

## Italy: Industrial relations profile

### Facts and figures

Area: 301,336 square kilometres

Population: 60,626,442 (1 January 2011)

Language: Italian

Capital: Rome

Currency: Euro

### Economic background

<b>GDP per capita (2011)</b> (in purchasing power standards, index: EU27=100)	101
<b>Real GDP growth (% change on previous year)</b> <b>(annual average 2009–2011, 2011)</b>	-1.1% 0.4%
<b>Inflation rate</b> <b>(annual average 2009–2011, 2011)</b>	1.8% 2.9%
<b>Average monthly labour costs, in €</b>	n.a.
<b>Average labour productivity (% change on previous year) (2011)</b>	01.%
<b>Gross annual earnings, in € (2010)</b>	n.a.
<b>Gender pay gap (2010)</b>	5.5%
<b>Employment rate (15–64 years) (2011)</b>	56.9%
<b>Female employment rate (15–64 years) (2011)</b>	46.5%
<b>Unemployment rate (15–64 years) (2011)</b>	8.4%
<b>Monthly minimum wage</b>	n.a.

Source: Eurostat

### Industrial relations characteristics, pay and working time

<b>Trade union density (%) (2011)</b> (Trade union members as a percentage of all employees in dependent employment)	36.1 (a)
<b>Employer organisation density (%) (2008)</b> (Percentage of employees employed by companies that are members of an employer organisation)	58.0 (b)
<b>Collective bargaining coverage (%)</b> (Percentage of employees covered by collective	80 (b)

agreements) (2009)	
<b>Number of working days lost through industrial action per 1,000 employees (2011)</b>	37.46 (2008)
<b>Collectively agreed pay increase (%)</b> (annual average 2010–2011)	2.0% (d)
<b>Actual pay increase (%)</b> (annual average 2010–2011)	2.0 (e)
<b>Collectively agreed weekly working hours</b>	38.0% (f)
<b>Actual weekly working hours</b>	38.5 (f)

Sources: Eurostat and those listed below

(a) Author's calculation on self-reported membership data of the three major confederations [Cgil](#), [Cisl](#) and [Uil](#) for 2011. Total employees as for Istat, *Forze lavoro. Media 2011*.

(b) Visser, 2011, estimates.

(c) EIRO, [Developments in industrial action 2005–2009](#).

(d) Istat, 2011b.

(e) Istat, *Retribuzioni di fatto*.

(f) EIRO, [Working time developments 2010](#).

## Background

### Economic context

The Italian economic and employment systems present some specific features which influence the industrial relations system and the structure of **collective bargaining** as well as the debate on ways to better define and enforce employee rights and protection. In particular, sectoral bargaining has traditionally represented a key instrument to set nationwide minimum standards, in view of the importance of SMEs in the economy and of the clear difference between the more industrialised and economically developed North and the South of the country, where the economic system is weaker and relatively more dependent on the presence of the public sector.

The contribution of industry, excluding construction, to gross value added (at basic prices) in 2010 was over 19%; construction accounted for 6% of gross valued added and services represented the 73% of the economy, with agriculture and fisheries at 2% (Istat, 2011a). Of the nearly 4.5 million firms operating in industry and services in 2007, 94.8% were micro enterprises with fewer than 10 workers. Small enterprises with up to 49 workers accounted for 4.6% of all firms, while medium enterprises and large businesses represented 0.5% and 0.1% of the total respectively. In terms of employment, 46.4% of the 17.5 million workers in industry and services in 2007 were employed by micro enterprises, 21.0% by small enterprises, and 12.6% by medium firms. The remaining 20% worked in large firms. As for sectors, some 25% of these workers were active in manufacturing, 20% in wholesale and retail trade, and 11% in construction. Other service activities, namely transport, hotels, restaurants and catering, professional services, and business services accounted for around 6% each of overall employment in industry and services ([Istat](#)).

With regard to the distribution of the labour force across broad sectors in 2011, 3.7% of total employment was in agriculture (2.4% of employees and 7.6% of self-employed workers), 28.5% in industry (30.3% of employees and 22.9% of self-employed workers, of whom 8.0% worked in the construction industry (6.6% of employees and 12.4% of the self-employed). The remaining

67.8% of workers worked in services (67.3% and 69.5% respectively for employees and autonomous workers) (Istat).

