

The labour market: data and analysis

January 2023

This publication has been prepared jointly by the Ministry of Labour and Social Policies (MLPS), Banca d'Italia and the National Agency for Active Labour Market Policies (ANPAL) based on two complete and up-to-date sources: the Comunicazioni obbligatorie (Mandatory reporting) and the Dichiarazioni di immediata disponibilità al lavoro (Declarations of immediate availability to work). The first dataset is updated to 31 December 2022, the second to 30 November 2022. The data are provisional and subject to revision.

PAYROLL EMPLOYMENT

► **The balance for 2022 is largely positive, but the latest data confirm a slowdown in the labour market**

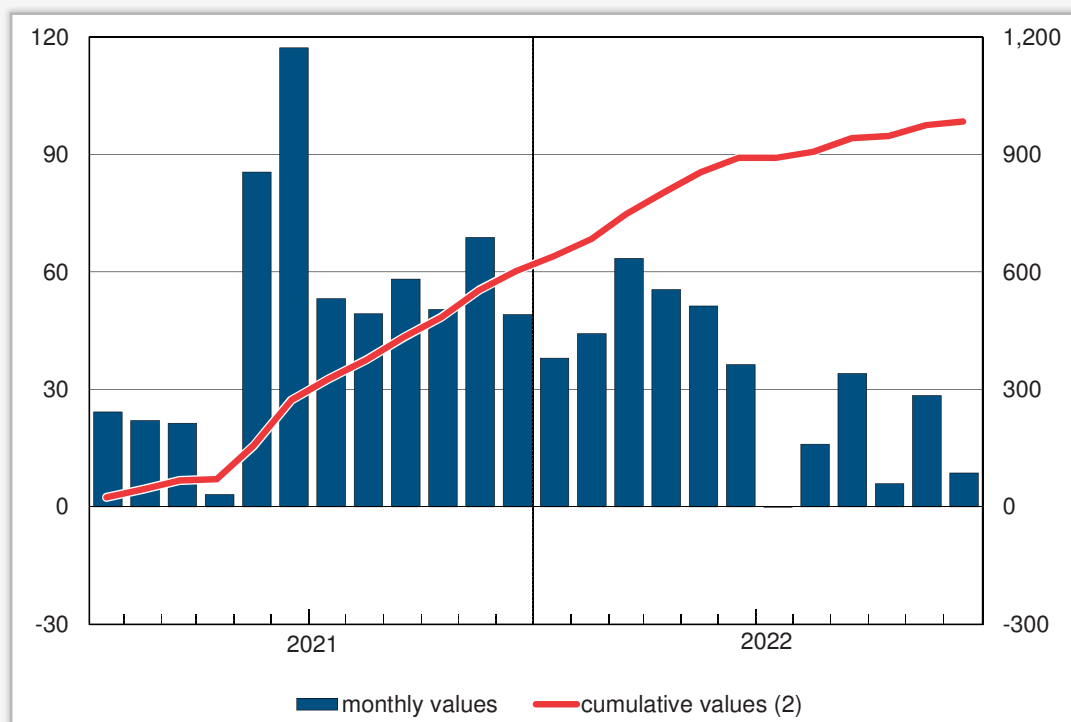
Some 380,000 jobs were created in 2022 net of terminations (Table 1), more than in 2019, before the health emergency.

The increase in labour demand remained robust until the early summer (Figure 1), bringing employment back to its pre-pandemic growth path (see the box 'Sectoral shifts in the composition of the labour market after the pandemic'). In the following months, growth was weaker, albeit positive: in November and December, net new contracts stood at levels comparable to 2019 (37,000 new jobs versus approximately 33,000 three years earlier, on a seasonally-adjusted basis).

Net hires (1)

(thousands of jobs)

Figure 1



Source: Based on MLPS mandatory reporting data; see the Methodological Note.

(1) Seasonally adjusted data using the TRAMO-SEATS procedure. – (2) Cumulative net hires since January 2021; right-hand scale.

