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**IS DECLINE IN EMPLOYMENT**

**THE OUTCOME OR CAUSE OF CRISIS IN ITALY?\***

Emiliano Mandrone - Manuel Marocco - Debora Radicchia

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\* Researchers at ISFOL, corresponding author [e.mandrone@isfol.it](mailto:e.mandrone@isfol.it). Usual disclaimer applied.

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# IS DECLINE IN EMPLOYMENT THE OUTCOME OR CAUSE OF CRISIS IN ITALY?\*

Emiliano Mandrone\* Manuel Marocco\* Debora Radicchia\*

**Abstract** *This article studies contractual flexibility, disguised employment and precarious work and gives an interpretation of these issues both through a legal and economic approach.*

*It is necessary to clarify that as flexible workers we consider the following groups of individuals: 1) workers with temporary contracts, 2) independent self-employed who are comparable to subordinate employees 3) involuntary part-timers workers.*

*Moreover, it is crucial to analyse these phenomena in a longitudinal framework to assess whether flexibility determines precariousness; in fact we define "precarious" as those who remain flexible worker after a period of 12 months (or other benchmark) and the flexible worker who loses their job within a period of 12 months.*

*We assess that contractual flexibility and precarious work experienced in the last twenty years have reduced quality of work and labour productivity, causing a reduction in performance in Italy.*

## Introduction

The most important reforms of the Italian labour market in recent years have been Law 196 of 1996 – the so called “Treu Package” and, Law 30 of 2003 – the so called “Biagi Reform”. They were aimed at realising a vast regulation of new employment relationships, different from the standard employment contract, a subordinate relationships on a permanent and full-time basis. Most recently a third set of rules came into force, the so called Fornero Reform (Law 92 of 2012)<sup>1</sup>, clearly inspired by the Flexicurity strategy<sup>2</sup>; this new legal framework is aimed at fighting against “bad flexibility”. Law 92 restricts the use of certain employment contracts and work experiences and its explicit goal is to transform employment contracts on a permanent basis in terms of a “leading contract”<sup>3</sup>.

Since the 1990s, the labour market legal framework has been subject to changes which have created, *inter alia*, an enlargement of contractual arrangements and traditional employment relationships, the latter still being the main route to gaining full protection under labour and social security law. The Italian labour market, characterized by permanent and full-time employment, has been considered “too rigid for a long time” [Contini, Trivellato, 2005). In going through the various reform phases, the final objective was intended to increase employment flexibility, thanks to the introduction of new forms of work relationships, such as fixed term contracts, “lavoro parasubordinato” (“quasi-subordinate employment”, which refer to a grey area between full-time employment and self-employment), temporary agency work (TAW), part-time, job on call, etc... In broad terms, the final result, as said by the European Commission<sup>4</sup>, is a country “where the key challenge is segmented labour markets, with insiders and outsiders”.

Regulatory actions on contract flexibility can be viewed through a historical perspective, Figure 1. In Italy, through ISTAT’s Labour Force Survey Series, it is possible to observe the evolution of employment and unemployment in the population from 1977 to 2012. These figures, which consider a

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\* Researchers at ISFOL, corresponding author [e.mandrone@isfol.it](mailto:e.mandrone@isfol.it). Usual disclaimer applied.

<sup>1</sup> For a more detailed analysis see Tiraboschi 2012.

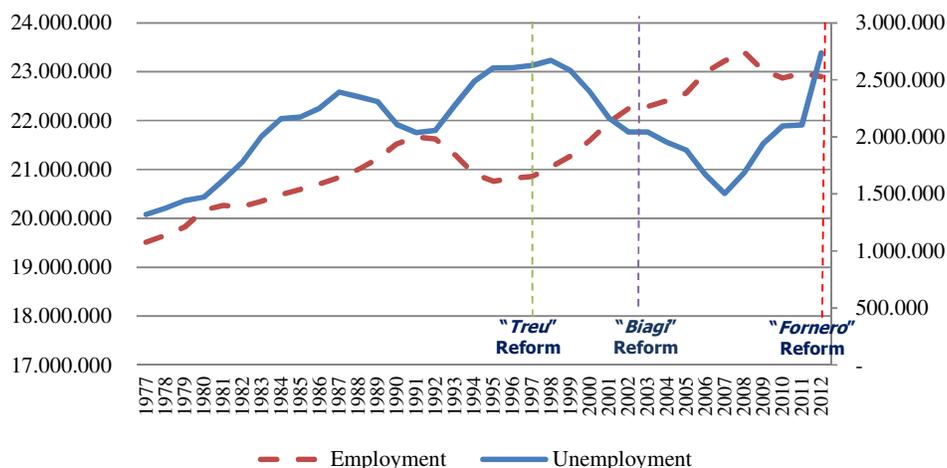
<sup>2</sup> Cfr. COM(2007) 359 final; for an analysis see Madsen, 2006.

<sup>3</sup> It must be noted that a new act is currently under discussion (law decree n. 76 of 2013). This intervention is intended to weaken some of the rules introduced by the Fornero Reform regarding flexible forms of employment, in particular concerning fixed-term contracts.

<sup>4</sup> See again COM(2007) 359 final, Annex I.

very extended time period, show a point of departure (1977) and arrival (2012), where the labour market indicators are very close. The fluctuation and dynamics of employment and unemployment are connected to relevant changes in population, culture (such as increasing female participation and foreign immigration) and technology. The local effects of the reforms, adopted in the same period as labour supply, appear to be marginal .

**Figure 1- Evolution of employment and unemployment from 1977 to 2012 in Italy**



Source: Istat -Labour Force Survey Series (1977-2012) reconstructed

This paper gives an interpretation of “labour market segmentation” from both a “formal and substantive” point of view and through a “legal and economic framework”. The scope of which is a comprehensive and shared estimation of the composition of employment in Italy.

The most opaque areas can be traced to three aspects of contractual flexibility: the growth of temporary employment relationships; development of a vast grey area of labour relations that can be positioned in the middle, between the employee and the self-employed and finally, the spread of voluntary (and involuntary) part-time work.

In essence, to properly identify such multidimensional flexibility characteristics, a joint reading is necessary with respect to the aspects of atypical delivery of the work carried out. The analysis focuses on the identification of the components of "non-standard arrangements" and then on the outcomes of the "various aggregates of non-standard contracts" so as to examine the intensity of the gap regarding the "standard of work".

First of all, we have developed a contractual flexibility definition. We consider the following groups of individuals as flexible workers: 1) Workers with temporary contracts, 2) quasi-subordinate workers who are comparable to employees (e.g. who are reporting to a supervisor, have a fixed work schedule, use employers' premises, etc.) 3) involuntary part-time workers. Moreover, it is crucial to analyse flexibility in a longitudinal framework to assess whether flexibility determines precariousness. We define precariousness when a flexible worker remains in the same occupational status after a period of 12 months.

There are many differences between statistically equivalent employment, as the forms of contract are not the best proxy for the nature of employment [Dickens, Lanf, 1992, Mandrone 2008]. This review of the labour world, obtained by analysing the ISFOL PLUS data<sup>5</sup>, both the 2011 v/s 2006 cross

<sup>5</sup> PLUS (Participation Labour Unemployment Survey) is a sample survey on the Italian labour market supply. The Survey annually samples, on average, 40,000 individuals, contacted through a dynamic CATI system without proxy interviews. Since the second wave of the survey (2006), it is characterized by an extensive number of panel observations (about 65%). The survey sample design is stratified over the Italian population aged 18-64. Strata are

section and 2010-2011 panel v/s 2005-2006 panel, prompts some reflections and warnings.

