

Chapter 4

The reform and impact of joint regulation and labour market policy during the current crisis: Italy

Sabrina Colombo and Ida Regalia

1. The traditional pattern of labour regulation

Consistently with the substantial voluntarism of the Italian system and infrequent direct state intervention in industrial relations, collective bargaining remained long unregulated and largely dependent on shifting power relations between the social partners which left broad latitude for change in practices and informal arrangements. Over time, besides a highly centralised level of negotiation – that of cross-sectoral agreements between the union and the employers' confederations signed when necessary to address very general issues – the bargaining system assumed a bipolar character centred around two main negotiating levels: the national industry (or sectoral) level – devoted to the periodic definition of pay and conditions valid for an entire industry or sector – and the company or plant level – devoted to negotiation (usually ameliorative) on aspects of the specific workplace. It was not until the fundamental tripartite agreement of 1993 that a sufficiently clear and steady specification was given to the competences, procedures or issues pertaining to the two levels. Consequently, the balance between centralisation and decentralisation frequently changed according to circumstances and to power relations.

More generally, a distinctive feature of Italy's industrial relations system, was - and to some extent still is - its low level of institutionalisation (Cella 1989). Trade unions and employers' associations, which were organisationally weak in the immediate post-II World War period, but were able to acquire large followings and strong organisational capacity and influence over time, have remained up to now free voluntary organisations regulated by private law, and the relations between them have continued to be largely determined by power relations, rather than

by stable recognition of their role in regulating the distributive conflict (Streeck 1993).

This had many consequences. In organisational terms, the arena of representation continued to be relatively open to newcomers – and not only on the side of labour. This helped the rank and file to challenge the strategies of the larger organisations, as exemplified by the growth of ‘autonomous’ unions – especially active in the particularistic representation of occupational and other small groups in services (Bordogna 1994) – and by the recurrent emergence of opposition to the main organisations, which hampered the development of stable forms of cooperation. As regards action, in the absence of a clear definition of mutually accepted procedures, recourse to conflict was encouraged as a way to test power relationships; and bargaining repeatedly shifted from the centralised to the decentralised level and back again, according to circumstances, while issues overlapped at various levels according to the climate and market power of specific groups or categories of workers (Regalia 2012: 389).

It has been said that Italian industrial relations developed in a manner characterised by a dual tension (Regalia and Regini, 1998): that between the official (often intransigent) positions of the actors public discourse at the centre of the system and the actions (often more pragmatic and adaptive) undertaken in the periphery; and that between voluntarism and scant formalisation of relations between the labour market organisations and their high institutional involvement in the *de facto* administration of social policies. In a situation of voluntary trade unionism, where closed shops were never possible, nor were strike funds ever available, and in which no extension mechanisms of collective agreements did ever exist either, the unions, and more generally the social partners, because of their strong following acquired over time a relevant capacity of influencing policy-making in the social and economic fields. Therefore – it has been argued – the labour market regulation in Italy has been characterised by a relative strong role of social partners (Colombo and Regini 2014).

Until the late 1960s, policy-making in Italy was characterised by unilateral initiatives of governments and by external pressures from social partners. Until that period, the social partners had not developed structures and strategies suitable to directly affect policy-making. On the one hand, up to the mid-1970s governments were able to curb inflation

by means of unilateral monetary and fiscal measures. On the other hand, trade-union confederations traditionally had little desire, even less the ability, to build consensus on wage restraint, not least because of their low levels – then – of workplace representation. Even when, since the early 1970s, the unions were able to increase very rapidly their membership as well as their workplace organisations, their strategy of action continued to be aimed at exerting external forms of influence on decision-making processes by means of collective mobilisation.

However, by the end of that decade, the international economic crisis generated very high rates of inflation and rising unemployment in Italy, creating the conditions that made concerted agreements on economic policy highly desirable if not necessary. Inflationary pressures obliged governments to adopt measures contrary to those which they had imposed unilaterally (monetary and fiscal policies) in previous years (Salvati 2000). At the end of the 1970s, Italian governments were formed by unstable majorities consisting mainly of ‘centre-left-oriented’ party coalitions with a certain connection with the unions.

Hence it became increasingly crucial for them to negotiate economic policy measures – especially incomes policies – with the social partners. Both employers’ associations and trade unions regarded such political negotiation as a second-best solution, but neither could pursue their interests the way they used to – i.e. for the unions, wage improvements by collective bargaining; for the employers, by transferring high labour costs onto price increases. It should be noted that, in Italy, the unions are divided along political lines and often in competition. Until 2002, however, they were able to find ways to substantially overcome their divisions, so as to make the search for concerted solutions possible.

Thus the period of ‘political exchange’ began. The outcome was the enactment of the so-called ‘bargained laws’ during the 1970s – a law on the restructuring of firms in 1977, a law to support youth employment and the law on vocational training in 1978 – and the conclusion of tripartite agreements during the early 1980s – on incomes policies in 1983 and on labour market flexibility in 1984, not signed however by the largest trade union confederation, Cgil. After that period, tripartite negotiation entered a crisis until the early 1990s. Influential analyses of social pacts (Regini 1995) have pointed out that these first experiences in the late 1970s and early 1980s were disappointing and led the actors to

abandon tripartite concertation for about a decade. The two subsequent tripartite agreements of 1992 and 1993, however, were generally greeted as very successful in reaching their goals as well as having the latent function to partially institutionalise the highly voluntarist system of Italian industrial relations. This success of the method of concertation accounts for all the actors' greater willingness to rely on it as a consensual and effective mode of governance. Thus, in 1995, 1996 and 1998 social pacts were reached again in different policy areas. But their effectiveness progressively declined, and they slowly turned into little more than symbolic action, indicating all the actors' willingness to cooperate towards achieving the pursued public good – until even their symbolic value was seriously undermined by the breakdown of the unions' unity in occasion of the 2002 Pact.

The 2002 Pact (not signed by Cgil) and the ensuing reform of the labour market led to a period of crisis of concertation. This crisis was mainly based by the willingness of the centre-right government to involve in the policy making only social partners with a similar governmental view, thus weakening the method of concertation as an instrument of an encompassing decision-making process, at the same time substantially prompting the end of trade union unity. Following the victory of the centre-left coalition in 2006 elections, the dialogue between the social partners resumed and, given the country's socio-economic crisis, they immediately pressed for reaching a new social pact. The 'Pact for Welfare' was finally signed in 2007. It has been termed a 'new generation pact' (Carrieri 2008), mainly because of the issues that were the subject of the negotiation. In fact, the concertation agenda for the first time included the topic of the management of flexible forms of employment and the reform of welfare provisions aimed at a greater inclusion of previously excluded categories of workers.

In terms of policy content, the negotiation over wages and incomes policy had been incremental until the July 1993 Pact on the structure of collective bargaining. Since that pact, a better distinction between the pay components to be dealt with at the national sectoral level was introduced. The change affected especially company-level bargaining, where the traditional negotiations on 'fixed' components had to be replaced by the negotiation of variable bonuses based on company performance. Concerning labour market policies more specifically, in the early 1990s the influence of the social partners were limited to

generic pledges, while it came to the forefront with the 1996 Pact for Employment, the 2002 Pact for Italy, and the 2007 Pact for Welfare. From this point of view, trade unions and their role in regulating the economy acquired a certain importance *vis-à-vis* the challenges that European economies had to face regarding the need for greater flexibility in the labour market (Regini 2000).

In 1999, the OECD classified the Italian labour market as one of the most rigid in Europe because of its excessive employment protection. In 2004, the OECD revised its estimate – because its analysis of the costs of worker dismissals was based on a serious calculation mistake – and Italy is now considered one of the countries with intermediate labour market rigidity. More specifically, considering the ‘overall EPL (Employment Protection Legislation) index’ of the main European countries as a synthetic measure of their labour market rigidity, in 2003 Italy appeared to be characterised by an intermediate level of rigidity as far as the regulation of temporary employment is concerned. However, the index remained rather high if the measures regulating worker dismissals were considered.

If we evaluate the regulation/deregulation trend of the Italian labour market, we can easily realise that, up to the last few years, interventions regarding dismissals (including the shock absorbers system and active policy measures) were virtually non-existent. On the contrary, we can observe numerous interventions aimed at regulating and facilitating the entrance into the labour market, through a progressive lowering of previous restrictions, culminated with the Law of 2003 that further expanded the possibility to resort to a large variety of atypical forms of employment. Notably, what characterises these interventions aimed at those first entering the labour market is their being substantially approved with the consensus of the trade unions. Most of these measures were in fact negotiated between the social partners (either through national tripartite concertation or bilateral collective bargaining). The exception was represented by Law 30 of 2003 through which the social pact of 2002 was put into effect. In this case, the largest trade union confederation (CGIL) not only did refuse to sign the tripartite agreement, but it also subsequently called a series of general strikes, especially targeted against the reform of the legislation on unfair dismissals (as provided by Article 18 of the Workers’ Statute) that the pact had established to radically change.

On the contrary, the last social pact, signed in 2007 under a centre-left government, intended to offset the most negative effects of the increased flexibility in labour market entry. On the whole, then, at the outburst of the crisis in 2008, the increased flexibilisation of the Italian labour market regarded mainly those first entering the labour market. In most cases it had not just been the result of unilateral interventions by the governments.

More generally, at the beginning of the new century, the role of the trade unions in socio-economic regulation appeared to be at an important cross-road all over the European countries. The decrease in the number of unionised workers had weakened the trade unions' bargaining power and had made them more dependent on the decisions and support of other actors in the political and industrial arena. This is mainly due to changes in the labour market (expansion of the tertiary sector, spread of fixed-term contracts, higher unemployment, etc.) (Visser 2005). Within this context, the Italian case is however particular. While in many European countries the trade union density had been declining, in Italy it remained around 35 per cent, far above that in countries such as Germany and the overall OECD average that register values around 18 per cent (OECD 2011). In the manufacturing sector union density was even higher, accounting for around 40 per cent (Baccaro *et al.* 2003). Moreover, after the reform that took place in 1993, trade unions continued to be quite strong and extensively rooted within workplaces, also from this point of view continuing to be an important component of the overall Italian social model.

As regards collective bargaining, national sectoral collective agreements (covering *de facto* almost 80 per cent of workers even in absence of extension mechanisms) are still a relevant method to define working conditions, as well as its company-level integration. Company-level bargaining has never had a large coverage, instead. It remained fairly limited over time and concentrated mainly within medium-to-large companies. Nearly all companies with fewer than 20 employees are not covered by such agreements. Among sectors, manufacturing has recorded the largest contractual coverage, while recently there has been an increase in the credit and retail sectors (Casadio 2010).

1.1 The Italian economy and the advent of the crisis

The international financial and economic crisis which began in 2007 and affected Italy mainly since the end of 2008, erupted in a context initially characterised, from the economic point of view, by an economy already in crisis (as table 1 shows, the GDP growth was significantly below the EU average even before the crisis), and from the industrial relations' point of view (as we shall see in the next section), by the persistence, indeed the exacerbation, of unsolved problems, but also by prospects of renewal in the near future (Regalia 2012).

Italy has historically had the highest public debt of the EU member states. This makes the problem of reducing public spending much more macroscopic and urgent than in the other EU countries, while maintaining the levels of welfare provision is a very critical and highly controversial issue (Colombo and Regini 2014). As we can observe in Table 1, the public debt and the distance from the EU average increased significantly in recent years.

In any comparative analyses of political economies, Italy is usually depicted as a deeply dualist country. The Centre-North and the South differ widely in terms of economic performance, development and well-being, as well as in terms of prevailing social norms and values. One would expect that, after more than 150 years of political unity, the interventions by both the national state and the societal institutions taken in order to correct the inequality of outcomes typical of any market economy should have largely attenuated such disparities. This has not been the case, however. The territorial differences have persisted or even increased over time. Suffice it here to mention some recent data on basic economic indicators. According to Eurostat (2011), the gap between the regions with the highest and the lowest GDP per capita is greater in Italy than in any other major European economy (excluding the London and Paris regions) (Pavolini 2011). Also the relative poverty rate varies dramatically, ranging from a level of 4.9 per cent of poor people in the North to 6.3 per cent in the Central regions to 23.0 per cent in the South (ISTAT 2011). The unemployment rate is more than double in the South (13.3 per cent) than in the North (5.9 per cent) (ISTAT 2010). Finally, if we take patents as an indicator of economic innovation, the data are even more striking: in the period 2000-2004, only 688 patents were registered in the South, against more than 9.818 in the North (Ramella and Trigilia 2010).

