

# Low wages, employees and employers in Italy: a longitudinal analysis

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# Minimum wage and its surroundings

- The debate on minimum wage in Italy, usually quite messy
  - ✓ Which type of earnings? Net, gross, net or gross of what?
  - ✓ Hourly, Monthly, Yearly, Lifelong?
- Istat experimental work on the issue in the last years through data integration
  - ✓ Job quality and individual trajectories (Registers & LFS)
  - ✓ Inequalities during pandemics and policy support to employment (Registers & LFS)
  - ✓ Low earnings (Registers & LFS)
    - Hourly earnings as only a part of the story
    - Intensity and duration of jobs
    - Low earnings as an issue of job (and income) quality
    - Business structure
- Additional findings from Registers on a longitudinal perspective 2015-2022
  1. Overall actual incomes from employee jobs in the private and public sectors
  2. Low earnings in the private (industry and service) sectors
  3. Business structure and low earnings

## Main points

- General weakness of incomes from employee jobs
  - ✓ Heterogeneity among economic activities
  - ✓ Poor ability of the private sector to ensure adequate levels of labor income
  - ✓ Inflation hit hard between 2021 and 2022, on already critical pre-existent conditions
- In the private sectors low earnings are a matter of job quality
  - ✓ Inequalities mainly derive from the intensity and duration of jobs
  - ✓ A large part of employees experienced low earnings in their recent working life
  - ✓ A minor share escaped low earnings by improving the quality of their jobs
  - ✓ Duration and intensity as key variables
- Structural determinants of low earnings
  - ✓ Size, economic activity and type of employer
  - ✓ Competition exerted through lower job quality
  - ✓ Need to study sectoral interdependence (vertical and externalisation of services)

# Integrated use of statistical registers and administrative sources

- Istat statistical registers (2015-2022)

- ✓ **Income register**

- Actual gross labour income of the employee by main sector

- Total disposable income

- ✓ **Population register**

- Gender, age, education, citizenship, household

- ✓ **Business register & LEED register**

- Employers' structure and performance

- Ad hoc estimates from social security individual microdata

- ✓ **Monthly data on labour contracts**

- ✓ **Contractual (or notional) gross earnings and workable hours**

- Exclude “protected” or non contractual events, such as job retention schemes, illness, extra-time...

- ✓ **Type of labour contracts (combining Full-time, Part-time, open-ended, short-term)**

- ✓ **Estimates on job Intensity and Duration**

# Part I. Actual gross incomes of employees

Based on Income register and Population register (*only resident population*)

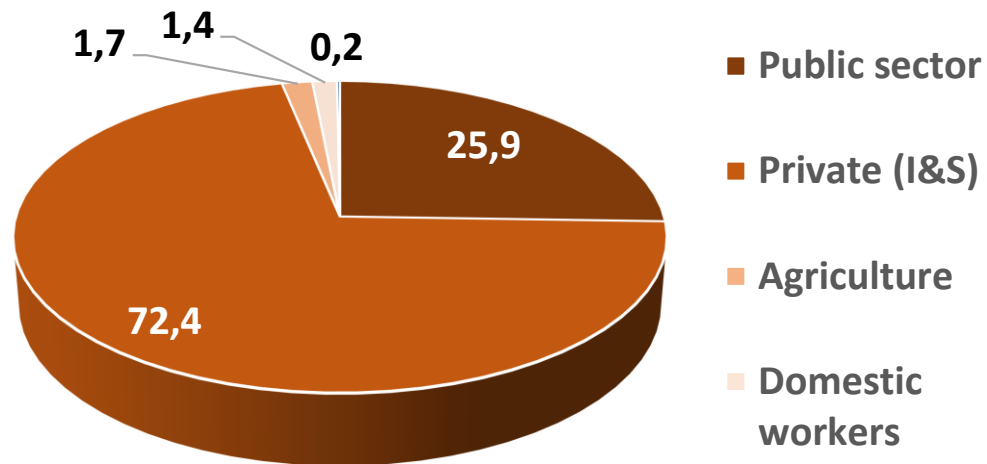
## Employees and gross labour income by year. Years 2015-2022 (values at constant 2015 prices (a))

Indicators	2015	2016	2017	2018	2019	2020	2021	2022
N. employees (000)	18.324	18.633	19.130	19.500	19.729	19.646	20.073	20.705
<i>Index (2015=100)</i>	<b>100</b>	<b>101,7</b>	<b>104,4</b>	<b>106,4</b>	<b>107,7</b>	<b>107,2</b>	<b>109,5</b>	<b>113,0</b>
Total Income (mln euro)	433.721	446.619	449.720	459.541	466.108	443.232	466.207	460.128
<i>Index (2015=100)</i>	<b>100</b>	<b>103,0</b>	<b>103,7</b>	<b>106,0</b>	<b>107,5</b>	<b>102,2</b>	<b>107,5</b>	<b>106,1</b>
Per capita Income	23.669	23.970	23.509	23.566	23.625	22.561	23.226	22.223
<i>Index (2015=100)</i>	<b>100</b>	<b>101,3</b>	<b>99,3</b>	<b>99,6</b>	<b>99,8</b>	<b>95,3</b>	<b>98,1</b>	<b>93,9</b>

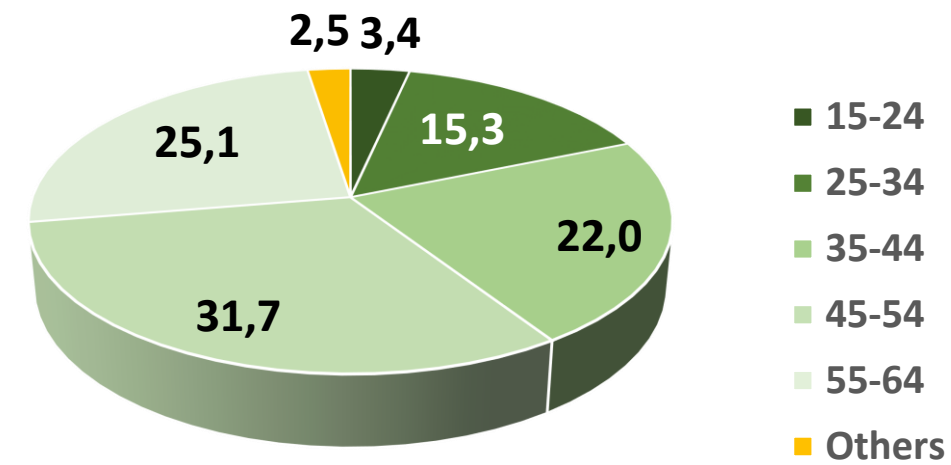
Source: Istat, Income Register 2015-2022, Population Register 2015-2022

