

European Commission - BAWEU
Business and Welfare. Preferences and collective action in
Europe

Two years project funded by the European Commission DG
Employment No. VS/2020/0141

Country report: Italy

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Introduction

The following report represents the analysis of the employers' role and preferences in welfare policies.

The report is based on the combination of the main project research steps:

1. The literature review completed in the first year of the project;
2. The review of official statements (such as parliamentary audits) by employer associations
3. The qualitative interviews completed in the second half of the second year (see the methodological appendix).
4. The survey completed in the first half of the second year (see the methodological appendix).

In the report all these steps are integrated in order to have a complete analysis on the role of employers in welfare decisions. Some caveats apply:

- Tables resulting from the survey are labelled with "S" before the number.
- The survey had a low response rate: 1104 companies were contacted, but only 110 answered (hence a response rate of 10%). The survey has been carried out during the Covid-19 pandemic and it was difficult to get the attention of managers in such a turbulent period.
- In any case it is relevant to consider the survey results as they can highlight some tendency in the relationship between employers, the welfare and the main actors involved. We must be careful in interpreting data because they are not representative, but we can take analytical advantage from the answers.

In the first section we will try to describe which are the main actors and how they have changed in recent decades (from the 90s to the present). Italian companies continue to be mainly small companies, with few exceptions of large family companies that have now become multinationals. Over the years, the manufacturing sector has diminished its importance, but the growth has not shifted to innovative sectors and advanced services. The macro-consumption sector (trade, logistics, construction, etc.), a traditionally present sector with low investment in human capital, has gained market share. Therefore, to many extents, Italy is moving in the opposite direction of the main European countries. Employers' associations are not so effective in influencing the development of enterprises and sectors. However, while until the 1990s manufacturing associations had a role of "rule makers", currently the associations that aggregate the consumption sectors - and therefore most of Italian micro-enterprise - are increasingly influential.

In section 2 we will take into account the evolution of welfare preferences and how much they are collected through employers' associations, as well as what are the outcomes of the interaction between associations and trade unions. The general point is that business associations prefer occupational and corporate welfare to be compensated by tax breaks for companies. In general, this position is also supported by part of the unions. Both employers associations and trade unions are sceptical towards (or against) the introduction of the minimum wage: for social partners, the autonomy of collective bargaining is a social and political issue and over time they have always reacted unitedly to governments interference. In short, business associations in Italy are pushing for a larger privatisation of welfare, since companies are unwilling to support it fiscally.

In section 3 we will take into account how and how much companies themselves (engagement) and business associations (involvement) have over time influenced policy making. Business associations - born and developed as a “belt” between political parties and companies - have over time struggled and still struggle to aggregate the consensus of companies. However, their role remains relevant for the importance of sectoral collective bargaining in determining working conditions, and as they are recognised as primary interlocutors at both local and national political level. Their territorial capillarity (through the consultancy and provision of services) and the traditional political recognition still guarantee a consistent level of membership, despite the voluntarism of Italian industrial relations. However, the pressures for decentralisation by companies are affecting their capacity for representation.

Section 1 - The Who question

1.1 The structure of the national economy by macro-sectors'

In 20 years, the Italian economy has shown trends in some ways opposite to those observed on average in Europe. Table 1a shows that the proportion of people employed by sector and gives an image of a national economy still strongly based on traditional sectors with low innovative components. While manufacturing and the public sector lose some percentage share of employment, the consumption services sector has gained, including many traditional, low-innovation activities such as construction, retail, logistics, etc.

Table 1a. *Employees' distribution in Italy over time (share of total employees; %)*

	Industry		Consumption services		Smart growth sectors		Welfare services and Public Administration	
	1997	2019	1997	2019	1997	2019	1997	2019

EU-28	26.0	19.1	35.1	36.2	11.2	15.4	27.4	29.8
Italy	29.5	23.4	27.0	39.2	9,8	13.9	30.8	28.2

These sectors (especially Consumption), as can be seen from Table 1b, represent a large part of the added value of the Italian economy, which in 20 years has halved its economic growth (see the last column of Table 1b).

Table 1b. *Gross value added distribution in Italy in the 2010s over time (share of total macro-sectors %)*

	Industry		Consumption services		Smart growth sectors		Welfare services and Public Administration		Average yearly GDP growth in previous 10 years	
	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019
EU-28	22.8	18.7	38.2	38.9	18.3	21.7	17.7	18.6	2.7	1.6
Italy	23.3	19.6	39.8	43.1	16.9	18.1	16.3	16.4	1.5	0.2

The low level of innovation in the Italian sectors brings with it the difficulty of skilled workers to integrate properly into the labour market. Europe is moving towards an increase in the skilled component of the labour force in the economy, while Italy is moving in the opposite direction. Tables 2a and 2b show that the share of general low skills (GL) required by the economy in Europe has remained constant over 20 years, but general high skills (GH)'s share has increased considerably; in Italy, GL's share has increased more than GH's. The proportion of women in employment – generally and those with high skills (GH) – is also lower than the European average, and this is also due to the presence of traditional economic sectors with low innovation and tertiarization.

Table 2a. *Workers' profiles required in Italy (1997)*

	Employees by skills' type			Employees by skills' type in industry (exc. Construction)			Female employment (women as share of total)		Unemployment in the previous year by skills' type			Unemployment rate (5 years-average)
	GH	SK	GL	GH	SK	GL	Employees	GH empl	GH	SK	GL	
EU-28	33.7	28.8	37.5	24.2	57.4	18.4	46.3	49.6	3.8	9.3	10.3	9.2
Italy	28.5	30.2	41.3	16.0	64.9	19.1	38.9	46.1	3.4	9.2	10.7	11.5

GH: General high skills; SK: Specific Skills; GL: General Low skills

Table 2b. *Workers' profiles required in Italy (2019)*

	Employees by skills' type	Employees by skills' type in industry (exc. Construction)	Female employment (women as share of total)	Job vacancy rate (by economic sector)	Unemployment in the previous year by skills' type	Unemployment rate (5 years-average)