With regard to labour market performance, mirroring the differences in the economic system, the North of the country shows high labour market participation and employment rates for both men and women, while the South presents a significantly worse picture, especially for women. Indeed, in recent years the Italian unemployment rate has reached particularly low levels (with monthly levels of 6.0% in 2007), but with higher unemployment rates in the South and among younger age groups. The recent economic downturn pushed the monthly unemployment rate up to 8.7% in the first half of 2010. After declining to 7.9% in March 2011, unemployment increased significantly to above 10% in March–May 2012.

### Labour market indicators, 2011

	NW*	NE*	Centre	South	Italy	EU27
Activity rate (total; 15–64 age group)	68.9%	69.8%	66.2%	51.0%	62.2%	71.2%
Female activity rate (women aged 15–64 years)	60.2%	61.6%	56.8%	36.8%	51.5%	64.9%
Older worker activity rate (total; 55–64 age group)	38.8%	40.3%	42.5%	37.6%	39.5%	50.9%
Unemployment rate (total; 15–64 age group)	6.4%	5.1%	7.8%	13.7%	8.5%	9.7%
Female unemployment rate (women aged 15–64 years)	7.3%	6.2%	9.0%	16.3%	9.7%	9.8%
Youth unemployment rate (total, 15–24 age group)	22.2%	19.7%	28.9%	40.4%	29.1%	21.3%

Notes: \* NW: Northwest Italy, NE: Northeast Italy.

Source: Istat (*I.Stat*, <http://dati.istat.it> and *Forze lavoro. Media 2011*), and Eurostat (2012)

Social concertation at both national and territorial levels has often addressed the critical labour market conditions of the south of Italy, with a view to fostering economic growth and employment creation, by providing financial support and establishing special rules to encourage the development of new economic activities. This was one of the recurrent topics of the national social pacts of the 1990s, such as the pact for Employment of September 1996 ([IT9702201F](#)) and the Pact for Development and Employment of December 1998 ([IT9901335F](#)), and was the key element of territorial pacts ([IT9704203F](#)).

During the economic downturn beginning in 2008, the Wage Guarantee Fund (Cassa integrazione guadagni) confirmed its central role in cushioning the social impacts of recession ([IT1005029I](#)). Of particular importance were the integrations to the standard schemes, such as the so-called ‘exceptional’ Wage Guarantee Fund (Cassa integrazione guadagni in deroga) covering firms and types of employees not covered by the ‘ordinary’ and ‘special’ Wage Guarantee Fund (Cassa integrazione guadagni ordinaria, CIGO and Cassa integrazioni guadagni straordinaria, CIGS), like SMEs and ‘atypical’ workers. In 2009, almost 1 billion hours of Wage Guarantee Fund were authorised (576 million CIGO hours and 337 million CIGS hours – the latter including the utilisation of the ‘exceptional’ fund), an increase of 301% over 2008. In 2010, there was a further

overall increase by 31% to 1.2 billion hours authorised, with a shift from CIGO (which in 2010 represented less than 30% of the total) towards CIGS, which involved the start of a restructuring process. In 2011 total authorised hours decreased to 973 million hours, but remained above the 2009 level, with CIGS representing more than three-quarters of the total. The actual utilisation rate of the hours of Wage Guarantee Fund authorised in 2009 reached almost 65% in August 2011 while those authorised in 2010 had been about halfway used by February 2012, thereby involving the effective suspension of the employment relationship (Inps, 2011). Special incentives were also introduced to anticipate the end of the Wage Guarantee Fund support, in order to involve workers in training and requalification programmes. Another measure envisaged the possibility to demand, at any time, the advance payment of the whole already authorised Wage Guarantee Fund allowance, with a view to supporting workers to start new economic activity as self-employed persons.

## Legal context

As far as industrial relations are concerned, Italy traditionally follows a voluntaristic approach. Therefore, legal institutions are rare and the autonomy of the parties involved in industrial relations is high. Apart from the Workers' Statute (Statuto dei Lavoratori) approved in 1970, which identifies a set of basic individual and trade union rights, and a legal code for strike action in essential public services (approved in 1990 and partially reformed in 2000), there is hardly any legal framework.

