

Abstract

This paper investigates informality in Italy driven by the intense use of temporary and part-time contracts by firms. In the first part, using administrative data released by the Italian Social Security Institute combined with data of firms' financial statements, I construct an irregular job rate implementing LASSO technique. Irregular temporary and part-time contracts are highly correlated with known measures of undeclared work provided by the Italian Institute of Statistics, with a stronger incidence in Southern Regions, in Services and Commerce and of female part-time workers. In the second part of the analysis, I investigate if irregular contracts, identified in the first part, are effectively used to hide work that otherwise would be completely undeclared. First, I show with an event study analysis that lower EPL induce firms to fire irregular workers more easily, part-time contracts in sectors of Services and Commerce. Second, I investigate how less financial development positively impacts the number of irregular part-time workers, especially if they are female workers again in Services and Commerce.