Notes: (a) Only individuals with annual gross earnings over 1.000 euro

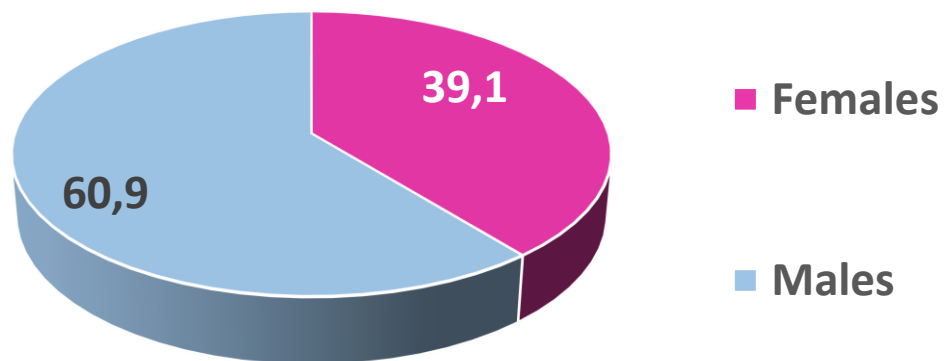
Main sector



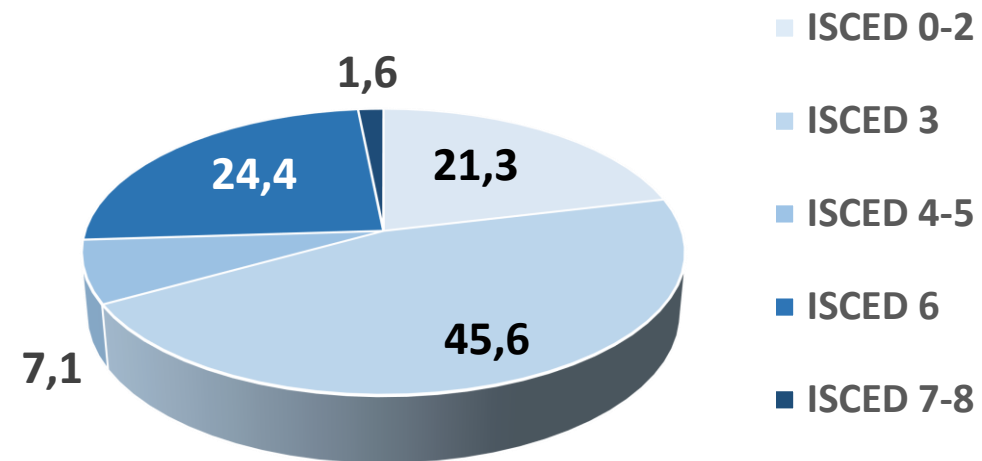
Age



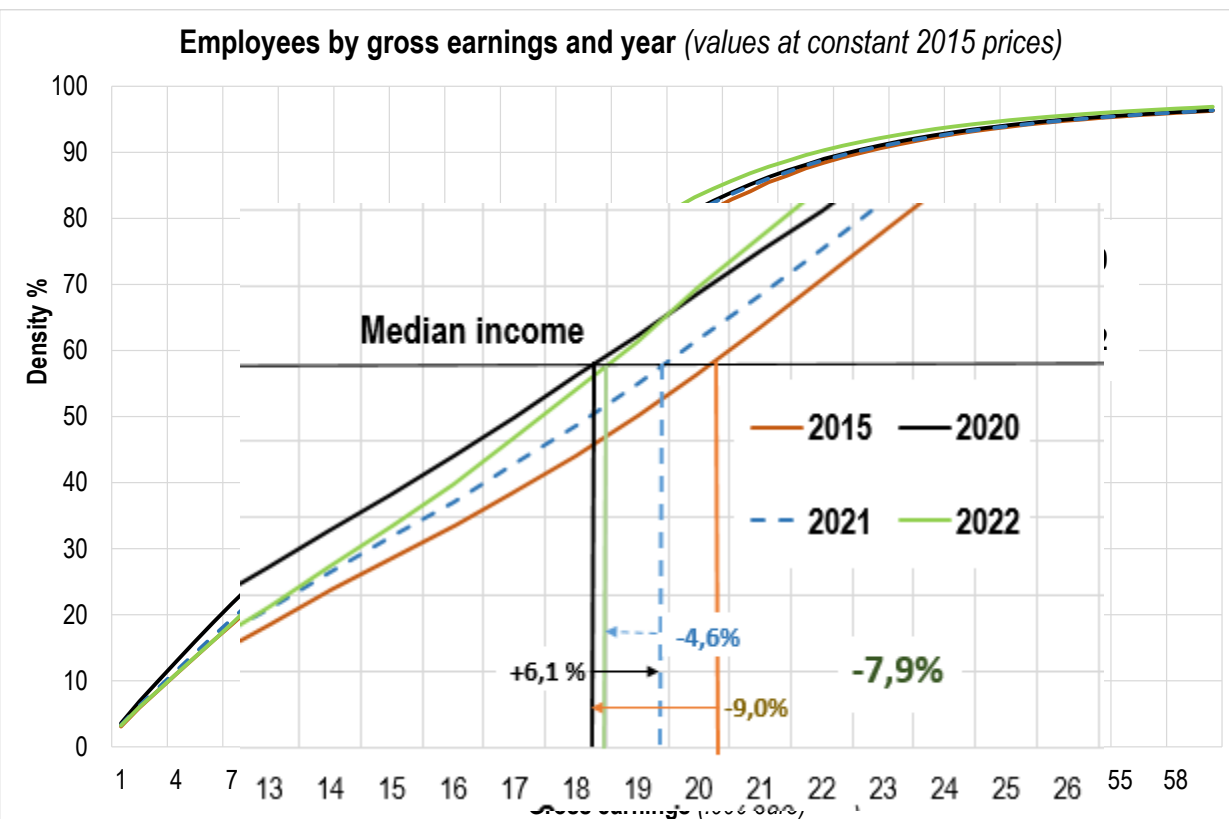
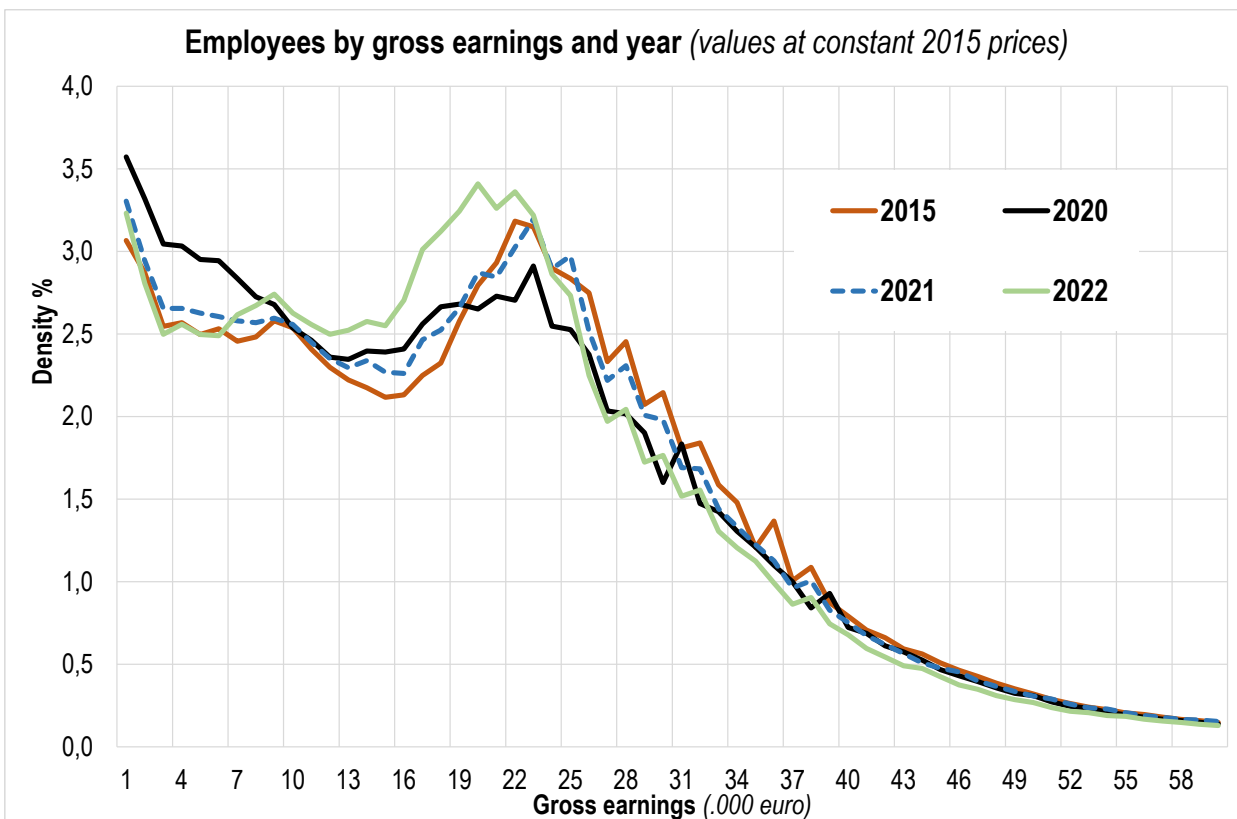
Gender



