

# Lavoro: partecipazione, dinamica e valutazione di politiche

Misura, metodi, modelli

Progetto anno 2005

## Labour Market Segmentation, Flexibility and precariousness in the Italian North East

*G. Tattara, M. Valentini*

*Dipartimento di Scienze Economiche, Università Cà Foscari di Venezia*

Working Paper n. 74, aprile 2006

La valutazione dell'impatto di interventi pubblici: metodi e studi di caso.

Cofinanziamento MIUR, anno 2005

### Unità locali del progetto:

Dip. di Economia "S. Cognetti De Martiis", Univ. di Torino

(coord. B. Contini)

Dip. di Statistica "G.Parenti", Univ. Di Firenze

(coord. F. Mealli)

Dip. di Scienze Statistiche, Univ. di Padova

(coord. E. Rettore)

Dip. di Scienze Economiche, Univ. di Salerno

(coord. S. Destefanis)

Dip. di Politiche Pubbliche e Scelte Collettive, Univ. del Piemonte Orientale

(coord. D. Bondonio)

Dipartimento di Scienze Statistiche  
via C. Battisti 241, 35121 Padova  
[www.valutazione2003.stat.unipd.it](http://www.valutazione2003.stat.unipd.it)

Per la presente pubblicazione sono stati adempiuti gli obblighi previsti dalle norme per la consegna obbligatoria di esemplari degli stampati e delle pubblicazioni di cui alla legge del 2 febbraio 1939 n.374 e successive modificazioni, presso la Procura della Repubblica e la Prefettura di Padova.

## Introduction<sup>1</sup>

Since the late 1970s, inequalities have been on the rise in a number of OECD countries. Many factors enter into the determination of income inequality: low pay jobs, new flexible “non standard” patterns of employment, unemployment. These factors play an important role in determining households’ poverty, as they are only partially counteracted by the various responses of government transfer programs and social policies.

One of the main causes of economic inequality, in Italy as in many other European countries, is rooted in the segmentation of the labour market. The Italian labour market is currently described as deeply segmented between an insider market, with well paid and stable jobs, protected by government laws and powerful labour unions, and a large outsider market made by unemployed and by people discouraged to enter the labour force, without protection. Outsiders are mainly young unemployed, geographically clustered in the centre-south of the country<sup>2</sup>. The insider market presents very high activity levels, good wages and hiring through the *contratto di lavoro tipico*, which means a full-time labour open-end contract<sup>3</sup>.

Opportunities to move between these two labour markets are severely limited and several attempts to spread new form of labour contracts in order to make the market more flexible have been pursued by the various Italian governments since the eighties, paralleled by fiscal benefits to induce entrepreneurs to increase hirings in the south. A larger diffusion of new forms of temporary labour contracts is, for most observers, considered a way to overcome the immobility of the Italian labour market and to induce Italian entrepreneurs to hire workers without fear of locking themselves up into a permanent commitment, and is frequently advocated as one of the main way out from the Italian labour market rigidity.

Official Italian statistics grossly undervalue the presence of the number of people working with temporary labour contracts and a more conscious account of various forms of short-term contracts more than doubles the official figures, ranking Italy

---

<sup>1</sup> This research is part of the Miur project 1999-2001, n. 9913193479 and 2002-2003, n. 2001134473. I previous version of this paper was discussed at IWPLMS, International Working Party on Labour Market Segmentation, Rome September 2003 and at the annual AIEL meeting, Modena, September 2005. It will be part of a volume of the AIEL annual meeting proceedings.

<sup>2</sup> See Kerr (1954), Doeringer and Piore (1971), Wilkinson (1981). In relation to Italy Garibaldi and Young, (2003); in comparative terms Nikell (1997) and Ocde (1994).

Oecd views have been recently questioned on the ground that they reflect more the plethora of protective regulations set up by the Italian labour market legislation, rather than an assessment of their actual effectiveness. For example the protection against firing granted by the Statuto dei lavoratori to workers in large firms apply to half of the stock of the Veneto private employees; the remaining half work in firms with less than 15 full time employees, i.e. are inside the lower boundary set up for the norm application. For a criticism to the Oecd thesis, see Del Conte, Devillanova, Liebman e Morelli (2004).

<sup>3</sup> Italian labour contracts are split into two broad classes, tipico and a-tipico. *Atipico* is defined as a residue and means all the contracts are not collected under the heading of the typical labour contract, which is the contract full time with no fixed duration, or tenure. On the historical origin of such a term, going back to the populist nature of the fascist regime, see Accornero (2000, 191-192).

among the countries with a large amount of temporary work. The (supposedly) rigid Italian labour market is not so rigid as it appears at first sight.

In the Italian manufacturing sector, where the quota represented by tenure workers is traditionally high, a double shift has taken place during the last decades. First the quota of tenure workers has declined through time. Second the number of movers – low qualified and low paid non-tenure workers - has increased and a non-marginal quota of the employees is to be counted as permanent movers.

If temporary contracts avoid some labour market inflexibilities imposed by the employment protective legislation have larger potential costs<sup>4</sup>. A succession of temporary jobs can promote some form of specific human capital that can lead the worker to move into a more permanent position with the same firm or with other firms, with possible higher wages, so that the worse initial conditions are compensated for by better conditions in the future. But temporary workers can be also considered as an extreme case of outsiders, who receive low wages and have worse conditions compared to workers hired with an open-end contract, in a situation of precariousness that extends to the workers' entire career: several authors have stressed the stability of the workers at the bottom of the Italian wage distribution (Capellari, 2002; Lucifora, 1998).

These issues are important since the Italian government has provided, in June 2003, additional forms of semi-subordinate work (midway between dependent employment and self-employment) and the desirability of such policy depends upon whether the number of these contracts is assumed to be at present insufficient to grant the labour market the necessary flexibility and whether they are to be considered dead ends or stepping stones, an inducement towards a more permanent career (Boot, Francesconi and Frank, 2000).

The first part of the chapter discusses the relation between flexibility and precariousness in the Veneto labour market, provides quantitative evidence for the augmented presence of 'non standard' forms of employment during the late nineties and draws some conclusions about the downward bias in the measures adopted in Italian official statistics and in international comparisons. The second part restricts to private employees in manufacturing. Workers in manufacturing are divided between movers and stayers. Both categories show signs of instability. The quota of tenure workers over total workers decreases and movers increase through time in a significant way. Among these are permanent movers whose work histories, fragmented and chaotic, are identified and are compared with stable employee careers.

## **1. Temporary work**

### *1.1. Flexibility and precariousness*

A flexible contract contemplates possible changes in labour hours, wages and functions, but flexibility means also that firms can easily draw a new labour

---

<sup>4</sup> The main reason for Italy ranking so high in comparison with other industrialized countries is that since the approval of the "Statuto dei Lavoratori" in 1970, the firm is always forced to take back the employee on payroll and to pay the full wage lost during litigation plus social insurance contributions.

contract and lay off the worker without incurring redundancy payments or restrictions imposed by the work legislation.

Self-employment is the first labour contract that comes to mind when flexibility is at stake. Self-employment has no stated working time, stated conditions and compensation. It is noteworthy that after a long period of decline the self-employed fraction of the labour force has increased since the mid-1970s in several Western countries (Blau, 1987; Evans and Leighton, 1989; Magnac and Robin, 1994). As in other countries, the self-employment quota in terms of total employment in Italy has grown over time since the mid seventies. The minimum level of self-employment in total manufacturing employment was attained in 1974 (14%): subsequently the self-employment quota has risen, peaking in the late seventies, to rise again in most recent years to come back to the high values of the late fifties (+3.3% yearly rate, 1974-1994. Rapiti, 1997, 176-180; Chelli and Rosti, 2002). The increase of the number of self-employment quota in manufacturing is the result of a double movement: the decline in employees (-2.2%) and the increase of self-employed workers (+ 1.7%). In the rest of the economy self-employment grew at 3.0% per year but the self-employed quota itself grew much less, as the number of employees was increasing at the same time (Tattara and Volpe, 2001).

The net flow in the number of self-employed is, for the most part, the result of a net flow away from the employee category. The positive variation through time that has been registered in self-employment over the last twenty years, is largely explained by the net flow originating in the category of employees: people looking for a job move into self-employment directly only to a very limited extent (OECD, 1992, table 4.8; Rapiti, 1997, 181; Chelli and Rosti, 1998, 13). Not all movements from employment into self-employment are associated with a significant change in the worker status and in labour conditions. A large part of workers just substitutes a stable form of employment with a more precarious form of employment.

Other forms of semi-subordinate labour contracts are *Collaborazioni Coordinate e Continuative* (employer-coordinated freelance workers), *Lavoro Interinale* (job on call) and other minor contracts. *Collaborazioni* are formally autonomous contracts but the worker is substantially subordinate to the principal (as the word coordination). *Lavoro Interinale* a-typical nature is due to the relation between worker and employer, because the employer is hired by the temporary labour agency and not by the firm in whose premises the work is carried out. The very recent Italian labour market law (June 2003) allows the temporary labour agencies to draw open-end labour contracts, so that the new *Lavoro Interinale* is going to become the new form of labour hiring, a semi-subordinate contract, deprived of any formative content and, in this respect, very different from the various forms of apprenticeships already in existence (Bianco, 2003).

Other forms of labour precariousness should be added. For example worker-memberships in small cooperatives, direct participation in shared societies. Workers employed in small firms with open-end labour contracts, with a signed resignation letter with no date, that are de facto hired with a temporary contract, should also be included.<sup>5</sup> Short duration in many cases is known a priori and should be considered as an explicit index of precariousness.

---

<sup>5</sup> Frequently used in case of female employment, just to be sure the worker will leave with the arrival of the first pregnancy. A research by the Ministero del Lavoro quoted in Saraceno (2002), reports that 20% of female *voluntary* quits in the Northern regions happen during pregnancy.

The numerous form of labour contracts available in recent years make flexibility difficult to measure and very often the discussion on labour market flexibility restricts to the employees labour market. This limitation has not however landed us on a safe ground, as difficulties in identifying flexibility remain: statistical measures for overtime, changes in functions, and other form of flexibility are not reliable or are lacking also within the more structured employee segment.

### *1.2. Underestimation of temporary work in Italian official statistics*

Our study deals with Veneto, a region in the North East of Italy, which offers a significant point of observation for several reasons. The increase in mobility, in a rich and dynamic setting close to full employment as the one we are studying, is at first sight counter-intuitive. First, the aging of population and the increase in education are expected to lead to more permanent jobs and to less precariousness, which is not. Second, employment increase is usually associated with an increase in the trade union strength, in higher wages and in more stable forms of employment, while mobility and precariousness in our territory are increasing through time, parallel to the employment increase (Regione del Veneto, various years).

