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PANDEMIC CRISIS AND STRATEGIES SWITCH IN THE FIRM-LEVEL BARGAINING

FIRST EMPIRICAL EVIDENCE FROM ITALIAN ADMINISTRATIVE DATA

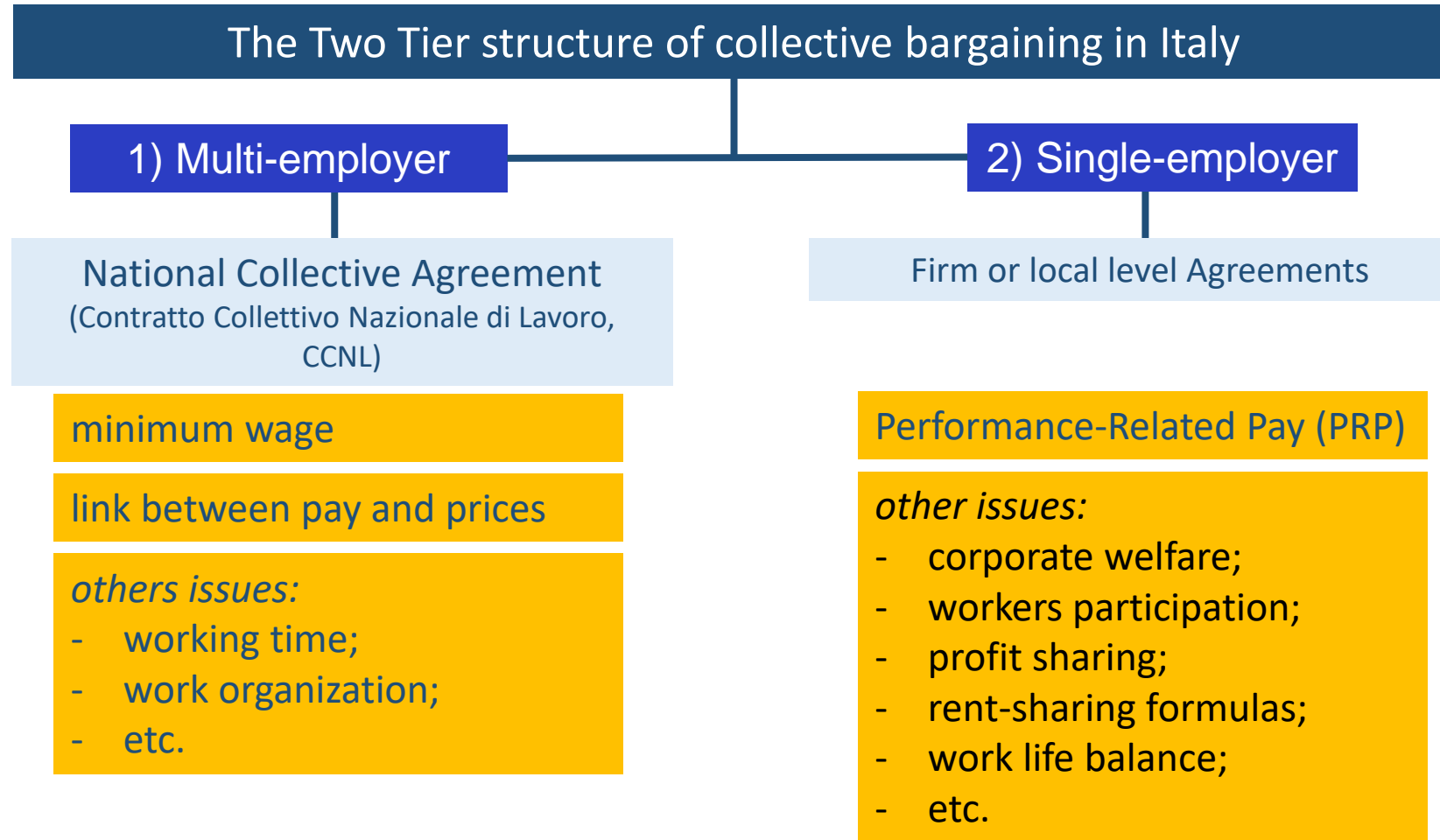
WHAT RECOVERY FOR INDUSTRIAL RELATIONS?

Industrial Relations In Europe Conference 2021 - Scuola Normale Superiore

Florence | Palazzo Strozzi | 16 September 2021

1. **THE SINGLE EMPLOYER COLLECTIVE BARGAINING IN ITALY**
 2. **GENERAL ASPECTS AND FIRST EVIDENCES**
 3. **COVID-19 SHOCK AND STRATEGIES SWITCH**
 4. **FINAL REMARKS**

References



1. THE SINGLE EMPLOYER COLLECTIVE BARGAINING IN ITALY

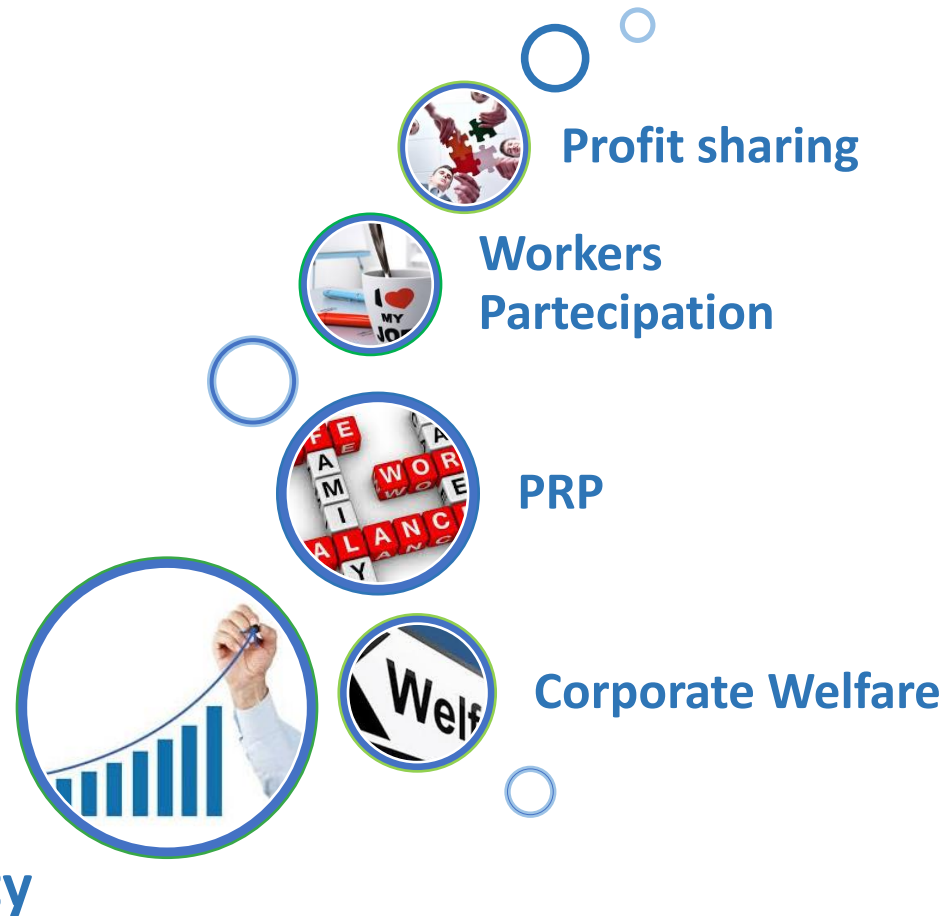


In Italy the so called «Protocollo Ciampi» of 23 July 1993, a tripartite agreement, expressly opened to «**decentralized bargaining**».

