

First estimates of the effects of COVID-19 on young workers in Italy

Italian younger workers – and women in particular – risk to be hit hard by the measures adopted to contrast Covid-19 epidemic.

ROBERTO QUARANTA (Collegio Carlo Alberto)

FRANCESCO TRENTINI (Collegio Carlo Alberto)

CLAUDIA VILLOSIO (Collegio Carlo Alberto)



IMPLEMENTED BY:

The „Youth employment partnerSHIP“ project is funded by Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment.



Index

| | |
|---|----|
| 1. Timeline and content of the interventions of the Italian Government..... | 4 |
| 2. Effect of Covid-19 measures on Young workers..... | 4 |
| References | 11 |
| Table of figures | 13 |

1. Timeline and content of the interventions of the Italian Government

Italy has been among the first European countries to experience a widespread diffusion of the Covid-19 virus. With the aim of reducing the pressure on the overloaded healthcare system, several measures have been put in place under the guiding principle of social distancing to reduce individuals' exposure to Covid-19 in the workplace and in public spaces.

Economic and social activities were all immediately affected. Retail trade, accommodation, food and personal services were the first to be suspended on March 12th, apart from groceries, supermarkets and other essential retailers (pharmacies, newsstands, tobacco shops). On March 23rd all the industrial and commercial activities were suspended as well, except for essential sectors such as agriculture, food and pharmaceutical industries and ancillary industries, plus strategic sectors. The closure lasted up to May 4th, when a partial lift of the lockdown allowed for the re-opening of a few other manufacturing sectors. Retail trade as well as public spaces (museums, libraries) are planned to open on May 18th and the remaining food and personal services at the beginning of June.

This set of confinement measures has been one of the most restrictive in Europe. Parallel to that, various policy interventions aiming at supporting vulnerable individuals particularly affected by the Covid-19 emergency have been put in place. These policy tools include: income support to sick workers and their families, income support to quarantined workers who cannot work from home, helping dealing with unforeseen care needs, income support to persons losing their jobs or self-employment income, helping firms to adjust working time and preserve jobs, financial support to firms affected by a drop in demand, changes to dismissal regulation and helping economically insecure workers stay in their homes. See (OECD, 2020, sec. Policy table) which provides a comparative overview of policy tools introduced by a large set of countries.

2. Effect of Covid-19 measures on Young workers

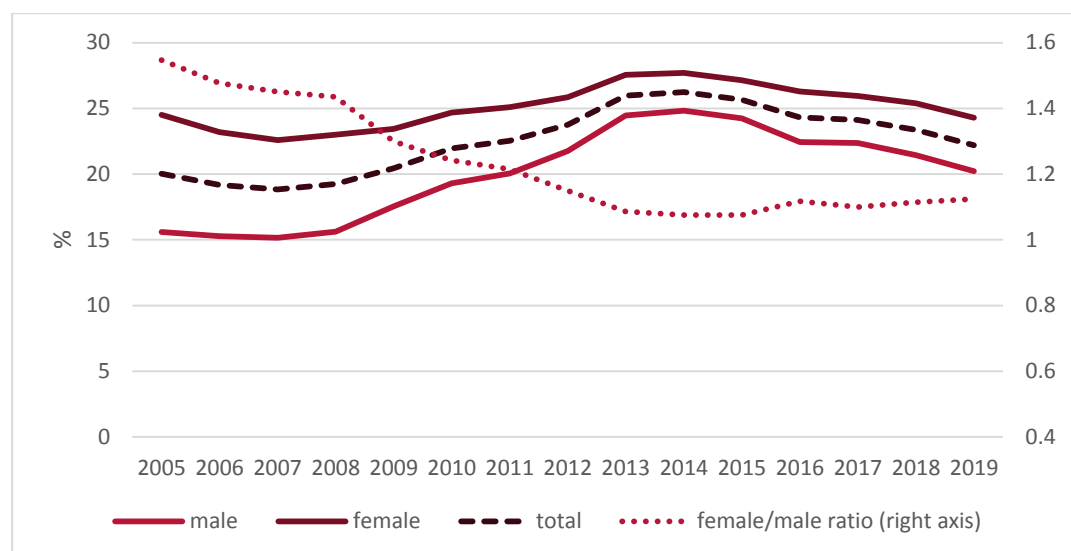
Young cohorts are likely to suffer short-term and long-term consequences on their careers from the measures adopted to halt the diffusion of the virus. The issue has been raised in Europe (Eurofound, 2020) and, with idiosyncrasies, in all countries (ILO, 2020).