Table 1 Italian economic indicators

	2007		2008		2009		2010		2011		2012		2013	
	Italy	EU28	Italy	EU28	Italy	EU28	Italy	EU28	Italy	EU28	Italy	EU28	Italy	EU28
GDP (percentage change)	1.7	3.2	-1.2	0.4	-5.5	-4.5	1.7	2	0.4	1.7	-2.4	-0.4	-1.9	0.1
Public debt and deficit (% GDP)	103.3		106.1		116.4	74.3	119.3	79.8	120.7	82.3	127	85.1		
Inflation	2	2.4	3.5	3.7	0.8	1	1.6	2.1	2.9	3.1	3.3	2.6	1.3	1.5
Unemployment rate	6.1	7.2	6.7	7.1	7.8	9	8.4	9.7	8.4	9.7	10.7	10.5	12.2	10.9
Unit labour costs (index 2005=100)	103.6	103	108.3	104.3	112.6	106.1	112.4	107	113.5	107.7	116	111.1		
Labour productivity (euro per hour worked)	32.6	31.3									32.2	32		

Source: Eurostat.

All over the country, the persistence of the economic crisis and the emergence of the sovereign debt crisis led to a significant worsening of employment indicators and increasing difficulties for companies. The austerity measures, inspired by the European Institutions in order to ensure the stability of public finances, have contributed to maintain a low domestic demand both for consumption and investments and worsened the overall prospects of the economy (Pedersini 2013). From this perspective it can be said that European Institutions had an influence on the consequences of the crisis. The only two indicators reported in table 1 in line with the EU average are the inflation and the Labour Productivity, while the labour costs growth and the unemployment rate are above the average especially after the advent of the crisis. It is not a surprise, then, that together with the need of controlling and curbing the public debt, a better regulation of the labour market has become a relevant issue in the reform agenda in order to tackle unemployment and companies' economic difficulties.

2. Actors involved in the process for the adoption of the reforms

Italy, with a public debt always above 100 per cent of GDP since the advent of the euro, is particularly exposed to any external shock affecting interest rates. This is why at the beginning of the crisis Italy did not, and could not, react with a substantial fiscal stimulus, apart from automatic stabilisers, as other EU countries did (OECD 2010: 106–110; 2011: 140). Three major austerity packages were approved under the Berlusconi government: in summer 2008, in late spring 2010 and – comprising two interventions – in July and August 2011. Between the July and August measures the crisis of the Italian sovereign debt escalated and the European Central Bank, in a letter at the beginning of August, pressed the government 'to take immediate and bold measures to ensure the sustainability of public finances'. In particular, the July 2011 package should be frontloaded by at least one year to reach a balanced budget in 2013. The government was also encouraged 'to consider significantly reducing the cost of public employees, by strengthening turnover rules and, if necessary, by reducing wages' – although measures in this direction had already been adopted in 2008 and 2010 (Bordogna and Pedersini 2013).

In November 2011 as a result of the exacerbation of the Italian debt crisis, Berlusconi's government was replaced by a technocratic government

led by an internationally recognised economist (Prof. Mario Monti). Since the beginning, the new government made proposals related to the restructuring of public expenditure to meet European requirements, but also to a labour market reform (as we shall see in the next section). This second aspect is only partly linked to the OECD indexes of labour market rigidity. It is more related to an internal debate started long before the advent of the crisis. The Monti government was supported not only by the other European countries leaders, but also by a parliamentary majority in a climate of national emergency. This led to a weakening of conflicting factions but also of the position of the trade unions. The premier's statements during that time were very critical on the role of the social partners in the policy-making. He explicitly said that concertation was no longer an efficient instrument for reforms, thus staying in line with the positions of the previous centre-right governments.

As regards the social partners' in front of the crisis and rising unemployment, cohesion consolidated among the trade unions and with the employers. Very soon, in 2009, the social partners were involved in the definition with the government of measures to support workers hit by the crisis. For this purpose, some forms of social shock absorbers were extended to cover also workers previously excluded by any kind of welfare provision. Thereafter, in early 2010, unions and employers began to meet to draw up a reform plan to be submitted to the government on seven critical topics: research and innovation, social emergency, simplification of public administration, the Southern Italy socio-economic condition, public spending, tax and productivity (Rinolfi 2010). However, the agreement – reached on all the issues except the last one – did not lead to concrete results in a political context characterised by the government's increasing inadequacy in facing the crisis. Nor did it directly influence the economic and social strategies of the subsequent Monti technocratic government (Regalia 2012).

3. The content of the reforms

3.1 Financial, labour market and pensions reforms

To tackle the Italian public debt crisis, the main interventions focused on the reform of the public sector – an issue that had already been on the political agenda since the 1990s - and on curbing public spending.

On the topic measures were taken by the Monti's government, but they would have been also carried out by the government settled after 2013 elections. Most measures affected public personnel, through across-the-board cuts or freezes aimed at reducing the main components of the total public sector pay bill. Some of them were provisions targeting wages and salaries, and others were aimed at reducing employment levels. Other measures, with indirect but important effects on sections of public employees, consisted in substantial cuts in financial transfers from central government to regions, provinces and municipalities. Moreover, in accordance with the Europlus Pact and the Fiscal Compact, the principle of structural balance of the public budget was introduced in the constitutional law of the Republic in April 2012, to take effect from January 2014 (Bordogna and Pedersini 2013). In addition, to reduce the public expenditure, the Monti's government approved a wide-range pension reform (L. 214/2011 and 2012/L.14). This reform was not negotiated with the social partners, as it had happened previously. The reform changed dramatically the eligibility criteria, by extending to all workers the contribution-based system (by which pension was to be calculated on the amount of contributions paid rather than on the amount of wages earned). This measure had already been introduced (and negotiated with the trade unions) in 1995, but only for those who started working after December 31st 1995.

Moreover, few months after the enactment of the Pension Reform, a complex labour market reform (L.134/2012 and L.228/2012) was approved that tried to increase exit flexibility intervening at two levels: reforming the rules on unfair dismissals, on the one side, but at the same time reforming also the system of shock absorbers, in order to counterbalance the effects of the reduced worker protection, on the other side. As already said, while on the side of entry flexibility rules had already been relaxed with a substantial support by the trade unions in the past, exit flexibility (i.e. dismissals) had continued to be a critical and hotly debated topic for discussion and conflict between governments (especially centre-right ones) and employers' associations on the one hand and trade unions on the other hand. The most controversial issue was a part of the Statute of workers (article 18) concerning the protection of workers from unfair dismissals.

Article 18 of the workers' Statute (Law No. 300 May 20, 1970), which applies to companies with at least 15 employees, stated that the

dismissal was valid only if it was for just cause or justifiable reason. In the absence of these conditions, the employee might recur to the labour court. Before the 2012 labour market reform, the judge - once recognised the illegitimacy of the dismissal - had to order that the complainant was reinstated in his/her workplace, maintaining the same working position occupied before the layoff, and had to be given wage compensation. Alternatively, the employee might accept an allowance equivalent to 15 months of the last wage, or an allowance established according to his/her length of service. Under the 2012 reform article 18 was changed. The new rules go beyond the automatism of unlawful dismissal and reconsider the previous provisions regarding the worker's reinstatement, distinguishing between three types of dismissal: discriminatory, disciplinary and economic:

- (i) The dismissal is discriminatory when determined by reasons connected to political beliefs or religious faith, to membership in a union and/or participation in strikes and other trade union activities, to sex, age, ethnicity or sexual orientation.

In this event, as provided by the previous legislation, the dismissal has to be declared invalid and the maximum sanction has to be adopted: i.e. reinstatement with integral compensation (equal to all lost wages and contributions).

The same rules apply in case of oral dismissal (i.e. with only oral communication), or when the dismissal happened to coincide with marriage, motherhood or fatherhood.

- (ii) The dismissal is disciplinary when motivated by the worker's behaviour. It can be either for 'just cause' - i.e. when the infraction is so severe not to allow any continuation, even temporary, of the employment relationship - or for 'subjective' justifiable reason, i.e. in case of major non-compliance of contractual obligations on the part of the worker.

The judge may decide that there are no valid reasons for dismissal in two events: because the fact doesn't subsist or because it can be sanctioned with a penalty otherwise. The judge can then decide whether to adopt, as a penalty, the reinstatement with compensation limited to the maximum of 12 monthly payments, or the payment

of a compensation for damages, amounting to 12-24 months wages, without contributions.

- (iii) The dismissal can also be motivated by 'objectively justifiable reason', i.e. for reasons relating to 'production activity, organisation of work and the regular functioning of it', as it happens for instance when the introduction of a new mode of production or a contraction of the market require the company to reduce the number of employees at a certain position.

If the judge finds that the decision is not justified by objective reasons, he/she may order the company to pay a compensation for damages from 12 to 24 months, according to the worker's seniority and the company's size. If, however, the judge believes that the dismissal is 'manifestly unfounded', he/she will adopt the same discipline of reinstatement due to disciplinary dismissal.

Besides the reformulation of article 18, the labour market reform introduced new measures to rationalise the social security benefits system (mainly with regards to unemployment benefits): the most important programmes were unified and generalised, while their previous generosity for specific categories of workers reduced, and the possibility to receive benefits was extended, at least in principle, also to workers with non-standard forms of employment.

The reforms of the pension system and of the labour market were the result of an almost unilateral initiative on the part of government that gave only very limited consideration to trade unions' opposition. In particular, the interventions on unfair dismissals had not been negotiated with the trade unions, while they were in line with the employers' associations' pressures for increasing exit flexibility. However, the trade unions' opposition was not against the whole labour market reform as such. The two main critics were, on the one side and from a procedural and symbolic perspective, that they had not been involved in the decision making process, and, on the other side and most importantly, that the shock absorbers reform appeared not to be based on a solid actual financial coverage, so that real support of workers after the reduced protections on dismissals was not guaranteed.

3.2 Collective bargaining and representativeness reforms

Even if the reforms introduced to tackle the crisis by the technocratic and other recent governments did not directly affect collective bargaining, they influenced however the general climate of the Italian social dialogue and consequently the framework of labour regulation. These measures were seen as a symbolic attack to trade unions' power on labour policies (Colombo and Regini 2014). As we have seen, on the one hand, the reform changed an important article of the 'Statute of Workers' (from many points of view a 'symbolic' law, enacted in a period of extensive collective mobilisation led by the trade unions); on the other hand, the trade unions had not been allowed to be part in the decision-making process as it generally used to happen in case of labour market reforms in the last decades.

From the point of view of labour regulation, the labour market reform has effectively increased the managerial power of intervention on exit flexibility, reducing workers protection, without intervening on possible improvements in terms of quality of work. All that has taken place in a framework of substantial unilateral intervention from the Government. At the level of industrial relations more in general – i.e. to do with long-standing issues not necessarily or directly connected with the crisis – tensions and divisions resumed among the trade unions on certain events with a strong media impact. One was the controversial reform of the collective bargaining system in 2009 – an agreement on the rules – achieved with an interconfederal agreement strongly backed by the government but not signed by the Cgil, which regarded it as excessively detrimental to the position reached unitarily among the trade unions the year before. Contested above all was the loosely defined possibility for company-level agreements to derogate from the national sectoral one.

Along with changes on the duration of contracts (from 4 to 3 years) and changes of wage increases determinants through the substitution of the criterion of programmed inflation with a consumer price index, the crucial topic was the possibility to derogate at company-level collective bargaining from provisions established at the national sectoral collective agreements. Point 5 of the agreement regards 'Arrangements for the governance of crisis situations and for the employment and economic development of the territory'. It provides that 'for the purpose of directly managing crisis situation or to promote economic development and

employment in the area, the national labour collective agreements may allow territorial employers' associations and territorial trade unions to reach agreements to modify, totally or partially (even on an experimental and temporary basis), single points of the economic and normative framework established by the national collective agreement. The possibility to derogate is based on objective parameters identified in the national contract, such as labour market trends, available skills and expertise levels, the productivity rate, the rate of initiation and cessation of productive initiatives, the need to determine conditions of attractiveness for new investment. In any case, the agreements thus reached need a prior-approval by the parties that signed the national collective agreement to be effective'.

