

# Gains and losses from *routinization* of Italian provinces: A firm level analysis of labour share

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## Abstract

In this study, we analyze firms' labour share in relation to localization in *routinized* local labour market - proxied by Italian provinces - and the introduction of product and process innovations. We use firm data stemming from the last three waves of the Employer and Employee Surveys (RIL), *Rilevazione Longitudinale su Imprese e Lavoro*, conducted by INAPP for 2007, 2010 and 2015 on a representative sample of Italian firms. Routinization of Italian provinces is captured by a RSH index computed at the provincial level on the basis of RCFL-ISTAT, following the Autor and Dorn (2009) approach and registering the share of employees performing cognitive and non-cognitive routine tasks. Firms' localization in highly routinized areas is not associated with a compression of firms' labour share probably due to the fast slowdown of labour productivity. While the introduction of process innovations is associated to labour share compression mostly in highly routinized provinces where bargaining power of workers performing routinary jobs is likely to be weak.