Considering Italy, the reasons are manifold and lay in specific characteristics of most of the work relationships involving young workers.

First, young workers have been hit strongly by the recent crisis in Italy, where in 2019 the share of NEETs among individuals aged 15-29 was 23%. The increase has been more important in the male population: albeit the incidence is larger among women, the male-to-female ratio in the NEET category has been decreasing almost to parity over the years (Figure 1).

Low incidence of high educational attainment or specialised vocational skills interacted with repeated spells of unemployment impinges on human capital formation for young cohorts. The phenomenon, whose consequences are exacerbated for long-term unemployed, lead to consequences on future labour income and, indirectly, on the level of pensions in retirement age.

Figure 1 NEET population, overall and by gender (left axis) and male-to-female NEETs ratio (right axis)



Source: own calculation on LFS data (ISTAT)

Second, young workers are mainly contracted under atypical contracts, which give access to limited social security rights and Covid-19 social measures. Moreover, they are the first work relationships to be ended in case of workforce reduction.

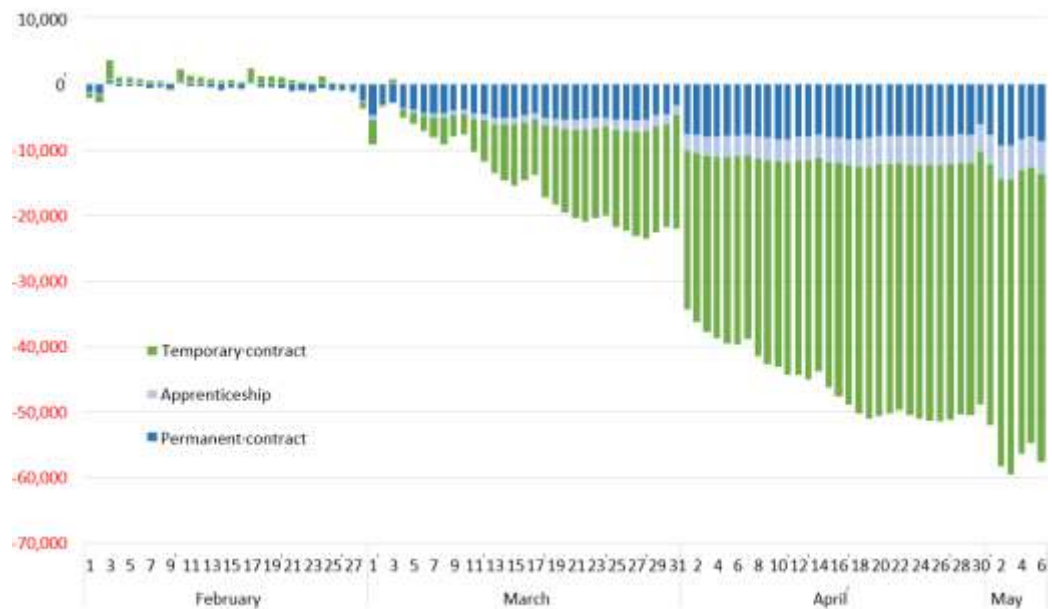
Young workers are largely hired under temporary contracts, which give right to lower unemployment benefits (NASpI), which are proportional in length to the tenure and in magnitude to the last wage, of the last work relations.

In a context of extended closure, once the contract is naturally expired, it is likely not to be renewed and the worker also loses the right to access to Covid-19 related income support measures. Moreover, internships, which are one of the most used contracts for

the first work experiences, are excluded from both ordinary and extraordinary income-support schemes.

A pronounced decrease of temporary contracts activations compared to the same period of 2019 has already been visible on regional data for the Veneto region in the first 4 months of 2020 (Anastasia et al., 2020; Veneto Lavoro, 2020), anticipating the dynamics for the rest of the economy (Figure 2). The results have been confirmed at the national level, with differences among regions related to the sectoral composition of the local economies (ANPAL, 2020).

Figure 2 Job flows in private sector in Veneto region by type of contract. Daily change between February 1st and May 6th, 2020 with respect the same period in 2019



Source: Veneto Lavoro (2020)

Third young workers are over-represented with respect to older cohorts in sectors that have been defined “non - essential” and whose activity has been suspended by the Covid-19 measures.

Estimates by the National Statistical Institute (ISTAT, 2020) on Labour Force Survey data from 2019 show that the incidence of the shut-down¹ effective from March 23rd and

¹The data do not register as active the firms belonging to suspended sectors that obtained a special waiver to continue their activity.

enforced until May 4th on young workers are larger than for older cohorts (Table 1). The older the cohorts, the larger is the incidence of employees of active sectors on the age group, with a minimum of 49.7% active workers among those aged 15-24 to a maximum of 73.6% among the over 55.