The second event consisted of the controversial episodes that occurred in 2010-1 at the Italian Fiat plants of Pomigliano (near Naples in Southern Italy) and Mirafiori (at Turin in Northern Italy) following the imposition by the management of a radical reorganisation of work as its condition not to move production abroad (Pedersini 2011). In both cases, the proposal was not signed by the Cgil metal workers' federation, in a context of severe tensions and social conflict which dragged on for a long time and led to a profound change in the company's industrial relations practices, to Fiat's withdrawal from the national collective agreement and from the agreement on the in-company worker representation bodies (Rsu), and finally to its exit from the employers' association.

On the other hand, however, there ensued other (and much more numerous) events of entirely the opposite sign. In fact, to be considered is that, besides the media clamour that initially surrounded the split among the confederations – often described as marking the beginning of a new era characterised by the decline of the Cgil and by more cooperative and modern industrial relations – it was not at all clear what might be the consequences of a trial of strength with the largest trade union in a context still characterised by a low level of institutionalisation. As a consequence, the employers' representatives soon sought to establish informal contacts with the Cgil. Already from the autumn of 2009 onwards, soon after another important agreement was reached without the metalworkers' union affiliated to Cgil, a period of unitary agreements (at both the sector and company level) in fact began, in which ironically all parties claimed to implement the rules that each considered the proper ones. This was actually a case of the system's ability to adapt pragmatically to the situation.

There was also an intensification of unitary agreements and experiments at other levels, especially in order to cope with the consequences of the economic crisis. These included bipartite cross-sectoral agreements at regional/territorial level among the social partners to boost the economy, defend employment, promote forms of local welfare programmes (an example being the pact signed at Treviso in Veneto in 2011); innovative agreements at company level (even in the metalworking sector) on restructuring and/or employment stability and negotiated forms of company welfare; and finally, widespread negotiation with the local authorities on anti-crisis support measures, life-work conciliation, welfare and other social issues, in which the trade unions act not only as representatives in the labour market but also as representatives of citizens more generally. Also reinforced was the joint management of training programmes, and of social and mutualistic welfare schemes, in bilateral bodies jointly with the management and employers' organisations, especially for temporary agency workers and the artisanal sector.

Moreover, also in regard to the rules, an interconfederal agreement on trade-union representativeness and collective bargaining was reached in June 2011 between the trade unions and the main employers' association, Confindustria. The agreement, that was signed by all the three main trade unions, thus healing the split of 2009, was immediately interpreted as having a great potential, providing the basis for a more balanced and solid reconfiguration of relations among the parties (Regalia 2012). It appeared as a symbol of a new era in the Italian industrial relations, since it jointly established a set of agreed upon criteria to measure the trade unions' representativeness, as well as the rules on collective bargaining levels and the possibility of derogating from the national collective agreements.

A fundamental issue concerned the procedures to measure and certify the representativeness of trade unions to be admitted to the national collective bargaining. The devised mechanism relied on the combination of two criteria: on the one side, the size of each trade union membership – as it results on the basis of workers' contributions to their organisation that are automatically deducted from their payroll - to be certified by INPS (the National Social Security Agency); and on the other side the results obtained by each organisation at the elections of workplace representatives. Regarding collective bargaining, the agreement is in

some respects even more explicit on the issue of contractual derogations than the one signed in 2009. It established that company-level bargaining may suspend or reduce some of the arrangements reached at both the national and the previous company-level bargaining, even temporarily and/or experimentally; and it specified the conditions under which such derogations may take place.

However, soon after the June unitary agreement among the social partners, in September 2011 the Berlusconi government intervened unilaterally on the system of collective bargaining with a specific statutory provision: the art. 8 of law 148/2011. This article consists of five paragraphs. The first three are correlated and have character of general provisions, while the last two provide some requirements, in fact aimed at extending the effectiveness of the company-level agreements signed by Fiat. The ratio is still the flexibilisation of labour relations, to be pursued by company-level or territorial collective bargaining, labelled for the first time as 'proximity' collective bargaining to highlight its greater responsiveness to the interests of the parties. With some delimitations, the law gives such 'proximity' collective bargaining the right to derogate not only from the discipline established by national collective agreements, but also (and especially) from the legislation targeted to protect workers on a wide range of issues. This particular function - so far recognised to the collective bargaining autonomy - it is not assigned to the 'proximity' collective bargaining in general, but to 'the specific agreements with efficacy to all workers concerned' aimed at 'increasing employment, the quality of employment contracts, adopting forms of employee participation, the emergence of not regular work, to increase competitiveness and salary, corporate crisis management, investment and startups new activities' (Garilli 2012).

The social partners, reacted to this initiative by the government that they had not asked for with a joint declaration in which they committed themselves not to take advantage of the opportunities provided for by the law. At the same time they started a new negotiation on the best way to increase labour productivity that finally led to the interconfederal agreement on productivity of November 2012 - an agreement this that was not signed however by Cgil. The agreement further specifies the derogatory potential of decentralised bargaining and envisages the assignment of 'full autonomy' to second-level agreements on specific and important topics, such as work organisation and working time

(Pedersini 2013). It explicitly highlights the role of the social partners in making decisions on working conditions and adjustments to support productivity. The point 7 ('Collective Bargaining for productivity') of the agreement is particularly explicit on that: 'Social Partners consider that the collective bargaining between the more representative organisations, in single sectors, on a national basis, has to be carried out with full autonomy, even on subjects that affect directly or indirectly labour productivity and so far regulated mainly or exclusively by the law. Therefore Social Partners undertake to tackle with collective bargaining the most urgent issues'.

Among other things, actually they committed themselves: i) to devolve upon collective bargaining a full negotiating autonomy with regard to the issues concerning tasks and skills arrangements, as a prerequisite to allow the introduction of organisational models best suited to capture and promote technological innovation and the professionalism necessary for the growth of productivity and corporate competitiveness; ii) to redefine working hours schedules and their distribution according to flexible models in connection to investments, technological innovations and market fluctuations, in order to achieve the productivity goals established; iii) to devolve upon collective bargaining procedures to harmonise the use of new technologies with the protection of the fundamental rights of workers. Rather soon, however, in May 2013 a new unitary framework agreement on union representativeness and the validity of company-level collective agreements was reached again between the three union confederations and the main employers' association. The agreement, which was fully in line with the provisions of the interconfederal agreement of June 2011, was subsequently signed by other employers' associations. For the detailed definition and the effective implementation of the agreed upon provisions a further unitary framework agreement was finally signed in January 2014.

4. Analysing the impact of the labour market reforms

Within a general scenario characterised, as said, by the intervention and involvement of strong and influential trade unions, but within an industrial relations system based on the substantial voluntarism of the relationships among the parties, the regulation of labour was continuously subject in Italy to instabilities and uncertainty.

What happened since the outburst of the crisis – particularly with regard to the labour market reform processes that we have observed – has been in fact more the outcome of dynamic and ongoing debates taking place for a long time to improve the logic and performance of the system than a reaction to the advent of the crisis. The economic crisis has, if anything, accelerated some changes, but it did not lead to unexpected and really traumatic reforms to the existing system of labour regulation. The discussion on the flexibilisation of the labour market (mainly regarding dismissals) and the reform of shock absorbers had been going on since the 1990s and, as we have seen, some attempts to reform the system had been already initiated. Also the pension reform was part of a long process begun in the early 1990s. With regard to collective bargaining, on the one hand, the pressure towards more decentralised negotiations has been an objective of one of the three major trade union confederations (Cisl) and of the employers' associations for some time; on the other hand, the possibility of derogating from the provisions of sectoral collective agreements by negotiations at company level had been already agreed upon before the crisis in the chemical sector, a sector characterised, as we shall see immediately, by a strong tradition of cooperative industrial relations.

In this section we shall now focus on the impact of these reforms with a particular attention to what happened in the Italian manufacturing sector. This is a sector traditionally characterised by a paradox: on the one hand, from many points of view it is strong, competitive and successful; on the other hand, it presents major shortcomings, largely related to those of the national context in which it operates.

According to a report prepared in 2014 by Federmeccanica, the employers' association in the metal industry affiliated to Confindustria, since the crisis in Italy industrial activity has been reduced by a quarter; for metalworking the fall was of 30 per cent. Investments decreased by 26 per cent, reaching the lowest level since World War II. Seven million Italians are unemployed: a figure twice that recorded seven years ago. Families have cut seven weeks of consumption, equivalent to 5,000 euros per year. The total GDP decreased by 9 per cent and by more than eleven points per capita, i.e. 2,900 euros per head (Federmeccanica 2014). However, the national statistics office (ISTAT 2014) estimated that between 2010 and 2013, 51 per cent of manufacturing companies increased their total revenues. The trend in sales was divergent if we distinguish between the internal or the foreign markets: only 39 per cent of the total number of

manufacturing units increased domestic sales, while 61 per cent increased their sales abroad. In some industries, the performance on foreign markets was particularly brilliant. This is the case of the machineries (which registered a sales increase of 21.8 per cent abroad compared with a decrease of 15.5 per cent in the domestic market), pharmaceuticals (with variations of +22.9 per cent abroad and -5.6 per cent in the domestic market) and metallurgy (+14.2 per cent and -4.7 per cent).

ISTAT (2014) presents a typology of companies according to their market performances:

- The ‘winners’: these are companies that, even in the years 2011-2013, increased their revenues both in Italy and abroad. They account for over 4,600 units (equivalent to 18.1 per cent of the Italian manufacturing companies);
- The ‘growing abroad’: these are companies which on the one side increased foreign sales, but on the other side reduced the internal ones. They account for around 8,500 companies (the 33 per cent of the total);
- The ‘growing in Italy’: these are companies which achieved a good performance locally, but recorded diminishing revenues abroad. They account for a little more than 3,400 units (the 13.3 per cent of the total);
- Those ‘in retreat’: these are companies whose revenue declined both in national and international markets. They are over 9,100 units (the 35.6 per cent of the total).

This last type of companies represents the largest group in relative terms. The strategies adopted are mainly defensive, i.e. aimed at reducing their activity without strong intervention in innovation and requalification of employees. On the contrary, companies that hold on internal and foreign markets appear to be betting heavily on human capital and more generally on human resources management.

Investments in human capital is a strategy that calls into question the relationship with workers and therefore the possible involvement of their representatives in the management of working conditions. From this perspective, the theme of collective bargaining and its renewal has emerged both in official documents and in interviews with social partners. In particular, recently the main manufacturing employers’

association (Confindustria) stressed the need on the one side to maintain the national sectoral collective agreement, but on the other side to renew it through a new agreement with the unions, the objective being a reform to better adapt the collective bargaining structure to companies' needs and a wider diffusion of company-level bargaining. It has to be stressed that according to Confindustria these changes should take place in accordance with the trade unions and the national collective bargaining should maintain a central role in the regulation of labour. This commitment by the largest and more influential employers' association is also evident from the emphasis on the positive assessment and expectations regarding the already mentioned interconfederal agreement on trade union representativeness of January 2014, which can be found in the association's official documents and in interviews.

Certainly, the debate on the possible reform of collective bargaining structure and union representation, that is taking place for long now, is not without tensions and there are differing positions even within the same organisations of interest, as we shall see in the next paragraphs. However, the most important point for our discourse is the willingness of the social partners – and particularly the employers' associations – to renew the traditional instruments of the regulation of working conditions through a negotiation between them, without interventions by the state.

4.1 Fieldwork: actors and case studies selection

In the empirical analysis that was conducted to go deeper into the processes of change, the main documents prepared by the social partners and existing data related to the trends in collective bargaining were considered. Together with this secondary analysis 25 in-depth interviews were carried out with key informants.

Table 2 shows the distribution of the interviews between levels and sectors. At the national level, the focus was on the main organisations of interests. Selected were representatives of the general secretariats of the trade union confederations with the largest number of members (Cgil and Cisl). Similarly, on the side of the employers' associations, the focus was on the main and most influential confederation in the manufacturing sector with the highest number of affiliated companies (Confindustria). Concerning institutions, a former Minister of Labour was interviewed.