Education



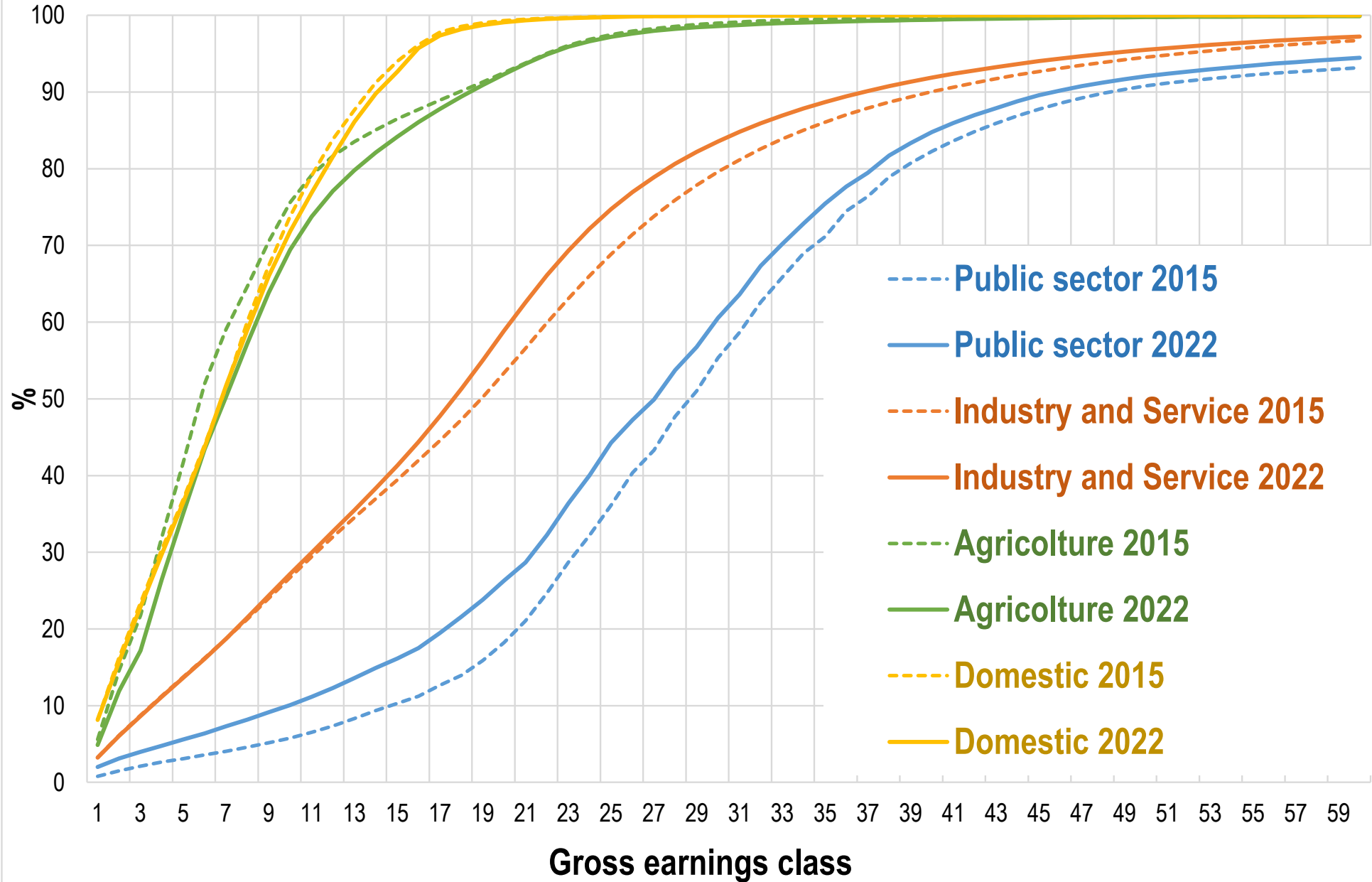
# Distribution of employees by income class and year (constant 2015 prices)



