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All that glitters is not gold. Effects of working from home on income inequality at the time of COVID-19

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Abstract

The recent global COVID-19 pandemic forced most of governments in developed countries to introduce severe measures limiting people mobility freedom in order to contain the infection spread. Consequently, working from home (WFH) procedures became of great importance for a large part of employees, since they represent the only option to both continue working and keep staying home. Based on influence function regression methods, our paper explores the role of WFH attitude across labour income distribution in Italy. Results show that increasing WFH attitudes of occupations would lead to a rise of wage inequality among Italian employees. The opportunity of WFH tends to benefit male, older and high-paid employees, as well as those living in provinces more affected by the novel coronavirus.

Keywords: COVID-19; working from home; inequality; unconditional quantile regressions.

JEL Classification: D31; I18; J16.

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1. Introduction

The COVID-19 pandemic is raging worldwide, and it probably does not run out in the short term, thus causing possible structural effects on the labour market in many countries (Baert et al., 2020). The contagion speed of the coronavirus seems to be also favoured by globalization (Zimmermann et al., 2020). Most of governments in developed countries responded by suspending many economic activities and limiting people mobility freedom (Qiu et al., 2020; Flaxman et al, 2020). In this context, the working from home (WFH) procedures became of great importance, since they allow to continue working and thus receiving wages (as for employees), to keep producing services and revenues (as for employers), and to overall limit the infection spread risk and pandemic recessive impacts in the country. Due to the uncertainty about the actual pandemic duration or future contagion waves, the role of WFH in the labour market is further emphasized by the fact that it might become a traditional (rather than unconventional) way of working in many economic sectors.

Because of its sudden prominence growth, several studies recently investigated the WFH phenomenon. Most of these studies (see, for instance, Barbieri et al., 2020; Béland, et al., 2020; Boeri et al., 2020; Dingel and Neiman, 2020; Gottlieb et al., 2020, Holgersen et al., 2020; Koren and Peto, 2020; Leibovici et al., 2020) aim to classify occupations according to their WFH attitude in the US and some European countries (e.g. UK, Italy, Germany) and in Latin American and Caribbean countries (Delaporte and Pena, 2020). Just few of them instead deepen on employees' characteristics, showing that WFH attitude in the US, UK and Germany is lower among less educated and overall low-paid workers (Adams-Prassl et al., 2020; Mongey at al., 2020).[2] However, the literature still neglects potential effects of WFH along the wage distribution and on income inequality in general.

This paper aims to provide some first insights on the role of WFH on labour income inequality. Specifically, using the influence function regression method proposed by Firpo et al. (2009), we estimate the unconditional effect along the wage distribution of a marginal change in the WFH

[2] Working from home has already been studied in normal times (e.g. Blinder and Krueger 2013, Bloom et al. 2015).

attitude. To do that, we focus on Italy as an interesting case study, because both it is one the countries most affected by the novel coronavirus and it was the first Western country to adopt a lockdown of economic activities. We use a uniquely detailed dataset relying on the merge of two sample surveys. The first one is the Survey on Labour Participation and Unemployment (i.e., INAPP-PLUS) for the year 2018, which contains information on incomes, education level, and employment conditions of working age Italians. Our sample consists of 14,307 employees aged 25-64 years old. The second sample survey is the Italian Survey of Professions (ICP) for the year 2013, which provides detailed information of the task-content of occupations at the 5-digit ISCO classification level. ICP is the Italian equivalent of the US O*NET repertoire and it allows us to build the WFH attitude index recently proposed by Barbieri et al. (2020). With respect to Boeri et al. (2020), a key point of our data is therefore that our task and skill variables directly refer to the Italian labour market.

2. Methodology and model specifications

The influence function regression method proposed by Firpo et al. (2009) aims to evaluate the impact of marginal changes in the distribution of explanatory variables on distributional statistics, such as mean or median. The peculiarity of this regression method relies on the dependent variable which is the recentered influence function (RIF) of the specific distributional statistic (Hampel 1974; Firpo et al. 2009). Once the RIF values are computed for all observations, effects of the variable of interest on the distributional statistic are calculated through an OLS estimation. We define our variable of interest as a dummy taking value 1 for employees with a high level of WFH attitude, thus a value of the indicator proposed by Barbieri et al. (2020) over the sample median (i.e. 52.2).

This regression method also allows for considering demographic and economic characteristics which may differ among employees, leading to potential biases on effects. To this end, RIFs must be regressed through an OLS model including a vector of relevant covariates beyond the variable of interest. Following Rothe (2010), Choe and Van Kerm (2018) and Gallo and Pagliacci, 2020, we label

estimates from the model specification without covariates as 'unconditional effect' (UE) and the ones considering relevant characteristics as 'unconditional policy effect' (UPE). We consider two set of covariates. The first one (UPE1) includes only demographic characteristics regarding the individual and her household (i.e. gender, age group, education level, migration status, marital status, household size, presence of minors, municipality size, and macro-region of residence). The second vector of covariates (UPE2) also adds job characteristics (i.e. job contract, public servant, and activity sector dummies), which may determine potential endogeneity issues. More details on variables are provided in Table A.1.

In this study, we estimate the unconditional effects of the WFH attitude on wage distribution focusing on the following distributional statistics: the mean, the Gini index, and the deciles. Sample values of these statistics are reported by group of employees in Tables A.2-A.3 and Figure A.1. Differently from the common choice to drop female employees to minimize selection issues, we decided not to restrict the sample to males only but to show separated results by males and females. To explore the heterogeneous effects of the WFH attitude along labour income distribution, we also report main results distinguishing by age group and the extent of COVID-19 infection at provincial (NUTS-3) level as reported by the Italian Civil Protection Department (2020). All descriptive statistics and estimates consider individual sample weights. Robustness checks on different inequality indicators, occupation skill heterogeneity, and scaled estimates are presented in Appendix B.

3. Results

3.1. Descriptive evidences

Preliminary evidences about the sample composition, values of mean and Gini index of annual labour income, mean value of the WFH attitude index and share of employees with high attitude level by group of employees is shown in Table 1. It can be noted that employees with high WFH attitude levels

are more often female, older, high-educated, as well as among those living in metropolitan cities. Except for the former group (i.e. female), these employees also report on average the highest values of labour income.

Table 1 – Sample composition, mean and Gini index of annual labour income, mean value of the WFH attitude index and share of employees with high attitude level by group of employees

