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Labour Market Segmentation, Flexibility and Precariousness in the Italian North East[1].

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

One of the main causes of economic inequality, in Italy as in many other European countries, is rooted in the segmentation of the labour market. The Italian labour market is currently described as deeply segmented between an insider market, with well paid and stable jobs, protected by government laws and powerful labour unions, and a large outsider market made by unemployed and by people discouraged to enter the labour force. Outsiders are mainly young unemployed, geographically clustered in the centre-south of the country[2]. In the insider market, entrepreneurs pays good wages and hires through the *contratto di lavoro tipico*, which means a full-time labour open-end contract[3].

Opportunities to move between these two labour markets are severely limited and several attempts to spread new forms of labour contracts in order to make the market more flexible have been pursued by the various Italian

[1] This research is part of the Miur project 2001-2002, n. 2001134473 and 2003-2004, n. 2003139334. A previous version of this paper was discussed at IWPLMS, International Working Party on Labour Market Segmentation, Rome September 2003.

[2] See Kerr (1954), Doeringer and Piore (1971), Wilkinson (1981). In relation to Italy Garibaldi and Young, (2003); in comparative terms Nikell (1997) and Ocde (1994).
Oecd views have been recently questioned on the ground that they reflect more the plethora of protective regulations set up by the Italian labour market legislation, rather than an assessment of their actual effectiveness. For example the protection against firing granted by the Statuto dei lavoratori to workers in large firms (=> 15 employees) in case of absence of misbehaviour, applies only to half of the stock of the Veneto private employees. For a criticism to the Oecd thesis, see Del Conte, Devillanova, Liebman and Morelli (2004).

[3] Italian labour contracts are split into two broad classes, tipico and a-tipico. *Atipico* is defined as a residue and means all the contracts are not collected under the heading of the typical contract, which is the contract full time open end, or tenure. On the historical origin of such a term, going back to the populist nature of the fascist regime, see Accornero (2000, 191-192).

governments since the eighties. A larger diffusion of new forms of temporary labour contracts is, for most observers, considered a way to overcome the rigidity of the Italian labour market and to induce Italian entrepreneurs to hire workers without fear of locking themselves up into a permanent commitment, so that more flexible contracts are frequently advocated as the main way out from the Italian high rate of unemployment.

How the spread of temporary contracts has changed the nature of the Italian labour market, is difficult to assess. Official Italian statistics grossly undervalue the presence of the number of people working short-term contracts and a more conscious account of various forms of temporary contracts more than doubles the official figures, ranking Italy among the countries with a large amount of temporary work. The (supposedly) rigid Italian labour market is not so rigid as it appears at first sight.

In the Italian manufacturing sector, where the quota represented by stable workers is traditionally high, a double shift has taken place during the last decades. First the quota of stable workers has declined through time. Second the number of unstable workers, low qualified and low paid, has increased and represents a non-marginal quota of total employment.

Frequently a young worker experiments a succession of temporary contracts at the beginning of his career. Such initial precariousness can be regarded with favour as a form of promotion of some form of specific human capital addressing the worker to a more permanent position with the same firm or with other firms, with possible higher wages, so that the worse initial conditions are compensated for by better conditions in the future. But temporary workers have, several times, a different destiny: the situation of precariousness extends to the workers' entire career and are to be considered as an extreme case of outsiders, who operate in bad working conditions and receive low wages compared to workers hired with an open-end contract. Several authors have stressed that workers at the bottom of the Italian wage

distribution are locked in and seldom move to better jobs (Capellari, 2002; Lucifora, 1998). If temporary contracts avoid some labour market inflexibilities imposed by the employment protective legislation, they entail larger potential costs[5].

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

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

[5] The main reason for Italy ranking so hight in comparison with other industrialized countries is that since the approval of the "Statuto dei Lavoratori" in 1970, the employer that has fired workers in absence of misbehaviour, is forced to take back the employee on payroll and to pay the full wage lost during litigation plus social insurance contributions.

1. Underestimation of temporary work.

A flexible contract contemplates possible changes in labour hours, wages and functions, but flexibility means also that firms can easily draw a new labour contract and lay off the worker without incurring redundancy payments or restrictions imposed by the work legislation.

Self-employment is the first labour contract that comes to mind when flexibility is at stake. Self-employment has no stated working time, no stated conditions and compensation. It is noteworthy that after a long period of decline, since the mid-seventies the self-employed fraction of the labour force has increased in several Western countries (Blau, 1987; Evans and Leighton, 1989; Magnac and Robin, 1994). As in other countries, the self-employment quota in terms of total employment in Italy has grown over time from a minimum level of 14% in total manufacturing in 1974 peaking in the late seventies, to rise again in most recent years and come back, in the early nineties to 20%, a high value that was common 40 years before (Rapiti, 1997, 176-180; Chelli and Rosti, 2002).

The net flow of self-employed is, for the most part, the result of a net flow away from the employee category. The positive variation through time that has been registered in self-employment over the last twenty years, is largely explained by the net outflow originating in the category of employees: people looking for a job move into self-employment directly only to a very limited extent (OECD, 1992, table 4.8; Rapiti, 1997, 181; Chelli and Rosti, 1998, 13): A large part of workers just substitutes a stable form of employment with a more precarious form of employment.