Source: Istat, Income Register 2015-2022, Population Register 2015-2022

Note: Only individuals with annual gross earnings over 1.000 euro

# Cumulate distributions of employees, by income class and main sector. Years 2015-22

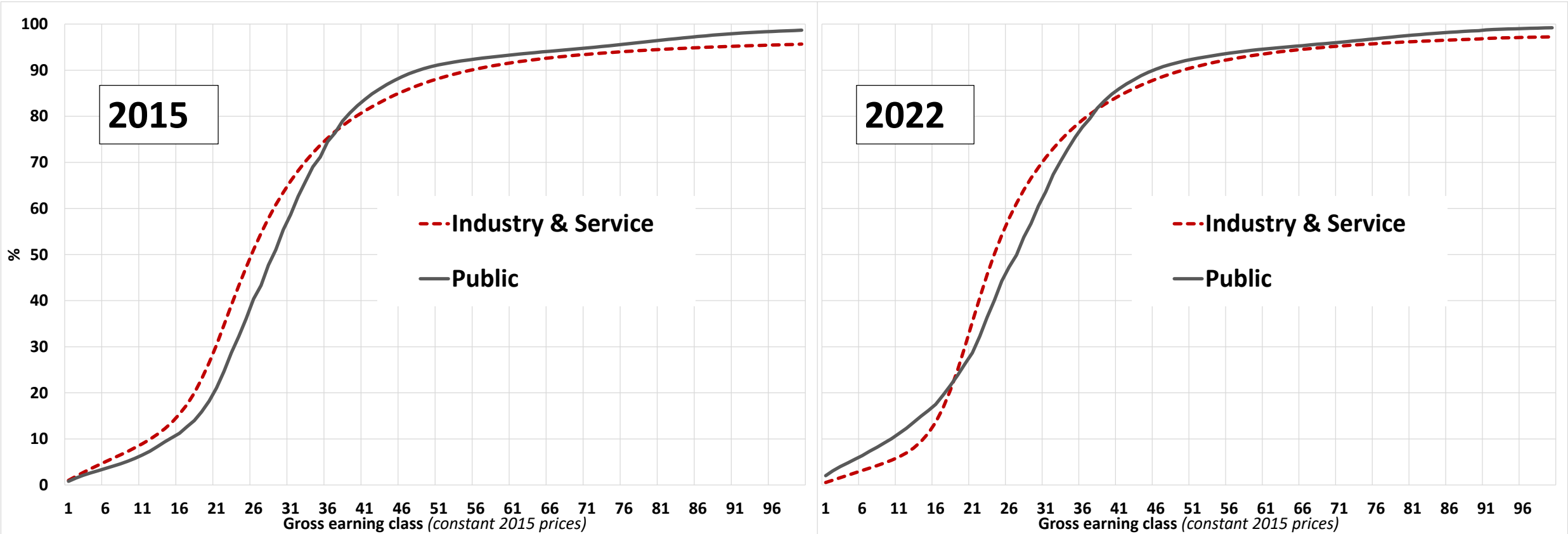


Source: Istat, Income Register 2015-2022, Population Register 2015-2022

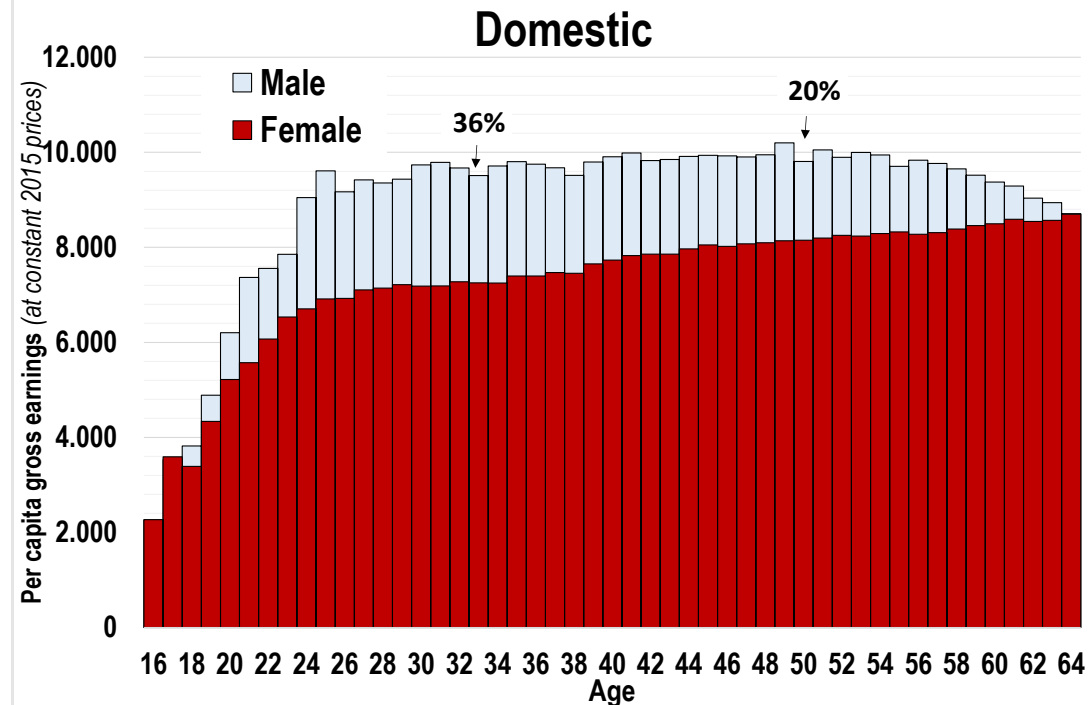
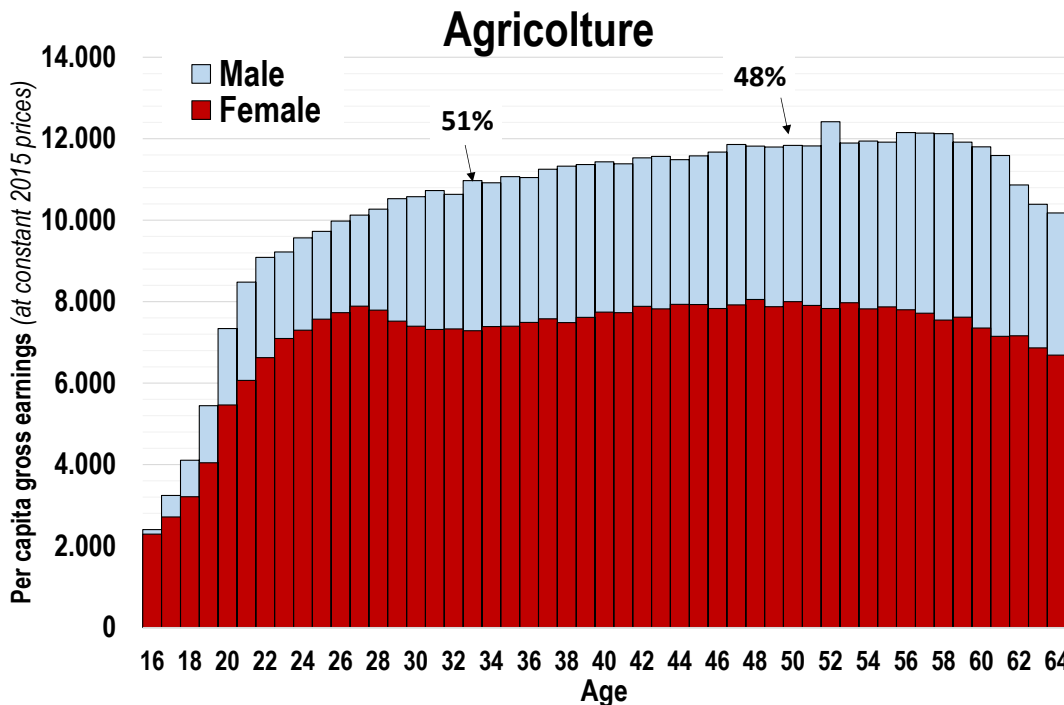
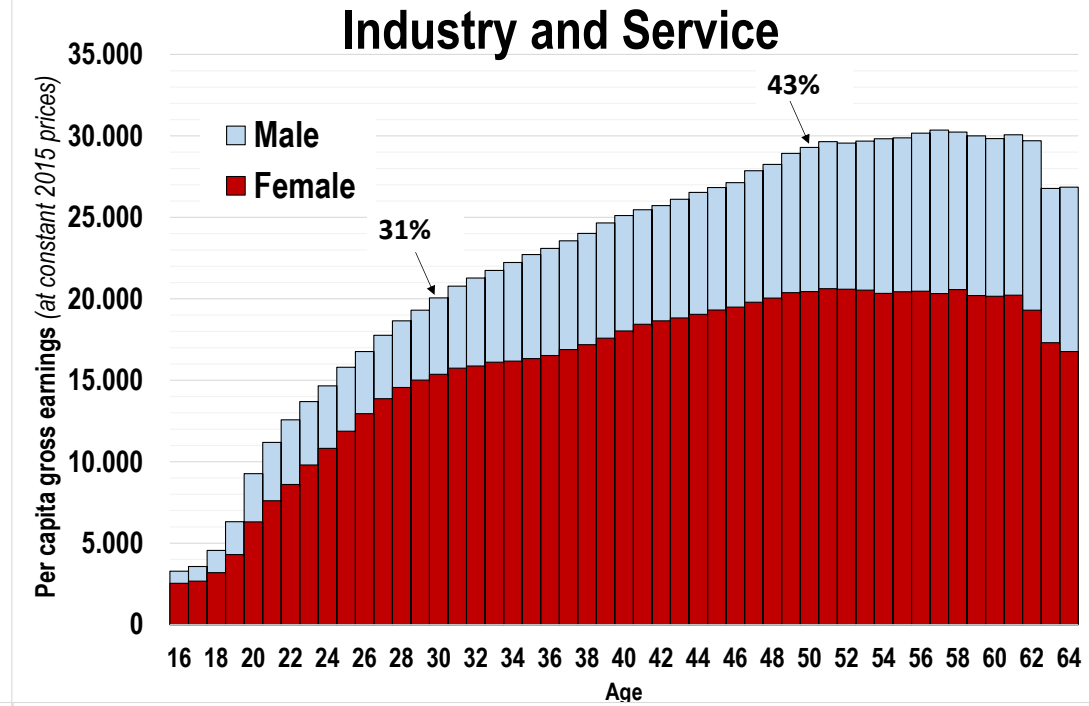
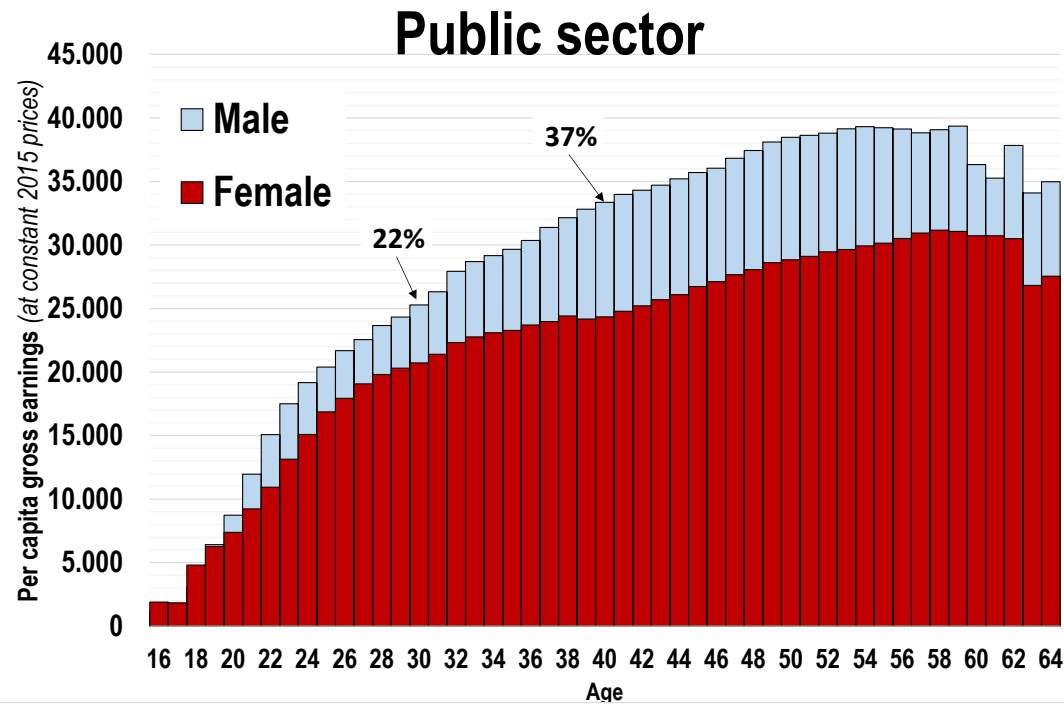
Note: Values at constant 2015 prices. Only individuals with annual gross earnings over 1.000 euro



# Public vs. Private (I&S) employees with FT open-ended contracts Years 2015 and 2022



# Per capita actual gross earnings, by age and main sector. Year 2022



## Gender-gap in per capita gross earnings, by education level and economic sector. Years 2018, 2020, 2022 (Index. Base: Females=100)