## **1. New forms of employment relationship: legal framework and impact in the Italian labour market**

To understand the latest developments in labour market's legal framework it is best to start from the Biagi Reform. This act can be divided in two different parts: the first devoted to new labour market organization, the second to new forms of labour contracts.

The first part of liberalisation of employment services was fully implemented giving opportunities to new operators (such as municipalities, universities, trades unions, employers' organizations) to act in the labour market and simplify administrative procedures for entrance into such markets.

The second part, points at legislation of non-standard employment contracts, giving room for choice to employers when availing of the labour force. This aim has been pursued not only by amplifying typological flexibility, with a new set of rules on fixed-term contracts (Legislative decree 368/2001<sup>6</sup>), part-time contracts, job on call, job sharing and apprenticeships, but also by easing labour outsourcing.

In the latter case, a new legal framework has been established regarding measures for decentralization of a firms activities, such as TAW, staff leasing, contract for services, transfer of undertakings. Employers' choices, concerning the purchase of production factors, has been widened and they can use new instruments beyond the employment contract. This can similarly be applied to so called *project work*: thanks to this contract the employer decides to outsource part of their activities, not to another company, but to a "natural person", who performs this activity as self-employed.

The ISFOL PLUS survey, prompted by the Ministry of Labour and financed by European Social Fund, shows the incidence of the main existing contractual forms, enabling both an estimate of the composition of employment and an evaluation of the ability of the reforms to achieve the targets fixed. The development of the *flexibility* of employment is such that we need new indicators to understand the trends and discover whether the quality of the labour market is improving.

In Italy, 64.4% of workers (44.7% of the young) are employed with a permanent employment contract (table 1). Fixed-term work has an average incidence of little under 6%, but young people, University graduates, "Mezzogiorno" residents and women, make much greater use of it. Some contracts - albeit with relatively little weight overall - are an important opportunity for young people, women and residents in the South of Italy (the so called "Mezzogiorno") in entering, or re-entering, the labour market. This "Italian anomaly" persists regarding the very high level of "free-lance work" (up to 25% of total employment). See details:

- Apprenticeships<sup>7</sup> have an incidence of not much more than 1% on average and 6% of young

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defined by regions, type of city (metropolitan/non metropolitan), age (5 classes), sex, and employment status (employed, unemployed, student, job retired, other inactive/housewife). The distribution of the sample is obtained through a multi-domain allocation procedure, developed specifically for the project PLUS. The extraction of the sample provides a process for quota. The reference population is derived from the annual averages of the Istat Labour Force Survey. The sixth edition of this annual survey came out in the second half of 2013. Contract type means the main employment contract in terms of yearly wage.

<sup>6</sup> The reform of 2001, prefigures the contents and methods of the Biagi Law. Rather than stating that fixed-term employment is forbidden, except in the cases explicitly laid down by the law and/or by collective agreements, as was previously stated, it has been decided to adopt an "open clause": the employer may hire employees on fixed-term contracts, on condition that at the same time written motivation is provided of a technical, productive, or organizational nature, or for the substitution of personnel. The same kind of "open clause" was later introduced for temporary agency work.

<sup>7</sup> In apprenticeship contracts, the employee receives training at the employer's expense in addition to remuneration. The Biagi Reform provides for three types of apprenticeship contract: i) educational training apprenticeships, providing training and access to the labour market for school leavers; ii) vocational training apprenticeships, combining on-the-job training with a technical or vocational qualification; iii) higher-level apprenticeships, with advanced technical training leading to a high-school diploma or university-level qualification. For survey requirements, the three specific apprenticeship forms are combined.

people are involved out the total employed. However, at least legally, this is an open-ended dependent work contract, for which protection against dismissal is applied only during the training period<sup>8</sup>, we will consider, *de facto*, this type of contract as a fixed-term contract. In fact, at the end of training period the employer is free to continue or discontinue the employment relationship (i.e. the employer is free to let the apprentice go and, by law, no justification for the layoff is needed, contrary to the ordinary regime applicable).

- The work-entry contract (since the first of January 2013 it is no longer possible to sign this type of contract thanks to the Fornero reforms) has had a less than 1% average, but with 1.3% for young people. These contracts were designed to enable certain categories<sup>9</sup> to enter or to return to the labour market by means of an individual plan for acquiring the skills required for a particular working environment.
- Temporary agency work (TAW)<sup>10</sup> has a weight of less than 1% on average, however its extensive use for short periods means it is difficult to calculate (since the probability of inclusion in the sample is affected by the discontinuity of the missions).
- Job on-call<sup>11</sup> has an incidence of 1%, which practically doubles among the young. Employer coordinated freelance work accounts for 2.2% of employment. The young and “Mezzogiorno” workers have higher than average rates. The new set of rules concerning “Project work” (see forward) do not apply to this type of contract; the previous legal framework survives in particular for the public sector, for pensioners and professionals, entered in specific registers.
- Project workers are estimated at 3.2% of the employed, a level which rises to 10.1 among the young, to 4.5% in the South and to 3.8% among women. These are quasi-subordinate employment contracts relating to one or more specific projects or project phases, managed autonomously by the worker with reference to the end result, regardless of the time required for completion. The attempt was to combat the fraudulent use of free-lance work, by requiring the parties of the contract to specify in advance how the work is to be organized (the contract must be in writing, provides an indication of the duration and offers a higher level of protection with regard to sickness, injury and maternity), in order to avoid that the contract is used to mask a dependent employment contract. Employer coordinated free-lance work in the private sector, has mostly been transformed into project work.
- Entrepreneurs and business owners amount to over 6% of the employed, but this figure is about half for the young and women (4%); however in South Italy the incidence is above average (8.2%). The world of the self-employed, professionals with VAT numbers, accounts for 10.5% of employment, but this figure drops among the young and women to 6.7% and 5.4% respectively, while it rises above 14.5% among university graduates.
- Job sharing<sup>12</sup> is not sufficiently present in the population to be estimated by us nor are family

<sup>8</sup> With regard to duration, apprenticeship i) may last for up to 3 years, depending on the qualification to be obtained, whereas apprenticeship ii) may last up to six years, depending on the provisions of collective bargaining. The duration of higher-level apprenticeships iii) is established at regional level, in agreement with the social partners and the educational bodies involved.

<sup>9</sup> The following categories are eligible for these contracts: 1) 18-29 year old; 2) long-term unemployed 29-32 year old; 3) workers over the age of 50 who are no longer in employment; 4) workers who wish to return after a break of two years or more; 5) women of any age resident in areas where the employment rate for women is more than 20% less than for men (or the unemployment rate is 10% higher); 6) individuals with a recognized physical or mental disability.

<sup>10</sup> When first allowed in 1997, TAW was admitted only on a fixed-term basis and, *de facto*, in the circumstances indicated by national collective agreements. With the Biagi reform, supply of temporary labour is now also admissible on an open-term basis. Enterprises can now stipulate an open-term contract with a Temporary Work Agency (TWA) in certain circumstances specifically identified by the law (e.g. porter duties and cleaning work, transportation and warehouse services, managerial consultancy services, call-centre management, etc.).

<sup>11</sup> The worker agrees to work intermittently (for activities laid down by national or territorial collective bargaining) or at certain times of the week, month or year. Never regulate before Biagi reform, this contract may take two different forms: with or without a stand-by allowance, depending on whether the worker agrees to be bound to accept the offer of work. The use of this contract has been restricted by Fornero Reform. See forward.

<sup>12</sup> In this contract two workers jointly take on the rights and responsibilities arising from an individual employment contract, and are free to divide up the hours as they choose. In relation to previous legal framework, the innovation consists of limiting this type of contract to two workers at a time. The job-sharing contract must be in writing, and

carers, interns, trainees, those on work experience and partnerships and so considered unreliable or appropriate for comment.

