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Discretion and (de)centralization in wage bargaining in the construction, hospitality, urban transport and waste management sectors: A Study on Italy

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Abstract

Italy has the highest collective bargaining coverage (presumed/estimated) in the EU, and the worst wage dynamics of OECD countries. The second-best European data, in terms of incidence of low wages, but only for full-time, permanent and contractually covered jobs. Otherwise, it is among the worst, in terms of the *In-work poverty*. As a result of these major ambivalences and contradictions, a lively debate has taken shape - political, trade union and academic - around the overall effectiveness of our contractual and wage-setting system. In this report, the A. describes the key elements of the wage setting system in the Country, at cross-sectoral level, and in the four ones, object of the BARWAGE study. What emerges is a rather dynamic and structured picture, from the point of view of collective bargaining and wages. But within an overall system that today reveals strong critical issues, with respect to which a strong debate has taken shape, also thanks to the prospects opened by the EU Directive for Adequate Minimum Wages.

Keywords: Italy, industrial relations, wage setting, collective bargaining

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BARWAGE

BARWAGE investigates the potential of collective bargaining as a tool for ensuring adequate minimum wages in the European Union. It explores the size of four wage-setting arenas across EU countries and industries: the national or peak level, sector-level collective bargaining, firm-level collective bargaining, and individual (non-collective) negotiations. BARWAGE uses microdata to identify what share of the workers are earning under 110% of the statutory minimum wage are covered by sectoral or enterprise collective bargaining. Using coded data of 900 CBAs from 9 EU countries, the presence and nature of pay scales in the sectoral and firm-level collective bargaining agreements (CBAs) are analyzed. To deepen the insight into the impact of collective wage bargaining, national level data will be used to detail the wage arenas in 2 EU countries (Netherlands and Italy). The project lasts 2 years (2022-2024) and includes 6 work packages.

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The Faculty of Social & Behavioural Sciences of Utrecht University is a leader in education and research in the social and behavioural sciences. The Department of Interdisciplinary Social Science deals with issues such as discrimination in the job market, reintegration at work, growing up in a multicultural neighbourhood, developing your individual identity, high-risk behaviour in young people, growing inequality and the accessibility of care. Interdisciplinary Social Science focuses on understanding these complex issues and on finding solutions to the individual and societal problems that play a role in them.

Fondazione Giuseppe Di Vittorio

The Fondazione Di Vittorio (FDV) is national institute both for historical, social, and economic research, and for trade union education and training of trade union confederation CGIL. The FDV centres its activities around the core issues of work and employment, economics and welfare. Its aim is to put people and their rights back on the centre stage, along with their living and working conditions, their interests and the demands they express, linking all this to the values and ideals that make the CGIL one of the most important social and political entities in Italy.

Central European Labour Studies Institute (CELSI)

Central European Labour Studies Institute (CELSI) is a non-profit research institute based in Bratislava, Slovakia. It fosters multidisciplinary research about the functioning of labour markets and institutions, work and organizations, business and society, and ethnicity and migration in the economic, social, and political life of modern societies. CELSI strives to contribute to the cutting-edge international scientific discourse.

WageIndicator Foundation

WageIndicator Foundation collects, compares and shares labour market information through online and offline surveys and research. Its national websites serve as always up-to-date online libraries featuring (living) wage information, labour law and career advice, for employees, employers and social partners. In this way, WageIndicator is a life changer for millions of people around the world.

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1. Introduction

This study provides evidence on the characteristics of the Italian wage setting system by investigating the process in which wages are determined, the actors involved and the composition of wages in the context of Italian labour market institutions. The study was carried out through desk research, relating both to the institutional framework and practices that govern the functioning of industrial relations, and through a summary and synthetic overview of the data that most characterize the labor market, the collective and wages in the country, with regard to recent years. To this end, we have been able to benefit from the constant monitoring - direct and indirect - that as the Di Vittorio Foundation we have always conducted on these issues.

For the four sectoral focuses, we on the one hand acquired the major national collective agreements, and on the other conducted face-to-face interviews with trade unionists responsible at a national level for the four respective sectors. We also visited the websites of both trade unions and employers' organizations for each of the four sectors investigated. Obtaining extremely useful supplementary information, for example regarding sectoral and employment characteristics, also with regard to the most recent trends, heavily influenced by the crises of recent years, such as the Covid pandemic, the inflationary surge, the government's industrial policies.

In conclusion, we reported on the ongoing debate, driven by the prospect of implementing the EU Adequate Minimum Wage Directive. And, in the annex, we have produced a synthetic and synoptic table in which we summarize the main data relating to the four sectors examined, with regard to the latest and still in force national collective agreement signed, the minimum wage for the lowest level of the pay scale, and also that medium and with a higher density of staff.

2. The Italian labour market and wage levels

The Italian labour market is characterized by some features, like, just to mention some of the main ones:

- strong territorial dualisms;
- an employment rate among the lowest in the EU, especially for women and younger people – (NEETs);
- a very high and increasing percentage of working people aged 50 and over (40% in 2023)
- comparatively low levels of qualification and classification of workers;
- an incidence of involuntary part-time among the highest in Europe;
- one of the worst wage dynamics recorded in the last 20-30 years at an international level.

In April 2024, the National Statistical Institute (ISTAT) recorded an employment rate at 62.3%, and an unemployment rate of 6.9%. They're some of the best figures since these data are regularly monitored and gathered. The number of employed people exceeds that of the previous year, in the same month, by 2.2%.

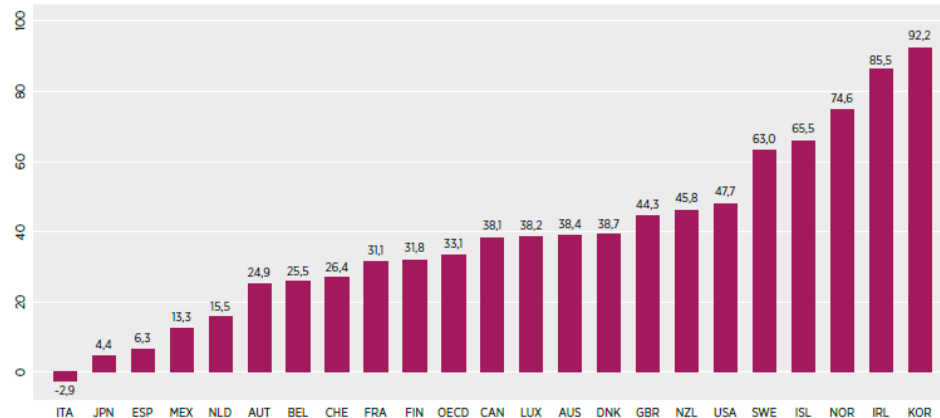
Italy remains one the EU Member States with the highest youth unemployment; the unemployment rate of people up to 24 years stands at 20.2%, while another very critical issue in the very low rate of employment of the female population (20-64), one of the lowest of the EU, with a gap – in average – of almost 14 points.

The level of the workforce education, skills and the formal qualification is decisive, as well as for participation in the labour market, for employment opportunities and for the quality of work and wage. From this point of view, Italy differs remarkably from other comparable countries, such as Germany or France, for the lower incidence of jobs with higher levels of skills and qualification and a higher percentage of those with lower ones. With clear and negative repercussions on the national average wages, as a big number of employees is placed on the lowest levels of the pay scale, established in the sectoral collective agreements.

National and international statistics attribute Italy one of the worst wage dynamics during the last decades. According to the OECD, Italy was the only country, among its member states, to

record a negative change in the real wage during the last 30 years of about three percentage points.

Figure 1 Changes to real wages by country

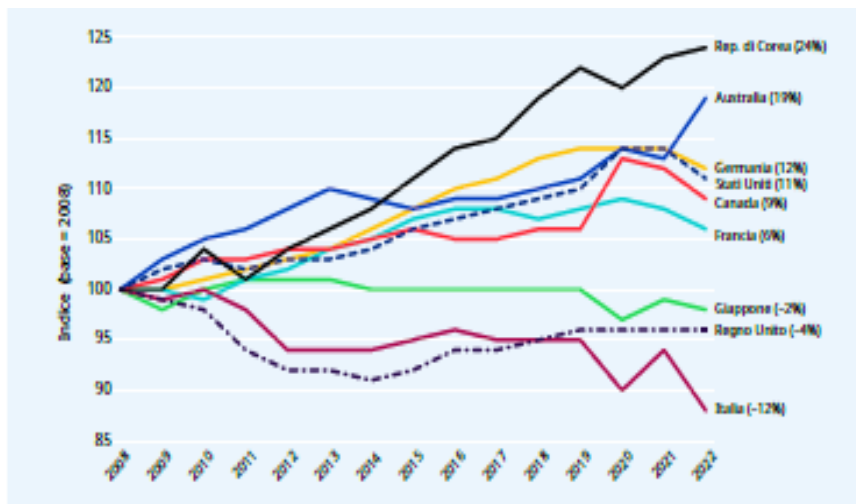


Fonte: OCSE, <https://data.oecd.org/earnwage/average-wages.htm#indicator-chart>

Source: OECD

The ILO results depicted the situation to be even worse between the years 2008 and 2022, the negative change in the real wage was -12%.

