

Labour market

Second quarter of 2017

an integrated picture

In the second quarter of 2017 Italian economy recorded a quarter-on-quarter 0.4% increase of Gdp and a year-on-year 1.5% growth. Overall, in the Euro area economy grew by 0.6% over the previous quarter and by 2.2% over the same quarter of 2016. Signs of consolidation in the economic activity growth, particularly in the industry (excl. constructions) and services sectors, were associated to the labour absorption by a production system that continued to expand in line with Gdp trends: the total hours worked grew by 0.5% to the previous quarter and by 1.4% on an annual basis, thus confirming the high employment intensity of the ongoing recovery.

On the labour supply side, in the second quarter of 2017, employment showed a new growth on a quarter-on-quarter basis (+78 thousand, 0.3%), due to a further increase of employees (+149 thousand, +0.9%) – in more than 8 out of 10 cases - with a fixed-term contract (+123 thousand, +4.8%). The self-employed continued to decrease (-71 thousand, -1.3%). The employment rate grew by 0.2 points to the previous quarter. Most recent data, the seasonally adjusted ones for July 2017, showed an increase in employed persons (+0.3% on June, corresponding to +59 thousand units), involving both employees and the self-employed.

The dynamics between the second quarter 2017 and the same period of the previous year led to an increase of 153 thousand employed persons (+0.7%) involving employees only (+356 thousand, +2.1%), more than three third of which with a fixed-term contract, while the self-employed showed a significant decrease (-3.6%). The increase in absolute terms was more substantial for full-time employees, and part-time employment increased mostly in the voluntary component. Employment growth involved both genders and all geographical areas, and was more evident among women and in the North area.

Unemployment rate decreased by 0.4 percentage points to the previous quarter and by 0.6 percentage points year-over-year, especially among the young. In July 2017, the unemployment rate grew by 0.2 points while the inactivity rate (15-64 years) dropped by 0.3 points

In the year-on-year comparison, the reduction in the number of the inactive aged 15-64 (-76 thousand in a year) and the corresponding inactivity rate (-0.1 points) slowed down over the last quarters. Inactivity reduction involved only women, especially in the South and islands, people aged 35-49, and persons willing to work.

Changes in stock suggested significant changes in people's conditions in the labour market, as measured by flow data over a twelve-month period. Overall, transitions from fixed-term to permanent employee continued to decrease (from 24.3% to 16.5%). While total transitions from unemployment to employment declined (-3.1 points), flows from unemployment to fixed term employment increased (+0.9 points). As regards the inactive, among potential labour forces the largest increase was recorded in the percentage of transitions towards unemployment (from 18.5% to 21.3% over the last twelve months).

As for enterprises, the signs of growth in labour demand were confirmed, with a 1.1% increase in employee jobs over the previous quarter, as a result of a rise in both industry and services. Hours worked per employee increased over the previous quarter (+0.2%), while they decreased on a yearly basis (-0.7%), even if the short-time working allowance hours continued to decrease. The vacancy rate increased by 0.1 percentage points on the previous quarter. On a quarterly basis, wages and salaries decreased (-0.1%) as well as social contributions (-0.5%).

TABLE 1. LABOUR INDICATORS. Q2 2017, absolute values, percentage values and index numbers, percentage points changes