Worker-memberships in small cooperatives, direct participation in shared societies are, most of the time, disguised forms of labour precariousness. In addition the various kinds of labour contracts that have been made available in recent years, Collaborazioni Coordinate e Continuative (employer-coordinated freelance workers), Lavoro Interinale (job on call) and other contracts of minor importance that have been considered in other chapters of this volume are very flexible forms of employment. This plurality of figures

makes flexibility difficult to measure. In order to make the problem more tractable often the discussion restricts to the employees labour market, but flexibility remains still difficult to identify. Statistical measures for overtime, changes in functions, and other form of flexibility are lacking also within the more structured employee segment.

In everyday life flexible is often identified with a-typical, and a widely used indicator of flexibility is the quota of a-typical workers over total employees. A-tipical contracts are the sum of part-time workers and temporary workers. Part time work with no time limit (although sometime not voluntary) is a contract profoundly different from temporary work because of its permanent character and is not to be considered a-typical. Temporary workers are basically young people hired with a training on the job contract (cfl), apprentices and workers hired with contracts with a stated time limit (among those numerous seasonal contracts). This definition underlines a notion of flexibility that points mainly to the limited duration of the contract and the connected risk of instability (Anastasia and Maurizio, 2002; Anastasia, Disarò and Maurizio, 2004)[6].

Our study deals with Veneto, a region on the North East of Italy, which offers a significant point of observation. It is a rich and dynamic region, with an important manufacturing sector, with a labour market close to full employment.

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

[6] Open end contracts may hide forms of precarious employment as in the case of female employment where a signed resignation letter with no date is requested by the employer, just to be sure the worker will leave with the arrival of the first pregnancy. A research by the Ministero del Lavoro quoted in Saraceno (2002), reports that 20% of female *voluntary* quits in the Northern regions of Italy happens during pregnancy.

the increase in temporary work (Anastasia and Maurizio, 2002; Anastasia, Disarò and Maurizio, 2004).

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

The official Italian figures for temporary work are rather low in comparison with those for Spain and Portugal, two countries marked by the large diffusion of temporary labour, and are below the data of the large continental countries, Germany and France, and of the Nordic countries, Nederland and Sweden. Temporary work in Italy is larger than in United Kingdom and Ireland, but these are countries where the absence of a protective legislation makes the recourse to temporary work much less interesting. Italy had the average OECD number of female temporary workers (12%) in 2000 but a much lower figure for males.

Italian official data on temporary work are from Rtfl (Rilevazione trimestrale delle forze di lavoro). As noticed by de Angelini and Giraldo (2002, 105; 2003) and Anastasia, Disarò and Maurizio (2004) as far as the nature of the labour contract of the various family members is concerned, the reported answers to the survey reflect the self-perception of the nature of the labour contract by the interviewed person (generally the head of the family) more than the contract juridical nature and the way the interview is structured leads to a relevant bias in the temporary work assessment. For example training on the job labour contracts (Cfl) and apprentices – two widely diffused temporary contracts - are often perceived as stable by the interviewed person as they are often transformed into open-end positions at the end of the training period; more so if the interviewed person is not the worker itself, but a member of the family, who is not normally aware of the juridical nature of the relative's labour contract.[7]

[7] Baretta, Leombruni, Trivellato, Rosati (2004) explain in detail the main problems in comparing administrative data and Rtfl data.

Rtfl estimates provide the basis for the Italian official data used in international comparison and, at the end, Italian temporary work figures appear to be heavily downward biased. The bias appears with full evidence if Rtfl data are compared with administrative records over the same period of time and for the same territory. Administrative data in Veneto are provided by the Ministry of labour (Veneto lavoro) and by the Veneto Worker History (VWH) panel built at the department of Economics of the University of Venice (Appendix).

According to these two sources the number of temporary workers more than doubles the number of the same workers counted by the Rtfl-Istat.

Table 1 reports Treviso and Vicenza figures, kindly provided to us by Veneto Lavoro and VWH figures: for comparable sectors and data the two sources show a substantial coherence taking into account that VWH only gradually has included fixed term contracts and that the procedure of measuring Cfl has probably determined a temporal forward shift in the Veneto lavoro dataset (Veneto Lavoro, 2005). Both sources point to a temporary work quota around 12-15% of the total stock in the second half of the nineties.

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

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

into account that VWH measures, till 1998, among the various fixed term contracts, CFL and apprentices only.

Table 1. Number of employees in manufacturing[§] hired with a temporary labour contract in Veneto. December each year.

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

Source and method: § Ateco 1981, 3 and 4.
Veneto lavoro: employment refers to the manufacturing private sector and to cfl, apprentices, time-limit contracts, job on call, which began in 1998, daily workers and workers at home. Both Veneto lavoro and VWH data are yearly stock data, computed from flow histories, at 31.12 each year. Data have been kindly provided to us by Bruno Anastasia and Danilo Maurizio, Veneto Lavoro. www.venetolavoro.it
° the stock values are from VWH 1996-2000 and from Rtfl from 2001-2003.

Table 2. Temporary workers quota in total employment

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

Method: § 1990-1997: temporary workers are Apprentices and Cfl; since 1998 workers with fixed term contracts are added.