- Individuals who have not been able or wanted to obtain a specific contract are classified among misc. employees and misc. self-employed, on the basis of the subordinate work module; their overall weight is not much more than 3%, and they are more frequent among young people (6%), in the “Mezzogiorno” (5.8%) and among women (3.7%).

**Table 1 - Employment by individual contract form and main groupings (details)**

A) Individual contracts	Total	South	Women	University graduates	Young
a) Permanent work	64.4	54.9	67.5	56.6	44.7
b) Fixed-term contract	5.9	6.5	8.0	7.8	10.6
c) Work/training	0.3	0.3	0.3	0.4	1.1
d) Apprenticeship	1.0	0.9	1.1	0.7	5.9
e) Work-entry	0.5	0.5	0.5	0.6	1.3
f) Temporary agency work	0.6	0.4	0.5	0.4	1.0
g) Job sharing		<i>Insignificant estimate, extremely rare</i>			
h) Intermittent or on-call work	1.0	1.1	1.3	0.7	2.4
i) Employer coordinated freelance work	2.2	2.9	1.9	3.2	3.1
j) Occasional consultants	0.4	0.5	0.4	1.1	0.7
k) Project work	3.2	4.5	3.8	4.3	10.1
l) Entrepreneurs and business owners	6.1	8.2	4.0	6.8	4.0
m) Partnership		<i>Insignificant estimate, extremely rare</i>			
n) Self-employed (VAT code)	10.5	12.1	5.4	14.5	6.7
o) Family work	0.4	0.5	0.6	0.2	0.5
p) Work practice, internship, traineeship*	0.3	0.4	0.5	0.8	1.7
q) Misc. Dependent work	2.0	4.2	2.6	0.9	4.2
r) Misc. Self -employment	0.9	1.6	1.1	0.8	1.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* Only paid traineeships, internships and work experience are considered.

Source: ISFOL PLUS 2011

The legal framework on the use of temporary work has been relaxed in recent years<sup>13</sup> and this change erases the link between the temporary nature of the working relationship and real productivity needs. Twenty percent of respondents (Figure 2), consider that their present temporary contract is the prelude to a permanent one, and 23% do not consider there are particular reasons for it. That is, over half of those interviewed consider that the temporary nature of their contract is not dictated by real production needs. There seems to be a wide perception that this type of contract is inappropriate to the job performed in relation to the company’s real needs. The remaining half of the sample consider the main reason to be the *seasonal nature of work or production peaks* (14%), the link with a *specific project* (14%), *replacement of personnel* (9%) and the need for *work experience and vocational specialization* (6%).

specify the hours to be worked by each of the employees.  
<sup>13</sup> Fixed-term contracts are now always permitted in presence of technical, production-related, organizational and replacement needs, and therefore for needs related to the company’s normal production cycle. The national collective agreement now states only the proportion of temporary workers that it may utilize.

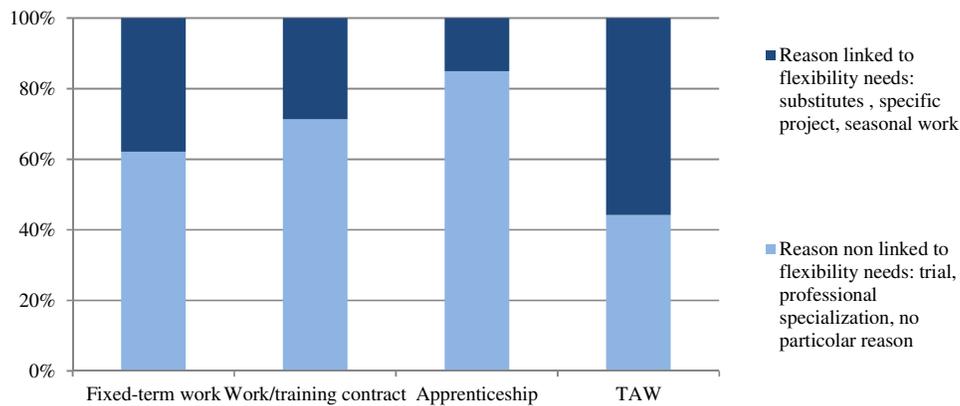
**Figure 2 - Reason for the temporary nature of the contract, % incidence**



Source: ISFOL PLUS 2011

It is interesting to note, in Figure 3, that in the various contracts, needs linked to flexibility are viewed differently to other needs.

**Figure 3 - Reason for the temporary nature of the contract, details of fixed-term contracts**



Source: ISFOL PLUS 2011

All this leads us to believe that temporary workers do not consider their work conditions linked to those real flexibility needs prompted by the economic cycle or to the type of production, but rather involves other decisions – such as reducing labour costs in general and severance costs relating to termination of employment. The need to give flexibility to corporate organisations seems to have less weight than other needs, such as *assessing the worker for a stable job or specialisation period* or “*no particular reason*”. Around a quarter of those interviewed unconditionally indicate the absence of specific reasons, further confirming the hypothesis of a weak relationship between the (production) flexibility needs of the demand and the use of flexible contracts.

As in others countries<sup>14</sup>, Italian labour law grants the employee a status, whose application depends on the existence of a contract of employment. The importance of the protective rules contained in the status makes the qualification of contract employment a central issue for labour law and generates

<sup>14</sup> See Sciarra S., 2005.

notable litigation. Contract employment continues to be the main vehicle through which workers gain access to the rights and benefits associated with employment in the areas of labour law and social security.

In this paragraph we deal with the concept of *false positive*, that is of a worker who performs a job which, according to the realities of working relationships, does not conform to the contract under which he or she was hired. There are many such cases in the labour world and defining them helps us improve employment composition estimates.

Let us take the case of *false consultants*: albeit formally self-employed, they basically perform the same tasks as they would being a dependent worker. There is also the reverse case of *true consultants*, that is those who perform a job that is entirely free-lance and thus standard although using a type of contract considered non-standard.

It is worth pointing out that at an international level (EUROSTAT), workers with fixed-term contracts are considered non-standard; however in Italy this category is not exhaustive because of the anomalous dimension of self-employment, which contains a significant share of people whose working conditions and prospects equate them with dependent fixed-term employees.

Moreover, the reforms have acted more by addition than subtraction, creating numerous exceptions, which in turn introduce special social-security or tax arrangements. In particular, the spread of self-employment enables for relaxing or restricting of the scope of labour law, changing the set of rules applying to the worker's position and status within the labour market.

When consultants - who are formally independent workers - perform tasks similar to those of employees, then these work relationships have to be seen as a "disguised employment relationships", according to the ILO and European Commission definition. Therefore, these contracts appear to be improperly used.

In Table 2, we show how some characteristics of working relationships can be used as parameters to indicate subordination.

The first concerns the individual's choice of contract type, whereas the others are taken from case law – the criteria generally used by labour courts to assess if the employment relationship is subordinate or independent. – and from experts who consider the traditional notion of subordination, as a power relationship and therefore no longer an exhaustive criterion in identifying those in need of labour law protection, preferring to identify the "economic dependence" as a new protective criterion.

In the ISFOL PLUS survey, the criteria for identifying false consultants are therefore inspired simultaneously by socio-economic motives, legal principles and statistical constraints.

