

Collective bargaining in Italy: trends and challenges

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Principal features of the industrial relations system

- **Voluntarism and limited influence of the state**, in the private sectors, on all the main I.R. pillars (actors' representativeness, minimum wage, board level representation, strike)
- **Social dialogue**, with an active experience of bipartite and tripartite agreements, with well-established institutions, actors and practices
- **Employer associations**, a dozen of historical confederations, with a growing and abnormal proliferation of new actors and agreements; a density of approx. 55-60%
- **Trade union pluralism**, with 3 historical and most representative confederations (CGIL, CISL, UIL), articulated in a dozen of affiliated sectoral federation each and still relevant power resources
- **Union membership**: the highest number of members in the EU – 12 million (pensioners included) – and a union density stable around 35%
- **Workplace representation**; single channel, elected by union and no-members, with both bargaining and I&C prerogatives. Only in > 15 employees workplaces
- **CB coverage**: (one of) the highest rate of the EU, stable at over 80-90% (ETUI; ILO; ECS; ISTAT) and 100% (OECD-AIAS), without formal extension mechanisms
- **Kaitz Index**: the highest of the EU at 80% and the 3rd lowest of low pay (OECD)
- **Wage dynamic**: one of the worst of the Eurozone

The collective bargaining system in a nutshell

- **No laws on CB** (actors' registration and representativeness; extension mechanism); the framework agreements (1993; 2018) and consolidated text (2014)
- **Two-tier articulated structure, hierarchically coordinated**, with the higher-level fixing the guidelines for the decentralised one, including where and how to opt-out
- **The national sectoral agreement (CCNL)** is the predominant level, complemented by a second level, mostly at company level or in alternative territorial (artisans, constructions, agriculture, tourism)
- **Collectively-agreed wages** at sector level are capped to the harmonised index of the consumer prices, net of imported energy prices
- **National negotiating actors** are the trade union federations having at least 5% as an average between number of members and votes in works councils elections.
- **Effectiveness**: binding if the signatory unions represent 50 + 1%, after certified consultation of the workers concerned
- **Duration**: 3 years but the delays are extremely common and this is one of the main reasons of the national wages' stagnation
- **Decentralised bargaining**, incentivised by State intervention (tax law), where performance-related wages are the main issue; it's volunteer and carried on according to a specialisation principle and directives of the higher level. Its coverage is around 23% of companies and 35% of employees

Renewals and topics of the national industry-wide agreements

Renewals

- Negotiations postponement for 5 months when COVID-19 struck heavily in the first half of 2020
- 57 renewals in 2021-2022 round
- 210 National agreements signed by the sectoral federations of the three main trade unions Confederations and filed with CNEL,
- 105 (50%) are currently expired and operate in ultra-activity regime, with almost 6 million workers waiting for the renewal of their agreement