Goal: Stimulate productivity growth at firm level and tight the link between wages and productivity

Different instruments can be used at the firm level such as corporate welfare, profit sharing, rent-sharing formulas, PRP, etc.

Starting from 2009, a series of autonomous cross-sectoral agreements regulated the relations between the different collective bargaining levels, progressively widening the competences of the single-employer level; at the same time, also the public actor introduce both hard legislative interventions on the hierarchy of collective bargaining levels (Treu, 2018) and soft policies providing economic incentives for second-level bargaining .



2. GENERAL ASPECTS AND FIRST EVIDENCES

2016/2017

In the past, a reduction in social assistance costs was recognized for collectively agreed PRP. Recently, only lower taxation is set by law. Starting from 2016 the measure was reactivated making important changes compared to the past.

PRP 5 goals				
productivity	profitability	quality	efficiency	innovation
Additional tools				
corporate welfare	worker participation	profit sharing		
Taxation period	Tax benefit ceiling	Income ceiling		
2016	2,000/2,500* €	2015 income not exceeding 50,000 €		
2017-2018	3,000/4,000* €	2016 income not exceeding 80,000 €		

**Workers participation at the enterprise level*

Monitoring was also envisaged through a special instrument for collecting summary data: the Ministry of Labour and Social Policies Repository, whose data were processed by INAPP



2. GENERAL ASPECTS AND FIRST EVIDENCES

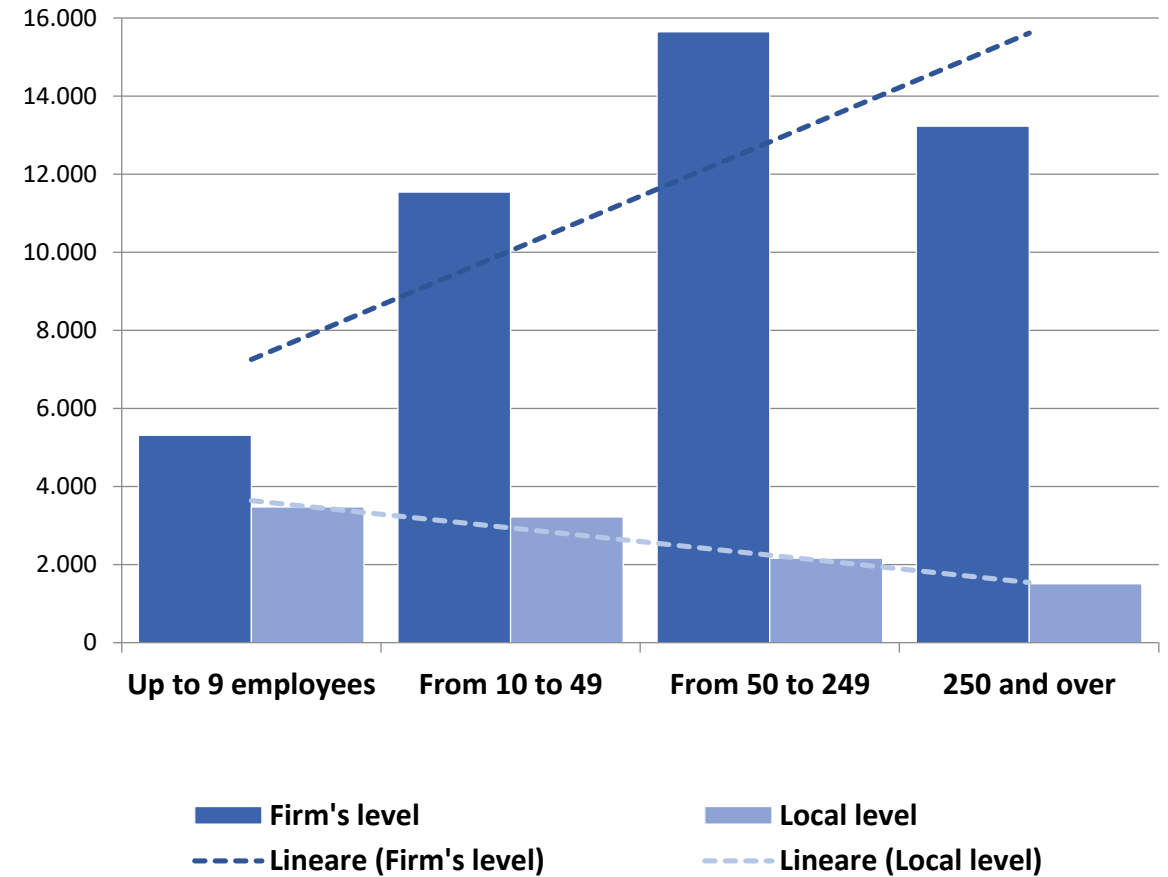
Tax relief applications distributed by type of Collective Agreement (CA)

July 2021 Release: applications submitted from May 2016 to February 2021

Applications	
66,256	
Firms	
24,049	
Beneficiaries	
Average	Total
238	15,799,107
Average (2016-2020)	
2,111, 581	

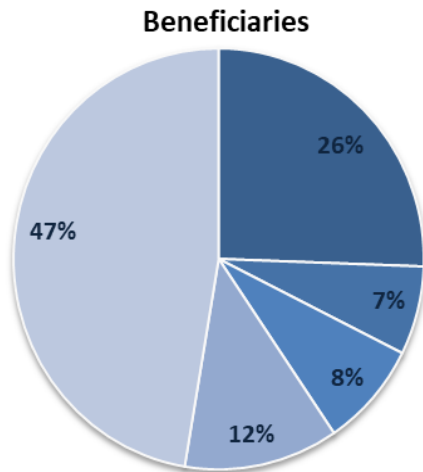
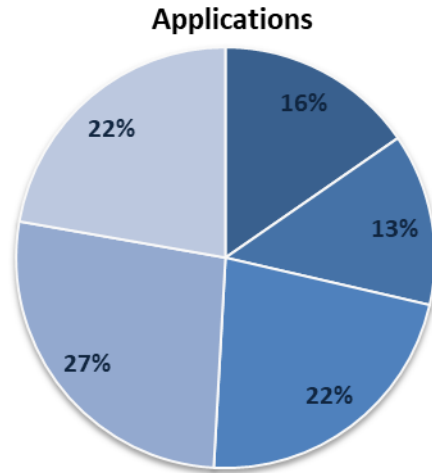