Table 1 Estimate of the number of workers in active and suspended sectors, between March 26th and May 4th. Thousand individuals. LFS 2019.

| Age class | Active | Suspended | Total | Active% |
|--------------|--------------|-------------|--------------|--------------|
| 15-24 | 539 | 546 | 1085 | 49.7% |
| 25-34 | 2526 | 1560 | 4086 | 61.8% |
| 35-44 | 3904 | 2017 | 5921 | 65.9% |
| 45-54 | 4815 | 2299 | 7114 | 67.7% |
| 55-64 | 3306 | 1176 | 4482 | 73.8% |
| 65+ | 487 | 186 | 673 | 72.3% |
| Total | 15576 | 7784 | 23360 | 66.7% |

Source: LFS data, 2019 average. Selection from Table 7 of ISTAT (2020, p. 30)

Table 2 shows that until May 4th the age composition of the active sectors during the shut-down period favours older cohorts particularly in the services. The share of youth employment (aged 15-29) in the active firms of the services is 55% compared to 71.3% for those aged 30-49 and 77.5% for the workers older than 50.

Table 2 Employed in active and suspended firms by age group and sector

| Age and sector | Employed in active firms | | Employed in suspended firms | | Total | | |
|----------------|--------------------------|------------------|-----------------------------|------------------|-------------|-------------------|--------------|
| | Employed | %Active | Employed | %Suspended | Employed | % | |
| 15-29 | Industry | 229,764 | 44.3 | 289,097 | 55.7 | 518,861 | 100.0 |
| | Services | 807,919 | 55.2 | 654,838 | 44.8 | 1,462,757 | 100.0 |
| | Total | 1,037,683 | 52.4 | 943,935 | 47.6 | 1,981,618 | 100.0 |
| 30-49 | Industry | 1,025,529 | 40.2 | 1,527,154 | 59.8 | 2,552,683 | 100.0 |
| | Services | 3,242,431 | 71.3 | 1,303,139 | 28.7 | 4,545,570 | 100.0 |
| | Total | 4,267,960 | 60.1 | 2,830,293 | 39.9 | 7,098,253 | 100.0 |
| 50+ | Industry | 511,315 | 42.0 | 707,350 | 58.0 | 1,218,665 | 100.0 |
| | Services | 1,467,711 | 77.5 | 427,132 | 22.5 | 1,894,843 | 100.0 |
| | Total | 1,979,025 | 63.6 | 1,134,482 | 36.4 | 3,113,508 | 100.0 |
| Total | Industry | 1,766,608 | 41.2 | 2,523,601 | 58.8 | 4,290,209 | 100.0 |
| | Services | 5,518,061 | 69.8 | 2,385,109 | 30.2 | 7,903,170 | 100.0 |
| | Total | 7,284,669 | 59.7 | 4,908,710 | 40.3 | 12,193,379 | 100.0 |

Source: Centra et al. (2020, p. 8), data from ASIA Occupazione 2015 and ASIA Imprese 2017

A comparison of the age distribution of workforce of suspended firms between the first and the second phase of the intervention shows an unequal effect of the May 4th re-opening of selected sectors and an increase in the youth disadvantage. Younger workers, being largely employed in sectors which are not yet allowed to reopen their activities, will be the last who will get back to work. Table 3, that relies on the national registry of active firms which has wide coverage, by including autonomous workers as well as employees, shows that during the phase of the partial lift of the lockdown in the (still) suspended activities the share of workers aged 15-30, is 44% with respect to 32% of the previous period. Similar results are also provided by (Casarico & Lattanzio, 2020a, 2020b) using a different database.

Table 3 Employees of suspended sectors. By policies and age-group

| | Activities suspended between March 22nd and May 4th | Activities suspended after May 4th |
|--------------|--|---|
| 15-30 | 32% | 44% |
| 31-50 | 49% | 42% |
| 51+ | 19% | 14% |
| Total | 100% | 100% |

Source: INAPP INPS (2020, p. 6) on Uniemens INPS data 2018. Private sector workers, excluding agriculture, domestic and self-employed workers.

The results of the analysis by cohort and gender, that are presented in Table 4, confirm that the cohort 15-29 experiences the highest incidence of suspended workforce. Only 54% of youth are employed in activities that were not affected by the lockdown measures, compared to 64% of adult and 71% of older workers. Moreover, the largest share is observed among women: almost one out of three young female workers are in sectors that continue to be suspended also at the beginning of the second phase of the Covid-19 measures (Figure 3). The duration of the consequences of the economic measures on the most affected cohorts will depend on the job content and the physical adaptability of the job process to the new legal requirements.