Manufacturing: §Ateco 1981, 3 and 4. *Ateco 1981, 1 to 5. Rtfl manufacturing includes construction, where the amount of temporary work is big, so that our conclusions on an alleged Rtfl undervaluation of temporary work are possibly reinforced.

Total private sector: °agriculute and public sector included, ^agriculture excluded, "agriculute and public sector excluded.
Source: Rtfl data are not published by ISTAT at the provincial level and have been kindly supplied to us by Anna de Angelini, Veneto Lavoro.

Several activities in the service private sector are characterized by unstable employment, as it is well known, and limiting the analysis to manufacturing, construction excluded, appears a conservative measure. According to VWH, temporary work contracts in 2000 were more than 13,0%, more than two times the temporary workers estimate reported by Rtfl-Istat for the comparable 2000 population (5.0-6.0%). Veneto lavoro data for Treviso and Vicenza are rather close to the figures based on VWH panel.

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

2. From temporary labour contracts to labour market precariousness.

Temporary labour contracts and short labour spells are not immediately connected. Temporary contracts are often renewed and pave the way towards more stable forms of employment, but most of the time temporary contracts identify the larger part of workers that work short spells. According to VWH data training on the job contracts (Cfl), apprentices and temporary contracts make 67% of spells ending within 6 months; the remaining 33% are workers hired with open-end contracts ending de facto in 6 months time (quits, layoffs etc).

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

ago were considered unacceptable by the trade unions, borderline with labour legislation, are now common practice.

Short employment spells have increased through time. Spells with duration inferior to 12 months have increased from 6% in 1982 to 13% in 1996 and spells between 12% and 24 months have moved from 12% in 1982 to 21% in 1995[9].

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

The increasing number of short term working spells has several causes. The increase in the number of Cfl in the late eighties, the doubling of Apprentices in the late nineties, as Cfl declined, and the rapid increase in the number of seasonal workers, that have a very short work spell by definition – seasonal contracts trebled in 15 years (from 2500 in 1982 to 7650 in 1997).[10] While most of the labour force is employed in long-term jobs, there are many short-term jobs and their number has increased in recent years.

Table 3. Treviso and Vicenza. Labour spells (VWH).

year	number of short labour spells/total employees			
	manufacturing§		total private	
	0-12 months	13-24 months	0-12 months	13-24 months
1982	6,80	5,38	11,73	6,88
1983	6,46	4,84	10,98	6,07
1984	7,26	5,02	11,34	6,00
1985	9,10	6,01	12,71	6,77
1986	9,56	7,17	13,06	7,92
1987	10,99	7,97	14,67	8,54
1988	12,13	8,48	15,97	9,18
1989	12,95	8,71	16,48	9,46

[9] Short spells include voluntary quits (of workers possibly hired with open-end contracts) and exclude renewals and transformations of temporary contracts: cfl transformation into open end contracts is favoured by the law and apprenticeship can be renewed up to 5 years length.

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

1990	12,73	8,50	16,27	9,47
1991	11,03	7,77	15,20	8,94
1992	9,99	6,75	13,96	7,99
1993	8,52	6,19	12,30	7,36
1994	12,06	6,63	14,82	7,62
1995	15,05	7,66	18,21	8,40
1996	13,66		17,26	

Method: §Ateco 1981, 3 and 4.
Short spells are spells at the beginning of the year plus new spells.
Total employees are initial stock + yearly per capita hirings.

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

Worker careers are compared in relation to the workers mobility among jobs and permanence within the same job: job is synonymous of firm[11]. The analysis is restricted to employees in Treviso and Vicenza, in private manufacturing from 1982 to 1997, a population of 194.000 employees in 1982 that has increased to 233.000 employees by the end of the period.

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

In order to identify stayers and movers, tenure has to be defined and measured. The extended coverage of the VWH longitudinal panel allows us to compute directly the tenure for a significant number of years. The computation has been performed for manufacturing, without constructions. The complete tenure of

[11] A reasonable assumption dealing with a territory where the average firm dimension is very small, 13 employees.

length T in t is defined if the employee in t was employed with the same employer both in (t - i) and in (t + T - i), i = 1…T.

VWH dataset has information on working lifes from 1975 to 1997 and the tenure length, T, is assumed equal to 7 years, which allows us to measure the number of stable jobs for the years 1982-1990, without incurring in censorships problems[12], 1982 ≤ t ≥ 1990 (Tattara and Valentini, 2002). The population set is bounded to 27-54 years of age (the age range in which a worker is more likely to develop a tenure). Figure 1 and 2 show the tenure computation strategy.

Figure 1. The sliding tenure window (± T) centred in t.