Flexible is often identified with a-typical, and a widely used indicator of flexibility is the quota of a-typical workers over total employees. A-typical contracts are the sum of part time workers and temporary workers. Part time work with no time limit (although sometime not voluntary) is a contract profoundly different from temporary work because of its permanent character and is not to be considered a-typical. Temporary workers are basically young people hired with a training contract (cfl), apprentices and workers hired with contracts with a stated time limit. This definition underlines a notion of flexibility that points mainly to the limited duration of the contract and the connected risk of instability and refers explicitly to a measure of the duration stated in the contract (Anastasia and Maurizio, 2002; Anastasia, Disarò and Maurizio, 2004).

In Veneto labour market the quota of temporary workers has been in 2001, according to the Italian Central Statistical Office, around 8% of total employees stock. In absolute value 102.000 over 1.300.000 employees (Istat, *Rilevazione trimestrale delle forze di lavoro*, henceforth Rtl). A similar ratio is for Italy. Such a number has rapidly increased in the nineties, both in absolute and in relative values, doubling since 1993 (from 4 to 8% of total employment). The yearly average rate of increase is 5%, i.e. 5000 yearly employees. In the same years OECD countries did not show any tendency to the increase in temporary work (Anastasia and Maurizio, 2002; Anastasia, Disarò and Maurizio, 2004).

Moving to flow values, temporary work has been absolutely dominant among yearly hirings since the early nineties and this is the first reason to look at temporary work as a sign of the prospective erosion of the stock of stable employees, although stock values, which change at a slower rate, remain dominated by open-end contracts.

The official Italian figures for temporary work are rather low in comparison with figures for Spain and Portugal, two countries marked by the large diffusion of temporary labour, and below the data of the large continental countries, Germany and France, and the Nordic countries, Nederland and Sweden. Temporary work in

Italy is larger than in United Kingdom and Ireland, but these are countries where the absence of a protective legislation makes the recourse to temporary work much less interesting. Italy had the same average number of female temporary workers (12%) as OECD countries in 2000 but a much lower figure for males.

Italian official data on temporary work are from Rtfll (Rilevazione trimestrale delle forze di lavoro). This is a wide survey delivered every three months to a member of the resident families. As noticed by de Angelini and Giraldo (2002, 105; 2003) and Anastasia, Disarò and Maurizio (2004) as far as the nature of the labour contract of the various family members is concerned, the reported answers reflect the self-perception of the nature of the labour contract by the interviewed person (generally the head of the family) more than the contract juridical nature. The way the interview is structured leads to a relevant bias in the temporary work assessment. For example cfl (work and training contracts) and apprentices – two widely diffused temporary contracts – are often perceived as stable by the interviewed person as they are often transformed into open-end engagements at the end of the training period; more so if the interviewed person is not the worker itself, but a member of the family, who is not normally aware of the juridical nature of the relative's labour contract.<sup>6</sup>

Rtfll estimates provide the basis for the Italian official data used in international comparison and, at the end, Italian temporary work figures appear to be heavily downward biased. The bias appears with full evidence if Rtfll data are compared with administrative records over the same period of time and for the same territory. The Ministry of labour administrative archives, Giove, for the whole Veneto provinces have been used with many precautions to provide alternative evidence for temporary work (Veneto Lavoro, 2005). As a result of a study by Veneto Lavoro - a directory of the Regione del Veneto - the number of temporary workers more than doubles the number of the same workers counted by the Istat-Rtfll.

The longitudinal Veneto Worker History (VWH) panel built at the department of Economics of the University of Venice on the ground of the Social Security administrative data (Appendix) provides additional evidence. The number of apprenticeships and cfl is a specific Inps entry (O1M records) and is easily computed. Time limit contracts are separately recorded in the Inps declaration since 1998.

Table 1 reports Treviso and Vicenza Netlabor data, kindly provided to us by Veneto Lavoro and VWH: for comparable sectors and data the two sources show a substantial coherence taking into account that VWH only gradually has included fixed term contracts and that the procedure of measuring the CFL has probably determined a temporal forward shift in the Netlabor dataset (Veneto Lavoro, 2005). Both sources point to a temporary work quota around 10-15% of the total stock in the second half of the nineties.

---

<sup>6</sup> Baretta, Leombruni, Trivellato, Rosati (2004) explain in detail the main problems in comparing administrative data and Rtfll data.

According to De Angelini Giraldo (2002;2003) at least 40% of the interviewed apprentices reported to be employed in a permanent job. 30% of temporary labour contracts are due to be transformed in open-end contracts by the same firm. See Ministero del lavoro (2003). Author's computations on the Social Security longitudinal panel provide a larger quota of transformations both for cfl and for apprenticeships.

The rapid increase by temporary work in recent years is the result of the law n.196, 24.06.1997 that broadens the age range and generalizes the apprentice contract to all sectors and to people with almost all kind of formal education (de Angelini and Boldrin, 2002). Table 2 presents comparable official RtfI figures for the two Veneto provinces of Treviso and Vicenza and the whole Veneto region in manufacturing and allows a direct comparison with VWH data, so that the downward bias in the official figures is crystal clear. During the whole decade the temporary workers quota computed from RtfI survey was as low as 4-7% while VWH point to a quota of around 12-13% according to the relative sample coverage; one need to take into account that VWH measures, till 1998, among fixed term contracts, CFL and apprentices only.

Several activities in the service private sector are characterized by unstable employment, as it is well known, and limiting the analysis to manufacturing, construction excluded, appears a conservative measure. VWH data for temporary work contracts suggest an estimate for temporary workers in 1998 of 18,0%, more than three times the temporary workers estimate reported by Istat RtfI for the comparable 1998 population (5.0%). Netlabor data for Treviso and Vicenza are rather close to the figures based on VWH panel. Such a huge divergence is supported by data computed for the whole Veneto region<sup>7</sup>.

Table 1. Number of employees in manufacturing<sup>§</sup> hired with a temporary labour contract in Veneto. Veneto Lavoro and VWH. December each year.

year	CFL		apprentices		time limit contracts		job on call		others		total workers stock	temporary/stock <sup>°</sup>	
	/veneto lavoro	/WH	/veneto lavoro r	/WH	/veneto lavoro	/WH	/veneto lavoro	/WH	/veneto lavoro	/WH	VWH	/veneto lavoro	/WH
1996		21709		26293							465447		10,31
1997		19821		25989							463248		9,89
1998	20849	16675	30704	29375	23666	13104	450		252		463111	16,24	12,77
1999	15619	11946	32729	31331	25470	17396	1336		228		467259	15,80	12,98
2000	11716	8860	33305	33543	26844	21649	2866		207		479025	15,00	13,37
2001	8657		30486		22530		3267		164				12,85
2002	6467		27443		22362		4261		96				11,72
2003	4605		24834		23301		3794		47				10,99

Source and method: § Ateco 1981, 3 and 4.

Veneto lavoro data are from the Giove data-base. Employment in the manufacturing private sector and concern cfl, apprentices, time-limit contracts, job on call, which began in 1998, daily workers and workers at home. Both Netlabor and VWH data are yearly stock data, computed from the flow histories, at 31.12 each year. Data have been kindly provided to us by Bruno Anastasia and Danilo Maurizio, Veneto Lavoro. [www.venetolavoro.it](http://www.venetolavoro.it)

<sup>°</sup> the stock values are from VWH 1996-2000 and from RtfI from 2001-2003.

<sup>7</sup> RtfI and VWH are not entirely homogeneous (table 2). RtfI manufacturing includes construction, where the amount of temporary work is big, so that our conclusions are possibly reinforced. RtfI total for Treviso and Vicenza is homogeneous with VWH, RtfI total for Veneto include agriculture and public sector: public sector at that time did not have many temporary contracts and this reinforces our conclusions.

Table 2. Temporary workers quota in total employment

year	Manufacturing				Total private sector			
	Treviso and Vicenza		Veneto		Treviso and Vicenza		Veneto	
	RTFL*	VWH <sup>§</sup>	RTFL*	VWH <sup>§</sup>	RTFL <sup>^</sup>	VWH	RTFL <sup>°</sup>	VWH
1990		17,92	3,34	18,55		17,30	5,00	16,35
1991		14,40	3,12	15,17		14,00	4,77	13,40
1992		11,22	3,37	12,15		11,10	4,90	10,91
1993	3,64	9,73	3,79	10,42	4,01	9,65	5,46	9,35
1994	4,68	10,30	4,74	10,98	5,37	9,95	6,67	9,44
1995	3,97	10,38	4,29	11,06	4,28	10,00	6,92	9,59
1996	4,42	9,77	4,91	10,31	4,69	9,65	6,81	9,23
1997	4,15	9,29	5,30	9,89	4,58	9,24	7,26	9,02
1998	4,51	12,04	5,19	12,77	5,19	12,40	7,47	12,80
1999	5,16	12,46	5,47	12,98	5,59	13,10	8,06	13,36
2000	5,17	12,79	6,23	13,37	5,85	13,50	8,87	13,83

Method: § Ateco 1981, 3 and 4. \*Ateco 1981, 1 to 5.

° agriculture and public sector included.

^ agriculture excluded.

§ 1990-1997: temporary workers are only apprentices and CFL; since 1998 workers with fixed term contracts are added.

Source: Rtl data are not published by the ISTAT at the provincial level and have been kindly supplied to us by Anna de Angelini, Veneto Lavoro.

If the same correction suggested for the Veneto would apply at the national level, the quota of temporary workers would jump to around 20% and Italy would rank just below Spain, close to Portugal, among the countries with the highest number of temporary workers, leaving well behind Germany and France. With the relevant difference that in Portugal and Spain the number of temporary contracts is decreasing, while in Italy is still increasing and this makes the Italian situation more critical (Anastasia and Maurizio, 2002; Anastasia, Disarò and Maurizio 2004).

## 2. Chequered careers and long lasting careers in manufacturing

### 2.1. From Temporary Labour Contracts to labour market precariousness

Temporary labour contracts and short labour spells are not immediately connected. Temporary contracts are often renewed and pave the way towards more stable forms of employment, and on the other hand 6% of new hirings end within 1 month, 33% within 6 months another third between 6 months and two years. Temporary contracts constitute the larger part of the people detected by the short labour spells. According to VWH data cfl, apprentices and temporary contracts make 67% of spells ending within 6 months; the remaining 33% are workers hired with open-end contracts that end in 6 months. The effective spell length is not strictly connected to the nature of the labour contract, but the result of labour market general conditions (Tattara and Valentini, 2003).