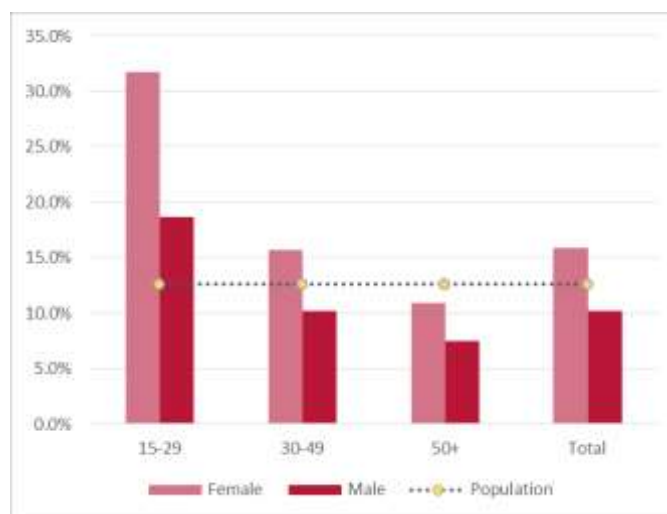
Table 4 Number of workers employed in suspended sectors. Shares by age group and gender.

| Age class | Sex | Never close | % | Suspended March 23rd until May 4th | % | Still suspended | % |
|--------------|------------|-----------------|--------------|------------------------------------|--------------|-----------------|--------------|
| 15-29 | Female | 664748 | 55.2% | 157672 | 13.1% | 382219 | 31.7% |
| | Male | 896143 | 53.4% | 467879 | 27.9% | 313705 | 18.7% |
| 30-49 | Female | 3580778 | 71.0% | 673641 | 13.4% | 789989 | 15.7% |
| | Male | 4000091 | 59.3% | 2060464 | 30.5% | 684651 | 10.2% |
| 50+ | Female | 2858887 | 78.8% | 374178 | 10.3% | 395019 | 10.9% |
| | Male | 3281789 | 65.0% | 1390290 | 27.5% | 379921 | 7.5% |
| Total | Female | 7104413 | 71.9% | 1205491 | 12.2% | 1567227 | 15.9% |
| | Male | 8178023 | 60.7% | 3918633 | 29.1% | 1378277 | 10.2% |
| Total | All | 15282436 | 65.4% | 5124124 | 21.9% | 2945504 | 12.6% |

Source: own calculation on ISTAT 2019 LFS data.

Fourth, young workers are mainly employed in sectors that will be structurally changed by the distancing measure. Retail and food will require re-organisation of the physical space, which may increase the break-even point for small restaurant and shops, making them unprofitable. The sector has been proving one of the most dynamic in recent years and has been traditionally absorbing excess of young and unskilled labour force, due to low initial capital and skills requirements. Similarly, the live entertainment and art sector employs large shares of young cohorts.

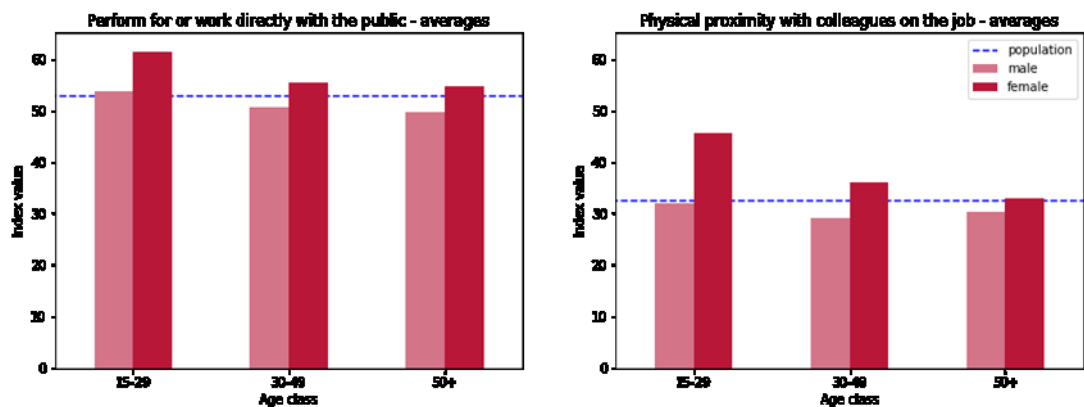
Figure 3 Workers employed in sectors still suspend at May 4th by age group and gender (group percentages)



Source: own calculation on ISTAT LFS data

Figure 4 shows that in Italy young workers, aged 15-29, are employed in jobs that require more contact with either customers or colleagues compared to older cohorts. This aspect is even more pronounced for young female workers. These workers will be, most likely, the last, if ever, who will come back to work, increasing inter-generational and gender inequalities.