Variable	Sample composition		Annual labour income		WFH attitude	
	Mean	Std. Dev.	Mean	Gini index	Mean	% of employees with high attitude
Low WFH attitude	0.518	0.500	24,731	0.261	40.5	0.0
High WFH attitude	0.482	0.500	27,320	0.296	65.1	100.0
Male	0.537	0.499	29,321	0.283	52.3	45.3
Female	0.463	0.499	22,098	0.256	52.5	51.5
Aged 25-35	0.204	0.403	21,962	0.257	51.7	46.9
Aged 36-50	0.467	0.499	26,146	0.279	52.5	47.9
Aged 51-64	0.329	0.470	28,232	0.282	52.5	49.4
Lower secondary education (or lower)	0.313	0.464	23,500	0.284	46.7	27.4
Upper secondary education	0.464	0.499	25,670	0.267	54.6	54.7
Tertiary education	0.224	0.417	30,082	0.277	55.8	63.7
Local	0.882	0.322	25,912	0.276	52.4	48.4
Migrant within macro-region	0.031	0.173	28,434	0.360	53.2	52.1
Migrant within country	0.066	0.248	26,839	0.276	52.8	51.5
Foreign migrant	0.021	0.143	22,429	0.306	48.2	22.8
Unmarried	0.429	0.495	24,045	0.261	52.3	47.6
Married	0.571	0.495	27,432	0.290	52.4	48.6
Household size = 1	0.141	0.348	26,961	0.269	53.4	48.9
Household size = 2	0.202	0.401	25,973	0.284	52.1	48.1
Household size = 3	0.283	0.450	24,772	0.258	52.5	48.8
Household size = 4	0.291	0.454	26,574	0.289	52.6	49.0
Household size = 5 or more	0.083	0.276	26,349	0.325	50.1	42.3
Absence of minors	0.657	0.475	25,770	0.285	52.4	48.4
Presence of minors	0.343	0.475	26,378	0.270	52.4	47.7
Very small municipality	0.206	0.404	25,394	0.270	50.9	41.4
Small municipality	0.329	0.470	26,376	0.285	51.5	45.2
Medium municipality	0.159	0.366	25,668	0.269	52.3	48.1
Big municipality	0.167	0.373	26,196	0.300	53.1	52.6
Metropolitan city	0.139	0.346	25,998	0.269	55.9	60.3
North	0.538	0.499	26,666	0.267	52.4	47.1
Center	0.214	0.410	24,911	0.267	53.6	53.2
South	0.248	0.432	25,410	0.317	51.3	46.1
Full-time open-ended worker	0.695	0.461	29,225	0.240	53.0	48.9
Part-time open-ended worker	0.153	0.360	17,527	0.293	52.7	52.7
Temporary worker and other	0.152	0.359	19,659	0.310	49.4	40.3
Private sector employee	0.700	0.458	25,443	0.301	52.7	47.8
Public servant	0.300	0.458	27,228	0.228	51.5	49.1
Less COVID-19 infected area	0.516	0.500	25,624	0.297	52.2	48.7
More COVID-19 infected area	0.484	0.500	26,356	0.262	52.5	47.6
Total sample	**-**	**-**	**25,979**	**0.280**	**52.4**	**48.2**

Notes: All descriptive statistics are computed with individual sample weights. Employees with high WFH attitude level are defined as those reporting a value of the WFH attitude index

over the sample median (i.e. 52.2). Source: Elaborations of the authors on ICP 2013 and INAPP-PLUS 2018 data.

Table 2 reports the same information by economic sector of activity. It emerges that smart-working activity could be more frequent in Finance and Insurance, Information, Communications, Business Services, Professional services, and Public Administration.

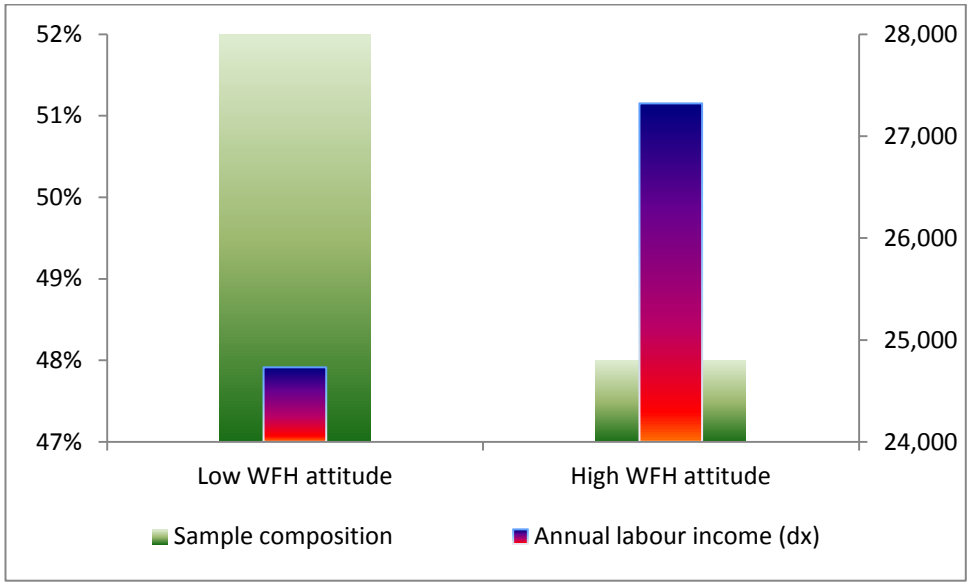
Table 2 – Sample composition, mean and Gini index of annual labour income, mean value of the WFH attitude index and share of employees with high attitude level by economic sector of activity

Economic sector of activity	Sample composition		Annual labour income		WFH attitude	
	Mean	Std. Dev.	Mean	Gini index	Mean	% of employees with high attitude
A - Agriculture	0.024	0.153	20,960	0.270	49.8	35.9
B - Extraction	0.006	0.077	35,770	0.380	54.3	43.7
C - Manufacturing	0.168	0.374	27,650	0.252	52.4	42.9
D - Energy, Gas	0.016	0.127	35,084	0.356	56.5	60.6
E - Water, Waste	0.005	0.068	38,049	0.424	51.0	32.7
F - Construction	0.029	0.167	25,176	0.242	49.6	39.8
G - Trade	0.098	0.298	23,662	0.305	48.4	38.6
H - Transportation	0.049	0.216	27,445	0.262	49.6	25.8
I - Hotel, restaurants	0.035	0.184	22,965	0.366	39.0	16.2
J - Information, comm.	0.040	0.196	27,866	0.275	63.8	81.9
K - Finance, Insurance	0.038	0.191	30,730	0.277	64.6	84.2
L - Real estate	0.003	0.053	23,995	0.236	58.2	71.0
M - Professional services	0.062	0.241	27,863	0.341	59.9	72.3
N - Other business services	0.040	0.196	25,076	0.222	62.6	79.9
O - Public Administration	0.070	0.254	27,581	0.254	59.8	72.3
P - Education	0.124	0.329	25,040	0.194	47.9	35.2
Q - Health	0.105	0.307	25,060	0.281	44.6	32.8
R - Sport, recreational activ.	0.012	0.109	23,277	0.302	52.6	55.5
S - Other services	0.068	0.252	21,895	0.316	53.3	52.7
T - Household Activities	0.008	0.087	16,822	0.232	53.6	57.3
U - International organizations	0.002	0.046	31,033	0.339	58.9	57.0
Total sample	-	-	**25,979**	**0.280**	**52.4**	**48.2**

Notes: All descriptive statistics are computed with individual sample weights. Employees with high WFH attitude level are defined as those reporting a value of the WFH attitude index over the sample median (i.e. 52.2). Source: Elaborations of the authors on ICP 2013 and INAPP-PLUS 2018 data.

Figure 1 evidences that employees with the lower WFH report a higher numerosity but a lower mean annual labour income.