An independent contract has been imposed on 65% of employer-coordinated free-lancers, on 59.5% of occasional consultants, 76% Project Workers and 7.4% of VAT number holders. Almost 79% and 83% of employer coordinated consultants and project workers, and over half of VAT-holders, mainly work for only one individual company. Physical presence is a strict requirement for 6.6 out of 10 employer-coordinated free-lancers, and requested for 7 out of 10 occasional workers or professional free-lancers; 20 VAT-holder workers out of every 100 have to keep to daily working hours. Eighty percent of consultants and almost half of VAT-holders use the tools of the company where they work. Over 60% of employer-coordinated and professional free-lancers have already worked once before for their current company, as have over 50% of occasional workers and over a third of VAT-holders. How many would like to become permanent workers? Almost 76% of employer-coordinated, 78% of project workers, 70% of occasional workers and 20% of VAT-holders do not want to remain with their current contract but consider a permanent job more suitable. This is judged to be likely by a third of employer-coordinated and professional free-lancers, by a quarter of occasional workers and by a sixth of VAT-holders.

**Table 2 - Subordination constraints for consultants and VAT-holders, % incidence**

	Employer coordinated freelance work	Occasional work (withholding tax)	Project work	Self employment (VAT code)	Total
<b>1 - You are a freelance</b>					
My choice	34.6	40.5	24.2	92.6	67.9
At employer's request	65.4	59.5	75.8	7.4	32.1
Total	100.0	100.0	100.0	100.0	100.0
<b>2- Do you work for a single company\person or several companies\persons?</b>					
Several companies	20.6	47.2	16.8	48.2	35.6
Single company	79.4	52.8	83.2	51.8	64.4
Total	100.0	100.0	100.0	100.0	100.0
<b>3- Do you have to guarantee a regular presence in your workplace?</b>					
Yes	69.9	41.6	74.2	39.1	52.5
No	30.1	58.4	25.8	60.9	47.5
Total	100.0	100.0	100.0	100.0	100.0
<b>4- Have you agreed on daily working hours with your employer?</b>					
Yes	66.6	42.9	74.6	24.2	42.8
No	33.4	57.1	25.4	75.8	57.2
Total	100.0	100.0	100.0	100.0	100.0
<b>5- Do you use means or tools or structures belonging to the company or employer when performing your work?</b>					
Yes	74.7	39.9	77.5	40.4	52.8
No	25.3	60.1	22.5	59.6	47.2
Total	100.0	100.0	100.0	100.0	100.0
<b>6- Has your contract or job with your current employer already been renewed at least once?</b>					
Yes	70.3	52.4	54.7	28.8	40.0
No	29.7	47.6	45.3	71.2	60.0
Total	100.0	100.0	100.0	100.0	100.0
<b>Would you be interested in converting your current work relationship into a permanent one?</b>					
Yes	75.9	70.6	78.1	20.3	42.8
No	24.1	29.4	21.9	79.7	57.2
Total	100.0	100.0	100.0	100.0	100.0
<b>How do you assess the possibility of converting your work relationship into a permanent one?</b>					
High	17.8	5.3	9.8	5.9	8.5
Quite high	19.9	14.1	17.6	3.2	8.3
Low	19.0	28.4	35.9	12.0	19.1
Impossible	27.6	42.5	28.4	41.7	37.5
I don't know	15.7	9.7	8.3	37.2	26.6
Total	100.0	100.0	100.0	100.0	100.0

Source: ISFOL PLUS 2011

To statistically identify false consultants, a *threshold level* of three subordination constraints has been fixed. This level, already surveyed in PLUS 2005, is the divide between sectors, incomes and expectations of *fixed-term employees*, compared to the *self-employed*. That is, if there are from 4.5 to 6 constraints, it is more likely to be a false self-employment which should really come under an employment contract. Instead, if there are less than three constraints, it could be a “weak subordination” – perhaps dictated by organizational needs but, nonetheless, not ruling out the freelance nature of the work – and thus the worker can be considered as self-employed. Utilizing these constraints, one can discover the incidence of disguised employment relationships in the context of self-employment: employer-coordinated free-lancers have an average of 4.16 subordination constraints, occasional workers (withholding tax) 4.06, “project” workers 4.44 and the self-employed (VAT-holders) have an average of 2.03 constraints<sup>15</sup>.

The part-time contract is often an instrument for balancing work-family needs and presented as flexibility introduced to facilitate, improve and widen working participation, in particular for women. In Table 3, we can see how gender affects the choice of part-time work: for men it results often from

<sup>15</sup> A subordination level systematically much lower for VAT-holder workers than for consultants is an – implicit – countercheck of the congruity between form and nature of self-employment relationships.

an imposition and 72% of them have not chosen it voluntarily, whereas for women the choice is more positive and over 60% have requested it; obviously this also influences the average incidence, since the female component mainly works part-time. The spread of non-voluntary part-time work among male workers has a negative effect in the quality of employment, because of the contract slide-off from an instrument for work-family balance to an *indicator of underemployment*. In the employment classification, the two sides of the aggregate of part-time permanent workers will thus be considered separately to distinguishing two extreme employment conditions: positive if voluntary and negative if involuntary.

**Table 3 - Voluntary nature of part-time work**

<b>You work part-time:</b>	<b>Choice</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
By choice or for convenience	Voluntary	27.8	60.2	54.4
At request of client/employer	Involuntary	72.2	39.8	45.6
Total	Total	100.0	100.0	100.0

Source: ISFOL PLUS 2011

## 2. Who are non-standard workers?

The route that began with the identification of non-standard components, the net of possible false positives, should lead to one or more concise indicators for evaluating the incidence of non-standard employment. In technical terms, each share (part of an item) of the single contract item identified as belonging to a type of flexibility, can be grouped into specific non-standard categories. All this specific flexibility can help to identify an overall flexibility and thus they can be aggregated according to where they belong or to the presence of characterizing factors<sup>16</sup>. The classification follows a simple algebra, in which the single addends can be obtained from the single items (or shares) of non-standard work, rather than from specific atypicality. The decomposition stage is followed by the re-composition stage, in which the parts are recomposed into overall flexibilities, identified by the lowest common denominator.

The ISFOL PLUS classification scheme for employment is shown in quantitative terms in Table 4: the lines indicate the shares of the single contracts, whereas the columns give the incidence and percentage of specific flexibilities. The simultaneous reading of “the form and nature of employment” already enables an analysis that - to some extent - takes into account of the different social security and tax schemes.

That is, through this type of decomposition we can reconstruct multiple types of indicators related to the quality of work, taxation, social security contributions, work intensity (ULA), and so on.

The incidence of non-standard forms is not evenly distributed in the labour world; it varies according to the socio-demographic features of the labour supply –because the reform has had a greater effect on some groups and generations than others – and in relation to labour demand, since business size, sector and ownership offer different occupational possibilities. This has helped to create considerable segmentation in time and space, between standard and non-standard workers, regardless of the job. SAE is the acronym of Standard and Non-standard Employment

<sup>16</sup> The last specific flexibility to be defined, before going on to the reorganization of employment, concerns people who do not answer or who do not know their work contract. These individuals can be divided into four typologies. Some individuals perform improvised jobs (and therefore are more interested in the pay than in the type of contract), or have just started a job (and are waiting to learn about the contract) or do not know the contract conditions or, finally, there are those who do not intend to declare the contract type (reticent individuals). The Italian Civil Code states, as a general rule, that contracts should be in writing only when is as such provided by law. The law establishes that some of the so called “atypical” contracts of employment (like fixed term contracts, temporary agency work, apprenticeships, work-entry contracts, etc.) should be in writing. On the another hand, there is a general employer obligation to inform employees of the conditions applicable to the contract or employment relationship and so the law states that employers must give a written declaration concerning these conditions.

1. The “minimum” non-standard rate (SAE123) has a greater incidence than average in the Mezzogiorno among women, graduates and young people (1 out of 3!); in firms with 4 to 50 employees; in the sectors of agriculture, hotels, restaurants and tourism, communications, education, research and miscellaneous services; and - ironically - in the intellectual and unqualified professions.
2. The “maximum” non-standard rate (SAE12346) has an incidence in line with that of the minimum flexibility, but on a higher profile. However, these non-standard forms are particularly evident in the “Mezzogiorno”, for women, for young people, graduates and among those working for firms with between 4 to 50 employees.