Education level	Public			Industry and Service		
	2018	2020	2022	2018	2020	2022
Up to Lower secondary education (ISCED 0-2)	128	130	131	147	151	148
Upper secondary education (ISCED 3)	124	128	128	146	148	145
Up to short-cycle tertiary education (ISCED 4-5)	128	129	126	145	149	143
Bachelor's or equivalent level (ISCED 6)	140	140	134	170	169	161
Up to PhD or their equivalent level (ISCED 7-8)	131	130	126	152	147	144
<b>Total</b>	<b>126</b>	<b>128</b>	<b>126</b>	<b>143</b>	<b>144</b>	<b>141</b>

Sources: Istat, Income Register 2015-2022, Population Register 2015-2022

Note: Only individuals with annual gross earnings at constant 2015 prices >1.000 euro

## Part 2. Contractual gross earnings in Industry & Service

### Based on Population register, Business register, Social security microdata

- Contractual earnings on a monthly basis
- The components of inequalities in earnings
  - ✓ Yearly gross earnings (YGE)
  - ✓  $YGE = HGE * MOI * DUR$ 
    - Hourly gross earnings (HGE): YGE divided by workable hours
    - Monthly intensity (MOI): Workable hours by month in employment
    - Duration of jobs (DUR): number of months in employment
- Determinants of low earnings
- Longitudinal analysis on low-wage employees, and the way-out from the low wage trap

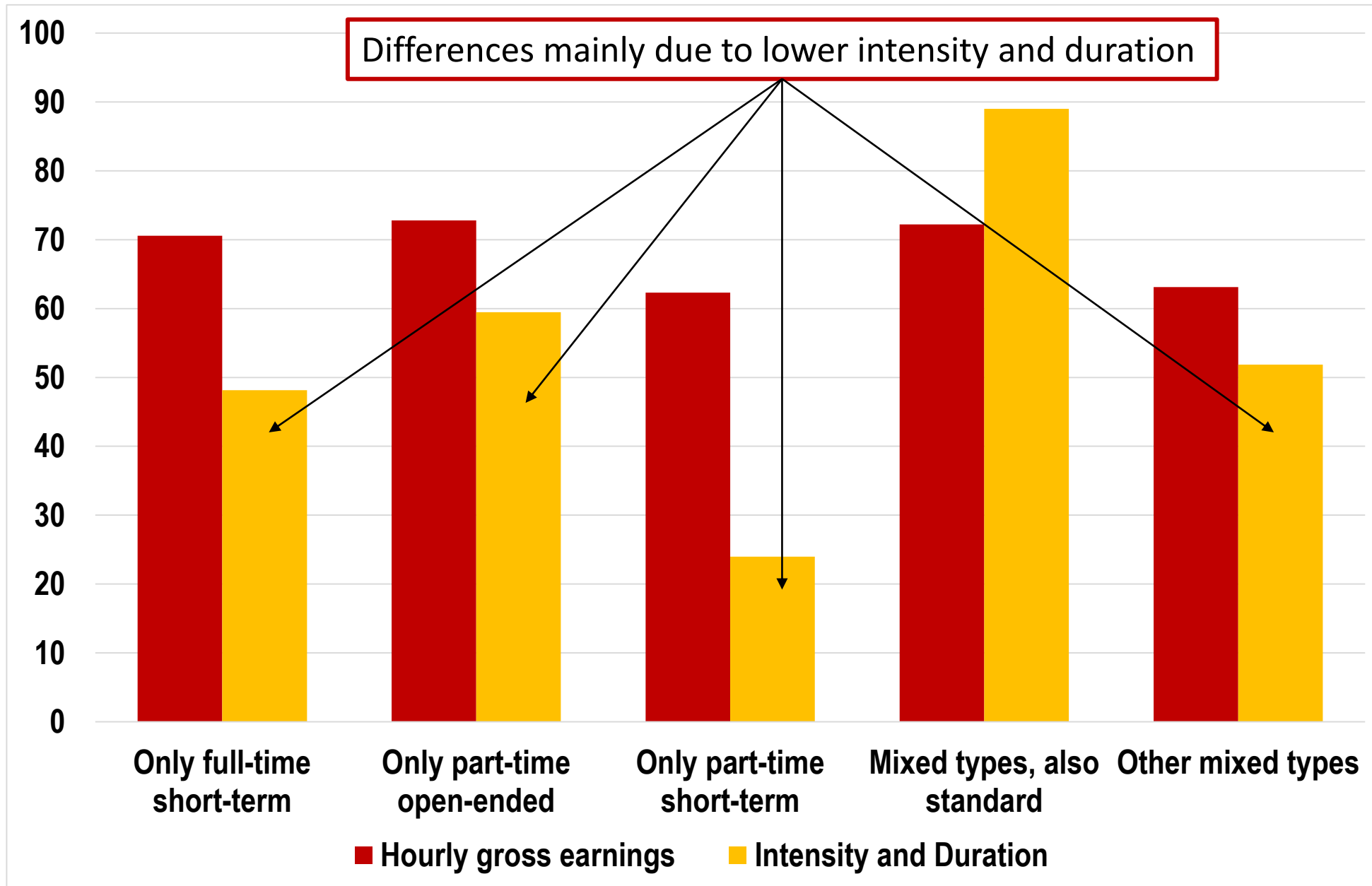
# YGE, by year, type of job and component. Years 2015-2022

*values at constant 2015 prices*

Type of job	Employees		Per capita yearly gross earnings YGE							
			2022				Average rate of change 2015-2022			
	%		Components				Components			
			YGE	HGE	Monthly intensity	Duration	YGE	HGE	Monthly intensity	Duration
2015	2022	YGE	HGE	Monthly intensity	Duration	YGE	HGE	Monthly intensity	Duration	
Only standard	55,4	51,5	26.483	13,5	171	11,5	-0,7	-1,1	0,1	0,3
Only full-time short-term	8,1	9,9	8.995	9,5	147	6,4	-1,3	-1,6	-0,3	0,6
Only part-time open-ended	19,4	16,9	11.468	9,9	106	11,0	0,3	-1,2	0,5	1,0
Only part-time short-term	5,1	7,6	3.954	8,4	83	5,6	-0,7	-1,5	-0,1	0,9
Mixed types, also standard	7,7	7,9	17.025	9,8	159	10,9	-0,5	-1,4	0,2	0,7
Other mixed types	4,2	6,2	8.666	8,5	109	9,3	-0,3	-1,4	0,6	0,5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>18.657</b>	<b>12,2</b>	<b>149</b>	<b>10,3</b>	<b>-1,3</b>	<b>-1,4</b>	<b>-0,1</b>	<b>0,2</b>

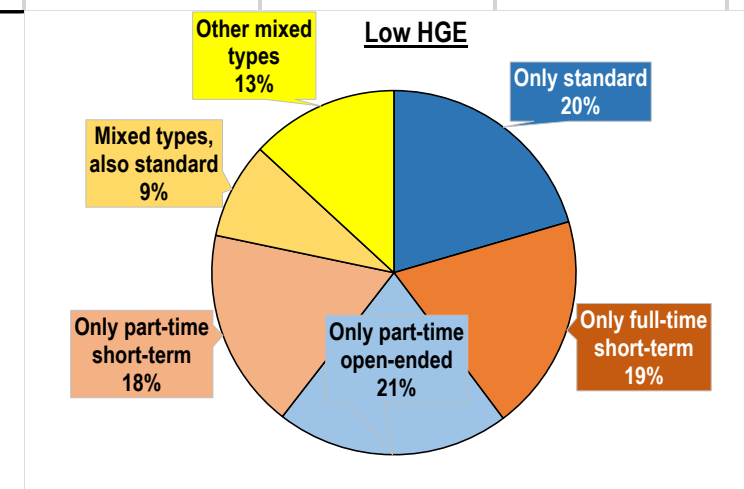
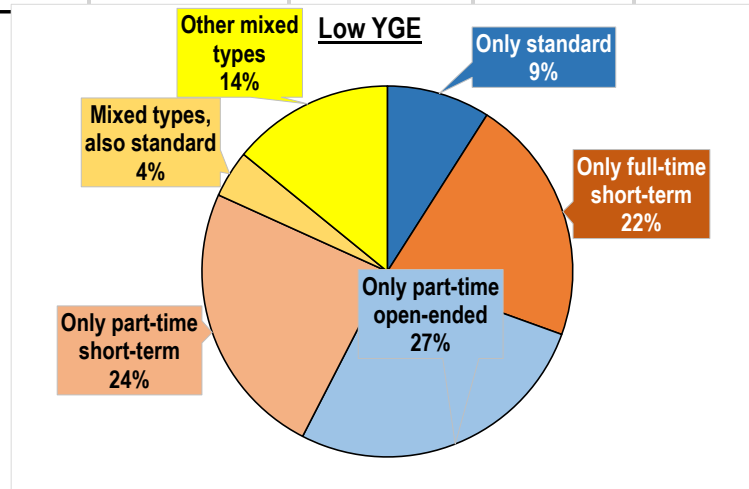
# HGE. Intensity and duration of jobs, by type of jobs. Year 2022