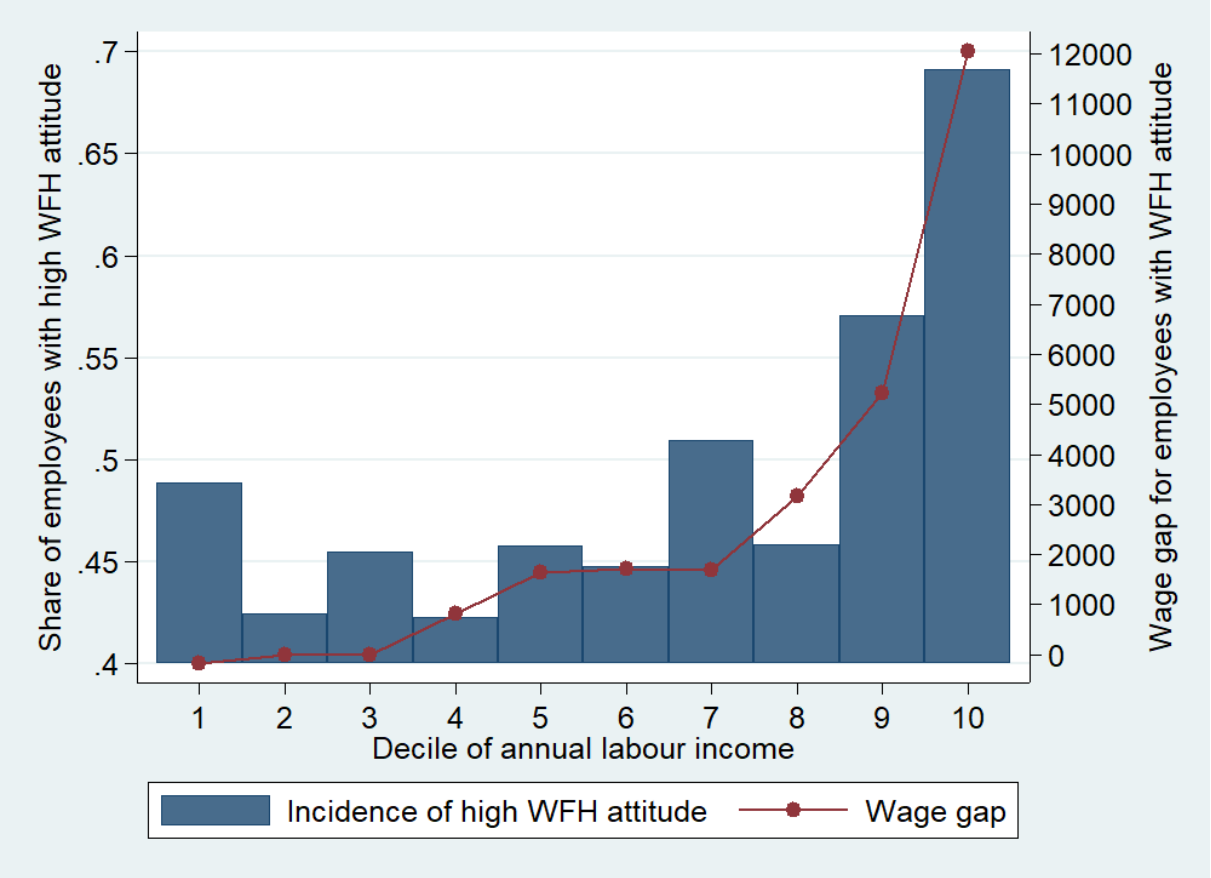
Fig. 1 – Sample composition, and mean annual labour income, by WFH



Notes: Descriptive statistics are computed with individual sample weights. Employees with high WFH attitude level are defined as those reporting a value of the WFH attitude index over the sample median (i.e. 52.2).
Source: Elaborations of the authors on ICP 2013 and INAPP-PLUS 2018 data

Moreover, in terms of income distribution, it is clear that the wage gap between workers with high and low WFH attitude is increasing with the decile of annual income, while the share of employees with high WFH attitude is declining.

Fig. 2 – Share of employees with high WFH attitude and wage gap between workers with high and low WFH attitude by decile of annual income



Notes: Descriptive statistics are computed with individual sample weights. Employees with high WFH attitude level are defined as those reporting a value of the WFH attitude index over the sample median (i.e. 52.2). Source: Elaborations of the authors on ICP 2013 and INAPP-PLUS 2018 data

3.2. Unconditional effects of working from home

Table 3 highlights that the WFH attitude significantly affects the wage distribution and inequality. Specifically, RIF regression results suggest that replacing all employees having low WFH attitude level with those having high attitude levels would determine an increase of both the mean labour income up to €2,600 (we refer to that as 'premium') and the Gini index for about 0.04 points.

Table 3 – Unconditional effects of WFH attitude on the mean and Gini index

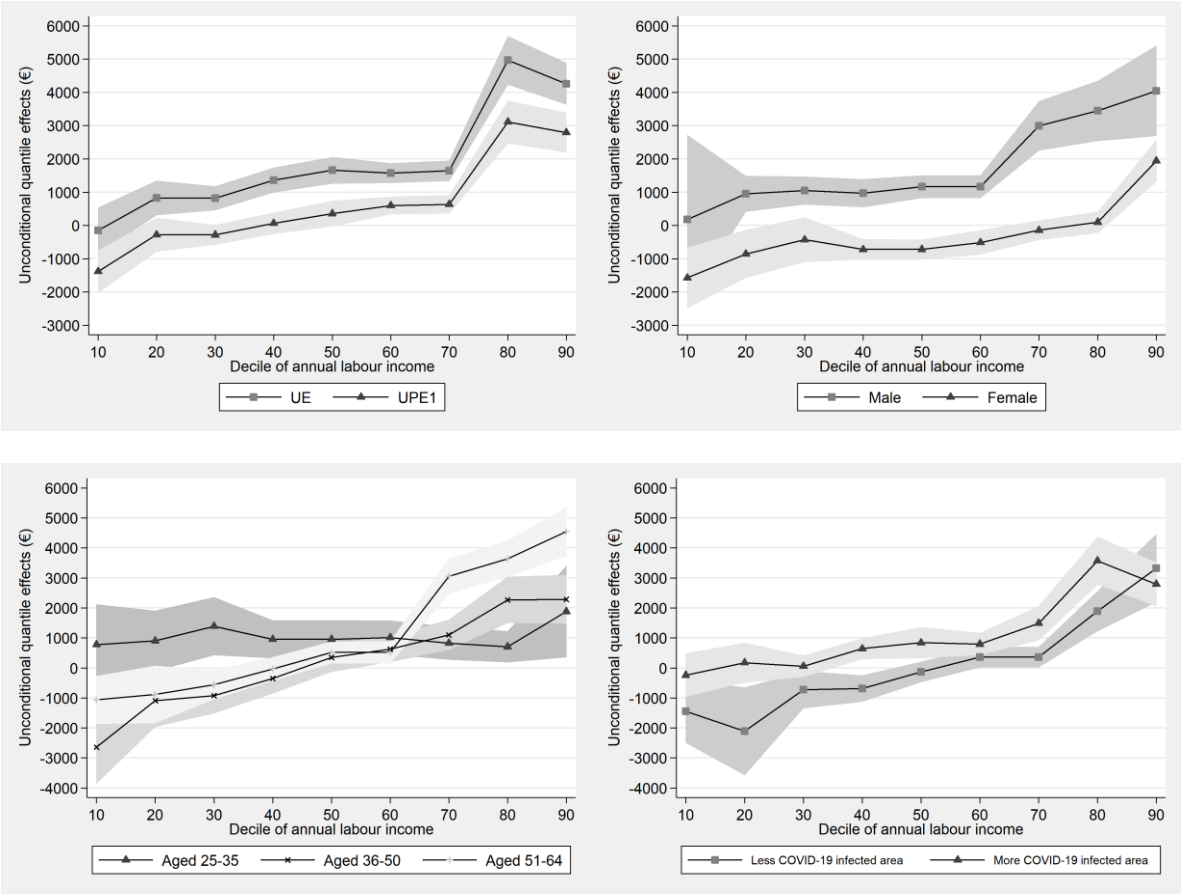
Group of employees	Mean value			Gini index		
	UE	UPE1	UPE2	UE	UPE1	UPE2
Total sample	2,589***	1,291**	980	0.036**	0.044***	0.035**
Male	4,730***	2,678**	2,338**	0.036	0.032	0.041
Female	1,110**	-75	-337	0.024**	0.031***	0.008
Aged 25-35	3,757***	2,900**	2,706*	0.045	0.061	0.077*
Aged 36-50	241	-238	-826	0.007	0.025	0.011
Aged 51-64	4,964***	2,613***	2,508**	0.068***	0.070***	0.050*
Less COVID-19 infected area	1,934*	777	465	0.026	0.050**	0.035
More COVID-19 infected area	3,304***	1,834**	1,372**	0.045*	0.039**	0.031*