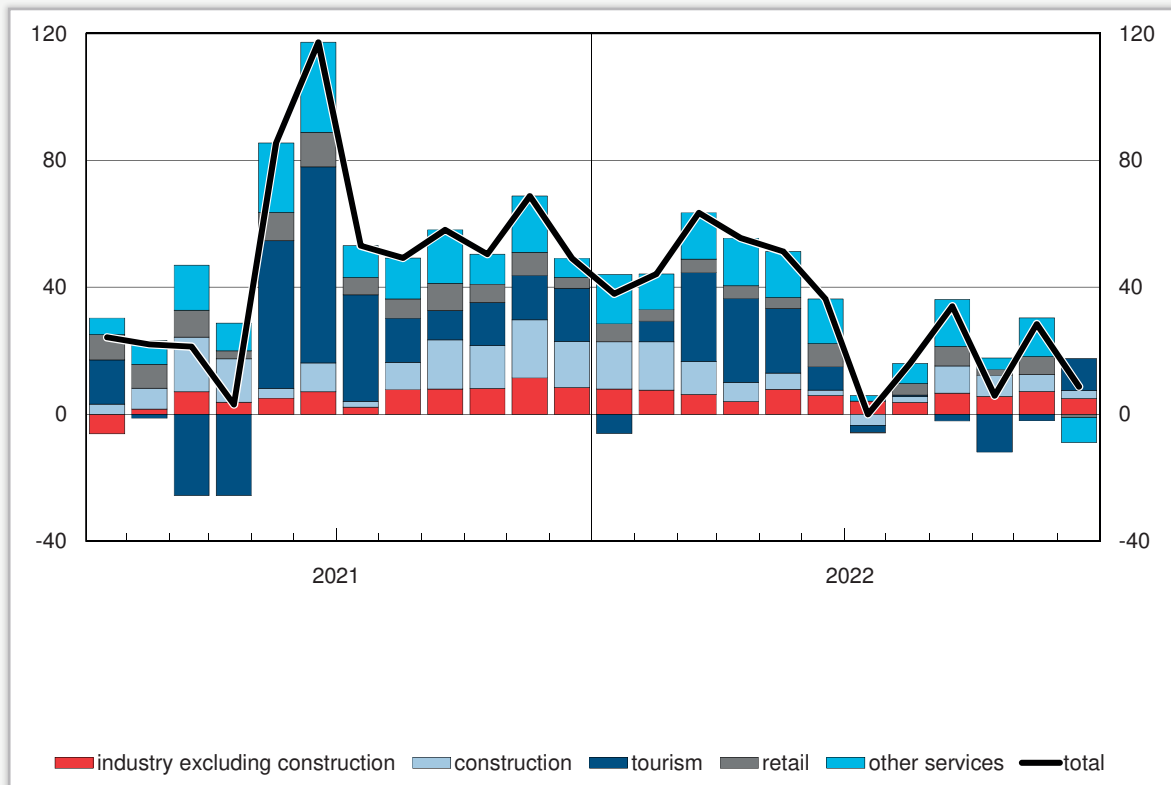
► **Services boost employment in the first half of 2022; construction slows down, as do manufacturing sectors more exposed to energy price increases**

In the first half of 2022, labour demand was largely driven by tourism, which rebounded at the beginning of the spring (see the box ‘Seasonality in the tourism sector’, in ‘The labour market: data and analysis, November 2022’; Figure 2). The winter season too has set off on a positive note.

Monthly net hires by macro-sector (1)

(thousands of jobs)

Figure 2



Source: Based on MLPS mandatory reporting data; see the Methodological Note.

(1) Seasonally adjusted data using the TRAMO-SEATS procedure.

From the summer of 2020 to the spring of 2022, construction grew at exceptionally high rates. However, as of the second quarter of last year, the pace of expansion eased, with the sector providing a modest contribution (see the box ‘Sectoral shifts in the composition of the labour market after the pandemic’; Figure, panel c).

