

Labour market

First quarter of 2017

an integrated picture

During the first quarter of 2017 Italian economy recorded a quarter-on-quarter increase of Gdp by 0.4% and a year-on-year growth by 1.2%. In the Euro area as a whole economy grew by 0.5% to the previous quarter and by 1.7% to the same quarter of 2016. Signs of speeding up in the economic activity growth, particularly in many services sectors, were associated to the labour absorption by an expanding production system: the total hours worked grew by 0.3% to the previous quarter and by 0.8% on an annual basis.

On the labour supply side, employment showed a growth on a short term basis (+52 thousand, 0.2%), due to a further increase of employees (+78 thousand, +0.4%) – mainly the fixed-term (+51 thousand, 2.1%) – while the self-employed decreased again (-26 thousand, -0.5%). The employment rate grew by 0.2 points to the previous quarter. The most recent data, the seasonally adjusted monthly ones for April 2017, showed a relevant increase in employed persons (+0.4% on March, corresponding to +94 thousand people), involving both employees and the self-employed.

The dynamics between the first quarter 2017 and the same period of the previous year led to an increase of 326 thousand employed persons (+1.5%) involving employees only, of which two third belonged to the fixed-term group, while the self-employed decreased. In absolute terms the increase was mainly related to full-time employees, and part-time employment increased exclusively in the voluntary component. Employment growth involved both genders and all geographical areas, including also the aged 15-34 and 50 and over.

Unemployment rate decreased by 0.2 percentage points to the previous quarter, with a reduction of 49 thousand unemployed on a short-term basis, while the indicator remained stable on a yearly basis. These trends were reinforced by April's results, that showed a relevant decrease in the unemployed number.

The number of the inactive aged 15-64 (-473 thousand in a year) kept on decreasing as well as the corresponding inactivity rate. In the year-on-year comparison inactivity reduction was spread over gender, territory and age class, it involved both persons willing to work (-291 thousand potential labour forces) and those farther from the labour market (-183 thousand persons not seeking and not available for work).

Changes in stock evidenced significant changes in the labour market condition of persons, as measured by flow data over a twelve-month period. Permanence in employment increased as a whole (+0.4 points) but the transitions from fixed-term to permanent employee decreased (from 24.2% to 19.6%). Moreover the transitions from inactivity towards unemployment (+0.9 points) and to a lesser extent towards employment (+0.4 points) increased.

As for enterprises, the signs of growth in labour demand were confirmed with an increase of employee jobs by 0.6% to the previous quarter, as a result of a rise in both industry and services. However the hours worked per employee decreased (-0.6%), though the use of short-time working allowance hours decreased as well. Vacancy rate remained unchanged on a quarter-on-quarter basis, while increased by 0.2 percentage points year-on-year. On a quarter-on-quarter basis wages and salaries increased (+0.5%) as well as labour cost (0.6%). A part of the latter was due to the larger rise in social security contributions (+1.2%), due to the gradual weakening of the effects of the favorable contributions associated to new hiring of permanent employees during the past two years.

NEXT RELEASE: 12 September 2017

TABLE 1. LABOUR INDICATORS. Q1 2017, absolute values, percentage values and index numbers, percentage points changes