	GH	SK	GL	GH	SK	GL	Emp loye es	GH empl	Tota l	Ind.	Cons	Sma rt	GH	SK	GL	
EU-28	42.5	19.8	37.8	29.2	51.1	19.7	48.5	51.4	2.2	1.7	2.0	2.8	2.8	6.3	8.5	7.7
Italy	33.0	21.2	45.8	29.4	52.7	17.9	45.9	49.4	1.4	1.1	1.5	1.3	3.8	9.4	11.8	11.1

GH: General high skills; SK: Specific Skills; GL: General Low skills

Table S1: *Sectors and Size of company*

	Industry (excluding construction)	Consumption services (including construction)	EU2020 “smart growth” services	Welfare state services and public administration	N
0-249	20,0%	60,0%	10,0%	10,0%	10
250-499	25,0%	63,5%	5,8%	5,8%	52
500-999	30,4%	65,2%	4,3%	0,0%	23
1000+	20,0%	64,0%	16,0%	0,0%	25
Total	24,5%	63,6%	8,2%	3,6%	110

The survey tried to replicate the composition of sectors (see table S1) and type of workers (S2). The survey has been designed to include mainly large companies, but as associations were involved in the dissemination to members, eventually also some companies with less than 250 employees answered. However, as can be seen in table S1, the prevailing sector has been Consumption, and within this sector (see table S2), the picture is the same as the one presented: the majority of workers are medium-low skilled. Thus, even if the sample is not representative in terms of response rate, the composition of the respondents is in line with the general Italian economic structure.

Table S2: *Type of workers according to the company's sector*

	Industry (excluding construction)	Consumption services (including construction)	EU2020 “smart growth” services	Welfare state services and public administration	Total
Highly qualified workers	28,0%	22,2%	22,2%	25,0%	23,8%
Craft, sales services and clerical workers (medium qualified)	4,0%	36,5%	55,6%	0,0%	28,7%
Manual workers (low qualified)	44,0%	14,3%	0,0%	0,0%	19,8%
Others	24,0%	27,0%	22,2%	75,0%	27,7%
N	25	63	9	4	101

A working hypothesis derived from the interviews is that this trend interacts with other trends highlighted by most of the interviewees (most notably, from both trade unions and business associations), as, in the words of a union staff, “social parts are similar one to the other: bargaining reflects structural changes in

the economy and both parts are affected by the same structural change dynamics”: the tendency of large businesses to externalize activities with low value-added contribution (which, in general terms, require low skills labour), therefore limiting the application of national agreements only to “core workers”¹. In general terms, this externalization thus implies that all the servicing activities which have been separated from core activities end up being characterized by lower working standards.

As a matter of fact, a plethora of contracts have been emerging in the economic areas “surrounding” such firms and making for the supply chain, sometimes even so-called “pirate agreements”, as they are signed by unions and BAs “created on purpose” and not recognized by the traditional organizations we spoke with (the proliferation of such contracts is a complaint unanimously raised in the interviews we made; more details in the following pages). Trade unionists tend to link this phenomenon of outsourcing to the impoverishment of workers (especially due to the expansion of temporary/precarious jobs and a general reduction in real (and in some sectors, even nominal) wages). Therefore, the attempt to “re-integrate”, to uniformize the conditions of all of the workers of a supply chain is declared as a major challenge for CGIL: according to the representatives we talked with, the agreement reached at the head of the supply chain should “trickle down” and be applied to all the rings of the chain (also in terms of safety at work, to be monitored more effectively by the government all along the supply chain, to avoid dumping dynamics between firms). They also recognize that the union would have failed in dealing with this, running after market dynamics and firms’ decisions, also due to internal strains among workers, mainly due to the structural economic crisis the country is going through.²

Dealing with the major features and trends of Italian economy, it is worth mentioning a meaningful complaint which is raised in the vast majority of the realized interviews, cross cutting the different affiliations and roles of our interviewed actors: according to our interviewees, since many years Italy would lack of a national strategy, able to set priority and bring forward a modern economic and development project. Obviously, the reading of this issue and the proposed solutions differ greatly among the interviewees, but this was a point spontaneously raised, generally at the very beginning of the interviews, by most of the people we talked with. For instance, there is a remarkable distance in the opinions raised on the policies that government should implement in order to foster the technological upgrade of Italian economy (in particular, on its relations with private actors), but there exists a general

¹ A manufacturing trade union’s national leader mentioned the rise of staff leasing to be added to this framework.

² According to both a former Finance Minister and the national leader of one of the most relevant sectoral categories of Confindustria we interviewed, this fragmentation would have severely weakened trade unions – and also business associations, to a lesser extent.

agreement on the unavoidable character of this necessity, which heavily affects the welfare state. One of the leading figures of the Italian major business association we talked with, begins the interview with the following words, which give a sharp example of what we have just briefly summarized:

“In our view, social policies are part of an organic industrial policy, integral part of a project of change – identified with the technological transformation”.

Digital and “green” transformation are often mentioned as challenging phenomena which policymakers should address, in order to avoid negative consequences on employment, as well as lagging behind with respect to other countries. At the same time, both some trade unions’ leaders and business associations’ leaders recognize the decreasing significance of the manufacturing sector (matched by the persistence of a marked prevalence of small and medium enterprises), hence the need to reframe the welfare state according to the changed circumstances. In this respect, the covid-19 pandemic has only exacerbated weaknesses which were already present (and “burning”), some of the interviewees highlighted; in some cases, these weaknesses are related with the scaling down of the role of the state in the economy and in society as a whole. However, this latter element, is interpreted in two divergent ways, broadly speaking: on the one hand, business associations and the MNCs we reached take it as a given, as an unavoidable trend (fated to even increase, perhaps due to the aging of the population), to be compensated through an expanding role of the private sector. On the other hand, trade unionists especially, see it as a variable subject to politics and – to different degrees, depending on the speaker – to be opposed (and, in some cases, reversed).

