari (increases ranging between 3.8 and 3.5 points).

Employment rate 15-64 years by province. Year 2016 (Percentage values and percentage points changes compared to 2015)



Unemployment rate by province. Year 2016 (Percentage values and percentage points changes compared to 2015)



Glossary

Active persons: persons aged 15 years and over who during the reference week (the week the information refers to) had at least one of the following characteristics:

- worked for pay or profit in a job or business for at least one hour;
- worked unpaid in the family enterprise where they usually work;
- did not work as they were temporarily away from their jobs (for holidays or sickness). Out of service-employees are considered employed if the absence from work is no longer than three months, or if they keep on perceiving half of the wage at least. The self-employed persons out of service, except for family workers, are considered employed if they continue their activity during their absence. Family workers are considered employed if the absence from work is no longer than three months.

The previous conditions are independent of the signing of an employment contract and therefore the employed estimated through the sample Labour Force survey include also forms of irregular work.

Business surveys: OROS (Employment, wages and salaries and social charges), **GI** (Large Enterprises) and **Vela** (Job vacancies and hours worked): the Oros survey produces quarterly information on employment trends (Full-Time Equivalent - FTE), wages, salaries and social charges for employees of all size enterprises and private institutions. Oros indicators are estimated by integrating administrative data from INPS (the Italian National Institute for Social Security) and data from the monthly survey on Large Enterprises (GI). The Vela survey is a quarterly data collection on job vacancies and hours worked that measures - together with the monthly survey on employment, working hours, wages and salaries and labour cost in large enterprises - job vacancies, hours worked and hours paid in enterprises of the private sector with at least 10 employees, excluding agriculture.

Contractual wages and salaries in cash value: includes all compensation items used to calculate the monthly index of contractual wages and salaries plus any arrears and one-time bonuses. The amounts related to each compensation item (wage or salary) are allocated to the months of actual payment. Wages and salaries in cash value are calculated for all grades envisaged when defining the base (which is the same as that of the index of contractual wages and salaries). The aggregates are then determined according to a constant structure of employment, which allows for monitoring the pay trend, net of the effects due to changes in the structure of employment by professional status and grade.

Data adjusted for calendar reasons: working day adjusted data, Easter holidays and leap year.

Employment rate: Ratio between employed people of a given age group (usually aged 15-64) and the overall resident population of that given age group.

Full-time equivalent (FTE): a unit to measure the volume of work performed in all jobs. It is obtained by reducing to full-time equivalent (the unit value of) part-time jobs and temporary agency jobs. In the OROS survey FTEs include middle managers, employees, workers, salespersons, apprentices and home workers. Managers are excluded. Unlike the number of employed people, the calculation of FTEs excludes workers benefiting from the short time working allowance or job-security agreements.

Within the framework of national accounts, FTEs measure the number of full-time equivalent jobs and provide a measure of labour input used for the production of income in the economic territory of the country. This measure is calculated because hours worked may differ from a full-time standard depending on the kind of job: main activity or secondary jobs, working time (full-time, part-time), declared or undeclared to fiscal or social contributions authorities. Full time equivalent units are obtained as the ratio between the total amount of hours actually worked and the average number of hours worked by a full-time job.

Hours of job-security agreement: hours not worked due to job-security agreements.

Hours of short-time working allowance: total amount of ordinary, extraordinary, exceptional hours of short time working allowance, and hours of job-security agreement used by enterprises in the reference quarter.

Hours worked: total number of ordinary hours and overtime, worked by employees with an employment contract, excluding managers. Within the framework of national accounts, the hours actually worked –

both paid and unpaid in any occupation (employed and self-employed) - provided they produce income. The calculation of hours worked includes the hours worked during ordinary working hours, the hours worked in addition to the ordinary working hours (overtime), the time needed for activities such as preparation of the workplace and the time corresponding to short breaks at work. The calculation excludes: hours paid but not actually worked (annual leaves, holidays and sick leaves, etc.), meal breaks and the way to and from work.

Hours worked per employee: average number of ordinary and extraordinary working hours of employees under contract.