	Seasonally adjusted		Not seasonally adjusted data y-o-y (Q1 2017/Q1 2016)
	Value	Percentage changes (Q1 2017/ Q4 2016)	
LABOUR INPUT (a) (b)			
<i>National Accounts</i>			
Hours worked (thousands)	10,800,951	0.3	0.8
Agriculture	611,686	0.6	-0.6
Industry excluding construction	1,862,596	0.6	1.0
Construction	694,265	1.1	0.9
Services	7,632,404	0.1	0.8
LABOUR SUPPLY			
<i>Labour force survey</i>			
Employed (thousands)	22,889	0.2	1.5
Employees	17,472	0.4	2.0
Permanent	14,933	0.2	0.8
Temporary	2,539	2.1	10.8
Self-employed	5,417	-0.5	-0.3
Employment rate (aged 15-64) (percent and percentage points changes)	57.6	0.2	0.9
15-34 years	40.4	0.4	1.0
35-49 years	72.7	0.1	0.8
50-64 years	58.7	0.1	1.1
Unemployed (thousands)	3,003	-1.6	1.7
Unemployment rate (percent and percentage points changes)	11.6	-0.2	0.0
Inactive population (aged 15-64) (thousands)	13,444	-0.3	-3.4
Inactivity rate (aged 15-64) (percent and percentage points changes)	34.7	-0.1	-1.1
EMPLOYEE LABOUR DEMAND (a) (c)			
<i>Oros, Large enterprises and Vela Surveys</i>			
Number of jobs (index 2010=100)	102.9	0.6	2.2
Temporary employment agency jobs (d) (index 2010=100)	166.5	6.5	23.6
Hours worked (e) (f) (index 2010=100)	104.1	0.5	2.3
Per capita hours worked (c) (e) (index 2010=100)	99.2	-0.6	-1.1
Short-time working allowance hours per 1,000 hours worked (e) (absolute changes per 1,000 incidence)	na	na	-5.9
Job vacancy rate (e) (percent and percentage points changes)	0.8	0.0	0.2
EMPLOYEE LABOUR COST			
<i>Oros, Large enterprises and Vela, Contractual Wages and Salaries Survey</i>			
Gross wages (a) (c) (index 2010=100)	110.1	0.5	1.7
Social security contributions (a) (c) (index 2010=100)	105.5	1.2	3.0
Labour cost (a) (c) (index 2010=100)	108.8	0.6	1.9
Cash wages according to collective labour agreements (monthly average in euros) (g)	1.929	-	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 (first quarter of 2017)

In Q1 2017 employment resumed its growth and unemployment its decline. The labour input used in the economic system (expressed by the hours worked in the national accounts) increased by 0.3% quarter-on-quarter and by 0.8% year-over-year. Employment, net of seasonal effects, as estimated by the labour force survey was equal to 22,889 million people, on the increase over the previous quarter (+0.2%, +52 thousand). The employment rate grew to 57.6% (+0.2 percentage points); the increase is more pronounced for the 15-34 year-olds (+0.4 points) compared to 35-49- and 50-64-year-olds (+0.1 points in both cases).

The quarter-on-quarter increase in the number of persons employed was the result of a growth in employees (+78 thousand, +0.4%), both permanent and above all fixed-term; self-employment, conversely, started decreasing again (-26 thousand, -0.5%). The increase in employment concerned both genders, but it was concentrated in the North area (+0.4%), and showed slight variations in the Centre (-0.1%) and in the South and Islands areas (+0.1%).

The unemployment rate fell to 11.6%, down by 0.2 percentage points after the growth in the previous quarter and substantial stability over the four previous quarters. The inactivity rate declined to 34.7% (-0.1 points), falling for the sixth consecutive quarter, albeit at a slower pace than in the previous quarter.

Employee jobs in industrial and services enterprises increased by 0.6% on a quarterly basis and by 2.2% on an annual basis; total hours worked grew by 0.5% over the previous quarter and by 2.3% year-over-year, while hours worked per capita decreased by 0.6% and 1.1%, respectively. At the same time short-time working allowance hours decreased from 16.0 to 10.1 per thousand hours worked on an annual basis. Temporary employment agency jobs continued to grow at a faster pace: +6.5% on a quarterly basis and +23.6% year-over-year.

The job vacancy rate in enterprises with 10 or more employees was unchanged on the previous quarter while it increased by 0.2 percentage points on an annual basis.

The seasonally adjusted labour cost index per full-time equivalent (fte) grew by 0.6% on a quarterly basis, against a 0.5% increase in wages and a 1.2% increase in social security contributions. On an annual basis, labour cost increased by 1.9%, due to a 1.7% growth in wages and a 3.0% rise in social security contributions.

Social contributions kept increasing as in the previous quarters, after a period of reduction due to the favourable contribution regime for new contracts for permanent employees, especially in 2015, indicating a weakening of the effects of this labour market policy.

In this quarter the “Focus on” at pages 5-6 goes deep into the labor market dynamics in recent years through the analysis of longitudinal data from the Labour force survey, with special reference to transitions between different forms of work after twelve months.

