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Subsidiary employment in Italy: can commodification of labour be self-limiting?

Francesca Bettio and Alberto Mazzon

Introduction

In May 2015, the President of Italy's National Social Security Agency (INPS) presaged that vouchers – the Italian version of the pre-financed French *Chèque emploi service* (CES) – threatened to become the 'new frontier of precarious employment' in the country (La Repubblica, 2015).¹ This warning was prompted by information that the number of recipients of vouchers had increased from less than 25,000 in 2008 to nearly 1 million in 2014.

The alarm sounded by the INPS President would appear to add further substance to concerns about rising 'commodification' of the labour relationship which are being increasingly voiced in scholarly circles in Europe and elsewhere. Here we understand growing commodification as a process whereby labour (power) is increasingly treated as a 'spot' commodity, hired when, and for exactly as long as, production requires, with few or no strings attached in terms of social security, severance pay and sick pay. The need to ensure sufficient earnings to enable the 're-production' of labour power – as Marx would put it – and to nurture labour by means of education, training and good health are thus shifted progressively onto the worker or the state.²

Commodification of labour thus understood follows from the progressive demise of the standard employment relationship. Jill Rubery is an authoritative voice in the literature opposing this demise (Rubery and Grimshaw, 2016; Rubery *et al.*, 2015). She and her co-authors argue that commodification is being driven by increasing flexibility and precariousness of employment, compounded by fragmented time practices such as those prevailing in the elderly care services in the UK. Breman and van der Linden (2014) bring an even more sombre

perspective to the debate with the claim that commoditised labour power is the general rule in the history of market economies, with the standard employment relationship actually representing an historical exception that may have run its course.

It is tempting to see the growth of vouchers in Italy as one of the clearest cases of rampant commodification in Europe. Unlike mini-jobs in Germany, Italian vouchers are not labour contracts (Pala, 2014). Presently, they can be bought at a tobacconist's shop (as well as other selling points, including online) and can be used to buy multiple hours of services. Unlike pre-financed *CES* in France, they can be used across practically all sectors, types of firm and type of 'worker' (with very few exceptions).³ The current gross value is 10 euros, 7.5 of which accrue to the worker net of income taxes, while the remaining 2.5 go partly towards financing an insurance against occupational hazards and partly to a 'special' (state) pension fund. They do not, however, entitle the worker to sick pay, holiday pay, maternity or parental leave, unemployment benefits or severance pay.

Despite such premises, the story of Italian vouchers is reassuring in some important respects. Although since 2008 their growth exploded, the available evidence suggests that they have been used to replace more 'structured' employment forms, but not as frequently as was initially feared. On the contrary, they may have helped some occasional and seasonal labour to surface from the underground economy.⁴ This is no reason for complacency, however, because the story of Italian vouchers is still in the making, since the number of workers depending solely on vouchers for their income is very small but growing, and because, importantly, evidence is still scant. However, the current situation raises questions about what may prevent even stronger forms of commoditised labour exchanges from becoming pervasive, and what may relegate such exchanges to niche labour markets while contributing to regularising 'pin money' employment.⁵

The following discussion recounts the specific Italian experience but concludes by raising more general questions about commodification. The section titled 'How vouchers work in Italy' sets out the current legal framework for vouchers in the country; it also discusses how they evolved through successive statutory revisions along a trajectory that started with a French-style *cheques service* scheme and ended with what may be viewed as an idiosyncratic version of German-style mini-jobs. The next section, 'Exponential growth: who is involved and how?', factually documents this trajectory, focusing in particular on the characteristics of the workers involved and of the employment opportunities being offered. The last section, 'What do Italian vouchers teach us about commodification? Questions in search of answers', asks whether and

how the spread of such forms of commodification that may otherwise look rampant may actually be contained by in-built ‘stabilisers’ as well as effective regulation.