Distribution of CA by firms size

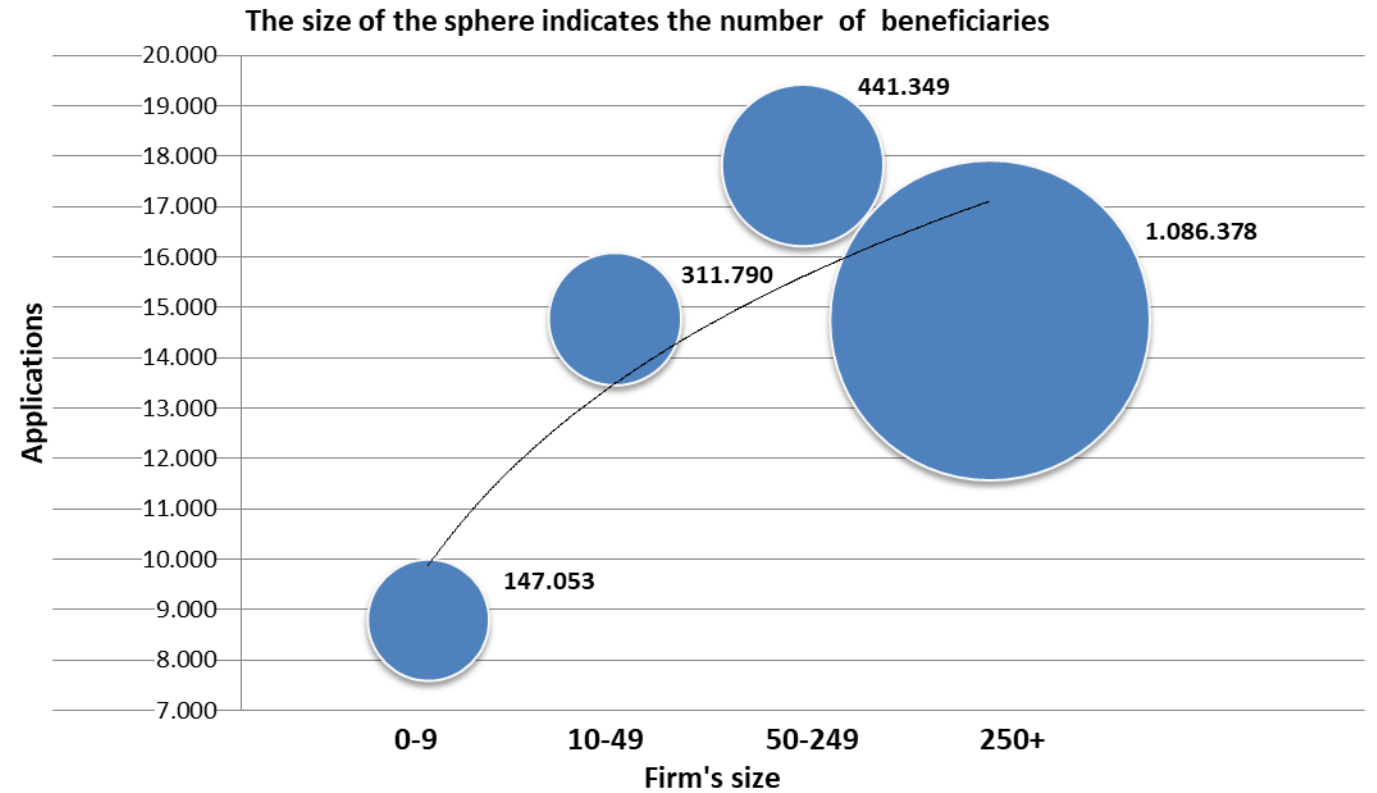


2. GENERAL ASPECTS AND FIRST EVIDENCES

Size distribution of firms



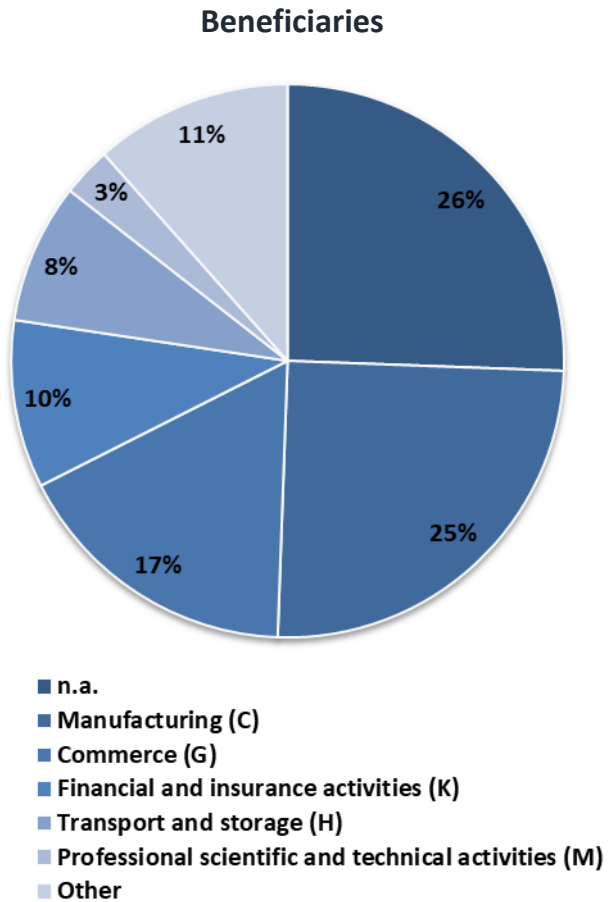
■ No answer ■ Up to 9 employees ■ From 10 to 49 ■ From 50 to 249 ■ 250 and over



