

HOW MUCH (UN)STABLE ARE NEW JOBS IN ITALY? AN ANALYSIS BASED ON THE WORK HISTORIES' DATA

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1. Introduction¹

The increasing level of *precariousness* in the labour market is a topic of great political and social concern in economic literature. The empirical analysis of the quantitative dimension of this phenomenon and on its effects is not an easy task given the slippery and multidimensional nature of the concepts of job *precariousness*, *flexibility* and *instability* and the associated problems to find unambiguous definitions and appropriate indicators. In the empirical literature the level of precariousness/instability in the labour market is explicitly or, more often, implicitly associated to two main dimensions:

- the relevance of “typical” and “atypical” jobs. The most common distinction used in the literature is the one between fixed and permanent jobs as well as between standard and non-standard labour contracts (Alboni et al., 2008; Berton et al., 2001; Farcomeni et al., 2012; OECD, 2019; Ciccarelli et al. 2020)
- average number of job-to-job transitions occurred in a given period. Despite it is not easy to find a single unambiguous definition of mobility this concept broadly refers to the extent to which workers change jobs or change their status from employment to unemployment or vice versa (see, among others, Contini et al., 2005; Brandolini et al. 2004, De Angelini, 2005; Trivellato et al. 2005; Leombruni et al., 2005; Struffolino E. et al., 2020b).

Both dimensions, although very relevant, tend to neglect the “time dimension” of job instability and in particular the level of job precariousness linked to the actual working time of any single work history². In fact, to any particular type of labour contract and to any level of labour mobility could be associated different levels of

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² The importance of the time/longitudinal dimension of work stability and instability has already been stressed and analysed, both on a conceptual and on an empirical ground, by Tattara G., 2005; Carmignani et al. 2007; Schiattarella, 2007. See also de Angelini 2005; Filandri M. et al., 2020.

“saturation” of the total potential working time. The time/longitudinal dimension of job instability is particularly relevant also because it has direct implications on incomes. Income disparities within the labour force are likely to be determined more than by labour contracts, and the number of job-to-job transitions, first and foremost, by the cumulative amount of months or days actually worked in a time span (Evangelista and Fabrizi, 2008; Fabrizi and Evangelista, 2010).

We can identify two key dimensions defining the level of stability of any work history:

- a) *job-to-job mobility*: i.e. number of times an individual changes his/her job different contracts in a given time span;³
- b) *continuity of work* level of saturation of potential working time: actual number of days/weeks/months worked also changing different jobs in a given time span, to which could be in turn associated an “index of saturation” of working time ratio between the actual working time and the potential one. By distinguishing between *mobility* and *continuity level of saturation* we want to stress the point that the former is not sufficient, taken separately from the latter, to define and measure the level of stability of a work history. Furthermore, it has already been shown that between the two, *continuity* is perhaps the most important although neglected dimension, being closely correlated with the overall income capacity and, most likely, also to the professional up-skilling of each work history (Evangelista and Fabrizi, 2008; Fabrizi and Evangelista, 2010).

This paper moves from the basic idea that different combinations of *mobility* and *continuity* of the work histories could lead to different outcomes in terms of stability/instability of working conditions. Furthermore, using the AD-SILC database, we will focus on some characteristics of workers – such as age, gender, geographic work location– in order to highlight how different individuals could experience various situations of precariousness.

2. Data

The analysis is based on AD-SILC database (second release). This source contains information from IT-SILC, the Italian database of the European Union Survey on Income and Living Conditions (EU-SILC) and INPS administrative

³ This corresponds to the number of “associations” used in the empirical literature to compute at an aggregate level the labour market mobility index i.e. the numerator of the association rate. The latter is usually computed as the number of “associations” labour contracts occurred in a given period divided by the stock of working population in the same period Contini and Trivellato, 2005b.

archives. All individuals surveyed at least once in IT-SILC waves have been linked to all available information in Inps archives.

For the individuals surveyed we have a retrospective panel with the entire career up to the interview in IT-SILC.

Individual careers have been summarized in order to account the number of job-to-job transitions and the time spent at work over five years' time period.

We have focused on employees in the private sector with open-ended contract, fixed-term contract or a collaborator (i.e., also called co.co.co. in the Italian labor market). Self-employed, self-employed farmers, freelance professionals, have been excluded from our analysis because we focused on duration of the contract: in the case of self-employed we face with heterogeneous working categories if compared with employees, with respect to the duration dimension of the job.