*Index. Base: Only standard jobs=100*



# Employees with low earnings, by year, type of threshold and type of job. Years 2018 & 2022

Year	Threshold			Incidence % within type of job						
	Current prices	Constant 2015 prices	N. below thresh. (.000)	TOTAL	Only Standard	Only Full-time Short-term	Only Part-time Open-ended	Only part-time Short-term	Mixed types, also standard	Other mixed types
<b>LOW YGE</b>										
2018	11.497	11.217	4.260	30,1	5,0	58,2	48,0	91,7	18,9	69,5
2022	12.056	10.557	4.413	29,3	5,1	63,4	47,0	93,8	15,2	66,9
<b>LOW HGE</b>										
2018	8,2	8,0	1.688	11,9	4,8	20,7	14,8	27,0	14,1	25,3
2022	8,5	7,4	1.400	9,3	3,7	18,0	11,4	21,9	10,0	19,8

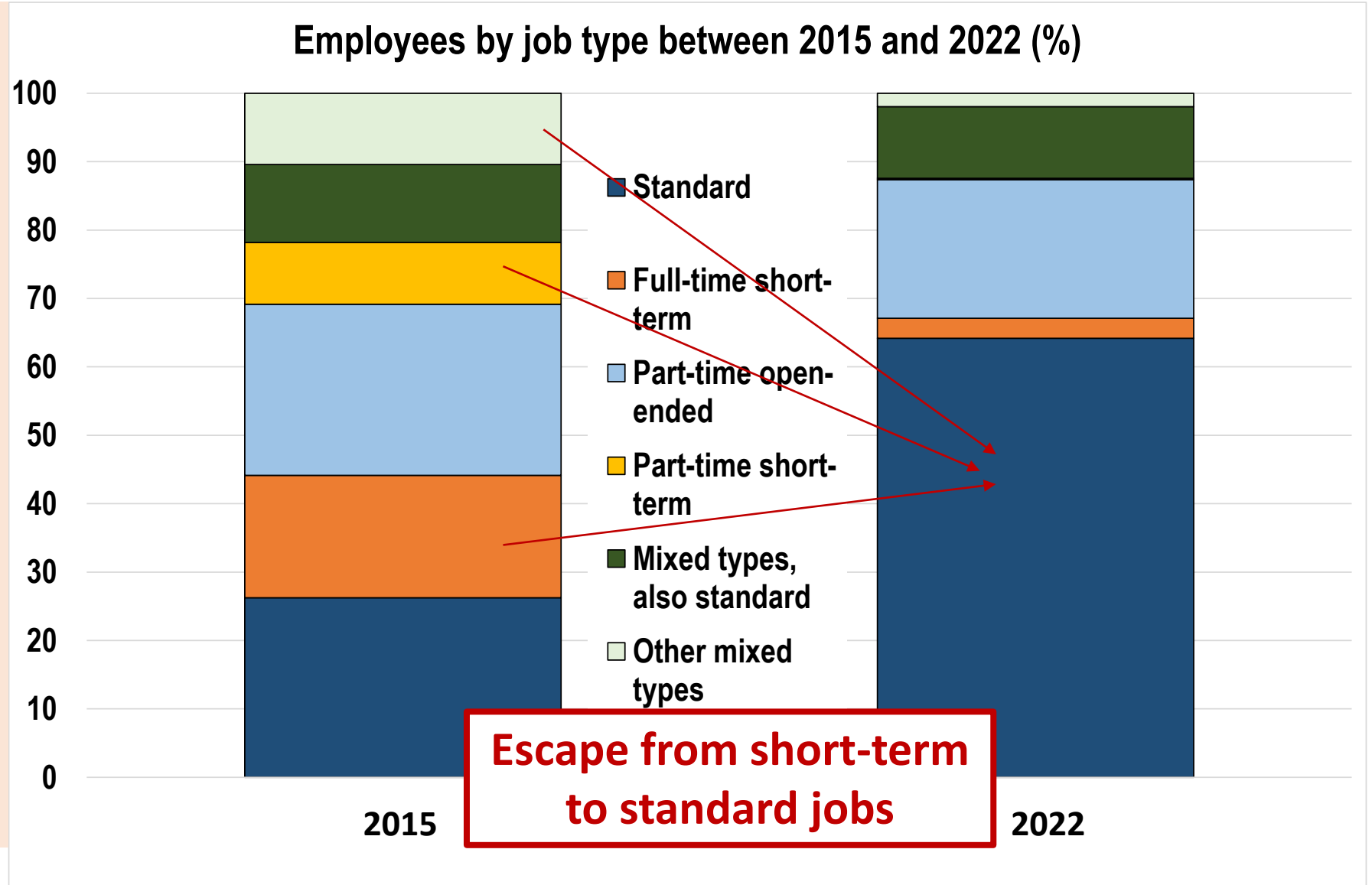


# Changes in job type for those who escaped low-earnings permanently

Persistents: 7.7 mln employees with earnings in all the years in 2015-2022 of whom ..

*... 878 thousands were below YGE threshold for some years until 2018 ...*

*... but from 2019 they escaped definitively the low wage trap*





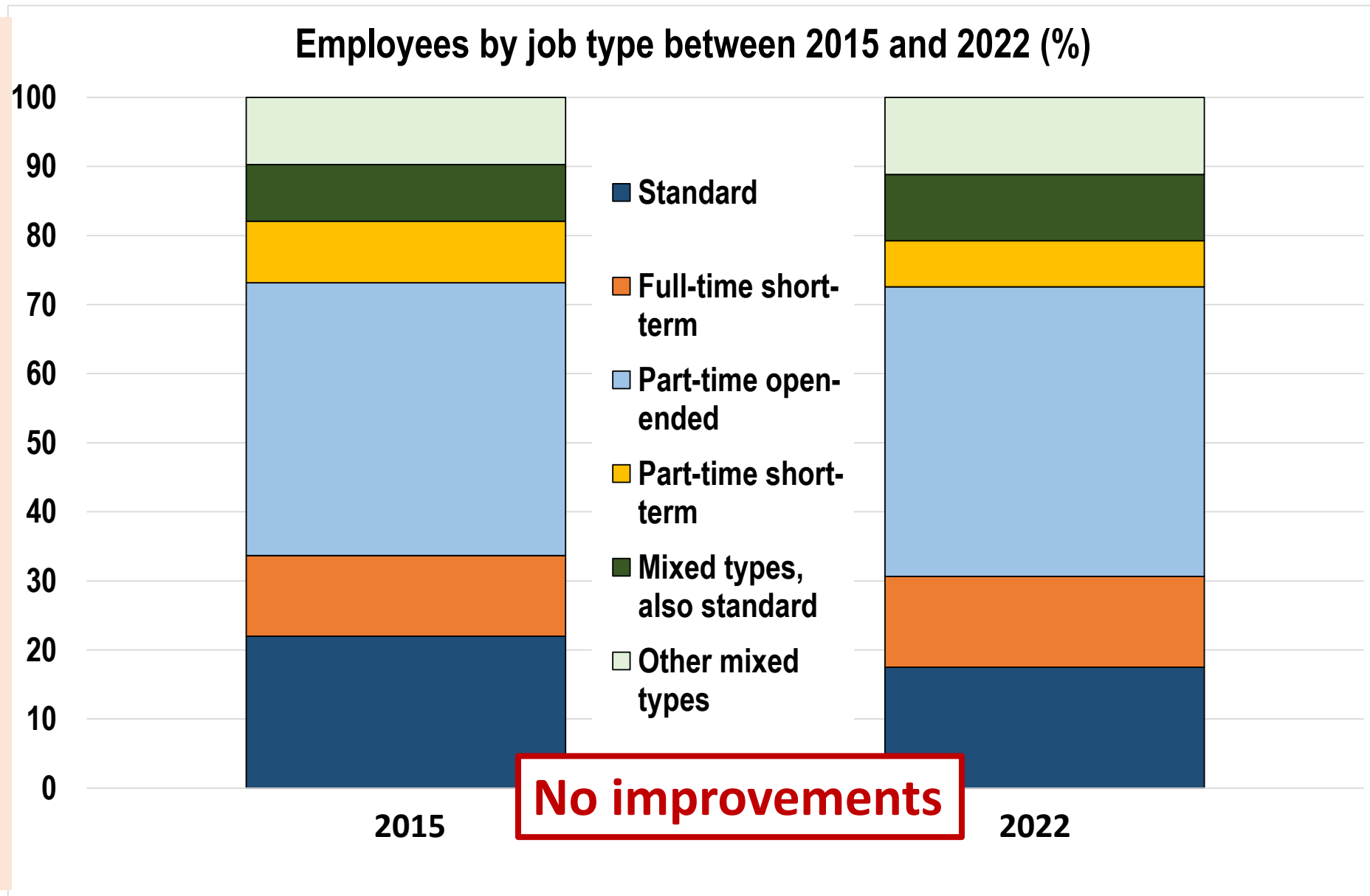
# Changes in job type for those never definitively above the threshold

Persistents: 7.7 mln employees with earnings in all the years in 2015-2022 of whom ..