Nonetheless, an important source of rules on industrial relations has been the central tripartite [Agreement of 23 July 1993](#), which introduced a new institutional framework for income policy, a restructuring of bargaining procedures, modification of forms of workplace union representation, policies on employment and measures to support the production system. This agreement can be regarded as the first effort to create a systematic framework for workplace-level representation and collective bargaining.

Even though there is no institutionalised tripartism, tripartite agreements have addressed a number of issues, especially in the 1990s, including income policy, pension reform, labour market reform and economic growth. In the 2000s tripartite negotiations have become less common and, apart from the 2007 social concertation agreement on the welfare system, have seen the breakup of the trade unions' united front with the refusal of the Cgil to sign the agreements of 2002 and 2009. In particular, the 2009 tripartite accord has introduced an experimental reform of the collective bargaining system, thereby modifying the 1993 rules and abandoning the income policy tripartite framework ([IT0904029I](#), [IT0902059I](#)).

With reference to the rules on industrial relations, there have been two important developments in recent months. First, Confindustria, Cgil, Cisl and Uil signed an intersectoral agreement on representativeness and the criteria for making company-level bargaining generally binding for all the organisations belonging to the signatory parties. Second, the measures introduced to redress the public budget and promote economic growth finally passed by the Parliament in early September 2011 included provisions on the possibility for decentralised bargaining to derogate both collective agreements and legislation in various fields and defined the criteria for their universal applicability. Some details on these two important recent innovations are provided below.

The intersectoral agreement reached on 28 June 2011 and finally signed on 21 September 2011 by Confindustria, Cgil, Cisl and Uil establishes that, for participation in industry-wide bargaining, trade union representativeness is to be assessed according to the number of check-offs for membership dues certified by INPS, the National social security institute, as well as to the votes cast in the election of [unitary workplace union structures](#) (Rappresentanze sindacali unitarie, RSUs). Trade unions with a representativeness of at least 5% of certified members and votes have access to sectoral collective bargaining. As for decentralised bargaining, the agreement provides

that company-level agreements on economic and normative elements, including derogations to the industry-wide agreements, are valid for all the relevant employees and bind all the signatory parties present within the firm if they are approved by the majority of the RSU representatives or by the **plant-level union structures** (Rappresentanze sindacali aziendali, RSAs) of the trade unions which, individually or jointly, have the majority of members within the company ([IT1108029I](#)).

The measures introduced by the government in August 2011 to ensure the public finance stability and promote economic growth (decree-law 138 of 13 August 2011) included significant provisions on decentralised bargaining. According to the text finally passed by the Parliament in early September, decentralised bargaining (or ‘proximity bargaining’ as labelled in the decree) at company and territorial levels can lead to agreements aimed to increase employment, improve the quality of employment contracts, introduce worker participation, increase competitiveness and wages, manage company restructuring and employment reorganisation, promote investments and start-ups. Such agreements can cover a number of topics, including worker tasks, job classification, employment contracts, working time, recruitment and the consequences of individual dismissals (except discriminatory dismissals) and can derogate both legislation and industry-wide deals, within the limits set by the Italian Constitution, EU rules and international labour conventions. The agreements are valid and binding for all the relevant employees provided they are signed by the comparatively most representative trade unions at national or territorial level – for territorial agreements – or by their representation structures at company level – for company deals – and if the signatories meet the majority criteria in the relevant bargaining unit ([IT1110019I](#)).

## **Industrial relations context**

The two-tier bargaining structure based on industry-wide and decentralised agreements allows for extensive bargaining coverage and comprehensive national standards through the sectoral agreements. Moreover, the second bargaining level, generally within companies, helps to accommodate the differences between large and small enterprises, as well as between the North and South of the country. In fact, decentralised bargaining is more often present among large companies and in the North, which contributes to differentiating actual economic and normative conditions beyond the industry-wide minimum standards.