| | Seasonally adjusted | | Not seasonally adjusted data y-o-y (Q2 2017/Q2 2016) |
|---|---------------------|---------------------------------------|--|
| | Value | Percentage changes (Q2 2017/ Q1 2017) | |
| LABOUR INPUT (a) (b) | | | |
| <i>National Accounts</i> | | | |
| Hours worked (thousands) | 10,880,392 | 0.5 | 1.4 |
| Agriculture | 625,000 | 1.6 | 3.7 |
| Industry excluding construction | 1,886,466 | 1.1 | 2.4 |
| Construction | 486,038 | -1.4 | 0.0 |
| Services | 7,682,889 | 0.4 | 1.2 |
| LABOUR SUPPLY | | | |
| <i>Labour force survey</i> | | | |
| Employed (thousands) | 22,985 | 0.3 | 0.7 |
| Employees | 17,645 | 0.9 | 2.1 |
| Permanent | 14,966 | 0.2 | 0.5 |
| Temporary | 2,679 | 4.8 | 11.2 |
| Self-employed | 5,341 | -1.3 | -3.6 |
| Employment rate (aged 15-64) (percent and percentage points changes) | 57.8 | 0.2 | 0.4 |
| 15-34 years | 40.4 | 0.1 | 0.1 |
| 35-49 years | 73.0 | 0.2 | 0.5 |
| 50-64 years | 59.0 | 0.4 | 0.9 |
| Unemployed (thousands) | 2,910 | -3.2 | -5.1 |
| Unemployment rate (percent and percentage points changes) | 11.2 | -0.4 | -0.6 |
| Inactive population (aged 15-64) (thousands) | 13,441 | 0.1 | -0.6 |
| Inactivity rate (aged 15-64) (percent and percentage points changes) | 34.7 | 0.1 | -0.1 |
| EMPLOYEE LABOUR DEMAND (a) (c) | | | |
| <i>Oros, Large enterprises and Vela Surveys</i> | | | |
| Number of jobs (index 2010=100) | 104.1 | 1.1 | 3.1 |
| Temporary employment agency jobs (d) (index 2010=100) | 173.1 | 4.0 | 22.2 |
| Hours worked (e) (f) (index 2010=100) | 105.3 | 0.9 | 3.1 |
| Per capita hours worked (c) (e) (index 2010=100) | 99.5 | 0.2 | -0.7 |
| Short-time working allowance hours per 1,000 hours worked (e) (absolute changes per 1,000 incidence) | na | na | -5.7 |
| Job vacancy rate (e) (percent and percentage points changes) | 0.9 | 0.1 | 0.3 |
| EMPLOYEE LABOUR COST | | | |
| <i>Oros, Large enterprises and Vela, Contractual Wages and Salaries Survey</i> | | | |
| Gross wages (a) (c) (index 2010=100) | 109.6 | -0.1 | -0.3 |
| Social security contributions (a) (c) (index 2010=100) | 104.4 | -0.5 | 0.6 |
| Labour cost (a) (c) (index 2010=100) | 108.2 | -0.2 | -0.1 |
| Cash wages according to collective labour agreements (monthly average in euros) (g) | 2,150 | - | 0.7 |

(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 (second quarter of 2017)

In the second quarter of 2017, the labour market was characterized by continued employment growth and the decrease of unemployment. The labour input of the economic system (measured by hours worked from the National accounts) registered a 0.5% quarter-on-quarter and a 1.4% year-on-year increases.

Employment estimated by the Labour Force Survey, net of seasonal effects, was equal to 22 million 985 thousand people, a 78 thousand unit (+0.3%) increase compared to the previous quarter. The employment rate rose to 57.8% (+0.2 percentage points); the increase was more relevant for people aged 50-64 (+0.4 points) compared to 35-49year olds and 15-34year olds (+0.2 and +0.1 points respectively).

The quarter-on-quarter increase in the number of employed people was the result of an additional and stronger increase in employees (+149 thousand, 0.9%), due in more than eight cases out of ten to the growth of fixed-term contracts. On the other hand the decrease of self-employed was on the rise (-71 thousand, -1.3%). Employment growth regarded both genders, and especially the South and Islands (+0.7%) and the North (+0.3%), stability in the Centre.

The unemployment rate fell for the second consecutive quarter to 11.2% (-0.4 points). The inactivity rate rose to 34.7% (+0.1 points), following a fall in the previous two quarters.

Employee jobs in industrial and services enterprises increased by 1.1% on a quarterly basis and by 3.1% on an annual basis; total hours worked grew by 0.9% over the previous quarter and by 3.1% year-over-year, while hours worked per capita increased by 0.2% and decreased by 0.7%, respectively. At the same time short-time working allowance hours decreased from 12.6 to 6.9 per thousand hours worked on an annual basis. Temporary employment agency jobs continued to grow: 4.0% on a quarterly basis and 22.2% year-over-year.