The account of the growth of the Italian payment-by-voucher system which we provide below intersects with the scholarly work of Rubery in at least two respects. As noted, the main intersection is with her research on the consequences of the demise of the standard employment contract. An additional intersection concerns the shape such a demise can take, especially in feminised areas such as care work. Rubery and her co-authors coined the term ‘fragmented time practices’ (see also Chapter 6) to group different forms of de-commodification within the care sector. Towards the end of the chapter we explore similarities and differences with the Italian-style use of vouchers within elderly care.

How vouchers work in Italy

The text of the Italian law refers to vouchers as ‘*lavoro accessorio*’, literally ‘subsidiary employment’. When first introduced in 2003, as part of one of the milestone reforms of the national labour market (the so-called ‘Legge Biagi’), subsidiary employment competed with a host of other newly introduced contractual arrangements, and was consequently assigned distinctive goals. As a means of payment, vouchers were limited to *casual* and *ancillary* activities ‘performed by individuals at risk of social exclusion, not participating in the labour market or about to leave it’.⁶ They were intended to provide a viable alternative to informal employment for a set of activities often confined to the shadow economy, while favouring the inclusion of peripheral and marginalised workers (Ministero del Lavoro e delle Politiche Sociali, 2016). The activities in question ranged from housework and care work to private tuition, small-scale gardening and cleaning, natural disaster management and the organisation of occasional events – from conferences to athletic contests. Eligible workers included the long-term unemployed, housewives and retirees, as well as non-EU migrants with a regular residency permit. Hours of work were limited to 30 per month and earnings to 3,000 euros per year.

On most counts, the inspiration clearly came from the French *CES* instituted in 1993, but two closely related differences are worth noting. The French scheme did not set a fixed per-hour value, whereas in Italy each voucher was intended to equate to an hour’s work. Its initial price was set at 7.5 euros gross, 5.8 of which accrued to the worker net of tax and social security while the remainder was divided between a small fee for operating costs and employer’s contributions to

a special pension fund, as well as to the abovementioned national, occupational hazard insurance scheme.⁷

Hence, social security costs were (and remain) much lower than for any other type of contract in Italy. So too were benefits, since voucher recipients could not and still cannot claim any benefits other than insurance payments in case of work-related accidents, and a very small pension income. By contrast, in France social security benefits were (and remain) comparable to other types of employment with the difference that contributions were heavily subsidised while providing full benefits (in proportion to earnings). Also, the (variable) value of *CES* was intended to factor in holiday pay, sick pay and so on. From the start, therefore, Italian law set vouchers as something clearly apart from anything like a standard labour contract.

A second difference is that, unlike in France, the Italian scheme did not take off immediately. In 1998, five years after actual enforcement, the monthly figure for average hours worked under the ES schemes was over 8 million in France. This compares with slightly over 100,000 in Italy five years after enforcement (2008) even though the total population of the two countries was of a roughly comparable magnitude in the respective years.⁸ As we document in the section 'What do Italian vouchers teach us about commodification? Questions in search of answers', the main reason for poor results in Italy is that the scheme was and remains relatively unpopular with households.

In the attempt to remedy a shaky start, the scheme was repeatedly revised. The most consequential changes were enforced at different dates between 2008 and 2015, which actually had the effect of turning the vouchers into minimum-protection, German-style, mini-jobs anchored at a set wage. Firstly, the range of admissible activities was expanded until eventually encompassing the whole economy, with a few specific exceptions within agriculture (INPS, 2016b). Secondly, eligible workers no longer need to belong to groups on the margins of the labour market but comprise almost everybody, including full-time employees or self-employed workers wishing to supplement their earnings. Employers can be families, entrepreneurs, professionals, non-profit organisations and even public authorities. Thirdly, the price per voucher was eventually set at the current value of 10 euros and total earnings were capped higher: each worker can now cash vouchers for up to 2,000 euros, net, per year from the same employer and for up to 7,000 euros, net, per year from all employers (Natali, 2016). The selling of vouchers was also made easier, for example by adding tobacconists to the list of authorised sellers. As a result, about two-thirds of all vouchers in 2015 were sold by tobacconists (INPS, 2016d: figure1). Employers can also purchase vouchers via the website of the National Social Security Institute (or at its local offices), in most banks and in post offices.