1.2 The employers’ associations map and recent trends

The Italian employers’ associations system is characterized by some distinctive points (Lanzalaco, 2006):

- a) *Strong fragmentation*: many divisional axes (sector, companies’ size, legal-institutional, and political ones);
- b) *Strong relevance of the political differentiation axis*: the political axis has assumed historically a decisive importance for almost fifty years, giving rise to the phenomenon of “collateralism”. Until the early 1990s, and in part still nowadays, in the fields of agriculture, crafts, commerce, cooperatives and small businesses, the associations had organic and symbiotic relations with political parties. Each mass party had its own association of artisans, traders, co-operatives, small businesses, farmers and direct farmers. The associations acted as "transmission belts" of political parties, channels for gathering electoral consensus;

- c) *Absence of functional specialisation and weak development of economic functions*: there is still no axis of differentiation between associations that perform economic functions and associations that perform trade union functions. The weak functional specialization has in fact resulted in a weak development of economic functions to the benefit of trade union functions;
- d) *Strong territorial differentiation*: another peculiar feature of the system of representation of Italian entrepreneurs is the importance of the territorial dimension, in particular the county dimension³. The reasons for these peculiarities – shared by trade unions – are essentially historical in nature: the belated development of capitalism, the weakness of the industrial bourgeoisie that has failed to hegemonize other sectors of the economy, the central role played by fascism in the process of organizational development of associations, the importance assumed by political parties in the process of democratic integration and in the history of the Republic, the strong ideological polarisation of the party system.

Table 3. *The size of companies in Italy (share of total employed) (year 2017)*

	Size of companies – Total business economy*				Size of companies in industry (without construction)				Size of companies in consumption services				Size of companies in “smart growth” services**			
	Max 9 emp	10-49 emp	50-249 emp	250+ emp	Max 9 emp	10-49 emp	50-249 emp	250+ emp	Max 9 emp	10-49 emp	50-249 emp	250+ emp	Max 9 emp	10-49 emp	50-249 emp	250+ emp
EU-28	28.5	19.9	16.7	34.9	12.1	17.4	23.9	46.6	36.4	21.0	13.0	29.4	29.3	16.0	16.1	38.6
Italy	43.6	20.5	12.8	23.1	21.6	28.1	21.6	28.7	55.9	17.8	8.4	17.9	44	12.8	11.7	31.5

e) * Except financial, insurance activities, welfare state services and public administration

f) ** Except financial and insurance activities

The tables below show that the majority of companies belonging to associations are large ones. Although the figure is in line with the European average, the difference between small and medium-sized enterprises is more marked in Italy. Confirming the higher level of fragmentation of Italian entrepreneurial associations. Despite these levels of differentiation, we can observe: 1. High level of density rates (above the EU average); 2. High number of Confederations (strongly above EU average).

Table 4. *Share of companies that are members of employer associations in Italy (percent for each type of company) (2013)*

	Companies with at least 10 employees	Companies with 10-49 employees	Companies with 50-249 employees	Companies with 250+ employees
EU-28	26	24	37	54
Italy	37	35	59	80

Source: own elaboration on Eurofound ECS microdata

Table 5. *Employers and workers’ collective action in Italy (average 2010-2017)*

³ A trade unionist we spoke to raised the example of the neighbouring counties of Milano and Bergamo: in the former, bargaining takes place almost exclusively in locations of the territorial business associations; in the latter, for about three quarters of the bargaining, the unions have to go to the plant.

	Employers' organisation density rate ^a	Union's density rate ^b	Sectoral organization of employment relations ^c	Number of Employers' Confederations	Effective Number of Union Confederations
EU-28	60.8	27.0	1.4	3.4	2.6
Italy	64.8	35.6	2.0	10	3.5

^a Workers and salaried employees in firms organised in employers' organisations as a proportion of all wage and salary earners in employment

^b Workers and salaried employees in private sector firms organised in employers' organisations as a proportion of all wage and salary earners employed in the private sector

^c 2 = strong institutions (both employers and unions, some joint institutions); 1 = medium (only one side, no joint institutions); 0 = weak, or none

Source: own elaboration on ICTWSS database (version 6.1)

Table 5b. Main Italian employers' associations

Long name	Abbreviation	Members
Confartigianato Imprese	–	701,349
Italian General Confederation of Companies, Professional Activities, and Self-employment (Confederazione Generale Italiana delle Imprese, delle Attività Professionali e del Lavoro Autonomo)	Confcommercio	700,000
National Confederation of Craftsmanship and SMEs (Confederazione Nazionale dell'Artigianato e della Piccola e Media Impresa)	CNA	711,110
Italian Confederation of Businesses in the Trade, Tourism, and Service Sectors (Confederazione Italiana Esercenti Attività Commerciali, Turistiche e dei Servizi)	Confesercenti	350,000
Autonomous Confederation of Craft Unions (Confederazione Italiana Esercenti Attività Commerciali, Turistiche e dei Servizi)	Casartigiani	200,000
General Confederation of Italian Industry (Confederazione Generale dell'Industria Italiana)	Confindustria	150,447
Italian Banking Association (Associazione Bancaria Italiana)	ABI	759
Italian Confederation of SMEs (Confederazione Italiana della Piccola e Media Industria Privata)	Confapi	83,000
Confederation of Italian Cooperatives (Confederazione Cooperative Italiane)	Confcooperative	18,865
National Association of Cooperatives and Benefit Societies (Legga Nazionale delle Cooperative e Mutue)	Legacoop	15,000

General Associations of Italian Cooperatives (Associazione Generale Cooperative Italiane)	AGCI	7,298
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Source: [Living and working in Italy | Eurofound \(europa.eu\)](#)

Table S3: *Member of any employers' association by Sectors*

	Industry (excluding construction)	Consumption services (including construction)	EU2020 "smart growth" services	Welfare state services and public administration	Total
No	14,3%	40,4%	28,6%	25,0%	31,6%
Yes	85,7%	59,6%	71,4%	75,0%	68,4%
N	21	47	7	4	79

Table S4- *Type of Employers' association*

		Responses		Percent of Cases
		N	Percent	
	Sectoral/industrial	29	54,7%	65,9%
	Regional/Territorial	9	17,0%	20,5%
	National/peak	12	22,6%	27,3%
	Professional	1	1,9%	2,3%
	I do not know	2	3,8%	4,5%
Total		53	100,0%	44

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases.

