



DATI ALLA MANO

I PODCAST

INVISIBLE WORK

Italy is a Republic founded on labour. But there is a part of work that is still invisible, it cannot be seen and leaves no trace. It is the undeclared work, a kind of employment that avoids the rules and does not produce payslips or tax contributions and fiscal burdens. However, it contributes to the GDP. But what is the extent of the phenomenon? And above all, does it only happen here or also in other European countries?

I am Cristiana Conti and this is Dati alla mano (Data at Hand), a podcast by Istat, the Italian National Institute of Statistics, where I work in the Directorate for Communication, Information and Services to Citizens and Users. This initiative is part of a public awareness communication project.

In this episode, we will talk about undeclared work, the sectors where it is most prevalent, its trend over the years, and we will try to make a comparison with our neighbouring countries.

First, let's clarify the subject: we are essentially talking about those work performances that do not comply with labour, remuneration, and tax laws and therefore cannot be directly observed within companies or found through administrative sources. This set also includes some illegal activities agreed upon at a European level, such as: prostitution, the production and trade of narcotics, and cigarette smuggling. These are residual activities but they are included. We said that these activities are those that do not leave traces. However, they produce wealth, meaning they produce a part of GDP, the Gross Domestic Product. Therefore, national accounts must estimate the extent of this invisible work. For example, in 2022, I know it seems far in the past, but these estimates are based on many data sources that become available with long delays. I was saying that in 2022 the economic value of irregular work was over 69 billion of Euro, equivalent to 3.5% of GDP. If you think that it is a lot, I should point out that in the pre-COVID period it was even more: in 2019 it exceeded 74 billion of Euro. So I wondered what the trend is. Compared to ten years ago, for example, is irregular work more or less widespread?

I asked Laura Serbassi, an expert in national accounts and this kind of study in particular.

Cristiana. Hello Laura, welcome.

Laura. Thank you and greetings to our listeners.

C. Is it possible to track the trend of irregular work in Italy?

L. Yes, national accounts can carry out this activity and have been doing that since the early eighties. Of course, over time we have refined the estimation methodologies, for example, we have been able to include 'off-the-books' work, meaning irregular working hours performed by regular workers.

C. Can we identify a trend in irregularity?

L. In general terms the phenomenon of irregular work is in slow decline, after the peak of 2015. In 2022 it is substantially stable compared to 2021.

C. But does it still remain significant?

L. Yes, consider that we estimated almost three million irregular work units in 2022.

C. Do you mean irregular workers?

L. No, this is a rather common misunderstanding. Irregular work unit means something else. They are the total volume of irregular work performed by all individuals involved, probably only for a few hours, converted into full-time equivalent units.

C. To understand, if there are three people working 'off the books' for a few hours, their combined hours could represent an irregular work unit?

L. Yes, that's a good example if the accumulation of hours amounts to a year of work.

C. And if we wanted to understand how many people work in unreported employment conditions?

L. We can assess how much the irregular workers weigh on the total employed population, considering the entire employed population as an aggregate group.

C. And how much do they weigh?

L. Out of 100 employed people, about 10 are irregularly employed, more precisely 9.7% . This is the 2022 figure. Furthermore, we can also know how many jobs are filled, given that an individual can perform more than one job simultaneously. We call these job positions (jobs in English).

C. And they are...

L. Based on the latest data from 2022, the irregular job positions are approximately 3 million 633 000, considering both self-employed and employees, both part-time and full-time. Out of one hundred jobs, 12.3 are irregular positions.

C. And all these numbers, what do they tell us?

L. They tell us that the use of undeclared work is a characteristic of the Italian labour market. It has been for a long time, although it is slowly decreasing, as we said before. In particular, the rate of undeclared work has been slowly but steadily declining since 2015, also because regular employment positions have increased.

