Typical and atypical employment contracts: the case of Italy

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Abstract Atypical work refers to employment relationships, which do not conform to the standard model of full-time job of unlimited duration with a single employer. They differ from the typical contract in terms of legal regulations as well as requirements and benefits the worker is entitled to. This paper presents a detailed description of the scope, the characteristics and the evolution of typical and atypical contracts in Italy. In addition, this paper provides a review of the main findings of empirical and theoretical studies on atypical contracts to understand their effects on the Italian labour market.

KEYWORDS: Labour Law, Social Security, Temporary Contracts

JEL CLASSIFICATION NUMBERS: K12, K31, J3

1 Introduction

The problems related to the rigidities of the European labour markets have been extensively discussed since the 1980s. Among others, two possible solutions were identified to reform the labour markets in order to increase flexibility. The first solution would indicate the reduction of hiring and firing costs associated with standard permanent contracts. The second approach would suggest the introduction of new types of contracts, atypical, more flexible by definition. In Europe the second strategy has been predominantly pursued.

Even though in Italy the share of short-term contracts is lower compared to other European countries such as Spain, Portugal and The Netherlands (Table 4); however, Italy is one of the countries were the utilization of short-term contracts has increased sharply and consistently in the past two decades. The share of atypical employment in 2008 reached approximately 13.3% of total employment[1] (Table 3) and the number of different atypical contracts implemented over the years is large.[2] The objective of this paper is to shed light on the intricate Italian labour market regulations regarding typical and atypical contracts. The aim is to provide a detailed description of the Italian labour market legislations since the mid-nineties, by analyzing the evolution of each typical and atypical contract. In addition in this paper, to understand the effectiveness of the reforms, we collect the lessons learnt regarding atypical contracts in Italy, by investigating the results found in the empirical and theoretical studies on the topic. This is particularly important at this point in time, in which the ongoing financial and economic crisis is getting more and more severe and the European labor markets are deeply suffering. Understanding whether atypical contracts have been effective in improving the labour markets and specifically investigating in which respect they have been successful is key in order to design new labor market policy interventions. With respect to Italy, in particular, the European Working Conditions Observatory has defined the new

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[1] Source: *Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori* (ISFOL).

[2] 46 types of contracts were present in the Italian system in 2006.

forms of flexible work as "very atypical contractual arrangements". It is therefore of great value to analyze all the changes registered in the past two decades in terms of labour market regulations and collect all the possible evidence for evaluating future policies.

Atypical work refers to employment relationships not conforming to the standard or typical model of full-time, regular, open-ended employment with a single employer over a long time span, as defined by Eurofund (2009). The typical contract identifies a full-time job of unlimited duration which guarantees a regular income and secures pension payments and a wide range of benefits for the workers. Atypical contracts usually are characterized by limited duration, lower separation costs, and lower social security and welfare fees to alleviate the employers' cost burden. In addition, often, workers hired on atypical contracts are eligible to reduced benefits and limited social insurance.

Since the share of atypical contracts has increased of approximately ten percentage points in Europe since the mid-eighties, and since the significant utilization of atypical contracts has transformed the concept and the attitude towards employment, many studies have looked at this issue both from an economic and a legal perspective. In terms of legal formulation, the discussion has mainly focused on the consequences of the disintegration of the concept of standard employment relationship. There is a need to formulate a new legal concept of categories such as worker and employee, and to create a new notion of employment. Following this approach, the concept of subordination would also be revised in order to capture a broader variety of relationships and discrimination behaviors towards workers would be prevented. The Green Paper by the European Commission, "Modernizing labour law to meet the challenges of the 21st century", presented in 2006, focused on the topic of atypical contracts. It emphasized the increase in the proportion of atypical contracts, with a strong gender and intergenerational dimension. Data[3] show that women and younger workers are disproportionately represented in atypical employment. The incidence of atypical employment on total employment is equal to respectively 16.7% for women, 9.8% for men, and 26.2% for individuals who belong to the 15-29 age group (Table 5).

Another direction of discussion focuses on the analysis of the rights of workers hired on typical versus atypical contracts. All workers are entitled to equal treatment, regardless of characteristics such as sex, race, age, and disability. However, the equal treatment is supposed to be extended regardless of the typical or atypical nature of the workers' employment contract. The discussion is about the discrimination against workers with reduced working schedules, limited duration of employment, atypical place of work or atypical nature of their employment relationship, who should not be penalized by the system.

From the economic perspective, the discussion focuses on the analysis of the labour market before and after the reforms to investigate whether the objectives have been achieved. Specifically, most of the studies focus on the transition patterns from atypical to typical contracts, on the effects of the reforms on employment, unemployment, labour force participation, particularly among young workers and women. Finally, several studies analyze the wage and income dynamics and compare the welfare of workers before and after the introduction of atypical contracts.

In Italy, the reforms introducing short-term employment contracts have been approved since the mid 1990s. Open ended contracts became legal in Italy in 1942 and workers could be fired at will. The Law-230/1962 (1962) explicitly stated that an employment relationship is by definition permanent. Job protection against unfair dismissal was introduced only in 1966 and strengthened in large firms in 1970. Later on, workers hired on a typical permanent contract were in general well-insured and enjoyed a wide range of social security and welfare benefits. High hiring and firing costs were usually associated with permanent contracts. Hence, according to the Italian system, since the seventies once a worker was hired on a permanent contract it was unlikely that the employment relationship would come to an end before the worker retired. A big share of the cost of social security and welfare benefits associated with permanent contracts (two third of the total amount) fell on the employer. This drove the total labour expenditures for employers to very high levels and affected the firms' competitiveness. Moreover, high separation costs prevented firms to adjust their workforce according to business cycle fluctuations and to rapidly adapt to changes in technology, productivity, and skills. Therefore, the whole system of labour market dynamics was rather rigid (Contini and Revelli (1992)).

Since the mid-nineties several reforms have placed new types of atypical contracts side by side with the unchanged typical permanent contract (Table 3). Currently, in Italy atypical employment concern:

– Fixed term employment: fixed-term contracts, training vocational contracts as CFL (working and educational contract), apprenticeship and contracts of insertion (*contratti di inserimento*);

[3] In a recent report of the Italian Ministry of Labour (LPS (2007)).

– Other dependent contracts: agency contracts, job on call, job sharing, short-term labour administration contract, accessory job;
– Other self-employed contracts: continuous and coordinated contracts (COCOCO), COCOPRO, occasional collaborations.

In the literature there are only few articles, which provide information regarding the evolution and the characteristics of all types of atypical contracts in Italy. A book by Berton et al. (2009) aims at describing the reasons why the introduction of atypical contracts in Italy did not improve the overall flexibility of the labour market, but instead created a high level of uncertainty, which was unknown before, particularly among specific categories of workers. The papers by Mandrone (2008) and Adam and Canziani (1998) analyze the concept of atypical contracts and provide an insightful overview of the changes registered in the labour market after their introduction. Finally the book by Contini and Trivellato (2005) tries to examine the consequences of the introduction of several types of atypical contracts in terms of turnover and uncertainty, by analyzing some key features associated with each of them.

This paper contributes to the literature by describing the entire evolution of atypical contracts in Italy. After analyzing the way the characteristics of atypical contracts have changed over time and how this evolution explains the changes in the utilization of specific types of atypical contracts, it provides an overview of the benefits workers hired on different contracts are entitled to and explains how atypical workers might be discriminated. This paper adds to the literature also by summarizing for the first time all the lessons regarding atypical contracts learnt from Italy.

This paper is organized as follows: in Section 2 we describe the evolution of contracts and the content of the major reforms. In Section 3 we provide a detailed description of the typical permanent contract. Section 4 lists and analyzes all the forms of atypical contracts currently available on the market. Section 4.12 describes the social benefits associated with typical and atypical contracts. Finally, an overview of the evidence related to atypical contracts and the lessons learnt from Italy is presented in Section 5. Section 6 concludes the paper.

2 Evolution of contracts

Employment contracts are defined by the Italian legislation as agreements stipulated between employers and workers. These contracts set the rules by which workers offer their services in exchange of a salary paid by the employers. The specific characteristics of an employment contract such as salary, working hours, and holidays are normally established by unions' collective national agreements and they differ from sector to sector.

The timeline that describes the evolution of labour market regulations regarding atypical contracts is presented in Figure 1. From a statutory point of view, open ended contracts became legal in Italy in 1942. Since the mid-fifties the only form of short-term contract regulated by the Italian law was the apprenticeship. Later, in the mid-eighties a new form of short-term contract with similar features and objectives was introduced: the *Contratto di Formazione Lavoro* (CFL) . Both types of contracts were specifically designed for young workers (below the age of 29). Their precise and explicit aim was to provide training to an unexperienced category of individuals to learn a profession. They represent a vocational education and training type of job. The social security and welfare fees associated with both types of contracts are heavily subsidized by the government.[4]

The Law-230/1962 (1962) was the first one to introduce the concept of a limited duration contract (fixed-term contract) in the Italian labour market. The first article of the law states clearly that any employment contract is by nature permanent. The law emphasizes the fact that fixed-term contracts should be considered an exception and could be utilized only under specific circumstances. The Law-230/1962 (1962) explicitly enumerates a number of situations in which a fixed-term employment contract is allowed:

1. Seasonal jobs;
2. Substitution of workers on leave, who have the right to preserve their positions;
3. Performance of a specific and well-defined occasional activity;

[4] For this reason these instruments represented in certain cases a convenient way for firms to reduce high labour costs: often young workers were hired to complete tasks without receiving any vocational training.

4. Performance for a limited time of chain activities requiring specific skills not available within the firm.

Since the second half of the 70's, several relaxations of this legislation have been approved. However, the most remarkable innovation has been introduced with the Law 58/1987 (1987) which allowed collective bargaining to define new circumstances in which fixed-term employment contracts could be utilized. An important agreement reached in 1989 extended the eligibility to fixed-term employment contracts to:

- Unemployed older than 29 years old and therefore not eligible to vocational contracts (apprenticeships and CFLs);
- Workers younger than 29 years old with no qualification.