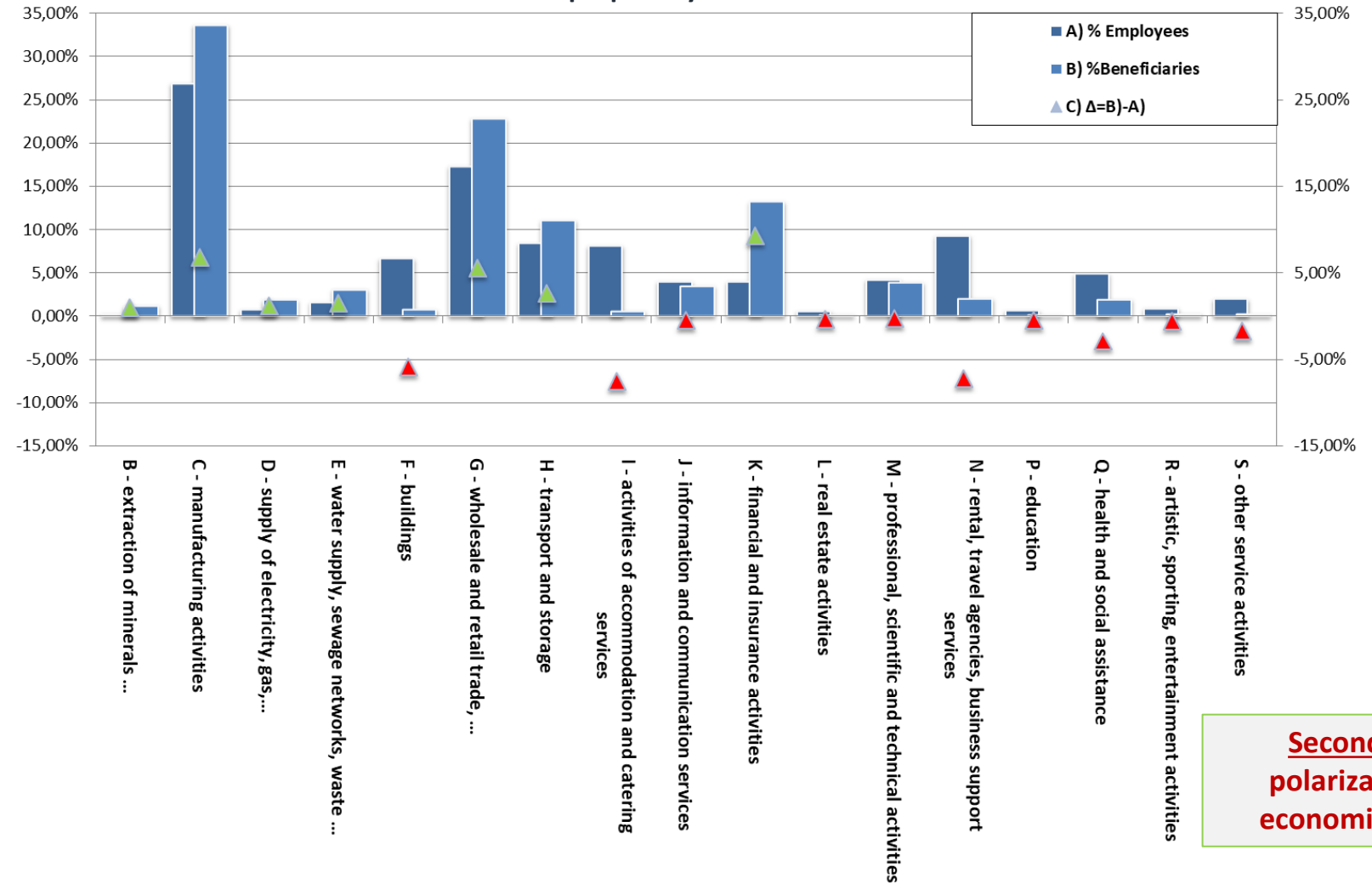
First risk:
polarization by firm's size

2. GENERAL ASPECTS AND FIRST EVIDENCES

Sectoral distribution



Sectoral propensity to tax relief PRP



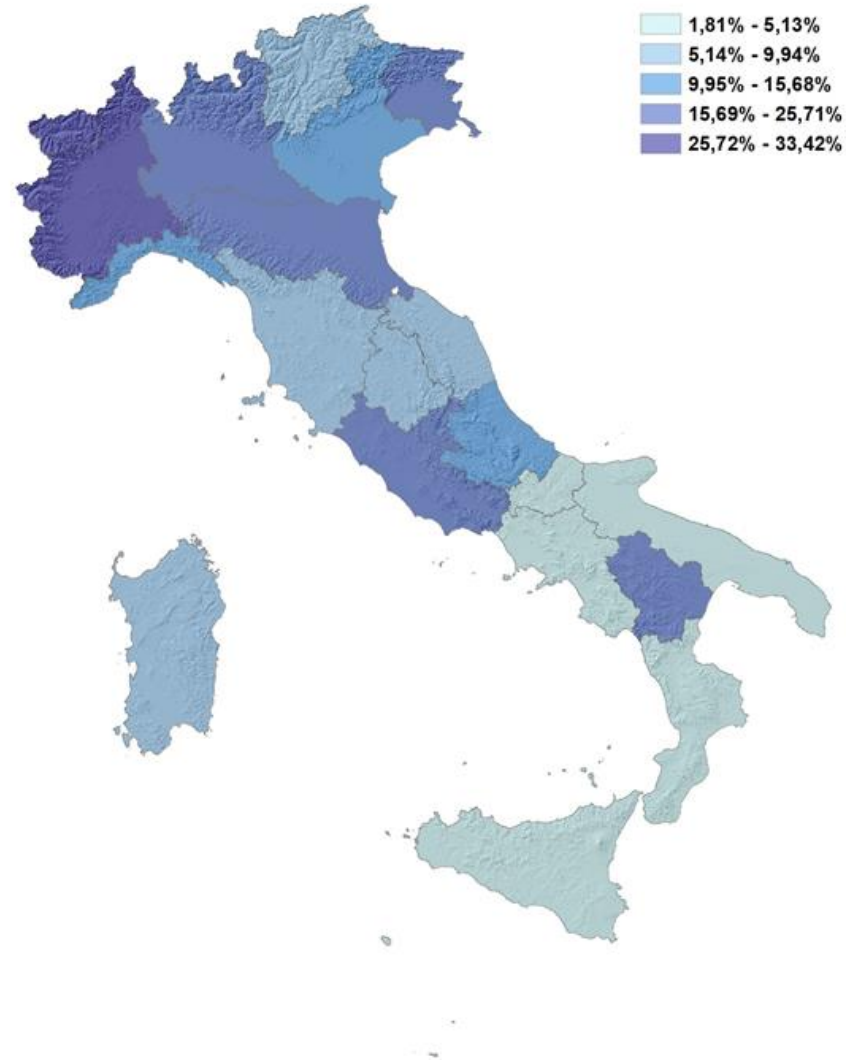
**Second risk:
polarization by
economic sector**