Figure 2 Real wage changes, 2008 - 2022



Source: ILO

The *average wage*, in Italy, amounted in 2021 to 21,868 euros (CGIA Mestre, Oct. 2023). However, territorial divide, also about wages, matters in Italy as likely not many other EU Member States. With elaborating the INPS data, still the CGIA Mestre calculates that in 2021 the average annual gross wage of private sector employees in Milan was 31,202 euros, in

Palermo (Sicily) of 16,349 euros: a difference of 90%. If the comparison is made with Vibo Valentia, in Calabria, (11,823 euros), the gap was even 164% higher.

Italy is among the EU countries where the risk of poverty for a worker, considering his family income after at least 7 months of work in a year below 60% of the national median one, in the fourth highest (Eurostat, 2020). If the average in the EU is about 10% (Eurostat, 2020), in Italy it is estimated at least two to three points above. An underestimated fact, for at least two reasons: because it excludes all those who have worked for less than 7 months in a year – and are far from few – and because it refers to a previous situation both to the pandemic crisis and the surge of the Inflation in the last two years, with peaks around 10% in the worst moments.

If from the at-work risk of poverty, we move on to consider the low-paid work, calculated as an individual salary of less than 60% of the national median one, almost one in four Italian worker - much more than in the average of the EU (1/6) - is under that level. But this data must be clarified better.

- I) if it is calculated at the level of annual salary, we have that 24% of Italian workers (about 5mln.). Are under that threshold (<11,500 euros); The greatest risk concerns those who work in part (60%), compared to full times (15%); temporary works, compared to those with permanent work (10%); women (32%), the most affected by this double distortion; The sectors where at the lower basic wages, to adds a clearly greater appeal to autonomous, part time and determined time (hotels, catering, multi-services, construction, trade);
- II) If the calculation is done on the contractual payment of a standard employee (open-end and full time, within a major collective agreement), Italy is among the countries where the incidence is lower, with only 4% at risk of lowpay (only Sweden is placed better) (ETUI's elaboration on OECD data, 2023). This means that, where the employee has a full-time and open-end contract, the minimum wage set in the national industry-wide collective agreement is normally enough to avoid the fall under the threshold of low wage work. And even more, of the at-risk poverty.

In Italy the average number of worked hours in a year is quite low – 235 – and in some sectors, such as HORECA, just 143 (ISTAT, 2022). It is obvious that this is where a large part of Italy's in-work poverty resides. Of the total low-paid workers, only a small percentage is attributable to

standard workers (permanent and full-time), whereas the majority are temporary workers and/or with short-time contracts (CNEL, 2023).

Italy is among the few (five) EU Member States without a national statutory minimum wage. *Minimum wages* are set by national collective agreements (NCLAs) at sectorial level. At time of writing the report, there are 1033 of these agreements (971 in the private sectors, 18 in the public sectors and 44 concerning autonomous and economically dependent self-employed), archived at the National Council for Economics and Labor (CNEL, March 2024), all with their systems of professional classification and pay-scales, which are normally distributed on a pay-scale of 7-8 levels, between the lowest and the highest. It is therefore very difficult to calculate from such a fragmented scenario a national average of the minimums of all the minimums: from the wealthiest financial sector to the worst remunerated, in the private security agencies or domestic work. If the gaze is circumscribed only to the sectoral agreements signed by the comparatively most representative social partners (i.e. about 211 out of 1000 but covering the 92% of the whole wage earners), it's esteemed that the average minimum should be around 9 Euro gross. However, according to the National Institute of Social Security (INPS), over 4 million workers do not reach that threshold, and around 3 million even under the 8 euros. It also must be said that it is difficult to even calculate precisely the composition of a gross wage. In fact, there is a minimum basic pay for each level of classification, and then there are a series of further components, like the "contingency", or some monthly cumulative fees over the year. This is the case of the fix amount for the 13th, and the 14th monthly pays, the severance indemnity for the end of an employment relationship, the contractual fees for complementary pensions and health insurance or for other benefits of occupational welfare. Once that all these components are summed to the very basic pay floor, by level, we obtain the overall comprehensive economic treatment. From this perspective, quite all the sectoral collective contracts signed by the comparatively most representative organizations (the sectoral federations of CGIL, CISL and UIL, on the trade union side) equalize or even exceed the threshold of 9 euros gross, approaching on average to 10 euros and even beyond. Even the lower pay sectors, in the services, SMEs and craft enterprises. By virtue of these calculations and of these estimates, Italy has been credited with the highest Kaitz index, at the 80% of the median wage (Garnero, 2018). Which means

twenty points above the target fixed by the EU Directive for adequate minimum wages in Europe.

The Italian average wage is now estimated at 14,20 euros gross per hour. The 50% of it corresponds to 7,10 euros, whereas the 60% of the median should be 6,85 euros gross. A possible law that would now fix a minimum hourly wage at 9euros gross, as proposed in a joint project by all the opposition parties of the center-left, would be equivalent to about 80% of the current median level. It must be considered here that perhaps no other EU country knows an economic gap like that of Italy, between its Center-North and the South and the Islands within it. Finding a minimum average level that satisfies both contexts is quite impossible. A low and almost influential level for the richest regions of the North, could be already unsustainable for most of the small economic realities of the South, often on the border with informality, and always ready to immerse in the irregular economy. That's also why the national ongoing debate about the utility of introducing an unprecedented statutory minimum wage clashes with the difficulty of translating it into an exact amount.

The Italian system regarding the minimum wage today faces a series of difficulties, critically highlighted by the CNEL in its recent document (4/10/2023). Among these (Orlandini and Meardi, 2023; Leonardi, 2024):

- a) the absence of an adequate information database, also for the purposes of the monitoring required by the transposition of EU Directive 2022/2041;
- b) the partial heterogeneity of the current and available statistical sources;
- c) the difficulty in knowing all the wage items and composition, beyond the minimum pay-tables and floors;
- d) the criticality in including within the coverage data the most atypical forms of work, as in the case of economically dependent self-employment.

3. Industrial relations in Italy

The union density, in Italy, is estimated today at 32% (Leonardi and Pedersini, 2023). With a decreasing trend, if compared to some years ago, but which overall it can be considered still rather stable. Also, when considered from an international comparative perspective. The main sectoral federations, in terms of membership (not to be confused with the trade union density), both in the two largest confederations, CGIL and CISL, are today just the ones affiliating the workers in the tertiary services sector (commerce, tourism, domestic work, multi-services, private security). Here workers are mostly attracted to become union members because of the individual assistance and services they receive outside the workplace, and to the supplementary welfare services they enjoy, managed and financed jointly by the social partners. It's the so-called "bilateralism"; a system, increasingly stronger and widespread almost in all sectors, which is usually financed for two thirds by the employers and for one third by the employees. "Bilateralism" is a true pillar for a sector like the construction, where it was created first, in 1919. Here the joint funds (called *Casse Edili*) manage portions of the overall remuneration, such as the 13th and 14th monthly pay, company seniority, severance indemnity, wages redundancy funds for periods of temporary unemployment.

There is obviously a link between the level of union density and the quality of the working conditions and wages in individual sectors. It is therefore not surprising that sectors like the financial, energy, electricity, engineering, chemicals and pharmaceutical, are very unionized, and have a high level of coverage and marginal contractual avoidance. While they are low in several private services, in hotels, restaurants and catering, in commerce, in all the Gig economy.

The collective bargaining system is two-tier: national industry-wide (NCLA) and decentralised, at the company or alternatively, territorial level. While the former (company level) is typical of the manufacturing sectors, in the medium-large firms, the territorial collective bargaining prevails where the employment contracts are discontinuous, as for instance in the seasonal jobs (agriculture and hospitality), or in the building sites (constructions), or still where the firm size is too small to be unionized and conduct proper negotiations (craft; retail). In all the cases, the predominant level of collective bargaining is by far the national industrywide.

The two levels – national sectoral and company or territorial – are centrally coordinated, with some possibility for deviations or derogations at the decentralised level, although within a

limitation of scope, topics and procedures, according to what designed into the national agreement.

The national collective agreement is supposed to have an average duration of three years in the largest companies; four, where prevail small and craft enterprises. It establishes all the fundamental rules relating to the employment relationship, including remuneration, broken down by various levels of classification; from the minimum, often residual and limited to the stage of recruitment and entry to work, up the highest, of the academics, most educated and professionally skilled “cadres” and middle managerial workers.

More and more companies, especially those pretending to be more innovative, adopt forms of occupational welfare (so-called “*welfare aziendale*”), with non-monetary benefits, facilitated by taxation, aimed at supplementing the worker's monthly monetary pay. For example, through forms of health care or supplementary social security, restaurant tickets, transport or shopping bonuses, various agreements with gyms and wellness centers.