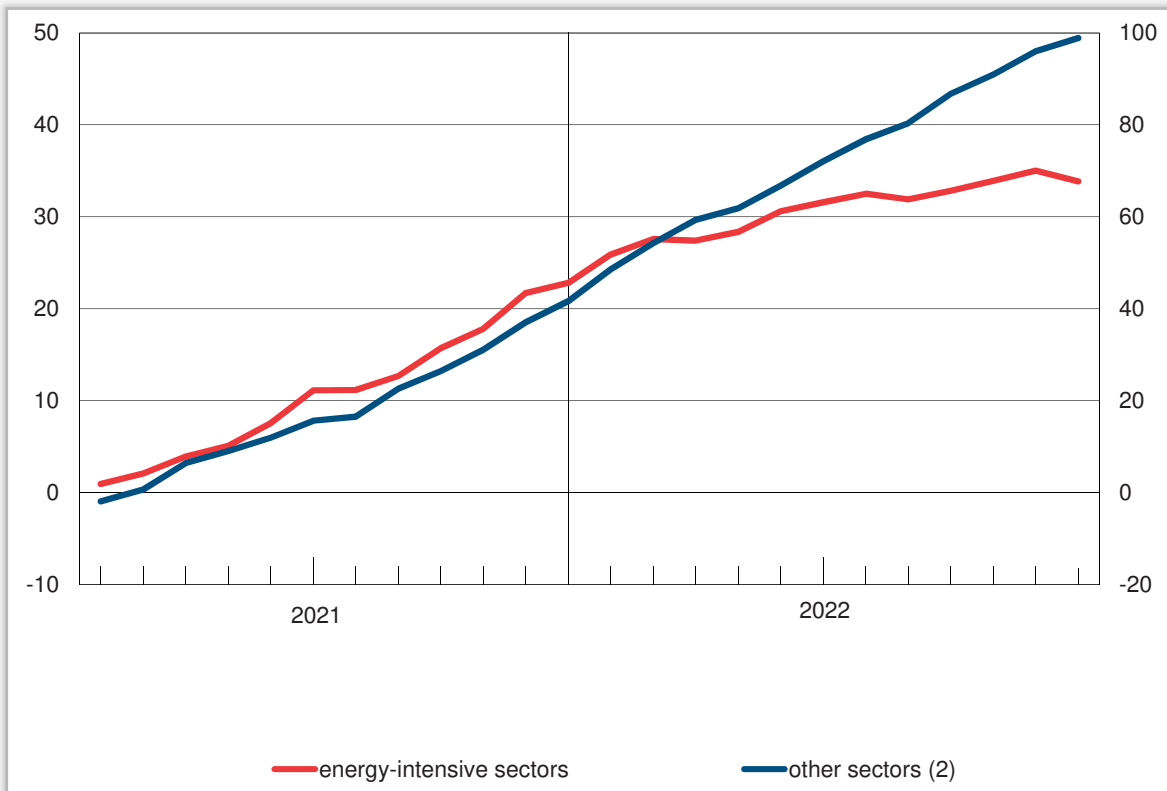
In 2022, net new contracts in manufacturing exceeded 2021 levels (Table 2). Job creation continued at essentially steady rates in the last two months of the year, despite a slowdown in more energy-intensive industries¹ (Figure 3).

¹ The energy intensity indicator is defined based on the ratio of energy consumption to value added: both magnitudes are measured by Istat, in the Physical Energy Flows Accounts and National Accounts, respectively. The ten most energy-intensive manufacturing sectors are: food, beverages and tobacco (Ateco codes 10-12); timber industry (Ateco code 16); manufacturing of paper and paper products (Ateco code 17); manufacturing of coke and refined petroleum products (Ateco code 19); chemicals (Ateco code 20); manufacturing of rubber and plastic products (Ateco code 22); manufacturing of non-metal ore products (Ateco code 23); metals and metal products (Ateco code 24). These sectors employ around one third of the labour force in the manufacturing industry.

Monthly net hires in the manufacturing sector (1)

(cumulative net hires since January 2021; thousands of jobs)

Figure 3



Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure. – (2) Right-hand scale.

► Growth in permanent hires accelerates in 2022

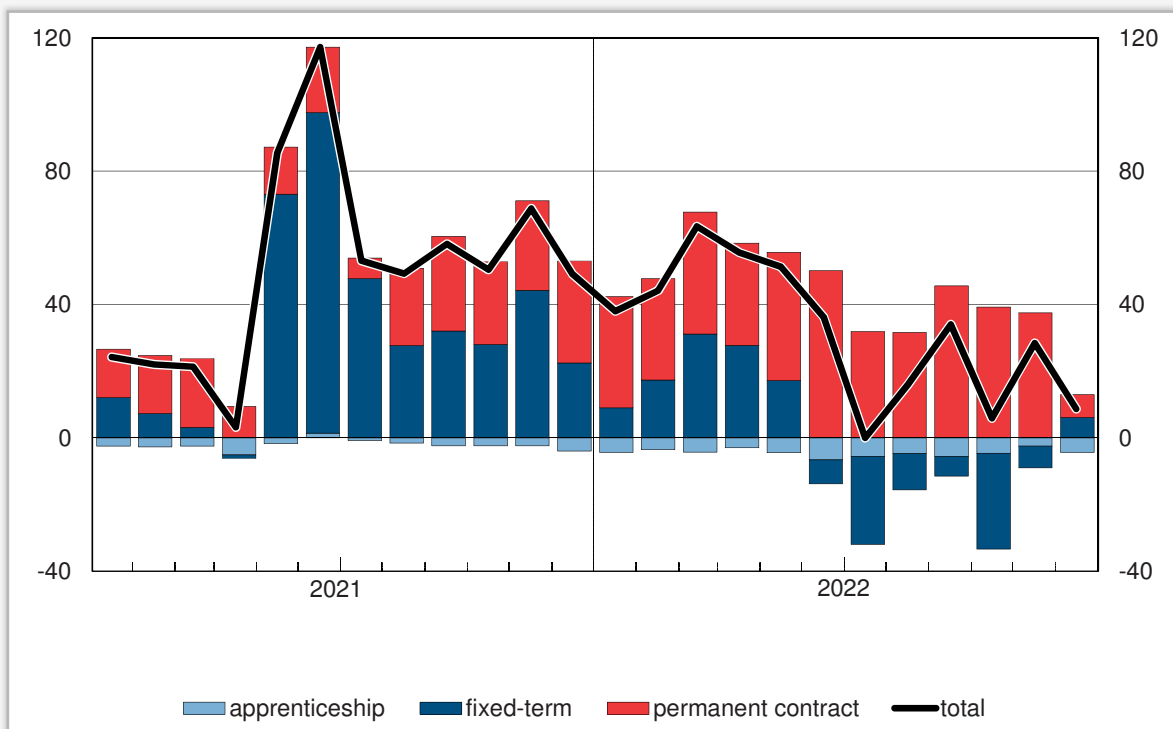
In 2022, employment growth was driven almost entirely by permanent hires, which accounted for just 40 per cent of net new contracts in 2021. Over 410,000 permanent jobs were created, while fixed-term contracts held stable and apprenticeships declined by more than 50,000 units.