**Table 4 - Decomposition and re-composition by specific and total atypicality**

	Non standard work				Involuntary part-time	Voluntary part-time	Standard work		Total
	Fixed-term empl.	Apprenticeships	“False” free-lancers	I Don’t Know			“True” self-empl.	Typical work	
	1	2	3	6	4	5			
a) Permanent work					846,505	1,313,790		12,363,904	14,524,199
b) Fixed-term contract	1,334,076								1,334,076
c) Work/training	175,960								175,960
d) Apprenticeship		221,269							221,269
f) Temporary agency work	127,685								127,685
g) Job sharing	<i>Insignificant estimate, extremely rare</i>								
h) Intermittent or on-call work	234,214								234,214
i) Employer coordinated freelance work			357,894				142,099		499,993
j) Occasional consultants			37,434				51,802		89,235
k) Project work			550,242				180,578		730,820
l) Entrepreneurs and business owners								1,382,035	1,382,035
m) Partnership	<i>Insignificant estimate, extremely rare</i>								
n) Self-employed (VAT code)			402,287					1,966,552	2,368,840
o) Family work								87,086	87,086
p) Work practice, internship, traineeship*	74,626								74,626
q) Misc. Dependent work				456,694					456,694
r) Misc. Self -employment				203,065					203,065
<b>Specific</b>	<b>1,950,680</b>	<b>221,269</b>	<b>1,364,706</b>	<b>659,758</b>	<b>846,505</b>	<b>1,313,790</b>	<b>411,232</b>	<b>15,799,578</b>	<b>22,567,517</b>
<b>Flexibility</b>	<b>8.6</b>	<b>1.0</b>	<b>6.0</b>	<b>2.9</b>	<b>3.8</b>	<b>5.8</b>	<b>1.8</b>	<b>70.0</b>	<b>100.0</b>

\* Only paid traineeships, internships and work experience are considered.

Source: ISFOL PLUS 2011

The effect of flexible work on the younger generations is evident and is not justified by the "entry phase" in the labour market . The position of graduates is paradoxical: incidence in non-standard work is much higher than those with lower educational qualifications. The young female graduate from southern Italy seems to be the profile most affected by this kind of adverse selection in employment.

### 3. When does non-standard work become precariousness?

Job precariousness is understood here as the share of workers with non-standard contracts that does not evolve towards standard work or at least into a working relationship that shares the same rights as standard work<sup>17</sup>. We should beware of those who claim that precariousness is endemic in modern economies: precariousness is the result of bad management and is not a necessary evil. We will

<sup>17</sup> On the contrary, it can be considered that in other countries, whereas workers share the same protection without any exceptions depending on the form of the employment contract applied, experts underline that the term “precarious work”, neither in the public nor in the academic debate, has any equivalent.

always have to deal with flexibility and occupational discontinuity but they do not have to turn into precariousness. To ask for part-time work for three months to help a family member; to move from firm A to firm B; to lose your job and spend six months looking for a new one; to leave school and do odd jobs to gain experience are events that can occur during a working life but which must not affect consumption, prejudice reproductive choices or insurance coverage. Each stage must be managed, minimizing the drawbacks and compensating individual losses. We refer to what the “Transitional Labour Markets” (TLM) approach calls “transitions”, that it is to say “any departure from the reference situation of a full time long-term job” (Gazier, Gautié, 2009). As this approach suggests, it is necessary to protect not just “states” that individuals can reach at a given moment of their career, but to secure their life-long “trajectories”.

This means that the entire legal framework of workers’ protection should be redesigned, integrating it with modern social buffers that cover all workers, without any exceptions of dependence on the form of the employment contract applied, with wages adjusted against the greater risk of losing the job and a standardizing of social security rates so that each social security contribution, even for only one hour of work, can be totalized. It must be clear that new forms of work cannot constitute a “cheap option” with respect to standard work, but should be based on a concrete need for flexibility (temporary work, fixed-term work, sporadic work) or for work entry (work/training, apprenticeships, work experience, traineeships).

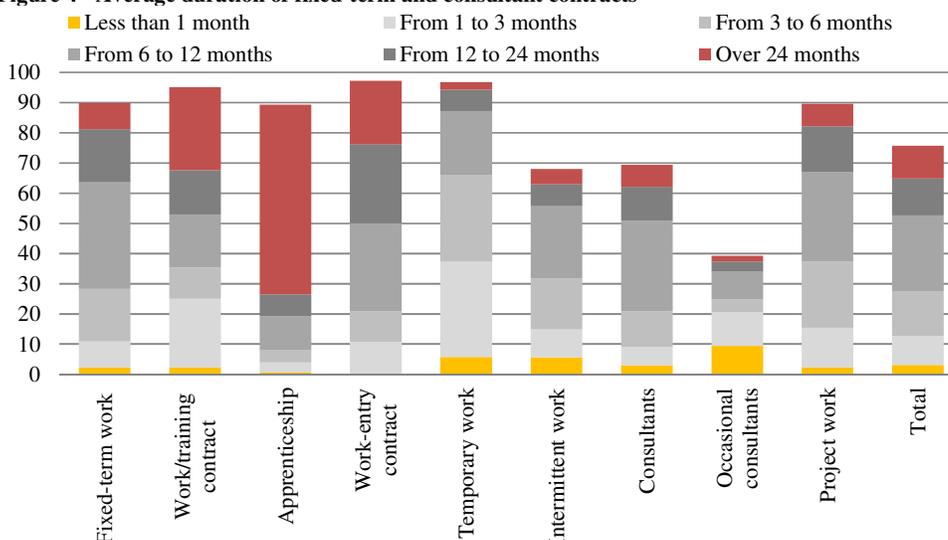
So what is the ideal amount of non-standard work for a labour market? Flexibility is like a fever: a high temperature indicates illness, but neither is a low temperature a sign of health. So, remaining with the metaphor, *what are the pathologies that turn flexibility into precariousness?*

There are basically two pathologies that make new forms of work a forerunner of precariousness:

- The duration of non-standard contracts: too short, unplanned and discontinuous; not enough to permit significant increases in human capital and work experience and reflecting the capacity of the market to be a rapid and efficient allocator of the labour factor, very important for a market with a growing tendency to flexibility of work.
- The prospect for nonstandard contracts to become standard work, or at least the prospect to move to a working relationship with the same floor of rights as the latter, that is the average duration of the transitional period preparatory to obtaining standard work, especially when the user institute’s aim was job placement and increase in participation.

The distribution of the duration of the contract (figure 4) seems pseudo-normal around an average-general duration of 6-12 months. The figure shows that one third of non-standard workers has a horizon of less than 6 months, and another third of over 12 months. Over 80% of temporary workers have a contract of less than 12 months, dropping to around 70% for employer-coordinated freelance work, project and fixed-term work. Apprentices are the most stable workers because the majority (64%) have two years of work prospects.

**Figure 4 - Average duration of fixed-term and consultant contracts**



Source: ISFOL PLUS 2011

Table 5 shows, instead, some characteristic problems of a flexible labour market that should not be underestimated. The first is that although being employed could anyway hide a certain discontinuity, 33% of fixed-term employees were not always employed in the last 12 months; this share rises to 45.5% for other “temporary workers” and is 34% for consultants. In short, the occupational discontinuity for standard work is 6%, considered as a frictional or structural discontinuity, but rises to 31% for the non-standard forms.