Inactive persons: All persons not classified as employed or job seekers (unemployed).

Inactivity rate: Ratio between people that are not part of the labour force in a given age group (usually aged 15-64) and the **overall** resident population of that given age group.

Involuntary part-time work: individuals working part-time who accepted to work part-time because a full-time job could not be found.

Job-security agreement: job agreement between employer and trade unions aimed at reducing the working time, with the purpose to maintain the current employment levels in case of enterprise crisis or to hire new employees through a planned working time or wages reduction program (L.863/84).

Job vacancies are the posts, either newly created or already existing, unoccupied or about to become vacant, which the employer actively seeks to fill with - and is prepared to make further efforts to find - a suitable candidate from outside the enterprise. The data presented here refers to job vacancies for employees, available as of the last day of the reference quarter. Therefore, they measure the staff search which at that date has already started and not yet been completed (because a suitable candidate has not been already hired and the company has not decided to stop the search).

Job vacancy rate: ratio between the number of vacant posts and the sum of vacant and occupied posts. Therefore, the job vacancy rate measures the part of occupied and vacant jobs for which staff search is ongoing. The data used to calculate the job vacancy rate refers to the last day of the reference quarter.

Labour cost: total expenditure borne by employers for employing staff (including wages, salaries in cash and in kind, employers' social security contributions, vocational training costs).

Labour force: People in employment and unemployment.

Largest municipalities: municipalities that at 2001 Census had at least 250 thousand inhabitants (Roma, Milano, Napoli, Torino, Palermo, Genova, Bologna, Firenze, Bari, Catania, Venezia, Verona, Messina).

NACE Rev.2: classification of economic activities published in the Official Journal on 20 December 2006 (Regulation EC of the Council and the European Parliament No 1893/2006) and adopted by Istat on 1 January 2008.

Ordinary hours: all the hours worked, included at night and during holidays and excluding overtime, hours of Short time working allowance and hours not worked due to holidays, days-off and in general, hours not worked even if a compensation for them was received.

Overtime: time worked in addition to hours worked during normal periods of work, net of compensation of stored overtime credit systems, Working hours on Sundays, nights or public holidays are considered as overtime only if they are not included in the working time under contract or stored overtime credit systems.

Payroll job: employment contract between a single natural person and a production unit (enterprise), the object of which is the performance of work in return for compensation (pay). Payroll jobs, therefore, are the number of jobs occupied by employees (both full- or part-time) regardless of the amount of hours worked on a given reference day. Just like the number of employees, payroll jobs are a stock variable at a certain moment in time. Workers, under regular contract by a production unit, are included even if they are not working due to holidays, parental leaves, short time working allowances, etc.

Permanent employees: workers under permanent contract where there is no end-date.

Reference week: in the Labour Force Survey, the week the information collected refers to (usually it is the week preceding the interview).

Seasonally adjusted data: data that have been adjusted for seasonal variations, including trading-day (working-day) effects and other regular calendar variations if present (including changes in weather, harvests, major holidays, and school schedules). These seasonal adjustments make it easier to observe the cyclical, underlying trend of a short term indicator.

Self-employed persons (workers): People working in an economic unit without subordination. The following are considered self-employed workers: holders, partners and managing directors of enterprises; or institutions respecting the following conditions: actually work in enterprises or institution, are not in the payroll, are not paid with invoice, do not have contracts as casual workers; members of producers' cooperatives who work in the enterprises but are not in the payroll; contributing family workers of the holder who work neither with pay nor with social contributions.

Short-time working allowance: State instrument that provides support when businesses are forced to downsize or suspend their activities as a result of legally-acknowledged crises or difficulties. The instrument consists in the provision by INPS (the Italian Social Security Institute) of compensation to substitute for the salaries of employees who have been laid off or whose working hours have been reduced.