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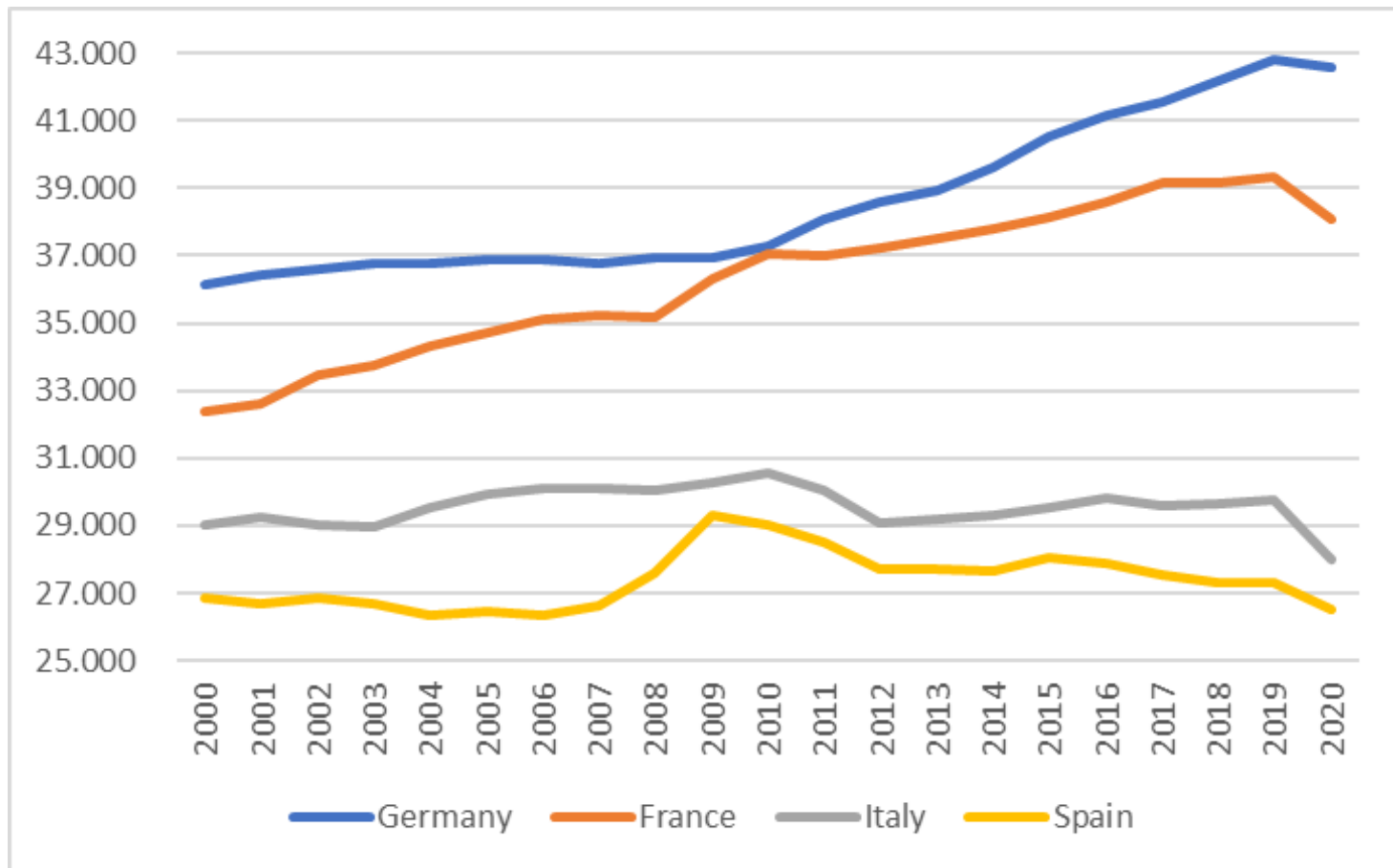
Wages* (100%),
Labour market (81%),
Working hours (73%),
Welfare (70%)
Worker participation (69%)
Job classification (68%)
Training (45%)
Workers rights/protections (62%)
Remote / teleworking (34%).

- Above-inflation wage increases, though under pressure during the Covid crisis: around 75 euros in average, paid in 2 or 3 tranches in 3 years.
- Beside the pay floor increases for the different jobs, they normally include the periodical seniority increases, fees for complementary pension and health insurance schemes

A case of CB innovation: the reform of the job classification for metalworkers

- From 1 June 2021, blue-collar and white-collar workers are classified in a **single classification grid**, divided into **nine levels** of classification, included in four fields of role responsibility. The old divide dated back to an agreements of 1973.
- From the old Fordist system, based on the socio-legal notion of “**job**”, and on fixed tasks, hours and workplaces, to the post-Fordist one of “**role**“, which takes note of the increasingly flexible, displaced and personalised character of new production systems.
- The objective is also to help workers at all levels to acquire new skills through training policy (a “subjective right”), especially digital skills, with the national project DigitalMEC (**Digital literacy of workers** in the metalworking sector)