**Table 5 - Occupational discontinuity: incidence, relative duration and duration of current employment condition**

Employment typology by:	Share of individuals not always employed in last 12 months	Average months employed in last year	Average duration of current contract typology in years
Permanent employee	4.0	5.6	15.5
Fixed-term employee	33.0	5.8	5.6
Other forms of dependent work	45.4	4.9	3.5
Self-employed	7.8	6.7	7.5
Consultants	33.7	5.5	5.6
Standard work	6.2	5.5	
Non-standard work	30.9	5.8	6.0

Source: ISFOL PLUS 2011

When there is occupational discontinuity, how many months have been effectively worked in the last year? Six for fixed-term employees and 5.5 for consultants: “the glass is more half empty than half full”. Although this is the result of retroactive questions and thus a lower quality with respect to a longitudinal overview, job insecurity lasts for about 5-6 years for non-standard workers. Precariousness is like a “trap” and anything but a short interval or a rapid route to a permanent job. The main consequence is a negative impact in human capital, a reduction in the propensity to start a family, the ability of wealth accumulation (including social security) and the level (and quality) of consumption.

#### 4. Transitions between occupational status: outcomes of non-standard contracts

The ISFOL PLUS Panel can contribute to increasing information on the Italian labour market, with new readings and analysis capabilities. The evaluation of legislative interventions, the interpretation of new forms of contract for creating employment or activating individuals and, more in general, labour market trends, have too often been read in a merely ideological or political key (Sestito, 2007). This can eclipse quantitative findings, undoubtedly more suitable and reliable for a correct evaluation of the reforms.

The ISFOL PLUS panel on outcomes for those in the workforce, for 14 months on average (first wave February-March, second wave April-May) and a considerable sample size (over 24,000 individuals), shows (Table 6) how long people hold the status of employed and retired with stable or definitive conditions.

We can see how the rate of individuals looking for employment, in the period 2010 – 2011 worsened compared to the period 2005-2006, from a positive 37.1% to a much more modest 28.8%. The recession compromises the level of participation, lengthens the period of unemployment and widens (as many individuals increase their search in consideration of the recession) and slows the school to work transition.

**Table 6 - Transitions between occupational status, ISFOL PLUS Panel 2010-2011 v/s Panel 2005-2006**

2010 Status		2011 Status					Total
	Employed	Seeking	Pensioner	Housewife	Student		
Employed	86.5	9.0	3.1	0.9	0.5	100.0	
Jobseeker	<b>28.8</b>	58.4	1.5	6.9	4.4	100.0	
Pensioner	3.3	2.0	94.7	0.0	0.0	100.0	
Housewife	13.6	33.0	0.0	47.9	5.6	100.0	
Student	15.3	17.4	0.0	2.5	64.8	100.0	
Total	65.1	16.0	8.8	4.0	6.1	100.0	
2005 Status		2006 Status					Total
	Employed	Seeking	Pensioner	Housewife	Student		
Employed	90.8	4.3	2.9	0.7	1.3	100.0	
Jobseeker	<b>37.1</b>	46.4	1.9	6.6	8.1	100.0	
Pensioner	2.0	0.1	97.9	0.0	0.0	100.0	
Housewife	16.0	23.5	0.0	59.2	1.3	100.0	
Student	10.6	5.7	0.0	0.4	83.2	100.0	
Total	64.3	8.7	10	4.4	12.7	100.0	

Source: ISFOL PLUS Panel 2010-2011 v/s Panel 2005-2006

The outcomes of new forms of work seen through a longitudinal<sup>18</sup> reading are probably the best evaluation of the ability of non-standard contracts to lead, in a reasonably short time, towards stable employment. We refer to the SAE123 definition of atypicality, that is all the fixed-term employment contracts and the disguised self-employed.

The outcomes of the main contract types, in Table 7 aggregated by problems of statistical reliability, give the following transition picture: standard work, both dependent and free-lance, has very high levels of staying effect, above 94% overall. Fixed-term dependent work remains as such for 46%, whereas it evolves towards permanent work for 35.5% compared to a modest 2.6% towards self-employment. The remaining flows are transitions between various non-standard forms, both dependent and freelance. Consultants have a 45% staying power, with outcomes towards standard

<sup>18</sup> The Isfol Plus 2010-2011 panel consists of 88.4 standard and 11.6 non-standard workers (SAE123), against an ISFOL Plus 2011 sample of 84.8 standard and 15.2 non-standard (SAE123). The panel has thus a slightly lower level of atypicality, due also to some reclassification in questions between 2010 and 2011. An attempt to make the reference aggregates as uniform as possible has been made and these differences should not have significant effects on the composition of the transitions.

dependent work (22%) and self-employment (7%). Also here, there are many horizontal transitions between different non-standard contracts. Better performances, in terms of outcomes towards standard work, are provided by the aggregate of miscellaneous forms of dependent work (apprenticeships, work/training, temporary, on-call work, work-entry) which, taken together, lead to 35% of those involved in a permanent job in 14 months.

Summing up, albeit limited to a formal reading of type of contracts, new forms of work outcomes can be divided into three main flows: the transition to standard employment involves a little less than 40% of fixed-term employees, a little less than 30% of miscellaneous dependent contracts and a little more than 25% of consultants.

**Table 7 - Outcomes of non-standard work by main contract types**

2010 Condition	2011 Condition					Total
	Permanent dependent	Fixed-term dependent	Temporary work	Self-employed	Consultants	
Permanent dependent	94.1	2.7	0.2	1.5	1.5	100.0
Fixed-term dependent	35.5	46.0	4.0	2.6	11.9	100.0
Temporary work	8.1	32.2	21.5	12.8	25.4	100.0
Self-employed	10.8	0.7	0.8	82.7	5.0	100.0
Consultants	22.3	21.8	3.4	7.2	45.3	100.0
Total	69.9	6.5	0.9	17.5	5.2	100.0

Source: ISFOL PLUS Panel 2010-2011

## 5. The Fornero Reform

Law no. 92 of 2012 attempts to react to some of these Italian labour market features, following recommendations by the EU Commission. In the Green paper on “Modernising labour law to meet the challenges of the 21st century”<sup>19</sup>, it is stated that reform of national employment protection legislation, focused on easing existing regulation to facilitate more contractual diversity “(...), has given rise to increasingly segmented labour markets”. The *flexicurity* approach was – and still is – the suggested answer against a labour market affected by this segmentation and the Italian Reform of 2012 is organized – as this European strategy – into four components: contractual flexibility, unemployment benefits, employment services and vocational training.

However, as suggested by some experts (see Treu, 2012), the debate, before and after the reform, was concentrated only around the first component – flexibility – and very few steps have been actually undertaken regarding the others. In fact, as we already underlined, the primary goal of the reform is to transform the employment contract on a permanent basis into the “leading contract” and to establish a sort of a new quantitative equilibrium of labour market entrance.

The new legal framework attempts to achieve this goal in two steps.

1. First, channels different from the leading one have been restricted, thanks to normative and economic disincentives. From the normative point of view, law 92, *inter alia*<sup>20</sup>, established a set of requirements which judges could convert into different types of work contracts used for hiring consultants in the already mentioned “leading contract”, i.e. the employment contract on a permanent basis. Briefly, these criterion tend to identify the consultants as workers with high skills competence, relatively high salary and doing non-manual tasks and so, if these specific features do not occur in the work practice, judges can *impose the penalty*, i.e. convert the

<sup>19</sup> See COM/2006/0708 final.

<sup>20</sup> As already underlined, the insertion contract has been abolished and new restrictions concern job on call (it is now admissible only for those under 24 years and over 55 and a specific communication to the labour authorities shall be required for each “call to work”).

contractual agreements signed by the parties in an employment contract. Moreover, three economic disincentives have been introduced:

- social security contributions for consultants have been raised (in the 2013 there will be almost no difference in costs between subordinate employees and quasi-subordinate workers)
- an additional contribution has been enacted for any kind of non-permanent employment contract (1.4 % of the taxable income)
- a sort of supplement contribution in the event of dismissal has been established (41% of the maximum monthly unemployment benefit for every twelve months of the worker's seniority in the company in the past three years).