To gauge similarities and differences between vouchers and mini-jobs recall that the latter are also permitted across sectors and according to individual employment status. Like the Italian vouchers, moreover, they are not incompatible with other sources of income, including wages, unemployment benefits and pensions. Also, with the introduction of a statutory national minimum wage in Germany (which was actually prompted by fears of wage exploitation of mini-jobbers), a large share of mini-jobbers is currently likely to be paid 8.5 euros gross per hour (the minimum wage rate until December 2016; see also Chapter 2), which may actually be lower in purchasing power parity than the 7.5 euros per hour in Italy, net of taxes and any contributions. Annual earnings are capped at 5,400 euros per year for German mini-jobbers compared to 7,000 for Italian voucher recipients, although the former may actually receive extra compensation for in-work-related expenses which are not taxed and are not counted towards the earnings ceiling (Mazzon, 2013).

Differences are also worth noting. Mini-jobs are proper labour contracts that grant mini-jobbers the status of employed individuals, whereas vouchers do not. From the very start, the text of the Italian law clearly stated that being in receipt of vouchers does not affect the employment status of the recipient. As a result, German mini-jobbers enjoy the same labour rights as regular workers. Employers pay full contributions at a 30 per cent, a flat rate which slightly exceeds the average rate. Employees are generally expected to pay contributions only towards their pension, with the possibility for some to be exempted, in which case they also forfeit future pension income (Federal Ministry of Labour and Social Affairs, 2014).

With regard to pension entitlements, however, practical differences between mini-jobs and vouchers are likely to be slim: both voucher recipients and mini-jobbers are likely to be entitled to pensions well below the poverty line should they rely only on this source of income during their working life. For example, the Federal Ministry of Labour and Social Affairs estimated that each additional year as a mini-jobber adds 3.11 euros to one's monthly pension amount, thus requiring 37 years to be entitled to 116 euros in Germany! (Mazzon, 2013:6). In Italy, social security contributions are set aside in a special pension scheme called *Gestione separata*. Each year a so-called *minimale* is set, corresponding to the minimum amount of money that a worker must pay into the scheme for her or him to be credited one full year of contributions. If a worker pays less than the *minimale* he or she will be credited only a fraction of a full year (INPS, 2016a). Given the current limitations on annual earnings, a worker who relies solely on vouchers cannot reach the *minimale* even at the maximum level of earnings. To clarify this point with numbers, in 2015, a worker on vouchers receiving 7,000 euros (the earnings ceiling) would have paid 1,213 euros into the pension

scheme. With a *minimale* of 3,653.78 euros, he or she would have been credited four months of contributions. However, very few workers earn up to 7,000 euros; with approximately 64 vouchers per worker cashed per year the average worker would pay just 83 euros into the scheme, corresponding to less than a month of contributions.

Exponential growth: who is involved and how?

Was the transformation of the voucher system from a CES-style provision to mini-jobs-of-a-kind successful? The short answer is yes if success means that vouchers have become much more popular. We already noted that growth was exponential between 2008 and 2015, as measured by the number of vouchers sold and the persons (recipients) involved. If we qualify a recipient as all those who cashed at least one voucher in the reference year, their number grew from almost 25,000 in 2008 to almost 1.4 million in 2015 (Figure 8.1). During the same period, the number of vouchers actually cashed grew from less than half a million in 2008 to more than 115 million in 2015 (Figure 8.2). The use of vouchers did spread across sectors, some more than others, but households remain peripherally involved. In 2015, the number of employers doubled with respect to 2013, exceeding 473,000 units. As shown in Figure 8.3, about two-thirds of them are firms operating in the secondary or tertiary sector, with the largest shares accruing to tourism and manufacturing. Only 15 per cent

Figure 8.1 Number of recipients and percentage of new recipients per year: 2008–15

Source: INPS (2016d).

Figure 8.2 Number of vouchers sold per year and average number of vouchers per recipient per year, 2008–15

Note: Vouchers cashed are less than vouchers sold which explains possible discrepancies between Figures 8.1 and 8.2.

Source: INPS (2016d).