Average annual gross wages in 2020 constant prices (€) per full-time and full-year equivalent employee in the total economy in the four largest Eurozone economies (2000-2020)

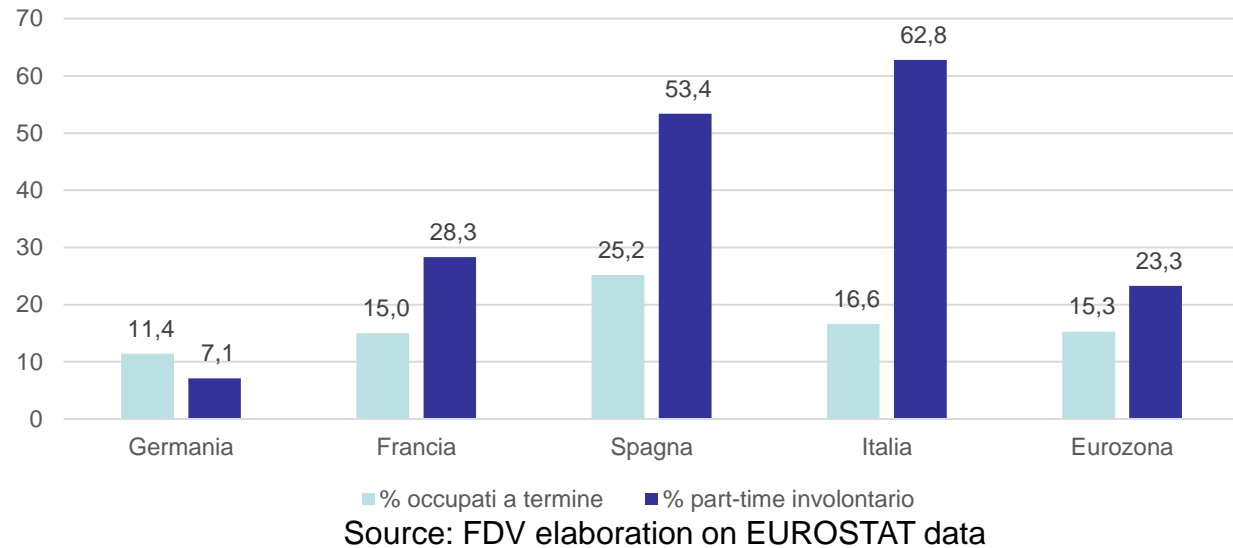


Source: FDV elaboration on OECD data

CB and wage dynamics

Some of the comparatively best indicators in CB coverage and TU power resources. One of the worst wage dynamics: why?