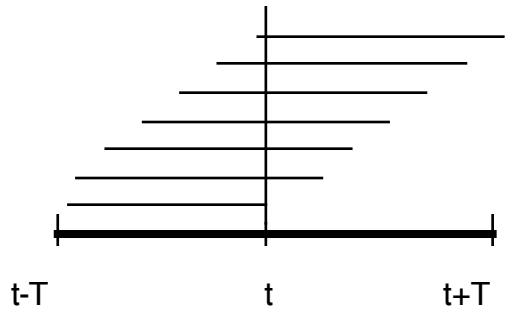
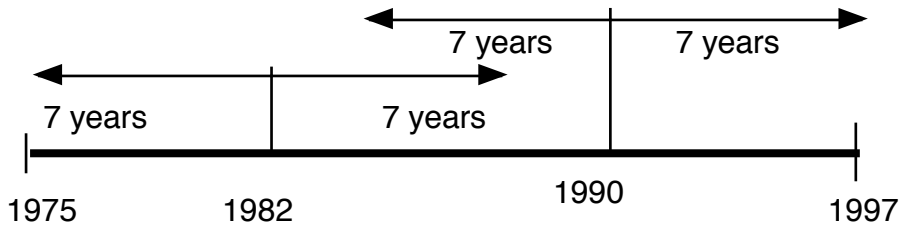


Figure 2. The observations interval (1975-1997) and the sliding tenure window (± 7 years) in the bounded interval 1982-1990.

t-T (lower bound)	t (observed interval)	t+T (upper bound)
1975	1982	1982
1976	1982	1983
…	…	…
1981	1982	1988
	1982	1989
1976	1983	
…	…	…
1990	1990	1997



[12] A ten year tenure would have shortened our window to a couple of years, 1986 and 1987. The 7 years tenure has no particular meaning but a compromise.

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

Stayers: at least 7 years tenure within the same job

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

Movers: less than 7 years tenure within the same job

3. Stable employment.

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

Long term commitment to a unique job is traditionally considered a specificity of the Italian labour market and a result of workers protective legislation.

In our territory around 70-80% of employees between 27 and 54 years of age have a permanent job of 7 or more years. At the end of the seventh year the probability of a job break is rather low, and almost all jobs continue till the tenth year.[13]

The importance of stable jobs on the employee population has declined through time, while shorter relations have increased. Jobs that last less than 60 months have increased from 15% to 26%, in spite of the aging of the population, a trend that would have lead to think that the quota of stable workers over the employee stock should have increased[14].

Table 4 shows interesting tenure specifications in relation to the population aged 27-54. Gender does not seem to be relevant: both males and females look similarly stable. More interesting is the distinction according to education.

[13] The probability to work three additional years with the same firm, after 7 years tenure, for males, is 75%. The probability to work three years with the same firm as first employment is much lower, 44%.

[14] The number of years, given the age boundaries, are possibly more favourable to employment in the more recent period, so that the conclusions about a tenure decline are more than warranted.

Education is not an entry in the VWH panel but can be identified indirectly. The age of the employee in the year of entrance in the VWH panel (entrance not compatible with the carrying on of education[15]) is used to infer a divide between primary and secondary (or higher) education. The label primary education is attributed to all blue collars that entered the archive before 19 years of age, while white collars that entered after 19 years of age are attributed secondary education. This assumption is grounded on the idea that Veneto labour market has been in full employment since the early nineties, so the interval between the end of formal education and the starting of a job as employee is extremely reduced.

Nothing is said about blue collars that entered the employee's archive at 19 years of age or more and about white collars that entered the labour market before 19 years of age, so the result is a subset of the total population. Females with lower formal education have a much shorter permanence than average and than females with a higher formal education.

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

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

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

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

[15] Basically no seasonal work or other short-term summer works. Details are in Canu and Tattara (2005).

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

Method: see previous table.

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

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

Stability is generally preceded by a series of short term spells, on average two or three, that develop in a period of approximately two years[16]. The bi-modal distribution of the working life, many short spells and a subsequent long spell (tenure), is typical of males[17]. Women have relatively uniform and longer

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

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

spells.[18] As the time moves on, the difference between genders tends to vanish, and females share the short and repeated spells of males.

4. Movers.

The remaining part of the labour market is filled with unstable labour. Movers are workers that never significantly stabilize during their working life[19]. Movers are defined as employees 35-54 years old, i.e. in the ages that are more favourable to the constitution of a stable labour relationship, which in the period 1975-1997 have no continuous job of 7 years or more (considering all the work spells available to them, jobs in establishments outside our territory included). We assume as extremely unlike that a 35-54 years old worker that has not a tenure during the 22 years window 1975-1997 will stabilize later on and his working life is marked by protracted instability. The analysis is limited to manufacturing (Ateco 3 and 4) in Treviso and Vicenza,

Movers are strictly defined so not to confuse them with workers that work short spells leading afterwards to a tenure.

Are movers really workers with a chaotic career or are they just workers at the border of the stayer's definition? Do these workers embed a potential stable relation or are quite different people? In the following analysis we have excluded from the candidate movers, the employees close to the stayer definition (i.e. workers with two working episodes with average duration superior or equal to 5 years) and very short movers as well, although for a different reason, i.e. because very short episodes are liable to be confused with temporary commitments – commissions, juries etc.- which do not substitute a open-end labour contract but mostly add up to it (1/3 of the total is discarded). The circled area in figure 1 represents the "bulk of authentic movers": people with a range of working episodes between 3 and 14 and with an average duration between 6 and 30 months. The average number of working spells lies