Figure 8.3 Number of employers by sector, 2015

Source: INPS (2016d).

of all employers are families, while employers operating in agriculture account for less than 4 per cent.⁹ With more than 400,000 employers each year, many of them are bound to have used only a limited number of vouchers. The 2015 average of 3.5 recipient per employer actually obscures the fact that only 3per cent of them hire more than five workers over the course of one year, with each of whom receiving at least 70 vouchers (Bombelli *et al.*, 2016: table 10).

Unsurprisingly, the share of women cashing vouchers has grown in parallel with the number of vouchers, reaching 52 per cent in 2015 against a female representation of 42 per cent across the rest of the employed population. Hence women are over-represented among those who work for vouchers, but the imbalance 'in favour' of women is still contained in comparison with recipients of the French *CES* or German mini-jobbers. However, the final judgement should be suspended in view of the ongoing upward trend in feminisation in Italy. The share of very young recipients has also grown in Italy alongside the volume of vouchers, with the average age on a downward trend, a small incidence of recipients older than 60 and one in every three recipients below 25 years of age in 2015.

With demographic indicators evolving rapidly, it is still too early to conclude that vouchers will enhance the segmentation of the Italian Labour market by further shifting the risks of precariousness onto women and young people. But we cannot rule out such risks. As with migrant labour, available data only separate out non-EU migrants from EU recipients (including nationals) and show that the former are not over-represented. Again, however, over-representation among voucher recipients cannot be ruled out for migrants from EU countries, as we simply do not have enough information.

Overall, the demographics of voucher recipients are not (yet) particularly informative about the role this scheme is playing in the labour market. Indicators of turnover, earnings and displacement effects are more telling. The main facts are as follows.

Turnover of recipients is and remains high despite a downwards trend. Year after year, new entrants (or re-entrants) were and remain the majority of voucher recipients. The percentage of voucher recipients not having performed subsidiary work in the previous year followed a decreasing trend since 2008, but stayed well above 50 per cent since 2008 (Figure 8.1). This may simply reflect the fact that we have witnessed fast growth in the number of recipients in recent years. But, again, we cannot rule out the possibility that for most recipients, employment by means of vouchers will continue to represent a largely temporary condition lasting less than one year.

The average number of vouchers per recipient is low. Despite the pace of growth in the number of vouchers, the average number of voucher per worker per year was roughly stable around 60 units in the last five years or so (Figure 8.2). This suggests that most work spells on vouchers tend to be short, sometimes even just a few hours in the whole year.

Average earnings per recipient are low. Earnings per recipient are also low, consistent with the previous finding on vouchers per head. In 2015, annual average earnings ranged from 554 euros for the youngest recipients to 700 for the oldest

Table 8.1 Annual earnings by age of voucher recipients

Age	Number of recipients	%	Average annual earnings per recipient (€)
<25	431,613	31.0	554
26–59	849,968	61.0	660
60–65	57,483	4.1	762
>65	53,842	3.9	700

Source: Ministero del Lavoro e delle Politiche Sociali (2016: 5).

(Table 8.1), exhibiting the familiar concavity of most age-earnings profiles. If, moreover, we look at the distribution of average earnings across age groups the tail is thicker on the left-hand side. In 2015 more than three-fifths of all recipients totalled less than 500 euros each and more than one in seven recipients cashed less than five vouchers in the whole year (Bombelli *et al.*, 2016: 4)

The striking findings in this respect is that the earning ceiling of 7,000 euros, net, per year is set about ten times higher than actual, average figures. To gauge the anomaly of these figures compare them with earnings for mini-jobbers in Germany. In 2014, the number of German mini-jobbers was slightly more than 7 million, 6,803,327 hired by firms, 267,478 by families; the former earned €282 per month (or the annual equivalent of more than three thousand euros), the latter €181 per month (Minijob Zentrale, 2015).