In addition, the Law- 236/1993 (1993) stipulates that workers who were hired on a fixed-term contract to perform a seasonal job, have priority to be hired long-term by the same company to perform the same type of job. This holds if the workers exercise their right within three months from the expiration of their contract. In 1993 a social pact to lay down the basis of the industrial relations and collective bargaining framework was signed. The collective bargaining structure laid out in the 1993 includes a two-tier bargaining structure:[5]

- Collective bargaining at the national (sectoral) level, to determine the terms and conditions of employment (renegotiated every four years) and minimum wage guarantees (*minimi tabellari*, renegotiated every two years);
- Bargaining at the second (regional or firm) level, allowing the bargaining parities to supplement national contracts (valid for four years).

According to this rules, second-level bargaining is optional, and wages can not be reduced below those negotiated in the minimum wages. Therefore, although second-level bargaining in principle provides flexibility for better wage-productivity links, the wage floor imposed by the minimum wages limits the use of second-level bargaining.

Few years later, the Law-25/1995 (1995) regulated a type of short-term contracts entitled *Collaborazione Coordinata e Continuativa* (COCOCO).[6] Within this contract, the workers are in fact independent since there is no subordination to a principal (employer).

Since then, three major reforms have been implemented respectively in 1997, 2001 and 2003 with the specific objectives of improving labour market flexibility and increasing both labour force participation and employment.

The first reform known as *Legge Treu* was approved in 1997. It represents a milestone in the history of the recent Italian labour market. One of the major innovations brought by Law-196/1997 (1997) is the regulation of a new form of short-term contract: the agency contract. Moreover, it establishes modifications for the application of fixed-term contracts, apprenticeships and CFLs. Specifically:

- It decreases the severity of the sanctions for the illegal use of fixed-term contracts. In case of a sever violation of the law, the penalty consists of hiring the worker permanently. If the law violation is less severe, the firm is required to pay a penalty fee;
- It increases the social security fees due by workers hired on a CFL;
- It increases the number of circumstances under which apprenticeship can be used, emphasizing the importance of vocational training for young workers.

The first real opening towards fixed-term contracts happened few years later with the Law-368/2001 (2001). The Italian legal system implemented a 1999 EU Directive, which allowed firms to use fixed-term contracts under many different circumstances according to organizational, productive and technical needs.

The most recent reform took place in 2003 with the Law-30/2003 (2003). This law, known as *Legge Biagi*, introduced new additional forms of atypical contracts and several modifications for the application of apprenticeship and CFL. The "job on call" contract allows firms to hire workers and complete some tasks in a discontinuous manner. The "job sharing" contract allows firms to hire two people to perform the same job while providing them with the freedom to organize and coordinate the activities among themselves. Regarding existing contracts:

[5] Part of the information has been collected from ILO (2011) and Schindler (2009).

[6] The COCOCO contract was introduced at first in the Seventies by the Civil Procedure Code, but since 1995 pension contributions to a special fund within the Social Security Administration were imposed on workers holding this type of contract.

– Apprenticeship is split in several programs which address specific type of vocational training (heavier on training or heavier on work according to the type of activity);
– COCOCO contract is associated to a specific project. The objective and the topic of the project are chosen by the job provider and the worker is autonomously responsible for the project management;
– CFL is replaced by the "insertion contract", whose duration is established to be no shorter than 9 months and no longer than 18 months. Firms are allowed to hire on this contract specific categories of workers (women, young individuals, and unemployed over 50 years old) to help them be inserted or re-inserted into the labour market.

In the following sections, we will present a detailed description of the characteristics of all types of contracts regulated by the Italian Law. For each of them, we will illustrate the main purpose, the eligibility criteria, its evolution over time, and the associated benefits for the workers.

3 The permanent contract

The permanent employment contract is a full-time contract of unlimited duration with a single employer, which guarantees a regular income, pension payments, and a wide range of benefits. In the following sections, we will provide a descriptions of the characteristics of the contract, the associated benefits and the requirements needed to be eligible.

3.1 Trial period

According to the Italian Civil Code (article 2096) an employment contract may include a trial period of employment. This term should be written in the contract. The trial period can be part of the employment relationship or can occur before the beginning of the permanent contract. The objective of the trial period is to verify the existence of a good match between employer and employee to assure a productive working relationship. According to current laws, the maximum duration established for trial periods is six months for all workers and three months for white collars without managerial duties. The terms ruled by the law or established by national contracts may not be extended, but may be reduced if both parties are in agreement. There is only one exception to the rule by which a trial period can last longer than the maximum established length of time. This happens when the special complexity of the tasks assigned to the employees makes it essential to have a longer trial period.

In general, both parities during and at expiration of the trial period are free to break the contract without any obligation of justifications or early notice. There is no obligation from either of the parity to compensate the other one. The only exceptions are:

– If the termination during the trial period is caused by discrimination;
– If the termination during the trial period is caused by a factor exogenous to the working relationship;
– If the worker has not been assigned her tasks clearly and the trial period therefore does not provide a suitable assessment of her capabilities;
– If the worker is on medical leave.

If a worker can prove the illegal termination of the trial period by the employer, she has the right to complete the trial period. Moreover, the employer is responsible for the payment of her salary for the remaining period.

At expiration of the trial period, the employer does not need to provide written notification of his intention to continue the working relationship. The fact that the working relationship continues beyond the expiration of the trial period is enough for the trial period to be considered successfully and for the working relationship to be considered permanent.

3.2 Termination

In accordance with the Article 2118 of the Italian Civil Code, in case of termination of an employment contract, each of the contracting parities must provide prior notice within the time period and in compliance with the procedure established by the collective agreements. If notice is not provided, the

parity which terminates the contract is required to pay the other parity a compensation equivalent to the expected remuneration over the period of notice.

There are several ways by which a contract can be terminated:

- Unilateral termination by the worker: resignation. Resignation is the act by which a worker terminates an employment contract. Resignation is recognised as an act of unilateral initiative, and as such it does not require a concurrent agreement by the recipient. Workers may terminate an employment contract any time, provided the respect of the terms of notice. In case the worker resigns, the firm may ask for a compensation; collective agreements usually derogate to the general rule by substituting the compensation with advance notice;
- Mutual termination of the contract (Article 2113 of the Italian Civil Code). This termination is characterized by the mutual intention of the employer and the employee;
- Unilateral termination by the employer: dismissal. There are several types of dismissal:
  - Dismissal without restrictions: *ad nutum*. In this case there is no need to specify the motivation for the dismissal and it is legitimate in a limited number of cases. This type of dismissal can be applied only to managerial staff, workers who have acquired the right to retire and workers undergoing a trial period of employment;
  - Dismissal for a justified cause (Article 2119 of the Italian Civil Code). The termination may occur when there is a cause for dismissal which does not even allow a temporary continuation of the employment relationship. In such cases, termination of the contract occurs without notice. It is legally accepted as "justified cause" the behavior of a worker (either in or outside the workplace) which damages the element of trust at the basis of a working relationship (e.g., acts of violence committed to the detriment of a co-worker, theft of company property);
  - Dismissal for a justified reason. This type of dismissal can be divided in two subcategories: subjective and objective. A worker can be dismissed for a subjective justified reason if she fails to fulfill a requirement. If the worker is fired for reasons which are independent on her willing or responsibility, the dismissal is due to an objective justified reason. The dismissal for objective justified reason is legally accepted whenever it is motivated by issues related to firm productivity or work organization and its smooth performance (e.g., reduced operations, bankruptcy, job destruction, work re-organization to achieve a more efficient management, closure of a unit). However, in few cases it is legally accepted even when it is due to a specific issue of the worker: she is physically unable to work or she is in jail or she does not have legal permit to work. Dismissal for a justified reason requires the employer to provide early notice to the worker. To provide full protection to the workers, dismissal for a justified reason should be notified by the employer according to the formal procedures established by law. The burden of proving that an individual dismissal is justified by subjective or objective reasons is on the employer.
- Dismissal through *force majeure*. It occurs when issues beyond the control of the parities involved prevent the continuation of the working relationship. Such issues may include death of the employee, arrest, and imprisonment. The dismissal is justified also in few additional circumstances: when the employee's absence from work affects her performance within the firm or when a crime committed by the employee has a negative effect on the working relationship and undermines the trust between the parities involved.

Within 60 days by the notice of dismissal, workers may appeal to the decision by filling a petition to the Labour Magistrate or by attempting to obtain a settlement with the support of a trade union or the provincial labour commission. If the dismissal happens without a justified cause or a justified reason and the firm has less than 15 employees, the employer is required within three days to reintegrate the worker within the firm (obligatory protection) in her former status of employment or to hire the worker by signing a new employment contract. In case the employer is not willing to reintegrate the worker within the firm, the employer is required to compensate the damage caused, by paying an amount which can range from 2.5 to 6 month salary. This amount can increase up to 10 monthly salary if the worker's tenure is longer than 10 years or 14 monthly salary if the worker's tenure is longer than 20 years.

If the dismissal happens without a justified cause or a justified reason and the firm has more than 15 employees, the termination of the contract is declared illegitimate. The employer is required to reintegrate the worker within the firm in her former status of employment (same employment contract and duties). If the worker is reintegrated within the firm but transferred to a different plant, the firm should prove that the transfer was due to technical, productive or organizational motives. The monetary

compensation for the caused damage amounts to the sum of the missed salary and the social security fee for the period of time occurring between the firing and the new hiring (not lower than 5 months salary). The burden of proof for supporting the hypothesis of illegitimate dismissal is on the worker.

Within thirty days from the invitation by the employer to go back to work, the worker is allowed to request a compensation equivalent to 15 month salary instead of the reintegration within the firm (on top of the compensation for caused damage consisting of missed salary between the firing date and the new hiring date).

4 Atypical contracts

The Italian labour market is characterized by the presence of a large number of atypical contracts. In the following sections, we will describe in detail the specific scope and features of each atypical contract with the objectives to provide a picture of their characterization and to emphasize the way they differ from a typical permanent contract.