The Italian labour market, with the increasing number of self-employed and new forms of short-term contracts, has undoubtedly developed towards a larger number of flexible figures. As more forms of precarious hirings become available and spread among workers, labour contracts that a couple of decades ago were

considered unacceptable by the trade unions, borderline with labour legislation, become part of the labour market common practice.

Short employment spells have increased through time. Spells with duration inferior to 12 months have increased from 6 in 1982 to 13% in 1996 and spells with duration between 12 and 24 months have moved from 12 to 21%. Short spells include voluntary quits (of workers possibly hired with open-end contracts) and exclude renewals and transformations of temporary contracts: cfl renewal is favoured by the law and apprenticeship can be renewed up to 5 years length.

The number of short labour spells and of seasonal spells has a definite cyclical pattern, peaking when GDP per capita is high as in 1989 and 1995, and declining in the low years as 1993. Short spells are not confined to new labour market entrants and gradually interest more workers.

The increasing number of short term working spells has several causes. The increase in the number of cfl in the late eighties, the doubling of apprentices in the late nineties, as cfl declined, and the rapid increase in the number of seasonal workers, a work spell very short by definition - trebled in 15 years (from 2500 in 1982 to 7650 in 1997).<sup>8</sup> While most of the labour force is employed in long-term jobs, there are many short-term jobs and their number has increased in recent years.

Table 3. Treviso and Vicenza. Labour spells according to their time duration.

year	number of short labour spells/total employees			
	manufacturing§		total private	
	0-12 months	13-24 months	0-12 months	13-24 months
1982	6,80	5,38	11,73	6,88
1983	6,46	4,84	10,98	6,07
1984	7,26	5,02	11,34	6,00
1985	9,10	6,01	12,71	6,77
1986	9,56	7,17	13,06	7,92
1987	10,99	7,97	14,67	8,54
1988	12,13	8,48	15,97	9,18
1989	12,95	8,71	16,48	9,46
1990	12,73	8,50	16,27	9,47
1991	11,03	7,77	15,20	8,94
1992	9,99	6,75	13,96	7,99
1993	8,52	6,19	12,30	7,36
1994	12,06	6,63	14,82	7,62
1995	15,05	7,66	18,21	8,40
1996	13,66		17,26	

Method: §Ateco 1981, 3 and 4.

Short spells are spells at the beginning of the year plus new spells.

Total employees are initial stock + yearly hirings per capita to the Inps archive.

<sup>8</sup> As the international situation is concerned, the number of workers that are temporarily employed in our territory is rather small. Around 15% of the employees work less than 12 months in Veneto (table 5). The figures reported for Italy in international comparison are liable to possibly underestimate the real Italian situation as they are derived from Istat Rtfi. In the United States 20% of the employees (26-45 age class) was employed for less than 12 months, 20% in Holland, 11% in France, 16% in Germany, 8% in Italy and 4% in Japan, according to the comparison proposed by Burgess (1998).

In the remaining part of the paper workers careers are valued ex-post according to the succession of labour spells, independently of the juridical form of the labour contracts that lies behind.

Worker careers are compared in relation to the workers mobility among jobs and permanence within the same job: job is synonymous of firm. The analysis is restricted to Treviso and Vicenza employees in private manufacturing from 1982 to 1997, a population of 194.000 employees in 1982 that has increased to 233.000 employees by the end of the period.

For the purpose at hand employees are labelled movers or stayers (Blumen, Kogan and McCarthy, 1955). The union of the two sets – movers and stayers – exhausts the population set: stayers can be permanently employed in the same job from the start or can become permanent after some other employment episode, usually a sequence of short spells, representing the search process both by the worker and by the employer (short spells preceding the tenure). Alternatively employees can move from one short spell to the next and never stabilize: short spells are a dead end in relation to the perspective-working career and the individual is labelled mover. The entire working life of a mover is made up by short spells and is referred to as a chaotic or chequered working life.

In order to define stayers and movers, tenure has to be defined and measured. The extended coverage of the VWH longitudinal panel allows us to compute directly the complete tenure for a significant number of years. The computation has been performed for manufacturing, without constructions. The complete tenure of length  $T$  in  $t$  is defined if the employee in  $t$  was employed with the same employer both in  $(t - i)$  and in  $(t + T - i)$ ,  $i = 1 \dots T$ .

In the following analysis the population set is bounded to 27-54 years (the age range in which a worker is more likely to develop a tenure), and the tenure length,  $T$ , is assumed equal to 7 years, which allows us to compute tenure data for the years 1982-1990, without incurring in censorships problems<sup>9</sup>,  $1982 \leq t \leq 1990$  (Tattara and Valentini, 2002). Figure 1 depicts the tenure computation strategy and figure 2 the tenure window centred in the year  $t$ .

---

<sup>9</sup> A ten year tenure would have shortened our window to a couple of years, 1986 and 1987. The 7 years tenure has no particular meaning but a compromise.

Figure 1. The observations interval (1975-1997) and the sliding tenure window ( $\pm 7$  years) in the bounded interval 1982-1990.

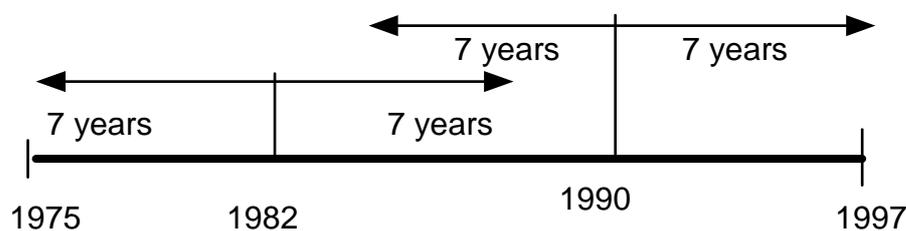
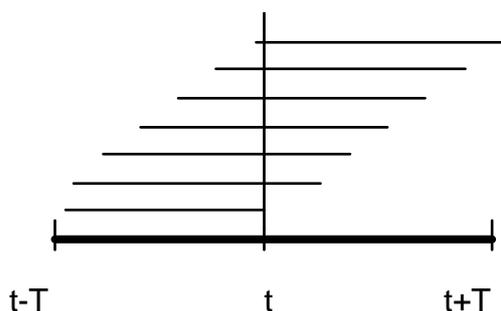


Figure 2. The sliding tenure window ( $\pm T$ ) centred in  $t$ .



According to the tenure definition, the workers population is split, in the following components:

Stayers: at least 7 years within the same job

- from their entrance in the labour market
- after a succession of short labour spells

Movers: less than 7 years within the same job

## 2.2. Tenure employment

Comparative studies tell us that the USA are the country where tenure is shorter, 6,6 years, while longer tenure are recorded in Greece, Italy and Sweden, followed by Belgium, Japan and Portugal (Auer and Cazes, 2000, 381; Dell'Aringa and Piccirilli, 2000). Less than one-year tenures are present in every country, but they represent a particularly large quota ( $>20\%$ ) especially in the States, in Spain and Denmark.

Long term commitment to a unique job, tenure, is traditionally considered a character of the Italian labour market and a result of workers protective legislation. In our territory around 70-80% of employees between 27 and 54 years old have tenure of 7 or more years. At the end of the seventh year of tenure the probability of a job break is rather low, and almost all tenures continue till the tenth year.<sup>10</sup>

The importance of long lasting tenures on the employee population has declined through time, while shorter relations have increased. Jobs that last less than 60

<sup>10</sup> The probability to work three additional years with the same firm, after 7 years tenure, for males, is 75%. The probability to work three years with the same firm as first employment is much lower, 44%.

months have increased from 15% to 26%, in spite of the aging of the population, a trend that would have lead to think that the quota of tenure workers over the employee stock should have increased through time<sup>11</sup>. Table 6 shows interesting tenure specifications in relation to the population aged 27-54. Gender does not seem to be relevant: both males and females look similarly stable. More interesting is the distinction according to education. Education is not an entry of the Social Security declarations and is not an entry in the longitudinal panel we are using, but can be depicted indirectly. The age of the employee in the year of entrance in the VWH panel (entrance not compatible with the carrying on of education<sup>12</sup>) is used to infer a divide between primary and secondary (or higher) education. The label primary education is attributed to all blue collars that entered the archive before 19 years of age, while white collars that entered after 19 years of age are labelled workers with secondary education. Nothing is said about blue collars that entered the employee's archive at 19 years of age or more and about white collars that entered the labour market before 19 years of age, so the result is a subset of the total population. This assumption is grounded on the idea that Veneto labour market has been in full employment since the early nineties, so the interval between the end of formal education and the starting of a job as employee is extremely reduced.

Females with lower formal education have a much shorter tenure than average and than females with a higher formal education.

Table 4. Tenure employees (Manufacturing, Treviso and Vicenza, age 27-54).

year	employees in thousands <sup>o</sup>	tenure (%quota over the respective stock <sup>o</sup> )						
		total	males	females	white collars entering Inps >=19 years of age		blue collars entering Inps <19 years of age	
					males	females	males	females
1982	115681	84.2	84.7	83.1	78.1	84.5		
1983	114560	85.0	85.3	84.2	78.7	84.1		
1984	114414	85.0	85.5	83.9	79.1	83.4	78.0	83.6
1985	116461	84.0	84.7	82.7	79.2	82.9	78.1	81.4
1986	119389	83.2	83.8	81.9	78.7	82.2	78.0	80.2
1987	122840	81.8	82.4	80.6	77.5	81.8	76.8	78.0
1988	127489	80.4	80.8	79.7	76.4	80.4	75.9	77.2
1989	134376	78.2	78.8	77.2	74.6	79.1	75.1	74.3
1990	142076	75.9	76.5	74.8	73.3	77.3	74.8	72.3

Method: Ateco 1981, 3 and 4. The four last columns refer to an employee's population (1990) of 6342 F, 13601 M, 8002 F and 19450 M.

<sup>o</sup> Initial stock plus yearly hirings.

<sup>11</sup> The number of years, given the age boundaries, are possibly more favourable to employment in the more recent period, so that the conclusions about a tenure decline are more than warranted.

<sup>12</sup> Basically no seasonal work or other short-term summer works. Details are in Canu and Tattara (2005).

Table 5. Yearly quota of tenure employees (Manufacturing, Treviso and Vicenza, age 27-54).

Year	Establishment average dimension at the beginning of the tenure			
	<50	≥50<100	≥100<200	≥200
1982	70.4	83.7	86.8	92.1
1983	67.4	84.7	88.5	94.3
1984	68.4	85.8	86.6	94.0
1985	66.3	86.1	85.6	94.4
1986	65.8	86.3	86.0	94.2
1987	64.7	85.7	85.4	93.9
1988	64.2	84.7	85.1	93.8
1989	61.9	80.8	83.7	91.9
1990	60.0	78.3	81.5	91.4

Method: see previous table.