Vouchers are the sole source of income for only a minority of recipients. In the light of the preceding figures, it would be surprising if vouchers represented the only source of labour income for the majority of recipients. There are no clear official data in this respect, but CiccioMessere (2015: 4) cites Anastasia and colleagues (2015) to estimate that, if we exclude very young people who are still likely to be dependent on their family, the share of recipients for whom vouchers are the sole source of monetary income may be less than 25 per cent,¹⁰ a large minority who cannot be ignored, but still a minority.

Displacement effects are contained. Italian trade unions often voiced concern that the deregulation of vouchers would encourage their use to replace existing, less-profitable contractual relations rather than encouraging shadow employment to emerge. It seems that this happened but ‘only’ affected some 10 per cent of recipients. The specific finding is that one in ten recipients of vouchers appear to have worked for the same employer in the previous six months, either as an employee or as an own account worker – one in eight if the period is restricted to the previous three months (Ministero del Lavoro e delle Politiche Sociali, 2016: 7). However, there is great variability across branches of activity, with what we may call the ‘displacement rate’ ranging from a maximum of 15 per

cent for firms in the tourist sector to a minimum of 0.7 per cent for housework and carework (2016: 8).

If we take all this evidence together what does it suggest about the role of vouchers in the Italian labour market? With the due caveat that any inference is bound to be speculative against a background of limited information and ongoing change, the introduction of vouchers seems to have partially missed the purpose of the *CES* in France to bring into the regular market unpaid and grey work in the household sector. At the same time, the employment opportunities that have been created yield occasional, seasonal or marginal earnings, too small to fully qualify as mini-jobs, although on paper, similarities with mini-jobs are strong. Unsurprisingly, official assessment of the voucher scheme (Ministero del lavoro e delle Politiche Sociali, 2016) turns failure to create (or regularise) opportunities that may somehow qualify as ‘jobs’ – however mini – into success for the scheme, hinting that vouchers by and large create or regularise truly subsidiary employment, as they were originally intended to do.

What do Italian vouchers teach us about commodification? Questions in search of answers

The evidence illustrated in the previous section raises at least three interconnected questions which hark back to the issue of commodification we raised in the introduction to this chapter. The first question is why vouchers remained relatively unpopular with Italian households, unlike the French *CES* that had inspired them. The second question is why voucher earnings per recipient are so low, and, in particular, why they are much lower than for German mini-jobs despite the fact that Italian vouchers are less costly for Italian employers and subject to equivalent- or higher-earnings ceilings than in Germany. The final question follows partly from the preceding ones and asks why a commoditised, employer-friendly, simple-to-use, no-strings-attached labour transaction is eroding traditional labour relationships only to a limited extent.

In answer to the first question let us further substantiate the claim that vouchers are only moderately popular with Italian households. It is not possible to know from available data exactly how much demand from households is contributing to the spread of vouchers, but we can venture an estimate of only about 6 per cent of all vouchers sold in 2015, based on data from Bombelli and colleagues (2016).¹¹

The reasons are not entirely clear, but ‘wrong’ pricing could be one of them, as occurred in Austria (Farvaque, 2013). To shed some light on the issue, consider the two main alternatives to vouchers, namely hiring on the black market

on the one hand and, on the other, hiring on the legal market using the contract for domestic and care workers (*'collaboratori familiari'*). For the sake of argument, consider two polar cases from the point of view of the continuity of the relationship: on the one hand, demand is for services expected to be occasional or rather temporary; on the other hand, demand is for services with a long or indefinite horizon. In both cases demand is for a limited number of hours, say five per week.

Let us focus now on demand for occasional services and suppose the hourly rate for domestic and care workers is 8 euros on the black market, the most convenient alternative to vouchers.¹² For the worker the alternative of pocketing 7.5 euros with a voucher would not be especially attractive given that pension benefits attached to vouchers are very small and uncertain. The additional benefit for her or him would be insurance against work-related injuries, but this risk is likely to be perceived as rather low in the domestic work sector. The household buying the voucher, on the other hand, would need to pay an extra 2.5 euros per hour compared to the black-market rate in exchange for avoiding the risk of being sanctioned for irregular hiring. Taking this risk could be costly in some cases, for example if the worker is injured at the employer's premises; or if he or she commits a wrongdoing, in which case irregular employment makes it difficult for the employer to seek justice. However, such possibilities are likely to be perceived as sufficiently remote, especially when the domestic worker has been engaged via networks of friends, catholic institutions and the like. Hence for occasional house-help or care work, informal hiring may still be a strong competitor of vouchers, at least in some regions of Italy.