In recent years the reform of the bargaining structure has focused particularly on the redefinition of the relationships between sectoral and decentralised bargaining, with an emphasis on strengthening the latter. However, the trade unions have always underlined the importance of promoting second-level bargaining, as a means to make collective agreements more flexible and adaptable to local conditions and to ensure better worker protection. This should essentially take place through a promotion of company-level bargaining, although the unions – notably the Italian Confederation of Workers’ Trade Unions (Confederazione Italiana Sindacati Lavoratori, Cisl) – have also been supporting an increased scope for territorial bargaining. In this respect, it must be underlined that the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil) – the major Italian union confederation – has always been quite cautious if not critical of shifting the balance of collective bargaining to the decentralised level. Cgil has always maintained that, in view of ensuring nationwide standards, sectoral agreements should remain at the centre of the bargaining system. Indeed, Cgil did not sign the (experimental) reform of the bargaining system of January 2009 ([IT0902059I](#)) and only in late June 2011 joined an important agreement which defines the rules for implementing second-level agreements which can derogate the provisions of industry-wide deals ([IT1108029I](#)). In this debate, the Fiat break-away from employers’ Confederation of Italian Industry (Confederazione Generale dell’Industria Italiana, Confindustria) and the metalworking industry-wide agreement represented a significant turning point ([IT1007029I](#), [IT1102019I](#)).

## Main actors

The freedom of association (*Libertà sindacale*) is based on Article 39 of the Italian Constitution. Article 39 declares that trade union organisation is free. It guarantees freedom to organise, join a trade union and engage in trade union activity in the workplace. [Discrimination](#) because of trade union membership or activity is forbidden even if it is positive – for example, collective benefits granted on the basis of union membership.

## Trade unions

### *Trade union density*

Trade union density in Italy is above the EU27 average, according to administrative data of the three trade union confederations listed below. In 2010, 36.5% of employees were members of a trade union (retired employees excluded; in 1995, net trade union density was 38.1%).

### *Main trade union organisations*

The three major union confederations are:

- the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, [Cgil](#));
- the Italian Confederation of Workers' Trade Unions (Confederazione Italiana Sindacati Lavoratori, [Cisl](#));
- the Union of Italian Workers (Unione Italiana del Lavoro, [Uil](#)).

The confederations traditionally represented different political orientations. Cgil was mostly linked to the parties of the left (the former communist and socialist parties, which disbanded in the early 1990s, and other leftist parties), and political affiliations are to some extent still important. Cisl was close to the former Christian Democratic Party, which also disbanded in the early 1990s, but also includes members who sympathise with parties of the centre-left and left of the political spectrum. Uil was mainly associated with the non-communist, reformist left (Socialist Party and Republican Party). Although the original cultural references are still important for the different trade union organisations, the complete overhaul of the Italian political system, with the reorganisation of the whole political spectrum, have contributed significantly to the weakening of the relationships with the party system.

Most of the trade unions represented by the three confederations are organised by industry (except, partly, Uil in the public sector and in the areas of non-standard work). However, despite these divergent political orientations, the three largest confederations have, since the mid- to late 1960s, adopted a form of united front, except on several occasions when divergences emerged, especially in 1984–1985 and since the early 2000s. The divisions among the unions have somehow widened with the refusal of Cgil to sign the experimental reform of the collective bargaining structure in January 2009, but the implementation of such an agreement at sectoral level has narrowed the distance between labour organisations as the great majority of the industry-wide agreements have been signed by the federations affiliated to all three confederations ([IT1007019I](#)). Moreover, the agreement of 28 June 2011 between Confindustria and the three union confederations is regarded as a significant step towards the closure of the split in the unions' front ([IT1108029I](#)).

In addition to the unions represented by the three main confederations, there are several other confederations and some independent autonomous unions, particularly in the transport and the public services sector. These confederations include the General Union of Workers (Unione Generale del Lavoro, [Ugl](#)), the Italian Confederation of Autonomous Workers' Unions (Confederazione Italiana Sindacati Autonomi Lavoratori, [Cisal](#)), the General Confederation of

Autonomous Workers' Trade Unions (Confederazione Generale dei Sindacati Autonomi dei Lavoratori, [Confsal](#)), the National Confederation of Management and Managerial Staff in the Civil Service (Confederazione nazionale dei quadri direttivi e dirigenti della funzione pubblica, [Confedir](#)) and the Confederation for Managerial and Professional Staff (Confederazione Italiana dei Dirigenti e delle Alte Professionalità, [Cida](#)).

## **Employer organisations**

### *Employer organisation density*

Employer organisation density was estimated at 58% in 2008 (Visser, 2011). Employer confederations vary by sector of activity and company size. Until Italy's process of privatisation of public utilities in the mid- and late 1990s, they were also divided by type of ownership (publicly owned or privately owned companies).