2. GENERAL ASPECTS AND FIRST EVIDENCES

Geographical distribution of beneficiaries

Incidence* of beneficiaries by Region

*: *beneficiaries/total employed*

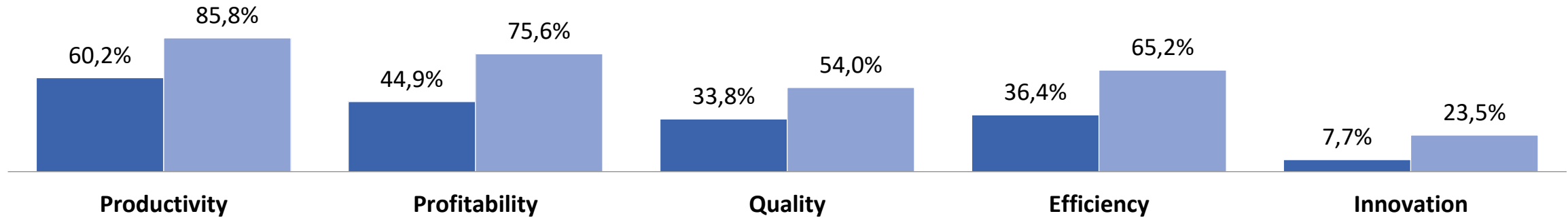


Third risk:
geographic polarization

2. GENERAL ASPECTS AND FIRST EVIDENCES

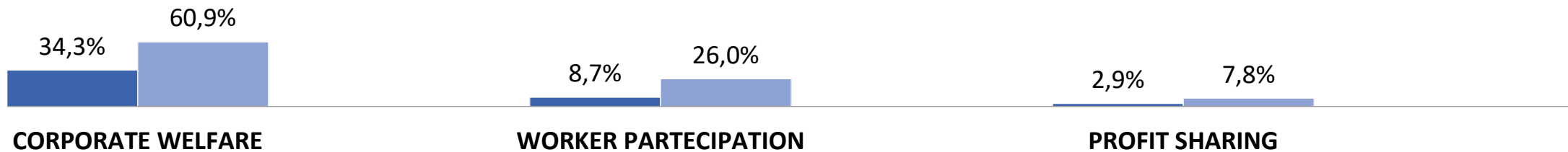
Performance goals

■ Applications ■ Beneficiaries



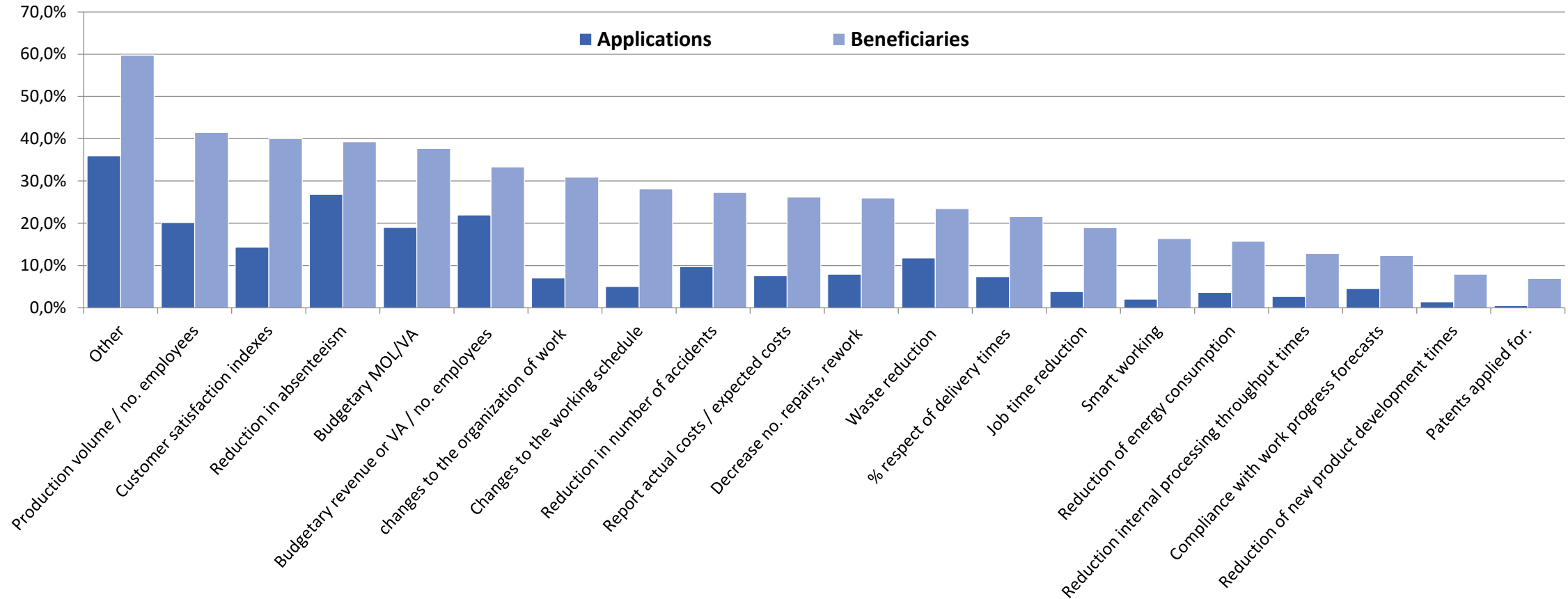
Additional tools

■ Applications ■ Beneficiaries



2. GENERAL ASPECTS AND FIRST EVIDENCES

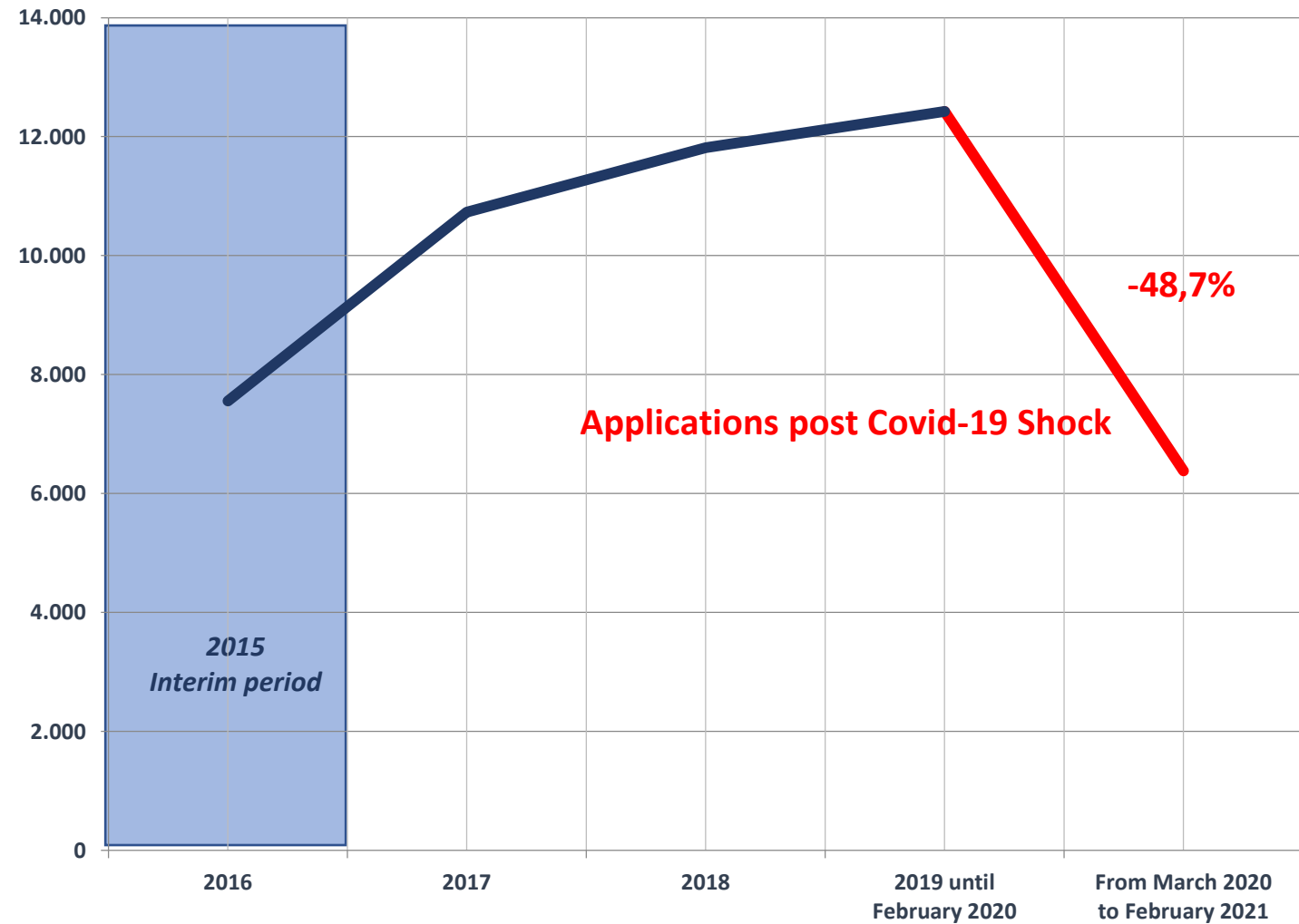
Performance indicators



3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

After pandemic shock, tax relief applications, fall by 45.8% compared to previous years

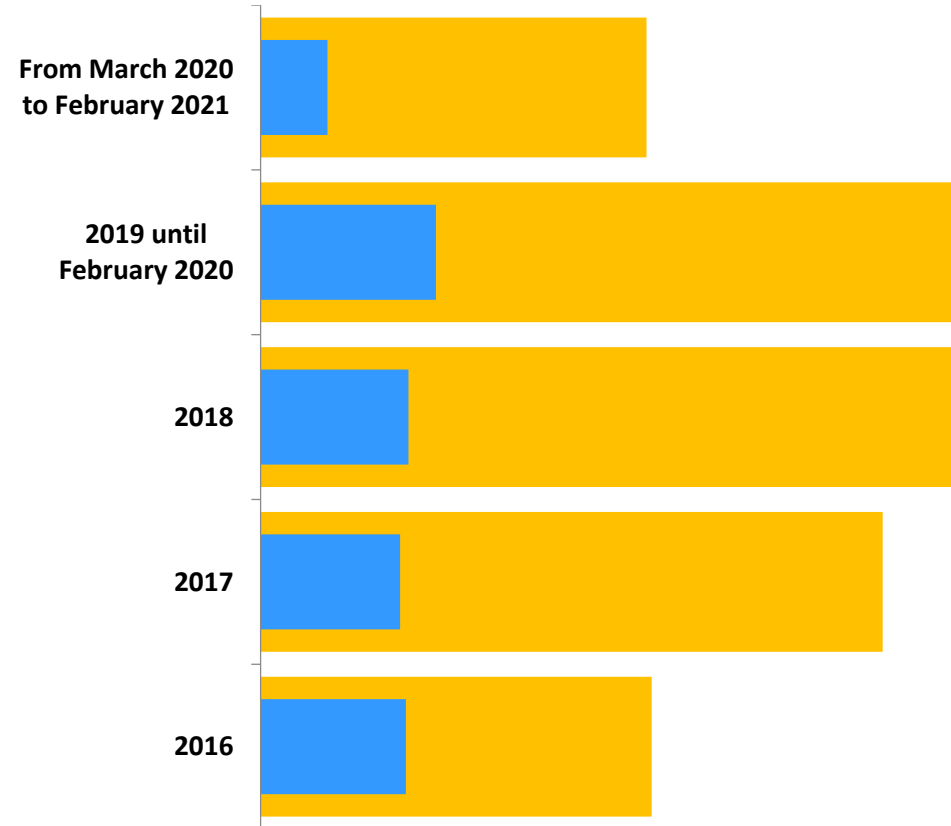
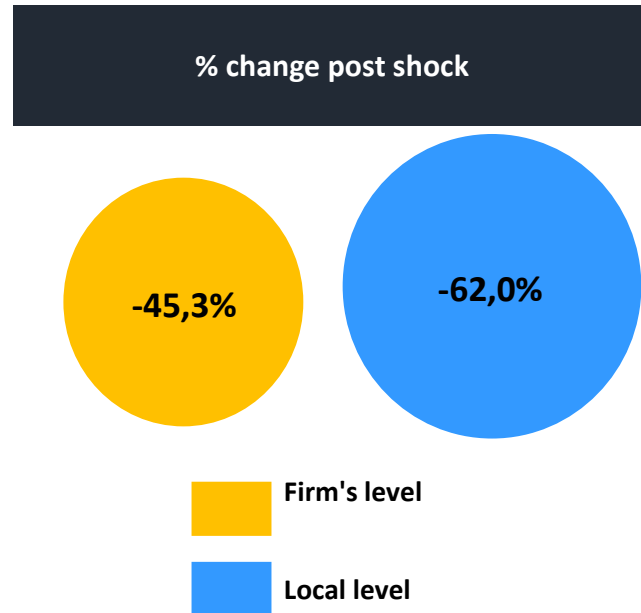
Year-Over-Year (YOY)
Growth Rate