Table 2 **Distribution of interviews and case studies by level and sector**

Level	Actors		Number of interviews
	2 unions' top leadership representatives (Cgil and Cisl)	2 employers' association's top leadership representatives (Confindustria)	
National	Minister of Labour in charge in 2013		5
Sector	A. Metal: (traditionally a rule-maker in collective bargaining) 3 unions' top leadership representatives (from the two main confederations: Fiom-Cgil and Fim-Cisl) + 1 employers' association's top leadership representative (Federmeccanica within Confindustria)		7
	B. Chemicals: 2 unions' top leaders (Femca-Cisl; Filctem-Cgil); + 1 employers' association's top leadership representative (Federchimica within Confindustria)		4
Companies	Large	– Electrolux – Tenaris-Dalmine	interviews for each company (from management and unions)
	Medium	– Cifa	3 interviews (from management and unions)

The second level of the analysis focused on specific sectors. Selected was first the metal sector for its relevance in the Italian production system and for its tradition of rule-maker in Italian industrial relations. It is also a traditionally conflictual sector at the point that the last national agreements were not signed by all the unions Cgil. The second sector in the analysis is Chemicals. This industry is on the contrary traditionally characterised by a cooperative-type of industrial relations. It was the only one that introduced, long before the crisis, a more flexible articulation of the collective bargaining structure, including the possibility of controlled forms of derogations of the national sectoral agreement by collective bargaining at the company level.

Concerning the selection of the case studies, it has to be stressed that in the ongoing debate on collective bargaining in time of crisis a particular emphasis is being put on the behaviour of those companies that are recording good performance in the market and are interested in the consensus by workers, directly or through their representatives. According to the suggestions of our key-informants, therefore, case studies displaying good industrial relations or innovative arrangements were selected.

Table 2 presents the main features of the cases analysed. As we can see, in most cases some kind of so to say 'virtuous' collective bargaining process did take place, aimed at trying at the same time to keep jobs as much as possible within the organisation and also at improving some aspects of the workers' conditions, while facilitating the reorganisation/flexibilisation of production. This social aspect took particularly the form of negotiated welfare provisions (e.g., supplementary pension schemes, health funds) and/or initiatives to improve work-life balance.

The case in some way more traditional is Electrolux. This multinational company had developed an overall plan to reorganise production by which part of the activities in Italy had to be delocalised to other countries. However, the proposal not only was strongly contested by the unions, but it was also opposed by the employers in the interested area that started a kind of local mobilisation. After a long phase of discussion and industrial action, an important agreement was finally signed entailing a more flexible organisation of work and working time and restrictions in the benefits previously assigned the unions, while the company did not proceed with the delocalisation.

Table 3 **Main characteristics of the selected case studies**

Company	Size (number of employees)	Sub-sector	IR tradition Adversarial (A)/ Cooperative (C)	Union density
Electrolux	Multinational: In Western Europe more than 23,000 employees In Italy, 3,335 employees	Appliances	C (but some relevant conflicts especially when the crisis started)	50%
Tenaris-Dalmine	Multinational: 27,000 employees worldwide in Italy, 2,300 employees	Steel	C	70% (the majority are blue collars)

Recent company-level activities				
	Recourse to strike	Issues	Intervention of national and local government	Main results of the agreement
2014	Yes before the agreement. A lot of strikes and public opinion attention	<ul style="list-style-type: none"> - Organisation restructuring, without closing some plants - Investments in innovation - Some interventions in working time for some plants -Reduction of the unions'permissions (for meetings with workers and other unions' issues) - The company promise to avoid unilateral actions in reducing the personnel 	Agreement reached after the intervention of local representatives and the Ministry of Economy	<ul style="list-style-type: none"> - Saved jobs - Negotiated strategic issues for innovation - Even if the agreement reduced unions' permissions, it reinforced the role of unions in the reorganisation process
2014	No strong conflicts, but some strikes in every contract renewal	<ul style="list-style-type: none"> - Interventions on working time: flexibility on working time without costs for the company (no overtime work). It introduce a system of flexible management of worked hours (the surplus can be used for workes permissions and production stops); - Perspectives of tasks reorganisations 	No direct interventions of institutions in the recent bargaining process, but relevance of local institutions and national institutions during the past reorganisation process. The company is linked with local institutions.	<ul style="list-style-type: none"> - Continuity of Cooperative IR - Introduction of more flexibility in the organisation of work to face the crisis

Table 3 **Main characteristics of the selected case studies (ctd)**

Company	Size (number of employees)	Sub-sector	IR tradition Adversarial (A)/ Cooperative (C)	Union density
Cifa	Since 2014 part of a Chinese multinational (Zoomlion Haevy Industry) In Italy: 300 employees	Constructions tools and machineries	C (but recently adversarial due to the crisis)	25% (the majority are blue collars)
Bayer	Multinational: 113,000 employees worldwide; In Italy, 2,500 employees	Pharmaceutical	C	15% (mainly Cgil)
Sanofi-aventis	Multinational: More than 100,000 employees worldwide; In Italy, 2,500 employees	Pharmaceutical	C	35%
L'Oréal	Multinational: 77,400 worldwide In Italy 2,000 employees	Cosmetics	C	8% (on average, higher where there is the production plant)

Recent company-level activities				
	Recourse to strike	Issues	Intervention of national and local government	Main results of the agreement
2013	Yes to support the use of solidarity contracts instead of the wages guarantee fund	<ul style="list-style-type: none"> - Contractual solidarity - Redundancy managing (early retirements, voluntary dismissal) 	No intervention of institutions	<ul style="list-style-type: none"> - Difficulties to negotiate with the company - Saved jobs but Unions still discussing with the company to maintain the number of employees. The crisis is affecting companies strategies
2014	Yes in 2007 for the closure of a plant in Italy, but the agreement has been accepted by the majority of unions and workers	<ul style="list-style-type: none"> - Productivity rewards and IR rules - contractual welfare and company's social responsibility 	No intervention of institutions	<ul style="list-style-type: none"> - Continuity of cooperative IR and in the issues negotiated. - Workers perceive these issues as their acquired rights
2013	Yes in 2014 against the company proposal of re-organisation with dismissals.	<ul style="list-style-type: none"> - productivity rewards, - occupational welfare with also work life balance) - crisis management 	No relevant political interventions of institutions. Trade Unions tried to involve the Milan municipality administration to have support against the reorganisation of a research centre, but without success.	<ul style="list-style-type: none"> - Continuity of cooperative IR and in the issues Good salary increase - Good welfare policies (extended to the employee's family) - Good restraint of dismissals thanks to negotiation of trade unions and strikes
2013	No relevant strikes	<ul style="list-style-type: none"> - Productivity rewards - attention to equal opportunity policies (work life balance, kinder gardens) - Contractual welfare (income support by sustaining some costs, for example some school cost for employee's children) 	No intervention of institutions	<ul style="list-style-type: none"> - Some problem in the effective implementation of the productivity awards. The company declare that with the crisis it is difficult to maintain those awards. Trade Unions declared that the company doesn't welcome discussion on its economic balance - Contractual welfare and equal opportunity policies are well implemented as they are now a tradition in company bargaining.

To be noted that in reaching and signing the agreement many local institutional actors (the Regional and Provincial Presidents) and the government (represented by the Ministries of Labour and Economic development) were also involved.

In the next paragraphs we shall analyse the main trends in the process of collective bargaining at both national and company levels, drawing the state-of-the-art of the diffusion of collective bargaining according to the positions of the main actors involved. In the third paragraph we shall focus on the characteristics of the actors involved and the organisational and strategic changes underway. In the fourth paragraph we shall enter into the contents of collective bargaining. Finally, in the conclusions, some observations on current and future trends will be drafted.

5. Process of collective bargaining

In Italy the collective bargaining structure is fundamentally bipolar and based on two main levels: the national sectoral and the company-level bargaining. Besides these two levels, an interconfederal or intersectoral one at the centre and sometimes a territorial collective bargaining at the decentralised level can be added. As already said, such collective bargaining structure is poorly institutionalised, given the traditional voluntarism of industrial relations. However, collective bargaining is historically an accepted regulatory framework for companies.

Long before the crisis, the debate on collective bargaining focused on the need to reform the scope and character of the national collective agreement in order to promote company-level bargaining. Although there were different and even divergent opinions on the matter, the most widespread position on the media, within academics experts in IR and the political parties was that the national collective bargaining at the industry level should be radically reformed, if not eliminated, reducing its weight within the regulatory framework at least for large companies. Instead it might be kept substantially unchanged for setting terms and conditions for small companies, given the limited possibility of negotiating at the company level in these contexts.

In recent years, due to the inclusion of the topic in the program of the new government led by Matteo Renzi, it also emerged a position favourable to a minimum wage established by law - replacing the economic part of the national sectoral collective agreement. The aim would be to cover all the workers, including those that currently would be excluded by the sectoral agreements. In this way, however, the scope of these would be drastically reduced.

5.1 Sectoral national collective bargaining

Covering about 80 per cent of workers, the system of the national sectoral collective agreements is still the most relevant method to define working conditions in Italy, supplemented by the negotiations that can take place at the company level. Even for micro and small companies the sectoral national collective agreement seems to represent the fundamental benchmark. In a recent survey conducted on a representative national sample of 2,300 micro and small firms (05-49 employees), 89 per cent of the respondents said that they referred to the national sectoral agreement, at least to set wages, while only 11 per cent said they adopted unilateral decisions or direct individual negotiations with employees. Those who said they combined reference to the sectoral agreement with collective bargaining and even more individual negotiations were 23 per cent (Regalia 2014).

These data indicate that the national sectoral collective agreement represents a reference framework. Interesting from this point of view are also those that are presented in Table 4. It shows that the share of employees waiting for the renewal of their sectoral collective agreement tended to diminish over time; this means that the updated contractual coverage tended to increase. The average renewal time decreased as well, but only until 2009; afterwards it started increasing again. This can be explained by an intensification of the tensions between the social partners in achieving agreements. An example is the case of the national Metalworkers' collective agreement that after long negotiations has not been signed by the Cgil.

Table 4 **Sectoral collective agreements indicators (2005-2012)**

	2005	2006	2007	2008	2009	2010	2011	2012
Employees waiting for a sectoral collective agreement renewal (%)	43,9	45,2	59,2	43,2	16,1	39,7	37,2	30,4
Average renewal time (number of months waiting for the renewal)	5,4	4	7,2	4,4	2,6	4,2	6,5	9,3

Note: all employees with the exception of managers.

Source: ISTAT (2014b).

The figure of 2009 is significant for both indicators. This is the year in which the first interconfederal agreement on a more flexible collective bargaining system, introducing the possibility to apply contractual derogations of the sectoral agreement at the company level, was signed by Confindustria, Cisl and Uil, but not Cgil. As we have seen, the Cgil did not sign this agreement, but later it signed the 2011 agreement, by which the possibility to apply contractual derogations was detailed more precisely.