Larger establishments have a larger quota of tenure by definition, as larger units internalise many job changes, which appear as tenure breakdowns in small firms. Additionally small firms have high birth and high mortality rates and this makes tenure less likely. Nonetheless tenure is very relevant in small firms as well and this appears of specific importance in our two provinces where establishments with less than 100 employees hire 73% of the entire employee population.

The tenure quota through time shows an overall declining pattern. The general trend is independent of workers qualification, gender and establishment dimensions: the tenure decline characterises small and medium size establishments (≥50<100) more than larger establishments (≥200).

Tenure is generally preceded by a series of short term spells, on average two or three, that develop in a period of approximately two years<sup>13</sup>. This bi-modal spell distribution of the working life, many short spells and a subsequent long spell (tenure) is typical of males<sup>14</sup>. Women had relatively uniform and longer spells.<sup>15</sup> As the time moves on, the difference between genders tends to vanish, and females share the short and repeated spells of males.

<sup>13</sup> Pre-tenure months are truncated at 120. Few cases refer to workers that work continuously 120 months with the same firm and the tenure starting year, 1982 or 1990, represents in fact a transition from stable employment to stable employment. The pre-tenure period is assessed on the entire population, included labour spells accomplished out of Treviso and Vicenza and in all private sectors.

<sup>14</sup> Pre-tenure spells are computed on a population of 25-30 years of age. Males have pre-tenure periods shorter than females (the difference is around ten months) with a larger number of contracts with different firms and a definitively inferior average spell length. The average waiting period in pre-tenure status is on average 2 years in 1990, independent of gender. In 1990 males have on average 3,5 pre tenure labour spells per capita. Females 3. In 1982 the average pre-tenure spell was longer: 30 months for males and 44 for females. As females had lengthy spells, the number of spells was inferior (2,1 females and 2,9 males). As time elapses females reduce the number of pre tenure average duration, from 44 months to 39.

<sup>15</sup> This does not imply that the large majority of the pre-tenure working time is evenly distributed among all workers: individual differences are marked.

### 2.3. *Permanent movers*

The remaining part of the labour market is filled with unstable labour. Movers are workers that never significantly stabilize, during their entire working life,<sup>16</sup> i.e. workers that never had and will not have tenure within the whole longitudinal panel time span. Movers are defined as employees 35-54 years old, i.e. in the ages that are more favourable to the constitution of a stable labour relationship, which in the period 1975-1997 have no continuous job of 7 years or more (considering all the work spells available to them, jobs in establishments outside our territory included). We assume as extremely unlikely that a 35-54 years old worker that has not a tenure during the 22 years window 1975-1997 will stabilize later on, and conclude that his working life is marked by protracted instability. The analysis is limited to manufacturing (Ateco 3 and 4) in Treviso and Vicenza,

The rather strict constraints that have been imposed to the mover definition divide these workers from workers that work short spells leading afterwards to tenure.

Are movers really workers with a chaotic career or are they just workers at the border of the tenure definition? Do these workers embed a potential tenure relation or are quite different people? Take out from the total candidate movers, the employees close to the stayer definition (i.e. workers with two working episodes with average duration superior or equal to 5 years). Avoid also very short movers, for a very different reason, i.e. because very short episodes are liable to be confused with temporary commitments – commissions, juries etc.- which do not substitute a open-end labour contract but mostly add to it. We are left with 2/3 of total mover labour spells. The circled area in figure 1 represents the “bulk of authentic movers”: people with a range of working episodes between 3 and 14 and with an average duration between 6 and 30 months. The average number of working spells lies between 7 and 10 and the single spell average duration between 17 and 20 working months.

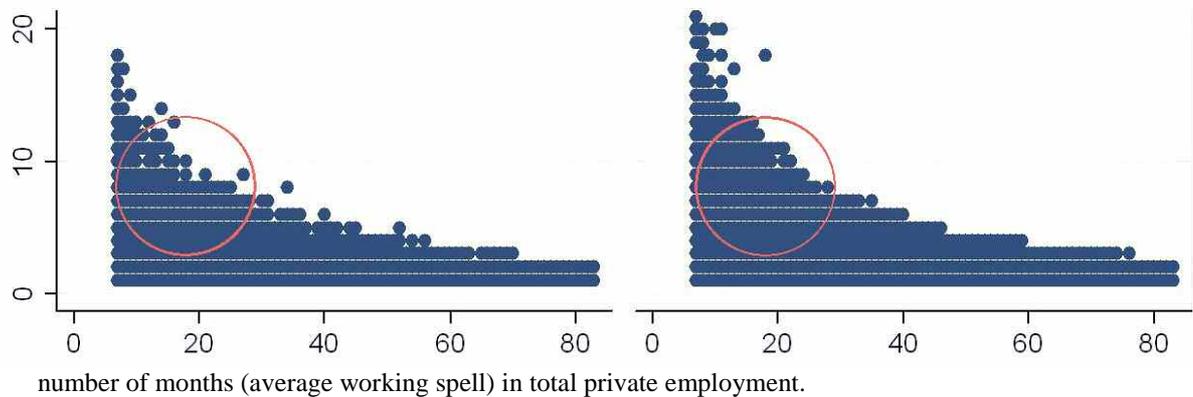
These are employees with chequered careers. According to gender, males are proportionally more represented than females. Females tend to be a bit more clustered on the distribution extremities. The quintile distribution makes clear that the spell distribution is rather even, and that the average spell value and the average number of spells represents the behaviour of the majority of the employees.

Movers amount to a significant quota of employees in manufacturing, for the relevant age cohort. Movers are counted adding up labour spells and are related to the employee population in the same period in tables 8 and 9 (measured as usual by adding new hirings of people aged 35-54 to the initial stock). Their number varies between 14% and 22% of the total. Movers have a strong gender and professional specification as the larger quota is made up by females and by non-educated people. The divide is clear and stable for the whole period, underlying a structural segmentation of the employee labour market in manufacturing, not usually taken in due account and worth considering. Education is significant both for men and females; among people with limited education movers are double than among people with secondary education and the divide seems to be increasing markedly through time.

---

<sup>16</sup> The definition is independent of the labour contract at the reference date.

Fig.1 Number of working spells (Y axis) in relation to their average duration (X axis). Female movers (left) and male movers (right).



Movers are more present in apparel, leather and furniture and food industries. Apparel has a large female quota and the tanning industry (part of the leather sector) employs many immigrants, i.e. a very unstable component of the labour force.

The rate of increase of movers is high and positive for most sectors as time goes by and movers overflow into sectors that were previously excluded as mechanics and plastics (moulders). Movers are not important in machines production, where the demand for high specialization and the required learning time are possibly longer than in most traditional sectors. As one can imagine movers are much more relevant in small firms, although their quota stabilize just behind 50 employees.

Table 6. Movers in manufacturing in Treviso and Vicenza. Age 35-54.

year	labour spells	movers (% on yearly flows*)						
		total	males	females	white collars entering Inps >=19 years of age		blue collars entering Inps < 19 years of age°	
					males	females	males	females
1982	116759	13,8	12,1	17,1	14,18	10,68		
1983	115310	12,4	10,9	15,2	12,86	11,12		
1984	115141	12,1	10,9	14,5	12,06	9,60	13,81	9,96
1985	117168	12,2	11,0	14,5	11,01	8,71	15,24	11,23
1986	120164	13,0	11,9	15,1	10,52	8,00	16,51	11,77
1987	123822	14,2	13,3	15,9	10,38	7,30	17,52	13,32
1988	128728	15,6	15,1	16,6	10,62	7,79	19,06	14,11
1989	136474	18,6	18,2	19,3	11,69	8,06	22,11	16,91
1990	144418	21,8	21,5	22,4	12,21	8,62	23,42	18,97

Method: Ateco 1981, 3 and 4. Yearly movers are measured by the number of labour spells pertaining to people labelled movers. The number of employees and the number of labour spells differ, due to the fact that employees who move are often the same in different years and, on average, movers have several labour spells during the same year.

Labour spells pertaining to movers in 1990 are 1531 M, 405 F, 3832 M, 2458 F for the last four columns.

\*column 2.

° age 27-54.

**Table 7. Mover labour spells in manufacturing in Treviso and Vicenza, Age 35-54. (% on yearly flows).**

year	Ateco 1981								establishment average dimension at the beginning of tenure			
	31 meta l	32 mac hin	41 food -bev	43 texti les	44 leath er	45 appar el	46 furni ture.	48 plast ic	<50	≥50<1 00	≥100< 200	≥200
198 2	10,3 5	11,1 6	12,9 9	6,77	17,9 6	17,9 2	13,1 0	15,3 5	19,66	11,14	9,50	5,40
198 3	8,50	9,09	12,8 1	6,05	16,6 7	16,0 9	11,0 2	11,7 9	17,27	9,62	7,78	4,57
198 4	7,59	7,83	12,6 7	5,96	14,7 4	14,7 4	9,51	12,3 7	15,63	8,71	6,80	4,11
198 5	7,96	6,43	12,9 4	5,84	14,1 8	13,9 6	8,38	11,3 8	15,20	8,28	6,53	3,44
198 6	7,82	5,15	12,0 0	6,11	15,1 7	13,7 3	8,20	10,9 3	14,99	8,07	6,24	3,06
198 7	8,29	4,87	11,2 6	5,73	15,7 1	13,9 2	8,29	10,9 7	15,18	7,94	5,94	2,83
198 8	9,55	5,27	12,4 1	5,64	17,2 0	13,7 8	8,87	11,0 7	16,10	8,02	5,97	2,58
198 9	11,4 4	6,04	13,8 5	6,67	20,8 8	15,2 5	10,5 0	12,5 9	18,08	9,08	6,98	3,14
199 0	13,3 7	6,47	15,9 7	7,80	22,8 0	16,5 7	12,5 5	15,2 0	20,09	10,28	7,83	3,66

Method: see Table 6. Firm size and sector are measured at the beginning of the labour spell.

The population numbers (first eight columns) in 1990 are: 6853 (31), 1934 (32), 906 (41), 4035 (43), 2455 (44), 5600 (45), 3220 (46), 1504 (48).

Movers are mainly low wage, low educated, precarious workers; not qualified workers or managers that frequently move from job to job looking for a better salary. Movers working life can be described through the concept of chaotic careers, that are working life chequered trajectories; the term chaotic has a definite negative meaning.