3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

Changes in CA's type

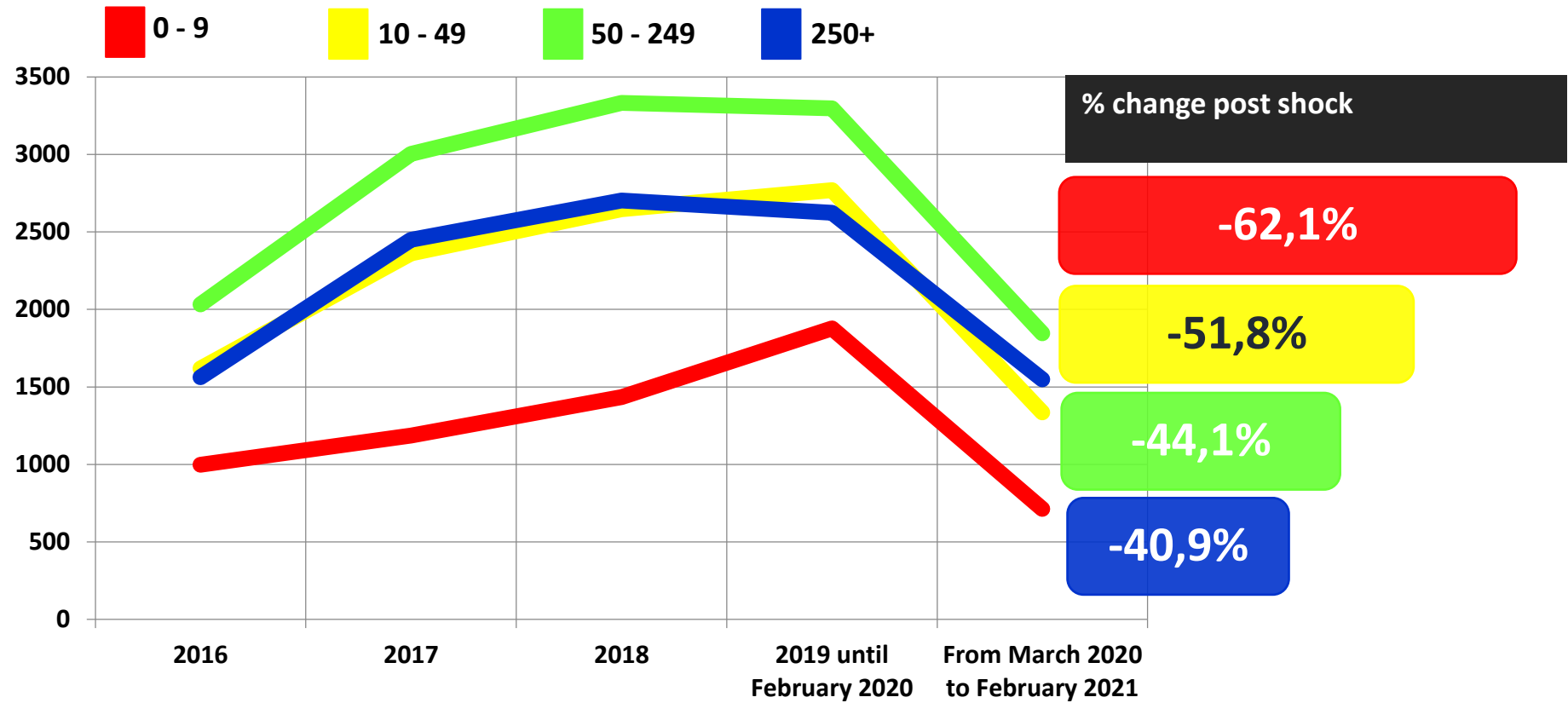
Proportionately, local level agreements fall more than firm's level ones