Table S5. *Reasons for not being member*

		Responses		Percent of Cases
		N	Percent	
	We think we can pursue our companies' goals by ourselves	5	27,78%	33,33%
	Employers association does not sufficiently address our needs	3	16,67%	20,00%
	We dont know the services provided by the employers association	1	5,56%	6,67%

	We dont know the added value of the membership	5	27,78%	33,33%
	A lack of personal capacities	2	11,11%	13,33%
	No relevant employers association in the field	2	11,11%	13,33%
Total		18	100,0%	15

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

In the survey the majority of respondents are part of an Employer Association (see table S3) especially in the Industry and Consumption service, mainly sectoral and National peak associations (see table S4). Once again, we can say that even if the sample is not statistical representative, however it is in line with the population of Italian employers' associations. The survey provided also some insights onto the reasons why companies are not part of an employers' association (see table S5). Among the 25 companies that declared not being part to an employers' association, 15 of them provided some reasons. The majority of the answers concentrated in two main issues: "We think we can pursue our companies' goals by ourselves" and "We do not know the added value of the membership". These two points are historically presents. The distance from the rank and files and more recently the exit option are the main problems in employers' collective action.

To explain these data, we have to consider some historical, and still present, "institutional mixtures". Italy, in fact, is characterized by industrial districts that are at the centre of the main dynamics of development of the so called "Made in Italy". This model of capitalism has resulted in a system of bipolar representation in which large family businesses find their institutional interlocutor in national politics, while the small business system has its own reference in local actors. This also influenced the dimension of direct intervention in politics, as we will see in the last section of this report. National politics and large institutions have mostly interacted with big business, partly with big banks, with unions and Confindustria, while the small business system has its institutional references and territorial representation in the local authority, in CNA, Confcommercio and Confartigianato. Therefore, a clear hierarchy set up: regardless of the number of members, depending instead on the relationship of political proximity with the centre.

This structure interacts with the ways in which local capitalism intends to compete in globalisation. The unresolved dualism at the institutional and representation level has to deal with an evolution of competitive structures that has already overcome this division: both the family model of big business (Fiat), and model of the industrial district entered into crisis. This has brought towards new forms of more sophisticated verticalization, giving rise to "cluster capitalism", i.e. a system of 35,000 companies controlling 135,000 companies, and which has its own "pocket-sized" multinational companies (Ferrari, Pininfarina, Barilla, Ferrero, Brembo, etc.). In 2006 already, these medium-sized enterprises bought 70% of production and services in supply chains outside the firm, and are able to compete because they are integrated into production platforms unseeded by a service economy made up of multiutilities, motorways, universities, fairs, service centres, etc. (Bonomi, 2006). These trends contributed to give relevance to the "exit" options taken by small companies and currently by former family large business, now multinationals (i.e. Fiat and more recently Barilla).

Exit options is traditionally largely taken by Italian companies. The largest employers' association (Confindustria) was also internally fragmented during the 1970s and 1980s. Although its actions and strategies were formally highly centralized, difficulties of coordination arose at the local and individual firm levels. The 1970s saw a significant decrease in associational density: while there was an increase in Confindustria membership among firms with more than 100 employees, small firms (especially the smallest) left the confederation in large numbers. Tensions and fragmentation decreased among the employers' associations as well. Later in the 1990s, a series of organisational innovations reduced the level of internal fragmentation. The privatisation of several state-owned enterprises led to the merger of their associations with Confindustria, and hence to the internalization within the organization of divergent positions among employers. After the 1993 agreement, the aims pursued by the new 'Grande Confindustria' were those of coordinating and harmonizing the action of the industry federations (Regini and Colombo, 2011).

We can possibly read in this framework BAs' attempt, emphasized by the interviewees belonging to such organizations, to appreciate and "valorize" the broad spectrum of differences and different views of firms gathered in employer associations. Essentially, in two ways: on the one hand, a narrative, and possibly a policy, of taking into great account such differences as an element of strength instead of weakness; on the other hand, an attempt to reframe the structure and activities of Confindustria according to a logic of supply chain ("filiera") instead of fragmented by sectors.

However, problems of fragmentation and exit options are a constant issue for Italian employers' association, even though denied for the most recent years when explicitly asked in our interviews (more details in following sections). Surveys (Inapp-Ril, 2005; 2015) showed that if in 2005 slightly over 66% of the firms with at least one employee stated to be a member of a category association, ten years later (in 2015) the percentage dropped to 45%. Exit options were taken for some reasons: the erosion of trade unionism; reduced importance of membership due to the decentralization of collective bargaining and to the increased competitiveness between firms; "rank and file" distance from the associations. Also, the territorial differences are constant: in 2015, only 46.3% of the employees in firms located in Southern Italy were employed in a firm with an association membership; whereas, such share reached almost 74% both in the North-West and in the North-East. Furthermore, taking into consideration the economic sector, membership density was higher for employees in the industry sector (73%), outdistancing both the services and the construction sectors. Firm's size is a highly discriminating factor: the higher the number of employees, the greater the share of workers in firms with an association membership, a percentage that reaches almost 82% in firms with 50 or more employees (Bergamante and Marocco, 2019).

