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Political context affecting working life aspects

The general elections of 4 March 2018 did not deliver a clear winner, in terms of the different parties and coalitions which were running for leading the new government. The election turnout rate was relatively high (73%) and, compared to the 2013 elections, the results showed a significant increase in the votes for Movimento 5 Stelle - Five Star Movement (M5S) (33%) and the League (17%). The Democratic Party suffered a significant reduction in support (19% down from 25% in 2013) and acknowledged the defeat. More generally, the centre-right coalition received 37% of votes, leaving the Movimento 5 Stelle as the first party with 33%, while the centre-left coalition, which supported the outgoing cabinet, won a 23% support, so that neither of the three main political blocks could rule alone. Therefore, a coalition or a minority government currently were the only available options.

In May 2018, about two months after the general elections, the M5S and the League reached an agreement on the formation of the new government, which took office on 1 June 2018. The government is led by Giuseppe Conte, private law professor at the University of Florence, while the two leaders of two coalition partners, Luigi Di Maio (M5S) and Matteo Salvini (league) were both appointed as deputy prime ministers. Moreover, Luigi Di Maio became minister of Economic development and of Labour and Social Policies, while Matteo Salvini became minister of the Interior.

Employment issues figured prominently in the contract for the “government of change”, signed in May 2018 by the two leaders and approved in a consultation of their respective constituencies. In particular, it included the three main issues which characterised the action of the government during the first months in office: 1) the enactment of stricter rules on temporary employment, such as the shortening of the overall duration and the request of specific reasons to utilise temporary contracts; 2) the introduction of a citizenship income to support the unemployed; 3) the definition of an anticipated retirement scheme to allow people with at least 100 as the sum between age and seniority to retire in the next three years.

Labour market reforms or major packages of working life regulations

The first significant reform took place in early August 2018, when the decree law no. 87 of 12 July 2018, on “urgent measures for the dignity of workers and enterprises”, the so-called ‘dignity decree’, was passed by the Parliament. This was the first act of the Conte government in the field of labour policy, promoted and supported by Luigi Di Maio, the leader of the 5 Star Movement (M5S), Deputy Prime Minister and Minister of Labour and Social Policies and of Economic Development. The decree included a number of diverse provisions, including a ban on betting advertisements, but the main focus was on non-standard work. Some of the measures include:

- The maximum duration of fixed-term contracts has been reduced from 36 to 24 months and the maximum number of extensions from five to four.
- Renewals and contracts exceeding 12 months of duration, including extensions, have to specify the reasons for using a temporary contract. Two reasons are admissible: 1) temporary and objective reasons, not connected to ordinary activities, and the replacement of another worker; 2) temporary, significant and unexpected increases in the ordinary activities.
- Each renewal of a fixed-term contract involves an increase in social contributions by 0.5%.
• The same rules on duration, motivation and excess contributions established for fixed-term contracts apply to the use temporary agency work (while temporary work agencies are exempted).
• Fixed-term and temporary agency workers together cannot exceed 30% of permanent employees, unless provided otherwise by collective agreement.
• Contrary to the provisions on fixed-term and temporary agency work employment, which have been made more restrictive, the use of voucher for casual work has been extended. In particular, it has been extended to hotels and hospitality enterprises employing up to eight workers, while the maximum duration has been increased to 10 days from 3 days.

The dignity decree also increased the compensation in case of unlawful individual dismissal from a minimum of six (instead of four) to a maximum of 36 (instead of 24) monthly payments.

Two key measures in the field of work and employment were envisaged in the framework of the Stability Law for 2019, although they were finalised at the beginning of 2019. The citizenship income, promoted by the M5S, provides a means tested income support and employment services for the unemployed. The new anticipated retirement scheme, backed especially by the League, allows people totaling 100 as the sum of the age and years of contributions to retire over the next three years (the so-called ‘quota 100’).