The methodological note 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 2012–Q1 2017, seasonally adjusted data, percentage change over the same quarter of the previous year

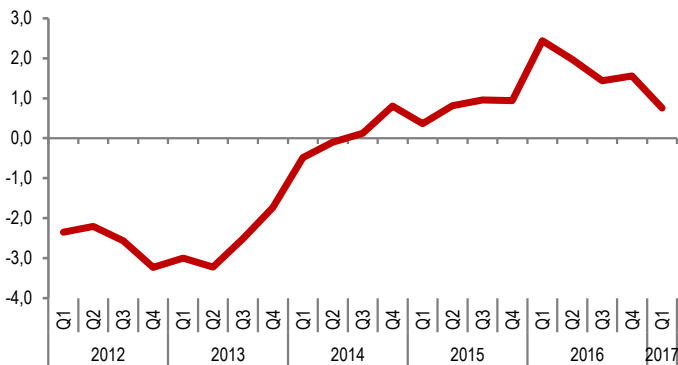


FIGURE 2. EMPLOYED (left scale) AND UNEMPLOYMENT RATE (right scale) Q1 2012– Q1 2017, seasonally adjusted data, thousand and percentage rates

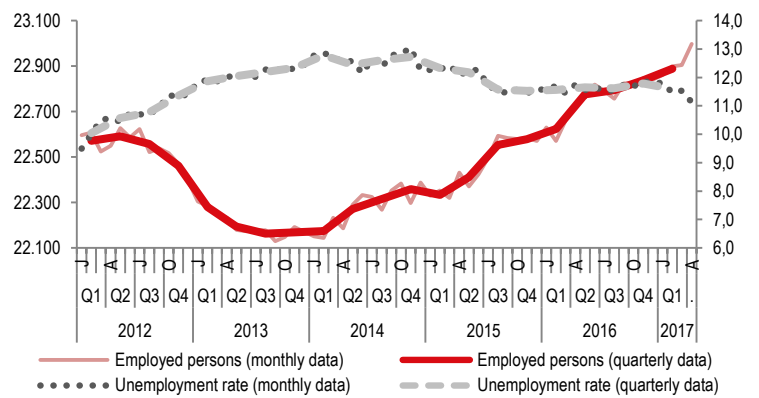


FIGURE 3. EMPLOYEES (PERMANENT AND TEMPORARY) AND SELF-EMPLOYED

Q1 2012–Q1 2017, seasonally adjusted data, values (left scale) and absolute changes over previous period (right scale)

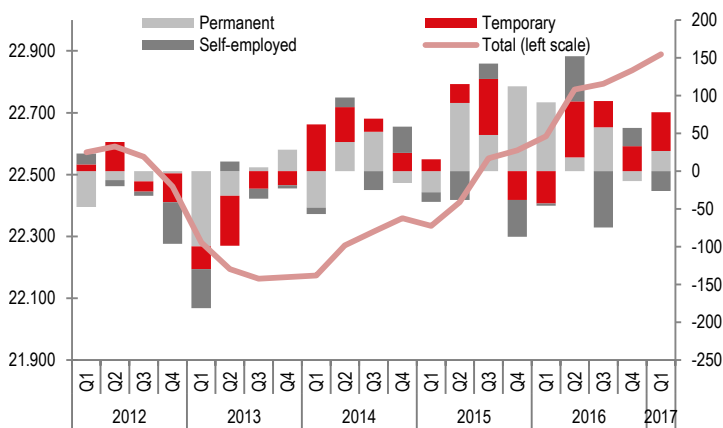


FIGURE 4. NUMBER OF JOBS IN INDUSTRY AND MARKET SERVICES (B-N) Q1 2012 – Q1 2017, not seasonally adjusted data, percentage change over the same quarter of the previous year (2010=100)