The sectoral agreement fixes the largest majority share of a typical wage. Much depends, in sectors, on the spread of the “second level”, decentralized bargaining. Where this is weak – for example in the service sectors or in small and very small businesses – the share of wages fixed at the level of the national agreement tends to almost coincide entirely with the total wages of a single worker. With very residual margins, linked quite exclusively to the discretion of the employer, in terms of premiums or super-minims. These are sectors and occupations where, on average, low-wage work is mostly concentrated: agriculture, domestic work, hospitality, small trade and retail. Much more in the southern regions of the Country, and where the unions are present only at the local level but not within the companies, with their own councils and representatives. In medium-large companies, especially in the Central-Northern regions, and where unionization is on average higher, decentralized bargaining at company level is significantly more developed. In sectors such as banking, chemistry, energy and electricity, in certain branches of engineering, it can also concern 70-80% of the workforce. This normally implies much better working conditions, including wages, which add an integration, negotiated at company or (more limited) territorial level, linked to productivity bonuses to the minimum quota defined for the entire sector in the national collective agreement. This quota varies according to the outcomes achieved, case by case. But it can also represent an entire month's salary more than what is established by the national sectoral

agreement. The latter, in such cases, covers a percentage in the order of 80-85% of a standard annual salary; the rest is made up of decentralized bargaining.

The collective bargaining coverage at national level (calculated as cross-sectoral average) is esteemed as one of the highest in the EU: over 90%, according to the different sources and methodologies to calculate it; 95% for CNEL-INPS; 98% for the ISTAT and Bank of Italy; next to 100% for the AIAS, OECD and ETUI. Despite missing a formal extension mechanism. Far beyond, in any case, to what requested as objective by the EU Directive on Adequate Minimum Wages (Directive No. 2022/2041). These data are extrapolated from the monthly declarations made by employers to the National Institute of Social Security (ISTAT), using digital forms, and which covers all sectors of private work, with the relevant exclusion of the workers in agriculture and domestic work. Two sectors very affected by the low wage and in-work poverty risk. The residual uncovered 3-5% should be composed by employers who omitted to declare the sectoral agreement applied to their employees. A missed data which doesn't automatically mean absence of coverage. Furthermore, the above-mentioned figures are a national cross-sectoral average, whereas in specific sectors, and even territories, the coverage can vary significantly. In the low-pay sectors, also the coverage is esteemed lower, at 70-80% of all workers.

In the last 20 years, according to different sources (Bank of Italy; ISTAT; other public and private institutes of research), the decentralised collective bargaining coverage has been esteemed to be stable at approximatively one third of the employees, at least those working in units with more than 10 employees; again: public sector included, and agriculture and domestic work excluded. Much less if all wage-earners are considered, without any filter.

The companies' sector, size and territory matter a lot. Coverage is much higher than one third in some sectors (in the chemical-pharmaceutical, for instance, it can reach almost 90% of the employees); much, and even much less, in the private service sectors and in the very small workplaces. According to the Ministry of Labor (October 2023), 3.3 million employees (approx. 20% of the national total) are covered by one of the 10,568 active second level collective agreements: 2.1 million by company agreements (9,532) and over one million from territorials (1,036). 43% of the agreements were signed in companies with fewer than 50 employees; 16% in those between 50 and 99 workers; 41% in those with more than 100 and more. Of the 10.568 second-level agreements, 72% were signed in the North, 18% in the Center and 10% in the South.

If we take in consideration the companies declaring to have signed a second level agreement about productivity, participation or welfare schemes, so to benefit by the legal de-taxation, the overall number of the delivered and officially archived firm-level agreements cover the 9,5% of the Italian employees. Although not coinciding with the whole universe of the second-level agreements, such a sample is far below the more optimistic esteems of one third of the workforce. Small service companies are more likely managed by either the founder or a family member who is usually less prone to adopt second-level bargaining – that usually leads to higher wages compared to national agreements.

Very low levels of coverage also from another significant source. Through a sample survey of 24.643 enterprises with two or more employees, researchers of the National Institute of the Public Policies (INAPP)² have recently esteemed that companies applying the two-tier bargaining structure (both national and decentralised) are approximatively the 4%, whereas the 20% declares to not apply any of the two levels, with the highest peaks in commerce and hotels.

What about the *individual wage bargaining*? Companies today tend to develop increasingly individualized forms of variable remuneration, and outside of collective negotiation, based on their own evaluation criteria, in terms of competence, contribution and merit. In these cases, the remuneration takes on a rather evident link with forms of direct involvement. It is one of the managerial techniques for retaining and motivating the most qualified personnel. Thanks also to a tax law that encourages it, workers can opt for forms of non-monetary supplementary remuneration, in the form of benefits and company welfare. Unions aim to link these improvements with greater influence on the organization of work. Individualized extra-benefits can usually consist in the so-called “super minimum”. It is an increase in the basic wage, established for a specific category and level of classification. This incremental amount is agreed between the employer and the employees, and this can take place at the time of hiring or at a later stage. It can increase, even significantly, the amount of the monthly pay check. There is not a single set amount valid for all categories: the amount of the super minimum, being a voluntarily recognized "extra" compared to the legally and contractually established basic wage, can vary from a few tens of euros to a few hundreds or thousands of euros, for top positions marked by high professionalism.

² M. Deidda, F. Manente, M. Marocco, M. Resce, *Il difficile percorso di crescita dei salari in Italia*, SINAPPSI, n. 2/2023; INAPP

We miss precise numbers and statistics at regard. From some case studies and surveys, we can say that individual bargaining mainly concerns the staff at the highest, top levels of the parametric scale of the job classification. At the other extreme, those who receive individual quotas of remuneration - based on direct agreements with the employer – can be often workers from sectors that are scarcely unionized and covered by the collective agreements. A typical example – said a trade union official we interviewed – could be the hairdressers. Unlike the most skilled workers, in these other cases, a part of the remuneration can be agreed individually for the mutual purpose – both employer and the worker – of avoiding taxation and social fees. This is also a reason why a part of the business world is pushing to keep wages low in collective agreements, signed with unions, to be able to have more free access to the unilateral power to pay at their discretion portions of wages.

Wage dispersion due to the individual bargaining is very much depending on the productivity differences and heterogeneity among economic firms and units and depends on various factors. According to Bisio et al. (2023), within-firm wage dispersion is generally higher in medium and large companies compared to small businesses. It points to stronger bargaining power of specific workers – usually high-skilled or managerial figures – able to negotiate higher wages resulting in a less compressed wage internal distribution. It is higher in the small innovative knowledge-intensive services, in the northern and Center Regions. So, it is much significant in low-pay jobs and sectors. According to the authors of the study: *“A larger part of overall wage inequality can be increasingly explained by looking at the place where individuals work, rather than ascribed to their specific skill and occupations”*.

4. Wage setting and wage components in four sectors

4.1 Construction

The building (or construction) sector (NACE Code F45), and its related industries, represent in Italy over 6,6% of employment and 4.5% of the GDP (2021). According to the latest data, referring to the year 2020 (ISTAT, 2022), it boasts 497,709 companies, 75% of which deal with specialized construction work, 21.7% operate in the building construction sector and the remaining 6,463 companies, therefore 1% operate in civil engineering.

In 2022, the so-called "*Superbonus*", launched by the government of the time, supported the renovation and energy modernization of buildings. That plan, with a budget of 100 bn euros, granted owners a 110% tax relief which allowed them to carry out the interventions at no cost. In the two-year period 2021/2022, production grew cumulatively by 32.5%, worked hours by +31.7%. Starting from the first months of 2023, the tax relief has been reduced to 90%. After strong growth of 12% recorded in 2022 alone, production is expected to remain flat in 2023. This is mainly due to a contraction in the residential construction segment due to high inflation and reduced household purchasing power.

After the big jobs losses of the years 2009-16 (-600.000), the great construction rush of recent years has recorded significant numbers in terms of new jobs. Between before and after the pandemic, in the last four years, the construction sector has recorded growth of 16.5%, going from 1.3 million employed to more than 1.5 million (+ 148.000 manuals and + 100.000 clericals). Construction was the sector that showed the greatest leap forward, compared to a national average that stopped at 2.1%. Going into detail, another element of great interest also emerges: the construction sector has revealed a strong growth in permanent employment (+7%) and a significant decrease in fixed-term jobs (-9.4%). Unequivocal signs of a sector which, as underlined by employers' associations, has consolidated the position of many workers, enhancing their skills.

Nonetheless, the construction sector in Italy presents various critical issues. First, the small average size and low average productivity of companies, as well as the low specialization of work, the systematic use of illegal work, excessive bureaucracy, marked territorial gaps and the lack of a major strategic plan for public investments. The average size of Italian

construction companies is the lowest, compared to some of the main European countries: 2,7, against the 3.5 in Spain; 4.2 in France; 7.4 in Germany. Gaps that widen if we take as reference some specific sectors such as building construction (3 on average in Italy; 14.8 employees on average in Germany) and public works worth less than 50 million euros (14.1 in Italy; 43.5 Germany). The percentage of companies with just one employee also decreased slightly, from 61% to 59.9%. 40% of construction companies don't even have one permanent employee.