### *Main employer organisations*

The most important employer confederation is the General Confederation of Italian Industry (Confederazione Generale dell'Industria Italiana, [Confindustria](#)). According to the Confindustria website, in 2012 the confederation had '149,288 member companies of all sizes employing a total of 5,516,975 workers'. Confindustria companies come from all industrial sectors, including construction, and partly include services sectors.

Confindustria acts, on the one hand, on behalf of private employers in their relations with trade unions and, on the other hand, as the employers' national representative for economic and industrial policy issues. It is divided into territorial and sectoral subgroups (18 regional associations, 100 territorial associations, 25 sectoral federations and 99 trade associations, as at November 2011).

Other major employer confederations include the Italian Confederation of Small and Medium-sized Industry (Confederazione Italiana della Piccola e Media Industria, [Confapi](#)), which represents smaller private companies. According to Confapi's website, in 2012 it represented over 120,000 manufacturing firms, with some 2.3 million employees.

Artisans have their own associations that were traditionally structured by political orientation – [Confartigianato](#) for the centre-right and the National Confederation of Crafts and Small and Medium Enterprises (Confederazione Nazionale dell'Artigianato e della Piccola e Media Impresa, [CNA](#)) for the centre-left. In the agricultural sector, the employer association for larger companies is [Confagricoltura](#); smaller companies are represented by either [Coldiretti](#), which had a close association with the former Christian Democrats, or the Italian Farmers' Confederation (Confederazione Italiana Agricoltori, [CIA](#)), a rather left-wing organisation. Employer organisations in the commercial and tourism sectors were also structured by political orientation: the General Confederation of Enterprises, Professional Occupations and Self-employment (Confederazione Generale Italiana delle Imprese, delle Attività Professionali e del Lavoro Autonomo, [Confcommercio](#)), centre; and [Confesercenti](#), left. The cooperative system, which is an important player in many sectors, including agriculture and fisheries, food, metalworking, construction, cleaning, social services and retail, is organised in different employer organisations. The most important cooperative associations are [Legacoop](#), traditionally linked to the left, and [Confcooperative](#), which was close to the Christian-Democrats. The banking sector is organised within the Italian Banking Association (Associazione Bancaria Italiana, [ABI](#)) and the Insurance sector in the National Association of Insurance Companies (Associazione Nazionale fra le Imprese Assicuratrici, [Ania](#)).

In general, similar to trade unions, the links between employer representation and the political system have significantly weakened over the past two decades, which have seen significant

changes in the national political scene and a reconfiguration of the post-World War II cleavages between the right, the centre and the left of the political spectrum. In this sense, there have been two recent important developments. First, in May 2010, [R.ETE. Imprese Italia](#) was established, a coordination system of five crafts and commerce organisations – [Casartigiani](#), Confartigianato, CNA, Confcommercio and Confesercenti – to represent the different association essentially in their relations with the government and the public authorities. In practice, Rete Imprese Italia is meant to act as a de facto joint trade association to represent the interests of SMEs vis-à-vis the policymakers. However, in future it may also have some relevance in the field of industrial relations, for instance, by contributing to streamlining negotiations with the unions. Secondly, a similar coordination effort, mainly in the field of relations with public authorities, was started in January 2011 in the cooperative sector by the creation of the [Alliance of Italian Cooperatives](#) (Alleanza delle Cooperative Italiane), which gathers Legacoop, Confcooperative and the General Association of Italian Cooperatives (Associazione Generale Cooperative Italiane, [Agci](#)).

## Industrial relations

### Collective bargaining

#### *Coverage rate*

As no data are available on the coverage rate of collective bargaining, estimates are used. According to Visser (2011), coverage of sectoral agreements was about 80% in 2009. Similarly, the Organisation for Economic Cooperation and Development ([OECD](#)) (2004) estimates collective bargaining coverage for 1980, 1990 and 2000 at about 80%. Coverage is considered to be at the lower end of the scale in the textiles and clothing industry and at the higher end in metal manufacturing.

#### *Levels of collective bargaining*

Since the beginning of the 1990s, important changes have occurred in the institutions regulating the wage-setting system. These changes were accompanied by a new attitude in industrial relations which, after a period of conflict among the social partners, gradually became more cooperative. The main feature of the previous model, which survived until July 1992, was a mechanism of automatic wage indexation (scala mobile). This mechanism, substantially reformed in the mid-1970s, was characterised by identical wage adjustments, in response to past inflation, for all workers (punto unico di contingenza). It was only partially reformed in 1985–1986, and definitively abolished by the tripartite agreement of July 1992; the abolition of this mechanism was confirmed by the tripartite agreement of July 1993.