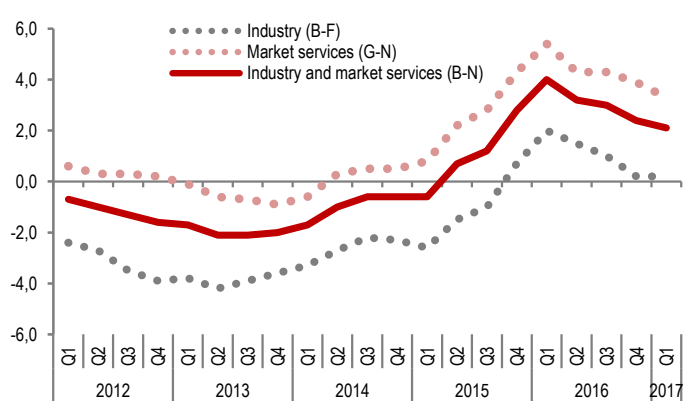


FIGURE 5. PER CAPITA HOURS WORKED (left scale) AND PERCENTAGE OF SHORT-TIME WORKING ALLOWANCE HOURS (right scale) FOR ENTERPRISES WITH AT LEAST 10 EMPLOYEES IN INDUSTRY AND SERVICES (B-S) Q1 2012 – Q1 2017, seasonally adjusted indices (2010=100) and percentage on 1,000 hours worked

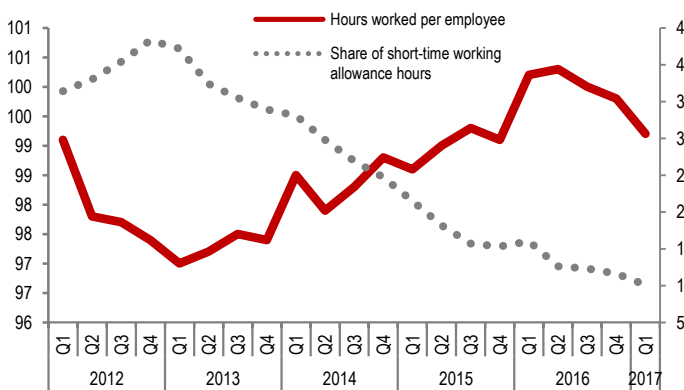
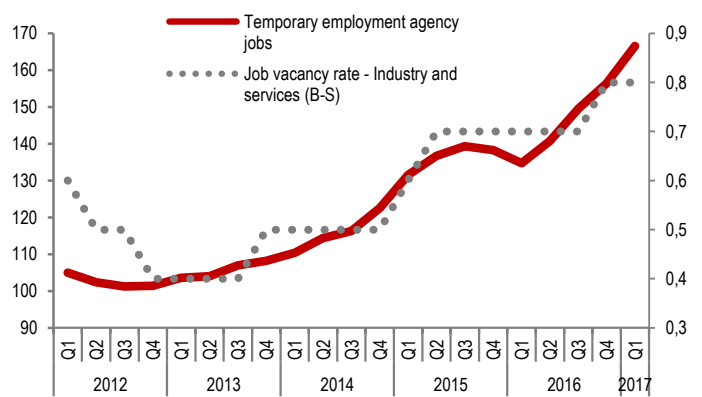


FIGURE 6. TEMPORARY EMPLOYMENT AGENCY JOBS (left scale) AND JOB VACANCY RATE FOR ENTERPRISES WITH AT LEAST 10 EMPLOYEES (right scale) IN INDUSTRY AND SERVICES (B-S) Q1 2012–Q1 2017, indices (2010=100) and seasonally adjusted percentage values



a focus on...
Labour market flows

Flow statistics, deriving from the longitudinal data of the Labour force survey, help to understand and interpret changes in the labour market. By using them it is possible to analyse the transitions between employment, unemployment and inactivity, given that information collected from the same people in different periods of time is used (for more details see Methodological Note). Here, persistence and transition in the professional condition over a 12-month period are analysed; the flows are calculated as a percentage of the initial condition and can be interpreted as the probability that persons starting from a given professional condition have to be in another condition or in the same one after one year.

The transition matrix (Table 1) presents the main movements occurred in the period between the first quarter 2016 and the first quarter 2017 for people aged 15-64. Among those who were employed at the beginning of the period (Q12016) (21 million 194 thousand people(a)) those still in employment were 93.7%, those who were no longer employed and looking for employment after one year were 2.4%, while 3.9% became inactive. Among the job-seekers (around 2.8 million) 23.4% found a job, while 41.3% were still unemployed, and 35.3% moved out of the labour market. Among the inactive (13 million 570 thousand) 6.9% were in employment after 12 months. In addition, flow data, which take into account only the population that remained in the same municipality over the 12 months, registered an increase in employment levels (+257 thousand workers aged 15-64 in the first quarter of 2017 compared to the first quarter of 2016) similar to that measured on the entire sample (+273 thousand employed aged 15-64 on the same period).