4.1 Part-time

Part-time work refers to a working week of shorter duration than the full working week. It may be horizontal (reduced daily working time), vertical (full time but for limited periods with reference to weeks, months or years) or mixed (a combination of both). Part-time work requires workers prior consent whereby not specifically provided for by the relevant collective labour agreement. In Italy horizontal part-time work was introduced during the Seventies for the first time as an instrument for the firms facing economic problems. In 1984 (Law 863/1984) new marginal elements were introduced, without changing the scope and the terms. In 2000 (Legislative Decree 61/2000) vertical part-time work was established e in 2001 additional changes were introduced to increase flexibility for both the employer and the employee. In 2003, with the Legislative Decree 276/2003 the possibility to work part-time has been extended also to employees hired on fixed-term contracts.

4.2 Vocational training contracts

Contratto di Formazione Lavoro (CFL), contract of insertion, and apprenticeship are atypical contracts which share a common objective. They have been regulated with the specific aim to facilitate the transition of young people from schooling to work.

4.2.1 Contratto di Formazione Lavoro (CFL)

CFL (Figure 2) is a special employment contract intended to promote hiring and training among individuals between the age of 16 and 29 years old (up to 32 years old in the Southern regions of Italy). Originally regulated by the Law-863/84 (1984), it has been deeply modified by the Law -451/1994 (1994) (Article 16). Within this contract, the employer is responsible for the salary and the vocational training of the employee in exchange for her work performance.

The Law-451/1994 (1994) institutes two different types of contract:

- A vocational training contract with a minimum duration of 24 months for the acquisition of intermediate and high-level occupational skills;
- A vocational training contract with a minimum duration of 12 months designed to smooth the transition process into the labour market. This contract is specifically suitable for those workers who are in search of a practical job.

The employer is required to find arrangements to provide the workers with a minimum number of hours of theoretical training. The law specifies the number of hours of required training according to the skill level or grade to be achieved for the completion of the contract.

At expiration of the contract, the employer must notify the Labour Office, show the results achieved by the employee, and provide the latter with a document certifying the completion of the training.

In order to encourage the hiring of young individuals on vocational training contracts, the Law grants employers both with financial and regulatory incentives. In terms of regulations, the employer is only required to specify the names of the young individuals she wishes to hire and the short-term nature of the contract. Financially, the social security and welfare fees are heavily subsidized by the Government. Before 1999, the employer was required to pay a fixed quota (small) as social security and welfare fee for the benefits of the workers, if located in the South of Italy (Table 1). The employer was entitled to a 25% reduction in terms of social security and welfare fees if located in the North and Center regions of Italy (and 40% discount if located in the North and Center regions and operating in the sales and touristic sectors, if the total number of employees was less than 15). In order to be eligible for these benefits the employer was required to upgrade at least 60% of the vocational training contracts to permanent contracts at expiration. Moreover, regarding the first type of CFL contract, in specific areas the upgrade to a permanent contract at expiration would allow the employer to benefit from the social security fee rebate for one additional year.

These benefits for employers have been declared illegitimate by the 1997 EU intervention. Following the directions of the European Union Commission, the Italian Government in 2000 declared that the fiscal and social security incentives were legitimate only in specific situations (e.g., the worker is younger than 25 years old (29 years old if she has a bachelor's degree), she has been unemployed for more than one year, the company labour demand sharply decreases). However, these incentives can not differ by sector or by geographical area. Table 1 shows the evolution over time of social security fees by geographical area.

In addition, as an additional incentive for the firms, the employer is allowed to frame the employee within a lower level with respect to her real qualification so that her salary falls in a lower range.

The Law-30/2003 (2003) replaced CFL with a new atypical contract entitled *contract of insertion*.

4.2.2 Contract of insertion

The most relevant reform regarding vocational training contracts has been implemented by Law-30/2003 (2003) with the introduction of the *contract of insertion* which replaces the CFL for the private sector. Eligible workers are:

- Individuals between the age of 18 and 29;
- Unemployed older than 50 years old;
- Long-term unemployed (more than 1 year) between the age of 29 and 32;
- Unemployed for more than 2 years;
- Physically or mentally disabled;
- Women in sectors where the female unemployment rate is very high (more than 10%) or the female employment rate is very low (more than 20% lower than the male employment rate).

The contract should be written. In case the contract is not, it is assumed to be permanent. The maximum duration of the contract is 18 months (up to 36 months for disabled) and the minimum expected duration is 9 months. The firm is responsible for providing at least 16 hours of vocational training and for helping the worker develop a project to improve skills which are spendable on the labour market.

The firm may agree upon a trial period or on a part-time schedule. There are financial incentives for the firm in terms of lower social security and welfare fees for all the workers categories mentioned above, but for individuals between the age of 18 and 29. Companies located in the North or Center of Italy are eligible for a 25% rebate. For companies operating in the touristic or commercial sector, the reduction is equal to 40%. Firms located in the South and craftsmen companies are required to pay only a small fixed fee. Another incentive for the firm is related to the worker's salary. The employer is in fact allowed to frame the employee within a lower level with respect to her real qualification so that her salary falls in a lower range.

There is no maximum number of workers than can be hired on insertion contracts per each firm. At expiration of the contract, the firm is not required to keep the worker. However, in order for the firm to hire additional individuals on an insertion contract, the company should keep within the workforce

at least 60% of the worker hired on this type of contract during the previous 18 months. The contract can not be renewed between the same parities, but the worker can sign a new insertion contract with a different employer. Extensions of the contract are allowed only if included within the established length limits (18 or 36 months).

Workers hired on an insertion contract are in principle insured in case of illness (medical leave), maternity (pregnancy leave), unemployment (unemployment benefits) as any permanent worker, but they are not eligible for mobility leave. However, given the short length of the contract, most of the workers are eligible only to reduced benefits (Berton et al. (2009)). For instance, workers hired on an insertion contract are not eligible for full unemployment benefits and the reduced unemployment benefit does not really provide an income insurance during the period of unemployment (see section 4.12.1). Regarding medical leave, there seems to be some form of discrimination for workers hired on CFL: the total number of days allowed for medical leave is equal to the total number of worked days with a limit of 180 days. For permanent workers, the only limit is 180 days and the "extension principle" holds: if the worker gets sick within two months after the contract is terminated, she is still covered by the insurance.

In case of pregnancy, the worker is insured in case the contract is on and the maternity leave started before the last 2 months of the contract. Otherwise, in order to be eligible the worker should be getting unemployment benefits or be in mobility leave or have paid at least 26 weekly social security and welfare fees in the 2 years prior to the beginning of the maternity leave, if it starts within 6 months from the expiration of the contract. If the worker does not fulfill any of the above specified requirements, she can still get a maternity check if she paid at least 3 months of social security and welfare fees during the 18 to 9 months prior to the birth. This insurance pays a fixed amount (about 350 euro per month for the five months of compulsory leave).

Finally the worker is eligible for the family allowance only if the contract is on or the worker is getting unemployment benefits.

4.2.3 Apprenticeship

Apprenticeship (Figure 3) is an employment contract by which the employer is responsible for providing or arranging to provide vocational training. The apprentice needs training in order to acquire technical knowledge to become a skilled worker within the enterprise. The employer is required to ensure that the young employee acquires professional qualification.

The young employee is required to attend training classes held outside the enterprise and organized specifically for apprentices by regional institutes. The apprenticeship contract has been introduced for the first time by the Law-25/1955 (1955). The target is the pool of young workers who belong to the 15-20 age group and the maximum length of the contract is established to be 5 years.

In 1997 a new Law (Law-196/1997 (1997)) introduced major changes to the regulations on apprenticeship. This Law defined the objective and the scope of the apprenticeship contract in a more precise way by emphasizing the importance of the training and by clarifying the way this contract fits within the system of vocational training contracts. This Law also allowed individuals between the age of 16 and 24 to be hired as apprentices. The age limit could be increased to 26 years in specific geographical areas (Southern regions). In the case of craft firms, collective agreements may agree on the age extension up to 29 years for jobs demanding high skills. The extension of the age limit has increased significantly over the years the utilization of apprenticeship contracts.

The apprenticeship contract is generally used by crafts firms (small business) in the manufacturing, retail, and service sectors. By Law (Law-196/1997 (1997)), the length of an apprenticeship contract can range from a minimum of 18 months up to 4 years. Within these limits, collective agreements establish for each sector the length of the contract according to different occupational profiles. The average length of the apprenticeship contract is 2.5 years.

The apprenticeship contract is particularly advantageous for employers since the required social security and welfare fees are rather small. In 2007 this percentage was established to be equal to 10%. The wage structure for apprentices is established by collective agreements: the wage of an apprentice corresponds to a share of the wage earned by a worker employed on a permanent contract (usually approximately 58% in the first semester and up to 95% in the last semester).

In addition, as for the contract of insertion, the employer is allowed to frame the employee within a lower level with respect to her real qualification so that her salary falls in a lower range.

With the Law-9/1999 (1999), which introduced compulsory education (or vocational training) for young people up to the age of 15, and the Law-53/2003 (2003), which extended it up to 16 years old, young individuals can decide to absolve this obligation in regular schools, through apprenticeships, or by participating to full-time vocational training courses.

The Law-276/2003 (2003) recognizes three types of apprenticeship contracts which differ by objectives:

1. Apprenticeship for the right-duty of education and training. Within this contract the applicant is able to obtain a vocational/professional qualification and an easier access to the labour market. Young people older than 15 years old are eligible (the age range is between 15 and 18). The apprenticeship contract lasts for a maximum of 3 years depending on several aspects: the qualification required, the education level, the vocational credits, and the funds allocated either by public employment services or by the individual;
2. Professional apprenticeship. Because of the on-the-job training and the technical-professional learning, the applicant is able to obtain a qualification. This apprenticeship contract targets young people between the age of 18 and 29 and teenagers holding a vocational qualification. The contract's length is established by collective agreements to vary between 2 and 6 years. It is possible to merge the years of apprenticeship for the right-duty of education and training with those of the professional apprenticeship;
3. Apprenticeship for the acquisition of a diploma or higher vocational/professional training. The applicant is able to obtain a secondary school-university certificate with a higher training and a superior technical specialization. This type of contract targets individuals between the age of 18 and 29. Its duration has to be decided by the Regions in agreement with the social entities and training institutions involved.