Nonetheless, in sheer numbers, small enterprises make for the overwhelming majority of members, as highlighted by Confindustria's leaders we reached. Therefore associations are led to provide also many services which are requested almost only by small firms (whereas large firms look for lobbying activity and political representation). Some BAs' representatives told us that such small firms are for instance attracted into the associations exactly because this brings them into the realm of the national contract; it is more often the case that large groups tend to adopt a more flexible attitude towards the association, in some cases, mostly in the case of MNCs, trying to "set their own IR rules" (even with the constitution of non-traditional groupings, business clubs, etc., as confirmed by a Labour Minister's advisor we talked to, though this is largely denied by BAs' leaders); or, with respect to their relation with the BA, taking part only to some specific activities of it⁴. The just mentioned advisor put it this way:

"Rather than a flight from representative organizations, I mostly see a logic of "hyper-aggregation within a framework of disaggregation", that is [...] the creation of subsets – even competing with traditional entrepreneurial

⁴ Among the case studies of MNCs we dealt with, in a case we talked both with the head of HR and the trade unionist responsible for negotiation with the firm. From both sides, we had confirmation that this MNC participates to many activities promoted by Confindustria (conferences, workshops, formal meetings, the "national desk for the renewal of the collective agreement"...), but manages industrial relations internally, in direct meetings with the unions with no mediation whatsoever.

organization, but still within the perimeter of representation. [...] Sometimes, this turns into an instrumental use of representation in order to escape national bargaining or at least adjust it to specific firm needs”.⁵

1.3 The role of trans-national companies in the economy

Compared to the European average, Italy lags far behind in terms of outward and inward foreign investments (see Table 6). The Italian economic system described in the previous pages certainly leads to a lower ability to invest abroad by Italian companies and to less attractiveness for foreign investments. Also, Italian companies are not attractive for foreign investment because of their low level of innovation, both in terms of products and services and in terms of human capital. The attractiveness of foreign investment is also made more difficult by the strong territorial differences: the infrastructure and institutional system have major elements of fragmentation and inefficiency.

Table 6. *Foreign direct investments: Outward and inwards FDI stocks in Italy (as % of GDP)*

	Outwards	Inwards
EU-28	45.8	63.7
Italy	26.9	20.3

Source: Eurostat online database

This figure is also reflected in the weight of multinationals on Italian companies (Table 7). The number of foreign multinationals in Italy is relatively small, but the importance in terms of employment and value added should not be underestimated. If we look at the sectors, we see that the percentages are higher in the most innovative sectors (smart growth services) confirming that it is innovation that attracts foreign capital. In addition, it should be remembered that in Italy the manufacturing sector is also a driving force for, albeit insufficient, productive and organizational innovation. No detailed data are available for Italian multinationals abroad, but Table 7 shows a very low share of Italian companies that have become multinationals. An economic system that we could call “closed in on itself”, as can also be seen from the greater tendency to create domestic value chains (see table 8).

Tab 7. *Main indicators for Multinationals by industry in Italy (%) (2016)*

	<i>Inward [5]</i>				<i>Outward [6]</i>			
	Industry (excluding	Consumpti on services	EU202 0	Tot Multinati	Industry (excluding	Consumpti on services	EU202 0	Tot Multinati

⁵ More details on this issue can be found in the final sections of this report, dealing with BAs’ involvement into IR.

	construction)[1]	(including construction)[2]	“smart growth” services[3]	onals (% total enterprises)	construction)[1]	(including construction)[2]	“smart growth” services[3]	onals (% total enterprises)
Share of Multinationals on total Enterprises	0,9	0,3	0,4	0,4				1,8
Share of number of employed people in Multinationals on total employment	10,9	5,9	11,6	8,5				
Value added at factor cost in Multinationals (% total value added)	15,2	11,9	19,3	14,7				

Source: own elaboration on Oecd and Eurostat online databases

[1] Using the NACE classification, this sector includes mining, manufacturing, electricity, gas, steam and air conditioning supply, water supply, sewerage, waste management and remediation activities.

[2] Using the NACE classification, this sector includes construction, trade, transportation and storage, accommodation and food service activities, real estate activities, arts, entertainment, recreation and other service activities.

[3] Using the NACE classification, this sector includes information and communication, professional, scientific and technical activities, administrative and support service activities, financial and insurance activities.

[4] Using the NACE classification, this sector includes public administration and defence, education and human health and social work activities.

[5] This table contains figures on the activity of affiliates under foreign control by industry.

[6] This table contains figures on the activity of affiliates under domestic control located abroad by industry. Outward data are less refined and have many missing values. No data available for: value added, Italy.

Tab 8. *Share of enterprises by type of value chain (sourcing) Italy (%) (2018)*

	Domestic sourcing	Foreign sourcing
Italy	60,1	39,9

Source: own elaboration on Eurostat online databases

The sample in the survey reflected this landscape. As can be seen in Table S6, most companies that took part have domestic private ownership. 25 of them have foreign private ownership, and the survey showed us that among them many have productive facilities in Italy (see table S7), while it is less the case for designing and developing products and services (see table S8). Looking at the survey data, Multinationals are present in Italy and carry out in the Italian divisions mainly their production activities. It seems to be less common to having Italian R&D divisions. Probably, this has to do with the issue already mentioned: Italy is a country with a majority of low skilled workforce.

Table S6: *Type of Ownership and geographic areas*

	Domestic private ownership	Domestic public organisation	Foreign private ownership	N
Northern Europe (Austria, Belgium, Denmark, Finland, Luxemburg, Netherlands)	0,0%	0,0%	100,0%	3
Western Europe (France, Germany, Italy, Ireland)	83,2%	6,3%	10,5%	95
Extra-EU (Japan, UK, USA)	0,0%	0,0%	100,0%	9
Others	0,00%	0,00%	100,00%	3
Total	71,8%	5,5%	22,7%	110

Table S7: *Production of goods, assembly of parts or delivery services according to the type of ownership*

	Domestic private ownership	Domestic public organisation	Foreign private ownership	N
Yes, this is mainly carried out in collaboration with one or more other companies	63,6%	0,0%	36,4%	11

Yes, this is mainly carried out internally within our company	60,5%	2,6%	36,8%	38
No	84,8%	8,7%	6,5%	46
Total	72,6%	5,3%	22,1%	95

Table S8: *Design of development of new products or services according to the type of ownership*

	Domestic private ownership	Domestic public organisation	Foreign private ownership	N
Yes, this is mainly carried out in collaboration with one or more other companies	40,0%	13,3%	46,7%	15
Yes, this is mainly carried out internally within our company	67,6%	5,4%	27,0%	37
No	90,2%	2,4%	7,3%	41
Total	73,1%	5,4%	21,5%	93