The job vacancy rate in enterprises with 10 or more employees increased by 0.1 percentage points on the previous quarter and by 0.3 percentage points on an annual basis.

The seasonally adjusted labour cost index per full-time equivalent (fte) decreased by 0.2% on a quarterly basis, synthesis of a 0.1% reduction in wages and 0.5% in social security contributions. On an annual basis, labour cost decreased by 0.1%, due to a 0.3% reduction in wages and a 0.6% growth in social security contributions.

In this quarter 'The focus on' at pages 5-6 focuses on the longer-term trends and the current gaps in women's employment through the analysis of the data of the Labour Force Survey (LFS).

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

FIGURE 1. HOURS WORKED - TOTAL ECONOMY Q1 2012-Q2 2017, seasonally adjusted data, percentage change over the same quarter of the previous year

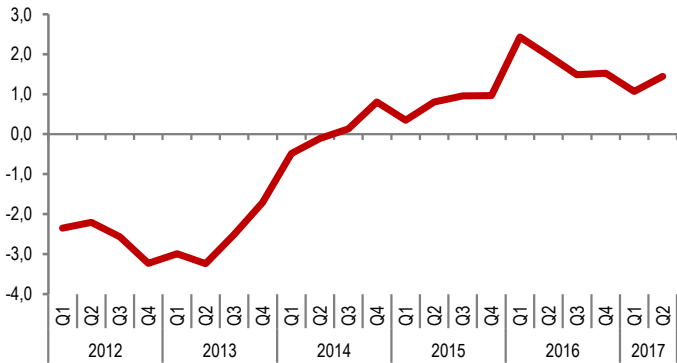


FIGURE 2. EMPLOYED (left scale) AND UNEMPLOYMENT RATE (right scale) Q1 2012- Q2 2017, seasonally adjusted data, thousand and percentage rates

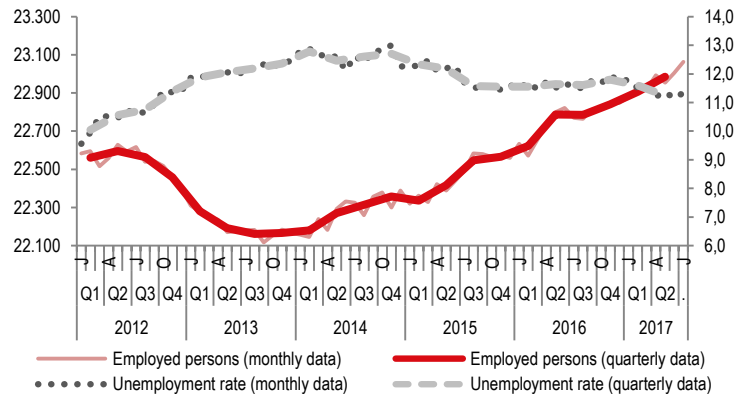


FIGURE 3. EMPLOYEES (PERMANENT AND TEMPORARY) AND SELF-EMPLOYED Q1 2012-Q3 2017, seasonally adjusted data, values (left scale) and absolute changes over previous period (right scale)

Q1 2012-Q3 2017, seasonally adjusted data, values (left scale) and absolute changes over previous period (right scale)

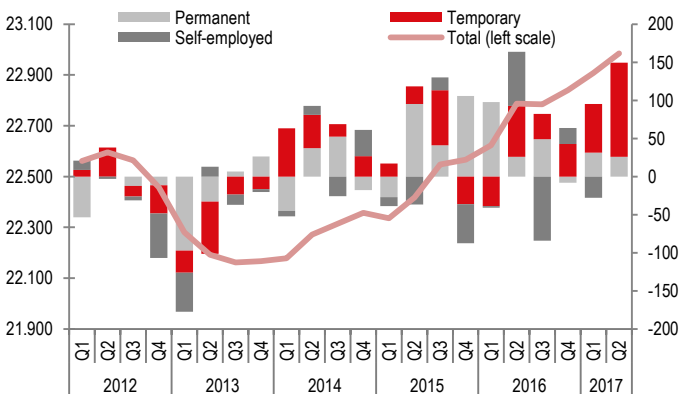


FIGURE 4. NUMBER OF JOBS IN INDUSTRY AND MARKET SERVICES (B-N) Q1 2012 - Q2 2017, not seasonally adjusted data, percentage change over the same quarter of the previous year (2010=100)