Currently, the dominant level of wage bargaining is still the sector, but there is an increasing focus on the second, decentralised level. Second-level collective bargaining takes place mainly at company level; territorial second-level bargaining is essentially present in the agriculture and construction sectors as well as in the crafts sector, with a significant role in commerce and tourism as well. Decentralised bargaining is restricted to matters and practices that have not already been covered by the industry-wide agreements. The possibility of introducing ‘opening clauses’ through company-level collective deals was confirmed and regulated by the 28 June 2011 intersectoral agreement ([IT1108029I](#)), as well as by recent legislative intervention which allows the possibility to derogate both collective agreements and legislation at decentralised level ([IT1110019I](#)). These developments may in the future emphasise the role of decentralised agreements.



## Levels of collective bargaining for setting pay and working time

	National level (intersectoral)	Sectoral level	Company level
Principal or dominant level		X	
Important but not dominant level			X
Existing level	X		

Industry-wide agreements set minimum pay increases for all employees, whereas company-level agreements usually include variable, performance-related wage elements. It is estimated that company-level bargaining covers about 30% of companies and 50% of employees in the industry and services sectors. Confindustria maintains that company-level bargaining in its jurisdiction covers about 30% of companies and 70% of employees (Confindustria, 2008).

According to Visser's index of wage bargaining centralisation (Visser, 2011), the degree of bargaining centralisation reached its peak in the 1990s, right after the institutionalisation introduced by the July 1993 collective agreement and slightly declined after 2000. It remained stable throughout the 2000s at still a higher level than before 1993. In the EU, Italy shows a centralisation level lower to most of EU15 countries, with the exception of Portugal, UK and France, and higher of the majority of EU12 countries, with the exception of Slovakia (European Commission, 2009).

### *Wage coordination*

According to the 1993 rules, wage coordination was defined by the income policy framework, namely by the alignment of industry-wide agreements with the planned inflation rate set annually by the government. The new experimental collective bargaining system introduced in 2009 assigns a similar coordination function to the actual inflation rate (excluding energy products), as measured by the European Harmonised Indices of Consumer Prices ([HICP](#)). In practice, the expected inflation rate (plus the difference in the expected and actual inflation rates at the moment of future renewals) becomes the reference value for negotiations on wage increases during industry bargaining rounds, so that pay rises are not supposed to exceed it and will tend to align with this nationwide parameter.

### *Extension of collective agreements*

There is no formal extension mechanism for collective agreements, as these agreements are generally binding only for the companies and employees affiliated to the associations that sign the collective agreement. However, courts usually refer to collectively agreed minimum pay rates in order to assess the appropriateness of actual wages in individual disputes, according to Article 36 of the Constitution. Therefore, employers tend to apply such minimum rates to avoid strife. Nonetheless, it should be emphasised that this possible incentive to abide by collective agreements only refers to minimum wage rates and not to all of the other economic and normative content of collective agreements.

### *Other issues in collective agreements*

The matters most frequently covered by agreements are economic aspects (such as pay levels, collective performance-related pay and wage increments), employment issues (for example, the use of fixed-term employment), the work environment, and industrial relations procedures and structures. In terms of [flexibility](#), agreements often deal with working hours and work organisation.

## Industrial conflict

While [EIRO figures](#) show a very similar level of strike activity in Italy and the EU on average in the 2005–2009 period, if a longer time span is taken, the Italian index figure appears significantly higher than the EU average. According to Eurostat (Labour disputes – NACE Rev. 1.1), between 1999 and 2007, the yearly average working days lost per 1,000 workers amounted to 79.59 days in Italy, compared to 45.38 days in the current 27 EU Member States (EU27). Since 2010, Istat is no longer collecting data on strikes, in view of a thorough revision of the data collection process.