There are three different forms of Short time working allowances:

- *ordinary*, which applies to enterprises in the industrial sector during lay-offs and contractions in productive activity due to temporary market situations or to temporary circumstances that do not depend on the employer, the employees;
- *exceptional*, which is a form of economic support for workers, employees and middle managers who have been laid off from work and have no access (or no longer have) to the ordinary or extraordinary short time working allowance. It also provides economic support for apprentices, temporary workers and homeworkers for enterprises using ordinary and extraordinary short-time working allowances;
- *extraordinary*, which applies to enterprises facing difficulties due to restructuring, reorganization, conversion, company crisis or for recruiting procedures.

Social security contributions: the amount of the social charges incurred by the employer to the social security funds as well as the amount set aside for severance pay.

Survey on contractual wages and salaries: statistics derived from the survey on contractual wages and salaries are based on the concept of "price of work." Thus they refer to a constant number of workers, characterized by a fixed structure of professional status (workers, employees, managers) and grade (base). The base currently in force is December 2010 = 100. They satisfy the need to assess the dynamic of earnings, net of the effects due to changes in the structure of employment by professional status, grade, working hours (full-time/part-time), seniority, overtime, decentralized bargaining, absences, conflicts etc.

Temporary (employment) agency jobs: workers under temporary contract, hired by a temporary employment agency that supply temporary work (supplier). The agency puts these persons at disposal of another legal-economic unit (enterprises or institution requiring) in order to cover a temporary productive need. In NACE Rev.2 this kind of contract falls in the category "Temporary employment agency activities" (group 78.2) included in section N "Administrative and support service activities".

Temporary workers: workers under a fixed-term contract where there is an end-date.

Unemployed (job seekers): unemployed people aged between 15 and 75 who: have looked for a job at least once in the 30 days before the survey and are willing to start work (or to start their own business) in the next two weeks; Will start work within three months since the interview and are willing to work within the two weeks following the interview (or to start their own business), in case it is possible to start work.

Unemployment rate: ratio between unemployed people of a given age group (usually aged 15 and over) and the total number of the employed and unemployed (the labour force) of the same age group.

Voluntary part-time work: individuals working part-time who say they work part-time for reasons other than the lack of full-time employment opportunities.

Wages and salaries: They are defined as the total “de facto” remuneration in cash, payable to all persons counted on the payroll in return for work done during the accounting period. Wages in kind are excluded. They include the values of any social contributions, income taxes, payable by the employee even if they are actually withheld by the employer and paid directly to social insurance schemes and tax authorities on behalf of the employee. “De facto” wages differ from national contractual (agreed) wages because the last ones include only the components related to national labour agreements.

Note on the impact of the earthquake on estimates produced

The earthquake at the end of October 2016 hit 13 sampled municipalities (out of a total of 1,270) of the Labour Force Survey (LFS) (see Annexes 1 and 2 of the Decree Law 189/2016, as amended by Law No 229/2016 for the full list of municipalities affected by the earthquakes). It was therefore necessary to suspend the survey in these municipalities due to difficulties in the data collection operations.

The lack of interviews collection in these municipalities had an impact on estimates regarding response rates, especially in the provinces and regions most affected by the earthquake. Without the information regarding municipalities affected by the earthquake, the estimates disseminated today are to be considered as provisional and probably susceptible to future revisions for the provinces of Ascoli Piceno, Fermo, Macerata, Teramo and Chieti, and for their respective regions.

With regard to the fourth quarter of 2016, keeping into account the date of the earthquake and the definitions of employed and unemployed used by Istat and harmonised at European level (see glossary), the impact on the main aggregates estimates can be considered not to affect comparisons among estimates over time.