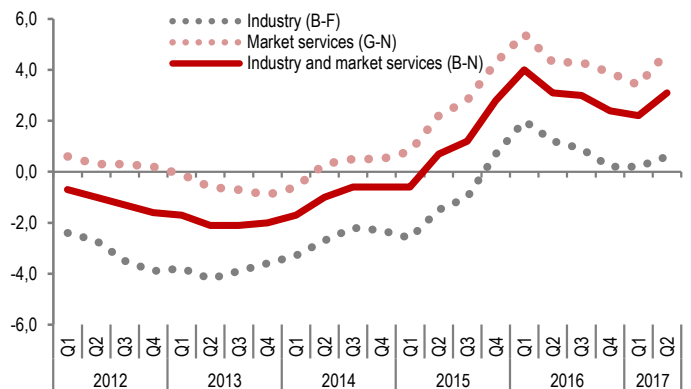


FIGURE 5. PER CAPITA HOURS WORKED (left scale) AND PERCENTAGE OF SHORT-TIME WORKING ALLOWANCE HOURS (right scale) FOR ENTERPRISES WITH AT LEAST 10 EMPLOYEES IN INDUSTRY AND SERVICES (B-S) Q1 2012 - Q2 2017, seasonally adjusted indices (2010=100) and percentage on 1,000 hours worked

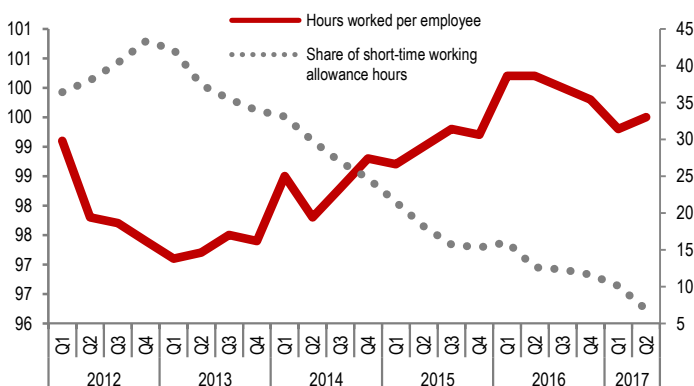
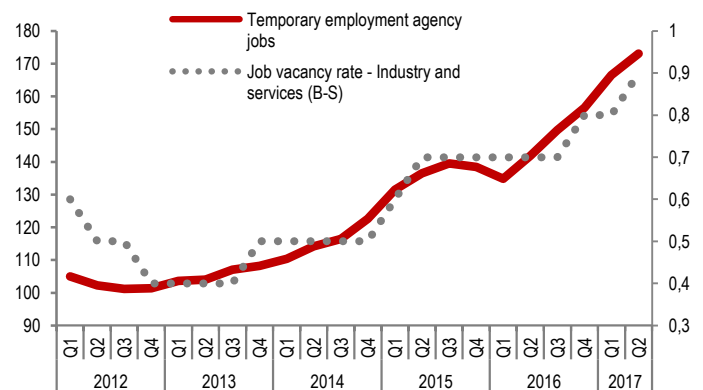


FIGURE 6. TEMPORARY EMPLOYMENT AGENCY JOBS (left scale) AND JOB VACANCY RATE FOR ENTERPRISES WITH AT LEAST 10 EMPLOYEES (right scale) IN INDUSTRY AND SERVICES (B-S) Q1 2012-Q2 2017, indices (2010=100) and seasonally adjusted percentage values



a focus on...

