

Discussion of:
“Temporary Employment, Job Flows and
Productivity: A Tale of Two Reforms”
by Lorenzo Cappellari, Carlo Dell’Aringa and
Marco Leonardi

Konstantinos Tatsiramos
University of Leicester and IZA

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The Paper

- ▶ This is a very nice paper on the effect of two reforms on temporary employment:
 - ▶ Reform on apprenticeship contracts.
 - ▶ Reform on fixed-term contracts.
- ▶ Identification is based on regional and sectorial variation in the implementation of the reforms.
- ▶ There are a number of important contributions:
 1. Use of firm panel data.
 2. Focus not only on job turnover/employment but also on productivity.
 3. Consider the substitution across different types of temporary contracts.

Main Findings

- ▶ The reform of apprenticeship contracts was successful:
 - ▶ Increased turnover and net employment.
 - ▶ Firms substituted external staff for apprentices.
 - ▶ Increased labour productivity.
- ▶ The reform of fixed-term contracts did not have the intended results:
 - ▶ Reduced job turnover.
 - ▶ Reduced the capital-labour ratio.
 - ▶ Reduced productivity.
 - ▶ Increased the use of external staff.

Comments - Results on Employment I

- ▶ The results of the apprenticeship reform are clear. The ones for the fixed-term contracts are less so.
- ▶ One of the conclusions is that the reform of fixed-term contracts led to an increased use of external staff.
- ▶ Table 5 shows that employment growth reduced for all types of employment except for external staff which (was increased) and did not change for fixed-term contracts.
- ▶ Table 7 shows that employment levels reduced for agency workers and increased for external staff.

Comments - Results on Employment II

- ▶ The motivation of external staff can explain the increased productivity of apprenticeship reform.
- ▶ Can the motivation of external staff explain the reduction in productivity of firms affected by the fixed-term reform?
- ▶ This would be the case if agency workers are also more motivated (retention probability?)
- ▶ Could cite the literature on agency work as a stepping stone.

Comments - Fixed-Term Reform and Uncertainty

- ▶ The reform on fixed-term contracts arguably seems to have increased the uncertainty of firms in hiring fixed-term workers.
- ▶ The justification is based on the functioning of the Italian judge system in cases of disputes.
- ▶ The paper by Ichino and Riphahn (JEEA, 2005) could provide supportive evidence.

Comments - Balanced Panel and Stock Sampling

- ▶ Is it possible with the given sample to provide some robustness check with respect to the balanced panel? (More productive firms are more likely to survive).
- ▶ Another issue that would be interesting to consider is the age of the firm. With stock sampling one would like to see that control and treated firms have on average similar years in the market.

Comments - Firm size

- ▶ Firm size affects the cost of permanent contracts. Firms have on average similar size but may have different distributions.
- ▶ It would be interesting to consider small vs. large firms (less than 15 vs. more than 15 employees) when you estimate the effects by type of contract.
- ▶ This might explain the negative employment growth of permanent contracts for the fixed-term reform.