*... 1.4 mln were below YGE threshold for some years until 2018*

...

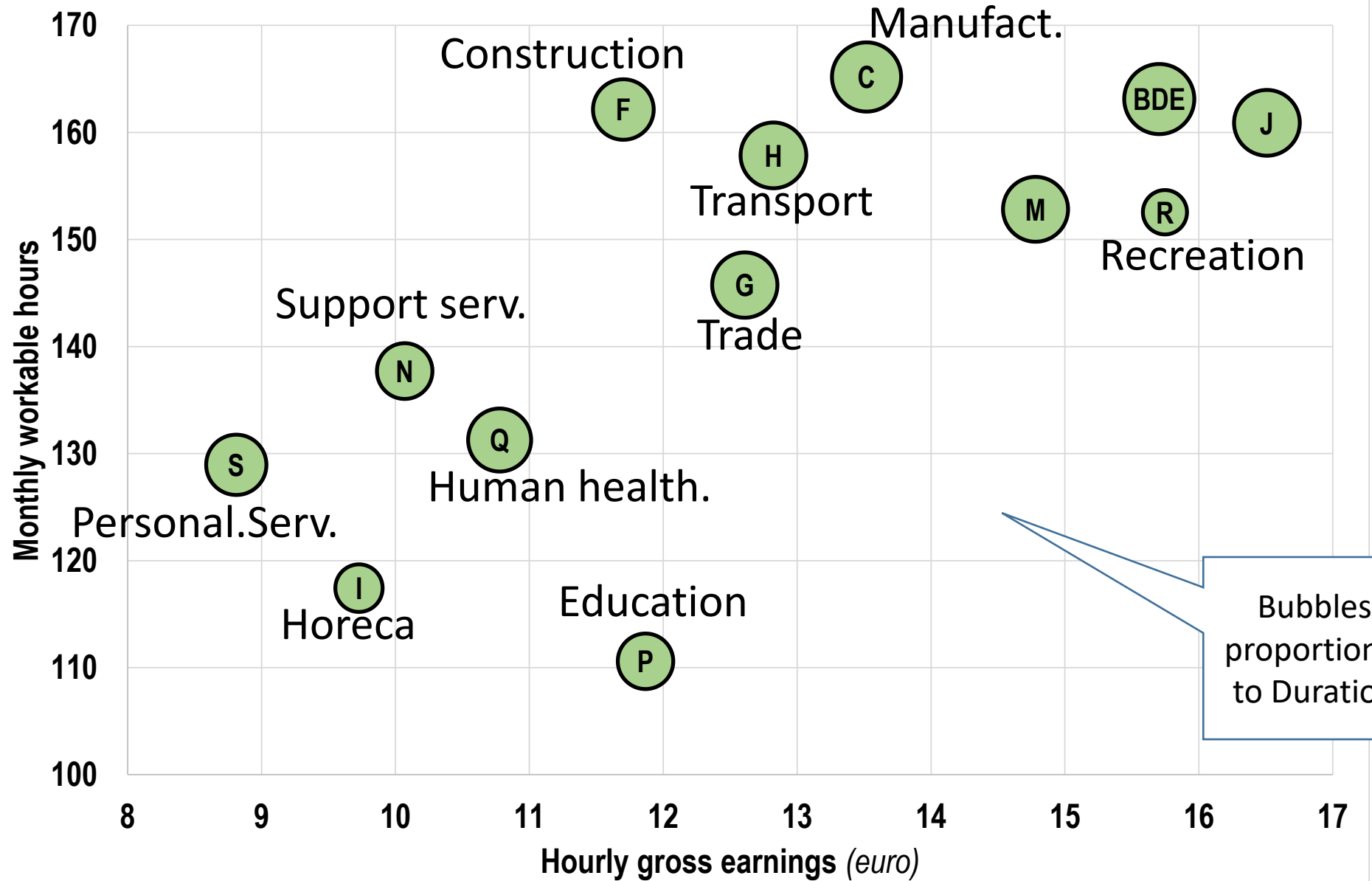
*... and never succeeded to escape definitively the low wage trap*