It is worth noticing that, in the interviews that we made, the standpoint of the CGIL (Italian most important union) is clear. Of course, this does not allow for general statement, as the number of interviewees is small. However, they provide some meaningful remarks, especially if considered as research hypotheses for further investigation. In general, MNCs are seen as playing a thoroughly different game: they try to impose their own rules and, most notably, their economic logic would be different from that of domestic firms, as they would behave in a “predatory” way, exploiting the territory only for the sake of short run profits, often of a merely financial nature. This reflects in industrial relations managed through HR staff, or even, in an extreme variant, through law firms and in disregard even of government indications and proposed meetings. It is worth quoting at length one of the unionists we talked with:

“Generally, the first approach of a multinational company [...] is “exclusively regulatory”: “help me understanding which are the relevant norms in this country, and I will apply them”. [...] The other issue [...] is the approach with respect to the money they decide to invest in the country: it is as if the object of their investment was born in the exact moment in which they decide to invest, and would die when they resolve that the investment is not worth anymore. There is no acknowledgement of the historical nature of the productive settlement in which the investment takes place, of the historical territorial fabric in which the settlement is thoroughly embedded. [...] It is an extractive approach, fruit of an abstract conception of investment: the idea is to contour the exact value of the thing the firm wants to buy, neatly cut the relation between such value and the context in which such value was generated, both space-wise and time-wise.”

For these reasons, trade unionists remark the difference between MNCs whose property is Italian (in their Italian operations), and foreign owned MNCs. Also because when they negotiate with local representatives of a foreign owned company, the impression is that they do not have real decision-making power, as they are acting on behalf of a foreign property. Though read in a different light, this interpretative framework found somewhat confirmation in the words of a high-level national leader of Confindustria, who presents instead this different way of doing business as something unavoidable, that governments and trade unions should not try to oppose, as it is a feature of the modern economy that we should accept.

However, further specifications apply, even within such clear-cut view probably widespread within the CGIL. As a matter of fact, an important difference raised concerns the economic sector in which a given MNC operates: thus, variables such as the value added (high/low), the expected time for the return of the investment, the role of labour cost, the significance of training greatly affect the actual behaviour of a given MNC⁶. Indeed, one of our case studies, which is probably situated at one extreme of the spectrum (a huge pharmaceutical company), was described in different terms from the general opinion gathered in the interviews. Despite the general framework traced by unionists, in this case the person in charge of the relation with this firm described an extremely positive relation between the firm and the union and provided us with a definitely positive judgement on the IR of the firm, especially in comparison with other domestic firms.

Needless to say, this latter view is more similar to the one provided to us by the representatives of MNCs we spoke with, even though it must be said that they were either Italian owned or operating in high-value added sectors: basically, in this cases, MNCs would devote great resources to enhance the working conditions of their employees and to training, especially given the context of a retreat of the State. In this view, MNCs would also outstand other companies, as, being big, they have a greater availability of resources to spend in such areas. And, at least in one of this case (confirmed by the TU's representative in charge of the relation with the firm), even when some plants suffered restructuring, the MNC started the dialogue with the unions with extremely large advance and was committed to find alternative employment solutions for the laid off workers (and public safety nets were never used).

A differentiation by sectors was confirmed by the advisor to the Labour Minister we spoke with: those MNCs which enter the country within "traditional" sectors (especially manufacturing) rely on BAs to

⁶ A further important factor would concern what is provided by a given State in terms of welfare: the MNC would adapt its behaviour depending on this element.

become familiar with domestic norms, IR framework, how to develop relationships with government and trade unions, etc.; instead, MNCs behave extremely differently when they “inaugurate” a new sector, or bring a significant expansion or significant change in the sector, perhaps with an innovative business model (e.g. Amazon): in these cases, BAs, as part of the IR system, are seen as an obstacle to the development of the business.

Section 2 -The ‘what’ question. Employers’ preferences and positions over social policy

2.1 The characteristics of the welfare state in the country

In many respects, the Italian welfare regime follows the tradition of continental Europe. From its very beginnings it adopted the Bismarckian model: a selective type of welfare, created to protect workers against the negative effects of capitalism. The political-institutional conditions of the post-war period reinforced this Bismarckian stamp on the Italian welfare system. Alongside the principles of the centrality of work and the solidarity of the socio-occupational categories, there was the Catholic vision of the centrality of the family and the subsidiary role of other institutions (such as the State) that supported it. In short, following Esping-Andersen’s typology (1999), Italy is usually placed among those countries of continental Europe that have a “corporatist-conservative” welfare regime based on the support of the family and, in particular, the “breadwinner” - whose coverage depends on the socio-occupational category they belong to, and consequently results in a high degree of institutional fragmentation of the system (Ferrera, 1996).

Starting from the post-WWII period, interventions in the Italian welfare system can be divided into three stages (Jessoula and Alti, 2008).

- From the 1950s to the 1970s. At the height of the Fordist era and of Keynesian policies, important welfare reforms were introduced. The health system was expanded (during the ‘70s the National Health Service was established and financed by taxes), as well as the pension system (the seniority pension was introduced which made it possible to retire after a certain number of years of contributions, irrespective of age). Measures were also introduced to provide fragmented, minimum unemployment benefits depending on the occupational category (modest unemployment allowances vs. programs to replace the salary in case of total or partial reduction in working hours - the so-called Cassa Integrazione Guadagni, or Redundancy Fund). Finally, benefits to support the family through monetary transfers (not widespread since they were considered as supplements to the salary) were introduced and financed by the contributions of dependent workers.

- From late 1970s through early 1990s. The period of stagflation, unemployment and high public debt led to some interventions aimed at reducing welfare expenditure (e.g. control mechanisms for disability pensions). Training contracts for young people were introduced (1984) with tax relief for companies that hired them for two years and provided on-the-job or off-the-job training. On the other hand, more “expansionary” programs were also introduced. The most important were: early retirement schemes in 1981; more generous methods to calculate pension benefits; increases in social contributions paid by employers (that made the labour costs increase).
- From the 1990s onwards. At the beginning of the '90s the Italian welfare system had reached a certain maturity (in line with the other European countries). However, in those years, the challenges facing the Italian governments increased: an economic crisis, a deep political crisis, complying with European constraints regarding the spending/public debt ratio in order to enter the European Monetary System. Throughout the 1990s, state interventions were mostly aimed at labour policies: introduction of temporary employment in 1997; reform of the job placement system entailing the end of public monopoly and the entry of private companies; the first active policy measures to allow the weaker social groups to enter the labour market; and the reform of the pension system (1995) that introduced regulations regarding eligibility and criteria not as generous as before. On the other hand, during the '90s, even family benefits were reformed (in addition to attempting to introduce a minimum income), and more generously granted on the basis of “socio-economic indexes”. In more recent years, labour policies and pensions continue to be in the forefront.