In the first post-pandemic phase, against a backdrop of high uncertainty, the pick-up in employment was buoyed mostly by fixed-term contracts. As of the second half of 2021, when the recovery gathered strength, firms returned to permanent hiring as well as converting the fixed-term contracts started over the previous months (Figure 4). However, the shift in the workforce composition stabilized at end 2022, amid an overall slowdown in the labour market. In December, fixed-term contracts picked up again.

Monthly net hires by type of contract (1)

(thousands of jobs)

Figure 4



Source: Based on MLPS mandatory reporting data; see the Methodological Note.

(1) Seasonally adjusted data using the TRAMO-SEATS procedure.

► *Employment growth is stronger in central and northern Italy in 2022*

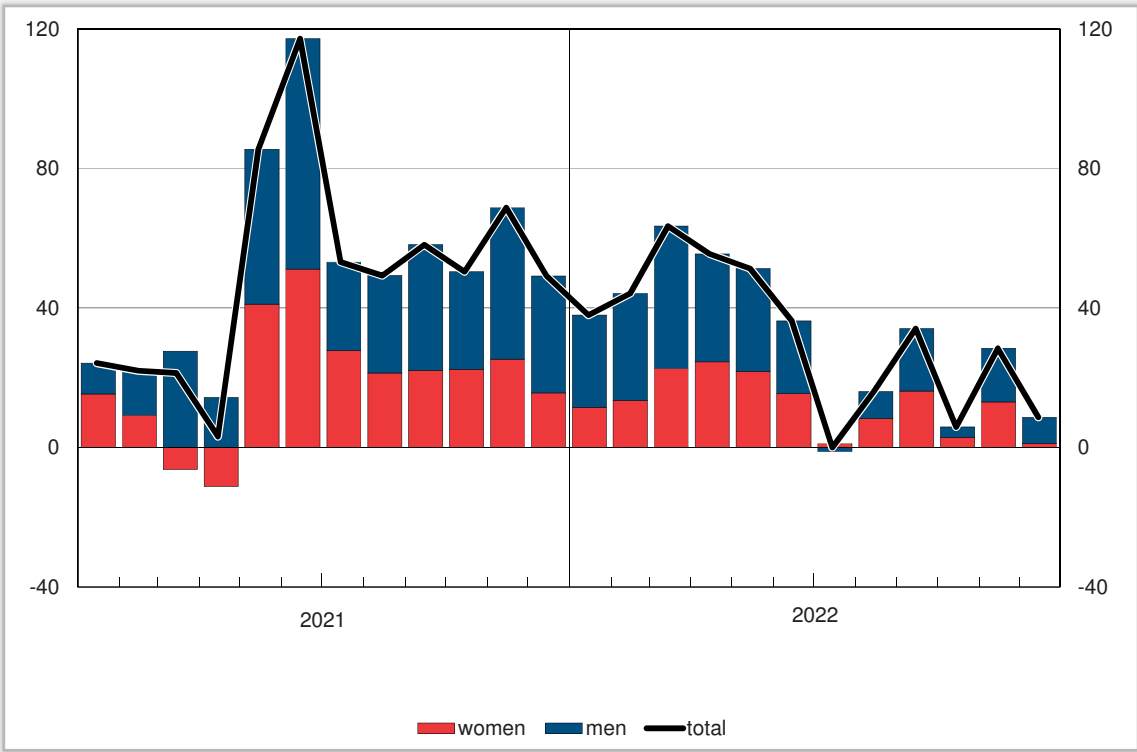
In 2022, net new contracts were positive for both men and women, though female employment growth came to a halt in december (Figure 5.a).

In the second part of 2022, job creation eased in the Centre-North and stopped in the South, where the balance was negative by around 12,000 units on a seasonally-adjusted basis (Figure 5.b). More specifically, employment growth came to a standstill in Southern regions once the boost from construction faded. In 2022, the latter accounted for about 30 per cent of employment growth in the South. Last year, labour demand from the South and Islands was approximately one fifth of new jobs in Italy, less than in 2021, when it was almost a third.