While ordered careers are accompanied by strong integrating elements, chaotic careers, because of the high workers mobility among different jobs, particularly when movers are placed at the bottom level of the market, prevent professional learning processes and push towards workers isolation. The establishing of a solid relationships network in the working milieu is prevented and, as time goes by, the impoverishment of the human capital and the debasement of social relations reduce the same chances to move to a better job (Bianco, 2004).

Different career perspectives for movers and stayers are constructed taking into account the entire working life of the movers. Let us refer to the “representative” permanent mover as the average mover: a worker that works 5 periods, if male, 4 periods if female, with 18 months average duration, divided by long periods of non employment. Female non-employment intervals double the intervals referred to males<sup>17</sup>.

<sup>17</sup> The representative mover is in itself an ideal type. In the following part of the paper a set of representative movers is defined, made by around 40.000 workers selected in VWL. For these workers the average number of spells has been computed: 5 for males and 4 spells for females.

The relative working spells for a mover are computed taking into account all possible employment spells, also outside the territorial boundaries, in all sectors. Mover self-employment spells have not been considered, on the ground that few workers had such episodes and that the registration into the self-employed archives, at least during the period at hand, represents an episode of disguised unemployment more than a real work activity.

Figures 4 and 5 depict the number of worked months (vertical axis) as time goes by (time on the horizontal axis: worked and non worked episodes in sequence). The 45° degree line represents the working life of a person permanently employed. The segments parallel to the 45° line represent the series of the employment spells, the horizontal shifts away from the 45° line are the number of non-employment months, in chronological order. The figures illustrate the series of employment-non-employment spells referred to stayers and movers: time is limited to approximately 15 years, a period that embeds large part of the career of the average permanent mover, either female or male<sup>18</sup>.

Permanent movers have a long waiting period between an employment spell and the following spell; the waiting periods are of approximately the same length for males, but increase as time goes by for females, i.e. the piling up of periods of employment for movers does not increase the employment prospects, possibly deteriorates it. Opposite, stayers have very short waiting periods between two successive employment episodes: the length of the employment period is on average 4 times that of the preceding non employment spell for females and 7 times for males. In 15 years male stayers total on average 16 months of inactivity related to 3 or 4 job changes that can be considered as frictional periods of non-employment. The inactivity periods between successive jobs for permanent movers amounts to 72 months, i.e. 6 years over a total working career of 11 years: non-employment is a basic element in the permanent mover working career. Stayers inactivity time in relation to the worked time declines positively, in particular for males, as far as new working episodes add up (from 12 months, to 8 and to 6 months in figure 3), while movers have a more uncertain pattern.

Different career perspectives can be made significant through earned income differences.

Although Inps wages have been subjected to considerable debate they represent a unique source of information that is cautiously exploited. Inps wages are probably contractual wages and not the actual compensation paid to workers: the number of declared worked days can be inferior to the actual days worked (to appear coherent with the paid contractual wage) and overtime is not (usually) declared.<sup>19</sup> The first

---

In order to compute the duration of each single episode of the labour spells sequence, the birth cohort is restricted to the interval 1955-1960 (around 10.000 individuals) so to avoid a possible left censorship. The average of the durations of the individual episodes, according to their place in the sequence, is rounded up to the closest integer. The same procedure is for stayers, that are around 12.000 workers.

Mover and stayer wages are the average wages referred to the representative sets. They are expressed in real terms, through the cost of living index.

<sup>18</sup> 12.000 stayers and 8.200 movers, born in 1955-60, 30-55 years of age.

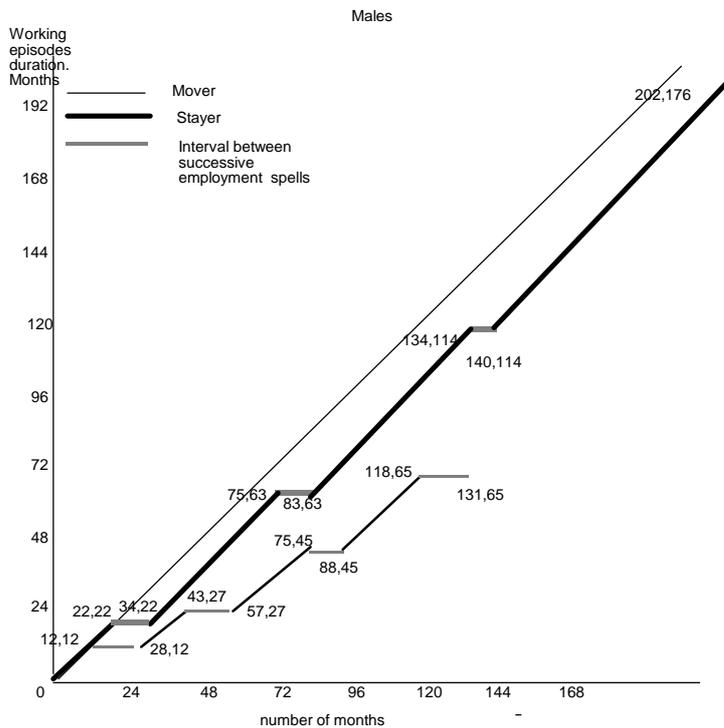
<sup>19</sup> On the appropriateness of Inps wages to represent the actual compensation paid to the workers, see Ginzburg, Scaltriti, Solinas and Zoboli (1998;1999), Gavosto and Rossi (1999), Contini Filippi and Malpede (2000, 2001). Inps provide data for total wages paid without detailing the hours worked, so we really don't know if overtime and how much of it has been included.

element is bypassed considering only spell episodes superior or equal to 12 months for the stayers (with a range of working days between 290 and 320) and monthly intervals for movers (the monthly wage is divided by the number of worked days). The comparison between stayer and mover wages is limited to working episodes in manufacturing (Ateco 3 and 4): this cuts drastically the number of episodes but makes the comparison more significant as wages for stayers in manufacturing are meaningfully compared with wages for movers computed in relation with their working spells in manufacturing only.<sup>20</sup> Wages are expressed at constant 1995 prices (table 8).

Males wages appear largely superior to female wages, stayer wages – both males and females - are positively superior to movers, with a wage gap of around 15%. The wage difference is larger for females.

Average wages for movers and stayers are multiplied by the employment time to provide a rough visual measure of the difference in earned income. The result of the two elements, lower wages and lower worked periods, add up in a rather low work-income for movers in respect to stayers income. This is illustrated in figure 6 and 7 both for males and females. The horizontal axis measures the number of months (worked and non worked episodes in sequence), the vertical axis cumulates the monthly real wages earned for each worked month so to provide the total earned income referred to the respective month measured in the horizontal axis.

Figure 4. Stayers and movers working careers. Males.



<sup>20</sup> We have excluded managers, whose salary can be so different and so variable that the inclusion would distort the average.

Figure 5. Stayers and movers working careers. Females.

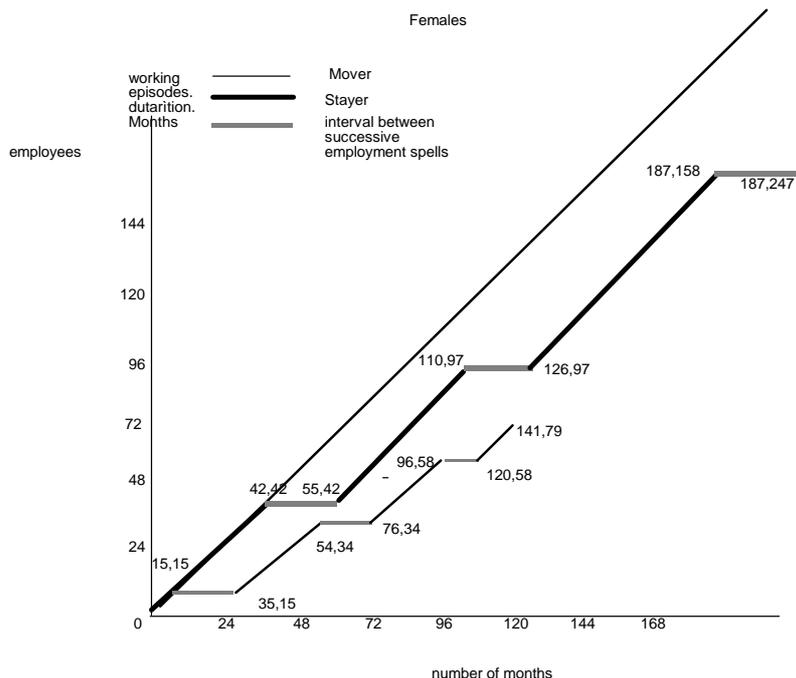


Table 8. Movers and stayers average weekly gross wage in manufacturing.

Working successive spells	wages at 1995 prices							
	stayers				movers			
	Male <sup>1</sup>		Female <sup>2</sup>		Male <sup>3</sup>		Female <sup>4</sup>	
	mean.	St.dev	mean.	St.dev	mean.	St.dev	mean.	St.dev
1	564,2	121,2	486,8	101,1	532,5	168,3	440,3	123,8
2	567,5	143,6	500,4	123,3	552,5	211,9	434,2	125,7
3	603,6	219,0	496,7	133,6	590,5	241,9	448,7	155,3
4	627,1	233,7			616,0	289,6	428,4	130,5
5					602,7	258,0		

Method: Ateco 1981, 3 and 4.

Average number of workers: 1=4704, 2=2725, 3=1585, 4=1215.

### 3. Towards more precariousness?

The rise of inequality in the late seventies in Veneto is discussed taking into account the distinction between the new flexible “non standard” patterns of employment and the traditional Italian full time labour contract with no fixed duration. Non-standard pattern of employment or a-typical labour contracts have been on the government agenda and have developed into a labour contract reform that substantially increases the number of a-typical contracts (Tursi, 2004; Accornero, 2006).

Conclusive evidence has been provided that the official Italian statistics grossly undervalue the number of people employed with a-typical labour contracts and that a more precise account of various forms of short term contracts would almost treble the official figures, ranking Italy among the European countries with a large amount of temporary work. The number of a-typical labour contracts has increased

rapidly in time and, although the increase seems to have halted in recent years, the process of erosion of tenure labour contracts shows very clearly. A more conscious account of the dynamics of the Italian labour market would have provided evidence that temporary labour contracts were already widely diffused in Italy and there was no need for a reform in order to foster their further diffusion. Other aspects of the labour market, in the first place the Italian anomaly of the absence of an unemployment subsidy, should have been directly faced.