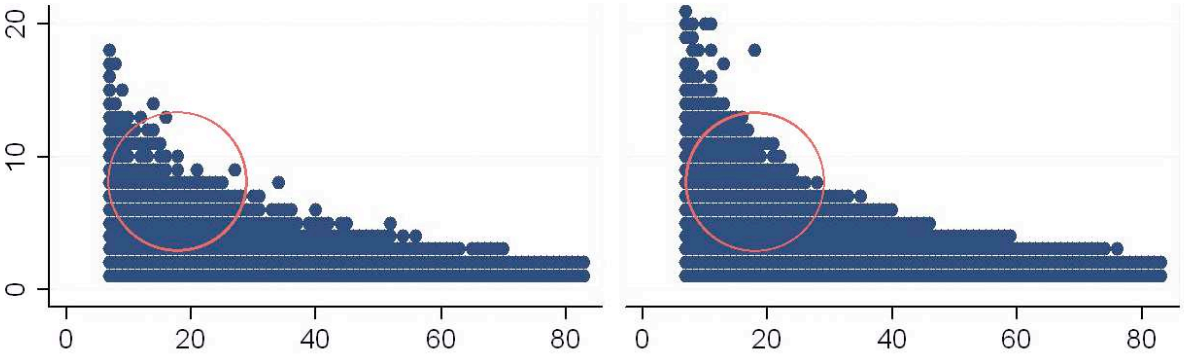
[18] This does not imply that the large majority of the pre-tenure working time is evenly distributed among all workers: individual differences are marked.

[19] The definition is independent of the labour contract at the reference date.

between 7 and 10 and the single spell average duration between 17 and 20 working months.

These are employees with chequered careers. The spell distribution is rather even, and the average spell value and the average number of spells represents the behaviour of the majority of the employees.

Fig.3 Number of working spells (Y axis) in relation to their average duration (X axis). Female movers (left) and male movers (right).



number of months (average working spell) in total private employment.

Movers amount to a significant quota of employees in manufacturing, for the relevant age cohort. Movers are counted adding up labour spells and are related to the employee population in the same period in tables 6 and 7. Their number varies between 14% and 22% of the total. Movers have a definite gender and professional specification as the larger quota is made up by females and by non-educated people. The divide is clear and stable for the whole period, underlying a structural segmentation of the employee labour market in manufacturing, not usually taken in due account and worth considering. Education is significant both for men and females; among people with limited education movers are double than among people with secondary education and the divide seems to be increasing markedly through time.

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

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

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

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

Method: Ateco 1981, 3 and 4. Yearly movers are measured by the number of labour spells pertaining to people labelled movers. The number of employees and the number of labour spells differ, due to the fact that employees who move are often the same in different years and, on average, movers have several labour spells during the same year.
Labour spells pertaining to movers in 1990 are 1531 M, 405 F, 3832 M, 2458 F for the last four columns.
*column 2.
° age 27-54.

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

year	Ateco 1981								establishment average dimension at the beginning of tenure			
	31 metal	32 machin	41 food-bev	43 textiles	44 leather	45 apparel	46 furnitur	48 plastic	<50	≥50<100	≥100<200	≥200
1982	10,35	11,16	12,99	6,77	17,96	17,92	13,10	15,35	19,66	11,14	9,50	5,40
1983	8,50	9,09	12,81	6,05	16,67	16,09	11,02	11,79	17,27	9,62	7,78	4,57
1984	7,59	7,83	12,67	5,96	14,74	14,74	9,51	12,37	15,63	8,71	6,80	4,11
1985	7,96	6,43	12,94	5,84	14,18	13,96	8,38	11,38	15,20	8,28	6,53	3,44
1986	7,82	5,15	12,00	6,11	15,17	13,73	8,20	10,93	14,99	8,07	6,24	3,06
1987	8,29	4,87	11,26	5,73	15,71	13,92	8,29	10,97	15,18	7,94	5,94	2,83
1988	9,55	5,27	12,41	5,64	17,20	13,78	8,87	11,07	16,10	8,02	5,97	2,58
1989	11,44	6,04	13,85	6,67	20,88	15,25	10,50	12,59	18,08	9,08	6,98	3,14
1990	13,37	6,47	15,97	7,80	22,80	16,57	12,55	15,20	20,09	10,28	7,83	3,66

Method: see Table 6. Firm size and sector are measured at the beginning of the labour spell.
The population numbers (first eight columns) in 1990 are: 6853 (31), 1934 (32), 906 (41), 4035 (43), 2455 (44), 5600 (45), 3220 (46), 1504 (48).

Movers are mainly low wage, low educated, precarious workers; sample's restrictions has avoided the inclusion of highly qualified workers and managers that jump from job to job looking for a better salary. Movers working life can be described through the concept of chaotic career, that is a working life chequered trajectory; the term chaotic has a definite negative meaning.

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

Different career perspectives for movers and stayers are constructed taking into account the entire working life of the movers. Let us refer to the "representative" permanent mover as the average mover: a worker that works 5 periods, if male, 4 periods if female, with 18 months average duration, divided by long periods of non employment. Female non-employment intervals double the intervals referred to males[20].

The relative working spells for a mover are computed taking into account all possible employment spells in every sector and in every firm, localized in and out of Treviso and Vicenza. Mover self-employment spells have not been considered, on the ground that few workers had such episodes.