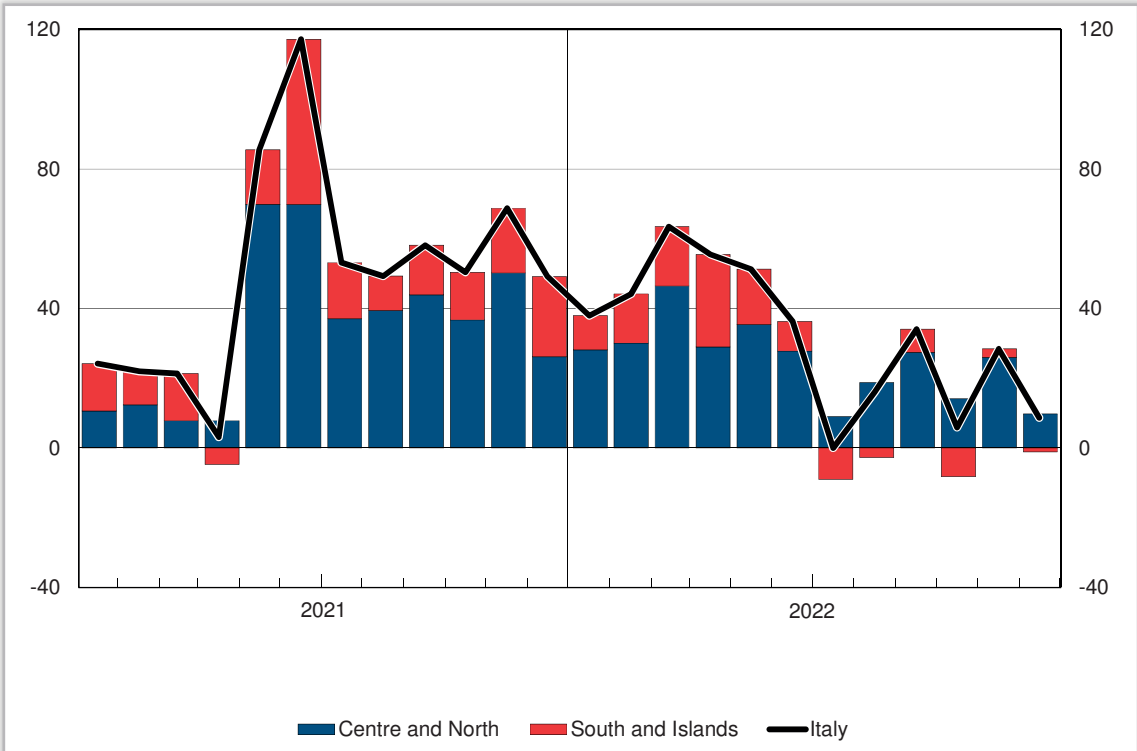
Monthly net hires (1)
(thousands of jobs)

Figure 5

(a) by gender



(b) by area



Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure.

FOCUS

SECTORAL SHIFTS IN THE COMPOSITION OF THE LABOUR MARKET AFTER THE PANDEMIC

Over the past two years, almost one million new salaried jobs were created in the non-farm private sector (net of terminations). The recovery fully made up for the decline caused by the health emergency: last March, the number of new contracts returned to the growth track it would have followed if, between 2020 and 2022, labour demand had held the same pace as in 2018-19 (see panel (a) of the figure).