In 2009 there was a strong pressure to renew the sectoral agreements. In fact, the majority of the national collective agreements were renewed nearly in time in that year. On the reasons that can account for this there are however divergent opinions within the unions, as suggested by the statements below. Cisl supported the reform of the collective bargaining structure, while Cgil continues to be critical with the possibility of derogations:

We regularly renew our contracts, but we tried to leave free second-level bargaining to intervene in relation to company needs. This allows changing the timing of salaries increases and editing one or more parts of the contractual regulations. I judge this positively overall: If we had maintained a classical approach to negotiation, in these years of economic difficulties, we would not have signed national contracts. With a classical bargaining, we would not have made national collective agreements. A method entrusted exclusively on power relations and conflicts would make impossible to renew the national contracts. [Member of the Metal national general secretariat Fim-Cisl]

Since the late 2000 we experienced a period marked by separate agreements. The contractual model is the separate 2009 agreement. This for the first time introduced the derogation possibility, i.e. allowing to change rules and regulations of the national collective agreement in the company-level bargaining. The 2009 agreement defined a new idea of negotiating wages. It introduced the harmonised index of consumer prices (HICP) and basically moved the weight from the national collective bargaining to the second-level bargaining. The last aspect was, at least for Cgil, a problem, because we continue to highlight the need of a strong national collective bargaining. The derogation possibility, the power to the second-level bargaining. There was, over the years, including agreements which have modified national collective agreements. Another thing is to have a general rule that assumes that there is a derogatory rule that companies could apply irrespective of the conditions. [Member of the National General Secretariat, Cgil]

As already said, in the chemical sector the possibility to derogate from the national sectoral collective agreement at company level was already present before the crisis and the key informants interviewed declared that contractual renewals in this sector have been very fast. This is a sector where there have never been serious divisions between the unions and the relationship with the counterpart has traditionally been cooperative:

In our sector the relationship between Cgil, Cisl, Uil and Ugl (in few cases, has always tried to give a unitary response to major problems of workers. The divisions don't help, neither the union to address problems, nor the workers. All contractual renewals have been signed together. [Member of the Chemical national general secretariat Femca-Cisl]

Industrial relations are a service. To be a good service they should produce good results. In a period of expansion it is easy. But when there is a crisis, it is difficult because in recent times, the social partners are not very strong. For us IR always are very important and a competitive factor. Because they are useful to create the conditions of consensus. It is a long time changing process (started before the crisis). Even the unions are changing. Two years ago we renewed the national collective agreement in a week, without strikes, and on two central issues: productivity and competitiveness. [Member of the

National Board of Chemical employers' association Federchimica-Confindustria]

More generally, the national collective agreement is still considered a positive framework, even though we registered different opinions within the unions with regard to the introduction of elements of normative flexibility. Not surprisingly, within the employers' associations the requests are for greater flexibility. In general, the key informants stressed the necessity to increase the national sectoral agreement flexibility according to the needs of companies:

The national collective agreement is generally welcomed by companies. The real problem is that it should be revised to be more flexible and suitable to the needs of companies. The opposition to a reform are not coming only from the unions but also from companies. Small companies urge to make it even stronger because they are not willing to negotiate with unions in the workplaces, even more so since the unions often aren't organised at company level. Small companies appreciate the national sectoral agreement as a general regulatory framework. [Member of the Confindustria National Board]

In interviews to employers' associations the emphasis is on the need of a cultural change. Within the chemical sector, recently the employers' association and the trade unions have jointly organised some territory courses on the culture and perspective of industrial relations in which workplace trade union representatives and human resource managers were invited to participate together. The aim was to discuss problems and shortcomings of the industrial relations system in order to promote a culture of renewal among the social partners at the decentralised level:

There are many training initiatives to promote and improve the social partners' culture. Recently, an initiative has been launched through a joint action with the unions. Since last year we are organising together with the unions territorial meetings in the various regions of the country, aimed at unions representatives and human resource managers. We still believe in rules. We keep talking about a lot of rules. But the culture is even more important, in the sense of the real people's behaviours. From this point of view, there are problems on both sides, companies and unions. [Member of the National Board of Chemical employers' association Federchimica-Confindustria]

Confindustria official documents highlight the need not only to have the national sectoral collective agreement renewed, while keeping it as a regulatory reference, but also to develop collective bargaining at company level. While Federmeccanica, the employers' association in the Metal sector affiliated to Confindustria, highlights in its recent *Manifesto of Industrial Relations* its position by which, together with collectively mediated 'industrial relations', also direct relationships between management and workers (or 'internal relations') should be promoted:

Industrial relations should be composed of two elements: industrial relations and internal relations.The internal relations are not an alternative to industrial relations, far from this they must be considered integrated elements of a homogeneous set. We will invest a lot in industrial relations and we believe that even in this case, we should promote a new culture based on participation ...We believe in a system of industrial relations in which the collective level is linked to the individual and company level, and where the company level can replace the national level only according to the criteria established in it (the national collective agreement). The national collective agreement must leave room for that when companies are in the conditions and are willing to derogate totally or partially from the national level..... soon we will send a request of meeting to the unions in order to start this phase of reform. [Official document Federmeccanica: *Manifesto delle Relazioni industriali*, 2014]

Employers' associations are then asking for renewed regulatory instruments: in all cases, however, through a negotiation with the unions.

5.2 Company-level bargaining and 'Internal Relations'

A recent study (Cnel 2010) estimated a decrease in annual collective bargaining intensity at company level, but this trend started before the crisis. In the two sectors considered in our study the company-level contractual intensity started decreasing since 2004: in the metal sector, the contractual intensity decreased from almost 30 per cent of companies in 2003 to 10 per cent in 2009, while in the chemical sector the intensity decreased from 43 per cent in 2003 to 17 per cent in 2009. The most recent data supplied by the Cisl Second-Level Bargaining Observatory (OCSEL 2014) confirms these trends. The observatory analysed 3,500

company agreements signed in the period from 2009 to 2013. The companies involved are 1,963 and they employ 788,259 workers. Analysing the data by company's size, and focusing on companies that signed at least one agreement in the period considered, it results that the second level bargaining involves mainly medium and medium/large companies. Focusing the analysis on 2013, the scenario is deeply marked by the crisis. Distinguishing by sector, the share of companies that signed at least an agreement is: 18 per cent metalworking; 15 per cent commerce, 10 per cent chemicals; 9 per cent textiles.

The majority of our key-informants in both the considered sectors stressed that company-level bargaining has reached a deadlock. Social partners are still signing agreements, but their number is not increasing - on the contrary, it is decreasing - nor are such agreements innovative in character. As a result, the company-level bargaining coverage did not increase:

The results in second-level bargaining are still unsatisfactory for us: it continues to be practiced in few companies, and these are usually medium to large size companies. We are not able to develop satisfactory negotiations in small companies, which, in Italy, are the majority. We can't develop with Confindustria a territorial collective bargaining similar to the one we have for example in the craft sector. Then, we have in most Italian companies a lack of attention to the problem of organisational innovation: lack of training, lack of innovation, lack of research and development. [Member of the National General Secretariat, Cisl]

This is in general. If we consider our case studies, they revealed a rather generalised willingness by managements to cooperate with the unions. As illustrated in Figure 2, in some cases the agreement that was finally signed was the outcome of a period of strikes against industrial restructuring plans which provided redundancies.

Metal sector negotiations were more conflictual than the chemicals. It has however to be noted that, if on the one hand the Fiat case is an example of both unions' division (the corporate agreements were signed by Fim-Cisl and Uilm-Uil, but not Fiom-Cgil) and the negotiating counterpart reluctance to really finding a joint solution (finally Fiat exited from Confindustria and the national collective agreement); on the

other hand, the majority of metal companies signed unitary agreements and obtained relevant results, even if sometimes with industrial disputes and after a period of industrial action. A case in point is the Electrolux, whose restructuring process started in 2008 and finally resulted in the 2014 threat of plants de-localisation. All the process, from 2008 to 2014, was accompanied by industrial action and also the mobilisation of other actors and local governments. Finally, under the pressure of the mobilisation, also the Government intervened and a solution was found by which the de-localisation was avoided.

From some points of view, a peculiar case, among the ones analysed in the metal sector, is Tenaris-Dalmine. It has always been characterised by cooperative industrial relations. However, this is the case where the management appears more dissatisfied with the national sectoral collective agreement. Interviews revealed that, given the traditional smooth cooperation with the trade unions within the company, the national agreement is seen as not sufficiently suitable to the specific company needs:

We have a model that includes, every 6 months, a CEO's meeting with the unions in each plant. We talk about what happened in the fundamental areas of the company, the forecast for the next months. It is a meeting that now is almost an automatism. Along with this we have committees, with a large participation of trade unions, where various issues are systematically discussed: safety, environment, work organisation. There are no company's issues that are not discussed and analysed with the unions. This is the backbone of our industrial relations. We are part of Confindustria, but we are more focused on the company-level agreement. The national collective agreement is not very suitable to the nature of our steel company ... For us it is a too 'tight' regulation. I would say it's more a burden than anything else. What it is agreed at the national level, it is unlikely that suits our needs. [Manager in Tenaris-Dalmine]

In any case, according to our interviews, it doesn't seem in the metal sector to emerge a clear tendency towards increased individualised bargaining and 'internal relations', as in the Federmeccanica's *Manifesto*. Rather, there are signals of a somewhat increased tendency of agreements being signed between managements and ad hoc forms of (unofficial) trade unions. These agreements are considered not genuine and inadequate

even by the employers' association. Confindustria defines this kind of agreements 'pirate agreements', because they are not signed by the most representative union organisations, they are not based on a real social dialogue and they introduce divisions among the employers' side. This is one of the reasons why Confindustria highlighted the relevance of the agreement on trade union representation and representativeness (in January 2014).

On the contrary, in the chemical sector the so-called 'internal relations' are quite common. Generally, they are not much welcomed by the trade unions. This trend emerged especially together with the diffusion of programmes of occupational welfare that were sometimes used within companies to reinforce the relevance of individual relationships between management and workers, partly reducing the scope of union representation. Among the case studied, Sanofi-Aventis has over time introduced corporate welfare programmes not always negotiated with the unions. Obviously, the unions are not very supportive of this trend, which is generally considered a threat to their role of mediators between workers' needs and management positions:

Our companies, mostly chemical, pharmaceutical or multinationals, in recent years, have strengthened the relationship between employee and management, on the one hand in order not to lose the professional skills, but also to decrease the bargaining power. This company-employee relationship has increased: if once companies focused only on middle managers (80s-90s), at the end of the 90s they started developing direct relationships with many employees and, since 2000, also as a result of the crisis, they started focusing on skilled workers difficult to find on the market. The aim is, on the one hand, to keep the worker within the company, but, on the other hand, to reduce the role of the unions. Although industrial relations are good, companies are continuing with this policy. [Member of the Chemical national general secretariat Femca-Cisl]

However, in the chemical sector practices of 'internal relations' are a structured tradition, especially in multinational companies. If we saw that trade unions tend to consider them as a threat to their mediation role, it is also true that in practice unions are conscious that 'internal relations' have not really eroded the negotiation arrangements and the IR practices. Interviews showed that the chemical unions realised that

‘internal relations’ are now institutionalised. If it is a practice that may move resources from collective bargaining, the tendency is for ‘internal relations’ to focus on some purely individual issues (tasks, benefits, etc.) leaving to bargaining the traditional collective issues (wages, hours, etc.):

Let’s say that there are some companies, typically multinational companies, in which the direct relationship ‘company – employee’ is taken for granted; there are systems of human resource management based on one-to-one dialogue. This coexists with the collective bargaining, although, of course, it drains resources. It is almost institutionalised and in some cases it is established in national agreements. In some cases it is a real consolidated practice. To be honest I don’t think it’s possible a world in a chemical company in which a worker is willing to give up on this relationship with the management because it is considered normal, it is required, even if workers are unionised. Although this raises problems of resources, it has never been a factor limiting collective bargaining; it is not exactly an attempt to overcome the social partners. On some issues we are working to increase the transparency of unilateral managerial practices. It is not a matter that has changed particularly during these years. [Member of the Chemical local general secretariat Filctem-Cgil]

5.3 Role of the state and other actors

As we have seen above, the Italian Government during the crisis often intervened unilaterally to reform the labour market and the pensions system. However, these are not interventions that have directly affected collective bargaining. In fact, the former Minister of Labour when interviewed was somewhat uncertain in trying to assess the Government’s role in the collective bargaining between the social partners. The reforms fostered by the State apparently did not affect the bargaining patterns and the relations between social partners: in particular, it does not seem that companies took advantage of the possibility of using the reformed article 18 of the workers’ statute (new rules for dismissals).

Some interventions have rather influenced indirectly the company-level bargaining. Among the most relevant government interventions there is the de-taxation of solidarity contracts and variable wage rewards to

increase productivity. However, as a consequence, the expected wider diffusion of company-level bargaining did not take place:

What I perceive is that the constant action on de-taxation scored a certain type of bargaining, the variable part of it. This has not increased bargaining opportunities: it is carried out with different characteristics, but there has not been an increase in the number of companies with a second-level collective agreement. [Member of the Metal territorial general secretariat Fiom-Cgil]

We established some funds for the salary of productivity. But they have been used in a limited way. There is some surplus. By the way these are expansion measures. Not crisis measures. If the economy does not grow even productivity does not rise. [Former minister of labour]

Although in Italy there are no provisions of compulsory mediation or arbitration in case of industrial action, the State has often played the role of a third actor intervening in collective bargaining to solve the most controversial conflicts, especially in some sectors and companies. During the crisis, however, the situation changed. The State's mediatory role in national sectoral collective bargaining decreased: this is particularly evident in metal sector, where the contract renewals have generally been complex and characterised by harsh confrontation. This is a case in which the intervention of the State used to be stronger in the decades before the crisis.