1) Very high % of involuntary part-time and fixed-term contracts

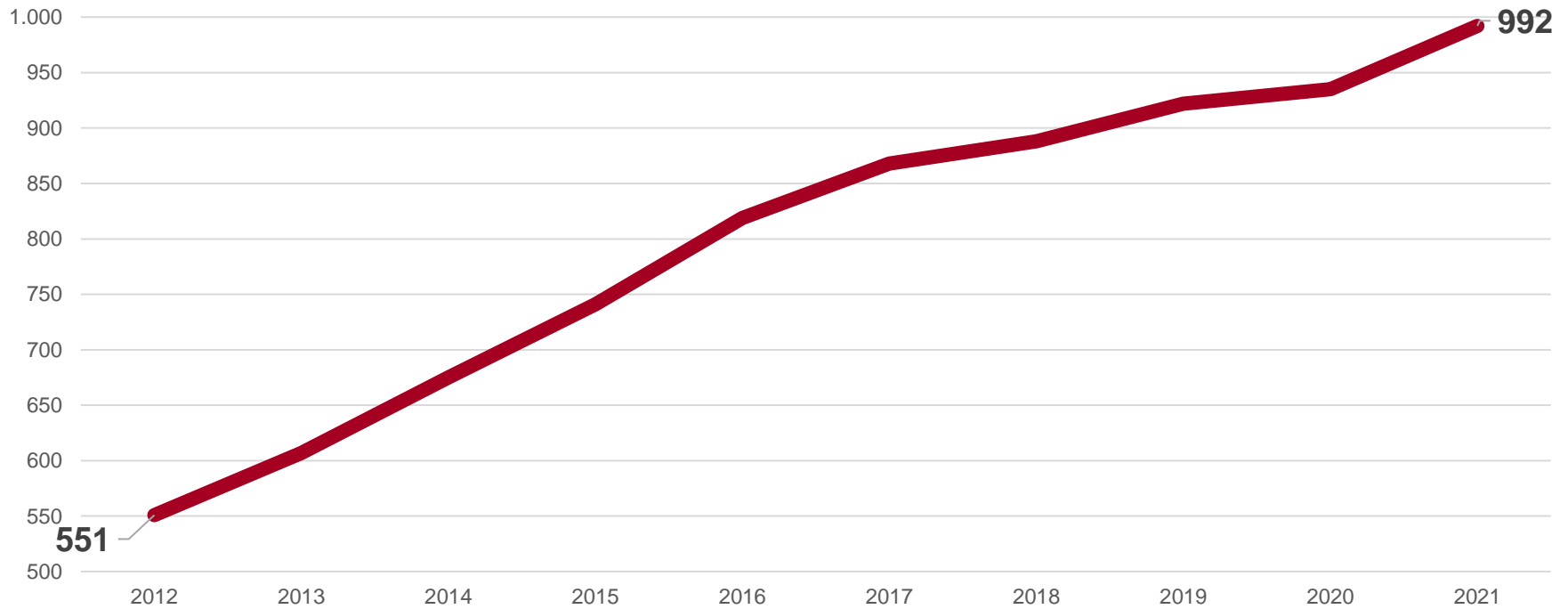


	Germany	France	Italy	Spain	Euroz.
Managers	3,3%	5,6%	1,4%	2,7%	3,8%
Professionals	20,7%	23,4%	13,6%	19,7%	21,3%
Technicians and associate professionals	21,0%	18,9%	17,6%	12,2%	17,6%
Clerical support workers	14,6%	10,1%	16,1%	12,2%	12,7%
Service and sales workers	13,3%	14,3%	16,6%	19,7%	15,7%
Specialised and skilled manual workers	19,4%	17,9%	21,9%	19,2%	18,9%
Elementary occupations	7,7%	9,8%	13,0%	14,2%	9,9%
Total	100,0%	100,0%	100,0%	100,0%	100,0%

Source: FDV elaboration on EUROSTAT data

2) Higher incidence of lower classification of occupations

The abnormal proliferation in the number of national industry-wide agreements (NIWAs)