Istat sources on employment

	National accounts	Istat Labour Force Survey	Business indicators (Oros and Large Enterprises Surveys)
Type of source	Estimates of labour input are the result of integration and comparison of different statistical sources and indirect methods of estimation.	Estimates of the number of persons employed, unemployed and inactive are provided by a sample survey of households. The sample is composed of more than 250,000 households residing in Italy (a total of approximately 600,000 individuals) distributed in about 1,200 municipalities.	Census-type survey carried out by integrating: <ul style="list-style-type: none"> • Administrative data for small and medium-size enterprises from the National Social Security Institute; • Data from the monthly survey on large enterprises with 500 employees and over (GI).
Target universe	The total regular and non-regular labour input, employed in the production units residing in the economic territory of the country. Permanent members of cohabitation are included.	Members of households residing in Italy. People living permanently in institutions (religious institutions, barracks, etc.) are excluded.	Active small, medium and large enterprises and private institutions with employees residing in Italy.
Unit of analysis	Aggregate estimates of domestic employed, jobs, hours worked and full time equivalents.	Persons aged 15 and over residing in private households. Since the first quarter of 2007, data on persons aged 15 have not contained information on employment and unemployment because the age of compulsory education has been raised by Law No 296/2006. The number of 15 years old employed or seeking employment is however traditionally negligible. Therefore, the change in the legislation did not imply any break in time series for the 15-64 age group.	Functional unit for large enterprises, enterprises/private institutions with employees for the other enterprises
Coverage	Input from employment and self-employment in all sectors of economic activity.	Employees and self-employed (with or without contract) in all sectors of economic activity.	Enterprises/private institutions with employees that in the reference quarter paid taxable wages and salaries for social security purposes, in the sectors of industry and services (NACE rev. 2 sections B-S, excluding O).
Frequency of data dissemination and geographical breakdown	<ul style="list-style-type: none"> • on a yearly and quarterly basis: estimates of labour input at the national level; • yearly basis only: estimates of labour input at regional and provincial levels. 	<ul style="list-style-type: none"> • monthly and quarterly: estimates of indicators at national level; • quarterly: estimates of indicators at regional level; • yearly: estimates of indicators at local level 	<ul style="list-style-type: none"> • Quarterly estimates of the indicators only at the national level
Reference period for the measurement of employment	Average employment of the period (quarter and year).	Week the information refers to (usually the one preceding the interview). Information gathered through a uniform distribution of the sample of households in every week of the year.	Monthly survey on employment. In particular, all payroll jobs under employment contracts are surveyed even if under a one-day contract in the reference month.

<p>Definition of employment</p>	<p>The labour input that contributes to the product produced by the system during the reference period is measured using three different definitions of employment:</p> <ul style="list-style-type: none"> • domestic employees (residents and non-residents employed in domestic production units) • jobs (jobs held by domestic employees) • Full time equivalent (FTE) (jobs reduced to standard full time equivalents). <p>Furthermore, hours actually worked by all workers (total hours worked)</p> <p>Employed and jobs include workers temporarily absent from work since benefiting from short time working allowance (CIG). The FTEs are calculated net of the CIG. The hours actually worked include overtime and exclude the hours of CIG, holidays, sickness and leaves.</p>	<p>Employed: people aged 15 and over who during the reference week have, at least, one of the following characteristics:</p> <ul style="list-style-type: none"> • did at least one hour of work in any business (with or without a contract) that provides in return for remuneration in cash or in kind; • did at least one hour of unpaid work in the family business in which they work regularly; • are absent from work (for example, on leave, sickness or short time working allowance); • if absent from work for less than three months, or if during the absence they continue to receive at least 50% of wages or salaries. <p>Self-employed persons absent from work, excluding family workers, are considered employed if, during the period of absence, they continue to keep the business. Family workers are considered employed if their absence does not exceed three months.</p> <p>People without a contract (forms of illegal work) are also included.</p> <p>The labour force survey does not disseminate data on illegal work. Estimates on the basis of these data are disseminated within the framework of the National Accounts.</p>	<p>Payroll jobs are the number of jobs occupied by employees (both full- or part-time) with an employment contract regardless of the amount of hours worked. Workers under regular contract by a production unit are included even if they are not temporarily working due to holidays, parental leaves, short-time working allowances, etc.</p>
<p>Main indicators</p>	<p>Domestic employees, jobs, hours worked and full time equivalents (FTE).</p>	<p>Employed (employees and self-employed), unemployed, inactive persons and related rates with social-demographic and geographical breakdown.</p>	<p>Index of average monthly payroll jobs, of wages and salaries, of labour cost</p>