Recently, the intervention of the State occurred especially to solve conflicts in the readjustment processes involving larger companies, in order to avoid the destruction of jobs. Among our cases, it is the Electrolux the one in which the intervention of local and national politicians as mediators was fundamental in the signing of the agreement. This is the reason why the agreement has been considered somewhat traditional by our interviewees, as this practice was common long before the crisis:

In all national collective agreements, signed in recent years, there have been no ministerial or governmental mediation. For the metal sector it is not normal: the contracts in the 1960s, 1970s, 1980s, and 1990s, were partly done 'in government offices.' Also the 2008 national contract was closed with the Minister of labour. We had however a rather strong presence of the institutions in situations

of crisis, especially in the event of companies with a large number of workers involved: in such cases we solved many disputes at the Ministry of economic development and the Ministry of labour (more frequently at the Ministry of economic development). [Member of the Metal national general secretariat Fim-Cisl]

I think that Governments in recent years decreased their mediatory role to find solutions. The State is less and less present. And this is because, after all, the general idea – both for Centre-right and Centre-left governments – is that the big regulator is the market. Contrary to what happened in other European countries which have imposed restrictions, even to individual companies. [Member of the National General Secretariat, Cgil]

During the crisis no new actors did emerge to intervene in the labour regulation processes. The involvement of local institutions in the processes of reorganisations of production and industrial readjustment is also a tradition in Italy. Local governments have traditionally been interested in the dynamics of the larger, historical companies based in an area, that represent a significant proportion of the local economy, even if this does not necessarily leads to investments or to an active role in their bargaining processes. In the event of companies' restructuring, local institutions used to make pressures to influence management decisions.

Tenaris-Dalmine is an interesting case of this kind of relationship with local institutions. As indicated in Table 2, this company benefited from a tradition of local institutions involvement, although they were not formally involved in the negotiation of the last company agreement. Interviews revealed how the town developed following the presence of this steel company: employment, services in the area, etc. It does not seem, however, that the local institutions (and especially the municipal administration) had any important role in supporting the company since the advent of the crisis. It rather seems that the unions did not consider any longer useful and effective the involvement of the local institutions in public discussions about the crisis:

The Prime Minister was involved before the recent agreement, during the restructuring process. The company influenced the territory. Dalmine [*the town where the company is based*] has developed around the company. We do public meetings attended by

the Mayor, the municipal administration, members of Parliament elected in the territory. I think that politicians are not very skilled to help companies in the crisis. Moreover, they cannot influence a lot the management of redundancies. [Company-level representative in Tenaris, Fiom-Cgil]

We relate, primarily, with the province and the municipalities in times of crisis, not in times of expansion – and this is our limit. But the contribution of local institutions is often limited. Few investments and projects to relocate the redundant workers. [Member of the Chemical local general secretariat Filctem-Cgil]

In the other cases studied, the national and local institutions had not a role in company negotiations and restructuring processes. In the chemical sector there is a rather strong interaction with national and local institutions. However, this is mainly oriented to deal with environmental and safety issues in a perspective of corporate social responsibility, because of the potential dangerous nature of chemical plants. Moreover, it is a relationship mainly with local agencies for controls and authorisations:

The other critical issue in the chemical sector are permissions. New plants are not very welcomed, despite the fact that many studies show that chemical companies are less at risk than other companies. No politicians during the election campaign would say ‘there will be a chemical company’. Even where the plants are present, where there is a large chemical group, I have to admit that relations with the administrations are difficult. Often it is a matter of hostile behaviour on environmental impact monitoring, hostile to plants enlargement, etc. [Member of the Chemical local general secretariat Filctem-Cgil]

6. Character of collective bargaining

We have already said that the collective bargaining in Italy was historically characterised by a frequent resort to industrial action and strikes. However, these adversarial features of collective bargaining have softened over time, being substituted by a more pragmatic adaptation to circumstances, and practices of micro-concertation (Regini 1995), by the social partners.

Figure 3 shows the evolution of the number of strikes and employees' participation over time. The number of strikes and employees' participation increased more or less regularly until the early 1970s: a period this of strong worker mobilisation that led to the enactment of the workers' Statute, the labour protection law, within which the famous article 18 relating to dismissals as previously described is located. After this period recourse to strikes as well as employees' participation in the industrial action diminished over time, up to recent years in which the number of strikes is very limited. The tendency of workplace conflicts in the manufacturing sector (Figure 4) is similar to that of the economy as a whole (Figure 1).

The most recent data (ISTAT 2014d) indicate further reductions in the number of working hours lost for labour conflicts. The hours of strike in July 2014 were 0.6 per thousand hours worked, with a decrease of 0.4 hours compared to the same month in 2013. In the large companies in manufacturing the impact of hours of strike was equal to 1.1 per thousand hours worked, while in services the incidence was equal to 0.4 per thousand hours worked. In comparison with July 2013 in the manufacturing sector hours of strike decreased by 1.2 hours every thousand hours worked, while it increased in the services sector of 0.1 hours.

In our cases, as we can see in Table 2, the renewal of company-level bargaining was sometimes associated with strikes. They were mainly forms of protest against the measures to tackle the crisis decided by the companies:

- The decision to relocate the production abroad in Electrolux.
- The proposed closure of some plants in Bayer;
- The use of collective dismissals to face the crisis in Sanofi-Aventis;
- The willingness to use solidarity contracts rather than the wage guarantee fund (a typical Italian shock absorber) in Cifa.

Figure 1 Number of strikes and participants. Whole economy (1949-2009)



Source: ISTAT (2014c).

Figure 1 Number of strikes and participants. Manufacturing sector (1949-2009)



Source: ISTAT (2014c).

At least apparently, in consequence of these strikes most of the trade unions' requests were finally included in the company agreements. Thus the strike can still be considered a strong instrument of pressure in Italy. It should be noted, however, that the collective bargaining in the chemical sector is rarely characterised by open conflicts. The strike is a tool more used in the metal sector:

I don't remember strikes for renewals. The tension grows in meetings with the management, perhaps even with tensions in negotiation but workers had rarely been involved. As we tend to avoid conflicts in companies, the same situation is registered at the sectoral level. At this level there is a Permanent Observatory that prepares the negotiation. The last renewal ended very quickly, with good results considering this period of crisis. To remember a strike in the chemical sector you have to go long back in time. [Company-level representative in l'Oréal, Filctem-Cgil]

There are discussions, clearly. But no strong conflicts and above all no strikes. We started the second-level negotiation in the early months of the year, we closed in July; There's punctuality in renewals. We know each other, we know the issues. The weight of the second level bargaining is fairly stable, it can be changed in some respects, but the issues are almost the same. [HR manager, Bayer]

Interviews showed that currently the unions are very cautious in calling on strike. On the one hand because the goal is to address the crisis negotiating with the employers; on the other hand because, paradoxically as it may perhaps seem, it is difficult to activate workers due to the high risk of jobs losses:

Strikes have surely diminished. Surely even ourselves, in recent years, when organizing industrial action, preferred to organise protests on Saturday precisely because we did not want them to be considered as strikes. Of course, the crisis influenced this tendency. At Fiat, for example, where we know that they work one week per month, if the strike is coinciding with the day when workers came back to work, it is problematic, as well as in many other realities. We also looked at the social costs of conflict. [Member of the Metal territorial general secretariat Fiom-Cgil]

Regarding strikes, we don't believe that for every problem they are necessary, we want to deal with the problem before striking. When we organise a strike, the workers' response depends on the problem. In recent years, strikes declined: there aren't many political strikes, we solved a number of issues beforehand. When we organised strikes it was for crisis management, because the company was unwilling to accept the unions' proposals. [Member of the Chemical national general secretariat Femca-Cisl]

This last statement reveals a concern by the unions in respect of their power to mobilise workers. Some respondents from the union side openly declared that they are facing a representation crisis. This perception is mainly based on their decreased public opinion legitimacy, reinforced by the decreasing role of concertation and the increasing unilateral intervention of government in labour market reforms. Moreover, they realise that the company-level bargaining is not substantially developing. This could be a signal of a diminishing trade union power:

We are in the context of a great crisis of representation that has changed the perception of rights. It is evident that there is a weakening of the bargaining which relies, not necessarily on the conflict, but on balance of powers. The Italian unions have always had a contractual role and they were called for 'concertation' (a confederal role). When you have a weakening of confederal bargaining on major issues, namely the State plan to resolve them directly, and, on the other hand you have the crisis influencing negatively the balance of power, it is evident that unions weaken. [Member of the National General Secretariat, Cgil]

However, both for unions and employers, there are not strong signals of relevant losses in membership, even though rank-and-file and leaders often exhibit (even substantially) different positions. On the employers' side, the defection and exit of Fiat is remarkable. However, there are not signals of increasing defection of associated companies. Union density persists at the rates registered before the crisis. Union representatives declared that membership increased in companies that are facing the crisis, also because unions are organising themselves to manage unemployment benefits applications:

We began to manage workers unemployment practices. This was relevant: we intercepted a part of workers who would have never

thought to deal with the unions. This individual relationship has developed, albeit in a very passive way. Individual litigations are increasing, even for dismissals. [Member of the Metal territorial general secretariat Fiom-Cgil]

There is also an aspect that is always forgotten: we have a substantial increase of recourse to the unions' services. Even that is a form of protection... they are representative issues, facing a steady withdrawal of services from the State, the unions play a great substitution operation. [Member of the National General Secretariat, Cgil]

7. Content of collective bargaining

Concerning the content of collective bargaining, a first matter to be considered regards the actual recourse to the possibility of derogating from the sectoral national collective agreement, since this is a rather new topic. As already pointed out, in the chemical sector such a possibility has been provided since 2006. The decision to include this possibility in the sectoral national collective agreement represented indeed a formalisation of what had been already happening in some companies. So basically it was introduced to avoid derogations without defined rules. In other terms, the social partners used the opportunity of the national collective agreement to create a general framework for derogations.

What happened since 2009 in the other sectors does not therefore represents an innovation for the chemical sector. In this sector the possibility of derogation regards all issues agreed upon in the national collective agreement, but derogations have to be negotiated by the social partners at the company level. The collective agreement is less prescriptive in chemicals than in other sectors:

The chemical sector included the theme of derogations in the national contract back in 2006: it is not a new issue. It was necessary to bring to the surface and give some national visibility to some derogation experiences. The social partners thought that it was a problem not to regulate this issue in order to create a general framework. Some companies signed agreements that have already derogated from the national collective agreement and so they asked to include this issue in the national contract. We then discussed the issue without any major tension among

the social partners. In summary the outcome was this: the possibility to derogate is on every issue of the national agreement, but it has to go through a negotiation between the social partners. There was the possibility of a veto. But in fact it is a practice that has not been observed. [Member of the Chemical local general secretariat Filctem-Cgil]

A recent analysis (Cnel, 2010) on the use of derogations in bargaining showed that they have not been used extensively. In the negotiations the social partners preferred to change the terms of the company-level bargaining, rather than amending the national collective agreement, even though temporarily. The national collective agreement is perceived as a strong guarantee. This tendency emerged also in the interviews to the employers' association representatives. They declared that an extremely limited number of companies took advantage, at least openly, of the possibility to derogate from the application of the minimum wage set by the sectoral agreements:

Derogations from the national collective agreement have been applied in very few cases. With the reform of the collective bargaining structure companies had three years to implement the minimum wage established by the national collective agreement. In fact, companies have essentially applied immediately the minimum wage established at sectoral level without waiting for the three years at their disposal. [Member of the National Board of Metal employers' federation Federmeccanica-Confindustria]

In the recent renewals of the metal national collective agreements, the most relevant issues have to do with working time flexibility: variable hours, work shifts, seasonal work, etc. The interview reported below well summarises the issues at stake in the negotiation of the national collective agreement of the metal sector:

We tried to work this way: the first point was the protection of income, then the increase of wages and maintenance of purchasing power, and this is a traditional vision of the function of bargaining. We tried through the national collective agreement, to give companies what they had been asking us for so long: more ability to use machineries according to the company's needs, therefore more flexibility in negotiating working hours, but, in return, greater flexibility of working hours for workers (hourly flexibility in entry and exit, greater ability

to use permissions in relation to the workers' needs). For example, in the last renewal, we set a standard that may sound normal but it was an achievement: the working mother or father may, if they have needs related to family care (like a sick child in the morning) call the company in the morning and inform that they will not be at work that day. He/she has the right to use an individual permission, without coordination with colleagues, or discussing with the management. It's an individual right to manage a problem, an innovation in our sector. Very appreciated from workers. Another aspect is the right to part time. It never had been present before, we've had it with these contract renewals. It is, of course, for a limited number of workers. [Member of the Metal national general secretariat Fim-Cisl]

In the chemicals sector contractual renewals, the most relevant innovations were on occupational welfare programmes (e.g. supplementary pension schemes and health funds and insurances). This issue has a long tradition in this sector. The importance of the topic was stressed by both the employers' association and one of the interviewed trade unions - Cisl, the one most engaged in the extension of this theme in the national contract. In the sector the Cgil has been traditionally quite reluctant in supporting these kind of welfare as it emerges from the interview below:

In recent years, we assessed, especially as Cisl (the Cgil came after, this is my political judgment) that we had not to look at only the direct income, whereby increases in national and company collective bargaining, but we had to look at also indirect incomes such as pensions, assistance, income support, kindergartens ... they are income anyway. We have to take into two types of income: direct incomes (inflation-related in the national collective agreement, productivity related in the company-level agreement), and then indirect incomes (pensions, assistance, etc.). [Member of the Chemical national general secretariat Femca-Cisl]

Among the most recurrent issues in the national collective bargaining there is certainly the occupational welfare as it is widespread in chemical companies. [Member of the National Board of Chemical employers' federation Federchimica-Confindustria]

The occupational welfare issues are also negotiated in the metal sector's national agreement, but in this area the position of the Cgil (Fiom) is

more radical, also because, as we have pointed out repeatedly, they did not sign the recent contract renewal.

7.1 Company-level bargaining

Before focusing on the issues negotiated in our case studies, it is useful to consider some general data supplied by the Cisl Second-Level Bargaining Observatory (OCSEL 2014). These data show a tendency to sign 'defensive' agreements, i.e. mainly oriented to saving jobs. In fact, comparing the 2013 data with those of 2012, we can observe a strong increase in the number of agreements related to restructuring and company crisis: 73 per cent of the agreements in 2013 compared to 64 per cent in 2012. Moreover, we can observe a strong decrease in the negotiation over wages. Presence of the topic decreased gradually from 55 per cent in 2010 to 19 per cent in 2012, up to 14 per cent in 2013. And this even if in 80 per cent of the agreements analysed we can find the de-taxation of productivity wages.

The issue of flexibility, also associated with restructuring, appears to have been extensively negotiated. However, in 2013 it was mainly aimed at promoting more flexible hours (86 per cent of the agreements) rather than at reconciling life and work (56 per cent). Negotiations on company welfare issues, instead, did not basically decrease (8 per cent in 2013; 10 per cent in 2012). This is a signal of the fact that in some companies the current tendency is to reduce wage bargaining in favour of social and health services that are less expensive for companies and welcomed by workers.

It is worth noting that also the negotiation of trade union rights and the right to information and consultation decreased: a decrease of about 16 percentage points (12 per cent in 2013 against the 28 per cent in 2012). In this scenario, the unions appear to be less involved also in issues in which they used to intervene. Trade union involvement in the decisions relating to the personnel training decreased: in 2013 a decline of about 22 percentage points compared to the previous year (switching between 81 per cent in 2012 to 59 per cent in 2013) is recorded.

These trends are confirmed by all respondents declaring that the company-level agreements were mainly signed on some 'defensive'

issues (protection of jobs and shock absorbers activation). There has not been any improvement neither on wages, nor in working conditions:

We made fewer company agreements than before aimed at changing the rules of the game and at understanding what are the workers' needs. Paradoxically, we have unionised many realities as for the crisis dismissal agreements and the management of the workers applications for shock absorbers. There is a significant number of agreements but then if we look at the quality, we recognise that they are obviously defensive agreements. [Member of the National General Secretariat, Cgil]

Unfortunately, today, the most negotiated issue is the process of company restructuring to face the crisis. Before that it was wages. The crisis influences the second-level bargaining. There are sometimes small creativity efforts. The crisis agreements are not only in the field of shock absorbers. In some agreements, unions try to cooperate in reorganisations, relocation or managing changes from a strategic perspective: market changes, new products and innovations. The increased complexity of the agreements is in this. The classic contractual process, from this point of view, is bound to be overcome. A company agreement does not arise any longer from the platform presentation, negotiation, conflict and then the agreement. Almost half of the agreements does not originate from a classic route from the platform, but from a problem. An objective problem they face together with unions. [Member of the National General Secretariat, Cisl]

This general trend emerged mainly in the metal sector. We observed here strong difficulties in negotiating wage productivity rewards and internal career development. According to the distinctions proposed by one of our key-informants, the agreements can be classified in virtuous arrangements (in which the defence of jobs is also combined with programmes of personnel requalification, work-life balance and innovation) and purely defensive agreements (in which the role of trade unions and local institutions may be limited to finding buyers for companies in bankruptcy).

The recent negotiations in the companies studied fall essentially in the category of defensive agreements and thus they can be classified in the second type (purely defensive agreements) with the exception of Tenaris-

Dalmine where the last agreement established the introduction of measures to support work-life balance. The agreement at the Electrolux is characterised by the defence of jobs through the recourse to solidarity contracts:

Collective bargaining in recent years was primarily aimed at saving jobs. In some virtuous cases the issues were: avoiding companies' delocalisation, investments, requalification and redefinition of working hours. In less virtuous cases (where there are insolvency, bankruptcies etc.), we have been working together with the institutions to find buyers who could continue activities, together with signing territorial agreements and finally in some cases even the effort to convince companies to use shock absorbers. [Member of the Metal national general secretariat Fim-Cisl]

In the case of the Electrolux agreement we also find a topic already mentioned above: a decrease in trade union rights within workplaces. As we can see from Table 2, the agreement resulted in a success for the unions in stopping the process of delocalisation. However, the trade-off provided also for a reduction in the previously granted amount of permissions for trade union activities.

It is worth noting also another relevant issue emerging from the analysis of collective agreements in our cases in the metal sector, i.e. the company's resistance in accepting to take in consideration the recourse to the solidarity contracts instead of the traditional shock absorbers. The Cifa's major strikes occurred precisely because the company wanted to make use of the traditional wage guarantee fund rather than of solidarity contracts, which is a tool more suitable to the reorganisation of working time and tasks. These developments show, in essence, some of the shortcomings for the trade unions when trying to intervene in the processes of company reorganisation. In some companies the strategies are more linked to the reduction of the labour cost rather than to a reorganisation of production:

The company initially proposed to use the wage guarantee fund. They had a strong position on this. There have been, then, some relevant strikes that convinced the company to accept the solidarity contract. As Fiom we foster, where there are the conditions, the solidarity contract. It means that the working time is reduced, with a

reduction in pay integrated by the National Social Security Agency. The company preferred the wage guarantee fund because they did not want to negotiate a system of job rotation of some roles as they wanted to dismiss these roles. And they still want that. With the solidarity contract companies are forced to maintain the number of employees at work, at least for a certain number of hours. [Company-level representative in Cifa, Fiom-Cgil]

The situation appears to be rather different in the chemical sector. Here the negotiation of productivity wages appeared quite widespread even during the crisis: in 2014 negotiation of the topic regarded 80 per cent of the agreements. Moreover in 30 per cent of the agreements welfare institutes and corporate social responsibility and in 25 per cent working time arrangements were also negotiated. However, even in this sector, analysis of the agreements showed a declining attention for programmes devoted to the internal development of staff: in the past nearly 15 per cent of agreements contained measures on these issues, while currently only 5 per cent negotiated some interventions in the field (Femca-Cisl, 2014).

In our chemicals cases, as shown in Table 2, the issues more frequently negotiated regarded the productivity wage and the corporate welfare. In all three cases company agreements are now well consolidated and a tradition. And these are issues on which it is always possible to return without difficulty and with the support of the workers. Interviews showed that both Bayer and Sanofi signed good agreements that can be considered more acquisitive than defensive ones:

Bayer is the classic company which has a second-level bargaining consolidated and very rich. The new negotiation we did was mainly based on productivity rewards and welfare. In my opinion, on the one hand the company is still on these costs and the gap between what established in the agreement and the real implementation is never large. The company did not suffer too much from the crisis. This was useful in discussing the productivity rewards. [Company-level representative in Bayer, Filctem-Cgil]

We obtained a very good agreement on the integration of salary through productivity and profitability, managed through collective policy. There was much investment on welfare, which covers both

the employee and his/her household with strong attention to health issues. [Company-level representative in Sanofi-Aventis, Filctem-Cgil]

The case of l'Oréal is a bit different because the company had problems in implementing some of the issues established in the past agreements. The company's request was to revise the productivity reward because the crisis made it difficult to ensure the level previously established. In addition, the company started to reduce the information and consultation of the unions on corporate financial perspective:

There are some difficulties on the productivity reward. In the new platform we've just signed there are some requests for amendment of the previous model. The company was not able to ensure that level and it was difficult for us to verify the implementation. We didn't do many meetings to verify the trend of productivity rewards. Those information arrives only in the closure of the company balance and they say 'we haven't reached the revenue': These awards have a value, of course, if they are provided (they have some importance), not simply because they are written in a agreement. The company is not particularly willing to share budget discussions. [Company-level representative in l'Oréal, Filctem-Cgil]

This case is a good example of the fact that because of external circumstances reaching an agreement with the unions is not sufficient to guarantee an effective implementation of the negotiated terms. In this case the agreed upon productivity wage could not be fully distributed by the company. From this point of view a company welfare programme could be a suitable alternative strategy. As already mentioned, the negotiation of company welfare moves resources and it is sometimes less expensive than productivity rewards. So it is likely that companies may prefer to shift on these programmes rather than funding wage increase.

Moreover, regulation of human resources in the chemical sector is characterised by a greater emphasis on the so-called 'internal relations'. In all our cases, along a practice of negotiation with the unions it also emerged a tendency to intervene unilaterally on issues related to the development of staff and to shift part of productivity wages to personnel benefits in terms of occupational welfare policies. This is a clear tendency of the agreements in all our chemical companies. Both Sanofi-Aventis

and l'Oréal are focusing on occupational welfare through innovative employment policies on work-life balance.

Concerning the strategies to face the crisis and reorganise production, in these cases the use of shock absorbers is not frequent, differently from what we observed in the metal sector. Rather recourse is made to schemes for voluntary exits and accompaniment to retirement negotiated with the unions. A case in point is Bayer. The respondents explicitly observed that shock absorbers are substantially not used and that the management of crisis is based mostly on internal reorganisation measures discussed with the unions:

We were able to manage the crisis without using shock absorbers which we normally do not use. The articulation of solutions, shared with the unions, were, apart from voluntary exits: training on transversal skills, training in support of entrepreneurship, requalification. We guaranteed to cover the first year's salary, and to cover the differential for 24 months if some employees had in the new job an economic loss. Then we had income support and exit packages for those staying in unemployment. [HR manager, Bayer]

Of course it has to be considered that these are companies that have been only relatively affected by the crisis (the whole chemical sector in Italy has not suffered major shocks). It should be also added that these are multinational companies, whose decision-making style is not entirely determined by considerations based on the Italian situation. According to our respondents, Bayer is highly influenced by the decisions of the German headquarter not only in crisis management policies, but also in personnel management more in general.

8. Conclusions

All in all, on the base of our investigation, one can say that in Italy the crisis influenced social dialogue and collective bargaining institutions, practices and outcomes in a rather complex way. In this concluding section, a synthesis of the main findings is presented first in general terms and finally focusing on the consequences of the different processes of change on the outcomes of collective bargaining in the manufacturing sector.