Overall, the amount of social spending as a percentage of GDP has been rather limited in Italy and, in the early 1980s, was still below the European average – despite the increase in welfare measures between the 1950s and the 1970s, especially concerning pensions and health care. During the 1980s, however, it increased substantially, to reach the EU-15 average in the early 1990s. At the end of the 1990s social spending once again fell below the European average. Nevertheless, for historical reasons, Italy has the highest public debt of the EU member states. This makes maintaining the levels of welfare provision a very controversial and delicate issue.

As to the tax burden, the Italian social model is characterized by a tax rate that is a few percentage points higher than the European average. Since both direct and indirect taxes as a percentage of GDP are higher than the European average, labour costs tend to be higher. Italy is one of the countries that penalizes employed labour the most. This is caused not so much by the tax wedge – a study of the manufacturing sector (Capparucci, Ghignoni, Naddeo, 2005) demonstrated that in Italy the tax wedge for different

categories of workers employed in the manufacturing sector does not differ much from other European countries – but by the incidence of such taxes on production factors, as the Regional Tax on productive activities does (introduced at the end of the ‘90s).

Moreover, in the last few years, the main indicators of economic performance have recorded rather low values. We see that in Italy production is stagnant, there has been a gradual loss of market shares abroad as well as a drop in investments and family consumer spending. Nevertheless, the prospect of lowering taxes on employed labour would have a negative impact on those measures that finance welfare institutions. In Italy social spending is below the European average and further cuts motivated by the need to reduce labour costs would penalize Italian workers compared to the other European countries (Colombo and Regini, 2016).

2.2 Main employer associations’ positions in relation to social policy: Pensions; Unemployment; VET; Family policies.

This section provides an overview on policy preferences of Italian major business associations on the four fields relevant to the project, since the global crisis of 2008. It draws on position papers, parliamentary audits, and official statements by Confindustria, Confartigianato, Confcommercio, Confesercenti, CNA, and Casartigiani, with the first two organizations in the list playing a paramount role; and on the interviews realized in the framework of this project. The four policy areas are pension policy, vocational education and training (VET), active and passive labour market policies, work-family reconciliation policy. Each of these fields have been analysed through the lenses described by the following table.

Table 9. *Key dimensions for assessing the preferences of employer associations on welfare policy*

	OPPOSITE EXTREMES	
WELFARE EFFORT	Increase	Cost-containment
WELFARE PROVISION	Public	Private
WELFARE BOUNDARIES	Universal	Occupational
WELFARE ORIENTATION	Social protection	Social investment

The first dimension captures the *welfare effort* considered appropriate: the continuous goes from the need of increasing welfare spending to a cost-containment preference. The second dimension is about the role

of the State and the Market in *welfare provision*. *Welfare boundaries* refer to the fact that welfare measures may be inspired by a universalistic logic (targeted to the entire population and financed through general taxation) or be inclined towards the occupational extreme (targeted to specific groups, usually with an occupational criterion, and financed through social contribution). Finally, welfare policy may be *oriented* to the protection of fragile individuals and groups or to the prevention of social risk through investment to enhance workers skills and employability (social investment). It is obvious that the four dimensions are not mutually exclusive: in fact, they overlap and interact. In addition, usually they cannot be described by one of the two extremes of the continuum: in the real world, preferences tend to situate (and swing) somewhere between the two poles.

A first indication on main Italian employer associations' attitude towards welfare provision can be detected from their lobbying in favour of larger room of manoeuvring in providing welfare at firm level. The four policy fields (labour policy, pensions, work-family conciliation, and VET policies) that we analyse in this report are in fact closely related to firm-level welfare (further than health insurance policies, which however are not specific object of this research): accordingly, although not explicitly specified throughout our questions, the issue was raised by the respondents in all of our interviews to BAs' staff. In some cases, and this was heavily stressed also in a dialogue with the representatives of an important Italian MNC, this was brought further along the lines of "flexible benefits" to the extreme of individually shaped welfare.

In this matter, it is important to notice that fiscal bonuses and tax exemptions have been guaranteed to a larger extent since 2007, when an experimental measure was taken by the government. It was made structural in 2012, and later such measures were expanded further in two occasions: in 2016 and 2017 (see Welfare Index PMI, 2020). Indeed, this policy shift has been advocated for long time by firms and employer associations: as an example, one can look at Confindustria (2015). In this parliamentary audit, Confindustria – the most relevant national business association – praises the Government for the introduction of norms facilitating firms' welfare measures. Among them, the possibility for entrepreneurs to pay productivity bonuses to workers in welfare provisions (or fringe benefits), not subject to taxation. It is also appreciated that the set of welfare services that firms can provide under these favourable fiscal conditions was made larger, and that they were allowed to be delivered through vouchers.

Thus, in 2019, 60% of firms associated to Confindustria granted forms of firm-level welfare. It is an issue central in the agenda of other business associations, such as the influential Italian craft associations –

among them, Confartigianato⁷, which is the most important. It is evident that they are in favour of a larger room for private forms of welfare provision and a reallocation of welfare effort: in fact, they would prefer providing themselves larger share of welfare measures in exchange of tax exemptions. It is worth noticing that the use of public resources to guarantee the exemptions might even be larger than what would be the corresponding public welfare spending (as highlighted in Pizzuti, 2019); still, BAs seem to prefer the activation of private providers rather than sticking to a view of the public agent as the unique provider. It also demonstrates an implicit stance towards occupational welfare boundaries, which will emerge in other occasions throughout the present section, as firms appear to be concerned with provisions directed to employed people only.