However, two channels of entrance in the labour market still gain some normative incentive, in other words these contracts are "good flexibility". Apprenticeship<sup>21</sup>, as it is explicitly considered "the preferred way for young people to enter the workforce" and fixed term contracts, which now may be established with no reason given for the contract not exceeding 12 months.

2. The second step was an easing of the regulation regarding the consequences for unfair dismissal<sup>22</sup>: the goal still remains the promotion in the use of the "leading contract".

It is clearly too early to evaluate the impact of these new provisions, but still, the regulations and the enforcement of the other components of the *flexicurity strategy* – in particular the security part – are far from being accomplished.

With ISFOL PLUS data it is possible to attempt an assessment regarding the possible ex post outcomes of "good" flexibility (having in mind possible distortive effects caused by the economic crisis). "Good flexibility" includes (table 8) "fixed-term contracts" and "apprenticeships", instead "bad flexibility" includes "false self-employment" and some other contracts (intermittent contracts, internships). Data shows that good flexibility gives better outcomes in terms of work protection: 70% of individuals who, in 2010, were involved in good flexibility contracts, were still employed in good jobs in 2011 (the 34% having a standard contract – in other words a permanent employment contract or are "real" self-employed – and 35.6% having a good flexible contract. As we can see from the same table, this trend is also confirmed within a gender and age perspective. On the other hand, bad flexibility regresses in almost 30% of cases into unemployment or inactivity, in particular in the "Mezzogiorno".

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<sup>21</sup> Very briefly, law 92 of 2012 provides: a minimum term of six months; a new ratio of apprentices to skilled employees (3 to 2 for companies with more than 10 employees and one to one for companies with fewer than 10 employees); a quantitative limit for hiring new apprentices for companies with more than 10 employees (new apprentices may be hired only if 50% of the apprentices already employed by the company have been taken on (30% for the first three years of a company's operations).

<sup>22</sup> The previous regulation contemplated a drastic remedy in case of unlawful or unfair dismissal of an employee working in a business unit employing more than 15 employees: the employer had to reinstate the employee and pay the amount of salary accrued from the date of dismissal to the date of the effective reinstatement. Basically, the new provision provides different regulations for different types of dismissal, i.e. in the case of dismissal for economic reasons, if the labour court ascertains that no "justified objective reason" supports the dismissal, the employee can no longer claim his job back and may be awarded only an indemnity between 12 and 24 months.

**Table 8 - Outcomes of “Good” and “Bad” flexibility**

	2010	2011					Total
		Standard	Good Flexibility	Bad Flexibility	Jobseeker	Inactive	
Total	Standard (a)	83.5	2.1	2.7	7.3	4.4	100.0
	Good-Flexibility	33.9	35.6	10.7	15.8	3.9	100.0
	Bad-Flexibility	31.7	15.7	22.7	23.9	6.0	100.0
Youth (18-29)	Standard	72.7	5.6	5.0	12.6	4.2	100.0
	Good-Flexibility	29.6	35.9	12.2	17.0	5.3	100.0
	Bad-Flexibility	24.8	20.8	25.9	17.9	10.6	100.0
Women	Standard	83.7	2.0	2.2	7.1	5.0	100.0
	Good-Flexibility	31.1	39.6	9.5	14.2	5.6	100.0
	Bad-Flexibility	22.1	16.6	30.4	21.5	9.4	100.0
South	Standard	78.5	2.1	1.8	12.2	5.3	100.0
	Good-Flexibility	30.1	23.1	13.6	26.6	6.5	100.0
	Bad-Flexibility	31.2	8.1	19.0	35.6	6.1	100.0

Legend: (a) Standard are permanent contracts and "true" self-employment, Good flexibility include the "fixed-term contracts" and "apprenticeships", while Bad flexibility means "false self-employment" and other contract (intermittent contracts, law and internships).

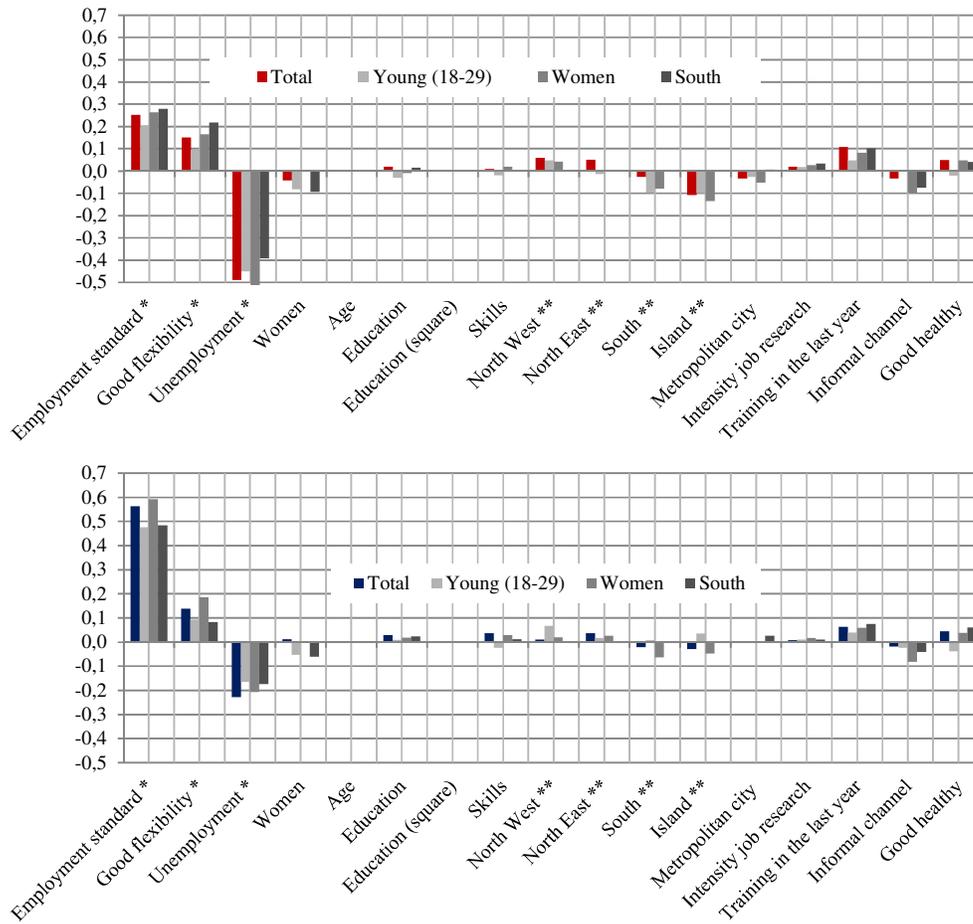
Source: ISFOL PLUS Panel 2010-2011

The marginal effect (see figure 5) of an independent variable is the derivative of a given function of the covariates and coefficients of the preceding estimation (see table 10). The derivative is evaluated at a point that is usually the means of the covariates. The marginal effect for a dummy variable is not obtained by differentiation but as a difference of the predicted value at 1 and the predicted value at 0. The “employment” status in 2011 (table 5A) depends in particular on “good flexibility” in 2010, living in North of Italy, with superior levels of training and having an informal network of recruitment. The complementary condition in 2011, (not employment) is determined by an unemployment status in 2010, being a woman and living in South of Italy.