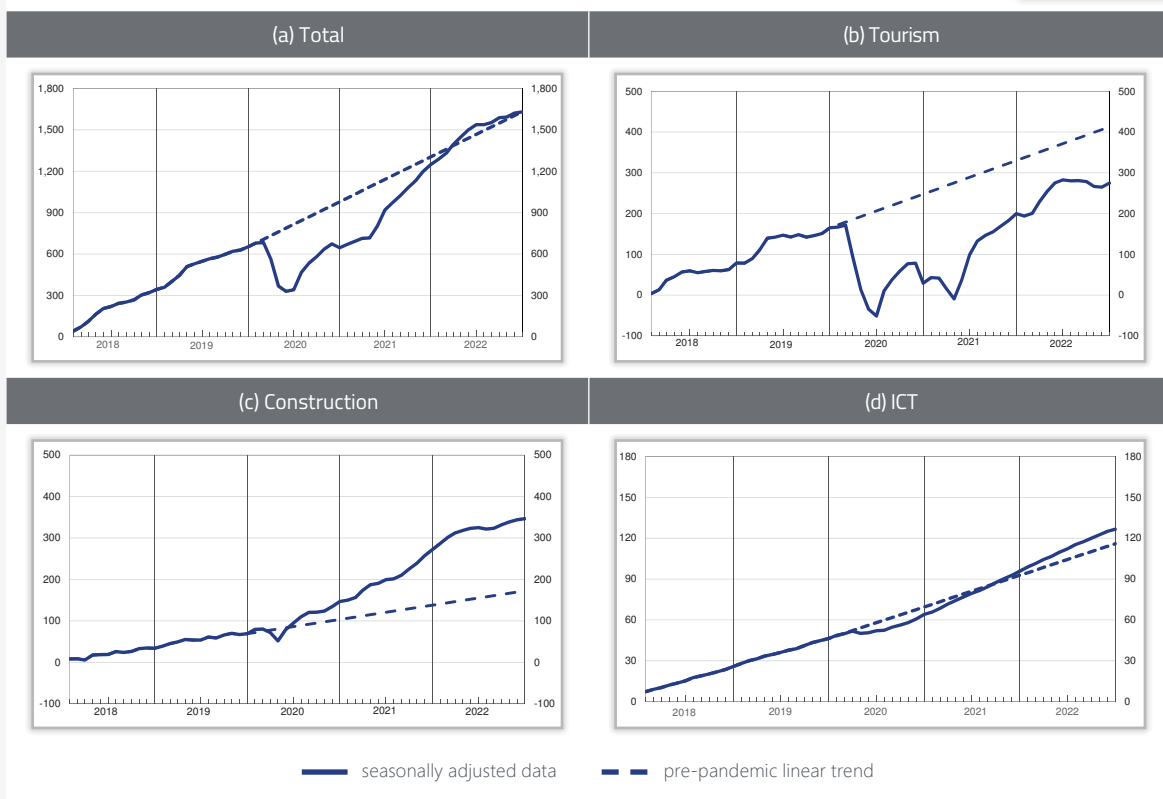
However, trends were mixed across sectors, pointing to shifts in the labour market composition due to both the impact of the pandemic and current or recent economic policy measures. Tourism, which drove employment expansion in 2019, has been the sector most affected by the health emergency. Despite a good summer season in 2022, there remains ample room for improvement (see panel (b) of the figure).

Conversely, construction recorded extremely high growth, partly as a result of government schemes for building renovation: almost 280,000 jobs were created over the past three years (more than one fourth of the total), versus 70,000 in the previous two-year period (see panel (c) of the figure). Notwithstanding the recent slowdown, labour demand in this sector is set to remain strong, partly driven by investment plans under the NRRP.

During the pandemic, remote working and digital services gathered pace. In parallel with this trend, labour demand intensified as early as 2020 in information and communications

Cumulative net hires since January 2018 (1)

Figure



Source: Based on MLPS mandatory reporting data; see the Methodological Note.

(1) Seasonally adjusted data using the TRAMO-SEATS procedure; the linear trend (dashed line) is based on the growth rate of seasonally adjusted net hires during the period 2018-2019

technology (ICT;¹ see panel (d) of the figure). The past year saw almost 30,000 new jobs, one third more than in 2019. However, this is still a small industry, which accounted for less than one tenth of overall growth in labour demand in 2022.²

¹ In 1998, the OECD defined ICT as 'a combination of manufacturing and services industries that capture, transmit and display data and information electronically' (see OECD, *Measuring the Information Economy*, 2002 OECD Publication). Based on this classification, and the guidelines released by the OECD in 2009 (see OECD, *Information Economy Product Definitions Based on the Central Product Classification (Version 2)*, OECD Directorate for Science, Technology and Industry), Istat has included in ICT the following sectors, as identified by their respective Ateco codes: manufacturing of computers and peripheral equipment (Ateco code 26.2); manufacturing of telecommunications equipment (26.3); manufacturing of audio visual consumer electronics (26.4); manufacturing of magnetic and optical media (26.9); wholesale of ICT equipment (46.5); software publishing (58.2); telecommunications (61); software production, IT consultancy and associated operations (62); data processing, hosting and associated operations; web portals (63.1); computer and communications equipment repair services (95.1).

² See https://www.inps.it/docallegatiNP/Mig/Dati_analisi_bilanci/Attivita_ricerca/Studi_e_analisi/2022/nota_Bdl_Inps_05_2022.pdf.

ADMINISTRATIVE UNEMPLOYMENT

The slowdown in the labour market in the second half of last year also had an impact on administrative unemployment, as measured by the number of declarations of immediate availability to work (*Dichiarazione di immediata disponibilità al lavoro* - DID; Figure 6.a). The number of unemployed declined in the first half of the year, only to increase again at the end of the summer, and more strongly so in the autumn, when many fixed-term contracts expired.

Overall, in the first eleven months of the year the number of unemployed dropped by about 120,000 units (Table 3). This was a significant reduction, though less pronounced than in 2021.