3. Some preliminary results of the empirical analysis

The first aspect we have stressed is related to the number of job-to-job transitions along a time span of five years in the individual work history patterns. The Figure 1 shows the differences among workers in terms of number of job-to-job transition. As it is shown very clearly, there are considerable disparities in behaviors in the Italian labor market between employees above and below 40. In below 40-year-old employees we can observe that the level and the tendency of the curve differs from the one built up on the entire sample, being the transitions of workers below 40 systematically superior to those of the entire sample. It seems to confirm that the beginning of the career is characterized by high unsteadiness. In the same way we can read the Figure 2 related to the duration of the occupation: if we focus on the entire sample, the number of days worked appears fairly stable over time, and generally in the range between 1,300 and 1,350 days worked. On the other hand, the number of days worked by young entrants are ever lower than the other workers and tends to decrease over time, suggesting that enterprises have generally responded to economic crises by reducing the demand for hours worked (especially) by younger people.

Summarizing these two results, we have decided to focus our attention on below 40 employees, at the initial stage of their careers. For these workers the stabilization process depends on mobility and on continuity, both representing a relevant dimension whose pattern seems to change over time.

Following the conceptual framework sketched in the introduction and already used in Evangelista and Fabrizi (2008) we identify three main types of work histories (WH), each one characterized by different combinations of *mobility* and *continuity* over a five-year-time period (i.e., 260 weeks of potential working time).

Stayers: WH of people who have not changed their job working for at least 80% of total potential working weeks.

Movers with saturation: WH of people who have changed their job at least once working for at least 80% of total potential working weeks.

Movers with no saturation: WH of people (either changing or not their job) who have worked below 80% of total potential working weeks.

Figure 1 – Number of job-to-job transitions in a five-year time period (average values)

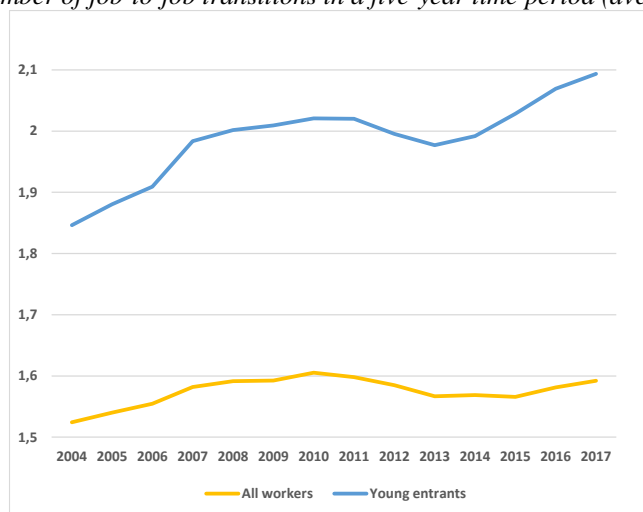
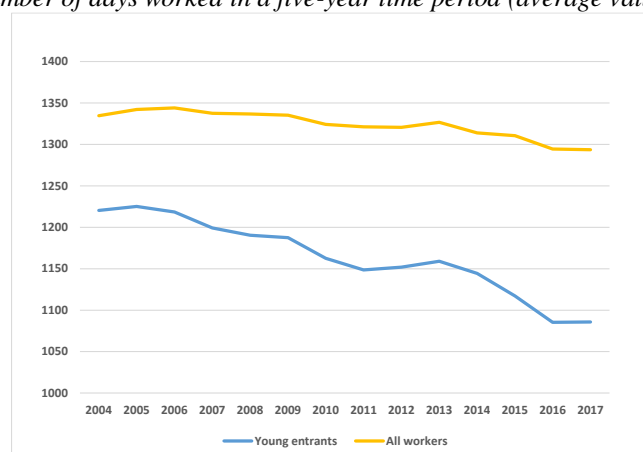


Figure 2 – Number of days worked in a five-year time period (average values)



In Figure 3 we can examine the amount of stable (stayers) and unstable (movers) employees. We can confirm great differences among young (new entrants) and older employees. In the case of young new entrants, the ones having an unstable career (workers with no saturation) become the most conspicuous contingent (40%). As to the gender, it can be verified that a large part of such increase is due to the female component, where workers who fail to reach saturation become over 45% of the total amount of workers, while men in the same conditions grow more slowly. For both young men and women, the share of stable workers (stayers) is contracting.