But a second question comes immediately to mind. Do short spells develop the role of training episodes, are they a stepping-stone that will lead to more permanent jobs and better working conditions in the future or should they be considered dead ends? Young people training labour contracts represent the majority of short employment spells, allow young workers to shop around looking for better matches and often develop into permanent careers. But there is a substantial and increasing quota of mature workers – movers – for which mobility is a permanent situation, represents precariousness and low income. Movers are workers placed at the bottom level of the market, blue collars with low education, mainly females. They repeatedly enter and exit employment, never stabilize and their situation worsens, as they get older.

Figure 6. Real wage per number of worked months in manufacturing. Males

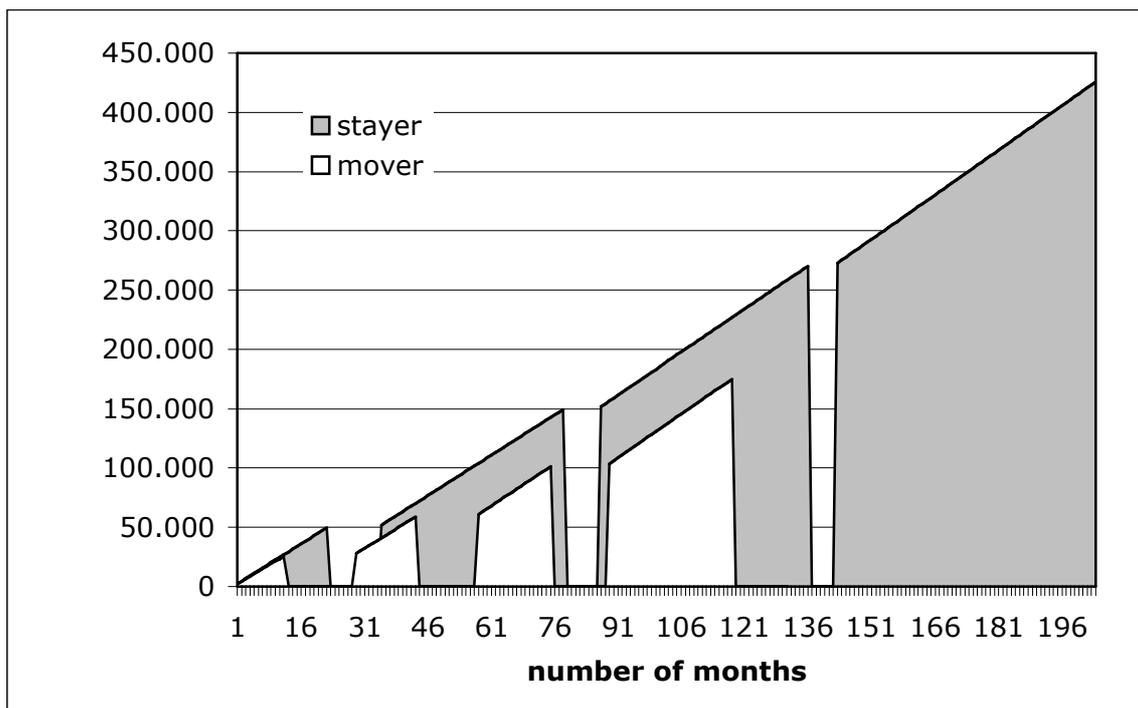
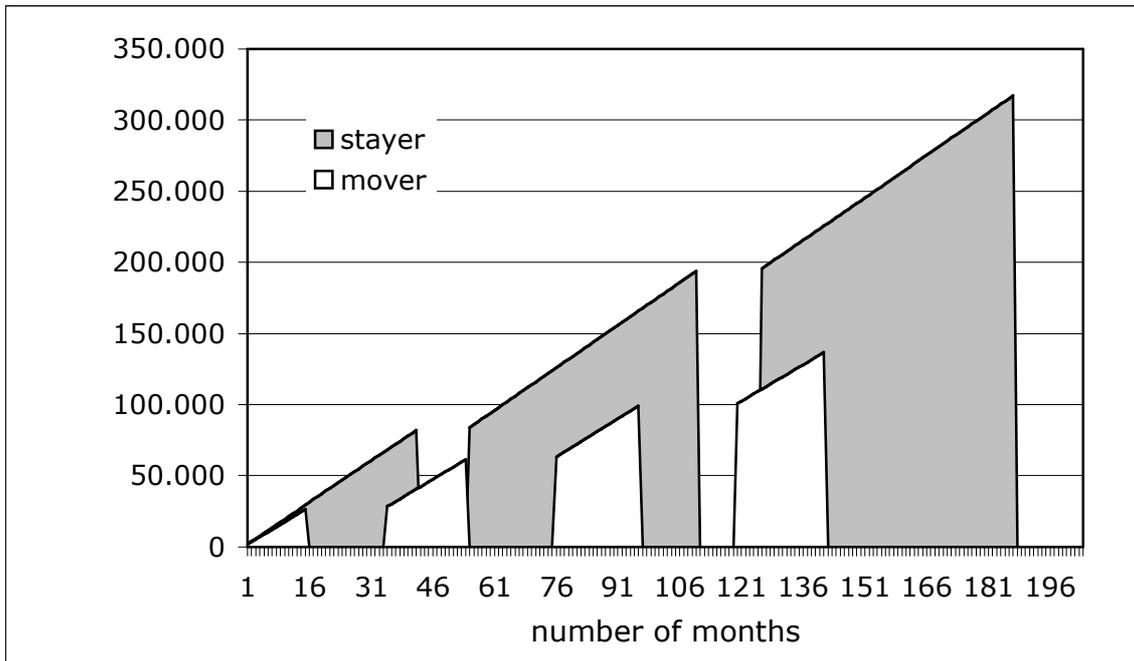


Figure 7. Real wage age per number of worked months in manufacturing. Females.



The recent diffusion of new forms of temporary employment among mature workers would exacerbate the recourse to people working short employment spells - the so-called chequered careers - and the cost of this new pattern of employment, both in terms of income and human capital losses, is possibly much larger than the benefits that could be expected by the labour market increased flexibility, if flexibility can be considered an issue in the Italian contemporary labour market.

## References

- Accornero A. (editor), 2000, *Solo una grande giostra? La diffusione del lavoro a tempo determinato*. Agenzia per l'impiego. Franco Angeli: Milano.
- Accornero A., 2002, Flessibilità e stabilità del lavoro, in *Economia e società regionale*, vol.77-78, pp.7-19.
- Accornero A., 2006, Primo bilancio della "riforma Biagi": presupposti e risultati, in *Economia e società regionale*, vol.92, pp.58-71.
- Akerlof G. A., B. G. M. Main, 1981, An Experienced-Weighted Measure of Employment and Unemployment Durations. *American Economic Review*, vol 71, pp. 1003-1011.
- Anastasia B. and D. Maurizio, 2002, Misure dell'occupazione temporanea: consistenza, dinamica e caratteristiche di uno stock eterogeneo. I tartufi. N.11, abridged in Ministero del Lavoro e delle Politiche Sociali, 2003, *Monitoraggio delle politiche occupazionali e del lavoro*. La misurazione statistica del lavoro a tempo determinato. Box 1 p. 84.
- Anastasia B., Disarò M., Maurizio D. (2004), "Occupati stabili, mobili, temporanei in Veneto: misure di consistenza e di "lock in", in I tartufi, 16, novembre.
- Anastasia B., 2002, Le tendenze generali del mercato del lavoro. In Veneto lavoro. *Il mercato del lavoro del Veneto. tendenze e politiche. Rapporto 2002*, Milano: Franco Angeli.
- Auer P. and S. Cazes. 2000, The resilience of the long-term employment relationship: Evidence from the industrialized countries, in *International Labour Review*. vol 139.n.4, pp. 378-408.
- Baretta P., Leombruni R., Trivellato U., Rosati S. (2004), "Worker mobility from social security registers and household surveys: a comparative assessment and updates analyses", Final workshop del progetto di ricerca Miur Dynamics and inertia in the Italian labour market, San Servolo - Venezia, 15-17 aprile.
- de Angelini A., Giraldo A. (2002), "Mobilità e percorsi di stabilizzazione nel mercato del lavoro veneto. Confronto fra evidenze statistiche e evidenze amministrative", in Veneto Lavoro, *Il mercato del Lavoro nel Veneto. Tendenze e politiche. Rapporto 2002*, FrancoAngeli, Milano.
- de Angelini A., Giraldo A. (2003), "La mobilità dei lavoratori nel Veneto. Confronto fra misure su dati Rftl e su dati Netlabor", progetto di ricerca cofinanziato dal Miur, *Dinamiche e persistenze nel mercato del lavoro italiano ed effetti sulle politiche*, Working Paper, 61, Padova.
- Bianco M.L., 2004, I risvolti di genere della flessibilità, in *Libertà, sviluppo e lavoro*, G. Mari (ed.), Bruno Mondadori, Milano
- Bingley P., T. Eriksson, A. Werwatz, N. Westergård Nielsen, 2000, Beyond "Manucentrism". Some Fresh Facts About Job and Workers Flows, mimeo.
- Blau D. 1987, A time-series analysis of self-employment in the United States, in *Journal of Political Economy*, 95, pp. 445-467
- Blumen I., M.Kogan , P.J.McCarthy, 1955, *The industrial mobility of labour as a Probability Process*, Ithaca-N.Y: Cornell University.
- Böckerman P., 2002, *Perception of job instability in Europe*. Labour institute for economic research discussion paper 184. Helsinki.