The contract for the “government of change”, signed in May 2018 by the two coalition parties and approved in a consultation of their respective constituencies, includes the introduction of a legal minimum hourly wage for workers and sectors not covered by collective agreements (similarly to what was envisaged by law 183/2014 on the Jobs Act but never implemented). The M5S presented a draft proposal at the senate in the summer of 2018 (bill proposal no. 658), which is now being discussed in the permanent senate Commission on Public and private employment, social security, together with another proposal presented by the Democratic Party on the same issue (bill proposal no. 310). The current text of the draft bill presented by the M5S establishes the legal minimum wage as the minimum wage rates set in the collective agreements covering the worker’s activities and signed by the most representative employer associations and trade unions at the national level, but it also states that, in any case, it must not be lower than EUR 9 (to be adjusted to inflation), including social contributions. The minimum level of EUR 9 would in fact represent a legal minimum wage, since it is currently higher than a number collectively agreed basic rates. A programme of hearings of stakeholders took place in the first half of March. It included experts, institutes and organisations (Istat, Inapp, Oecd), representatives of the unions (Cgil, Cisl and Uil, Ugl, Cisal and Usb) and the employers (Confindustria, R.ETE IMprese Italia, Confprofessioni, Confimi, Confapi, Assolavoro, UNIREC, Conflavoro) and the public administration bargaining agency (ARAN).

As for the potential impact of the regulatory framework envisaged by the proposed bill, Istat estimates that the employees with a gross hourly wage lower than EUR 9 are some 2.9 million, that is around 21% of all employees (2.4 million excluding apprentices). The average collectively agreed wage, according to Istat, was EUR 13.82 in January 2019, with a minimum of EUR 6.08 in agriculture, EUR 7.92 in manufacturing and EUR 7.17 in services.

Cgil, Cisl and Uil were heard jointly on 12 March 2019 and they declared their support for legal intervention to make collectively agreed wage rates legally enforceable. Including in order to fight, including because it would address the issue of ‘contractual dumping’ by the so-called ‘pirate agreements’ signed by organisation of uncertain representativeness (see section on
representativeness below). However, they declared their opposition to the introduction of a legal minimum wage independent of collective bargaining, because they believe this would provide an incentive for employers to terminate the application of collective agreements and shift to granting the minimum wage only. According to the unions, this would amount to a net decrease in employees’ remuneration and protections, because the employees would lose the additional pay elements provided by collective agreements and would no longer be covered by the protections afforded by the normative parts of the collective deals. Confindustria, in its hearing of 12 March 2019, underlined the importance to preserve the autonomy of social partners to define minimum wage rates in the various sectors and warned about the problems that setting a single minimum rate may bring in terms of the impact on employment and employee protections. According to Confindustria, the risk of providing incentives to abandon the application of collective agreements should be avoided, since the protections they grant are much broader than the minimum wage levels. Therefore, the main initiatives could aim, on one side, to strengthen the enforcement of minimum wage levels included in collective agreements, which already represent a de facto a minimum level – thanks to the high collective bargaining coverage rate and because they are used by courts to identify the appropriate level of wages according to article 36 of the Italian Constitution. On the other side, the government could support the implementation of the existing agreements on representation and representativeness signed by Confindustria, Cgil, Cisl and Uil between 2011 and 2014 and joined by many other employer associations, in order to identify the collective agreements which shall be taken as the reference for the minimum wages, in order to avoid contractual dumping. Currently (mid-March 2019), the political debate over the legal minimum wage has significantly accelerated and the Minister of Labour and Social Policies, Mr Luigi Di Maio, is sponsoring a rapid parliamentary discussion and approval. In this framework, the Minister Di Maio announced that a meeting will be held in the second half of March with the trade unions to discuss the issue. Other similar meetings will be held on public investment in infrastructures and on the social shock-absorbers.

Social partners’ views and reactions on changes in governments and working life policies

The reactions of the social partners to the government’s initiatives in the field of employment have been mixed. Employers have criticised the new measures on temporary work mainly on the grounds that temporary employment is believed to have a negative impact on the labour market and contribute to reduce employment, rather than workers’ precariousness. Trade unions have appreciated some of the new provisions, especially those limiting the use of temporary employment and requiring the inclusion of specific reasons. Conversely, they have criticised the extension of the use of vouchers. Especially Cgil, which had sponsored a referendum to repeal the previous legislation on vouchers, has found the decree contradictory and insufficient.