Trends in women's employment

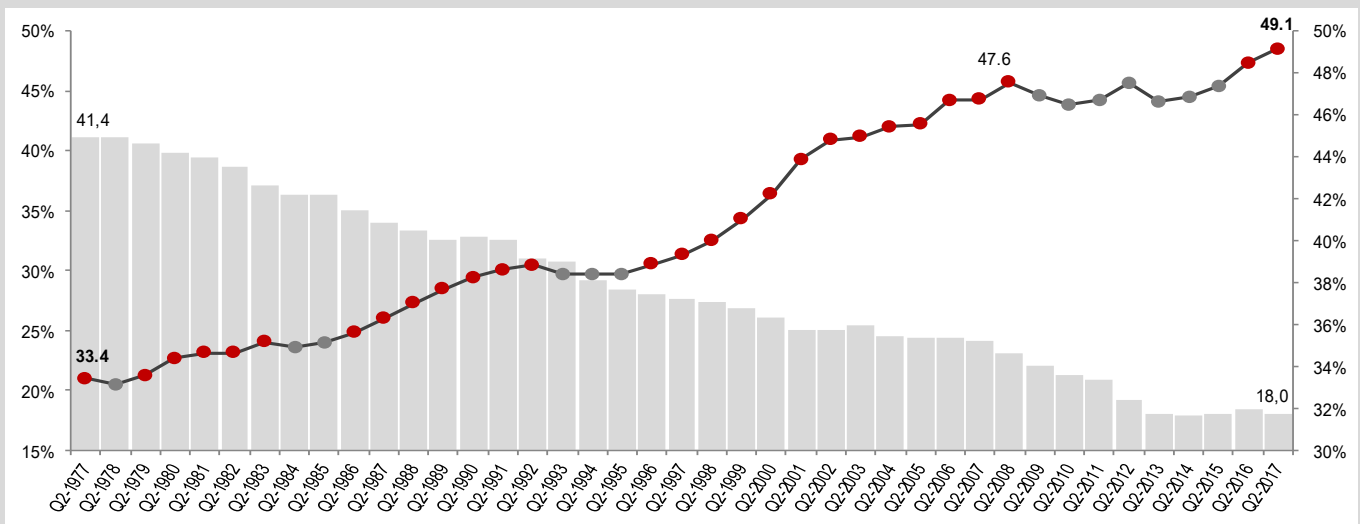
The growth of women's occupation – stopped by the crisis - had a new boost in the last four years. Education is a crucial factor for participating in the labour market, but the gender gap still persists

In the first quarter of 2017 the employment rate of women aged 15-64 was 49.1% (+0.6 percentage points in a year), it increased for the fourth consecutive quarter. However women's employment in Italy is one of the worst in the European Union: in 2016 Italy ranked second-last in the Eu28 countries, with a gap of 13.2 points on the Eu average, followed only by Greece. In spite of the delay with respect to the other European countries, the trend has shown an almost permanent growth since 1977 (first year of the time series), with a break during crisis time only.

As you can see in Figure 1, in the comparison of the second quarters up to 2008, net of few exceptions, every year the indicator value has been the best in the series (red points). From the beginning of the recent crisis, the employment rate of women decreased and remained below the 2008 peak (47.6%). The indicator was again above pre-crisis levels (in the seasonally adjusted data since the fourth quarter of 2015) only in the second quarter of 2016, and had a further improvement in the second quarter of 2017.

As a result, the recent unfavorable economic phase has greatly reduced the long-term process of growth of the female participation in the labour market: during the past nine years (Q2-2017/Q2-2008) the increase of the female employment rate, though present, has been of 1.6 percentage points compared to 6.5 points during the nine previous years. In the past 40 years, the gender gap in the employment rate (aged 15-64) has decreased from 41.1 points in the second quarter of 1977 to 18.0 points in the second quarter of 2017. The gap decrease was also due to the drop in the employment rate for men, above all during the crisis. The male employment rate in the aged 15-64 has decreased, from the second quarter of 1977, by 7.4 points (from 74.5% to the current 67.1%), of which -3.6 points from the second quarter of 2008.