The “standard employment” status in 2011 (table 5B), is in a strong relationship to employment status in 2010, in particular the persistence in the status plays a fundamental role. The good flexibility in the previous period is important to improve our status, while unemployment conditions in 2010 fails to evolve into an employment status within 12 months.

The probability of having good employment (full time contract or real self-employment) powerfully depends on employment status (also flexibility contract) in 2010. The other parameters are confirmed. The probit coefficients are in Appendix tables (A1, A2).

Figure 5 – Marginal Effects, A) “Employment 2011” e B) “Standard Employment 2011”



Legend. Observations: Total 20,660; Young 9,358; Woman 10,862; South 8,310.  
 Benchmark, Control variable: \*Bad flexibility; \*\*Centre  
 Source: Panel Isfol Plus 2010-2011

## Conclusion

Data analysis, through ISFOL PLUS survey (wave 2011 and panel 2010-2011) confirms enduring Italian labour market segmentation: young people, women and citizens of the southern part of the country are more involved in contractual flexibility when compared to other groups. Moreover, longitudinal analysis shows that these flexible workers suffer from a high probability of becoming precarious and this dysfunction has been even more exacerbated by the economic crisis.

If we look at contractual flexibility in its three dimensions, as analysed in the present paper (temporary work, quasi-subordinate employment and part-time), we could say that it is a typical feature of the Italian labour market. This is not necessarily a negative conclusion (what was called “bad flexibility”) but it must be underlined that the data analysis confirms enduring Italian labour market segmentation: temporary work seems no longer to be connected to the temporary needs of production; very often quasi-subordinate workers are dependent employees, according to the realities of working relationships and the phenomenon of involuntary part-time work is quite widespread. Furthermore the crisis, as we have seen, has slowed down the process of the natural transformation of “atypical” in standard occupations. In other words, the labour market has become less permeable and the transition to standard work has become even more difficult.

Analysing this phenomena, from a legal point of view, it seems that Labour law legislation suffers

from strabismus: having been born to protect the weakest part of the employment contract, but it is now losing its challenge with these new features. As already mentioned, the strabismus comes from an old perspective, where only status are protected instead of transitions during the life long cycle. From a historical and economic point of view, it suggests that after a twenty year experiment with labour market flexibility, it is time to change attention from the labour supply to the demand. The current strategy, the flexicurity approach, is like an allopathic medicine: it tries to cure the negative effects of the flexibility at the margins and treat just the symptoms of diseases, but fails to address the disharmony produced by the underlying disease. However, after the cure, when the patient is in improved shape, it will be time for a different strategy, a new industrial policy, directed at fostering a high skilled labour demand and at elevating available human capital.

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APPENDIX

Table A1 - Logit estimates. Analysis of the transition probability to employment

VARIABLES	Employment 2011			
	Total	Young (18-29)	Women	South
<i>Status 2010 (Control variable Bad flexibility)</i>				
Employment standard	0.720*** (0.111)	0.520*** (0.103)	0.709*** (0.136)	0.723*** (0.202)
Good flexibility	0.484*** (0.126)	0.240** (0.110)	0.473*** (0.149)	0.588*** (0.219)
Unemployment	-1.356*** (0.109)	-1.196*** (0.0941)	-1.409*** (0.128)	-1.028*** (0.191)
Women	-0.121*** (0.0446)	-0.208*** (0.0446)		-0.234*** (0.0765)
Age	-0.00449** (0.00176)		0.00110 (0.00261)	0.00136 (0.00335)
Education	0.0556 (0.0434)	-0.0764* (0.0413)	-0.0259 (0.0383)	0.0410 (0.0617)
Education (square)	-0.00105 (0.00190)	0.00500*** (0.00164)	0.00334** (0.00155)	0.000562 (0.00249)
Skills	0.0267 (0.0241)	-0.0497* (0.0301)	0.0532* (0.0312)	0.00777 (0.0442)
North West ( <i>Control variable Centre</i> )	0.177*** (0.0675)	0.121* (0.0660)	0.111 (0.0785)	
North East	0.147** (0.0689)	-0.0354 (0.0718)	0.00762 (0.0786)	
South	-0.0722 (0.0690)	-0.248*** (0.0656)	-0.206*** (0.0766)	
Island	-0.293*** (0.105)	-0.257*** (0.0885)	-0.343** (0.136)	
Metropolitan city	-0.0956* (0.0541)	-0.0662 (0.0571)	-0.133** (0.0632)	0.0167 (0.0773)
Intensity job research	0.0569*** (0.0163)	0.0466*** (0.0138)	0.0681*** (0.0177)	0.0821*** (0.0253)
Training in the last year	0.324*** (0.0548)	0.122** (0.0588)	0.218*** (0.0659)	0.262*** (0.0897)
Informal channel	-0.0960 (0.0606)	0.0142 (0.0622)	-0.254*** (0.0749)	-0.187* (0.108)
Good healthy	0.136** (0.0643)	-0.0502 (0.0981)	0.126 (0.0882)	0.104 (0.113)
Constant	-0.0947 (0.286)	0.838*** (0.298)	-0.0215 (0.312)	-0.543 (0.435)
Observations	20,666	9,358	10,862	8,313

Source: Panel Isfol Plus 2010-2011

**Table A2 - Logit estimates. Analysis of the transition probability to “Standard employment”**

VARIABLES	Standard Employment 2011			
	Total	Young (18-29)	Women	South
<i>Status 2010 (Control variable Bad flexibility)</i>				
Employment standard	1.569*** (0.108)	1.413*** (0.115)	1.690*** (0.151)	1.354*** (0.198)
Good flexibility	0.349*** (0.120)	0.294** (0.121)	0.467*** (0.170)	0.217 (0.231)
Unemployment	-0.591*** (0.108)	-0.547*** (0.111)	-0.552*** (0.149)	-0.478** (0.194)
Women	0.0314 (0.0482)	-0.178*** (0.0518)		-0.160** (0.0809)
Age	0.00510*** (0.00191)		0.00991*** (0.00279)	0.00726** (0.00341)
Education	0.0735** (0.0361)	0.0344 (0.0630)	0.0478 (0.0452)	0.0668 (0.0640)
Education (square)	-0.00327** (0.00148)	-0.00119 (0.00250)	-0.00179 (0.00188)	-0.00213 (0.00258)
Skills	0.0933*** (0.0267)	-0.0829** (0.0346)	0.0765** (0.0346)	0.0338 (0.0447)
<i>North West (Control variable Centre)</i>				
North East	0.0257 (0.0694)	0.220*** (0.0753)	0.0501 (0.0889)	
South	0.0917 (0.0706)	0.0582 (0.0793)	0.0688 (0.0856)	
Island	-0.0552 (0.0720)	0.0299 (0.0788)	-0.165* (0.0884)	
Metropolitan city	-0.0737 (0.106)	0.117 (0.108)	-0.126 (0.164)	
Intensity job research	-0.00844 (0.0562)	0.00187 (0.0673)	-0.00769 (0.0704)	0.0719 (0.0866)
Training in the last year	0.0216 (0.0155)	0.0351** (0.0145)	0.0439** (0.0214)	0.0280 (0.0260)
Informal channel	0.157** (0.0623)	0.129** (0.0634)	0.152* (0.0828)	0.198** (0.0878)
Good healthy	-0.0436 (0.0644)	-0.0837 (0.0665)	-0.214** (0.0909)	-0.111 (0.113)
Constant	0.114* (0.0644)	-0.124 (0.113)	0.0982 (0.0916)	0.166 (0.113)
Constant	-1.735*** (0.268)	-0.759* (0.422)	-1.806*** (0.357)	-1.700*** (0.466)
Observations	20,666	9,358	10,862	8,313

Source: Panel Isfol Plus 2010-2011