Some further considerations upon young new entrants can be made looking at the geographic area of work (see Figure 4), divided in three Macro areas: North Italy, Central Italy and South Italy. Stayer workers tend to constantly decrease in all areas over the years examined, even if starting and arriving at different levels. In the North, the three contingents (stayers and movers, with and without saturation) tend to converge towards the same values over time; in the Centre the situation appears more heterogeneous, but also in this case we can observe a progressive reduction of the stayers with consequent increases in the other groups; in the South, movers with no saturation – who since the beginning of the observed period have represented the highest contingent, differing from other areas in this regard – are growing more and more, giving the strongest signal of frailty of the employment.

The data just analysed appear to be in line with the findings that emerged in other authors: a general greater difficulty in accessing stable positions for both young people (McDonald P.K., 2018; Struffolino et al., 2020a) and women (Goldin C., 2017; Struffolino et al., 2020b), who appear as the main victims in periods of a negative or stagnant business cycle. If in the case of younger people (although here the concept of young people has been pushed up to the age of 40) a certain mobility appears reasonable in order to find the most suitable job, as regards women an excessive number of transitions, linked to a low saturation level, can adversely affect not only the levels of income and material well-being, but also the health of the individuals involved (Ciccarelli et al. 2020). As regards the territorial dynamics, the large differences found with respect to Central-North Italy do not seem to be attributable only to the different functioning of the local labor market, but rather to the large differences in terms of production capacity, which push enterprises not only to contain the workforce involved in the production process (that implies high unemployment rates) but also to divide the demand for labor among different individuals.

The last part of the analysis aims at describing long-term dynamics. In Figure 5 we have reported the time to first stable contract: this information is obtained looking at 10 years before the IT-Silc interview and has been evaluated the time to the first tenure. This condition is achieved in the case the employee has remained with the same employer for at least 3 years. We may notice that 25% of the

employees get the first stable job immediately, while a same share does not get a stable contract along the observed period. The half of the observed population gets the stability over time, but not quickly, as it is shown by the flatness of the curve. This implies that less than 8% per year succeeds in getting a stable contract, indicating the difficult for employees to get stabilization patterns.

4. Concluding remarks

In recent decades, the slowdown in economic growth and the adoption of legal measures in the labor market have severely affected the level of job's (in)stability, thus reducing the thin line that separates the concept of flexibility from that of precariousness.

In a period of crisis that has been prolonged since 2008, enterprises have reacted by varying the employment base, not only by firing and not hiring new staff (the Italian unemployment rate went from 6% in 2007 to 10% at the end of 2019 – reaching a peak of over 12% in the same period), but also by reducing the hours worked by those who had kept the job. This phenomenon has mainly involved some group of individuals (women, young people, residents in the South), widening the gap between “protected” workers and those having low levels of protection, thus sharpening the differentials of income, well-being and satisfaction.

The findings presented in this paper represent only some preliminary reflections on the differences between groups of individuals as regards job stability; the use of relatively recent sources, such as the AD-SILC database used in this research, allows us not only to carry out longitudinal analyzes – essential in reconstructing the work history patterns of individuals and, therefore, their current income capacities and their potential future retirement levels – but also to link some socio-economic and demographic characteristics, leading to a more precise investigation of the elements more responsible for discontinuous working careers.

This way it will be possible to address policymakers towards those choices effectively making the labor market more flexible without negatively affecting the economic and social stability of individuals.