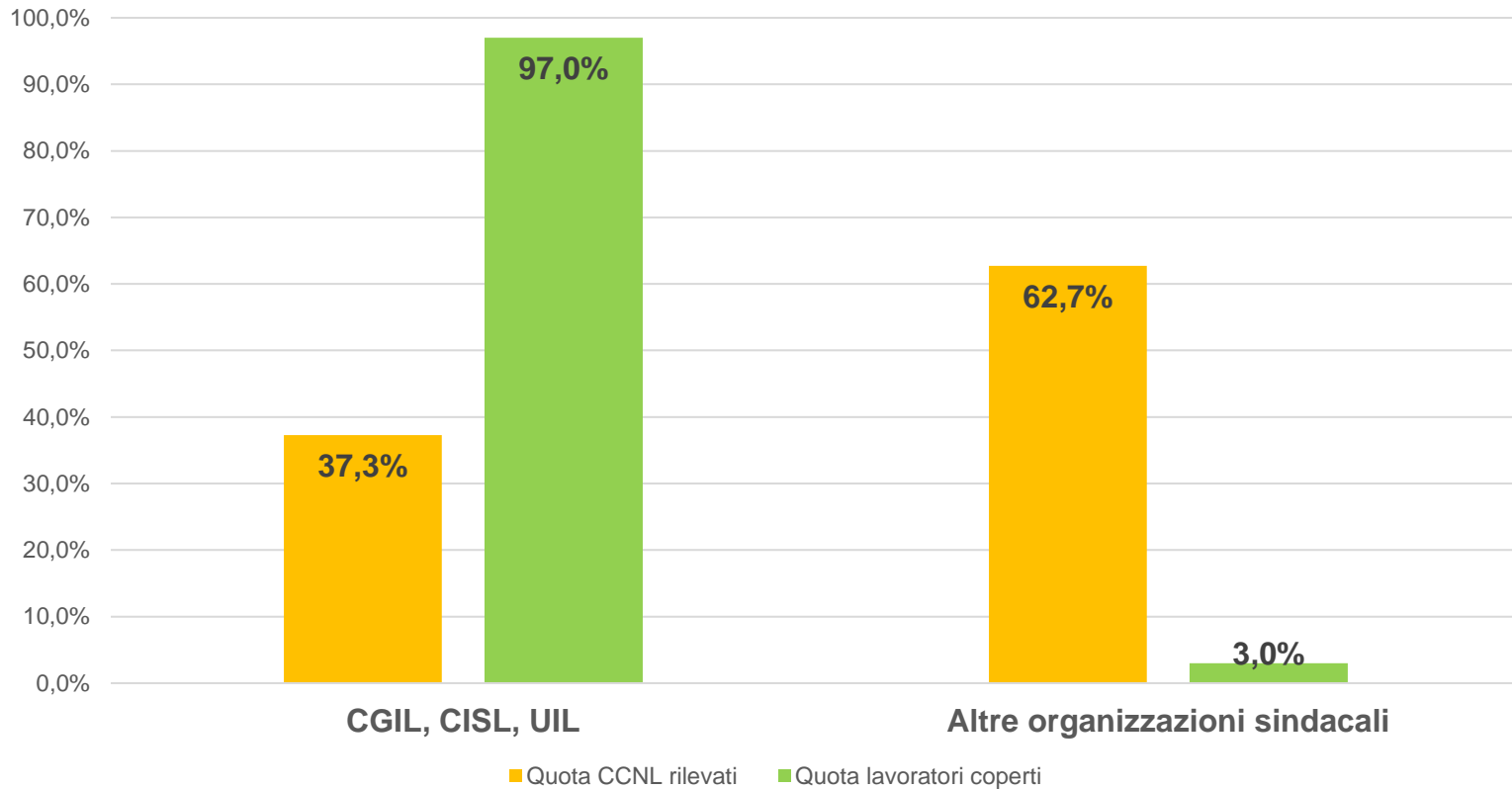
Source: FDV elaboration on CNEL data

The NIWAs grew by +80% in 2021 (in comparison with 2012)

The 992 NIWAs in 2021 were distributed as follows:

- 246 (24.8%) signed by the **CGIL, CISL, UIL** sectoral federations
- 746 (75.2%) signed by **other unions**

Many CCNLs but only a few actually incisive



Source: FDV elaboration on CNEL data

The 992 NIWAs in 2021 were distributed as follows:

- 162 (37.3%) signed by **CGIL, CISL and UIL** cover 12,5 million of workers (97.0%)
- 272 (62.7%) signed only by **other unions** cover 388 thousand workers (3.0%)

Pirate agreements and their bargaining dumping

- Abusive expansion of the bargaining scope and "field invasions" (metal or postal workers included into trade and service sector agreements)
- Sub-classification for same job profiles (lower salary for the same work)
- Lower entrance salary for new hired employees, in small firms and for disadvantage areas (even 500 € less a month)
- No 14th monthly pay
- Structural use of the (legally allowed) hardship clauses and worsening derogations at the decentralised level
- No real ceiling for atypical contracts
- Lower allowances for overtime, disadvantaged shifts, first three days of sick leave (100% in the leader agreements)
- **Pirate contracts are for services what delocalisations are for industrial workers: an inexhaustible domestic source for direct and indirect wage/bargaining dumping**