FIGURE 1. WOMEN EMPLOYMENT RATE 15-64 (RIGHT SCALE) AND GAP BETWEEN MALE AND FEMALE EMPLOYMENT RATE (LEFT SCALE). Q2 1977-Q2 2017. Percentage values



Source: Labour force survey

Several factors contribute to explain the permanent increase of women participation in the labour market, namely: cultural changes, an increased education level, the process of tertiarization of the economy, the increase of foreign workers as domestic cleaners and helpers, and in the most recent years also the strict requirements to the access to retirement. However, though there was a general increase in the female employment rate, great differences persist among women and their participation in the labour market.

The long term analysis highlights a permanent widening of the territorial gap. Between the second quarter of 1977 and the second quarter of 2017, the employment rate of women resident in the Italian southern regions grew of just 6.7 points compared to more than 20 points in the other areas: as a result the gap between the North and the South and Islands areas doubled (from 13.8 to 27.1 points). In the second quarter of 2017 the indicator in the northern regions was at 59.4%, a value similar to the European average, while in the Southern regions the share of employed women remained below one third (32.3%).

The education level played a crucial role in women's access to labour market: the employment rate of women with a university degree was about twice and a half higher than that of women with a lower secondary school degree (75.6% to 29.9%). The education level was even more crucial in the South and Islands area, where the share of women in employment was 64.3% among those with a university degree (17.8% among women with a low education level) and this reduced the gap with the North (Figure 4).

The flow data confirm the importance of the education level both in terms of probability of remaining employed after 12 months and of finding a job, when not employed. The share of employed women in the second quarter of 2016 who were still working in the second quarter of 2017, increased along with their education level. Staying in employment involved 86.7% of women who completed compulsory education, 92.5% of women who completed upper secondary school and grew to 94.9% for women with a university degree. This trend was similar for men, however for women there was a wider difference between lower and upper education levels (Figure 3).

Education degrees affected also the probability of finding a job for the not employed: 19.3% of women with a university degree found a job between the second quarter of 2016 and the second quarter of 2017, this share was 9.9% among women with an upper secondary degree and decreased to 4.4% among women with the lowest education level (Figure 2). The more the education level grew, the more the gender gap in the transition from not employed to employment decreased, ranging from 5 percentage points with the compulsory education to 3.3 with university degrees.

FIGURE 2. TRANSITION OF NOT EMPLOYED BY SEX AND EDUCATION LEVEL TO EMPLOYMENT FROM Q2 2016 TO Q2 2017
(for 100 not employed aged 15-64 with the same characteristics in Q2 2016)

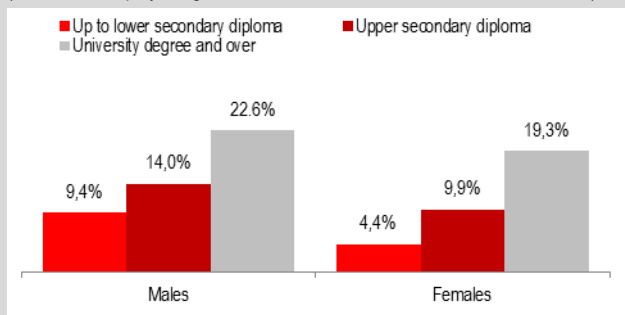
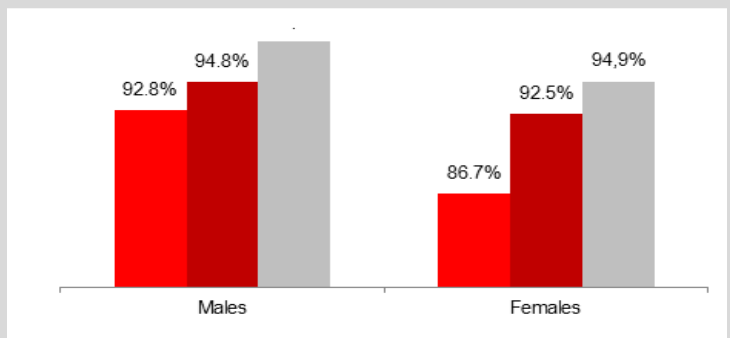