C. Anyway, in my opinion, the share of undeclared work is still important.

L. Yes, and the risk is that people take it for granted. Consider that in 2019 Eurobarometer found that 44% of Italian citizens claimed to personally know someone who did not declare part or all of their incomes and 33% admitted that part of their paid work had not been declared.

C. But in the rest of Europe does this phenomenon exist?

L. It exists, but on average it is less widespread and in any case there are significant differences between countries.

C. What do you mean?

L. Among the best performers, or those with a very low rate of undeclared work, we find Germany, the Netherlands, and Austria. Among the worst performers, we find Bulgaria, Lithuania, and Romania. For what concerns undeclared work, we are above the European average, together with France and Greece.

C. Any other differences?

L. There are structural differences, those linked to the characteristics of the labour market of individual countries. For example, in the Netherlands, 90% of undeclared work is carried out by self-employed workers. Very high percentages are also found in Ireland and Finland. In Italy, on the other hand, the significantly larger share of irregular work concerns the employees.

C. And speaking of Italy, in which economic sectors is this phenomenon most widespread?

L. Definitely the tertiary sector, although the presence of irregular workers is historically significant in Agriculture and Construction sectors.

C. And in the tertiary sector are there areas of greater prevalence?

L. Yes, especially that of Other services to people, which is the area where the work of domestic helpers and carers is focused, but also the sector of trade, transport, accommodation and catering.

C. If we look at the territories instead, are there differences?

L. Yes, the irregularity rate of employed persons is higher in the South, followed – in order – by the Centre and the North.

C. And are these differences large or small?

L. We have wide differences. In the South, the irregularity rate in 2022 was 13.4% compared to 7.7% in the North and 10% in the Centre. Furthermore, in the South, if we look at the agriculture, forestry, and fishing sector, the irregularity rate rises considerably.

C. How much?

L. It reaches 26.8% and consider that in Campania and Sicilia it exceeds 30%.

C. A story that cannot be changed, this one about irregular work in agriculture.

L. Yes, and our data highlights this. Let's take the Lazio region, for example. In the total of economic activities, the irregularity rate in Lazio is 11.8%, but in agriculture, it is 28.9%.

C. Listen, can we also draw a gender profile? That is, are invisible workers more women or men?

L. No, national accounting by its nature is called upon to state 'how many there are' and not 'who they are'. Usually, we mainly consider only the economic-quantitative aspects of the phenomena. At most, I can suggest a consideration on a specific aspect... for example within the scope of "Activities of households as employers of domestic personnel" the incidence of irregular employees is very high, almost 47 %. We are talking about the work of cleaners and carers, as I told you before. And this is a field of work where women are more present. But indeed, this is a deduction.

C. It's interesting, though, because it tells us something about the behaviour of families as employers. By the way, I read a Eurostat report that explored the possibility of connecting the prevalence of undeclared work and aspects that I would call value-based in different countries...

L. If I understand which report you are referring to it's an in-depth analysis from 2023 in which among other things was associated the level of undeclared work with certain attitudes and perceptions of citizens. For example, to what extent certain behaviours that are non-compliant with tax regulations were considered acceptable. Where the percentage of citizens who consider completely unacceptable non-compliance with rules is higher, the presence of undeclared work is also lower.

C. Well, this gives us a lot to think about. Thank you, Laura, and see you next time.

L. Until the next in-depth analysis, bye.

So, we have seen how irregular work has historically been a characteristic of the labour market in Italy. We have understood, however, that in the last ten years it has been slowly decreasing. We know that territorial differences are significant and show a prevalence of irregularities in the South. The rates of irregularity in our country are higher than the European average, and compared to our neighbours, we are very far from the regularity of Austria and Germany, and closer to France and Greece.

I am Cristiana Conti and this was Dati alla mano (Data at Hand), a podcast from the National Institute of Statistics.

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Are there topics you would like to explore further? Write to me at datiallamano@istat.it.

Laura Serbassi and Danilo Birardi worked on this episode.