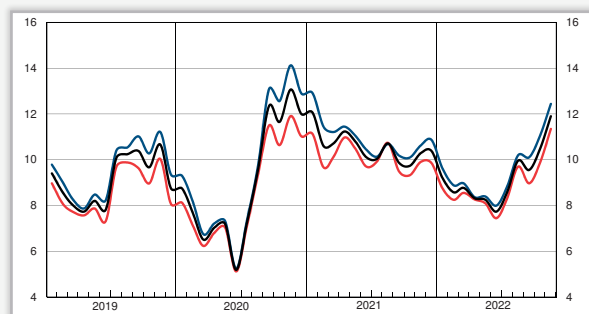
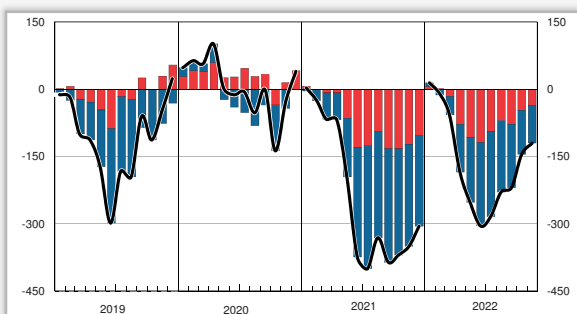
The ratio of newly unemployed, following an employment contract of no more than six months, to those leaving unemployment to start work in the previous half year rose in the autumn months, pointing to a trend of much shorter average contract durations since the summer (Figure 6.b).

Administrative unemployment

Figure 6

(a) cumulative balance since 1st January of each year (1)
(thousands of people)

(b) ratio of returns to unemployment to outflows
to employment in the six previous month
(percentage values)



■ women ■ men — total

Source: Based on ANPAL's DID data; see the Methodological Note.

(1) The balance between entries into and exits from administrative unemployment status represents the variation in the number of people declaring themselves to be available to work.

APPENDIX

Table 1

New contracts, transitions, and terminations by type of contract (1) (seasonally adjusted data; thousands)

Fixed-term contracts				
PERIOD	Gross new contracts (A)	Transitions from fixed-term to permanent contracts (B)	Terminations (C)	Net new contracts (A-B-C)
2019	4,995	576	4,517	-99
2020	3,586	432	3,394	-241
2021	4,620	441	3,787	393
2022	5,252	622	4,607	23
2022 – Jan.-Oct.	4,369	528	3,818	23
2022 – November	444	52	399	-7
2022 – December	438	41	391	6
Apprenticeships				
	Gross new contracts (D)	Transitions from apprenticeships to permanent contracts (E)	Terminations (F)	Net new contracts (D-E-F)
2019	397	110	233	54
2020	272	120	176	-23
2021	360	151	236	-26
2022	404	179	278	-53
2022 – Jan.-Oct.	337	150	234	-46
2022 – November	34	15	22	-2
2022 – December	33	15	22	-4
Permanent contracts				
	Gross new contracts (G)	Transitions to permanent contracts (B+E)	Terminations (H)	Net new contracts (G+B+E-H)
2019	1,272	687	1,605	353
2020	922	552	1,216	258
2021	1,098	592	1,453	236
2022	1,303	801	1,692	412
2022 – Jan.-Oct.	1,108	678	1,419	368
2022 – November	105	67	134	37
2022 – December	89	56	139	7
Total				
	Gross new contracts (I)		Terminations (L)	Net new contracts (I-L)
2019	6,664	–	6,355	308
2020	4,780	–	4,786	-6
2021	6,078	–	5,476	602
2022	6,959	–	6,577	382
2022 – Jan.-Oct.	5,815	–	5,470	345
2022 – November	583	–	555	28
2022 – December	561	–	552	9

Source: Based on MLPS mandatory reporting data; see the Methodological Note.

(1) Seasonally adjusted data using the TRAMO-SEATS procedure. Minor discrepancies between aggregates are due to rounding. Minor discrepancies between raw data and seasonally adjusted data are due to the TRAMO-SEATS procedure.