Decentralised bargaining 2019-21

- A wide spectrum of old and new emerging, incremental, practices and provisions, updated to proactively respond changing conditions or a new context
- H&S issues and short-timeworking to protect jobs: a very strong leap forward of the in the emergency phase of 2020.
- Salary: from 11% 2020 to 41% in 2021.
- Crisis-related provisions: from 24% in 2020 to 87% in 2021
- Worker participation: with I&C rights, joint committee, very widespread; very limited the direct participation (team-work).
- Tele/remote working: from 22% in 2019 to 65% in 2020
- Generation Pacts: the state-supported “expansion contracts” to combine early retirement for older employees and new recruitment for youngers with required skills, with training plans related to the jobs demand (Eni; Motorways for Italy)
- “Company Welfare”: Well-being at work, fringe benefits, work-life balance fiscally incentivised: the new frontier?
- Decarbonisation policy still marginal, except in some big energy MNC, as ENI

The green transition in collective bargaining: the ENI Protocol «Insieme»

- The ENI Protocol (2020) "*Insieme*" (Together), proactively aiming at a new "*Industrial relations model to support the energy transition path*", to reduce emissions by 80% by 2050, and by 55% of carbon intensity by that date.
- Any planned changes must be disclosed to workers representatives in a timely manner, to enable a discussion of possible solutions to mitigate potential negative effects of the change
- A jointly composed "Strategic Committee" will have the task of meeting every six months to discuss the following issues: engineering and environmental protection; research, development and technological innovation; circular economy; development of renewables; organization of work and employment.
- A "*Generational Pact*", encouraging the workforce turnover, both on age and professional basis.
- the agile work, massively used during the hardest months of the pandemic crisis, and now reiterated as a permanent working manner, according to an hybrid and voluntary scheme. One or two days a week, depending on the type of work.
- The excess profits of the last months

Key findings

Straightness

- Resilience of cross-sectoral and sectoral bargaining, especially during the pandemic (framework protocols and company-level implementations)
- Still a centrally coordinated CB system, with a very high coverage rate
- Decentralised bargaining with a certain vitality in terms of variety of topics and actors' capacity and shared will to cope with endogenous and exogenous challenges
- Social partners autonomy, capabilities and shared perception for a proactive stance

Weakness and challenges

- A voluntarist system with an unclear stratification of rules and practices, and a growing involvement of the state
- An abnormal proliferation of unrepresentative sectoral ("pirate") agreements, making an erosive bargaining dumping to the leader ones
- A company-level bargaining that never took off, with repercussion on the wage dynamics
- A longstanding trend to wage stagnation, under the pressure of deflation first, Covid crisis and high inflation now
- The inclusion of the growing number of outsiders, as the platform or atypical workers

The anti-dumping role of the multi-bargaining CB under pressure

Exogenous and common to all the EU partner countries

- Delocalisation and shopping regime through international social and fiscal dumping
- The EUCJ jurisprudence after the Laval Quartet
- Pushes for less coordinated decentralization
- Gig economy and atypical work, individualisation, disintermediation,

Endogenous and quite specific of the Italian current scenario

- The vacuum of a specific legislation on the topic (representativeness; extension, etc.)
- The high fragmentation of the employers associations
- Their CB opt-out and the «pirate» agreements for wage/contractual dumping

Policy pointers in the unions' agenda

- Measurement of representativeness for both social partners, to select/support the genuine ones and their agreements only
- From cross-sectoral agreements to a law
- Extension mechanism for the most representative agreements as guarantee of adequate minimum wage but not only that
- From deflation to high inflation: make collectively-agreed wages more promptly adjusted in case of shocks
- Inclusive CB for outsiders and specific campaigns (CGIL: “negotiate the algorithm” for digital/platform workers)
- Organised decentralization: less wage dispersion and more equality
- Unionise the workplace with electing more works councils
- To be actively involved, through a tripartite social dialogue, in the implementation of the NRRP