As for the citizenship income and the anticipated retirement scheme, the employers and the trade unions alike, although the latter partly shared some of the government objectives, declared that the resources allocated to the new measures should have been targeted on investment to support employment creation, productivity and economic growth.

Both employers and social partners criticized the lack of social dialogue on the new policy initiatives.
Developments in industrial relations 2018

Changes affecting the national-level actors and institutions in 2018

Actors

No major changes took place in 2018.

Representativeness

The implementation of the assessment of trade union representativeness envisaged by the single text on representation of January 2014 signed by the major social partners organisations Confindustria and Cgil, Cisl and Uil has not been fully implemented for a number of administrative difficulties linked to the collection and certification of data on union membership. On 4 July 2017, the signatories to the agreement had signed a new procedural agreement to entrust to the National social security institute (Inps) the calculation of the representativeness indicators. They also defined a new procedure for the collection of data in 2018, until 10 December. According to the agreement, Inps should carry out the preliminary calculations by the end of May 2019 and inform the parties of the results. By the end of July 2019, the Management Committee responsible for the administration of the agreement, after having heard the interested parties, shall proclaim the results for each registered industry-wide agreement. Currently, there is no information about the progress of the procedure.

An important development in 2018 was the acknowledgement of the relevance of introducing representativeness criteria for employers. In the intersectoral agreement of 9 March 2018, Confindustria, Cgil, Cisl and Uil (the Factory Pact, Patto della Fabbrica) underlined the necessity to extend the certification of representativeness to employer associations. According to the signatories, such measure is needed to avoid the uncontrolled proliferation of sectoral agreements signed by parties without established representativeness and that may represent forms of “contractual dumping”, which alter competition and harm workers. Indeed, in recent years the number of sectoral agreements registered at the Council for the economy and labour (Cnel) increased sharply and they more than doubled between 2008 and 2018 from around 400 to almost 900 in September 2018. The parties, moreover, consider that the cross-sector agreements on representativeness may constitute an important reference for possible legislative intervention in this domain, with a view to make collective agreements generally binding.

Institutions

No specific developments. The intersectoral agreement of 9 March 2018 signed by Confindustria, Cgil, Cisl and Uil confirmed the two-tier structure of the bargaining system, with the sectoral as the main pillar, and the company or territorial as the second level, according to sectoral practices. The sectoral agreements set the common regulatory framework for employment relations and ensure economic and normative standards for all workers in the same industry. It also establishes the minimum wage rates, which shall be periodically adjusted in accordance with inflation. Second-level agreements shall be promoted with a view to develop performance-related pay linked to increases in productivity, quality, efficiency, profitability and innovation.

In the same intersectoral agreement, the parties identified a number of issues to be covered by forthcoming intersectoral negotiations. These include health and safety as a privileged area for the
development of participatory industrial relations (the agreement was signed in December 2018); contractual welfare, with the further development and strengthening of supplementary sectoral pension and health schemes in a cross-sector coordinated framework; training and skill development to enhance competitiveness through a better integration between training and work both in initial and continuing education programmes; active labour market policies to ensure a more inclusive and dynamic labour market, namely to support the inclusion of young people and address reorganisation and restructuring processes; participatory practices, especially through innovative work organisational patterns which shall be promoted by second-level agreements.

**Changes affecting the sectoral and company level social dialogue 2018**

No significant changes in institutions or practices. The two-tier bargaining structure was confirmed as for the intersectoral agreement signed above.

*Innovation in collective bargaining*

No specific innovations took place.
## National social dialogue in 2018 – Scope and Contribution