Another big problem that negatively characterizes this sector is the spread of irregular and undeclared work. According to the National Labor Inspectorate, around 33% of people in this sector work totally illegally, compared to a national average of 26%. Only in agriculture things are worse. Furthermore, 20 workers are illegal for every 100 companies inspected. They are more than 300.000, inclusive of illegal immigrants and (more or less) bogus self-employed. According to the unions, albeit slow trend towards reducing this phenomenon is encouraging. An irregular worker, in average, earns 50 euro for a full working day, all included and no matter how many hours he really works. The collectively agreed working hours is of 176 monthly hours (8 hours x 22 working days, from Monday to Friday).

Another problem concerns the correct management of human resources. The construction sector is ageing, with an average of 47.2 years (2021 data): the highest in the private sector. The main entries (89%) concern the migrant component. From a percentage point of view - i.e. the portion of workers belonging to the three age groups - we note the increase in workers over-50. In this scenario, the lack of specialized and technical workers, reported by the main public and private contracting authorities and by all the most recent investigations, is of greater concern.

Industrial relations and collective bargaining

In the construction sector, the unionization rate is comparatively higher than the Italian national average (32%); almost double, to be more precise: 62%, according to data provided by the bilateral system (*Casse Edili*), are members of confederal trade unions. The three by far main sectoral federations are the Fillea-Cgil, the Filca-Cisl and Feneal-Uil, who sign all the most applied NCLAs. The Fillea-Cgil is the first union, with 39.44% of all union members, as resulting from the bilateral funds and of what Alessandro Genovesi, general secretary of the Fillea-Cgil.

uses to emphasize³. The presence of trade unions officials is very capillary all over the country; Fillea-Cgil, alone, has around 500 full-time officials, covering the whole national territory.

There are 71 national collective labour agreements (NCLAs) archived, in the National Council for Economics and Labour (CNEL) database, under the label "*building, wood and furniture*" sector. Of these, 49 are attributable to the sub-sector which specifically concerns *construction activities* in the strict sense (Coded as F01). In the same F01 area, it is possible to trace a further subdivision of the NCLAs based on the type of company to which they refer. 13 national agreements concern industrial construction; 9 concern only small and medium-sized enterprises; 12 concerns only artisan businesses (or artisan SMEs); 2 concern cooperatives only; 9 regulate artisan SMEs and cooperatives together; 3 present different combinations between industry, crafts, cooperatives and SMEs.

Some NCLAs are applied by several employers to several workers at least ten times greater than all the others on which the same surveys were carried out. Out of a total of 123,389 employers and 701,930 workers operating in the "construction, wood and furniture" sector. All the NCLAs signed by the three major trade unions in the sector (Fillea-Cgil, Filca-Cisl, Feneal-Uil), with the main various employers' associations, provide for periodical increases, seniority bonuses and even basic wages which are very similar to each other, if not completely identical, between the various national sector contracts.

After the 2018 renewals, the wage increases and contractual costs have been identical for the large companies, cooperatives and artisans: 92 euros gross at the first lowest level of the pay-scale, in two tranches. A practice that is consolidated against any form of wage dumping in the sector, valorising the regular and virtuous companies that respect the sectoral contract, and which are the ones that will have to work for the realization of the infrastructure program, for the National Restructuring and Resilience Plan. All the sectorial agreements give great importance to training, health and safety at work, equal treatment for the subcontracting workers.

By far the most applied NCLA is the one stipulated by Fillea-Cgil, Filca-Cisl, Feneal-Uil, with the employers' associations of ANCE, Legacoop *Produzione e Servizi*, Confcooperative *Lavoro e Servizi*, Agci *Produzione e Lavoro* (F011). The last one, and still in force, was signed on 3 March 2022, the previous and expired one renewed, signed on 18 July 2018. The agreement was

³ Source: <https://www.filleacgil.net/tutto/137-comunicazione/16535-edilizia-fillea-primo-sindacato.html>

finally reached after 15 months of contractual vacancy and ultra-activity of the expired one. As normal practice, the draft agreement was subjected to consultation with workers in the sector, who approved it by an overwhelming majority. The new agreement takes effect for three years; from 1 January 2021 and will expire at an economic and regulatory level on 30 June 2024. This sectorial agreement is valid throughout the national territory, covering almost 100.000 employers and approximately 600.000 workers. De facto, the whole, 100%, target constituency. All the workers are in fact compulsory affiliated and registered to their territorial joint cashes (*Casse Edili*), which provide seniority allowances, the 13th monthly pay and other social benefits.

The collective bargaining is two-tier: national industry-wide and territorial; in the 112 provinces or in big companies.

The NCLA guarantees the certainty and uniformity of common economic and regulatory treatments for all workers and for all companies or cooperatives carrying out construction and similar work, wherever employed in the national territory. In practice, it constitutes the general regulatory complex and the framework of principles and criteria to which, at a decentralized level, regional collective bargaining refers.

The text aims to qualify the sector through significant measures on professional training, health and safety, qualification of workers, innovation and sustainability, also thanks to the role of bilateral bodies. The agreement emphasizes the role of the so-called “bilateralism”, based on well-established social partners’ joint funds and bodies (the already mentioned *Casse Edili*).

The workers classification and pay-scale are carried out according to the levels’ system established by the 2010 NCLA. There are seven levels. The lowest level is 1st level, which concerns first-time employees and ordinary, low-skilled workers.

Wages

The 2022 NCLA provides for monthly table minima, ranging between the lowest at the first level, and the highest, for the seventh “Q” level. The pay-scale, between the lowest and the highest, is 100/250.

A construction worker classified at the lowest level of all, the 1st, has an overall gross basic pay of 987.36 euros gross which - integrated with the “contingency” allowance (between

512.87 euros and 533.82 euros) and the “distinct element of remuneration”, equal to euros 10.33 for all level – rises to 1.510,56 euros gross. A colleague classified at the 4th level, in the middle of the pay-scale, has a gross basic pay of 1.382 euros, and a total of 1.913,89 euros gross.

Table 1 Pay-scales in the sector (level, minimum, variable remuneration, indemnity of function, total, seniority leap)

Livello	Minimo	Contingenza	E.D.R.	Indennità di funzione	Totale	Scatto anzianità
7 Q	1.974,71	533,82	10,33	140,00	2.658,86	13,94
7	1.974,71	533,82	10,33		2.518,86	13,94
6	1.777,23	529,63	10,33		2.317,19	12,85
5	1.481,02	523,35	10,33		2.014,70	10,46
4	1.382,31	521,25	10,33		1.913,89	9,62 (impiegato)
						0,00 (operaio)
3	1.283,56	519,16	10,33		1.813,05	8,99 (impiegato)
						0,00 (operaio)
2	1.155,21	516,43	10,33		1.681,97	8,22 (impiegato)
						0,00 (operaio)
1	987,36	512,87	10,33		1.510,56	0,00

Source: NCLA.

The latest NCLA provided for an unprecedented wage increase, according to the unions, higher also than the recorded and expected inflation: 92 euros in two tranches at the lowest parameter 100 (1st level, common blue-collar worker), with the first tranche, equal to 52 euros, paid starting from month of March 2022. If we look at the other and higher qualifications, the increase is euros 107 for the qualified worker (2nd level), euros 119.6 for the specialized worker (3rd level).

Table 3 Levels, parameter, increases (overall), new minima

LIVELLI	Parametro	AUMENTI			NUOVI MINIMI	
		Complessivo	01/03/2022	01/07/2023	01/03/2022	01/07/2023
VIIIQ	200	184,00	104,00	80,00	1.894,71	1.974,71
VII	200	184,00	104,00	80,00	1.894,71	1.974,71
VI	180	165,60	93,60	72,00	1.705,23	1.777,23
V	150	138,00	78,00	60,00	1.421,02	1.481,02
IV	140	128,80	72,80	56,00	1.326,31	1.382,31
III	130	119,60	67,60	52,00	1.231,56	1.283,56
II	117	107,64	60,84	46,80	1.108,41	1.155,21
I	100	92,00	52,00	40,00	947,36	987,36

Source: NCLA.

In addition to the twelve ordinary monthly wages, employees are entitled to the thirteenth (13th) paid for workers by the sectorial joint fund (*Cassa Edile*). The clerical employees benefit also of a fourteenth (the “14th”), paid in December, equal to one month's total wage. Employees are also entitled to an annual bonus, equal to one month's total wage, in relation to the length of service accrued in the previous 12 months.

The hourly 1st level worker's wage corresponds to 9,81 euro, which normally rises up to more than 11 euro, as the meal and transport bonuses are included by all the territorial bargaining. The share of remuneration deriving from the national sector contract corresponds to approximately 85% of the total; 15% instead comes from the second level territorial one. There is no individual wage negotiation, except for the small share of employees classified at the highest level of all; that of the 7th *Cadre*. In this case, individual negotiation can make up around 10% of overall compensation.

Overtime hours are very common for a construction worker. Unions estimate an average of 20 hours per month. Thanks to this integration, the real pay of a worker in the sector with a low level of classification rises to around 1,800 euros net per month.