TABLE 1. PERMANENCE AND TRANSITIONS OF EMPLOYED, UNEMPLOYED AND INACTIVE 15-64 YEARS. FLOW DATA AFTER 12 MONTHS. Q1 2016 - Q1 2017. Absolute values in thousands and percentage values

		Total 15-64 years Q1 2016 (a) (thousand)	Q 12017			Total %
			Employed	Unemployed	Inactive	
Q1 2016	Employed	21,194	93.7	2.4	3.9	100.0
	Unemployed	2,804	23.4	41.3	35.3	100.0
	Inactive	13,570	6.9	8.8	84.3	100.0

Source: longitudinal data of the Labour Force Survey

- (a) The estimate of employed, unemployed and inactive is lower than in the quarterly data because the longitudinal component does not represent the entire population but only the part residing in the same municipality at the beginning and at the end of the considered period.

The series of flows of the last four years shows that the increase in employment levels is due both to the increase of those who remain in employment –from 92.4% over Q12013-Q12014 to 93.7% over Q12016-Q12017 - and to an increase in flows from unemployment, from 19.7% over Q12013-Q12014 to 23.4% for the last available period and from inactivity (from 5.4% to 6.9%). Permanence rates grew especially for men (from 93.2% to 94.9%, for females from 91.4% to 92.1%), as well as the transition from unemployment to employment (from 19.2% to 23.4%, for females from 20.2% to 23.3%), while the gap between male and female non labour force who took up employment at a distance of twelve months remained strong (in the last reporting period it was 9.1% of males and 5.7% of females). The growth in the permanence in employment is basically the same among the major age groups and the geographical areas. Currently the probability to remain employed is still higher for the central age group (35-49 years), and the older one (50-64 years), compared to young people, 15-34 years (the figures being respectively 95.8%, 93.4% and 89.9%), the permanence was also higher for residents in the North and Centre areas compared to those in the South and Islands area (respectively 94.9%, 93.8% and 91.1%).

Important positive signals were reported for unemployed young people who found a job: they increased from 20.7% over Q12013-Q12014 to 26.3% over Q12016-Q12017. Also for residents in the North area a significant improvement in the transition towards employment was registered: for the unemployment from 22.4% to 31.0%; for the inactive from 5.4% to 8.3%.

Transitions breakdown by educational attainment confirmed the central role that education plays in terms of opportunity to maintain and to find employment: the employed of Q1 2016 working in Q1 2017 were 95.8% of those having a university degree, 94.2% of those with a secondary qualification and 91.4% of those with at most compulsory education. Among the job seekers in Q1 2016

36.6% of people with the highest level of education, 25.5% of those with a secondary qualifications and 18.5% of those with the lowest levels were employed after one year.

Moreover, the upward trend of job opportunities for those with a high level of education was particularly significant: from Q12013-Q12014 to Q12016-Q12017 the transition from unemployment to employment for graduates increased by 8.1 percentage points (from 28.5% to 36.6%) while the transition from inactivity to employment rose by 4.2 points (from 11.9% to 16.0%) (Figure 1 and Figure 2).

FIG. 1. TRANSITION FROM UNEMPLOYMENT TO EMPLOYMENT
Every 100 unemployed with the same education level at t0