8.1 The role of the state

Starting from the role of the state, as we have seen, a first fundamental distinction has to be drawn between the public and the private sector of the economy. In the former, the outcome has been a formal stoppage, imposed by the Government, of all collective negotiations for five years now, as a measure to curb public expenditure. This resulted not only in a wage freeze, with a *de facto* relevant reduction of worker purchasing power, as well as blocked careers, but also in an increasing impracticality of any real effort in reforming and modernizing the functioning of public administration, as asserted by a former Minister of labour interviewed for the project. The consequence is far-reaching, since the unsatisfactory functioning of the public administration is widely considered one of the major shortcomings of the Italian economic system.

In the private sector, there has not been any similar direct imposition by the state on the autonomy of the social partners. Within a general framework characterised by the substantial absence of concertation and explicit involvement of the social partners in the political and economic arena, the role played by the public authorities in the field of industrial relations and collective bargaining has been more indirect and nuanced.

On the one side, the state intervened by law in order to extend some kind of protection to previously excluded workers, or to reduce, rationalise and at the same time harmonise welfare provisions and labour market policies. Thus, extraordinary measures were introduced soon under the Berlusconi government, in 2009, to offer essential protection against dismissals and layoffs to workers in SMEs not covered by the then existing system of social shock-absorbers. The ‘exceptional’ Wages Guarantee Scheme was therefore set up by an agreement between the central and the regional governments, a side-effect of which was the need in all regions to reach tripartite agreements among the social partners and the regional governments to define the procedures for its implementation (Pedersini, 2013).

Subsequently, under the Monti government, in 2011 the pension system was reformed, one of the outcomes being that working age was suddenly extended with far-reaching social and economic consequences for individuals and firms. In 2012 the Fornero reform aimed at modernising the labour market, at the same time making it easier for firms to hire

and dismiss workers, but discouraging the use of precarious forms of employment, and devising a new and universal system of social shock-absorbers, to be introduced gradually. Further measures, to correct the major shortcomings of this last reform, were introduced by the Letta government in 2013, while new labour market interventions, especially to reduce youth unemployment, have been proposed by the current Renzi government.

On the other side, occasionally the state intervened to influence or support more directly the behaviour of the industrial relations actors in the field of collective bargaining as well. In principle, the most relevant intervention is constituted by the enactment of article 8 of law 148/2011 (under Berlusconi government), that allows derogation by decentralised 'proximity agreements' of both sectoral collective bargaining and the law (Pedersini, 2013). It explicitly aims at encouraging the decentralisation of collective bargaining and has been interpreted by the social partners themselves as a form of unrequested and undesired interference of the government in their autonomy, as we have seen.

However, according to all our key-informants it did not seem to have produced major practical consequences. More effective have been the measures to support the 'productivity wages' - as provided by the intersectoral agreement on productivity of November 2012 - with tax reductions (in line with similar provisions already introduced in 2008); and, more recently, the law allowing tax reductions also in case of 'solidarity agreements': a provision this that made it possible to give a positive solution to important cases of company-level productive crisis and industrial conflict, one of which has been studied for the project.

To this, the role of intermediation and conciliation played by the state in cases of company crises has to be added. In Italy there are no formal procedures and obligations to make resort to arbitration and conciliation in case of industrial conflict. However, for some time the state *de facto* used to intervene, on request of the parties, to solve conflicts, both at the sectoral and plant levels. In recent years, efforts have been made especially to give assistance in the solution of crisis at local and company level, while the mediation role in case of conflicts at sectoral level decreased. About 150 crisis tables have been established at the Ministry of the Economy and Development. However, as emphasised by some of our key-informants also from within the governmental arena, in the

current situation of crisis the degree of success of these attempts has been rather low. Completely lacking has instead been a strategic intervention of the state in providing guidelines and incentives to economic actors and investors through the elaboration of an industrial policy.

8.2 The role of the social partners

Turning to the social partners, distinctions have to be made between the formal positions expressed through declarations, documents and agreements at the central level of the industrial relations arena and the practices and the de facto behaviours of trade unions and employers (on their own or in cooperation with their associations) during collective bargaining at the sectoral level and within workplaces, and sometimes also at territorial level. It is widely known that such distinctions have been and still are of the greatest importance to understand what's going on in Italy (Regalia and Regini 1998).

At the former, central level, the social partners shared common complaints on two major shortcomings of the role played by the state during the crisis: the complete absence of an industrial policy and the tendency of each government to reform or readjust the labour market reform of the previous one. On the one side, the outcome – has been said by our key-informants – is the impossibility, especially for SMEs that are - at least in quantitative terms - the backbone of the Italian economy, to make forecasts and plans and therefore decide if, how and where to invest.

On the other side, the continuous uncertainty about the labour market rules and their implications has been a further element discouraging hiring and employment. This dissatisfaction has often encouraged the social partners to provide their own provisional documents, recent examples being the 2013 'Plan for Jobs. Creating jobs to give Italy future and growth' (*Piano del lavoro*) prepared by Cgil, the guidelines for debate in the other trade unions' congresses, the 2013 'Project for Italy' drafted by Confindustria, or the 2014 'Manifesto of IR' elaborated by Federmeccanica.

More generally, within this context, the prolonged situation of crisis stimulated the national confederations of both trade unions and employers' associations to search for jointly agreed upon solutions

to problems and shortcomings already there for long. As seen, to be mentioned are: i) the inter-confederal agreement of June 2011 on the validity and effectiveness of company-level agreements, as well as on the social parties' representativeness, with which the rupture of the 2009 agreement on the bargaining structure not signed by Cgil was substantially overcome; ii) the officially declared joint commitment of both parties in September 2011 not to take advantage of the derogation opportunities at the decentralised industrial relations level provided by the article 8 of law 148/2011; iii) the agreement on productivity of November 2012, not signed by Cgil; iv) the inter-confederal framework agreement of June 2013, and its implementing agreement of January 2014, on trade union representativeness and the validity of collective bargaining.

Still at the central level, a widespread debate continued to develop on the future of collective bargaining, and especially of national sectoral collective agreements. Amplified by media and exacerbated by the decision of Fiat in 2011 to exit from Confindustria and the sectoral association Federmeccanica, the dominant position, prevailing in the public opinion and within mainstream economic and academic circles more in general, was definitely in favour of a strong decentralisation of collective bargaining and radical retrenchment if not abolition of the sectoral agreements.

As it emerged somehow surprisingly in our investigation, however, this does not seem to correspond fully to the positions of the employers' associations - at least within Confindustria - not to say the trade unions. These positions are certainly differentiated, ranging from the positive assessment of the role played by the sectoral agreements, even for large firms and multinationals, in the chemical industry, to the more critical evaluation, and ensuing request for readjustments, in the metal and mechanical sector. In any case, the opinions of all our key-informants were of a substantial interest in maintaining an important role to sectoral agreements, eventually transformed into more essential and lean framework regulations, coupled with an increasing resort to company-level collective bargaining as well as forms of worker direct involvement and participation in the organisation of production.

A recent document for discussion drafted by Confindustria in May 2014 on a possible new revision of the structure of collective bargaining

claims for more freedom allowed to managements at decentralised level, an example being the request for a tax reduction to be allowed by the state also in cases of productivity bonuses awarded unilaterally by managements within workplaces. At the same time, the same document continues to be in favour of a bipolar structure of collective bargaining, in which the role of sectoral social dialogue is preserved. At any rate, the sectoral agreements have been quite systematically renewed in the private sector of the economy, sometimes in a very smooth and cooperative way – as in the case of the chemical industry.

Consistently, our key-informants from both within the employers' associations and the unions appeared to be very cautious, if not openly sceptical, on the opportunity of introducing some form of statutory minimum wage, as recently proposed by the Renzi government. A widely shared position is that a statutory minimum wage is not necessary because of the extensive coverage already offered by the sectoral agreements. Were this to happen, certainly a substantial change should be expected in the structure of collective bargaining. But before taking an open position, it is widely thought that the government's precise proposal has to be waited for.

8.3 The role of company-level actors

Shifting to the decentralised level, it has firstly to be remembered that forms of decentralised social dialogue can take place at the territorial level too in Italy. Although accurate information on the diffusion of such negotiation is not available, this is a rather flourishing, although very unevenly diffused, phenomenon. It may take different forms. Among them: the collective bargaining of local sectoral agreements between the social parties, by which aspects of terms and conditions of workers, especially in SMEs, in a specific area may be set; the negotiation of local intersectoral framework agreements between the social parties, sometimes named 'pacts', aimed at approaching local topics in a coordinated way; the negotiation between one of both social parties and the local governments on issues of social relevance at the territorial level; the building of territorial pacts through the mobilisation of a large number of actors, aimed at searching for concerted solutions to critical problems, as documented also in one of our cases. These are processes that developed especially during the 1990s, but that have been somewhat

revived in recent years to try to respond to major shortcomings of existing regulation in face of the crisis.

Concerning the developments within workplaces, all interviewed agreed on the fact that collective bargaining at company level did not grow as expected in quantitative terms. More generally, it seems that companies did not react trying to take advantage of the new provisions regarding dismissals or the possibility of derogating from existing norms, as established by the Fornero labour market reform or by the article 8 of law 148/2011, without the unions' consensus. From this perspective, one can say that the unions have substantially maintained their degree of influence, notwithstanding the current rhetoric on their decline.

In the larger manufacturing companies where it is more widespread, the collective bargaining has especially regarded different topics connected to a more flexible use of labour, mainly in terms of working time. The recourse to that particular form of working time flexibility, or, better, coordinated working time reduction, constituted by solidarity contracts has been revived in these years, as a way to support the flexible use of labour needed by companies in the event of crisis and restructuring, at the same time protecting jobs. In few cases – and mainly within the chemical sector among those that have been studied – the agreements provided for significant wage improvements. On the contrary, everywhere increasing difficulties have been recorded in the negotiation of productivity rewards, even more so since productivity tended not to increase because of the crisis.

Also limited improvements have been observed on such more qualitative issues as work life balance (with the exception of some companies in the chemical sector), career development, a more inclusive worker protection (extended to women and the young). However, it has to be added that significant positive developments have been recorded in the field of company welfare programmes. Initiated by a series of much cited and studied agreements signed at Luxottica since 2009, this has become a new terrain for social dialogue, in which the interests of companies and workers can be largely reconciled: the former as they can offer their workforce benefits at a much lower cost than monetary remunerations; the latter as they learned to appreciate the possibility of benefiting of a series of advantages without having to pay taxes on them. According to the existing evidence, the field is currently expanding fast.

This notwithstanding, on the whole the ways in which the parties tried to face the crisis have been characterised by limited innovation. The traditional practices within workplaces of searching for ad hoc solutions according to circumstances, making use of all available shock absorbers, did continue. Also the traditional practices of involving local and regional governments and institutions as mediators to help find solutions and eventually exercise pressures on the national government did continue. From a substantive point of view, the success depended case by case on a considerable number of factors and especially the market position of the interested firms. In fact, a process of continuous and creeping process of change of the productive system of the country has been and is taking place.

8.4 Final comments

All things considered, we can conclude by saying that the empirical analysis in the manufacturing sector showed that the social partners, including the unions, tended to maintain their quite consolidated organisational strength. They tended as well, trade unions included, to maintain an important role in the regulation of labour. Despite a rather strong tendency to intervene on the labour market by law, the collective bargaining practices have not been substantially affected by the recurrent reforms by governments.

Moreover, currently the central government seems to be scarcely interested in industrial relations and the role and problems of social partners, who are thus encouraged to find solutions autonomously. The role of the State as a mediator in industrial conflict did decrease. Local governments and institutions have been displaying instead an increasing tendency to cooperate with the social partners and intervene in the fields of their competence. We can expect from this an increasing tendency also for the social partners, and especially the unions, to search for innovative solutions to current shortcomings at the territorial level.

The employers' associations are still willing to negotiate with the trade unions. Social dialogue is still considered the best way to regulate the labour market. Certainly, Confindustria would like to have a more flexible system of rules, and may shortly intervene again on this field. It is very clear in the opinions expressed by all our key-informants that the difficulties in innovating and increasing the efficiency and performance

of the collective bargaining system are not related only to the possible conservative positions of the unions, but also to the resistance of many employers to departing from already well known practices and investing in innovation.

A possible event that may constrain all parties to revise even substantially their positions and practices would be the introduction of a statutory minimum wage by the government, even without the approval of the social partners. It is however difficult to make provisions, since a precise project has not yet been elaborated.

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All links were checked on 7.12.2015