Furthermore, for every two years of work employed by the same employer, clerical employees are entitled to an increase in monthly salary, for a maximum of five seniority increments over the course of their career. Conversely, for the manual workers there is the so-called "construction professional seniority" (*anzianità professionale edile*), for which the payment is not made directly by the employer (who also pays a contribution), but by the already mentioned construction joint fund. Ever “leap” corresponds to 21.000 working hours; a worker at the top of his seniority can benefit of something like 2.000 euro to be added at his pay floor.

To encourage young people to enter the sector, the NCLA has established, from 1 March 2022, the so-called "sector entry bonus". This bonus will be recognized by the employer to young people classified in the workers category, under the age of 29. This bonus, equal to 100 euros, will be paid one-off, at the end of 12 months. It will not have an impact on the individual remuneration institutions established by law and collective bargaining, including severance pay.

As regards the other variable elements of remuneration, the agreement includes a long list of allowances for difficult work or work carried out in particular conditions.

The last agreement renewals provide for greater attention to the variable element of remuneration, also centred on company performance. They have replaced the old "territorial economic element" with "*the variable element of remuneration*" (EVR), i.e. a bonus "related to the results achieved in terms of productivity, quality and competitiveness in the territory". In territorial bargaining, which in the sector represents the typical level of decentralized bargaining, the supplementary increases can be 100 or 200 euros, one-off pay, as recently in the province of Como (Lombardy). Or as in Florence, from 38 euros per month, for 1st level workers, up to 76 euros for 7th level employees.

Critical issues and prospects

For employers (ANCE), the 2022 sectoral contract makes "a leap in quality, guided by three elements: training, safety and quality. All this in a phase in which the rise in prices of raw materials and their difficulty in obtaining risks slowing down construction sites"⁴.

For the sector unions, the agreement confirms the validity of an industrial relations model which has been established in recent years. In contrasting irregular and undeclared work and wage dumping, through a regularity certification system (known as "*DURC – Documento Unico di Regolarità Contributiva*"), thanks to which public and fiscal incentives are recognized only to firms applying the sector collective agreements. For the unions, the objective is to limit subcontracting, at the greatest risk of criminal infiltration and strengthen the union's action against any form of violation of the rules on equal treatment between contracted and subcontracted workers.

⁴ Marco Garantola, vice-president of ANCE for the industrial relations, in "Il Sole 24 Ore, 5/3/2022

A further critical factor concerns the widespread phenomenon of the workers' job and pay under-classification. According to ILO data, Italian construction is the industrial sector where there is the greatest disparity between work carried out and correct contractual framework. Too many technicians or specialized workers are classified as low-level employees or simple labourers. In construction, this phenomenon concerns 49% of the entire workforce, and reaches 60% for worker qualifications. Taking as a reference worker with more than 7 years of seniority in the sector, it turns out that 37% are still classified at the 1st level as unskilled workers and 23% classified just at the 2nd. In total 60%. *"In construction – complains Antonio Di Franco, from the National Secretary of the FILLEA-CGIL – there are too many workers classified at the first and second levels. Workers who are largely specialized but who are hired as common workers in a continuous downward competition on the cost of labour. Especially during the last crisis in the sector, which lasted almost 10 years, accepting a low level of classification was the condition put in place by companies operating outside the rules, to be accepted if one wanted to be hired"*.

This phenomenon is affected by the strong presence of immigrant workers in the sector. According to the latest data available in 2022, there are 182.000, 55%, classified at the 1st level, 26% at the 2nd level and only 12% at the 3rd. Still Di Franco: *"With the renewal of the 2022, we began to intervene with more certain mechanisms for recognition and verification of correct classification, but the effects will only be seen, if all goes well, between 2023 and 2024"*. Lower wages than they should be, poor career prospects and professional growth are, together with the burdensomeness of the work, among the main reasons for the lack of attractiveness of the sector towards young people or workers from other manufacturing sectors, also explaining the discrepancy between high demand for many professional profiles and low supply.

The latest NCLA establishes that no qualified or specialized worker, in possession of a training certificate or with at least 48 months of seniority certified by the bilateral sector body, can be classified as a first level common worker. A workers registered by the *Cassa Edile* at a certain level, after his last job, cannot be hired in the next with a lower level. *"A mechanism – explains Antonio Di Franco – which in the long run should and could relegate the classification of common worker as a level intended for workers with no experience, those who are entering the construction sector for the first time or are passing through"*.

To strongly limit and hopefully impede employers to circumvent the legislation about regular employment, a peak level agreement, implemented by the law, has empowered the *Casse Edili* to release the already mentioned document of correct social protection contribution (so-called “*DURC di congruità*”), to all the companies which are receiving some form of fiscal benefit. The document identifies which must be presumably the appropriate ration between the volume of the work to be done and the workforce to hire to accomplish it.

4.2 Hospitality

Tourism and hospitality (NACE codes H55.30, 55.40 and 55.50) represent strategic and leading sectors of the “Made in Italy”. They generate around 5% of GDP and indirectly affects 13% of the same, representing directly 6% and indirectly 15% of total employment. According to the latest ISTAT data (2023), in the last year the accommodation and restaurant services sector is the one that has recorded the greatest employment growth (+10.3%). In comparison with the previous year, the number of employees in the sector increased from 1.259.000 to 1.338.000 (130.000 more, equal to 25.3% of the new jobs created during the 12 months). Data also confirmed by the latest Excelsior bulletin, according to which it is tourism that offers the greatest employment opportunities. So that, there are more than 1.3 million employees, 33,000 hotel establishments and 183,000 non-hotel establishments.

Tourism has a production structure characterized by small-sized businesses with an average number of employees of 5.8 units. Tourism can count on a substantially young workforce. Approximately 58% of employees are under forty years old and 35.25% are under 30. Work in tourism is predominantly female. Male workers represent 47.3% of employees. The largest share of employees belongs to the qualifications of workers and clerks with 82.1% of the total. The majority (73.9%) has a medium qualification (sales, service and marketing workers), while low-skilled figures (cleaners, warehouse workers, delivery workers) make up around 10%. 17.1% are among highly qualified professionals. Managers and middle managers represent 0.6% of employed employment.⁵

⁵ Fondazione Studi Consulenti del lavoro, *Boom turismo: l'analisi dei rapporti di lavoro*, Redazione, IPSOA Quotidiano, 22 Agosto 2023

The most widespread type of contract in the tourism sector is the permanent contract (619,919 units, equal to 60.2% of the total employees). Workers with fixed-term contracts - seasonal or non-seasonal - are 410,197, i.e. 39.8% of the total. 85.3% of employees with part-time employment contracts have the qualification of workers. Approximately 10% of employees in the sector have an intermittent employment contract.⁶

According to the INPS, workers in the tourism industry are among the most precarious and underpaid. Furthermore, 76% of companies controlled by the inspectors in the sector are irregular, 4 out of 5 companies, 26% of employees work irregularly.

It is very common, for many unscrupulous employers, to declare and pay only a part – sometimes minimal – of the hours worked. The gap, reported by journalistic investigations during the summer touristic season, can take on truly scandalous proportions. The employer declares and pays regularly a part time of 24 hours a week, whereas the effective ones are 90 hours, paying the rest illegally. With the result that a single hour of work can even drop to the incredible amount of 3- or 4-euros gross.

Industrial relations and collective bargaining⁷

In the hospitality sector (hotels, restaurants and catering), the collective bargaining scenario is very fragmented, as very fragmented is the associative representation of employers – for example by size or legal type, as in the case of cooperatives – whereas the main federations on the union sides are the Filcams-Cgil, the Fisascat-Cisl and the Uiltucs-Uil. Each NCLA is internally articulated into different sub-sectors and branches, depending on the exact type of specialization of the service offered. This makes a unitary and synthetic reading of the various work situations more complicated.

The second level of collective bargaining – typical of the Italian two-tier system – is mostly present at the territorial (provincial) level, while it is very rare at the company level, where in average the workplace size is very small and short of employees reps. It's existing just in some of the largest and multi-located companies. Data on the coverage of decentralised agreements are not available but unions talk of a very small minority. The lack of decentralized collective agreement, for the manner how the wages increases are ruled in Italy, implies that workers

⁶ Federalberghi, Fipe, *Osservatorio sul mercato del lavoro nel turismo*, XIV Rapporto, 2022

⁷ Interview with Monja Caiolo, FILCAMS-CGIL

here are only protected – and now even less – by the erosion of the inflation, with no redistribution of the productivity or other improvements-related bonuses.

All the NCLA in the sector are now expired and in ultra-activity regime, also for five years, as in the case of the agreement signed with the employers' association Confcommercio-Federalberghi, expired in 2018. If we sum all the workers of sector and widespread among the three or four main national industry-wide agreements, something like 1,2 million workers is waiting for their agreement to be renewed. With the deleterious effect that this is causing on workers' wages, between the pandemic – which violently hit the sector in 2020 – and inflation, with very heavy losses on the already modest purchasing power of this sector. Other minor national agreements, signed by un-representative associations, are commonly called "pirate" agreements, because of the wage and contractual dumping that they deliberately pursue, compared to the "leader" mostly applied sectoral contracts, attracting a growing number – albeit still a minority – of employers who want to pay a lower labour cost to that of the major national contracts. Together with the widespread use of irregular employment relationships, often of non-EU foreign immigrants, the phenomenon of "pirate" sectoral agreements contributes to making this sector particularly afflicted by some of the lowest wage levels in the country, with one of the highest incidences of working poor.