### 3. Employers and low earnings

NACE sections  
by components  
of gross  
earnings.  
Year 2021

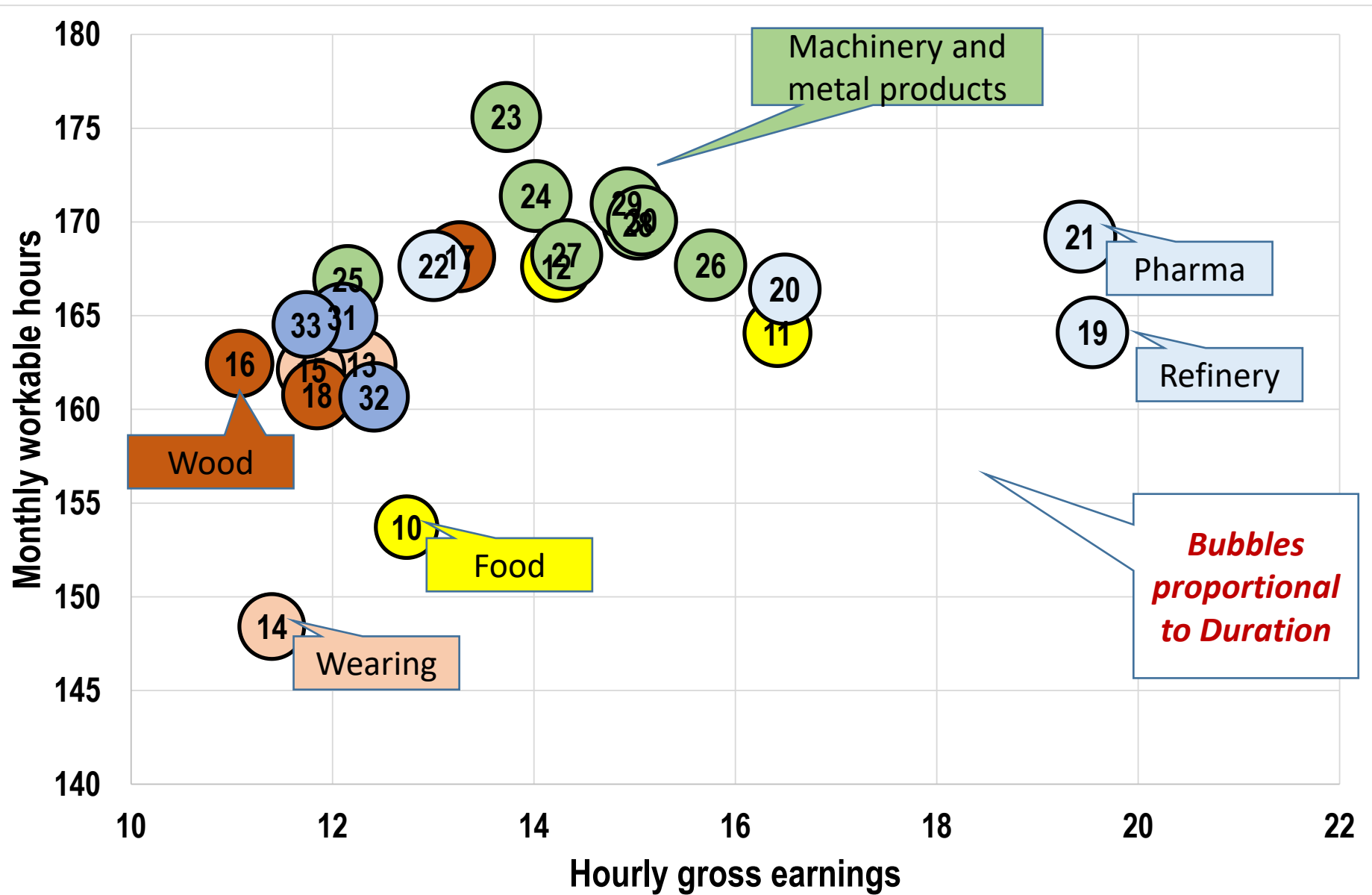
*Average YGE  
components*



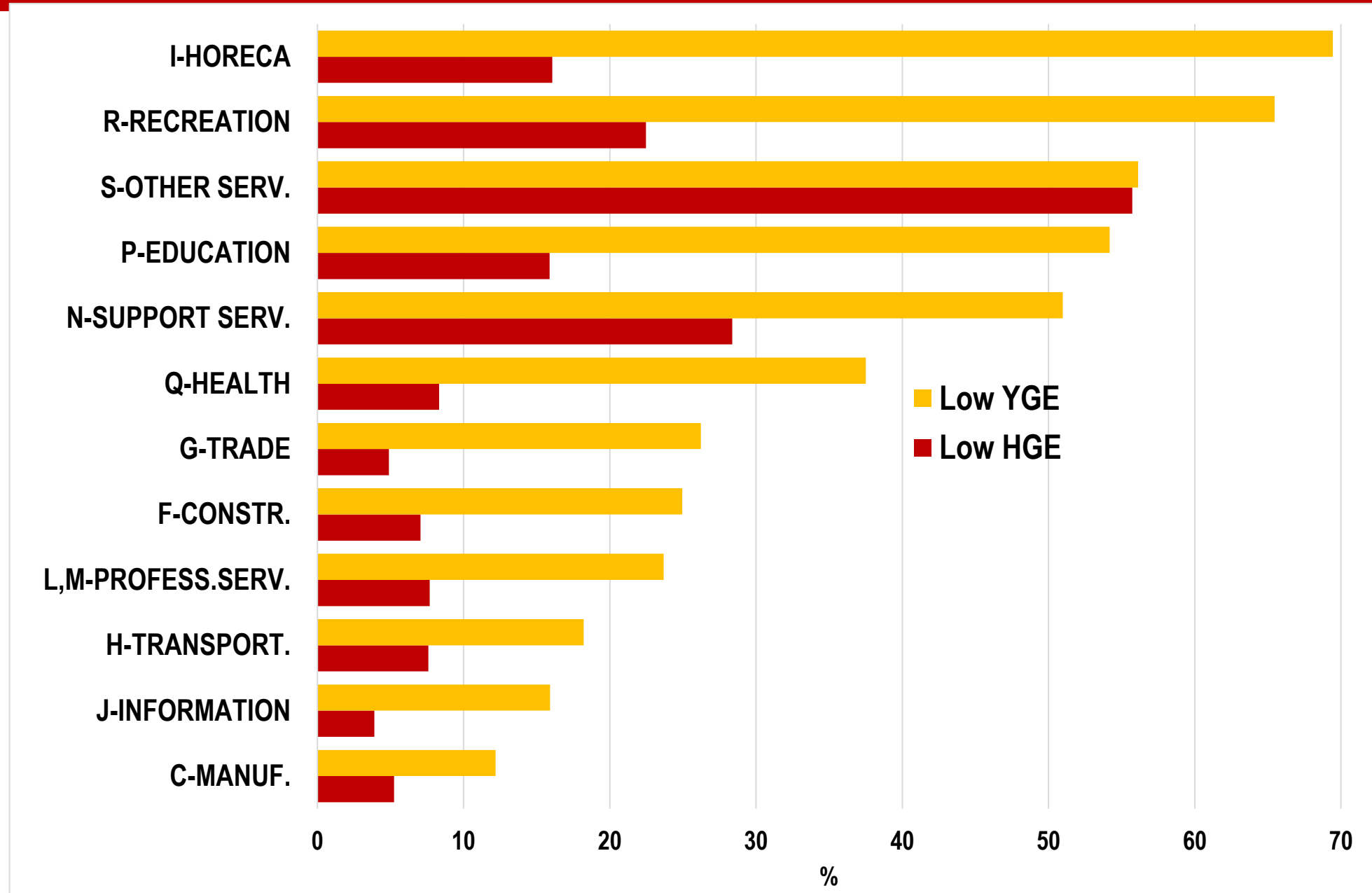
# Manufacturing in detail

**NACE divisions by components of YGE. Year 2021**

**Average YGE components**

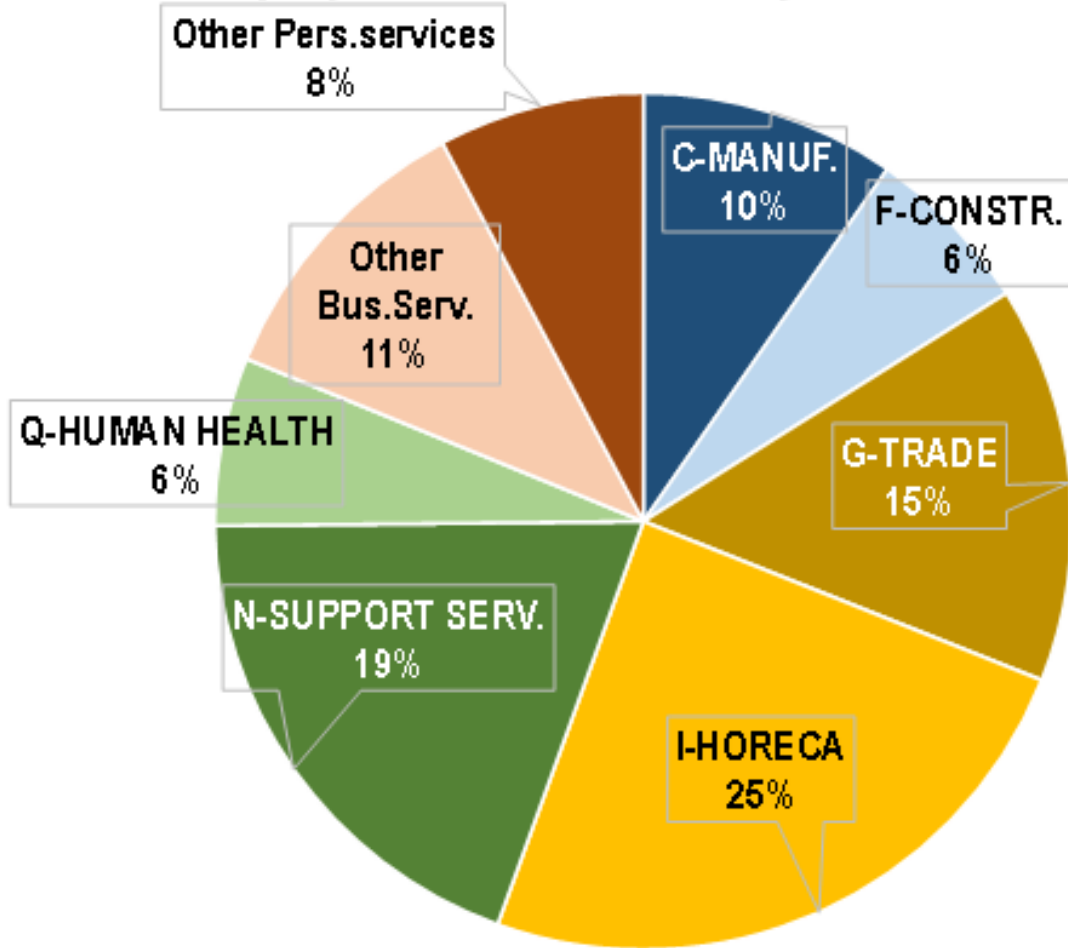


# Incidence of employees with low earnings, by threshold. Year 2021



# Distribution of employees with low earnings by Nace section and threshold. Year 2021

## Employees with low YGE by Nace section



## Employees with low HGE by Nace section