FIGURE 3. PERMANENCE IN EMPLOYMENT BY SEX AND EDUCATION LEVEL FROM Q2 2016 TO Q2 2017 (for 100 not employed aged 15-64 with the same characteristics in Q2 2016)



However women's participation was very much related to family burden: in the second quarter of 2017 the employment rate of women aged 25-49 was 81.1% for women living alone, 70.8% for women living in a couple without children, and 56.4% for mothers. The unfavourable gap for mothers compared to women with no domestic responsibility considerably diminished for highly educated women; for the latter the employment rate was above 70% no matter the family role and the geographical area (Figure 5). The picture is therefore very differentiated, with the rate for the aged 25-49 ranging from 21.9% for mothers in the South and Islands area with a low education level, to 92.8% for women with a university degree living alone in the Centre. The multivariate analysis, confirmed the education level as the most important variable for women's participation in the labour market, all other things equal (geographical area, age, citizenship and family role).

FIGURE 4. FEMALE EMPLOYMENT RATE 15-64 BY EDUCATION LEVEL AND GEOGRAPHICAL AREA. Q2 2017. Percentage values

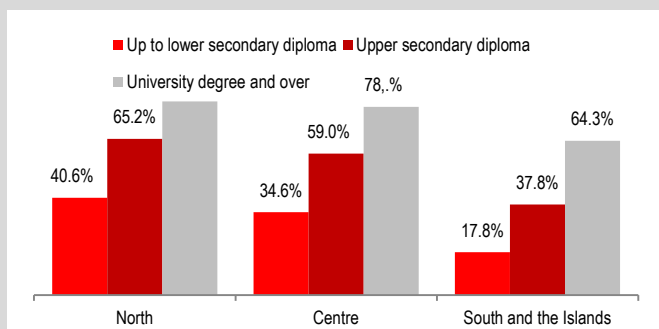
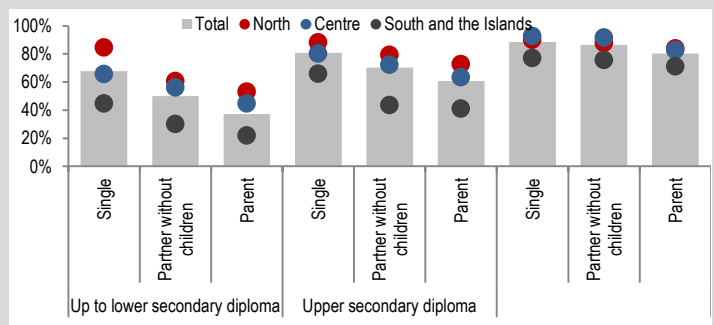


FIGURE 5. FEMALE EMPLOYMENT RATE 25-49 (DAUGHTERS NOT INCLUDED) BY EDUCATION LEVEL, ROLE IN THE FAMILY AND GEOGRAPHICAL AREA. Q2 2017. Percentage values



If, during the crisis, female employment was held up by elementary occupations, its growth in the past four years was characterized by an increase of the most qualified occupations. During the second quarter of 2017 women aged 15-64 years employed as professionals accounted for 19.2% of the total (+1.4 points to the second quarter of 2013), with a growth of about 200 thousand units among which secondary education teachers stood out.

The large group of service and sales workers grew as well (+110 thousand, corresponding to an increase in incidence from 25.9 to 26.1%), mainly due to women employed in restaurants and cafés. Also the group of technicians and associate professionals recorded an increase (+75 thousand, with an incidence passing from 16.2 to 16.4%), mainly due to nursing and health care assistants. The group of clerical support workers was and decrease, with an incidence decreasing from 18.4 to 17.8%, though there was an increase of general office clerks. During the same period a reduction in the elementary occupations was recorded, above all for domestic cleaners and helpers. Looking at flow data in the past four years, workers in restaurants and cafés, shop sales persons, general and keyboard clerks and nurses were the occupations with the highest positive balance between access to and exit from occupation.

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. |

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| <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> |