3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

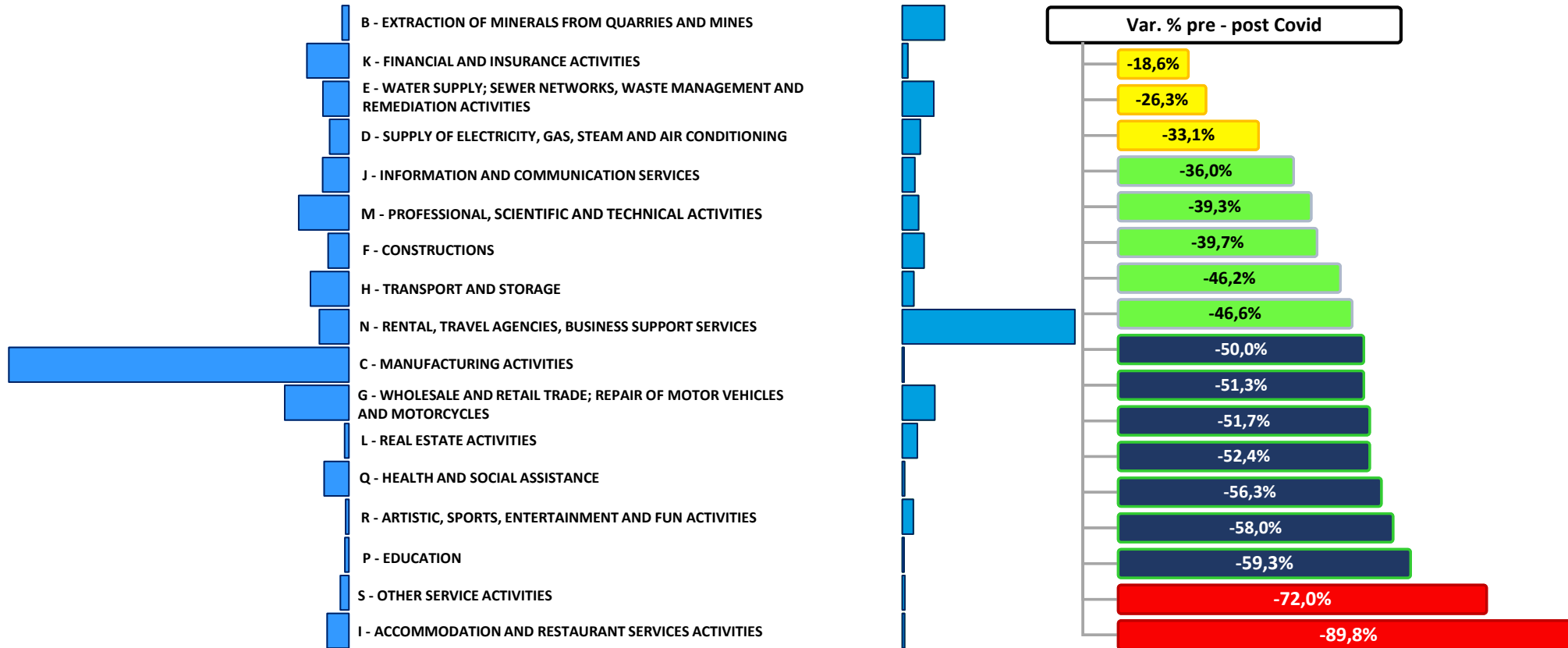
Changes by firms size

Single-employer bargaining has been significantly reduced especially for SMEs, most likely due to the reduction in local bargaining



3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

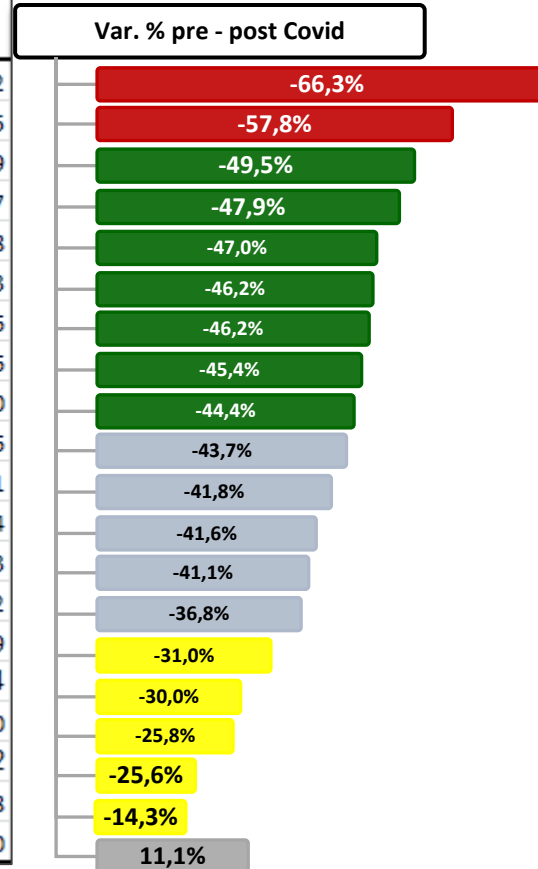
Changes by sector



3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

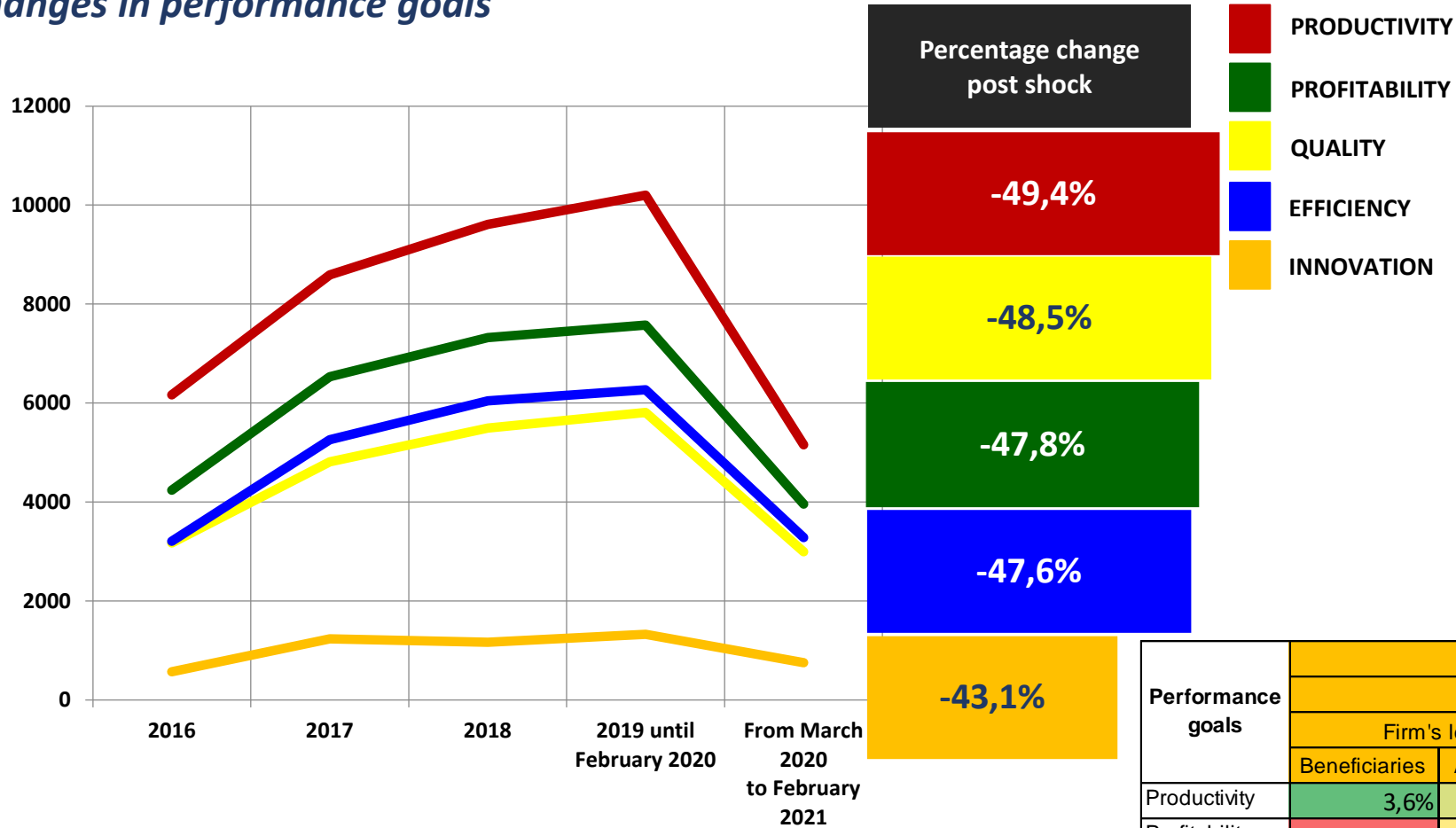
Changes by Regions

REGIONE	2016	2017	2018	2019 until February 2020	From March 2020 to February 2021
Emilia-Romagna	1110	1732	2246	2614	882
Calabria	37	52	51	83	35
Friuli-Venezia Giulia	214	336	352	414	209
Piemonte	659	921	1083	1165	607
Lombardia	2014	3165	3260	3412	1808
Sicilia	107	161	158	173	93
Toscana	490	714	812	848	456
Liguria	183	226	241	249	136
Umbria	87	169	169	180	100
Sardegna	63	102	84	135	76
Marche	139	184	231	225	131
Veneto	1203	1393	1371	1206	704
Abruzzo	96	112	138	107	63
Lazio	508	771	871	873	552
Puglia	104	160	132	158	109
Trentino-Alto Adige	294	247	242	263	184
Campania	153	206	267	229	170
Basilicata	107	39	49	43	32
Valle d'Aosta	29	26	30	21	18
Molise	40	17	29	18	20