Figures 4 and 5 show the number of worked months (vertical axis) as time goes by (time on the horizontal axis: worked and non worked episodes in sequence).

[20] The representative mover is in itself an ideal type. A set of representative movers is identified out of VWH entire population: 40.000 workers are selected and for these workers the average number of spells has been computed: 5 for males and 4 spells for females.
In order to compute the duration of each single episode in the labour spells sequence, the birth cohort is restricted to the interval 1955-1960 (around 10.000 individuals) so to avoid a possible left censorship. The average of the durations of the individual episodes, according to their place in the sequence, is rounded up to the closest integer. The same procedure is for stayers that are around 12.000 individuals.
Mover and stayer wages are the average wages referred to the respective sets. They are expressed in real terms, through the cost of living index.

The 45° degree line represents the working life of a person permanently employed. The segments parallel to the 45° line represent the series of the employment spells, the horizontal shifts away from the 45° line are the number of non-employment months, taken in chronological order. The figures illustrate the series of employment-non-employment spells referred to stayers and movers: time is limited to approximately 15 years, a period that embeds large part of the career of the average permanent mover, either female or male[21].

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

Different career perspectives can be given clear evidence through earned income differences.

Although social security data on wages have been subjected to considerable debate they represent a unique source of information: they are embedded in VWH and are here carefully exploited. VWH wages are probably contractual wages and not the actual compensation paid to workers: the number of declared worked days can be inferior to the actual days worked (to appear coherent with

[21] 12.000 stayers and 8.200 movers, born in 1955-60, 30-55 years of age.

the paid contractual wage) and overtime is not (usually) declared.[22] The first element is bypassed considering only spell episodes superior or equal to 12 months for the stayers (with a range of working days between 290 and 320) and monthly intervals for movers (the monthly wage is divided by the number of worked days). The comparison between stayer and mover wages is limited to working episodes in manufacturing (Ateco 3 and 4): this cuts drastically the number of episodes but makes the comparison more significant as stayer wages in manufacturing are meaningfully compared with mover wages computed in relation with their working spells in manufacturing only.[23] Wages are expressed at constant 1995 prices (table 8).

Males wages appear largely superior to female wages, stayer wages – both males and females - are positively superior to movers, with a wage gap of around 15%. The wage difference is larger for females. The main reason of the difference between stayer and mover wages is that mover never progresses in his career.

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

[22] On the appropriateness of social security data on wages to represent the actual compensation paid to the workers, see Ginzburg, Scaltriti, Solinas and Zoboli (1998;1999), Gavosto and Rossi (1999), Contini Filippi and Malpede (2000, 2001). The Italian social security records provide data for total wages paid without detailing the hours worked, so we really don't know if overtime and how much of it has been included.

[23] We have excluded managers, whose salary can be so different and so variable that the inclusion would distort the average.

Figure 4. Stayers and movers working careers. Males.

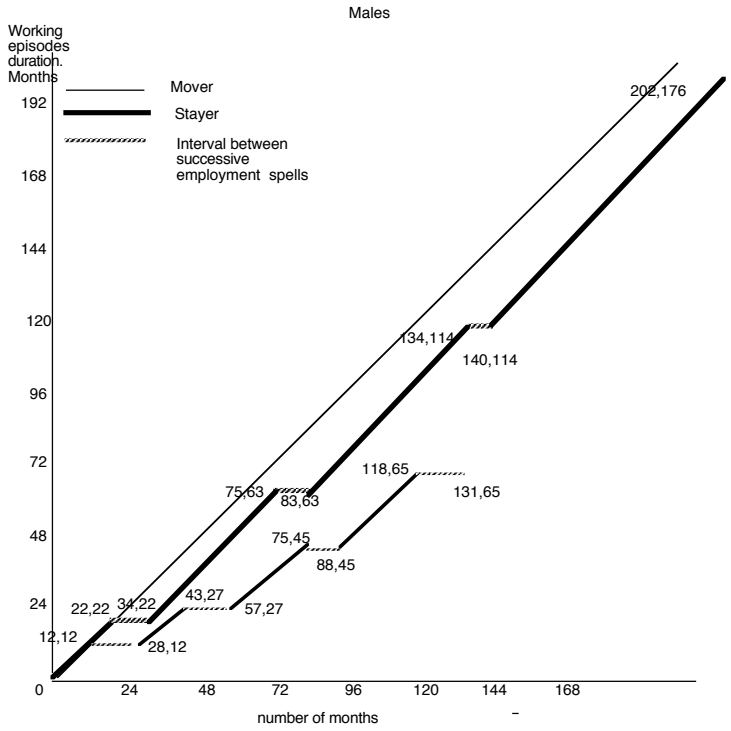


Figure 5. Stayers and movers working careers. Females.