Hotels on one side and restaurants and catering on the other have their own NCLA. The NCLA that we here take in consideration is the one concerning restaurants and catering, signed by Confcommercio-Fipe, Angem, Legacoop Produzione and AGCI Servizi, for the employers' side, and by Filcams-Cgil, Fisascat-Cisl and Uiltucs-Uil for trade unions. Signed in 2018, it expired the 31 December 2021. The branches covered by this NCLA are, among the others: restaurants and pizzerias, fast food and takeaway, bars, refreshment points on motorways, in railways stations and airports, collective catering services and commercial companies, day hotels. The NCLA is esteemed to cover approximatively 300.000 companies and over one million employees (Confcommercio-Fipe, 2023).

Wages

The whole staff in the sector is classified by the NCLA within a parametric scale, between the lowest (7th) and highest level (Qa), on a range between 74,65 and 164,44.

Table 4 pay scales in the sector

Level	Pay scale
Qa	164,44
Qb	148,49
1	134,53
2	118,58
3	108,97
4	100,00
5	90,58
6s	85,14
6	83,16
7	74,65

Source: NCLA.

Next, Table 5 shows job classifications with the related pay scale since the national agreement was signed in 2018.

Table 5 Pay scales in the sector

Level	Pay floor	Contingency	Total
QA	1706,49	542,70	2.249,19
QB	1540,98	537,59	2.078,57
1	1396,08	536,71	1.932,79
2	1230,6	531,59	1.762,19
3	1130,81	528,26	1.659,07
4	1037,75	524,94	1.562,69
5	939,97	522,37	1.462,34
6s	883,51	520,64	1.404,15
6	862,96	520,51	1.383,47
7	774,7	518,45	1.293,15

Source: NCLA.

The lowest wage in the sector, i.e. 7th level of the pay scale applies to those who carry out cleaning and physical heavier tasks. It equals to 1.293,15 Euros gross per month.

The wage of an employee at the 4th level of the pay scale, is 1.562,69 euros gross. The net one, after tax and social security withholdings, is approximately 1.150 euros. But the majority of workers are classified at the two, three lowest levels of the job classification and pay scale. Other items that make up the overall wage, integrating the minimum economic treatment set in the basic pay of the sectoral collective agreement, are the Thirteenth- and Fourteenth-month's salary, increases for the seniority, for extraordinary night-time shift, holiday work, paid leave, annual leave and holidays. And also, the severance pay, the welfare of the supplementary health fund (EST) and those of the complementary pension fund (FONTE). The difference between the minimum and the overall economic treatment, including various and deferred supplements, is approximately 35%.

The normal working hours are 40 hours per week. Overtime work, which is very common and contributes to raise the workers' wage, is compensated with increased hourly pay:

- by 30% if during the day;
- by 60% if at night, which however cannot be cumulated with the increase for ordinary night work, furthermore the higher absorbs the lower;

According to the unionist interviewed⁸, the Kaitz index, i.e. the ratio between the sectoral minimum and the national median wage, varies between 67% of the lowest level (the 7th), 72% of the 6th, 81% of the 4th, only to remain at the lowest levels of job classification.

Critical issues and perspective

Tourism is a fundamental sector of the Italian economy which would like, at least in words, to focus on quality to attract more and more customers, but which produces enormous quantities of precarious employment, low wages, poor work and – also in terms of effective working hours – a great exploitation.

Trade unions give a negative assessment of the current state of industrial relations in this sector. All the national industry-wide agreements are expired and have not yet been renewed. Consequently, the workers' wages, which no longer fully corresponded to the skills and

⁸ Most of the data referred here below come from the interview with Monja Caiolo, National Responsible for the tourism, restaurants and catering sector of the most representative trade union Filcams-Cgil.

professionalism that the sector needs, pay a very high cost to the upsurge in inflation of the last two years.

The big fragmentation of the employers' associative representation, the push towards new contractual perimeters, are a threat for a pro-active, solid and sustainable system of industrial relations. The absence, here like everywhere in the Country, of binding legal rules about the effective representativeness of the negotiating actors is an obstacle to correct relations industrial, for workers' rights and a fair competition among companies. As the "pirate" sectoral agreements, signed by minor and unrepresentative social partners, are tolerated, the wage dumping is a very serious threat affecting the whole sector. The already low wages can be cut further, through several tricks, as providing forms of "entry wages" for the hired young workers or exit clauses in very small local communities. For a bar waiter, for an example, this worsening gap can also be around 90 euros less per month. Furthermore, some of these minor agreements do not include the pay of the 14th monthly wage, so that the overall yearly remuneration, for the worker, is severely affected by the social dumping of this "alternative" collective bargaining.

Wages do not suffer only for their low levels, delays in renewals and unfair dumping, but also because affected by the very high use of involuntary part time and, formally, for a quite small number of hours per day, week and month. Hiding a real working time which is much longer than the declared, circumventing law and collective agreements. Trade unions are very upset for such a situation, and claim for a prompt renewal of the NCLA, expired already two years ago and still under unfruitful negotiations. As we were said in the interview with a national trade union official: *"We are witnessing an employer attitude that continues to want to ignore the inflationary effects, the loss of purchasing power of workers, of salaries that do not correspond to the professionalism and responsibilities required. Added to this is the unwillingness to distance ourselves from those organizational models that have made work poor"*. According to the sectoral unions, it is urgent to renew as soon as possible the NCLA in all the tourism sector, with fair and adequate pay and working conditions. With wage increases that restore the lost purchasing power and in line with the professionalism and skills expressed and with the responsibilities assumed, but also by updating the classification of staff and reviewing their classification levels. At the same time, it is urgent to intervene, through the collective bargaining, to review those organizational models that are impoverishing work, regardless of what is foreseen in the pay scales.

The unions complain also about an absence of public policies for the sector, for its development and modernisation. With adequate active and passive labour policies, capable of responding to the specificities of the sector. All this has contributed to strengthening and extending an entrepreneurial vision which makes the tourism industry not a source of development for the country, but which continues, instead, to be a business for the growth of a few, which effectively prevents redistribution of the wealth produced with the right wage adjustment. Furthermore, the presence of small and very small businesses makes it quite difficult to increase and improve wages and working conditions through the firm level bargaining, rarely developed across the country. *“The Government sectorial policies driving the development of the tourism supply chain, to guarantee good jobs, can no longer be postponed”.*

Are the above developments negative? Among the strengths of industrial relations, the trade unionists interviewed underline the strong expansion of the sector, which does not suffer from a lack of demand, and which is instead constantly evolving, with the increase in demand for higher standard services. According to the unions, *“the sector could guarantee good employment, also overcoming the limits of seasonality thanks to the diversification of the different tourism that the Italian regions can offer. The great wealth it generates, therefore, can and must be redistributed through the adjustment of wages and the improvement of working conditions, making them more stable, regular and dignified”.*

4.3 Public Transport

Local public transport (LPT, NACE Code I60) is the set of different modes of public transport on a local scale in the municipal, provincial or metropolitan area.

The system of companies operating in the Italian local public transport sector is made up of around 930 traditional operators who employ over 124.000 people. The companies owned by at least one territorial administration (regional or local), although they are only 112 (12% of the total), represent almost 85% of the market in terms of mileage, employ 87% of workers, transport over 90% of passengers and produce 85% of turnover.

*Industrial relations and collective bargaining*⁹

As in all sectors, in Italy, the collective bargaining system is two-tier, centrally organised, with the predominance of the national industry-wide level, over a second company level. The sector is covered by the national contract for the mobility and LPT sector. The last NCLA was signed in May 2022, after 17 months of vacancy and ultra-activity, by the national trade union organizations of the sector – Filt-Cgil, Fit-Cisl, Uiltrasporti, Faisa-Cisal, Ugl FNA – together with the signatory employers' associations: ASSTRA, ANAV, AGENS. The draft agreement was approved in a referendum by 74% of the workers in the sector who took part in the vote. It was in force until the 31 December 2023. Its coverage is estimated at over 95%; the only possible irregularities could be found in the sector in the school bus branch.

Since 2007 there has been a national Observatory on local public transport policies, established by law. The national collective agreement for the sector also provides for a joint observatory (unions and companies) as a "*venue for systematic analysis, verification and comparison*" on the most relevant variables for the sector's performance. Similar Observatories also exist at regional level.