Next, let us consider demand for housework/care services on a longer-term basis, retaining the previous assumption that hiring on the irregular market would cost 8 euros per hour. In this case, irregular employment might lose attractiveness for both sides of the transaction. For households employing irregular family helpers or carers the cumulative risk of being caught increases with the length of the relationship, and sanctions are severe. All the more so because workers can report employers for irregular hiring. Workers are often migrants from within or outside the EU, and both depend on a formal regular source of income in order to be eligible for residency and have full access to the National Health Service. At the going rate in the shadow economy, therefore, vouchers may compete effectively with irregular work. To be used on a large scale, however, vouchers also need to effectively compete with the special contract for domestic helpers (*'collaboratori familiari'*). If a regular contract were drawn, the employee would need to pay 40 cents per hour in social contributions. Assuming that the gross contractual pay also amounts to 8 euros, the employee would receive 40 cents less which would leave her or him practically indifferent

in monetary terms between a voucher and a regular contract (INPS, 2016c). And if her/his only source of labour income were those five hours per week he or she would have to pay no taxes. However, he or she may prefer the contract because it grants holidays, sick leave etc. as well as ensuring greater continuity.¹³

On her and his side, the employer would pay 1.57 cents in contributions, per hour, to hire on a regular contract, in addition to the gross salary of 8 euros for the employee (INPS, 2016c). He or she might find the voucher slightly more convenient in strictly monetary terms than the standard contract for domestic helpers (or carers) as the latter would also require granting employee holidays, sick leave and maternity leave in proportion to the weekly hours. However, direct gains in monetary terms are likely to be more than compensated by indirect transaction costs. These would arise from the fact that a regular contract strengthens trust and enhances collaboration between domestic workers and families: trust lowers the cost of security (household helpers generally have keys to the house or live with the family) and promotes collaboration from employees with positive effects on the quality of services that are supplied. The upshot is that for short-hours employment within a long-lasting relation the monetary incentive to replace existing contractual alternatives with vouchers may be too slim to always compensate for losses in the quality of services and in security risks.

In sum, if our back-of-the envelope calculations are roughly correct, the answer to the first question is that vouchers in Italy may not be 'cheap' enough to strongly compete with existing alternatives, be it irregular hiring or regular hiring on the existing contract for *collaboratori famigliari*.

The second question we raised is best answered with reference to the non-household sector. As we described above, average annual earnings per recipient are very low and the vast majority of recipients are far from reaching the ceiling of 7,000 euros per year. We see three possible reasons for this. The first is that most recipients do not rely on vouchers as the only source of income. The second is the fraudulent use of vouchers, especially for workers who declare no other source of labour income. The third is that vouchers are not attractive enough for anything qualifying as non-marginal employment. As we have already discussed the first reason, we now turn to the remaining two.

Fraudulent use of vouchers has been feared from the very introduction of the scheme. Until recently, in fact, no legal provision was in place to ensure that each voucher would be made to correspond to at least one hour of work. Hence firms might pay fewer vouchers than the hours they contract, or they might use vouchers to cover up irregular employment. For example, they could pay workers cash in hand as a rule and hold a minimum set of vouchers to be exhibited in the event of an inspection or when a worker injures herself or himself and needs insurance

coverage. At the time of writing, there is little information as to whether this happens and to what extent. Ciciomessere (2015: 4) speculates that the segment of recipients at risk of fraudulent behaviour is likely to coincide with those relying on vouchers as the only source of income. However, information may be forthcoming soon since the Parliament recently approved amendments to existing regulations which ensure practically instant tracking of the vouchers' recipients including where, when and for how long they are expected to work.¹⁴ If growth in the sale of vouchers halts or even reverses in the months ahead, then it will be indirect proof that fraudulent use was most likely widespread.