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1. The table presents coefficients of the variable of interest only. Complete estimates for the pooled sample are provided in Table A.2.*

As expected, UPE estimates present reduced magnitudes but effects remain overall positive and significant. Disaggregating by employees' characteristics, we find that the wage premium related to an increase in WFH attitude regards only male – further enlarging the gender pay gap (see Table A.2) –, younger and older employees, as well as those living in more COVID-19 infected provinces (i.e. the Northern and more developed ones). Also, high levels of WFH attitude would increase the Gini index especially among female and older employees.

Looking at the effects of a WFH attitude increase along the overall wage distribution, the related premium appears to be greater among high-paid employees and null (or even negative if we look at UPE1 estimates) in the left-side of the distribution (Figure 3). Top-right panel of Figure 3 points out that the wage premium deriving from an increase of employees with high WFH attitude level would be mainly in favor of male employees, whereas that would represent a penalty for female ones except for those in last decile group. (Note that the latter however would receive a lower premium than males.)

Figure 3 – Unconditional effects of WFH attitude along the wage distribution



Notes: Standard errors are clustered by NUTS-3 region. Shadowed area report confidence intervals at 90% level. Estimates by employees' characteristics refer to the UPE1 specification. Estimates based on UPE2 specification are provided in Figure A.2. Complete estimates for the pooled sample are provided in Tables A.3-A.5.

An increase of WFH attitude levels among employees aged 25-35 would have a stable and positive effect along their whole distribution (bottom-left panel of Figure 3). At the opposite, increasing the number of employees with high WFH attitude levels would determine unequal effects along wage distribution of older employees. In particular, employees aged 51 or more would report a wage penalty in the first three deciles and a relevant premium from the seventh decile onwards (significantly higher than the other groups). Finally, bottom-right panel of Figure 3 shows that employees in more COVID-

19 infected area would benefit more from the overall WFH attitude improvement of occupations. This is an interesting and important evidence as these territories actually need for an increase of WFH attitude, but its effect is still unequal along the labour income distribution of their employees.

4. Conclusions

Based on a unique dataset and unconditional quantile regression methods, our analysis aims to provide useful insights to policymakers who are designing strategies to adopt in the labour market for future phases of the COVID-19 pandemic, as it might be longer than expected.

Although working from home (WFH) can represent the right answer to contain the infection spread, potential 'collateral effects' of this working procedure on income inequality among employees should not be underestimated. Our results show that increasing WFH attitude levels of occupations would lead on average to a growth of labour income levels, probably because of their higher productivity. However, it would also determine a rise of wage inequality among Italian employees as benefits from more WFH tend to be greater for male, older and high-paid employees, as well as those living in provinces more affected by the novel coronavirus.

Whether WFH is confirmed as a lasting solution after the COVID-19 pandemic, our results suggest that it risks to exacerbate pre-existing inequalities in the Italian labour market. In this respect, policies aimed at alleviate inequality,[3] like income support measures broad enough to cover most vulnerable employees or training courses filling potential knowledge gaps seem to be of outmost importance.

[3] Lucchese and Pianta (2020) look at the universal public health as a crucial element of an egalitarian policy.

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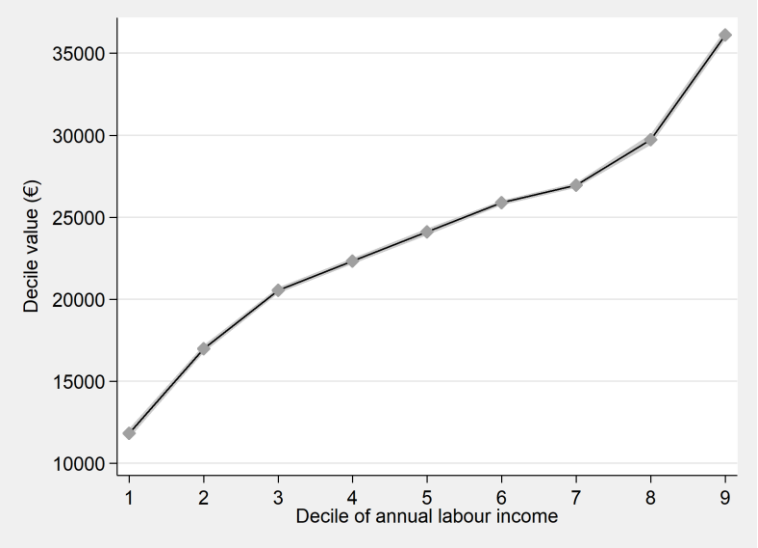
Appendix A. Descriptive statistics and additional estimates

Table A.1 – Variable description

Variable	Description
Annual gross labour income	Continuous variable representing the annual gross labour income. All recentered influence functions on distributional statistics are based on this variable.
High working from home (WFH) attitude	Binary variable reporting the level of WFH attitude. The WFH attitude is measured, for each occupation at 5-digit ISCO classification level, through a composite index recently introduced by Barbieri et al. (2020). This index relies on replies to seven questions in the ICP 2013 survey questionnaire regarding: i) the importance of performing general physical activities (which enters reversely); (ii) the importance of working with computers; (iii) the importance of manoeuvring vehicles, mechanical vehicles or equipment (reversely); (iv) the requirement of face-to-face interactions (reversely); (v) the dealing with external customers or with the public (reversely); (vi) the physical proximity (reversely); and (vii) the time spent standing (reversely). The WTH attitude is calculated as average of the listed seven items and ranges from 0 to 100. Binary variable is equal to 1 for those having an index value over the sample mean (i.e. 52.2), and 0 otherwise.
Female	Binary variable taking value 1 for female, 0 for male.
Aged 36-50 Aged 51-64	Binary variables representing the age group of individuals. The reference category is Aged 25-35.
Upper secondary education Tertiary education	Binary variables representing the highest education level achieved. The reference category is composed by Lower secondary education (or lower education level).
Migrant within macro-region Migrant within country Foreign migrant	Binary variables representing the migration status. An individual is 'Migrant within macro-region' if her region of birth and her region of residence belong to the same macro-region (i.e. North, Center, or South). An individual is 'Migrant within country' if her region of birth belongs to a different macro-region with respect to her region of residence. An individual is 'Foreign migrant' if she moves from outside Italy. The reference category is Local.
Married	Binary variable taking value 1 for married people, and 0 otherwise.
Household size = 2 Household size = 3 Household size = 4 Household size = 5 or more	Binary variables representing the household size. The reference category is Single person (or Household size = 1).
Presence of minors	Binary variable taking value 1 for people living in households with at least one minor child, and 0 otherwise.
Small municipality Medium municipality Big municipality Metropolitan city	Binary variables representing the size of the municipality of residence. Small municipality has a number of inhabitants between 5,000 and 20,000, Medium municipality has 20,000 - 50,000 inhabitants, Big municipality counts 50,000 - 250,000 inhabitants, and Metropolitan city has 250,000 or more inhabitants. The reference category is Very small municipality (number of inhabitants lower than 5,000).
Centre South	Binary variables representing the macro-region of residence. The reference category is North.
Part-time open-ended worker Temporary worker and other	Binary variables representing the type of job contract. The reference category is Full-time open-ended worker.
Public servant	Binary variable taking value 1 for employees working in the public sector, and 0 otherwise.
Less COVID-19 infected area More COVID-19 infected area	Variable representing the degree of COVID-19 infection at provincial level. The infection degree is measured as the incidence of COVID-19 cases on total population at provincial level. People live in a 'more COVID-19 infected' area if their province of residence reports an infection incidence over the sample median (i.e. 3.2‰). Alternatively, they live in a 'less COVID-19 infected' area. Data on the overall COVID-19 cases at provincial level are provided by the Italian Civil Protection Department (2020) and refers to the period between February 24 and May 5, 2020.