- Boeri S. 2003. [www.Lavoce.info](http://www.Lavoce.info).
- Booth A. L., M. Francesconi, J. Frank, 2002, Temporary Jobs: Stepping Stones or Dead Ends?, in *Economic Journal*, June, pp. 189-213.
- Canu R., G. Tattara, 2005, Quando le farfalle mettono le ali. Riflessioni sull'ingresso delle donne nel lavoro dipendente. *Economia & Lavoro*, n.2
- Capellari, L, 2002, Do the 'working poor' stay poor? An analysis of low pay transitions in Italy, *Oxford Bulletin of Economics and Statistics*, 64(2), pp. 87-110
- Chelli F., L. Rosti, 2002, Age and gender's differences in Italian workers mobility, in *International Journal of Manpower*, v. 24, n. 4, pp. 313-325.
- Contini B., M. Filippi, C. Malpede, 2002, Safari nella giungla dei salari. Labor WP. n.3.
- Contini B., M. Filippi, C. Malpede, 2001, Differenziali retributive Nord-Sud: distorsioni attribuibili alla normativa previdenziale. Labor WP.
- de Angelini A., A. Giraldo, 2002, Mobilità e percorsi di stabilizzazione nel mercato del lavoro veneto. Confronti fra evidenze statistiche e evidenze amministrative. In Veneto lavoro. *Il mercato del lavoro del Veneto. Tendenze e politiche. Rapporto 2002*, Milano: Franco Angeli..
- Del Conte, M., C. Devillanova, S. Morelli, 2004, L'indice OECD di rigidità nel mercato del lavoro: una nota, in *Politica Economica*, v. 20, iss. 3, pp. 335-55
- Dell'Aringa C., G. Piccirilli, 2000, La mobilità occupazionale nelle fasi iniziali della carriera. *Lavoro e relazioni industriali*. 1 gen-giu., pp. 3-35.
- Evans D. and L., Leighton, 1989, The determinants of changes in US self-employment, in *Small Business Economics* 1, pp.111-120.
- Farber H. S., 1999, Mobility and Stability: the Dynamics of Job Change in Labour Markets, in Orley Ashenfelter and David Card (eds.) *Handbook of Labour Economics*, North Holland.
- Gavosto A., F. Rossi, 1999, Giornate retribuite e differenziali salariali nei dati Inps. Replica all'articolo di A. Ginzburg e altri "Un Nuovo autunno caldo nel Mezzogiorno? Note in Margine al dibattito sui differenziali salariali territoriali", in *Politica economica*, XV, 2, pp. 253-257.
- Garibaldi P., Young, D., 2003, Employment protection legislation: its economic impact and the case for reform, in *European Economy. Economic Papers*, n. 186,
- Ginzburg A., M. Scaltriti, G. Solinas, R. Zoboli, 1998, Un nuovo autunno caldo nel mezzogiorno. Note in margine al dibattito sui differenziali salariali territoriali, in *Politica economica*, XIV,3. pp.377-410.
- Ginzburg A., M. Scaltriti, G. Solinas, R. Zoboli, 1999, Il mistero dei salari in Italia. Una risposta a Gavosto e Rossi, in *Politica economica*, XV,2, pp. 259-266.
- Heisz A., 1996, Changes in Job Tenure and Job Stability in Canada. Business and Labour Market Studies. *Statistics Canada WP*. n. 95.
- Istat, Rilevazioni trimestrali delle forze di lavoro. Roma
- Lucifora, C., 1998, 'Working poors? An analysis of low wage employment in Italy', in Asplund, R., Sloane, P.J. and Theodossiou, I. (eds.), *Low Pay and Earnings Mobility in Europe*, Edward Elgar: Cheltenham. OECD (1996). *Employment Outlook*, Paris.
- Magnac T., J.M Robin, 1994, An econometric analysis of labour market transitions using discrete and tenure data, in *Labour economics*, 1, pp. 327-346.

Ministero del lavoro e delle politiche sociali, 2002, *Monitoraggio delle politiche occupazionali e del lavoro. Nota di aggiornamento, n.1.*

Ministero del lavoro e delle politiche sociali, 2003, *Monitoraggio delle politiche occupazionali e del lavoro.*

Nickell, S. J., 1997, Unemployment and labour market rigidities: Europe versus North America, in *Journal of Economic Perspectives*. vol. 11 (3), pp. 55–74.

Occari F., S. Pitingaro, 1997, Demografia di impresa e mobilità del lavoro: una stima della componente spuria sulla base degli archivi Inps. WP CNR, Occupazione e livelli di sttività in Italia.

Occari F., G. Tattara, M. Volpe, 1997, Occupazione, mobilità e componente femminile nel mercato del lavoro: i lavoratori dipendenti a Treviso e Vicenza. In Regione del Veneto, Veneto Lavoro (ed.) *Il mercato del lavoro nel Veneto*. Milano: Franco Angeli, pp. 460-488.

OECD, various years, *Employment Outlook*. July.

OECD, 1994, *The OECD Jobs Study, Evidence and Explanations*, Vols. I and II, Paris: OECD.

Ostermam P., 2001, Flexibility and Commitment in the United States Labour Market. Employment paper. 2001/18. Ginevra: ILO.

Rapiti F., 1997, Lavoro autonomo, lavoro dipendente e mobilità: un quadro statistico sull'Italia, in Bologna S. and A. Fumagalli (eds.). *Il lavoro autonomo di seconda generazione. Scenari di postfordismo in Italia*, Milano: Feltrinelli, pp.173-191.

Regione del Veneto (various years), *Il mercato del lavoro nel Veneto. Rapporto*. Milano: Franco Angeli

Revelli R., 1995, Potenzialità degli archivi Inps ai fini della stima degli aggregati dei conti economici territoriali, *Quaderni di ricerca Istat*. nuova serie, n.1

Saraceno C., 2002, Paradossi della flessibilità: una prosettiva di genere e generazionale, in M. Magatti e G. Fullin (eds.). *Percorsi di lavoro flessibile*. Roma: Carocci..

Tattara G., M. Valentini, 2002, Flessibilità e attaccamento al posto di lavoro. Due tipi di carriera o due aspetti di una sola carriera lavorativa ? Venice workshop: La mobilità del lavoro in un mercato di piena occupazione. 17 June.

Tattara G. M. Valentini, 2003, Un mercato del lavoro molto mobile? Sì, ma con molti se e molti ma. *Economia e Società Regionale*. n. 1, pp. 24-54.

Tursi Armando Un anno di Legge Biagi, 28-09-2004  
[http://www.lavoce.info/news/view.php?id=15&cms\\_pk=1249&from=index](http://www.lavoce.info/news/view.php?id=15&cms_pk=1249&from=index)

Veneto Lavoro, 2005, I lavoratori dipendenti in Veneto 1998-2003: profili e percorsi. Statistiche sistematiche da "Giove 2005" N.20, 2005

***Labour Market Segmentation, Flexibility and Precariousness  
in the Italian North East***

**Summary**

Official Italian statistics undervalue the presence of short-term labour contracts. A more careful calculation of short-term labour contracts more than doubles the official figures ranking Italy among the countries with a large amount of temporary work.. important to improve our understanding of their career opportunities and to assess the impact of this form of labour market flexibility. Using data from the Veneto Worker Histories (VWH) for the manufacturing sector we found evidence that short job spells are concentrated on young workers and that a succession of temporary jobs can push workers towards more permanent forms of employment, so that worse conditions received during the temporary contract period are compensated for by better conditions in the future. But people working for short spells can also be considered as an extreme case of outsiders, who receive low wages and have worse conditions compared to permanent workers.

**Keywords:** Regional Labour Markets; Temporary work; Tenure; Segmentation.

**JEL classification:** J21; J44; R23

## Appendix. 1. The Longitudinal Social Security Database

The ideal dataset for analysing the divergence between worker and job flows is provided by the universe of employers matched by the universe of workers, because job flows are defined on the employer behaviour over time. We are able to exploit a long panel of such data. The longitudinal panel used in this research is constructed from the administrative records of the Italian Social Security System (Inps). It refers to the entire population of employee and workers in two provinces, Treviso and Vicenza, of an Italian region, Veneto. The database covers each single plant and each single individual employed in the private sector (no state and local government, with few exceptions) except for those who are self-employed, farm workers and people receiving no salary.

Veneto labour market has been characterized since almost a decade by almost full employment and by a positive rate of job creation in manufacturing, before a negative national rate. It is a dynamic manucentric territory, with a large population of small firms; the average establishment size is 13 employees. The stock of manufacturing workers in the two Veneto provinces of Treviso and Vicenza has varied between 194.000 employees at the early eighties and 233.000 employees in 1996, with a yearly positive average rate of variation of 1.4%. The average rate of growth in employment is the result of a marked increase of white collars and women (Occari, Tattara and Volpe, 1997).

The Veneto longitudinal panel has records on establishment and worker flows from 1982 to 1997, a rather long period of time, compared with other studies of the same kind; employers are classified in the three-digit ATECO 1981 standard classification<sup>21</sup>.

Inps data include register-based information on all establishments and employees that have been hired by those establishments for at least one day during the period of observation, independent of the workers place of residence.<sup>22</sup> The unit of observation is the employer-day; such pieces of information are used to build a monthly history of the working life of each employee. Employers are identified by their identification number, which changes if ownership, in a strict sense, changes. This has been amended and any time more than 50% of all employees are taken over by the new legal employer, the employment spell is said to be continuing. Similarly, if there are short breaks in the employment spell, as long as the worker continues at the old employer, his spell is considered uninterrupted<sup>23</sup>.

---

<sup>21</sup> Revelli (1995) and Rapiti (1998). On the Inps data base used in the present paper, see Occari, Tattara and Volpe (2001, 18-22). One should properly speak about establishments and not firms, as Inps contributions can be paid at the establishment, although the payments for different establishments can be reunited on demand (and the database tends to unify scattered payments through a thorough study of the most relevant situations).

<sup>22</sup> The entire working life for all employees that have worked at least one day in Treviso and Vicenza has been reconstructed, considering the occupational spell out of Treviso and Vicenza as well.

<sup>23</sup> [A 'cleaned' social security archive has been used.](#) The engagements/separations and the creations/destructions that are due to a change in the unit that pays the social security contribution not matched by a corresponding change of the working population assessed at the establishment level are defined as 'spurious' and have been deleted. The complex matching procedure is explained in Occari and Pitingaro (1997). This procedure is common practice among people working with social security data. For a similar procedure, see Bingley and Westergård-Nielsen (2002).

Data include all individual employment spells with an employer, of whatever duration, and this probably results in a lot of very short spells. Although short spells characterize the average job, they are concentrated at workers young age, while long spells characterize the mature worker current experience.

We keep every employment size in our data set, because our territory is characterized by a multitude of very small units (establishments with  $\leq 5$  employee account for almost 12% of the total manufacturing employment)<sup>24</sup>.

---

<sup>24</sup> [The absolute importance of small establishments makes the comparison with other countries rather uncertain; for example in our territory the percentage of employment in establishments with  \$\geq 100\$  employees is 27% while in Denmark is more than 40% and is still larger in the United States.](#) On the uncertain meaning of the mobility measures for small establishments, see Tattara and Valentini (2003).