As for the tripartite agreement of January 2009, during the negotiation of collective agreement renewals the social parties are tied to a cooling off period during which unilateral actions cannot be taken. The implementing intersectoral agreement signed by Confindustria, Cisl and Uil on 15 April 2009 introduces a cooling off period of seven months, six months before and one month after the expiration of the agreement ([IT1007019I](#)). Arbitration and conciliation procedures are not widely practised, but the experimental reform of 2009 defines the possibility to resort to the intersectoral level for mediation in case of controversies or deadlocks in industry-wide negotiations ([IT0902059I](#)).

## Tripartite concertation

Even though there is no institutionalised framework, policy concertation has been very important on various occasions. The tripartite agreement of July 1993 – on establishing a new institutional framework for income policy, restructuring bargaining procedures, modification of forms of workplace union representation, policies on employment and measures to support the production system – can be interpreted as a major turning point in the history of Italian industrial relations. In the 1990s, other concertation agreements have covered pension reform (1995), labour market reform (1996) and economic growth (1998).

In the 2000s, social concertation has become less frequent and more controversial. In 2002, the government together with employer organisations and trade unions (except Cgil, the largest trade union confederation) agreed on the so-called ‘Pact for Italy’ (Patto per l’Italia) ([IT0207104F](#)). The pact dealt with income policy, labour market reform, tax concessions, investment and employment. The agreement also included the government’s commitment to reform unemployment benefits and social shock absorbers. Cgil’s reasons for not signing the agreement included fundamental concerns about a weakening of the [dismissal](#) protection attributed to this agreement. In 2007, a protocol on the welfare system was signed concerning six fundamental areas relating to welfare, the labour market and pensions ([IT0710029I](#), [IT0712029I](#)). The agreement passed an employee referendum in the autumn of 2007, but was harshly criticised by some trade unionists – namely the Italian Federation of White-Collar and Blue-Collar Metalworkers (Federazione Italiana Operai Metalmeccanici, [Fiom](#)) affiliated to Cgil – and received only mild support from the employers. In 2009, the government and the social partners, with the notable refusal of Cgil, signed the previously mentioned agreement on the experimental reform of the collective bargaining structure ([IT0902059I](#)).

At the end of 2011 and in the first half of 2012 two important reforms were introduced on the pension system and the labour market respectively. None of them were negotiated with the social partners. The pension reform was included in the first measures enacted by the Monti’s government in early December 2011 ([IT1201039I](#)). It was defined unilaterally by the government and the three major trade unions criticised the provisions and staged a joint three-hour general strike in the private sector on 12 December 2011. As for the labour market reform, there was some discussion with the social partners, but no agreement was reached before the government presented the bill to the parliament ([IT1202029I](#)). Some elements of the two reforms were discussed with the social partners, especially after the government presented the provisions; however, there were no broad-ranging negotiations, as in the case of the 1990s social pacts, and a

tendency emerged to move the action into the political arena with political parties and parliamentary groups as counterparties.

### Workplace representation

The Workers' Statute of 1970 gives the workers the right to organise a plant-level union representation structure (Rappresentanza sindacale aziendale, RSA). The tripartite agreement of July 1993 introduced – in addition to the RSA – a so-called unitary workplace union structure (Rappresentanza sindacale unitaria, RSU). This body is elected by all employees, but representatives are usually elected through trade union lists. Therefore, it includes features of both works councils (the broad active electorate) and trade union bodies (the almost exclusive inclusion of trade union representatives). In general, it can be associated with trade union bodies. The establishment of RSUs confirms the traditional system of single-channel representation in Italy, whereby union and employee representation are entrusted to a single body, as opposed to dual-channel systems where union delegates operate alongside works councils.

Two-thirds of the representatives in the RSU are elected by the workforce (both union and non-union members); one-third of the positions are reserved for the trade union organisations affiliated to the signatory organisations of the sectoral national collective agreement (Contratto Collettivo Nazionale di Lavoro, CCNL) applied in the company. RSUs, when present, have all of the rights attributed to RSAs by law or collective agreements (1970 Workers' Statute rights, as well as rights regarding information and consultation). Since 1993, RSUs have been able to negotiate at plant level on issues that are delegated from the industry-wide level. RSUs have tended to replace RSAs, which are now usually found only in very small companies.