The first and third types of apprenticeship represent the major innovations introduced by the law. These were created in response to the educational reforms and represent solutions to guarantee the right for individuals to accumulate at the same time schooling and work experience. The Law-276/2003 (2003) states that the vocational/professional qualification obtained through one of the three apprenticeship contracts counts as a credit towards an educational or vocational course. The standards by which these credits will be recognized must be set by a decree of the Ministry of Employment and Social Politics together with the Ministry of Education, University and Research and previous agreement with the Regions and independent Provinces.

Apprentices are not eligible neither for mobility leave. They are entitled to family allowance, medical and maternity leave. They are entitled to reduced unemployment benefits provided they fulfill the first requirement thanks to a previous job and they have worked for at least 78 days (days worked as apprentices are indeed counted for the second requirement). In the period 2008-2011, to face an ongoing economic crisis, in case the worker has been working for at least 3 months and she gets fired and she is unemployed, the apprentice is eligible for full unemployment benefits for a maximum of 90 days.

4.3 Fixed-term contract

The Law-230/1962 (1962) introduced fixed-term employment contracts (Figure 4) in the Italian labour market as an exception to the regular permanent contract. The Law clearly specified that this contract could be used only under specific circumstances: to replace workers on leave or for seasonal jobs and special activities of limited duration. In addition, the Law specified that the contract could be used in the touristic and commerce sectors to face periods of increased business. Fixed-term contracts could be utilized both in public or private sectors. The maximum length of the contract was not specified by the Law. The legislator allowed the possibility to renew the contract at most once to complete a job within the same activity in agreement with the worker. The extension should have been motivated by unforeseeable needs due to uncertain and unexpected circumstances and for a period of time no longer than the length of the previous contract. If the contract continued even after the expiration, it was considered a permanent contract since the beginning of the contract itself (this would be applied also in case of renewal).

With the Law-18/1978 (1978), firms are allowed to set an expiration date for the contract if they operate in the touristic or commercial sectors for different reasons, such as for the intensification of the business.

The Law-56/1987 (1987) allowed collective bargaining to identify new circumstances in which fixed-term employment contracts could be allowed. Also it established the maximum number of workers that could be hired on a fixed-term basis as a percentage of permanent workers hired within the firm.

Since 1989 two additional categories of workers can be hired within fixed-term contracts:

- Unemployed older than 29 years old and therefore not eligible to be hired on a work/training contract;
- Workers who are younger than 29 years old and have no qualifications.

In addition, the Law-236/1993 (1993) states that workers who have performed work of a seasonal nature while hired on a fixed-term contract have priority to be hired permanently by the same company to perform work of the same nature, if they exercise that right within 3 months from the expiration of the contract.

The rules governing fixed-term employment contracts have changed significantly with the approval of the Decree-368/2001 (2001) by which the Italian legal system translated the EU Directive, with the aim to creating a common discipline for fixed-term contracts across Europe. The main novelty introduced by the Law is the absence of a list of situations in which a fixed-term contract can be utilized. The law considers any technical, productive, or organizational motive as admissible. In this way the range of situations in which a fixed-term employment contract may be utilized is significantly enlarged. The motivation should be written in the contract. A copy of the document should be sent to the worker within five days by the beginning of the working relationship.

The Law does not allow the utilization of a fixed-term contract in the following situations:

- To replace a worker who is exercising her right to strike;
- To replace workers in productive units affected in the previous six months by collective dismissals of workers with the same duties (unless union agreements state otherwise);
- When workers with suspended or reduced working hours benefiting from the CIG are assigned temporary duties;
- In companies which have not established an assessment of risks for workers health and safety.

The law establishes that quantitative limits for the utilization of fixed-term contracts should be regulated by collective agreements. However, these limits are not applicable if:

- The firm is in the initial phase of the activity;
- For a replacement motive;
- For seasonal activities;
- For increased business in certain periods of the year;
- For the performance of an occasional and special well-defined job pre-determined over time;
- At the end of a internship period to facilitate the entry of young workers into the labour market;
- If signed with workers older than 55 years old;
- For short-term contracts which differ from the above-described type and whose length is shorter than 7 months.

It is also possible to include a trial period of employment within the fixed-term contract if it is established before or in the beginning of the working relationship and it is written in the contract. The length of the contract can not be longer than 36 months.

Fixed-term contracts may be renewed only once with the consent of the worker only if the length of the initial contract was shorter than 3 years. In such cases, the duration of the contract (initial contract and extension) may not exceed 3 years. The extension should be motivated and related to the same activity for which the initial contract was signed.

The Law establishes that the working relationship (both the initial one and any extended one) may continue after the expiration of the fixed-term contract for a maximum period of 20 days if the length of the contract is less than 6 months (30 days if the length of the contract is greater than 6 months). In such cases, the employer must increase the worker's wage for each day of the working relationship by 20 percent for the first 10 days and 40 percent for each day thereafter. Finally, if the working relationship continues beyond such period, the contract is considered permanent since the expiration of the fixed-term contract.

A new fixed-term contract may be signed with the same worker if at least 10 days have passed since the expiration of the first contract if the former had a duration of less than 6 months (at least 20 days have passed since the expiration of the first contract if the former had a duration of more than

6 months). If an employer fails to respect these terms, the second contract is considered permanent. Employment contracts are also considered permanent from the signing day of the first contract in case of two successive periods of employment on a fixed-term basis.

Fixed-term employees have the right to receive the same economic treatments as permanent employees who work in the same firm and within the same employment level. The wage is computed as a proportion of the completed work. Workers hired on a fixed-term contract have the right to receive sufficient and adequate training for the type of duties they are required to perform, so as to prevent risks related to the specific activity.

Termination of the contract before the expiration can happen only for justified cause (i.e., for a severe impediment that does not allow even temporarily the prosecution of the working relationship). Termination of the contract for justified reason (objectively or subjectively) is not allowed. If the worker is fired without justified cause, the employer is responsible for the economic compensation of the worker in terms of all the missing salaries from the firing until the expiration of the contract.

The social security and welfare fees to be paid by the firms are the same as for permanent workers. Regarding social and welfare benefits for the worker, the same rules apply as the for CFL.

4.4 Agency contract

The agency contract (Figure 5) is an employment contract whereby an employee who is hired and paid by one enterprise (the agency) is placed at the disposal of an employer (called the user) who receives her work performance. The established employment relationship is therefore characterized by the presence of three actors and by the dissociation between the identity of the employing parity and the actual work performance. The worker is officially hired and paid by the agency and works for the firm (the user). This form of employment already used extensively in other European countries was prohibited in Italy by the Law-1369/60 (1960). In 1993 for the first time the system recognized the need to regulate this type of contract "in order to make the labour market more efficient".

This contract has been formally regulated in Italy by Law-196/1997 (1997) and then modified few years later (by the Law-488/1999 (1999)). Even though introduced with a certain delay with respect to the European schedule, this contract might satisfy needs of employers. For the first time, indeed, firms are allowed to deal with workers using private forms of intermediation and without signing a subordinate employment contract.

The applicability of the agency contract is subject to restrictions, only if the worker does not qualify as a manager. In this case, it can only be signed for:

- Replacement of workers on leave (pregnancy, military leave, illness);
- Temporary utilization of specialized skills usually not required by standard productive assets;
- Specific situations required by the unions.

The Law-488/1999 (1999) introduced a list of situations in which the utilization of this type of contract is not allowed:

- Replacement of workers on strike;
- Replacement of workers in firms which filed for collective firing in the previous 12 months;
- Replacement of workers in firms which filed for reduction of hours worked or reduction of labour demand;
- Within firms that did not provide a detailed risk analysis;
- For jobs requiring medical supervision and for dangerous activities.

The contract between the firm and the agency should be written and should include both the beginning and the termination date of the contract. This type of contract is not permanent. The maximum length of the contract between the worker and the firm is 2 years. The contract between the worker and the firm should be written and can be short-term or permanent. The contract should also include the motivation behind the utilization of an agency contract and the detail of the hiring (e.g., length of the contract, requirements, employment level). The contract can be renewed after the expiration only in specific situations. If the worker keeps working after 10 days from the expiration of the contract she is considered hired permanently by the firm. If she works for less than 10 days after the expiration of the contract she is eligible for an additional 20% of the salary which is paid by the firm.

The law explicitly requires that the wage paid to the worker (by the agency) should be the same as any other worker with same skills within the same company. The firm is required to pay back to the agency the salary and the social security and welfare fees on behalf of the worker. The agency is required to pay 5% of the total salary for the professional training of the short-term worker. The Law-488/1999 (1999) reduced it to 4%.

The total number of workers hired on an agency contract per month can not be higher than a certain percentage of the total number of permanent workers hired within the same firm. The percentage is established by collective agreements.

The social security and welfare fees are paid by the enterprise and the percentage is the same as for workers hired on a permanent basis, according to the sector of activity. With the Law-30/2003 (2003) this contract has been renamed as *short-term labour administration contract*.

4.5 Short-term labour administration contract

The short-term labour administration contract has been regulated by the Legislative Decree-276/2003 (2003). This contract involves as for the agency contract three subjects: the utilizer, the supplier, and the worker, who is an employee hired by the supplier. Hence, two are the labour contracts regulating the relationships: the contract between the utilizer and the supplier and the contract between the supplier and the worker. The short-term labour administration contract can be used:

- In specific situations established by collective agreements;
- For any technical, productive, organizational or economic reason even related to the ordinary activity of the firm;
- For temporary needs of the firms (as defined by the collective agreements);

The contract can be extended with the consent of the worker for the length established by the supplier. The circumstances in which it can not be utilized are the same as for the agency contract. The worker is entitled to receive maternity leave, health leave, unemployment benefits, family allowance, but not CIG and CIGS. The main novelty is the possibility for agencies and using firms to sign open-ended contracts (staff-leasing); staff-leasing was then abolished in 2007 and introduced again in 2010.