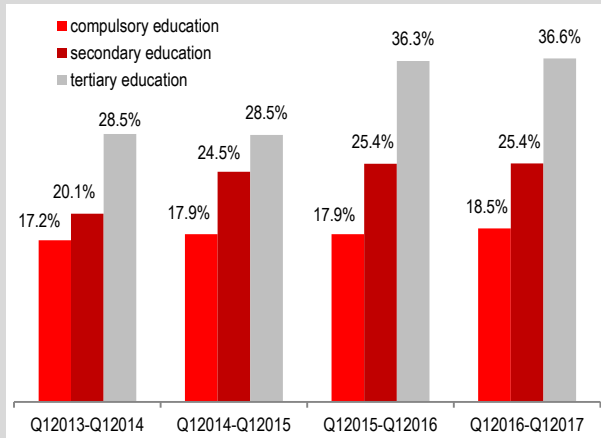
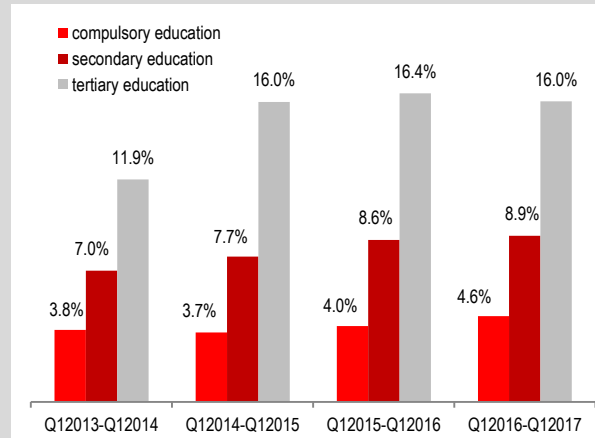


FIG. 2. TRANSITION FROM INACTIVITY TO EMPLOYMENT
Every 100 inactive with the same education level at t0



Source: longitudinal data of the Labour Force Survey

Still with reference to not employed persons who found a job after twelve months, it is relevant to analyse the type of contract of the newly employed, also to assess the possible impact of the recent reforms. In the considered years, the most significant change concerned the period Q12015-Q12016, when the inflows of permanent employees increased by about 11 percentage points compared to the same period of the previous year, passing from 27.8 to 38.9%, with a reduction in the share of inflows into all other types of contracts and especially into self-employment (around -7 percentage points) (Figure 3). In the following year, Q12016-Q12017 the share inflows into permanent employment fell by more than 10 percentage points, going back to the reforms period. On the other hand temporary employment grew robustly, and today it accounts for 52.6% of total inflows in the labour market. The better conditions, regarding the possibility to have a permanent contract, which were in place in 2015 when the legislation provided more incentives for permanent hiring contract are also found in the condition of fixed-term employees after one year. In the period Q12015-Q12016, 24.2% of these became permanent employees, a figure more than 4 percentage points higher compared with both the previous and the following year (Figure 4). In addition, the permanence in temporary employment rose again, in the first quarter of 2017 it regarded 60.0% of the fixed-term employees of 12 months before.

FIG. 3. TRANSITION NOT IN EMPLOYMENT TO EMPLOYMENT BY TYPE
Every 100 not employed at t0 employed at t1

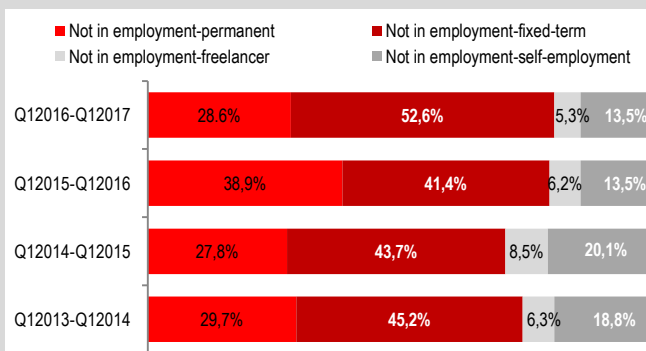
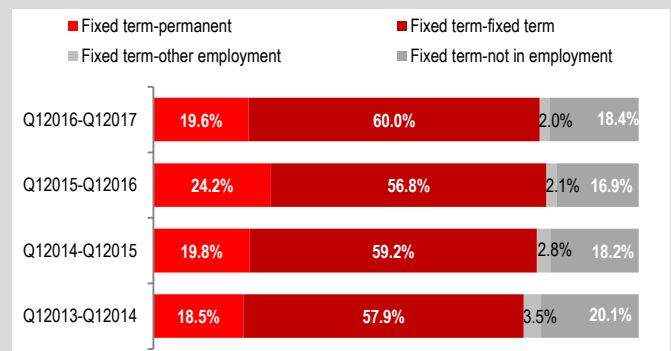


FIG. 4. TRANSITION FROM FIXED-TERM TO EMPLOYMENT AND NON EMPLOYMENT. Every 100 fixed-term employees at t0



Source: longitudinal data of the Labour Force Survey



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>