Figure 3 -- % of stayers and movers of work history



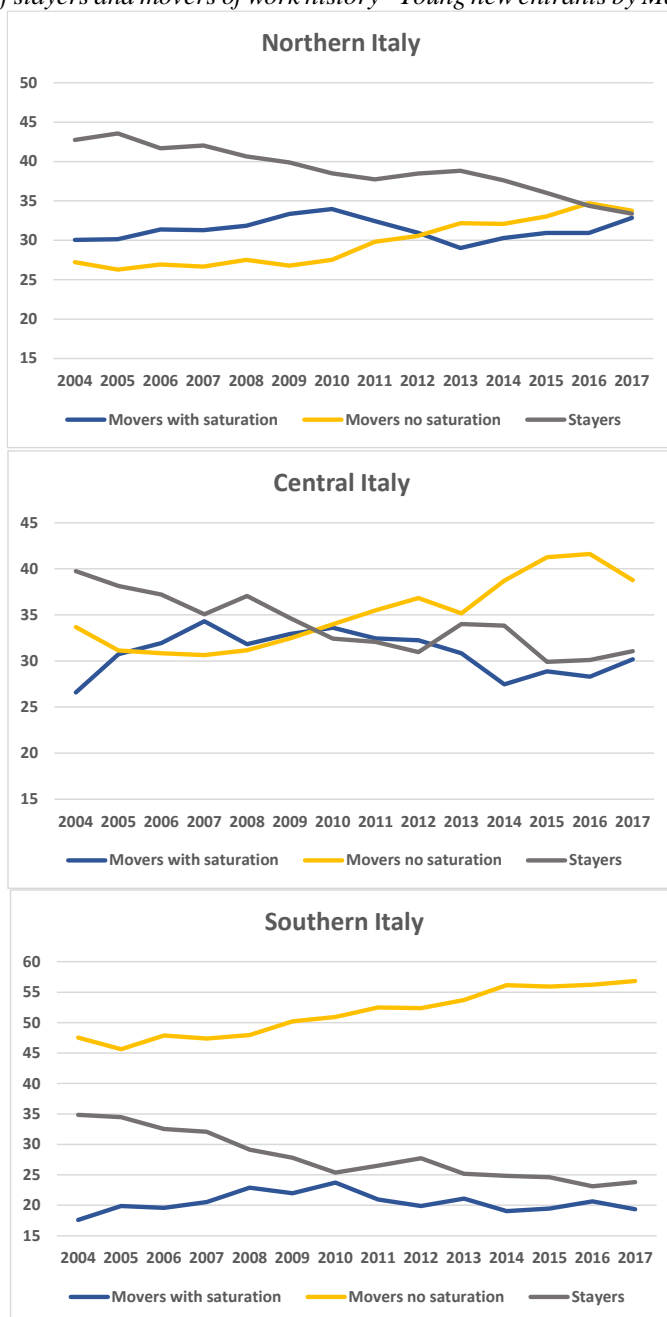
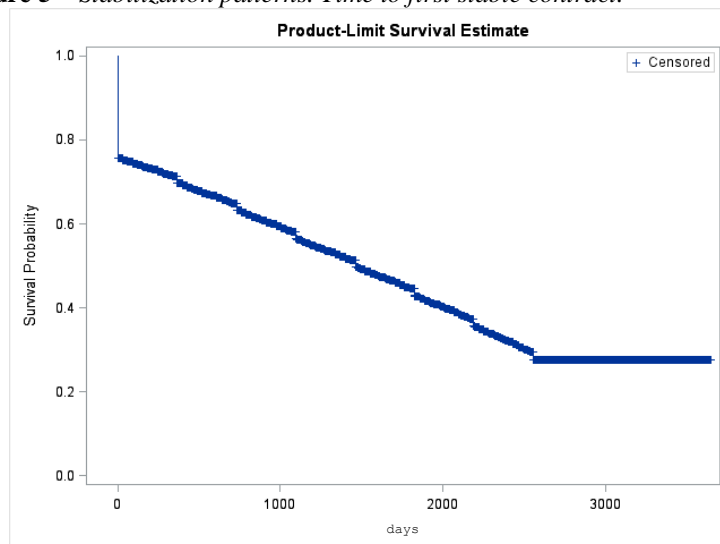
Figure 4 – % of stayers and movers of work history –Young new entrants by Macro Regions

Figure 5 – Stabilization patterns. Time to first stable contract.

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SUMMARY

How much (un)stable are new jobs in Italy?

An analysis based on the work histories' data

This paper starts from the hypothesis that an empirical assessment of the stability and instability in the labour market and, more broadly, of working lives, cannot rely only, or primarily, on the type of labour contract, but should take jointly into account both the labour mobility number of job to job changes and the actual amount of time worked by each individual level of saturation of working time. The evidence presented, based on five years working career, shows that, in the case of Italy, the instability of jobs has increased over the period 2004-17, and that the increasing fragmentation of the “work histories” is a phenomenon affecting mainly, and more strongly, young workers and in the years following their first entrance in the labour market. The empirical analysis of the work histories of “young entrants” shows that the increasing instability of the working lives and conditions in this segment of the labour force deals with: a) an increase of the number of job transitions; b) an increased difficulty of saturating the potential working time; c) an increase of the time required to get a “stable” job.

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