The final explanation, which is not necessarily in opposition to the previous two, is that there are insufficient net advantages to resort to vouchers when in non-marginal employment. This leads to the third question, namely, why a fairly commoditised labour exchange has not spread beyond a labour market niche (up to now).

In order to put the matter into context, let us first return to the current importance of vouchers within the Italian labour market. A telling indicator to this purpose is the number of full-time equivalent employment financed by vouchers. Assuming that one voucher actually corresponds to one hour's work and taking the average number of annual hours worked by full-timers as a reference, in Italy vouchers actually paid for the equivalent of around 65,000 full-time, year-round employment positions in 2015.¹⁵

Conclusions

Although it is still early days to take stock of the Italian experience, it may be worthwhile to ask why vouchers have filled only a small niche of the labour market and have not become more pervasive in the last eight years. Not only do average earnings per recipient amount to 'pin money', for both men and women, but also, as noted above, vouchers appear to have displaced pre-existing labour contracts only to a modest extent.

Legal restrictions provide a partial answer. For the employer to fill even a part-time job requiring 800 hours per year (about half of the average figure for full-timers) s/he would need to hire four different workers for each of them to stay within their annual ceiling (assuming the price of vouchers is 'right' for the job). That alone is likely to considerably raise transaction and organisational costs. For very short-term, temporary contracts, such costs can be much lower, thus increasing the risk of being replaced by vouchers. However, additional transaction costs may be relevant. By their nature, vouchers imply that the employment relationship can be terminated by the worker or the employer

any day, nay, any hour. Given the asymmetry in bargaining power between the recipient and the employer it is more likely that termination is in the latter's hand. But whoever may be more at risk, such risk inevitably lowers trust and cooperation, implying additional transactions costs. The aforesaid costs may increase with the complexity of jobs, whether complexity is measured in terms of hard or soft skills.

The above example of care services illustrates the importance of soft skills; if you need to hire a carer for your elderly parents you will be willing to pay more to avoid the excessive turnover of carers, because learning individual idiosyncrasies takes time and emotional continuity is especially important in old age. Clearly the importance of such transaction costs is bound to vary in different market and institutional contexts. Compare, for example the use of vouchers for elderly care in Italy and fragmented time practices such as those reported by Rubery and colleagues (2015) for UK firms offering elderly care services. With respect to time management, Italian style vouchers may be likened to fragmented time practices. In the UK, the latter range from employers focusing paid hours primarily to high demand and sometimes limiting them to face-to-face engagements in in-person services, to failing to recognise and pay work-related time between demand peaks or between direct customer demand (Rubery *et al.*, 2015: *passim*). Rubery and her co-authors document a clear relationship between fragmented time practices and inferior quality of care services, as well as between fragmented time practices and employers' difficulty of recruiting and retaining staff. They argue that firms using fragmented time practices try putting in place Human Resources practices to counteract the shortcomings stemming from fragmented time management, but the shortcomings ultimately prevail because customers (the elderly clients) do not have enough voice and clout. However, this may be different in Italy where families retain a strong role either as direct employers or as intermediaries between the elderly and the service firms. Hence, the disadvantages of using vouchers to implement fragmented time management are likely to be weighed more heavily against the advantages in the Italian context.

Our answer to the third question is therefore that commodification entails costs as well as advantages to the employers and it is not a foregone conclusion that the latter more than compensate for the former. In fact, the experience of Italian vouchers suggests that we may need to carefully identify and evaluate such costs in different institutional contexts precisely in order to learn how to contain the worst effects of commodification. Within the confines of this chapter and the limitations of available data, we are unable to progress any further with this analysis for Italy. Hopefully, however, this does not detract from the significance of our endeavour and the wider implications of Italy's policy of subsidiary employment.