The practice of industrial relations has, as its central reference, the initiative of companies, that of publicly owned companies, within the framework of formally second-level bargaining. At this level, the scope of collective bargaining - and its representative actors - varies between municipal municipalities, regional transport, up to inter-regional level. It must be considered that service revenues never reach to cover more than 35%, whereas for all the rest of the financing, for the local public transport sector, is supported by an annual national contribution "National Transport Fund", of around 5 billion euros, with distribution criteria between the different Regions, according to a certain historical contexts and forces relationships. The result is a certain differentiation of the situations from a place to another, at the regional level, with the consequent fragmentation of the collective bargaining too. Unlike other sectors, in that of local public transport, a public actor, provider of the funds necessary for the sustainability of the sector, limits itself to a function of mere distribution of funds, without intervening in any way to ensure some form of correlation between the public resources invested and the implementation of an intervention strategy on the territory, which has been delegated to the

⁹ Interview with Eugenzio Stanziale and Viviana Flamigni, FILT-CGIL

regional entity since the beginning. Some observers underline the need for the social partners to requalify the first level of negotiation, redefining what is meant by "national" level, in a sector with the specificities of local public transport, and how this level can and must exercise an authentic function of regulation and guarantee¹⁰.

It should be noted that the sector is characterized by a strong fragmentation of trade union representation and due to this, by a high propensity to conflict, acted by the most militant associations. This sector, in Italy, is governed by a 1990 law (no. 146), which establishes substantial procedural limits in strikes, in the so-called "essential public services". With strong guarantees for citizen users (notification obligation for the unions striking; frequency; no overlapping with other strikes; guaranteed time slots during the strike; possibility of administrative injunction to work, as a sanction for failure to comply with the limits).

Wages

The pay-scale in the sector appears like one of the most articulated, differentiated and complex in the whole national scenario. The pay scale between the lowest and highest levels of the job's classification is 100/250.

The average pay in this sector gross and net, is as follows (average reference parameter 175):

- Gross salary: 1.789 euro
- Net salary: 1.361.18 euro

The minimum wage concerns the professional figure of the "general auxiliary". The gross wage for such a job profile, the lowest in the sector, is equal to 1.238,15 euros. It is difficult to identify its incidence as a percentage of the total number of employees in this sector, as it is a highly residual professional figure, and this as some "processes" have been abandoned and others outsourced. However, the unions (FILT-CGIL) can estimate a percentage of less than 10%.

The latest NCLA provided for an overall wage increase of 110 euros of which; 90-euro economic increase to the average reference parameter (175) paid as follows:

- 30 euros in July 2022

¹⁰ Riccardo Mercurio e Tiziano Treu (Eds.), *Relazioni Industriali e Cambiamento Organizzativo*, In Società Italiana di Politica dei Trasporti, "Innovazioni tecnologiche e governo della mobilità", Rapporto 2018

- 30 euros in June 2023
- 30 euros in September 2023

Other items are added overall to the minimum salary, such as 13 and 14 months, severance pay, contractual welfare, meal or canteen allowance. The average wage of a worker in the bus and tram sector is attested about euros 27,000 gross per year against a minimum salary scale of around euros 17,000.

Depending on the company, there are second level agreements, with treatments that can increase the salary up to about 20%-30%. By way of non-exhaustive example, net of the various and possible indemnities linked to shift work, contingency and other items.

As we said, the national industry-wide agreement covers the 95% of the sectoral workforce. The 2nd level collective bargaining, with its supplementary provisions and wage integration, covers around the 30% of the companies around 60% of the employees. Second-level bargaining is usually present in large and structured companies that have consolidated industrial and trade union relations. Sectoral unions complain the predisposition of companies to withdraw or not, from the negotiating tables, to recognize the correct levels of representation and to identify thematic containers to act in negotiation.

The difference between the minimum pay scale and the overall one, i.e. between nominal and real wages, fluctuates between a minimum of 0% (referring to a "clean" wage, i.e. devoid of any second-level contractual element and/or indemnity linked to operating shifts) and a maximum of 30%.

Regarding the composition of the wage of a worker employed at a low level of the pay scale, the estimate is as follows:

- 70% and 100% by the national industry-wide agreement constitutes between
- 0% and 30% by the 2nd company level agreement,
- The individual level, in the jobs with the lowest pay, exists as *ad personam* economic treatments, exclusively in the case of unsuitable personnel re-skilled

Critical issues and perspectives

According to the trade unions interviewed: "*The latest renewal of the national sector contract is the first step along a path of improvement of the general conditions of the sector, awaiting*

the implementation of an organic reform of the sector, towards which today we must proceed to guarantee the protection of the rights and professionalism of all workers in the sector".

The wage setting and adjustment system is still a rather sensitive issue for this sector, coping with a considerable resistance from the employer counterparts. *"It is true that, beyond the different political positions that take shape on the renewal tables of negotiations, the theme of resources and investments, as well as the capacity of the National Transport Fund is the node of most of the structural criticalities of the sector, which in fact prevents a perspective discussion on wages".*

In the last year and a half, inflation has had no different effects on the real wages of the LPT's workers than in all the others. The only note to underline is the downward trend in the attractiveness of working in this sector, and an increase in cases of quitting the job, due to a disadvantageous relationship between working conditions and wages, with respect to which the inflation trend negatively affects.

Where present, second-level collective bargaining is an effective element of guarantee amortizing and/or integrating any economic criticalities that emerge at a national level. And this is a point of strength. The weaknesses, instead, relies on the average reference parameter, on which any type of integration is defined economy rather than the wage adjustment, which does not correspond to the average core parameter business. For a fair and contextualized recognition of the economic part, it is believed to of fundamental importance is the identification of a different access parameter and the revision of the parametric scale".

According to the largest trade union in the sector, Filt-Cgil: *"local public transport is experiencing a dramatic shortage of drivers due to the general conditions of the sector, which are not at all attractive. We therefore need an adequate reform and we need to recognize fair pay and adequate working conditions for a category that provides a service to the community every day".*

4.4 Waste Collection

The waste collection and management sector (NACE Codes E.38.1, 38.2) in Italy is characterized by its high dispersion, with many operators, and the presence of many managers

specialized in the upstream or downstream stages of the supply chain; few large operators can close the cycle.

The number of companies active in the management of the waste cycle is 637 (excluding self-management): 50% specialized in the collection and transport phases, 25% operating both in the collection phases and in the direct management of one or more plants of waste recovery and disposal, while the remaining 25% is specialized in plant management.

The waste management sector is very uneven because while in multi-utility and public companies we manage to have total coverage, in private companies that rely on concessions from local authorities through tenders that rarely exceed 2-3 years of service, the second-level bargaining is very low.

The professional skills range from ecological operators, to drivers, to workshop operators, to those employed in waste treatment and water purification, to operators in the technical-administrative sectors and to all other complementary and supportive professionals in the integrated waste cycle. 85% of the employees are men. There is no irregular or undeclared work in municipal waste collection but, certainly, in small procurement in the management of recycling plants, and in some outsourcing with the lowest price for some marginal activities, there may be irregular work.

Industrial relations and collective bargaining

The last NCLA was signed on 18 May 2022 by the major sectoral trade unions (Fp-Cgil, Fit-Cisl, Uiltrasporti e Fiadel) and by the all the main employers' associations (Utilitalia, Assoambiente-Confindustria, Cisambiente, Cooperatives Agci, Legacoop and Confcooperative). Its title is "*Unified renewal of the public and private environmental services*". For the first time, the once separate national agreements in the sector have been unified in one single NCLA.

Its duration goes from the 1 January 2022 to the 31 December 2024. Its coverage concerns about 100,000 workers, corresponding to approximately the 85% of the sectoral workforce. The agreement is applied to personnel employed by companies carrying out (even if mixed with other activities) environmental hygiene services: waste collection and similar services, collection and/or transport of solid and liquid waste (urban, special, toxic and harmful), as well as disposal plants, incineration, transformation and treatment of the waste itself, including the purification and/or purification of water.

Wages

Here below, the pay scale, after the last and still in force national industry-wide agreement, according to each level of job classification; parameter and pay, in the three different tranches of the collectively agreed wages increases.

The current average collectively agreed wage in the sector is approx. 2,050-2.100 euro gross, which corresponds to a net salary of around 1,440/1,550 euro.

Table 6 Pay-scale professional level, parameter and amounts by time tranches

Retribuzioni base parametrali				
Livello	Parametro	Decorrenze		
		01/07/2022	01/07/2023	01/07/2024
Q	230	€ 3.411,36	€ 3.455,57	€ 3.499,77
8	204,67	€ 3.035,65	€ 3.074,99	€ 3.114,33
7A	184,41	€ 3.005,12	€ 3.040,56	€ 3.076,01
7B	175,36	€ 2.600,93	€ 2.634,63	€ 2.668,34
6A	166,84	€ 2.474,54	€ 2.506,61	€ 2.538,67
6B	159,15	€ 2.360,53	€ 2.391,12	€ 2.421,71
5A	151,29	€ 2.243,92	€ 2.273,00	€ 2.302,08
5B	144,86	€ 2.148,55	€ 2.176,39	€ 2.204,24
4A	138,57	€ 2.055,26	€ 2.081,89	€ 2.108,53
4B	134,36	€ 1.992,79	€ 2.018,61	€ 2.044,44
3A	130,07	€ 1.929,19	€ 1.954,19	€ 1.979,19
3B	124	€ 1.839,16	€ 1.862,99	€ 1.886,83
2A	123,51	€ 1.831,89	€ 1.855,63	€ 1.879,37
2B	111,11	€ 1.648,00	€ 1.669,36	€ 1.690,71
1A	100	€ 1.483,19	€ 1.502,41	€ 1.521,63
1B	88,38	€ 1.310,85	€ 1.327,84	€ 1.344,82
J	80	€ 1.186,56	€ 1.201,94	€ 1.217,31

Source: NCLA.