## Working Papers

74. G. Tattara, M. Valentini, Labour market segmentation, flexibility and precariousness in the Italian North East, aprile 2006
73. B. Anastasia, D. Maurizio, I lavoratori dipendenti in Veneto 1998-2003: profili e percorsi. Statistiche sistematiche da "Giove 2005", Dicembre 2005
72. A. Fossaluzza, Evaluation of the Effects of Two Classes of Active Labour Market Policies for Welfare Recipients: a Danish Study Case, Dicembre 2005
71. P. Cipollone, A. Guelfi, Financial support to permanent jobs. The Italian case, Novembre 2005
70. F. Bassi, U. Trivellato, The latent class approach to estimating gross flows affected by correlated classification errors, with application to data from the French Labour Force Survey, Novembre 2005
69. M. Fort, Education and the timing of births: evidence from a natural experiment in Italy, Novembre 2005
68. D. Contini, N. Negri, Would declining exit rates from welfare provide evidence of welfare dependence in homogeneous environments?, Ottobre 2005
67. E. Battistin, E. Rettore, U. Trivellato, Choosing among alternative classification criteria to measure the labour force state, Ottobre 2005
66. G. Tattara, M. Valentini, Evaluating the Italian training on the job contract (CFL), Novembre 2005
65. A. Paggiaro, E. Rettore, U. Trivellato, The impact of the Italian "Mobility Lists" on employment chances: new evidence from linked administrative archives, Ottobre 2005
64. D. Bondonio, R.T. Greenbaum, Do Tax Incentives Affect Local Economic Growth? What Mean Impacts Miss in the Analysis of Enterprise Zone Policies, Ottobre 2005
63. D. Bondonio, The employment impact of business incentive programs in declining areas. Mean impacts versus impacts by degrees of economic distress, Ottobre 2005
62. U. Trivellato, F. Bassi, A. Discenza, A. Giraldo, Transizioni e mobilità nel mercato del lavoro italiano, 1979-2003, Giugno 2005
61. A. De Angelini, A. Giraldo, La mobilità dei lavoratori nel Veneto. Confronto fra misure su dati RTFL e su dati NETLABOR, Settembre 2003
60. F. Bassi, E. Salvan, Dinamiche di ricollocamento per lavoratori che perdono un'occupazione stabile, Settembre 2003
59. M. Romano, Abbinamento tra gli archivi INPS e Netlabor: il caso degli iscritti alle liste di mobilità, Settembre 2003
58. P. Baretta, U. Trivellato, La mobilità dei lavoratori da fonti amministrative e da surveys sulle famiglie: un'analisi comparata, Settembre 2003
57. D. Bondonio, R.T. Greenbaum, A comparative evaluation of spatially targeted economic revitalization programs in the European Union and the United States, Settembre 2003
56. F. Berton, L. Pacelli, G. Segre, Tra lavoro dipendente e lavoro parasubordinato: chi sono, da dove vengono e dove vanno i lavoratori parasubordinati, Settembre 2003
55. G. Betti, V. Verma, M. Natilli, F. Ballini, Statistical imputation in conjunction with micro-simulation of income data, Settembre 2003

54. V. Verma, G. Betti, F. Ballini, M. Natilli, S. Galgani, Personal income in the gross and net forms: applications of the Siena micro-simulation model (SM2), Settembre 2003
53. R. Canu, G. Tattara, Quando le farfalle mettono le ali. Osservazioni sull'ingresso delle donne nel lavoro dipendente, Settembre 2003
52. D. Favaro, S. Magrini, Gender wage differentials among young workers: methodological aspects and empirical results, Settembre 2003
51. F. Devicienti, Downward nominal wage rigidity in Italy: evidence and consequences, Novembre 2002
50. V. Verma, G. Betti, Longitudinal measures of income poverty and life-style deprivation, Novembre 2002.
49. A. Borgarello, F. Devicienti, Trends in the Italian earnings distribution, 1985-1996, Novembre 2002
48. S. Bragato, F. Occari, M. Valentini, I problemi di contabilizzazione dei lavoratori extracomunitari. Una verifica nelle province di Treviso e Vicenza, Novembre 2002
47. B. Anastasia, D. Maurizio, Misure dell'occupazione temporanea: consistenza, dinamica e caratteristiche di uno stock eterogeneo, Novembre 2002
46. E. Rettore, U. Trivellato, A. Martini, La valutazione delle politiche del lavoro in presenza di selezione: migliorare la teoria, i metodi o i dati?, Novembre 2002
45. U. Trivellato, A. Giraldo, Assessing the 'choosiness' of the job seekers. An exploratory approach and evidence for Italy, Novembre 2002
44. E. Battistin, E. Rettore, Another look at the regression discontinuity design, Novembre 2002
43. B. Contini, F. Cornaglia, C. Malpede, E. Rettore, Measuring the impact of the Italian CFL programme on the job opportunities for the youths, Novembre 2002
42. F. Devicienti, Estimating poverty persistence in Britain, Novembre 2001
41. A. Giraldo, E. Rettore, U. Trivellato, Attrition bias in the bank of Italy's survey on household income and wealth, Novembre 2001
40. A. Giraldo, E. Rettore, U. Trivellato, The persistence of poverty: true state dependence or unobserved heterogeneity? Some evidence from the Italian survey on household income and wealth, Novembre 2001
39. G. Barbieri, P. Gennari, P. Sestito, Do public employment services help people in finding a job? An evaluation of the Italian case, Novembre 2001
38. N. Torelli, A. Paggiaro, Estimating transition models with misclassification, Novembre 2001
37. B. Anastasia, M. Gambuzza, M. Rasesa, Le sorti dei flussi: dimensioni della domanda di lavoro, modalità di ingresso e rischio disoccupazione dei lavoratori extracomunitari in Veneto, Novembre 2001
36. L. Pacelli, Fixed term contracts, social security rebates and labour demand in Italy, Novembre 2001
35. A. Borgarello, F. Deficienti, C. Villosio, Mobilità retributiva in Italia 1985-1996, Novembre 2001
34. B. Contini, C. Villosio, Job changes and wage dynamics, Novembre 2001
33. B. Contini, Earnings mobility and labor market segmentation in Europe and USA: preliminary explorations, Novembre 2001

32. A. Borgarello, F. Devicienti, Trend nella distribuzione dei salari italiani 1985-1996, Novembre 2001
31. F. Bassi, U. Trivellato, Gross flows from the French labour force survey: a reanalysis, Novembre 2001
30. F. Bassi, M. Gambuzza, M. Rasera, Imprese e contratti di assunzione: prime analisi da Netlabor, Novembre 2001
29. N. Rosati, Further results on inequality in Italy in the 1980s and the 1990s, Aprile 2001
28. A. Ichino, M. Polo, E. Rettore, Are judges biased by labor market conditions?, Novembre 2000
27. E. Battistin, E. Rettore, Testing for the presence of a programme effect in a regression discontinuity design with non compliance, Novembre 2000
26. E. Battistin, E. Rettore, U. Trivellato, Measuring participation at work in the presence of fallible indicators of labour force state, Giugno 2000
25. A. D'Agostino, G. Ghellini, L. Neri, Percorsi di ingresso dei giovani nel mercato del lavoro, Giugno 2000
24. F. Bassi, M. Gambuzza, M. Rasera, E. Rettore, L'ingresso dei giovani nel mercato del lavoro: prime esplorazioni dall'archivio Netlabor, Giugno 2000
23. A. Paggiaro, U. Trivellato, Assessing the effects of the "Mobility List" programme in an Italian region: do (slightly) better data and more flexible models matter?, Marzo 2000
22. A. D'Agostino, G. Ghellini, L. Neri, Modelli statistici per l'analisi dei comportamenti di transizione scuola lavoro, Marzo 2000
21. G. Betti, B. Cheli, A. Lemmi, Analisi delle dinamiche di povertà e disoccupazione su uno pseudo panel italiano, Marzo 2000
20. N. Rosati, Permanent and Temporary Inequality in Italy in the 1980s and 1990s, Marzo 2000
19. F. Bassi, M. Gambuzza, M. Rasera, Struttura e qualità delle informazioni del sistema NETLABOR. Una verifica sui dati delle Scica delle province di Belluno e Treviso, Marzo 2000
18. B. Anastasia, M. Gambuzza, M. Rasera, La durata dei rapporti di lavoro: evidenze da alcuni mercati locali del lavoro veneti, Marzo 2000
17. G. Betti, B. Cheli, A. Lemmi, Occupazione e condizioni di vita su uno pseudo panel italiano: primi risultati, avanzamenti e proposte metodologiche, Ottobre 1999
16. A. D'Agostino, G. Ghellini, L. Neri, A Multiple Imputation Method for School to Work Panel Data, Ottobre 1999
15. A. Paggiaro, N. Torelli, Una procedura per l'abbinamento di record nella rilevazione trimestrale delle forze di lavoro, Ottobre 1999
14. S. Campostrini, A. Giraldo, N. Parise, U. Trivellato, La misura della partecipazione al lavoro in Italia: presupposti e problemi metodologici di un approccio "time use", Ottobre 1999
13. T. Di Fonzo, P. Gennari, Le serie storiche delle forze di lavoro per il periodo 1984.1-92.3: prospettive e problemi di ricostruzione, Giugno 1999
12. A. Paggiaro, Un modello di mistura per l'analisi della disoccupazione di lunga durata, Maggio 1999
11. M. Lalla, F. Pattarin, Alcuni modelli per l'analisi delle durate complete e incomplete della disoccupazione: il caso Emilia Romagna, Maggio 1999

- 10 F. Bassi, M. Gambuzza, M. Rasera, *Il sistema informatizzato NETLABOR. Caratteristiche di una nuova fonte sul mercato del lavoro*, Maggio 1999
9. B. Contini, M. Filippi, L. Pacelli, C. Villosio, *Working careers of skilled vs. unskilled workers*, Gennaio 1999
8. B. Contini, L. Pacelli, C. Villosio, *Short employment spell in Italy, Germany and Great Britain: testing the "Port-of-entry" hypothesis*, Gennaio 1999
7. B. Contini, *Wage structures in Europe and in the USA: are they rigid, are they flexible?*, Gennaio 1999
6. M. Forni, S. Paba, *Industrial districts, social environment and local growth. Evidence from Italy*, Novembre 1998
5. Ginzburg, M. Scaltriti, G. Solinas, R. Zoboli, *Un nuovo autunno caldo nel Mezzogiorno? Note in margine al dibattito sui differenziali salariali territoriali*, Ottobre 1998
4. F. Bassi, *Un modello per la stima di flussi nel mercato del lavoro affetti da errori di classificazione in rilevazioni retrospettive*, Ottobre 1998
3. U. Trivellato, *Il monitoraggio della povertà e della sua dinamica: questioni di misura e evidenze empiriche*, Settembre 1998
2. N. Rosati, E. Rettore, G. Masarotto, *A lower bound on asymptotic variance of repeated cross-sections estimators in fixed-effects models*, Agosto 1998
1. E. Battistin, A. Gavosto, E. Rettore, *Why do subsidized firms survive longer? An evaluation of a program promoting youth entrepreneurship in Italy*, Agosto 1998