Table 2

Net hires by sector of economic activity, gender and geographical area (1) <i>(seasonally adjusted data; thousands)</i>						
PERIOD	Industry without construction	Construction	Retail and wholesale trade	Tourism services	Other services	Total
Total						
2019	48	35	47	86	92	308
2020	13	78	10	-136	29	-6
2021	65	125	83	171	159	602
2022	72	75	44	75	116	382
2022 – Jan.-Oct.	60	67	40	67	112	345
2022 – November	7	5	6	-2	12	28
2022 – December	5	2	-1	10	-8	9
Women						
2019	14	4	20	40	38	115
2020	-2	6	-10	-64	-5	-76
2021	21	10	50	82	70	234
2022	26	10	25	39	52	152
2022 – Jan.-Oct.	22	9	22	35	50	138
2022 – November	2	1	3	0	6	13
2022 – December	1	0	0	3	-4	1
Men						
2019	34	32	28	46	54	193
2020	15	71	21	-72	35	70
2021	43	115	33	89	89	368
2022	46	65	19	36	63	230
2022 – Jan.-Oct.	38	58	18	32	62	207
2022 – November	5	5	3	-3	6	15
2022 – December	4	2	-1	7	-4	7
Centre North						
2019	35	26	31	64	73	228
2020	-2	42	-9	-112	13	-68
2021	49	68	55	124	116	412
2022	64	51	33	62	93	302
2022 – Jan.-Oct.	53	44	28	51	91	266
2022 – November	6	5	4	1	10	26
2022 – December	5	3	0	10	-8	10
South and Islands						
2019	13	9	17	23	19	80
2020	14	36	19	-24	16	62
2021	16	57	28	47	43	191
2022	8	23	12	13	23	80
2022 – Jan.-Oct.	7	23	12	16	20	79
2022 – November	1	1	1	-3	3	2
2022 – December	0	0	-1	0	0	-1

Source: Based on MLPS mandatory reporting data; see the Methodological Note.

(1) Seasonally adjusted data using the TRAMO-SEATS procedure. Minor discrepancies between aggregates are due to rounding. Minor discrepancies between raw data and seasonally adjusted data are due to the TRAMO-SEATS procedure.

Table 3

Declarations of immediate availability to work (1)							
<i>(raw data)</i>							
PERIOD	Entries into unemployment status			Exits from unemployment status			Balance
	Total	Entries	Re-entries	Total	Suspensions	Withdrawals	
Total							
2021	3,524,575	1,244,017	2,280,558	3,831,184	3,586,559	244,625	-306,609
2021 – Jan.-Nov.	3,241,714	1,154,759	2,086,955	3,591,931	3,362,367	229,564	-350,217
2022 – Jan.-Nov.	3,136,630	1,328,018	1,808,612	3,256,735	2,993,989	262,746	-120,105
Women							
2021	1,663,492	654,503	1,008,989	1,767,000	1,642,590	124,410	-103,508
2021 – Jan.-Nov.	1,531,461	611,989	919,472	1,653,796	1,536,486	117,310	-122,335
2022 – Jan.-Nov.	1,542,617	705,398	837,219	1,578,716	1,439,562	139,154	- 36,099
Men							
2021	1,861,083	589,514	1,271,569	2,064,184	1,943,969	120,215	-203,101
2021 – Jan.-Nov.	1,710,253	542,770	1,167,483	1,938,135	1,825,881	112,254	-227,882
2022 – Jan.-Nov.	1,594,013	622,620	971,393	1,678,019	1,554,427	123,592	-84,006

Source: Based on ANPAL's DID data; see the Methodological Note.

(1) Minor discrepancies between aggregates referring to the same phenomenon are due to the absence, in some of the DIDs, of any indication of the worker's gender.

METHODOLOGICAL NOTE

Mandatory reporting data are subject to frequent revision and cannot be considered definitive. We analysed permanent contracts, fixed-term contracts (including substitutions), and apprenticeships, relating to the non-farm private sector.¹ As a result, we did not take into consideration sectors 01-03, 84-88, and 97-99 in the two-digit ATECO 2007 classification.

Net hires or net new contracts refers to the balance between new contracts and terminations. In the 'net hires with permanent contracts' category, we included transitions from a fixed-term contract or from an apprenticeship, whereas these are subtracted from the calculation of the net hires with a first employment contract. Seasonal adjustments are made to the time series with DEMETRA software, developed by Eurostat, using the TRAMO-SEATS procedure that identifies possibly unusual changes in values or levels.

Data from the Declarations of immediate availability to work (DIDs)

Under Italian law, the Declaration of immediate availability to work (DID) formally marks the start of a person's status as unemployed.

The unemployed status is 'suspended' when a person signs an employment contract for an expected or actual period of time up to 180 days. If the contract goes beyond that date, the person is no longer considered to be unemployed. ANPAL's archive of the Declarations of immediate availability to work also includes entries, when a new DID is signed, and re-entries following an interruption in a job contract or at the end of a contract within the 180 days.

¹ Records are selected where the 'type of contract' variable assumes the values 1, 2 or 3.

Contacts:

Raffaella Nizzi, Banca d'Italia (raffaella.nizzi@bancaditalia.it); Giulio Tarditi, Ministero del Lavoro e delle politiche sociali (GTarditi@lavoro.gov.it);
Giovanna Linfante, ANPAL (Giovanna.Linfante@anpal.gov.it)