4.6 *Collaborazioni coordinate e continuative* (COCOCO)

COCOCO (Figure 6) is a pseudo-subordinated type of contract. This contract involves an employment relationship which is continuous over time without being formally defined by the framework of a formal employment contract. The main feature of this contract is the non-subordinated position of the worker with respect to the employer. The worker is a collaborator of the firm with which the contract is signed and the activity is established according to the requirements of the project she is working on. It is a coordinated activity because the worker is required to adjust her activity according to the organizational framework and the productive structure of the firm. This contract was introduced during the Seventies by the Code of Civil Procedure. Since 1996, pension contributions to a special fund (called *Gestione Separata*) within the Social Security Administration were imposed on workers holding this type of contract. Before 1996 it was impossible to track down the number of pseudo-subordinated workers because they were not required to pay any social security and welfare fee.

Since 2001, the Law-388/2000 (2000) considers the income coming from this type of contract as payroll income.

The people who are eligible to be hired on a COCOCO contract with pension contributions to the special fund are:

- Freelancers with no social security;
- Companies' CEOs;
- Collaborators (to journals, newspapers, encyclopedia);
- Board and court participants;
- Panders and pollsters;
- Athletes;
- Retired workers employed as collaborators.

The contract should be written and should include the duration, the length of the trial period, and the salary level, which is bargained between the firm and the worker. This contract requires the firm to pay lower social security and welfare fees, compared to a permanent contract. The social security fees amounted to 13% of the salary in 2000 to be augmented by 1% every two years since 1998 up to 19% in 2014. For retired workers and artists the fee is equal to 10%. Two third of the cost has to be paid by the employer and one third by the worker. Workers hired on a COCOCO have the right to social security benefits.

4.7 *Collaborazioni continuative a progetto* (COCOPRO)

The Law-30/2003 (2003) replaced this type of contract with the *Collaborazioni Continuative a Progetto* (COCOPRO). The objective of the contract is the development and completion of a specific project or the performance of a specific activity which is functional for the firm's business. The worker is independent and is free to organize her own work and to choose the structure, the timing, and the location. However, her activity is strictly linked to the firm's activity and, as such, needs to be coordinated with the employer.

The total length of the contract depends upon the project and the time needed for its completion. If the contract is not linked to a project, it is considered permanent since its stipulation. The renewal of the contract is not allowed since the contract is based on a specific project. The only situation in which a renewal is admissible is whenever the project requires more time to be completed. If the project changes, the employer is allowed to sign a plurality of contracts with the same worker, each linked to a specific project. The contract terminates automatically at the completion of the project.

The salary is established on the basis of the quantity and the quality of the work done. The reference is the salary usually paid for similar jobs to independent workers (freelancers). The salary and the method of payment should be written in the contract. The fees to be paid for the social security and welfare of the employee are equal in 2010 to 26.72%; the firm is responsible for the payment of two third of the amount, the worker is responsible for the remaining one third.

In case of pregnancy or injuries the contract is not terminated, but suspended. In case of illness or injuries the employer is allowed to terminate the contract if the leave is longer than one sixth of the length of the contract or longer than 30 days. In case of pregnancy, the contract is suspended for 180 days and it is extended later on.

If the worker is sick she can be eligible for benefits: since 2000 for hospitalization benefits, since 2007 for any type of illness benefits. The first type of benefit pays an amount which is double with respect to the second one, but it is paid only if the worker is hospitalized. In order to be eligible the worker should not get any form of pension and her income should be lower than 70% the maximum amount established by law. Moreover, the worker should have paid at least 3 months of social security and welfare fees during the previous 12 months. The benefit is received by the worker for a maximum of 180 days per each day of illness. The maximum number of paid days is equal to one sixth of the total number of days of the contract.

The requirements are very similar in case of pregnancy: the worker should have paid at least 3 months of social security and welfare fees during the previous 12 months, starting 2 months before the delivery. The daily benefit is equal to 80% of the daily salary.

Pseudo-subordinated workers are eligible for the family allowance, if at least 70% of their total income comes from the project established in the contract and if the contract is on. If the worker is receiving unemployment benefits, she is not eligible for the allowance.

4.8 Job sharing

This type of contract has been regulated for the first time by the Law-30/2003 (2003). Within this contract two workers are responsible for performing one activity. Each of them is responsible for completing the entire job. The employees may decide their schedule and change it over time, but none of them can be replaced by a third worker. The objective of the contract is to balance the flexibility needs of the worker and the employer. The salary is established according to the proportion of the work done and its quality. The main characteristics defining the contract are:

– The division of labour can be horizontal or vertical;

– The two workers can exchange shifts;
– A third worker is not allowed to replace any of the two workers;
– The two workers count as one within the workforce;
– Both workers are entitled to receive the same wage and pension of a regular employ within the firm;
– In case any of the two workers quits or gets fired, the contract is over.

4.9 Job on call

This particular type of short-term employment contract has been introduced by the Law-30/2003 (2003). It was abolished in 2007 and introduced again in 2008. The worker is paid to perform the activity established by the employer whenever the employer calls the worker. The activity is usually not continuous. There are two versions of the contract: in the first version the worker is always on call and she is entitled to a bonus in exchange for the availability. The second version does not require the worker to be always on call, but only during certain hours and the corresponding salary is therefore lower. The employer can be a single person, a firm, but not the public administration. The contract can be utilized:

– To perform activities, as identified by the collective agreements;
– For specified periods of time (e.g., week-end, Christmas break, Easter break);
– With individuals younger than 25 years and unemployed or older than 45 years old (even, if retired).

The utilization is forbidden:

– To replace workers exercising their right to strike;
– To replace absent workers in productive units in which in the previous six months there have been collective dismissals of workers with the same duties (unless the provisions of union agreements stipulate otherwise);
– In companies which have not carried out an assessment of risks for workers health and safety.

The worker can not be discriminated: she can not receive a salary which is lower than the salary received by any other worker hired within the same firm who performs the same type of activity.

4.10 Accessory job

This type of contract has been introduced by the Law-30/2003 (2003). This contract is suitable for all the occasional activities performed by workers at risk of social exclusion, ready to join the labour market or discouraged and about to leave the labour market. The objective is the regularization of those activities which are occasional and can not be framed in any other contract type. Those activities include:

– Home activities;
– Private teaching;
– Gardening, building and monuments cleaning;
– Organization of cultural and social events;
– Emergency activities in collaboration with public entities or voluntary associations.

The activity should last less than 30 days per year and the salary to be paid to the worker should be lower than 3000 euro. Eligible individuals to be hired on an accessory job are:

– Unemployed for more than 1 year;
– Housewives, students and retired;
– Disabled;
– Extra-european workers after six months since they have lost their jobs.

The worker performing an accessory job is paid by mean of a voucher and her income is not subject to taxation. The worker can not earn a net income higher than 5,000 euro per year from each employer. The worker is not eligible for maternity or medical leave, nor for unemployment or family allowance. The job is recognized for the pension.

The advantage for the "employer" is the lack of a formal labour contract; the advantage for the worker is the possibility to cumulate it with other source of income or pension and the non taxability.

4.11 Occasional collaboration

This type of contract has been introduced by the Law-30/2003 (2003) and the Legislative Decree 276/03 (2003). This contract regulates independent activities which are performed occasionally. The job relationships can not last more than 30 days within the same year with the same employer. The maximum annual income of the employee is 5000 euro. This contract differs from the COCOCO because of the lack of continuity and coordination in the service supplied. Moreover, it differs from the accessory job since it is not addressed to any specific category of workers. Due to its irregular nature, the occasional job does not require social security and welfare payments.

Any type of activity can be framed within this type of contract. However, a number of individuals are not entitled to utilize it:

- Freelancers, registered in specific lists;
- Employees on COCOCO contracts who collaborate with national sport associations;
- Public Administration employees;
- Companies' CEOs;
- Committees' participants.

In case any of the two requirements are violated (5000 euro income or 30 days service per year), this contract will be framed into other employment contracts regulations.

4.12 Benefits

In this section we present the main workers' benefits regulated by the Italian law. According to which contract the worker is hired on, he/she might be eligible to any or all of them. The main objective of this section is to emphasize the differences among contracts and to highlight the fact that in general more (and more generous) benefits are associated with typical compared to atypical contracts.

4.12.1 Unemployment benefits

Workers eligible for unemployment benefits are those who are insured against unemployment and have been fired. Workers who have been suspended by companies, which are affected by negative temporary events not due to the firm nor the worker (e.g, economic slowdowns, crisis) are also eligible. Workers who quit their jobs are not eligible, unless motivated by a justified cause (e.g., no wage payment, sexual harassment, change in the worker's duties). Eligible workers are those hired:

- on an open ended contract;
- on an short term contract;
- on a contract of insertion.

Non eligible workers are those hired:

- on an CO.CO.CO or CO.CO.PRO with pension contributions in the special fund (*Gestione separata*);
- on an apprenticeship.

In the Italian system there are two types of unemployment benefits: the full benefit, characterized by stricter requirements and higher benefits and the reduced benefit, characterized by looser requirements and lower benefits.

The requirements to be fulfilled in order to be eligible for the full benefit are :

- payment of at least one contribution to the unemployment fund in the 2 years before the claim is filed;
- 52 weekly social security payments (corresponding to 1 year) in the 2 years before the firing.

Since 2008, the unemployment benefit is extended from 7 to 8 months if the worker is younger than 50 years old and 12 months if older than 50 years old. The benefit is equal to 60% of the last salary earned by the worker for the first six months, 50% for the seventh and the eighth month and 40% for the following months. The benefit is computed on the basis of the daily salary obtained by dividing the total salary received during the three months before the beginning of unemployment by the number of

worked days. The workers who have been suspended are paid 50% of their monthly wage for a maximum of 65 days.