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description</th>
<th>Social dialogue interaction</th>
<th>Social dialogue outcome and/or output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employment - Youth employment</strong></td>
<td>Decreasing unemployment and supporting job market inclusion of youth.</td>
<td>Intersectoral agreement of 9 March 2018 between Confindustria, Cgil, Cisl and Uil.</td>
<td>Commitment to address the issue in future negotiations.</td>
</tr>
<tr>
<td><strong>Skills, training and employability - vocational training, skills certification</strong></td>
<td>Investment in education to improve skill certification, the quality of education and the link with the production system, including through the support of dual work-education training.</td>
<td>Intersectoral agreement of 9 March 2018 between Confindustria, Cgil, Cisl and Uil.</td>
<td>Commitment to address the issue in future negotiations.</td>
</tr>
<tr>
<td><strong>Pension reforms - Pension reform</strong></td>
<td>In 2017 the Minister of Employment, Troels Lund Poulsen, established an expert committee on working environment. The task for the committee was to rethink the working environment (occupational health and safety) system in Denmark. The committee consists of four researchers, four representatives of the social partners and a chairman appointed by the government. There is a long-standing tradition in Denmark to have a tripartite dialogue on working environment issues. In September 2018 the committee came up with 18 recommendations for an improved Occupational health and safety effort. The recommendations are backed by the social partners.</td>
<td>No specific social dialogue detected (on a major topic).</td>
<td>Unilateral government initiative</td>
</tr>
</tbody>
</table>

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### Themes

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Wage setting - Coordination between bargaining levels</strong></td>
<td>The two-tier bargaining system has been confirmed and a better coordination between the bargaining levels as far as economic terms of employment are concerned has been introduced.</td>
<td>Intersectoral agreement of 9 March 2018 between Confindustria, Cgil, Cisl and Uil.</td>
<td>The industry-wide agreements will identify the minimum economic terms (Trattamento economico minimo, TEM), which will be adjusted to accommodate inflation. The overall economic terms (Trattamento economico complessivo, TEC) will consider all economic benefits defined by the sectoral agreement, including welfare benefits, which are applicable to all workers, irrespective of the levels (sectoral, company) at which they are distributed.</td>
</tr>
<tr>
<td><strong>Other aspects of working life - Worker’s participation:</strong></td>
<td>Fostering workers’ involvement and participation to support innovation and competitiveness. Industry-wide agreements shall support different forms of participation, according to sectoral specificities, including direct participation and involvement in in the definition of company strategies.</td>
<td>Intersectoral agreement of 9 March 2018 signed by Confindustria, Cgil, Cisl and Uil.</td>
<td>Commitment to address the issue in future negotiations</td>
</tr>
<tr>
<td><strong>Health, safety and well-being at work - Health and safety,</strong></td>
<td>A joint document on the overall organisation of the system of insurance and prevention of health and safety issues in the workplace as well as an agreement on the system of representation and</td>
<td>Interconfederal agreement of 12 December 2018 signed by Confindustria, Cgil, Cisl and Uil.</td>
<td>Bipartite agreement reached</td>
</tr>
</tbody>
</table>

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.
No major social dialogue debates were held on the following themes: Benefits; Taxation and non-wage related labour costs; Terms and conditions of employment; Working time; Work-life balance.

<table>
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<tbody>
<tr>
<td>prevention and representation</td>
<td>joint bodies in the fields of health and safety</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Selected major social dialogue debates

Representativeness

The intersectoral agreements on representativeness signed in the years 2011-2014, supplemented by the agreement reached on 9 March 2018 and by the rules for the certification of membership, provide the reference criteria for addressing the issue of representativeness for trade unions and employers. For trade union, a general system has been designed and it waits implementation. For employers, there is the acknowledgement that specific criteria may help address the issue of the growing number of national industry-wide collective agreements signed by organisations of uncertain representativeness and which may lead to contractual social dumping.

Organised decentralisation

In the Factory Pact of 9 March 2018, the social partners confirmed the two-tier bargaining system and established a general framework for wage bargaining which identifies the part of the economic elements set at the industry-level which constitute the minimum rates (minimum economic treatment, Trattamento economic minimo TEM) and the overall economic treatment (Trattamento economic complessivo, TEC), which includes all the economic elements common to all the sectoral workers, irrespective of the bargaining levels which administers them. The minimum economic treatment will be adjusted to inflation, in accordance with the rules and practices of each sectoral agreement. Sectoral agreements shall promote the diffusion of performance-related pay, in a participatory framework.