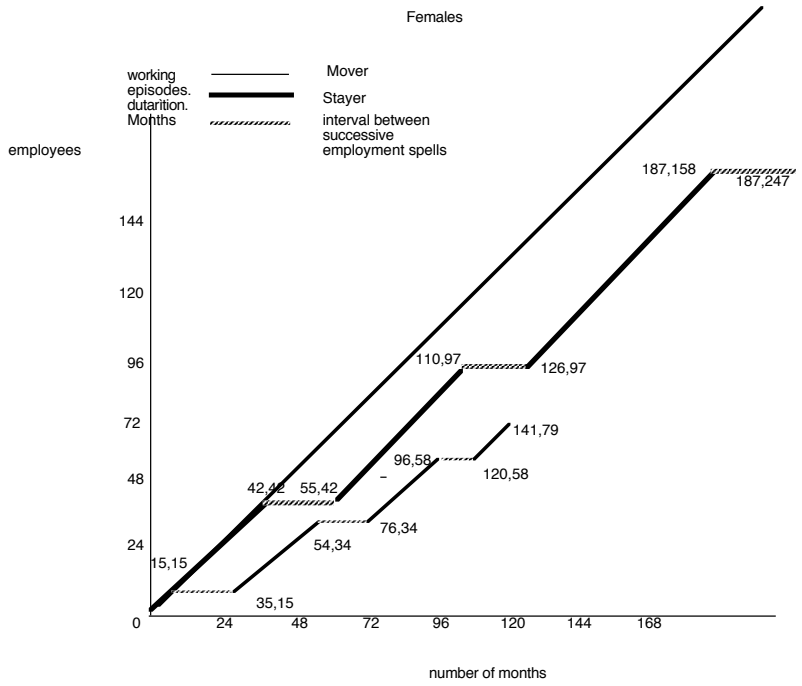


Table 8. Movers and stayers average weekly gross wage in manufacturing.

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

Method: Ateco 1981, 3 and 4.
Average number of workers: 1=4704, 2=2725, 3=1585, 4=1215.

5. Towards more precariousness?

The rise of inequality in Veneto is discussed taking into account the distinction between the new flexible "non standard" patterns of employment and the traditional Italian full time open-end labour contract. Non-standard pattern of employment or a-typical labour contracts have been on the government agenda and have developed into reforms that have substantially increased the number of a-typical contracts (Tursi, 2004; Accornero, 2006).

Our research has provided conclusive evidence that the official Italian statistics grossly undervalue the number of people employed with a-typical labour contracts and that a more precise account of various forms of short term contracts should more than double the official figures, ranking Italy among the European countries with a large amount of temporary work. The number of a-typical labour contracts has increased rapidly in time and, although the increase seems to have halted in recent years, the process of erosion of tenure labour through time shows very clearly. A more conscious account of the dynamics of the Italian labour market would have provided evidence that temporary labour contracts were widely diffused in Italy and there was no need for a labour market reform in order to foster their further diffusion. Other aspects of the labour market, in the first place the Italian anomaly of the absence of a general unemployment subsidy, should have been directly faced.

Figure 6. Labour income according to the number of worked months in manufacturing. Males