The total remuneration, in addition to the minimum wage by professional level, also includes 13th and 14th monthly wage, severance pay, complementary pension, supplementary health insurance.

The pay scale gap, between the lowest and highest level of the job classification, is 80-230. The minimum wage refers to level J where – for 26 months from the hiring date, those who carry out purely manual work – are employed with a current contractual gross monthly wage of 1201.94 euro and 1.201,94 (2023) and it will be of 1217.31 euro as of 31 December 2024. The subdivision of levels is strongly focused on the lowest part of manuals profiles, i.e. between J and 4th level. The 75% of employees are in that range. Workers classified at the lowest level (J) are around 10% of employees, considering that the classification only concerns the first 26 months of service.

The ratio between the minimum salary and the average and median salary in the sector (the so-called "Kaitz index") is between 1,200 euros and approximately 2,000, i.e. 60%.

The second level of collective bargaining, at company level, covers about 35% of employees. Considering that many work on shifts – including the extra for night shifts, Sundays and holidays – the real wage can differ individually from the nominal one, as set in the pay scale, with a gap up to also 18-20%

The composition of wages, and that of a low-wage worker, is significantly affected by the weight of company bargaining, which is decidedly more widespread in the richer north of the country than in the centre-south. Therefore, we can estimate that, in %, the composition of the salary by type, level of collective bargaining and geographical area is as follows:

North:

- National industry-wide bargaining: 80%
- Company level bargaining: 17%
- Individual agreements: 3%

South-Center

- National industry-wide bargaining: 90/95%
- Company level bargaining: 5/7
- Individual agreements: 2/3%

With the latest NCLA, signed in May 2022, the economic increase concerns:

- basic parametric wages,
- the increase in variable elements,

- the economic treatments regarding welfare,
- the additional productivity remuneration element and economic coverage, for the period from 1 January to 30 June 2022 for a total of 121 euros for level 3A common worker, of which:

80 euros increase in basic monthly parametric wages, divided into three tranches:

- 1 July 2022 30 euros
- 1 July 2023 25 euros
- 1 July 2024 25 euros.

In addition,

- 6 euros increase in salary to be paid following the agreement of the personnel classification system;
- 3 euros for the definition of the allowances for the plant engineering area;
- 15 euros as an additional remuneration element linked to productivity for the years 2023 and 2024 and, subsequently, to be transferred to the basic pay in the case of an upward deviation of 0.5% compared to the inflation/adjusted value agreed in the NCLA (3,4%)
- 17 euros to be allocated to Welfare: €5 in the joint fund "*Fasda*", for the development of supplementary benefits with particular attention to states of consolidated non-self-sufficiency
- 12 euros in the joint fund "*Previambiente*", of which 7 euros in capital and 5 euros to be paid in the event of incapacity which leads to the cessation of work and in the event of death, for any reason, to the member's family members.

There is also a one-time payment of 130 euros to cover the period 1 January/30 June 2022.

A problem that has had a severe impact on Italian wages in the last year and a half, and especially the lower ones, is that of inflation. Having renewed the national sector agreement in May 2022, and provided for an annual figure (180 euros) to protect against sudden changes in inflation, to be received through second-level bargaining, a protection mechanism was shared between the parties which, in the event that inflation exceeds the agreed percentage (4.7% in the two-year period 23/24). This quota will be reported in a monthly figure (15 euros per month), thus trying to modulate the salary with the increase in inflation. To be clearer: with such high inflation, from July 2025 workers will have an extra 15 euros in their pay checks,

in addition to the agreed increases. Obviously, a drop in the bucket, considering the serious losses in purchasing power, dramatically reduced by two very complicated years. This operation has sought to reduce the loss of purchasing power but does not completely solve the problem if the economic scenarios do not change. It should not be forgotten that the resources of many of the companies in this sector come solely and exclusively from the citizens' tariffs, who were also already severely hit by the consequences of the high inflation of these two years.

Critical issues and perspectives¹¹

What evaluation is given of the current system of wage setting and adjustment in your sector? According to the trade unionists we interviewed, the opinion is quite positive and this above all for the relative punctuality with which – unlike in most of the services sector in Italy – national industry-wide agreements are renewed timely, on their scheduled expiry date.

According to the trade unions, one of the main strengths of the industrial relations in the sector relies on *“the ability to protect workers and also citizens, the constant economic increase of occupational welfare, collectively agreed at the national level for all the workers (social security and assistance)”*.

The main weaknesses are seen instead in *“failing to counter the proliferation of minor and alternative sectoral collective agreements, which are causing wage dumping”*. The case quoted in the interview is that of the national multi-service agreement, in which the pay and general working conditions are worse than in the case commented on here, of the urban hygiene national agreement. *“To be urgently modified there would be the need for more precise and less fragmented legislation on all environmental issues, starting from the problem of waste and personnel management”*.

5. Conclusion and discussion

In Italy, there's at the moment a quite lively debate about the opportunity to shift from the traditional exclusive primacy of the collective bargaining in wage setting, to an unprecedented

¹¹ Interview with Massimo Cenciotti, F.P.-CGIL

statutory minimum wage. A fact which deserves to be stressed, as none of the other countries with a similar system (Austria, Denmark, Sweden and Finland) is taking in consideration to change box. On the contrary, some of them have been extremely hostile to the UE Directive on adequate minimum wage (AMWD) in Europe, in spite of its soft prescriptions and clauses of safeguard.

The perspective of transposing the Directive has been paving the way to a wider focus on the national industrial relations, as whole, and their performances. Surveys and polls reveal a strong discontent and dissatisfaction with the current wage standards, including their setting system. A large part of the public opinion has emerged to be favorable to the introduction of a statutory minimum wage, at the level of 9 euros gross, proposed by the Centre-left parties in a bill, presented to the Chamber of Deputies in July 2023. A project already rejected by the current right-wing government, which is going to prepare a legislative decree, with an alternative approach, apparently based of the extension of the most applied collective agreements (with no mention and references to the representative quality of the signatory parties)

For the time being, the implementing of the AMWD impacts on a country characterized by some flattering indicators in international comparisons on one side, but also by others, that are unquestionably critical on the other. The highest collective bargaining coverage of the EU, matched with the worst wage dynamic of the OECD and EU Countries. A true paradox, peculiar to Italy. In Italy, high levels of bargaining coverage, minimum/median and average wage ratio, trade union membership and density, are quite strangely matched with a collective bargaining system more and more affected by opacity, uncertainty, fragmentation, weak enforceability, non-compliance, “pirate agreements” and wage dumping. But, first and foremost, low and even very low wages, at the risk of poverty, in a growing number of sectors and jobs.

There’s a wide, cross-cutting consensus that the whole system needs an urgent rationalization, with reducing and selecting the true representative actors, recognized as signatory of binding and enforceable agreements. Cutting out the “pirate agreements”, and their wage dumping.

Aware that a SMW and collectively-agreed wages are not alternative each other (see Spain, France, Germany and the Netherlands), a wide block supports the idea of a law, according to which none in the country can be paid less than a given amount for a single hour of his/her work. 9 hours gross is considered a good starting point, also in an experimental perspective,

to be tested in the most at-risk poverty jobs. A choice of “selective extension”, evoked by some individual expert.

Last but not least; a law on the minimum wage, even when opportune, is never enough if not accompanied by other measures, like to strength the labor inspectorates and drastically reduce the incidence of the job precariousness (short and involuntary part-time, fixed-term job and bogus self-employment). Otherwise, it can be almost useless to fix at 9, 12, 14 euros per hour, if the employer can easily manipulate on the real duration and typology of the performed job. In Spain, the socialist Government moved that way, quite successfully, as far as I know. That’s a possible pattern and a pathway to follow, in order to make of a reform an effective way to really improve the employees’ life and working conditions.

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Annex

Cross-sector comparison

Sector and NACE Code	Last NCLA & deadline	NCLA coverage	Lowest monthly Wage (Gross Total) (1 st level)	Average monthly Wage (Gross Total) (4 th level)	Workforce at the lowest level of the pay scale
Construction NACE: F45	From 1/1/21 to 30/6/24	100% (undeclared workers excluded)	1.510,56 euros	1.910,89 euros	37% (60% if considering the two lowest)
Tourism and hospitality NACE: H55.1, 55.2, 55.3	From 1/12/18 to 31/12/2021 (expired and in ultra-activity)	Around 75%	1.293, 15 euros	1.562,69 euros	>50% at the lowest two
Local public transport NACE: I60	From 10/5/2022 to 31/12/2023	95%	1.238,15 euros	1.789.04 euros	10%
Waste collection NACE: E.38.1, 38.2	From 1/1/2022 to 31/12/ 2024,	85%	1.201,94 euros	2.018,61 euros	10%

Source: the author.