

NEWIN–Negotiating Wage (In)equality

National report – Italy

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Cross-industry wage differentials

- Wage polarisation between capital-intensive (higher wages) and labour-intensive (lower wages) sectors
- Commonly considered as a natural effect of pay dynamics
- Wages are set at the industry level, thus reflecting competitive characteristics of the sectors
- Hypothesis: equalizing role of tripartite economic policies and the economic crisis

Contractual wages (2015)



Vertical wage differentials (top vs. bottom)

- **Blue collars vs. middle managers:** the retail sector is the less “equal” → middle-managers earn 100% more than blue collars
- **Blue collars vs. high managers:** the metal and retail industries are the less “equal” → in both sectors, high managers earns 200% more than blue collars

Entry-level salaries: what's the more "equal"?

- Distance between the entry-level salary and the average wage levels in the sectors

<i>Sector</i>	<i>Percentage</i>
Metal	91%
Retail	86%
Bank	76%

Statutory minimum wage

- Statutory minimum wage: neglected issue for decades, due to the relatively high coverage of CB
- Some governmental “threats” to introduce it: perceived as an anti-union proposal
- Some economic reasons to agree with the proposal
 - Italy: the EU country with the highest minimum wage levels in relation to the median wage
 - Contractual minimum wage is not always respected: otherwise it should be lower than, or at least equal to, the median level

Contractual dumping

- **Alternative sectoral collective agreements** aimed at downsizing wages and working conditions, signed by non-representative TUs and EOs
- Measures to combat such form of contractual dumping have been promoted by labour inspectors and the legislator
- Some *whistleblowing* and legal actions promoted by most representative TUs

Wage structure and sectoral wage differentials

- Minimum wages are set by national sectoral collective agreements and are fixed in all the sectors analysed
- **Vertical structure:** based on professional levels (responsibility and complexity of jobs)
- **Horizontal structure:** based on seniority and hardly reflect workers' qualitative performances
- Control over sectoral wage differentials is being achieved at the expense of merit

Wage structure and sectoral wage differentials

- Two problems for workers and firms:
 - **Employability:** fixed parametrical scales, whose aim is to adjust automatically pay raises in proportion to the different professional categories, trigger labour cost increases for each level of classification without taking into account of the job condition in the labour market
 - **Managing:** the recognition of the upper level in the classification scale, would imply the assignment of worker to different jobs and responsibilities. In order to avoid this, companies tend to resort to unilateral wage increases

Bargaining decentralisation and wage differentials

- Scant decentralisation, scant distribution of profits, scant investments in productivity. But, more standardised working conditions and wages
- Since 2009, both social partners and the legislator have taken measures to incentivise the decentralisation of collective bargaining, by recognising more power to company level agreements in terms of competences, efficacy and reduced taxation
- However, the quantitative dimension of productivity agreements has remained low

Bargaining decentralisation and wage differentials

- The institutional framework of wage setting
 - prevents firm level agreements to worsen the wage levels set by national sectoral collective agreements
 - allows firm-level bargaining to raise them or to increase weightings linked to flexible working time arrangements
- In times of crisis, a wave of concession bargaining contributed to realign working conditions negotiated at company level to the standards set by national sectoral collective agreements (especially in Bank and Retail)

Individual bargaining and wage differentials

- The institutional framework of wage setting
 - prevents downsizing wage dispersion
 - allows individual negotiations to raise sectoral wage levels.
This is mostly the case of white collars and high-skilled workers
- Accordingly, the redressing effect of sectoral bargaining decreases as the professional complexity arises

Wage differentials among workers

- Wage dispersion between job categories is a matter of less concern among social partners
- **Vertical wage differentials**
 - Most of the interviewed workers' and employers' representatives do not agree on the idea to limit top management income; conversely, they underline the need to link managerial pay to objectives and profits
 - In some sectors, the gap between top and bottom job categories has decreased as a result of specific measures taken by social partners (e.g. wage freeze or elimination of seniority-based pay for managerial staff)

Wage differentials among workers

- **Horizontal wage differentials:** Decentralised bargaining affects wage differentials among workers employed in the same company. Here're some examples:
 - gain-sharing or profit-sharing plans do not apply to apprentices, who are also affected by an entry-level salary
 - measures intended to cut labour costs, such as entry-level salary or pay freezes, usually apply only to newly employed workers
 - shift workers' salaries are usually higher than those of people enrolled in normal working time arrangements, as CB provides for pay increases linked to night, Sunday or bank holidays' shifts

Gender pay gap

- Gender pay gap has dominated the debate on wage inequalities in Italy since WWII
- Social partners have addressed the issue indirectly, by promoting contractual and legislative policies aimed at guaranteeing a better work-life-balance for women and making labour market more inclusive

Geographical wage differences

- Due to the national coverage of sectoral collective agreements, geographical wage differences are quite limited, though still existing
- Southern regions are the most affected by the pay gap:
 - low education level put Southern workers at the bottom of the job classification systems, with fewer possibilities of achieving top levels
 - Moreover, the scant coverage of local and firm-level collective bargaining in the Southern areas contributes to raising wage differentials with the Northern regions, where decentralised collective bargaining is more widespread

Company size and wage differentials

- Larger companies are associated with higher pays
- This is due to a more expansive wage policy promoted by larger companies both at a unilateral and bargaining level
- Moreover, the scant development of territorial collective bargaining in all the analysed sectors prevents SMEs, generally without firm level bargaining, from closing the pay gap with larger companies

Vertical disintegration of production and wage differentials

- Generally, outsourced activities are covered by sectoral collective agreements, whose wage levels are below those applied by the outsourcing company
- Commonest collective agreements applied to outsourced activities (often in their “pirate” version):
 - CCNL Turism (catering services)
 - CCNL Multiservices (cleaning)
 - CCNL Tertiary services (pay-roll, consultancy etc.)
 - CCNL Logistics (transportation)
 - CCNL Private security

Vertical disintegration of production and wage differentials

- The issue is highly debated on the trade unions' side, which are trying to promote the following measures:
 - application of the main collective agreement to the outsourced activities
 - social clauses in the subcontracting agreements that require the new subcontractor to hire all the workers of the former subcontractor
 - the recognition of working seniority to employees in transition from a subcontractor to a new one
 - unification of works councils between subcontractors and outsourcing companies
 - joint liability for outsourcing companies



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THANK YOU!