The reduced benefit is less strict in terms of requirements to be fulfilled:

- payment of at least one contribution to the unemployment fund not later than the beginning of the calendar year before the claim is filed;
- 78 working days in the year before the firing;

The benefit is paid for the number of days worked during the previous year (for a maximum of 180 days) and it is equal to 35% of the average salary for the first 120 days and equal to 40% of the average salary for the following days. The benefit is not paid at the beginning of the unemployment period, but in one unique transfer at the beginning of the following year. To this extent the objective of the unemployment benefit to support the income of unemployed workers during their absence from work is quite limited.

4.12.2 Pregnancy leave

In order to be eligible for pregnancy leave, the worker should be hired within an employment contract and receive a salary.

There are two types of pregnancy leave:

1. Compulsory;
2. Optional.

The compulsory leave lasts for a maximum of 5 months split such that the worker spends at home 2 months prior to the delivery and 3 months after the delivery. The Law-53/2000 (2000) introduced some flexibility so that the worker can spend at home 1 month prior to the delivery and 4 months after the delivery, if the health of the baby is not affected. Employees dealing with hard or dangerous activities or suffering from special diseases may extend the pregnancy leave since the first day of pregnancy. In the same way, they can extend the post-delivery leave up to 7 months after the birth of the baby. In case of death, severe disease or walking out of the mother, the father is entitled to take advantage of the post-delivery leave. During the compulsory leave, the employee is paid an amount equal to 80% of the average daily salary.

The optional leave can be asked until the child turns eight years old. The cumulative absence of mother and father can not be longer than 11 months. The following options are available in case of optional leave:

- The mother (payroll employee) of the baby can be on leave for up to six months until the child turns eight years old;
- The father (payroll employee) of the baby can be on leave for up to six months until the child turns eight years old;
- The only parent of the baby can be on leave for up to ten months.

Regardless of the family income, the optional leave can not be longer than six months total for both parents until the child turns three years old. If this limit is exceeded, the financial situation of the family plays a role: the income of the demanding parent can not be higher than 2.5 times the minimum pension. During the optional leave, the employee is paid an amount equal to 30% of the average daily salary.

4.12.3 Medical leave

By law the medical leave can not be longer than 180 days. The sick employee should be at home during certain time windows and can be controlled by doctors of the Social Security Institute. The only reason why the worker is allowed to be absent from home during medical leave is to get tested or to be visited by her doctors. During the medical leave, the employee receives a salary equal to 50% of her average daily salary for the first 20 days and two third of her average daily salary for the following days.

4.12.4 Ordinary Cassa Integrazione Guadagni (CIG)

This is a special policy intervention to support firms facing financial problems. The objective is to provide financial support to firms facing a crisis by covering the labour costs of workers who are temporarily not needed during this difficult phase. It guarantees salaries to the workers (blue collars, white collars and managers) while they are not required to work or they work part-time. It has been regulated for the first time in 1947 and modified later in 1951 and 1991 to strengthen the eligibility parameters to avoid abuse. Firms are allowed to file for the CIG whenever there is a production contraction or suspension due to temporary issues independent on workers or managers, or temporary economy-related slowdowns (business cycle fluctuations). The firms entitled to file for the ordinary CIG are industrial and manufacturing companies. The worker is entitled to receive 80% of her total salary.[7] The CIG is allowed for a maximum of 13 weeks and can be extended up to 12 months. For specific sectors, the maximum extension is 24 months.

4.12.5 Special Cassa Integrazione Guadagni (CIGS)

The objective and the procedure of this intervention is very similar to the one described in section 4.12.4, but the eligibility criteria are different.

Firms are entitled to file for CIGS in case of:

- Shake out;
- Reorganization;
- Transformation;
- Bankruptcy;
- Crisis.

The firms entitled to file are industrial and construction companies with more than 15 employees, trade and transportation companies with more than 50 employees and security companies. Firms can not file for both types of CIG at the same time. Entitled workers for special CIGS are blue collars, white collars and managers. The worker is entitled to receive 80% of her total salary.[8] The CIGS is allowed for a maximum of 12 months in case of crisis or 24 months in case of shake out, reorganization or transformation or 18 months in case of bankruptcy. Both ordinary and extraordinary CIG can not exceed 36 months within a period of five years.

4.12.6 Mobility leave

The mobility leave is a special government benefit for unemployed workers which substitutes the standard unemployment benefit in specific circumstances.

The employee is entitled to mobility leave whenever:

1. The CIG is over;
2. The worker is fired because of reduction of personnel or transformation of the activity;
3. The worker is fired because of firm closedown.

Table 2 describes how the length of the mobility leave varies according to the age of the worker and the location of the firm. Older workers are entitled to longer mobility leaves as well as workers performing their jobs in firms located in the South of Italy. The worker is entitled to the mobility leave whenever:

- She is registered in the mobility list;
- She has been employed within the firm for more than 1 year;
- She can prove she has worked for at least 6 months within the firm.

For the first 12 months, the worker receives 100% of the CIGS; later the salary is reduced to 80% of the CIGS.[9] This payment is suspended any time the worker is canceled from the mobility list, or she is hired permanently or she retires.

[7] A ceiling is established every year by law.

[8] A ceiling is established every year by the law.

[9] A ceiling is fixed every year by the law.

The CIG, CIGS and the mobility allowance are benefits for the workers, but not rights of the workers. Therefore, the claim is filed by the employer after a bargaining process with workers' representatives. The decision to grant any of the benefits is upon the Minister of Labor.

4.12.7 Family allowance

The objective of this institution is to help families of payroll employees, whose household has many components and whose income is below the established minimum income for each specific year. The employee is entitled to the allowance only if the income coming from the payroll activity is higher than 70% of the entire family income. The income considered is the total taxable family income.

5 Empirical Evidence: lessons from Italy

The objectives of the reforms introducing short-term contracts were ambitious and important. The increased flexibility brought by the atypical contracts was expected to improve the labour market outcomes in several directions. The unemployment rate was expected to decrease, particularly among young individuals and particularly for those unemployed for long time. The labour force participation rate and the employment rate were expected to grow, specifically among women. The share of irregular work was supposed to decrease, given the potential absorption capacity of the atypical contracts. The transition from schooling to work for young individuals was expected to be smoother and the screening by the firms was expected to be easier and more effective.

In what follows, we summarize the main lessons based on a rather large set of empirical and theoretical studies, drawn from the Italian experience since the mid-1990s. The idea is to collect evidence to understand whether the reforms have been effective in improving the Italian labour market and to identify in which directions they were able to ameliorate it. This is particularly important for Italy given that the European Working Conditions Observatory has labeled the new Italian forms of flexible work as "very atypical contractual arrangements".

- Atypical contracts have been rapidly deployed in Europe since the mid-Eighties. In Italy the utilization of atypical contracts, which was delayed compared to most European countries, started in the early 1990s. The share of atypical contracts in total employment in Italy increased from 6% in 1993 to 15.3% in 2006 (Mandrone and Radicchia (2006)). As shown by Mandrone and Radicchia (2006), the most utilized forms of atypical contracts are fixed-term contracts, apprenticeships, and collaboration contracts, such as COCOCO and COCOPRO (Table 3-Panel A). The share of collaboration contracts on total employment amounts to more than 6%, while the total share of short-term contracts reaches approximately 9.5% (Table 3-Panel B).

- People who are more likely to be hired on an atypical contract are women, young, and blue collars (Tealdi (2011) and Sciulli (2008)). Among women, atypical employment accounts for more 20% of total employment. In addition, the utilization of fixed-term contracts among women is higher compared to men, compared to any other available contract type (Table 3). However, by far the highest utilization of atypical contracts is among young individuals (15-29 years old). The share of atypical contracts among young reaches more than 32% of total employment. The incidence of atypical contracts decreases exponentially with age (Table 5). Permanent contracts are mostly common among the 30-39 and 40-49 age groups. Young workers tend to be hired short-term or as collaborators, while a significant share of older workers are freelancers. In terms of education, the higher incidence of atypical contracts is registered among those who have earned a college degree. This confirms the finding by Barbieri and Scherer (2008) and Tealdi (2011) that recent college graduates are very likely to be hired on an atypical contract.

- The share of temporary jobs is far more significant in the South than in the North (Table 3). In addition, Paggiaro et al. (2009) find a sizeable geographical difference in the employment probability after experiencing atypical contracts. The probability to transit from an atypical contract to a permanent contract is positive and significant in the North, while it is negative in the South. The likelihood to get a satisfactory job after experiencing an atypical contract is approximately 15% in the North, while it is nil in the South.

– The literature regarding the transition from atypical contracts to other contracts is dense. Picchio (2007) taking into account unobserved individual heterogeneity shows that holding a temporary position, rather than being unemployed, significantly increases of approximately 13.5-16 percentage points the probability of moving two years later to a permanent contract. On the same line, Berton et al. (2008) show that the transition to permanent employment is more likely for individuals holding any type of temporary contracts rather than for unemployed individuals, confirming the existence of port-of-entry effects. However, they show that not all temporary contracts have the same effect: training contracts are the best port of entry, while freelance contracts are the worst. Additionally, they provide evidence that temporary contracts are generally a port-of-entry into a permanent position within the same employer, but not across firms. Moreover, the time needed for an internal transformation from a temporary to a permanent position appears rather long, suggesting that firms are likely to use (a sequence of) temporary contracts as a cost-reduction strategy, rather than as a screening device for newly hired workers. Tealdi (2011) confirms this hypothesis by showing that sequences of short-term contracts and cycles of unemployment and temporary employment are more and more common after the reforms. Faccini (2008) estimates the chances to transit to a "satisfactory employment" one year after to be 30 percent higher for those who were experiencing a temporary work, compared to those who were unemployed. Ichino et al. (2007) discuss the theory that the higher the firing costs for permanent contracts, the larger the scope for agency jobs as a screening device, since firms attribute greater importance to the assessment of the quality of workers before locking themselves into a new employment relationship. Hence, for most workers the availability of agency assignments increases the probability of a transition to a permanent job. However, higher firing costs may induce firms to use atypical workers as a simple buffer, when it is impossible to adjust the typical workforce during business cycle downturns. Whenever the first effect dominates, one should observe a stronger springboard effect of agency employment. If on the contrary the second effect is the prevailing one, the springboard effect should be weaker. Empirically it is not possible to draw general conclusions on which effect prevails, hence it is expected to have different springboard effects of agency jobs in countries with different employment protection regimes. Sciulli (2006) detects a stigma effect associated with atypical contracts. He shows that previous atypical contract experiences affect negatively the probability of moving towards a permanent job, if the state of origin is a non-working condition. However, he does not find evidence that the probability of reaching a permanent job is higher starting from an atypical contract rather than from a non-employment position. Gagliarducci (2005) finds that the probability to move from a temporary to a permanent job increases with the duration of the contract, but decreases with repeated temporary jobs and particularly with interruptions. Paggiaro et al. (2009) find that experiencing a spell of temporary work increases the employment probability one year later by 30% for men and 35% for women. Most of the jobs are temporary and unsatisfactory, though. When they look at the probability of experiencing a transition to a permanent job, the effect is not significant neither for men, nor for women. As for the probability to move to a satisfactory job, it amounts to approximately 9.5% both for men and women.