Figure A.1 – Income values by decile of annual labour income



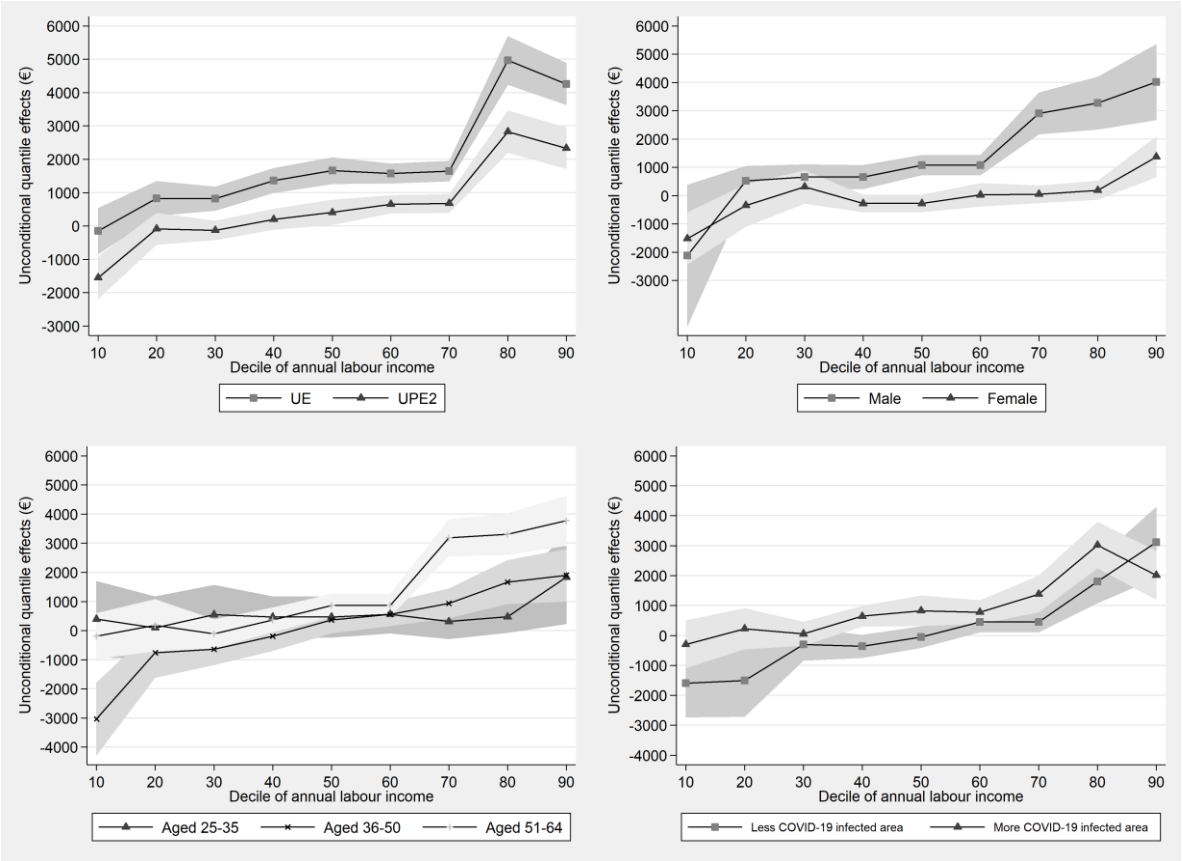
Source: Elaborations of the authors on ICP 2013 and INAPP-PLUS 2018 data.

Table A.2 – Unconditional effects on the mean and Gini index in the total sample

Variable	Mean value			Gini index		
	UE	UPE1	UPE2	UE	UPE1	UPE2
High WFH attitude	2,589***	1,291**	980	0.036**	0.044***	0.035**
Female		-8,870***	-6,090***		-0.022	-0.047***
Aged 36-50		4,150***	3,506***		0.010	0.039**
Aged 51-64		5,985***	5,083***		-0.005	0.048*
Upper secondary education		3,843***	3,697***		-0.033	-0.010
Tertiary education		9,938***	9,671***		-0.009	0.054**
Migrant within macro-region		1,331	2,158		0.091	0.077
Migrant within country		18	-108		0.006	0.014
Foreign migrant		-761	-613		0.063**	0.049
Married		3,486***	2,908***		0.034	0.046*
Household size = 2		-1,652	-1,022		0.001	-0.008
Household size = 3		-3,035***	-1,982*		-0.016	-0.030
Household size = 4		-1,845*	-757		0.014	-0.004
Household size = 5 or more		-1,089	484		0.055	0.036
Presence of minors		-418	-636		-0.042	-0.045
Small municipality		812	841		0.013	0.014
Medium municipality		-371	-465		-0.004	-0.006
Big municipality		56	275		0.024	0.020
Metropolitan city		-596	-224		0.001	-0.003
Center		-2,172***	-1,863***		0.003	-0.001
South		-2,432***	-1,541*		0.047**	0.053**
Part-time open-ended worker			-8,381***			0.139***
Temporary worker and other			-6,504***			0.095***
Public servant			127			-0.053**
Constant	24,731***	22,431***	20,808***	0.263***	0.248***	0.173***
Activity sector dummies	No	No	Yes	No	No	Yes
Observations	14,307	14,307	14,307	14,307	14,307	14,307
R-squared	0.002	0.043	0.061	0.001	0.004	0.016

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Figure A.2 – Unconditional effects of WFH attitude along the wage distribution (UPE2 estimates)



Notes: Standard errors are clustered by NUTS-3 region. Shadowed area report confidence intervals at 90% level. Estimates by employees' characteristics refer to the UPE2 specification.