A significant element of the redefinition of the industrial relations strategy of Fiat through the recent 'Pomigliano' and 'Mirafiori' agreements ([IT1007029I](#)) has been the restoration, in perspective, of workplace representation based on RSAs. In fact, with the exit from employer organisations and the termination of all existing collective agreements, the new company bargaining system will start from scratch. Therefore, in accordance with the Workers' Statute (law 300 of 1970), only trade unions which are signatories to a collective agreement that is applied in the relevant workplace can set up workplace representation structures. This would guarantee workplace representation only to the unions which sign the new group and establishment collective agreements and exclude those who refuse to sign it, like the Federation of White- and Blue-Collar Metalworkers (Federazione impiegati e operai metallurgici, [Fiom](#)) did for the 'Pomigliano' and 'Mirafiori' agreements. So far, a labour court ruling has considered such an exclusion an anti-union practice ([IT1102019I](#)). It is interesting to note that the 28 June 2011 intersectoral agreement introduces the possibility to call a worker referendum on company collective agreements signed by RSAs instead of RSUs. No such possibility is envisaged if RSUs are the signatories to the agreement ([IT1108029I](#)).

### Main channels of employee representation

	Works council type (WC)	Trade union (TU)
<b>1 Most important body</b>		RSUs are elected by all employees (like WCs) among competing trade union lists. Therefore, they are composed of trade

		union representatives (as TU workplace structures)
<b>2 Alternative body</b>		RSAs

## Employee rights

Individual labour disputes are decided in specific sections of the civil courts (Tribunale civile – Sezione lavoro), which are the functional equivalent of labour courts. The court for second-level judicial decisions is the Corte di appello whereas the Corte di Cassazione covers the third level.

## Pay and working time developments

### Minimum wage

In Italy, there is no minimum wage legislation. However, through Article 36 of the Constitution, judges can (and usually do), if required, refer to the minimum wage standards agreed in national collective agreements as the minimum wage to be applied.

### Pay developments

Hourly collectively agreed pay rates increased on average in 2011 by 1.8% over the previous year, marking a steady decrease from 3.5% in 2008 and 3.0% in 2009 and by 2.2% in 2011. In 2012, according to [Istat](#), there was a further wage ‘freeze’ as the yearly trend diminished to 1.4% in May 2012. This decline affected the whole economy, but it was less significant in industry, which experienced a more moderate wage squeeze, and was notable in the public administration (where the wage increase was 4.1% in 2008 but just 0.7% in 2011 and 0% in May 2012). In the public administration, this trend is the effect of the suspension of all collective bargaining renewals over the period 2010–2012 as provided by art. 9.17 of [law 122 of 30 July 2010](#) in the framework of measures aimed to contain public expenses.

The gender pay gap (in unadjusted form), according to Eurostat data remained stable in recent years and quite low compared to the EU27 average. In 2010 it stood at 5.5% compared to 16.4% for the EU27 countries. Indeed, according to [Eurostat](#), this was the third-lowest level in the EU after Slovenia with 4.4% and Poland with 5.3%. This information should be considered together with the facts that women appear to be relatively disadvantaged in the Italian labour market, as illustrated above, and that the component of the gender pay gap due to discrimination against women is still very large (around two-thirds of the gap), and is increasing ([IT0912019Q](#)).

### Working time

A recent Istat publication (Istat, 2011d) shows that working time has decreased slightly since the early 1990s. The actual average working time was 35.7 hours in 1993 and 34.9 hours in 2007. For full-time workers, actual working time was 37.8 hours in 1993 and 37.4 in 2007, while part-timers worked on average 18.9 hours in 1993 and 19 hours in 2007. Men tend to work longer (38.4 and 38.2 hours in 1993 and 2007 respectively) than women (30.8 and 29.9 hours in the two reference years). The same is true for self-employed workers who total 39.9 hours in 2007 (40.5 in 1993) compared to the 33.2 hours worked by employees (33.8 in 1993).

The maximum statutory weekly working time in Italy is 48 hours, a level significantly above the average collectively agreed working time, which is 38 hours ([TN1106010S](#)). Working time is one of the key topics of collective bargaining, notably with respect to its flexibility. Bargaining on shifts is still quite important, with a view to increase the rate of utilisation of equipment or

extending the provision of services during longer business hours. In the past decade, two significant steps towards the flexibilisation of working hours have been the diffusion of multi-period working schedules, whereby periods with longer hours than average are compensated by periods with proportionally shorter hours, and of hour-bank systems, which allow workers to accumulate overtime or extra work in accounts to be used later as time off.

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