– Boeri (2011) provides evidence of the presence in Italy of a dual market: the insiders, who are hired permanently and enjoy a wide range of benefits, and the outsiders, who are hired on atypical contracts and face lower wages and reduced benefits. Tealdi (2010) calibrating a search and matching model draws similar conclusions. She quantifies the change in welfare for different categories of workers before and after the reforms and concludes that young and less productive workers are worse off after the reforms, while more productive workers fare better.

– According to Mandrone and Radicchia (2006) and Barbieri and Cutuli (2009), atypical workers face lower earnings than standard workers. Individuals hired on short-term contracts earn on average 12.438 euro which corresponds to 80% of permanent workers allowances. Collaborators earn on average 10.191 euro. Picchio (2006) analyzes the wage effects of temporary jobs in Italy. Taking into account individual and job specific unobservable components he estimates a wage penalty for temporary workers of around 12-13%. This confirms the findings of Tealdi (2011), by which the net earnings of permanent workers are approximately 20% higher compared the earnings of atypical workers.

- Nunziata and Staffolani (2001) and Nannicini (2004) show that lower employment protection in Italy has lead to the substitution of permanent employees with temporary employees with an insignificant net effect on total employment. Berton and Garibaldi (2006) theoretically show that in an economy where permanent and atypical contracts coexist, the arrival rate of atypical offers is higher. Berton (2008) empirically finds that the arrival rate of fixed term jobs is in fact larger than the arrival rate of permanent ones, even when controlling for unobserved heterogeneity. However, the average duration of unemployment in Italy is still very high and the liberalization of flexible contracts as a policy to reduce it, did not completely solve the problem. Giannelli et al. (2009) provide evidence that the employment stability of the new entrants of both sexes has not improved after the reforms. The reduction in the duration of the first job has not been counterbalanced by an increase in the opportunity to find rapidly another job. These results suggest that the objective of increasing job opportunities by means of labour market deregulation has not been fully achieved.

- According to ISFOL (2008), atypical workers are less satisfied about career opportunities (42.3%) than self-employed workers (67.9%). Work discontinuity is also perceived as a problem: only 47.8% of atypical workers are satisfied of their working condition (compared to 68.9% of the self-employed and to 81.9% of permanent dependent workers).

- Atypical workers are involved in more weighty works: over 63% of them are concerned with heavy physical activities compared to 59% of permanent and dependent workers and to 50% of fully self-employed. Almost 50% of atypical workers are involved with a high intellectual duty in comparison with 38% of fully-self-employed and 30% dependent workers. Atypical workers are the least satisfied regarding social insurance in the case of accident during working time and illness: 62.8% compared to 87.2% (dependent workers) and to 63.2% (self-employed). The lack of a social insurance scheme - to reduce the bad effect of work discontinuity - for non permanent workers make them more worried about their lives (Isfol 2006).

- According to Rosolia and Torrini (2007), the introduction in 80s of the so called training and work contract with the additional extensive cuts in social security contributions allowed firms to pay young workers an entry wage lower than the standard one, to balance firms training obligations. During the 1990s several other laws and agreements made easier the reduction of the cost of hiring young workers. According to the authors that regulation during 90s produced an increasing share of new young workers that worked less than 6 and 3 months in a year, a growing incidence of apprenticeship. In recent year labour law reform produces an increasing breakup of temporary works and enlarges for young workers the risks to be continuously a permanent employed.

- The changes in employment protection legislation (EPL) on fixed term workers and the increase in the share of temporary jobs have had a negative impact on both the level of productivity and the growth rate (Jona-Lasinio and Vallanti (2011)). Specifically, the reforms seem to have negatively affected the re-allocative capacity of the economy, by reducing the re-allocative contribution to aggregate growth of high re-allocative sectors. In addition, the study by Ghignoni (2009) supports the hypothesis that a higher proportion of temporary employees at regional level, or a negative subjective expectation regarding the probability of getting a permanent contract, discourages atypical workers from producing a high level of effort. Faccini (2008) shows that only when temporary contracts are used as a screening device both welfare and productivity can significantly increase.

- Financially constrained firms have a larger proportion of fixed-term contracts and a higher volatility of total employment. Both types of contracts are more volatile among constrained firms. Caggese and Cunat (2006) conclude that the introduction of fixed-term contracts helps firms reduce their exposure to financing constraints, and makes total employment of financially constrained firms more volatile, but permanent employment less volatile.

- Becker et al. (2008) study the effect of job insecurity on youth emancipation. They conclude that as a consequence of higher insecurity young people will leave the parental home later. The main direct

effects of late nest leaving are low geographical mobility, reducing an economy's ability to react to idiosyncratic regional shocks, and low fertility, which is already putting in jeopardy pension systems in Southern European countries.

– Contini and Grand (2010) provide evidence of the negative effects atypical contracts may have on young workers, by discouraging their participation into the labour force. Out of 100 new young entries, aged 19-30 at the beginning of their working careers (in 1985), approximately 80 "survived" in the labour force in 2005, after approximately 20 years. There are only two possible explanations: either they entered in the black economy or they exited from the labour force because they were discouraged. A recent publication from Bank of Italy[10] confirms the problem by shedding light on the category NEET: the group of young between the age of 15 and 29 who are Not in Employment, in Education, or in Training. In Italy they are approximately 2.2 millions, corresponding to a share of 23.4% of the population. Since 2008, their share has increased by 4 percentage points, particularly in the Northern and Central regions of Italy.[11] The average profile of a Neet is: female, living in the South, with a low level of education.

6 Conclusions

Atypical contracts refer to employment relationships which do not fall into the typical category of full-time permanent contracts with the same employer, which guarantee to the worker a regular income, pension payments after retirement, and several benefits. The objective of this paper is to provide for the first time a detailed descriptions of the features, the requirements, and the benefits associated with every type of typical and atypical contract regulated by the Italian legislation. In addition, we provide a description of the evolution of the regulations of the contracts since their introduction in the labour market. Finally, we collect the lessons learnt regarding atypical contracts in Italy, by investigating the results found in the empirical (and theoretical) studies on the topic. We learnt that atypical contracts are mainly utilized among young workers and women, and particularly in the South of Italy. They are often associated with lower wages and lower earnings. The legislation regarding contract types has changed, but the legislation regarding benefits eligibility requirements has not. Therefore, atypical contracts do not always carry the features which are necessary to guarantee to the worker the eligibility for full benefits. As such, workers hired on atypical contracts tend to be penalized in terms of social security and welfare protection compared to workers hired on a permanent basis. As a result, the placement of atypical contracts side by side with the unchanged rigid permanent contract has created a dual labour market of insiders and outsiders, who are currently secluded. Atypical workers, indeed, seem to carry a stigma and seem to have hard time transiting to a permanent and satisfactory job. In conclusion, even though the goal of the introduction of atypical contracts was to increase flexibility to improve the labour market, the empirical evidence seems to suggest that more reforms need to be implemented to ameliorate the current situation.

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[11] In the South the share is higher and approximately equal to 30% of the corresponding population.

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Table 1: Social security fees by geographical region.

	South	North-Center craftmen	North-Center sales and tourism	North-Center others
05/1984 - 05/1988	Fixed quota	Fixed quota	Fixed quota	Fixed quota
06/1988 - 11/1990	Fixed quota	Fixed quota	Rebate=50%	Rebate=50%
11/1990 - 12/1990	Fixed quota	Fixed quota	Rebate=50%	Rebate=25%
01/1991 - 03/1995	Fixed quota	Fixed quota	Rebate=40%	Rebate=25%
04/1995 - 05/1999	Fixed quota	Fixed quota	Rebate=40%	Rebate=25%

Table 2: Maximum duration of the mobility leave by geographical region (in months).

Worker's age	North-Center	South
< 40	12	24
40-50	24	36
>50	36	48

Table 3: Distribution of employment by contract.

	Total	15-29 age group	South	Women
Panel A: By contract				
a. Permanent contract	63,02	53,08	58,25	63,77
b. Fixed-term contract	4,75	6,89	5,99	7,01
c. CFL	0,59	2,41	0,70	0,70
d. Apprenticeship	1,53	8,43	1,55	1,75
e. Contract of insertion	0,80	2,61	0,89	1,07
f. Agency contract/ Short-term labour administration contract	0,65	1,55	0,60	0,68
g. Job sharing	Not statistically significant			
h. Job on call	0,70	0,57	1,41	1,22
i. COCOCO	1,66	2,70	1,91	2,07
l. Occasional collaboration	1,59	1,34	1,25	2,50
m. COCOPRO	2,47	4,36	2,28	3,18
n. Freelancer	19,55	10,03	20,31	12,09
o. Other	2.69	6.03	4.86	3.96
	100,00	100,00	100,00	100,00
Panel B: By category				
Permanent contract (a)	63,02	53,08	58,25	63,77
Short-term contract (b, c, d, e, f, g, h)	9,57	24,66	11,95	13,13
Collaboration (i, l, m)	5,72	8,40	5,44	7,75
Freelancer (n)	19,55	10,03	20,31	12,09
Other (o)	2,72	4,27	4,36	4,08
	100	100	100	100

Source: *Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori* (Isfol) 2006.