3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

Changes in performance goals

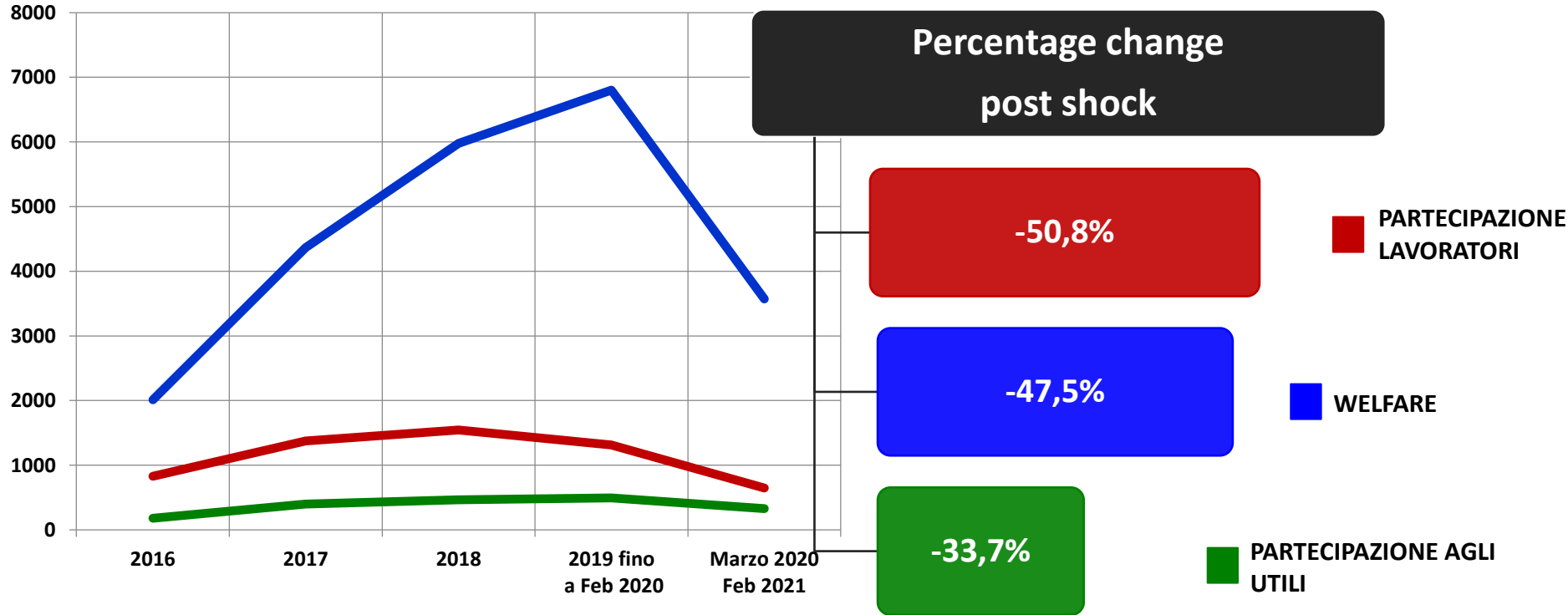


The number of beneficiaries shows a change in strategy: from profitability and efficiency to productivity in particular in Large enterprises

Performance goals	Changes Pre-Post: Δ (C-B)					
	By type				Total	
	Firm's level		Local level			
	Beneficiaries	Applications	Beneficiaries	Applications	Beneficiaries	Applications
Productivity	3,6%	1,2%	3,2%	-6,4%	7,1%	-0,1%
Profitability	-13,7%	1,0%	-78,3%	1,4%	-39,7%	1,6%
Quality	-4,7%	-0,3%	-69,7%	2,7%	-26,8%	1,9%
Efficiency	-13,1%	-0,5%	-70,4%	12,3%	-34,9%	2,6%
Innovation	-4,3%	1,9%	-65,3%	0,6%	-15,3%	1,9%

3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

Changes in Additional Tools



Complementary goals	Changes Pre-Post					
	By type				Total	
	Firm's level		Local level			
	Beneficiaries	Applications	Beneficiaries	Applications	Beneficiaries	Applications
CORPORATE WELFARE	17,3%	10,1%	-71,3%	13,9%	-13,4%	11,1%
WORKER PARTECIPAZIONE	3,0%	-2,6%	-63,7%	-2,0%	-12,1%	-1,9%
PROFIT SHARING	0,9%	1,4%	-65,2%	0,3%	-7,8%	1,4%

3. COVID-19 SHOCK AND CHANGE OF STRATEGIES

Changes in performance indicators

Performance Indicators	Changes Pre-Post					
	By type				Total	
	Firm's level		Local level			
	Beneficiaries	Applications	Beneficiaries	Applications	Beneficiaries	Applications
Production volume / no. employees	-10,6%	0,8%	16,7%	-9,6%	12,3%	-0,7%
Budgetary revenue or VA / no. employees	-9,8%	0,8%	-70,6%	-12,4%	-22,9%	-2,0%
Budgetary MOL/VA	2,9%	2,1%	-69,7%	-3,2%	-16,6%	1,5%
Customer satisfaction indexes	-18,0%	0,3%	-66,3%	2,5%	-30,2%	1,5%
Decrease no. repairs, rework	-7,4%	0,5%	-62,9%	-0,7%	-18,3%	0,9%
Waste reduction	-0,6%	0,4%	-63,4%	-0,5%	-13,3%	1,1%
% respect of delivery times	-6,1%	0,2%	-64,3%	1,1%	-16,0%	0,7%
Compliance with work progress forecasts	4,3%	1,3%	-63,6%	1,1%	-6,3%	1,5%
changes to the organization of work	-22,7%	-0,2%	-64,2%	0,7%	-29,5%	0,3%
Smart working	-3,4%	4,3%	-62,6%	1,5%	-12,4%	3,9%
Changes to the working schedule	-21,6%	-1,5%	-64,0%	-1,1%	-27,7%	-1,2%
Report actual costs / expected costs	-7,9%	1,0%	-65,1%	-3,0%	-18,9%	0,7%
Reduction in absenteeism	-11,2%	-1,0%	-69,7%	-1,2%	-23,5%	-1,0%
Patents applied for.	0,5%	0,4%	-62,2%	-0,5%	-6,5%	0,2%
Reduction of new product development times	-0,8%	0,1%	-62,3%	-0,6%	-7,7%	0,0%
Reduction of energy consumption	-2,2%	-0,7%	-62,7%	3,1%	-11,4%	0,0%
Reduction in number of accidents	-9,0%	1,3%	-66,1%	-0,6%	-20,0%	1,4%
Reduction internal processing throughput times	2,6%	-0,5%	-61,7%	-0,8%	-7,4%	-0,4%
Job time reduction	-12,2%	-1,0%	-63,2%	-0,6%	-18,8%	-0,8%
Other	-13,9%	1,3%	-13,0%	8,4%	-27,7%	2,3%

4. FINAL REMARKS

- Strong impact of the pandemic on single-employer bargaining: the trend by year shows a **strong decrease** in the number **of new CAs** in the post-shock period **(-45,8%)**;
- the particular strong decrease of **Local Collective Agreements** (-57.5% against -42.5 of Firm-Level ones) could have a negative **impact** on the spread of the PRP among **SMEs**;
- variations in performance goals and indicators show a **strategic change** ;
- **differentiated impact** within sector and territory;
- the agreements that regulate **profit sharing and corporate welfare** have been reduced by almost half.

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GRAZIE PER L'ATTENZIONE