Figure 4 Job characteristics by age group and gender.



Source: own calculation on LFS data (ISTAT) and ICP2011 data (INAPP)

As already reported above (Figure 1), during the years of the economic crisis the number of female NEET has been declining down to the number of male NEET but the asymmetric effects of the Covid-19 shown above may stop this trend and lead to an increasing gender gap. Inequalities are also set to rise, if we consider the low share of labour income compared to rents and the large accumulated wealth. Deprivation, especially for young cohorts, spurs inter- and intra-generational conflict and may causes social and political tensions (Bussolo et al., 2018)

References

- Anastasia, B., Bovini, G., Rasera, M., & Viviano, L. (2020, April 9). Mercato del lavoro già contagiato dal coronavirus. *Lavoce.info*. <https://www.lavoce.info/archives/65325/mercato-del-lavoro-gia-contagiato-dal-covid-19/>
- ANPAL. (2020). *Prime evidenze degli effetti della crisi sanitaria sulla dinamica dei rapporti di lavoro (1/2020; Focus ANPAL - Approfondimenti Covid-19)*. <https://www.anpal.gov.it/documents/552016/554592/focus-anpal-covid-14-05-1.pdf>
- Bussolo, M., Davalos, M. E., Peragine, V., & Sundaram, R. (2018). *Toward a New Social Contract: Taking on Distributional Tensions in Europe and Central Asia*. The World Bank. <https://doi.org/10.1596/978-1-4648-1353-5>
- Casarico, A., & Lattanzio, S. (2020a, April 7). La demografia del lockdown. *Lavoce.info*. <https://www.lavoce.info/archives/65146/la-demografia-del-lockdown/>
- Casarico, A., & Lattanzio, S. (2020b, April 28). Nella 'fase 2' a casa giovani e donne. *Lavoce.info*. <https://www.lavoce.info/archives/66106/nella-fase-2-a-casa-giovani-e-donne/>
- Centra, M., Filippi, M., & Quaranta, R. (2020). *Covid-19: Misure di contenimento dell'epidemia e impatto sull'occupazione* (No. 17; Policy Brief). INAPP. <http://oa.inapp.org/xmlui/handle/123456789/666>
- Eurofound. (2020). *Living, working and COVID-19: First findings – April 2020*. https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef20058en.pdf
- ILO. (2020, April 15). Young workers will be hit hard by COVID-19's economic fallout. *Work In Progress*. <https://iloblog.org/2020/04/15/young-workers-will-be-hit-hard-by-covid-19s-economic-fallout/>
- INAPP, & INPS. (2020). *I settori economici essenziali nella fase 2: Impatto sui lavoratori e rischio di contagio* (Nota Congiunta). <http://oa.inapp.org/xmlui/handle/123456789/671>

- ISTAT. (2020). *Esame del disegno di legge A.S. 1766 Conversione in legge del decreto-legge 17 marzo 2020, n. 18* [Memoria scritta dell'Istituto nazionale di statistica].
https://www.istat.it/it/files/2020/03/Aggiornamento_MemoriaAS-1766_rev31marzo.pdf
- OECD. (2020). *Supporting people and companies to deal with the Covid-19 virus: Options for an immediate employment and social-policy response* [ELS Policy Brief on the Policy Response to the COVID-19 Crisis]. OECD. <http://oe.cd/covid19briefsocial>
- Veneto Lavoro. (2020). *Emergenza covid-19. L'impatto sul lavoro dipendente in veneto (23 febbraio-6 maggio 2020)* (No. 92; Misure).
http://www.venetolavoro.it/documents/10180/1693590/Misure%2092_Covid-19.pdf

Table of figures

| | |
|--|----|
| Figure 1 NEET population, overall and by gender (left axis) and male-to-female NEETs ratio (right axis) | 5 |
| Figure 2 Job flows in private sector in Veneto region by type of contract. Daily change between February 1st and May 6th 2020 with respect the same period in 2019 | 6 |
| Figure 3 Workers employed in sectors still suspend at May 4 th by age group and gender (group percentages) | 9 |
| Figure 4 Job characteristics by age group and gender. | 10 |

Collegio Carlo Alberto

Piazza Arbarello 8
10122 Torino
Italy

<https://www.carloalberto.org/>