Notes

- 1 Our translation for *la nuova frontiera del precariato*, the term used by INPS President Tito Boeri in a public speech on 15 May 2015.
- 2 This understanding of commodification differs from those of institutionalists à la Putterman (1989) but, also from that of Marx. In the former case, commodification is simply the existence of a legal contract specifying the terms at which labour is sold. As with Marx's notion, the 'equilibrium' (long-run) price of labour power covers its cost of reproduction, that is, the market system (or employers) must take charge of reproducing labour power in the long run.
- 3 We use quotations marks for 'workers' to underscore the fact that receiving vouchers in exchange of labour service does not affect employment status in Italy.
- 4 Regularising shadow labour was perhaps the main goal assigned to vouchers when they were first introduced in Italy; unsurprisingly so, since the original inspiration came from French-style CES. In Belgium, too, French-style vouchers are officially hailed as a tool to fight shadow employment (see, for example, <http://www.emploi.belgique.be/defaultTab.aspx?id=651>).
- 5 Expectations that schemes such as vouchers would encourage what may be called 'regularisation of employment at the margin' actually inspired support for the voucher system from the International Labour Office, which is very active in fighting employment precariousness and the demise of the Standard Labour Contract (see, for example, ILO, 2013).
- 6 Act 276/2003, article 70. The text is available at <http://www.normattiva.it/urires/N2Ls?urn:nir:stato:decreto.legislativo:2003-09-10;276@originale~art70>
- 7 Employers wishing to pay workers more than the set hourly rate can use more than one voucher for an hour of work. However, while this is implicit in the text of the law, it is rarely discussed in the literature and is most likely infrequent in practice.
- 8 The French population totalled 60.2 million in 1998 compared to 58.8 million for Italy in 2008. According to the data reported by the European Monitoring Centre on Change (<http://www.eurofound.europa.eu/observatories/emcc/case-studies/tackling-undeclared-work-in-europe/universal-service-employment-cheque-france>: table 1) a total of 101.0 million hours were worked under the CES scheme in 1998, that is, more than 8 million per month. In Italy, the total number of vouchers sold between August and December 2008 in Italy was 536,321 according to INPS data, that is, just over 107,000 per month, assuming that one voucher actually paid for one hour of work as the law prescribes (INPS, 2011: table 7.6).
- 9 The proportion of families is an estimate based on the assumptions that employers officially coded as natural persons (*persone fisiche*) largely coincide with families (see Figure 8.3).
- 10 According to data referring to the Veneto Region, a large industrial area accounting for about 14 per cent of all vouchers sold, 57 per cent of vouchers recipients are workers with a regular job, often a standard contract while 11 per cent are young people under 24

years of age who are likely to live with their parents. Only for the remaining 32 per cent are vouchers the only source of labour income. Reportedly, however, it was not possible to separately identify self-employed workers or pensioners cashing vouchers. Netting the latter out, Cicciomessere estimates the 'true' share of people for whom vouchers are the only source of labour income at 25 per cent (Cicciomessere, 2015: 4, 15).

- 11 Data on buyers of vouchers allow us to separate out *persone fisiche* (physical entities) from other 'legal entities'—organisations, firms, professionals regularly enrolled in a register and so on (see Figure 8.3). Assuming that all *persone fisiche* represent households, in 2015, 70,000 households (15 per cent of all buyers) bought little more than 5 million vouchers (6 per cent of the total) to engage 128,000 recipients (7.5 per cent of all recipients).
- 12 Note that 8 euro per hour is currently the black-market rate in the capital city of Rome.
- 13 Note that vouchers count towards minimum earnings to be eligible for renewal of a work permit, provided that they are not the only source of income.
- 14 The Act can be found at the website of the Italian Parliament, Senate of the Republic: <http://www.senato.it/leg/17/BGT/Schede/docnonleg/32659.htm>
- 15 According to Eurostat data, average hours worked in Italy per week by full-timers was 40 in 2015, when 25 million vouchers were sold in the country. Assuming 220 working days per year—as in the standard calculation of full-time equivalent employment—annual hours amounted to 1760. With more than 115 million vouchers sold in that year, full-time equivalent employment financed by vouchers amounts to 65,386 positions. In turn, 65,386 full-time equivalent workers correspond to about 0.3 per cent of the 23.3 million full-time equivalent employment units recorded for the last quarter of 2013 (ISTAT, 2014).

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