Table A.3 – Unconditional effects of WFH attitude along the wage distribution (UE estimates)

Variable	p10	p20	p30	p40	p50	p60	p70	p80	p90
High WFH attitude	-153	828***	820***	1,363***	1,660***	1,571***	1,645***	4,965***	4,261***
Constant	11,772***	15,638***	18,780***	20,244***	21,904***	23,534***	26,164***	26,664***	32,323***
Activity sector dummies	No	No	No	No	No	No	No	No	No
Observations	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307
R-squared	0.000	0.001	0.002	0.004	0.006	0.010	0.010	0.017	0.014

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Table A.4 – Unconditional effects of WFH attitude along the wage distribution (UPE1 estimates)

Variable	p10	p20	p30	p40	p50	p60	p70	p80	p90
High WFH attitude	-1,384***	-279	-284	67	356	600***	636***	3,111***	2,795***
Female	-5,591***	-7,235***	-5,820***	-6,309***	-6,554***	-4,090***	-4,287***	-9,628***	-6,442***
Aged 36-50	2,350***	3,172***	2,964***	3,120***	3,398***	2,427***	2,475***	4,597***	2,699***
Aged 51-64	3,891***	5,498***	4,502***	5,024***	5,454***	3,969***	4,090***	7,478***	4,605***
Upper secondary education	4,096***	3,411***	3,253***	3,617***	3,567***	2,890***	3,000***	5,147***	3,625***
Tertiary education	7,268***	7,614***	7,184***	8,386***	8,449***	6,069***	6,307***	12,654***	9,740***
Migrant within macro-region	-4,109***	-1,607**	-22	691	374	59	-129	543	1,317
Migrant within country	-509	-437	284	185	171	244	260	790	-735
Foreign migrant	-3,625*	-5,063***	-2,191***	-1,613*	-1,482	-497	-457	329	841
Married	2,141***	1,345***	1,163***	1,413***	1,595***	1,291***	1,413***	3,455***	2,444***
Household size = 2	-2,218***	-992*	-765*	-779*	-1,082**	-765**	-889***	-800	-478
Household size = 3	-2,466***	-1,903***	-1,485***	-1,469***	-1,836***	-1,364***	-1,528***	-2,114***	-870
Household size = 4	-2,715***	-2,037***	-1,399***	-1,405**	-1,438**	-988**	-1,096***	-740	-24
Household size = 5 or more	-3,457***	-2,803***	-1,515***	-1,385**	-1,393**	-468	-580	335	831
Presence of minors	647	1,095***	702***	1,023***	868***	542***	664***	632	402
Small municipality	468	120	490*	30	-65	-83	-8	-459	-330
Medium municipality	-217	-99	265	46	-13	-137	-157	-866	-586
Big municipality	-970	-720	-24	-402	-196	-327	-260	-810	-72
Metropolitan city	-882*	-1,006**	-50	38	196	-122	-59	498	736*
Center	-1,635***	-2,146***	-1,407***	-1,331***	-1,354***	-948***	-948***	-2,458***	-1,440***
South	-5,030***	-3,661***	-1,938***	-1,909***	-1,889***	-1,159***	-1,180***	-2,371***	-1,699***
Constant	11,829***	15,156***	16,847***	17,870***	19,501***	21,305***	23,847***	22,342***	28,956***
Activity sector dummies	No	No	No	No	No	No	No	No	No
Observations	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307
R-squared	0.067	0.132	0.166	0.171	0.165	0.157	0.157	0.140	0.081

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Table A.5 – Unconditional effects of WFH attitude along the wage distribution (UPE2 estimates)

Variable	p10	p20	p30	p40	p50	p60	p70	p80	p90
High WFH attitude	-1,554***	-85	-132	199	406*	652***	677***	2,829***	2,333***
Female	-2,546***	-3,132***	-3,310***	-3,988***	-4,395***	-2,877***	-3,023***	-7,288***	-5,122***
Aged 36-50	564	1,492***	1,876***	2,048***	2,489***	2,032***	2,086***	4,341***	2,931***
Aged 51-64	939	2,675***	2,681***	3,207***	3,952***	3,343***	3,479***	7,359***	5,160***
Upper secondary education	2,936***	2,461***	2,632***	2,973***	3,127***	2,717***	2,833***	5,264***	3,969***
Tertiary education	4,649***	4,704***	5,325***	6,517***	7,075***	5,517***	5,776***	13,002***	10,937***
Migrant within macro-region	-2,877**	-245	842*	1,551**	1,148*	456	278	1,193	1,476
Migrant within country	-865	-954**	-21	-96	-71	119	134	667	-711
Foreign migrant	-2,604	-4,499***	-1,686**	-1,147	-1,223	-474	-445	59	498
Married	1,093**	404	543**	786***	1,054***	1,031***	1,145***	3,079***	2,326***
Household size = 2	-1,262*	-60	-174	-163	-564	-503	-616*	-471	-309
Household size = 3	-940	-333	-494	-458	-950**	-877***	-1,017***	-1,421*	-444
Household size = 4	-1,061	-280	-291	-295	-466	-461	-546	0	372
Household size = 5 or more	-1,281	-614	-150	7	-132	232	152	1,467	1,512
Presence of minors	461	1,086***	690**	982***	801***	490**	605***	523	223
Small municipality	382	100	495*	42	-46	-83	-10	-461	-281
Medium municipality	-299	-119	267	26	-24	-195	-223	-981*	-624
Big municipality	-698	-306	228	-160	38	-226	-159	-710	18
Metropolitan city	-466	-432	329	410	567	44	107	655	936**
Center	-1,235***	-1,743***	-1,142***	-1,052***	-1,069***	-794***	-794***	-2,152***	-1,254***
South	-4,460***	-3,131***	-1,597***	-1,529***	-1,444***	-857***	-862***	-1,579***	-1,011**
Part-time open-ended worker	-10,851***	-15,408***	-9,378***	-8,713***	-7,709***	-4,231***	-4,370***	-6,760***	-3,217***
Temporary worker and other	-9,793***	-9,129***	-5,859***	-6,051***	-5,609***	-2,927***	-3,020***	-4,330***	-2,028***
Public servant	2,340***	2,090***	1,427***	1,342***	993***	225	195	-1,042*	-1,041**
Constant	14,033***	14,773***	17,243***	18,712***	20,447***	21,545***	24,139***	21,468***	28,488***
Activity sector dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307
R-squared	0.161	0.344	0.322	0.289	0.248	0.208	0.206	0.170	0.101

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Appendix B. Robustness checks

In this Appendix B, we briefly summarize several robustness checks of the main results presented in the paper, concerning different income inequality indexes, including additional covariates in the regressions, or scaling RIF regression results to point estimates.

First, we run RIF estimates on two different income inequality indexes with respect to the one we adopted (i.e. the Gini index): the mean log deviation and the Atkinson index with e=1. Results of these tests, presented in Table B.1 for each group of employees and in Table B.2 for the pooled sample, overall confirm the robustness of our main conclusions.

Second, we further enlarge the set of covariates used for UPE estimates including other three probably endogenous variable. Specifically, we include the physical proximity and the disease exposure indexes recently provided by Barbieri et al. (2020) and the occupation skill level of employees to control for skill heterogeneity as suggested by Picchio and Mussida (2011) and Leonida et al. (2020). As for the physical proximity index, it ranges from 0 to 100 and it is measured for each occupation at 5-digit ISCO classification level through the following question from the ICP 2013 survey: *"During your work are you physically close to other people?*". As for the disease exposure index, it ranges from 0 to 100 and it is measured for each occupation at 5-digit ISCO classification level through the following question from the ICP 2013 survey: "*How often does your job expose you to diseases and infections?*". As for the occupation skill level, it is included through a set of dummy variables representing different levels of the ISCO classification of occupations. In particular, we define as: 'Medium skill level', employees in the fourth ISCO level (i.e. clerical support workers); 'High skill level', employees in the third one (i.e. technicians and associate professionals); 'Very high skill level', employees in the first two ISCO levels (i.e. managers and professionals). The reference category is 'Low skill level'. We label estimates based on this model specification as UPE3 and we present them for the total sample in Tables B.3 and B.4 in comparison with UPE2 ones. Outcomes of these robustness checks overall confirm that our main results hold even considering these additional relevant covariates.

Finally, as each group of employees reports on average different income levels with respect to the others (see, for instance, wage gaps between male and female employees in Table A.2), we decided to also present scaled UE and UPE estimates representing main results of our analysis. To obtain scaled estimates, we divided recentered influence functions used as dependent variables by respective point estimates (i.e. mean or quantile value of annual gross labour income of that specific group of employees). Scaled estimates may be therefore interpreted as growth rates of the mean and decile values related to marginal changes in the number of employees having a high WFH attitude level. Scaled UE and UPE estimates presented in Table B.5 and Figure B.1 overall confirm the robustness of our results.