Unilateral government actions – without social dialogue

Labour market reform, income-support scheme and anticipated retirement scheme

The Conte government, which took office on 1 June 2018, started unilaterally a number of initiatives in the fields of work and employment. They consist of the enactment of the ‘dignity decree’, which introduces more stringent rules on temporary employment, re-establishes the use of vouchers for casual work and increased the compensation in case of unlawful individual dismissal; the introduction of a means-tested citizenship income for the unemployed accompanied by specific employment services; an anticipated retirement scheme, over three years, for people whose age and years of contribution add to 100 (the so-called ‘quota 100’).

Collective labour disputes in 2018

Changes in the regulation of collective labour disputes

No changes.

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Selected major labour disputes of national significance

No major labour dispute of national significance.

Working time 2018

Changes in the regulation of working time 2018

Legislation on working time duration or organisation

No major changes. There is a government’s proposal pending in Parliament about the restriction of opening hours of retail outlets on Sundays and holidays. In February 2019, the bill was still debated in the parliamentary committees and there were no clear prospects of rapid advancement.

Collective bargaining outcomes on working time duration or organisation

No specific innovations.

Major debates concerning working time duration or organisation

The only significant debate was triggered by the government initiative to restrict opening possibilities on Sundays and holidays. While the trade unions welcomed the initiatives, the sectoral employers have been critical, including because they believe that such a measure would have a negative impact on the sectoral employment as well on established consumers’ shopping practices.

Health and well-being at work 2018

Physical working environment

The intersectoral agreement of 12 December 2018 on Health and safety in application of the Factory Pact, signed by Confindustria, Cgil, Cisl and Uil, constitutes a comprehensive contribution in the field of health and safety at work, which takes into consideration both physical and psychosocial risks at work. It is essentially a joint position paper which proposes the re-design of the insurance system against accidents at work and occupational disease, the improvement of the regulatory system, and monitoring activities. It proposes a stronger partnership between the National Institute for the Insurance against Accidents at Work (INAIL) and a reinforced involvement of social partners in the prevention system. The agreement also covers ‘smart’ working arrangements, which involve locations which are outside the influence and legal responsibility of the employer. In these cases, the employer will be responsible only for information and training, whereas the parties demand the introduction of a formal legal insurance coverage. An important part of the agreement regulates the system of representation and joint bodies in the field of health and safety at work, in accordance with law no. 81 of 9 April 2008.
Psychosocial working environment

The intersectoral agreement of 12 December 2018 on Health and safety in application of the Factory Pact, signed by Confindustria, Cgil, Cisl and Uil, constitutes a comprehensive contribution in the field of health and safety at work, which takes into consideration both physical and psychosocial risks at work. It includes a number of proposals about the governance of the system and restates previous joint statements, including those covering the procedures for testing the use of alcohol and drugs, tackling harassment and violence in the workplace, supporting the job insertion of workers with disabilities and inabilities.

Employment status 2018

‘Standard’ employment contracts

The dignity decree increased the compensation in case of unlawful individual dismissal from a minimum of six (instead of four) to a maximum of 36 (instead of 24) monthly payments.

At the end of September 2018, the Italian Constitutional Court declared unconstitutional the provisions on severance pay introduced by art. 3.1 of law no. 23 of 2015 (part of the so-called Jobs). That clause established that, in case of unjustified individual dismissals, workers hired from 7 March 2015 on would receive a compensation equal to two-month pay for each year of service, with a minimum of six months and a maximum of 36 months (as set by the recent decree law no. 87 of 12 July 2018). The Constitutional Court decided that this automatic mechanism is unconstitutional because it links severance pay exclusively to seniority. According to the Constitutional Court, fixing the worker’s severance pay only in accordance with seniority violates the principles of reasonability and equality and impedes the rights and protection of workers, as established by Articles 4 and 35 of the Italian Constitution.

No major changes in 2018 for: Self-employed; Posted workers; Seasonal workers and Zero hour contracts (intermittent or on-call work).

Fixed term contracts

More stringent rules introduced in summer 2018 by the ‘dignity decree’ (see above)

Temporary agency workers

More stringent rules introduced in summer 2018 by the ‘dignity decree’ (see above)

Other contracts - Voucher casual work

The ‘dignity decree’ extended the possibility to use vouchers for casual work to hotels and hospitality enterprises employing up to eight workers, while the maximum duration has been increased to 10 days from 3 days (see above).
References


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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127