Table 4: Share of short-term contracts in Europe.

	1985	2008
France	4.7	15.0
Germany	10.0	14.7
Italy	4.8	13.3
The Netherlands	7.6	18.2
Portugal	14.4	22.8
Spain	15.6	29.3
Europe	9.1	14.6
OECD	9.6	12.0

Source: OECD.

Table 5: Distribution of employment by contract and age group, education, gender, and occupation

	Permanent contract	Short-term contract	Other contract	Collaborator	Freelancer	Total	Share of atypical
Age group							
15-29	60,1	14,8	4,9	6,5	13,7	100,0	26,2
30-39	65,4	5,6	2,1	3,6	23,2	100,0	11,4
40-49	67,6	3,6	1,9	3,2	23,7	100,0	8,8
50-64	61,5	2,3	1,6	2,2	32,5	100,0	6,0
Education							
Junior high	63,3	6,0	3,6	2,2	24,9	100,0	11,8
High school	68,1	5,9	1,6	3,9	20,5	100,0	11,4
College	54,7	7,2	2,0	8,2	27,9	100,0	17,4
Gender							
Male	62,4	4,8	2,1	3,0	27,7	100,0	9,8
Female	66,9	8,2	3,2	5,0	16,7	100,0	16,4
Occupation							
Manager	12,8	0,3	1,8	2,5	82,6	100,0	4,6
Intellectual activity	54,5	9,2	2,6	8,1	25,6	100,0	19,9
Technical activity	65,5	6,0	1,3	7,2	20,0	100,0	14,5
White collar	87,6	5,3	1,3	4,0	1,8	100,0	10,7
Blue collar	83,6	9,4	3,3	0,9	2,7	100,0	13,6

Source: *Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori*(Isfol) 2006 and Mandrone (2006).

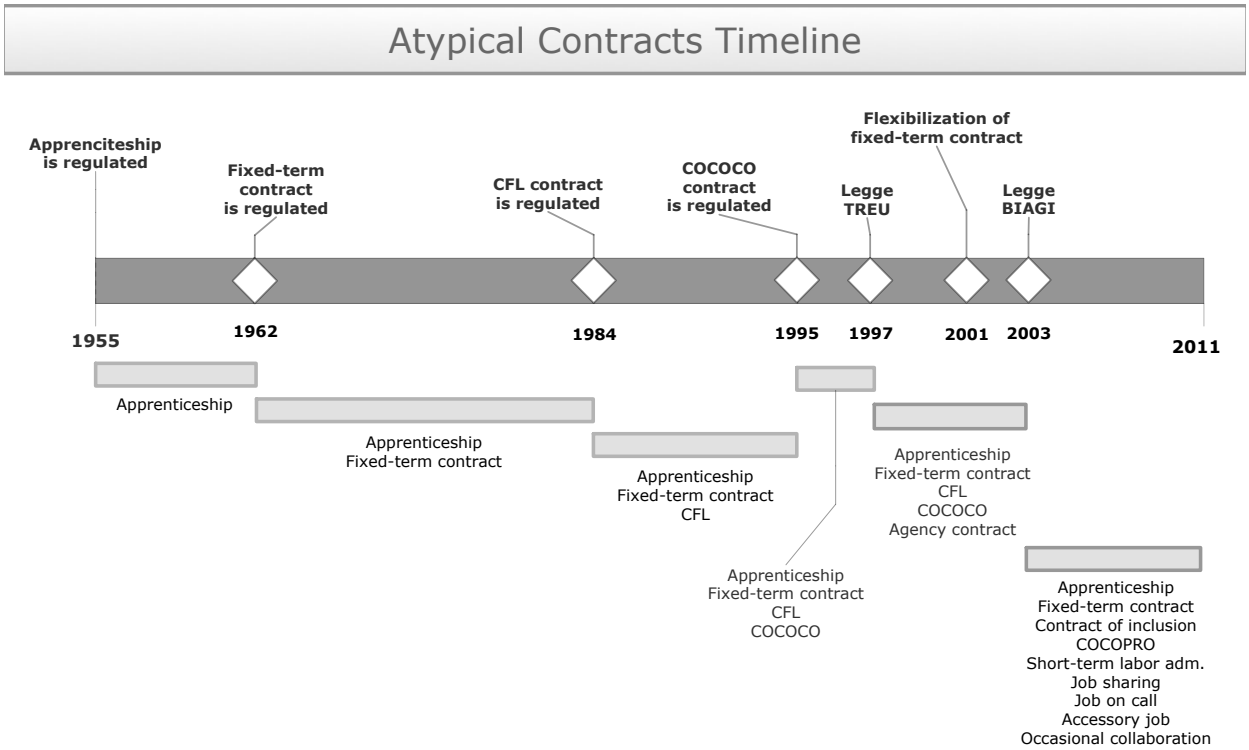

Fig. 1: Timeline for Italian atypical contracts

Contratto di Formazione Lavoro (CFL)

YEAR	SOCIAL SECURITY (SS)	ELIGIBILITY	MAX LENGTH	LIMITATIONS
1984 -1988	On a fix quota as for apprenticeship;	15-29 years old;	24 months, not renewable;	None;
1988-1990	SOUTH and NORTH craftmen: on a fixed quota; NORTH others: 50% SS fee rebate;	15-29 years old;	24 months, not renewable;	None;
1990-1991	SOUTH and NORTH craftmen: on a fixed quota; NORTH sales and tourism: 40% SS fee rebate; NORTH: 25% SS fee rebate;	SOUTH: 15-32 years old; NORTH: 15-29 years old;	24 months, not renewable;	Hiring allowed only if at least 50% of the CFL workers completing their employment spell during years *t-1* and *t-2* have been hired permanently within the firm;
1991-1993	SOUTH and NORTH craftmen: on a fixed quota; NORTH sales and tourism: 40% SS fee rebate; NORTH: 25% SS fee rebate;	SOUTH: 15-32 years old; NORTH: 15-29 years old;	24 months, not renewable;	Hiring allowed only if at least 50% of the CFL workers completing their employment spell during years *t-1* and *t-2* have been hired permanently within the firm;
1993-1999	SOUTH and NORTH craftmen: on a fixed quota; NORTH sales and tourism: 40% SS fee rebate; NORTH: 25% SS fee rebate;	16-32 years old;	Type A: max 24 months-intermediate skills; Type B: max 12 months-professional settling;	Hiring allowed only if at least 50% of the CFL workers completing their employment spell during years *t-1* and *t-2* have been hired permanently within the firm;
1999-2003	SS fee rebate > 25% only if hiring of long term unemployed (>1 year) or young people (<25 years old)	16-32 years old;	Type A: max 24 months-intermediate skills; Type B: max 12 months-professional settling;	Hiring allowed only if at least 50% of the CFL workers completing their employment spell during years *t-1* and *t-2* have been hired permanently within the firm;

Fig. 2: *Contratto di Formazione Lavoro* (CFL) contract

Apprenticeship Contract

YEAR	SOCIAL SECURITY (SS) FEE	ELIGIBILITY	MAX LENGTH	LIMITATIONS	TRAINING
1955-1997	On a fixed quota;	15-20 years old;	5 years;	No in the agricultural sector; Max number= total number of employees;	On the job;
1997-2003	On a fixed quota;	16-24 years old (up to 26 in the South; up to 29 if artisans);	4 years (5 years artisans); Minimum 18 months;	All sectors; Max number= total number of employees;	On the job and off the job;
2003-	On a fixed quota;	Type A: minimum 15; Type B-C: 18-29 years old;	Type A: Max 3 years; Type B: 2-6 years; Type C: limits set by Regions;	All sectors; Max number= total number of employees;	On the job and off the job;

Fig. 3: Apprenticeship contract

Fixed-term Contract

YEAR	MAX LENGTH	LIMITATIONS
1962-1997	Not specified; If extended or worker rehired before 30 days, contract considered permanent;	Special situations: seasonal or unusual; Only in commerce and tourism a limit is acceptable in case of increased activity;
1997-2001	Not specified; If extended, the employer has to pay an additional 20% for the first 10 days and an additional 40% after; If the contract continues beyond 30 days, it is considered permanent; If the worker is rehired before 20 days from the expiration, the second one is considered permanent;	Special situations: seasonal or unusual; Only in commerce and tourism a limit is acceptable in case of increased activity;
2001-	Total 36 months (managers 5 years); Renewable once if first contract length < 36 months; If extended, the employer has to pay an additional 20% for the first 10 days and an additional 40% after; If the contract continues beyond 30days, it is considered permanent; if the worker is rehired before 20 days from the expiration, the second one is considered permanent;	Technical, productive, organizational, reason or to replace a worker for a short period of time;

Fig. 4: Fixed-Term Contract

Agency Contract

YEAR	MAX LENGTH	LIMITATIONS	TRAINING
1997-1999	Extended no more than 4 times; Total length: no more than 24 month;	No in agricultural and construction sectors; Max number: Max between 8% of permanent employees or 5 employees;	5% contribution;
1999-	Extended no more than 4 times; Total length: no more than 24 month;		4% contribution;

Fig. 5: Agency Contract

Collaborazioni coordinate e continuative (COCOCO)

YEAR	SOCIAL SECURITY (SS) FEE	ELIGIBILITY	LIMITATIONS
1995-1997	10% (1/3 paid by the worker and 2/3 by the employer);	No age restriction;	Intellectual, non manual activities;
1997-2000	13% (1/3 paid by the worker and 2/3 by the employer);	No age restriction;	Intellectual, non manual activities;
2000-2003	13% (1/3 paid by the worker and 2/3 by the employer);	No age restriction;	Extension to artistic and non professional activities;
2003-	10% if second job; 12,5% if the worker is retired; 14% if first job;	No age restriction;	All activities; more requirements in terms of the ongoing project; not available to PA;

Fig. 6: *Collaborazioni Coordinate e Continuative* (COCOCO)