References

Barbieri, T., Basso, G., Scicchitano, S., (2020). Italian Workers at Risk during the COVID-19 Epidemic, GLO Discussion Paper, No. 513, Global Labor Organization (GLO), Essen.

Leonida, L., Marra, M., Scicchitano, S., Giangreco, A. and Biagetti, M. (2020) Estimating the wage premium to supervision for middle managers in different contexts: evidence from Germany and the UK, in Work, Employment & Society, First Published May 4, 2020 https://doi.org/10.1177/0950017020902983.

Picchio, M., Mussida, C., (2011). Gender wage gap: A semi-parametric approach with sample selection correction. Labour Economics 18, 564–578.

Table B.1 – Unconditional effects on the mean log deviation and Atkinson index (e=1)

Group of employees	Mean log deviation			Atkinson index (e=1)		
	UE	UPE1	UPE2	UE	UPE1	UPE2
Total sample	0.030	0.045**	0.038*	0.025	0.037**	0.032*
Male	0.020	0.028	0.038	0.017	0.023	0.031
Female	0.030**	0.037***	0.019	0.026**	0.032***	0.016
Aged 25-35	0.046	0.068*	0.079*	0.039	0.058*	0.067*
Aged 36-50	0.003	0.030	0.021	0.003	0.025	0.018
Aged 51-64	0.059***	0.0762**	0.043	0.049**	0.051**	0.036
Less COVID-19 infected area	0.024	0.058*	0.041	0.019	0.047**	0.034
More COVID-19 infected area	0.036	0.032	0.029	0.031	0.027	0.025

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Table B.2 – Unconditional effects on the mean log deviation and Atkinson index (e=1) in the total sample

Variable	Mean log deviation			Atkinson index (e=1)		
	UE	UPE1	UPE2	UE	UPE1	UPE2
High WFH attitude	0.030	0.045**	0.038*	0.025	0.037**	0.032*
Female		-0.026	-0.043*		-0.021	-0.036*
Aged 36-50		0.011	0.041*		0.009	0.034*
Aged 51-64		-0.006	0.048		-0.005	0.040
Upper secondary education		-0.050*	-0.027		-0.042*	-0.023
Tertiary education		-0.035	0.024		-0.030	0.020
Migrant within macro-region		0.114*	0.101*		0.095*	0.084*
Migrant within country		0.011	0.020		0.009	0.016
Foreign migrant		0.040	0.028		0.034	0.024
Married		0.030	0.043		0.025	0.035
Household size = 2		0.001	-0.008		0.000	-0.007
Household size = 3		-0.026	-0.040		-0.022	-0.034
Household size = 4		0.009	-0.008		0.007	-0.007
Household size = 5 or more		0.064	0.045		0.053	0.037
Presence of minors		-0.046	-0.049		-0.039	-0.041
Small municipality		0.013	0.015		0.011	0.012
Medium municipality		0.001	-0.001		0.001	-0.001
Big municipality		0.037	0.034		0.031	0.029
Metropolitan city		0.002	-0.002		0.002	-0.002
Center		0.003	-0.002		0.003	-0.001
South		0.059**	0.063**		0.049**	0.053**
Part-time open-ended worker			0.114***			0.095***
Temporary worker and other			0.102***			0.085***
Public servant			-0.063***			-0.052***
Constant	0.167***	0.167***	0.075	0.154***	0.154***	0.077*
Activity sector dummies	No	No	Yes	No	No	Yes
Observations	14,307	14,307	14,307	14307	14307	14307
R-squared	0.000	0.004	0.012	0.000	0.004	0.012

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Table B.3 – Unconditional effects on the mean and inequality indicators in the total sample (UPE2 and UPE3 estimates)

Variable	Mean value		Gini index		Mean log deviation		Atkinson index (e=1)	
	UPE2	UPE3	UPE2	UPE3	UPE2	UPE3	UPE2	UPE3
High SW attitude	980	183	0.035**	0.046*	0.038*	0.056*	0.032*	0.047*
Female	-6,090***	-5,908***	-0.047***	-0.041**	-0.043*	-0.037	-0.036*	-0.031
Aged 36-50	3,506***	3,442***	0.039**	0.036**	0.041*	0.038*	0.034*	0.032*
Aged 51-64	5,083***	4,913***	0.048*	0.044*	0.048	0.045	0.040	0.037
Upper secondary education	3,697***	2,850***	-0.010	-0.000	-0.027	-0.011	-0.023	-0.009
Tertiary education	9,671***	6,783***	0.054**	0.036*	0.024	0.016	0.020	0.014
Migrant within macro-region	2,158	1,938	0.077	0.072	0.101*	0.096	0.084*	0.080
Migrant within country	-108	-311	0.014	0.009	0.020	0.015	0.016	0.012
Foreign migrant	-613	-257	0.049	0.045	0.028	0.023	0.024	0.019
Married	2,908***	2,772***	0.046*	0.046*	0.043	0.042	0.035	0.035
Household size = 2	-1,022	-906	-0.008	-0.006	-0.008	-0.007	-0.007	-0.006
Household size = 3	-1,982*	-1,916*	-0.030	-0.029	-0.040	-0.039	-0.034	-0.032
Household size = 4	-757	-682	-0.004	-0.003	-0.008	-0.008	-0.007	-0.006
Household size = 5 or more	484	438	0.036	0.037	0.045	0.046	0.037	0.038
Presence of minors	-636	-642	-0.045	-0.045	-0.049	-0.049	-0.041	-0.041
Small municipality	841	900	0.014	0.016	0.015	0.016	0.012	0.014
Medium municipality	-465	-471	-0.006	-0.004	-0.001	0.001	-0.001	0.001
Big municipality	275	319	0.020	0.022	0.034	0.036	0.029	0.030
Metropolitan city	-224	-305	-0.003	-0.002	-0.002	0.000	-0.002	0.000
Center	-1,863***	-1,747***	-0.001	-0.002	-0.002	-0.003	-0.001	-0.003
South	-1,541*	-1,541*	0.053**	0.050**	0.063**	0.060**	0.053**	0.050**
Part-time open-ended worker	-8,381***	-7,805***	0.139***	0.146***	0.114***	0.120***	0.095***	0.100***
Temporary worker and other	-6,504***	-6,279***	0.095***	0.095***	0.102***	0.101***	0.085***	0.084***
Public servant	127	-644	-0.053**	-0.061***	-0.063***	-0.069***	-0.052***	-0.058***
Physical proximity index		-33		-0.001		-0.001*		-0.001*
Diseases exposure index		39**		0.001**		0.001**		0.001**
Average skill level		497		-0.067***		-0.092***		-0.077***
High skill level		2,094**		-0.042*		-0.052*		-0.043*
Very high skill level		6,849***		0.054*		0.031		0.026
Constant	20,808***	21,895***	0.173***	0.207***	0.075	0.115	0.077*	0.110*
Activity sector dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307
R-squared	0.061	0.062	0.016	0.019	0.012	0.014	0.012	0.014

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Table B.4 – Unconditional effects of WFH attitude along the wage distribution (UPE3 estimates)