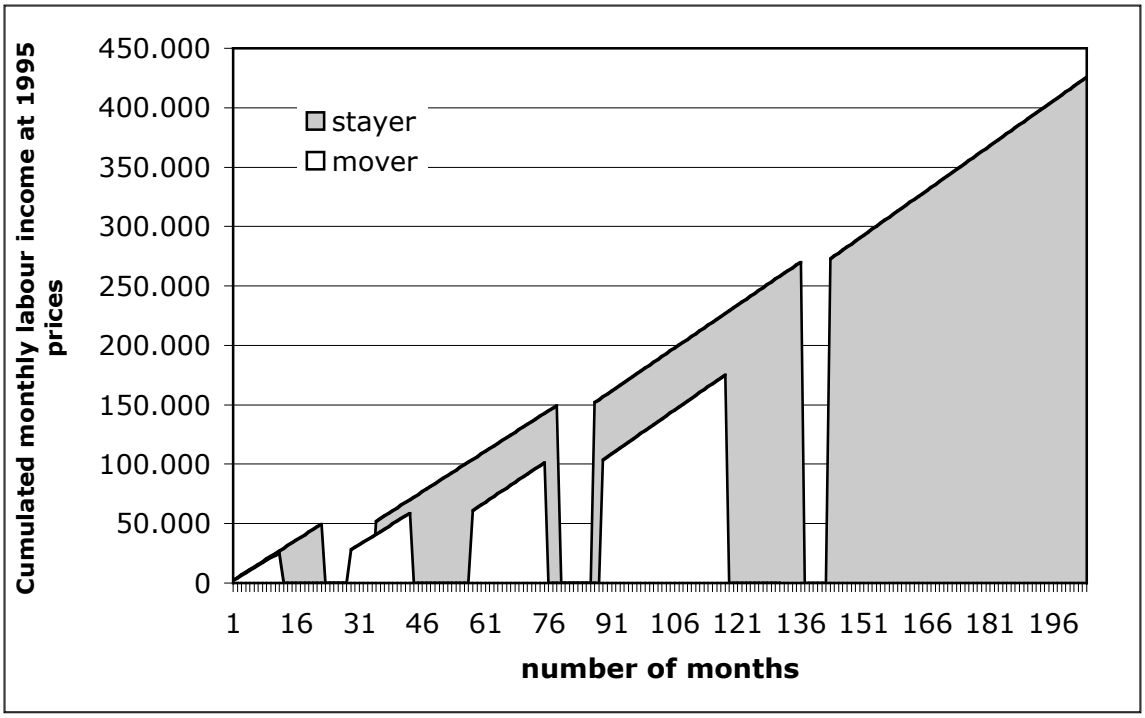
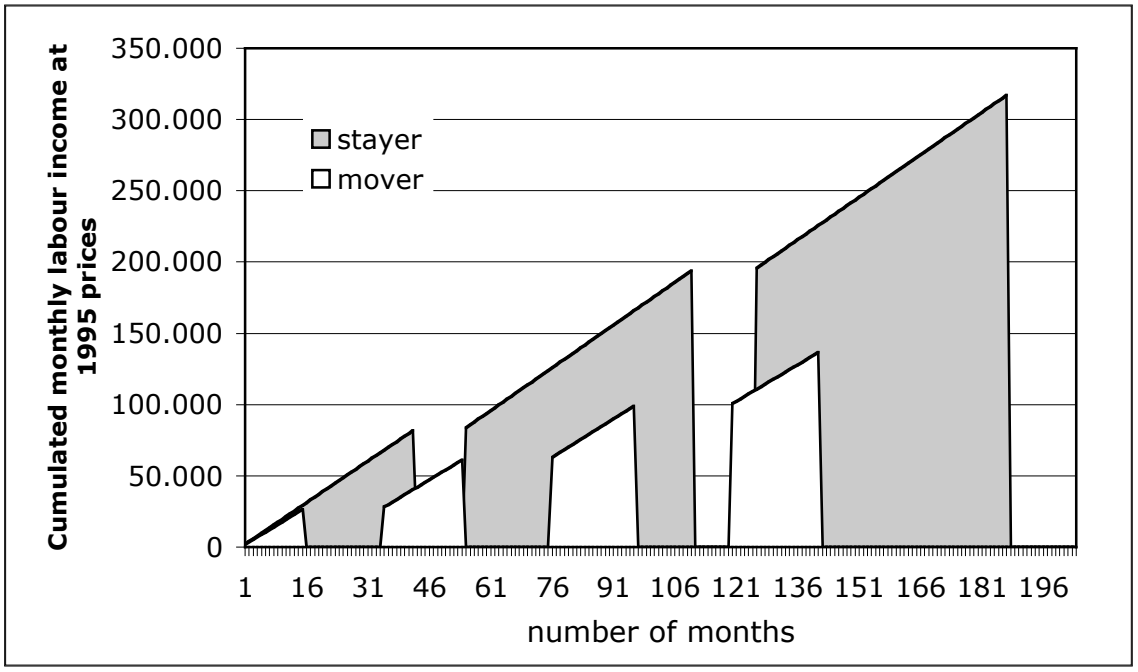


Figure 7. Labour income according to the number of worked months in manufacturing. Females.



Do repeated spells of temporary employment add up to a more permanent jobs and better working conditions in the future or should they be considered dead ends? Training contracts represent the majority of short employment spells, allow young workers to shop around looking for better matches and often develop into permanent careers. But there is a substantial and increasing quota of mature workers – movers – for which short working episodes represent a permanent situation, signify precariousness and low income that extends for a considerable number of years. Movers are workers placed at the bottom level of the market, blue collars with low education, mainly females. They repeatedly enter and exit employment, never stabilize and their situation worsens as they get older.

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

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

Appendix. 1. The VWH Database.

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

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

The Veneto longitudinal panel has records on establishment and worker flows from 1975 to 1997, a rather long period of time, compared with other studies of the same kind; employers are classified in the three-digit ATECO 1981 standard classification[24].

VWH data include register-based information on all establishments and employees that have been hired by those establishments for at least one day during the period of observation, independent of the workers place of residence.[25] The unit of observation is the employer-day; such pieces of information are used to build a monthly history of the working life of each employee. Employers are identified by their identification number, which changes if ownership, in a strict sense, changes. This has been amended and any time more than 50% of all employees are taken over by the new legal employer, the employment spell is said to be continuing. Similarly, if there are short breaks in the employment spell, as long as the worker continues at the old employer, his spell is considered uninterrupted[26].

[24] Revelli (1995) and Rapiti (1998). On VWH see Occari, Tattara and Volpe (2001, 18-22). One should properly speak about establishments and not firms, as social security contributions can be paid at the establishment, although the payments for different establishments can be reunited on demand (and the database tends to unify scattered payments through a thorough study of the most relevant situations.

[25] The entire working life for all employees that have worked at least one day in Treviso and Vicenza has been recontructed, considering the occupational spell out of Treviso and Vicenza as well.

[26] A 'cleaned' social security archive has been used. The engagements/separations and the creations/destructions that are due to a change in the unit that pays the social security contribution not matched by a corresponding change of the working population assessed at the

Data include all individual employment spells with an employer, of whatever duration, and this probably results in a lot of very short spells. Although short spells characterize the average job, they are concentrated at workers young age, while long spells characterize the mature worker current experience. All plants sizes have been considered, because our territory is characterized by a multitude of very small units (establishments with ≤ 5 employee account for almost 12% of the total manufacturing employment)[27].

establishment level are defined as 'spurious' and have been deleted. The complex matching procedure is explained in Occari and Pitingaro (1997). This procedure is common practice among people working with social security data. For a similar procedure, see Bingley and Westergård-Nielsen (2002).

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