Variable	p10	p20	p30	p40	p50	p60	p70	p80	p90
High WFH attitude	-2,691***	-1,116***	-687**	-318	-103	288	337	2,448***	1,315***
Female	-2,749***	-3,159***	-3,268***	-3,883***	-4,247***	-2,735***	-2,876***	-6,966***	-4,858***
Aged 36-50	592	1,514***	1,905***	2,082***	2,521***	2,031***	2,084***	4,312***	2,804***
Aged 51-64	896	2,653***	2,669***	3,196***	3,941***	3,301***	3,435***	7,244***	4,914***
Upper secondary education	1,909***	1,731***	1,887***	2,129***	2,259***	2,175***	2,296***	4,403***	3,442***
Tertiary education	3,239***	3,555***	3,843***	4,669***	5,038***	3,950***	4,181***	9,944***	8,167***
Migrant within macro-region	-2,840**	-246	803	1,482**	1,056	356	173	958	1,193
Migrant within country	-823	-935**	-46	-147	-139	34	44	447	-974
Foreign migrant	-2,238	-4,149***	-1,378*	-792	-833	-228	-202	410	787
Married	1,026**	339	478*	707***	962***	960***	1,073***	2,954***	2,181***
Household size = 2	-1,225*	-6	-146	-132	-521	-459	-571*	-395	-139
Household size = 3	-942	-310	-485	-444	-926**	-851***	-990***	-1,377*	-339
Household size = 4	-1,032	-248	-275	-279	-448	-436	-521	52	482
Household size = 5 or more	-1,290	-627	-230	-107	-256	158	77	1,320	1,549
Presence of minors	466	1,084***	686**	976***	792***	484**	599***	513	215
Small municipality	360	86	492*	44	-41	-64	10	-402	-194
Medium municipality	-379	-158	242	9	-33	-194	-220	-965*	-609
Big municipality	-754	-326	230	-144	65	-197	-128	-636	81
Metropolitan city	-619	-516	276	368	536	22	87	630	861**
Center	-1,103***	-1,638***	-1,052***	-952***	-961***	-726***	-726***	-2,055***	-1,160***
South	-4,376***	-3,052***	-1,539***	-1,467***	-1,382***	-832***	-840***	-1,573***	-1,047**
Part-time open-ended worker	-10,771***	-15,251***	-9,130***	-8,370***	-7,298***	-3,899***	-4,029***	-6,097***	-2,597***
Temporary worker and other	-9,639***	-8,974***	-5,696***	-5,850***	-5,382***	-2,776***	-2,868***	-4,084***	-1,840***
Public servant	2,047***	1,848***	1,085***	904***	481	-169	-214	-1,808***	-1,801***
Physical proximity index	19	-11	7	8	-1	-9	-10	-10	-75***
Diseases exposure index	-1	10	6	9	18**	15***	17***	23**	55***
Average skill level	3,754***	2,177***	1,332***	1,050***	742**	174	96	-511	-364
High skill level	2,435***	2,526***	2,502***	3,007***	3,305***	1,940***	1,918***	2,731***	1,057**
Very high skill level	3,047***	2,547***	3,158***	3,933***	4,350***	3,514***	3,579***	6,995***	7,045***
Constant	13,617***	15,256***	16,942***	18,333***	20,310***	21,734***	24,347***	21,618***	31,106***
Activity sector dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307	14,307
R-squared	0.165	0.347	0.331	0.301	0.264	0.227	0.224	0.184	0.118

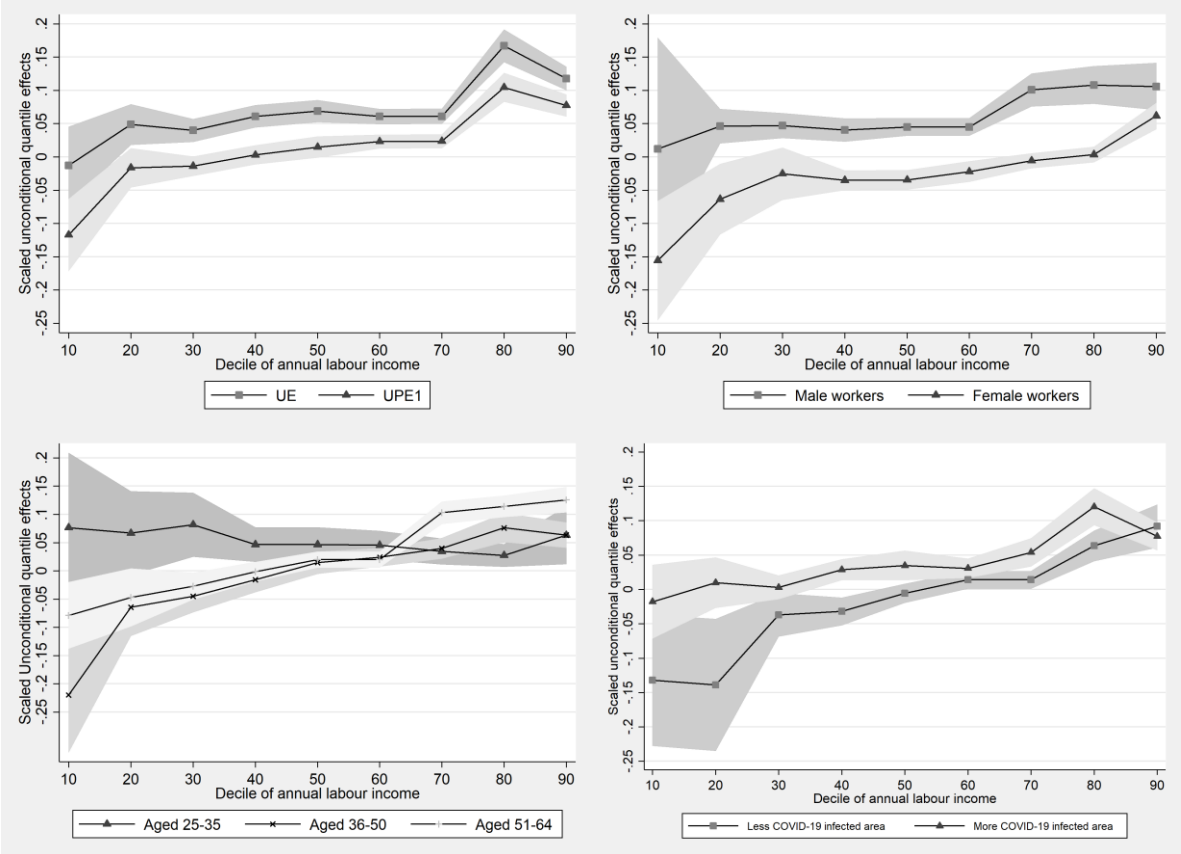
*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1.*

Table B.5 – Scaled unconditional effects of WFH attitude on the mean

Group of employees	Mean value		
	UE	UPE1	UPE2
Total employees	0.100***	0.050**	0.038
Male	0.161***	0.091**	0.080**
Female	0.050**	-0.003	-0.015
Aged 25-35	0.171***	0.132**	0.123*
Aged 36-50	0.009	-0.009	-0.032
Aged 51-64	0.176***	0.093***	0.089**
Less COVID-19 infected area	0.075*	0.030	0.018
More COVID-19 infected area	0.125***	0.070**	0.052**

*Notes: Standard errors are clustered by NUTS-3 region; *** p<0.01, ** p<0.05, * p<0.1. The table presents coefficients of the variable of interest only.*

Figure B.1 – Scaled unconditional effects of WFH attitude along the wage distribution



Notes: Standard errors are clustered by NUTS-3 region. Shadowed area report confidence intervals at 90% level. Estimates by employees' characteristics refer to the UPE1 specification.