2.2.1 Labour market policy

This latter fundamental aspect is evident when we look at one of the most heated debates in recent years' Italian politics: the debate concerning the improperly called "Reddito di cittadinanza" (basic income), which has in fact been designed far from free of conditionalities. On the contrary, it was approved by the Parliament only after several strict conditionalities were introduced in order to get access to the income, as demanded in several parliamentary audits by business associations. Conditionalities concern the obligation to accept job offers (under a set of conditions) and to take part to training. Thus, at least until the outburst of the pandemic and its consequences, in the field of employment policies, business associations explicitly supported an occupational delimitation of welfare boundaries, with a welfare orientation inclined to social investment, fiercely opposing universal measures. At the same time, they did not necessarily oppose an increase in welfare spending by the public administration to sustain such occupational measures, once granted that this would not have implied higher tax for companies. These elements are included in Confindustria (2019), in which Confindustria also expresses its opposition to the Government's use for education and training of basic income earners of resources financed by companies through dedicated special funds, as these funds should be used for training only employed people. In previous audits (Confindustria 2019b; 2015b) is also stated that some of these funds should be at firms' disposal for social protection purposes – with no "steering power" of the State, hence introducing some kind of private provision in the field of safety nets also. Indeed, they should not be available to the Government: this was contemplated in the 2012 budget law as an extraordinary measure

⁷ See for instance: <https://www.confartigianato.it/2017/11/eventi-confartigianato-presenta-il-progetto-per-il-nuovo-welfare/>

to face the crisis, and criticized in a parliamentary audit (Confindustria, 2013), even more because funds stored for active labour policy were diverted to passive policies.

A fundamental worry of businesses, as it emerges from the debate on basic income, is that such measures would put excessive pressure on the cost of labour, as they would discourage unemployed people to accept job offers. In the parliamentary audits on the issue, another feature of Confindustria's reading of welfare policies comes out (and other associations's, Confartigianato, Confcommercio, Confesercenti, CNA, and Casartigiani, gathered under the umbrella of R.E TE Imprese Italia: see R.E. TE Imprese Italia, 2019): social protection for marginalized people shall be distinct from labour market policies, and the latter shall be the result of a careful balance between various elements, among which supply policies stand out. The risk is supposedly one of disincentivizing people from looking for work. Therefore, with respect to our classificatory intent, it is manifest that the boundaries of labour policies are strictly occupational, and the orientation shall be one of social investment.

This approach is clear also with respect to an issue which is not central in our review, but still worth mentioning: the stance of business associations towards the hypothesis of the introduction of a minimum wage, which has been debated in the last few years. To take just an example, in R.E TE Imprese Italia (2019b), the umbrella of associations expresses its firm opposition, an opinion shared by Confindustria as well. There are several reasons for the rejection, among them: such policy could increase labour cost; it would not be appropriate for a country like Italy, in which collective contracts are widespread; and, most importantly for our review, it could weaken welfare negotiation at firm level, thus resulting in an actual worsening of living standard, despite a possible increase in monetary wage.

The strong preference for active policies by the Italian major business association reaches the point to demand a reform of wage guarantee funds in case of redundancy (Cassa Integrazione Guadagni) in order to connect them with active labour policies (Confindustria, 2019). Indeed, it is a frequently raised issue from the association, a recurrent comment to the most relevant policy interventions in the field in the last ten years at least. Among them, the broad reform so called Jobs Act, a set of measures further liberalizing the labour market, praised by Confindustria. In Confindustria (2015c), for instance, they claim the Government should go further on the same line, shifting resources from passive to active labour policies, reducing resources devoted to safety nets, in order to limit illicit use of them and decrease the cost of labour. It is relevant to mention a recent press release from Confartigianato, in which it is argued in favour of redundancy fund for all workers (also in the case of firms with only a single employee), but with differentiations in type and amount depending on the sector; this would supposedly avoid the risk

that small firms pay for the use of such measure from larger companies, which tend to make a larger use and absorb the great majority of the resources dedicated⁸.

It has been already mentioned that Confindustria and other BAs advocate larger room for private actors in active labour policies. This is repeated in most of the interviews realized, and in several documents produced by these organizations. Employment agencies is one of the key factors highlighted by most of the BAs' representatives we talked with, as their role should be left to a larger extent to private providers; or, at least, public agencies should cooperate much more closely with private firms. If there are no public resources to empower these entities, a hand from willing private actors should be accepted and encouraged. "In the end, private means firms, and firms are those who create employment", as a BA's staff put it.

As a widespread general attitude, it is worth quoting from a high-level representative of Confcommercio:

"Broadly speaking, we are not at all in favour of protective policies; what we do favour, is a policy enhancing productivity and jobs. [...] The first form of protection is making firms work, as they create employment".

It is a somewhat extreme statement, which probably other of our interviewees would not subscribe. However, all of the BAs' representatives we spoke with, when talking about welfare in Italy, strongly emphasized as one of the key elements the need to strictly connect passive (protective) labour policies with active labour policies (as already mentioned with respect to the "basic income" debate and the attached conditionalities)⁹. Aid should always be functional to outplacement. At the same time, another instance neatly remarked is that firms' contribution to labour policy and social safety nets shall always follow an insurance logic: the more a firm (and a worker) pay, the more it (and them) can receive when needed. Universal provision is accepted/refused to different degrees in the interviews we realized. It is meaningful that this insurance logic was praised by the advisor to the Minister of Labour that we spoke with (most notably, as the Minister was a leading exponent of Italian major centre-left party), as he warmly welcome the fact that all business associations seem to have eventually shifted to this framework, whereas at the starting line there were divergences between large firms (accustomed to this idea, and endowed with resources to pay according to an insurance logic), and small firms, accustomed to rely on

⁸ See <https://www.confartigianato.it/2020/11/lavoro-confartigianato-alla-camera-no-ad-ammortizzatore-sociale-unico-si-ad-ammortizzatore-sociale-universale/>

⁹ It is extremely important to notice that some of the trade union's representatives we spoke with put a similar high emphasis on the need for active labour policy, one of them – and high-level in union's hierarchy – even criticizing the so-called basic income scheme recently introduced in Italy.

resources coming from general taxation, hence traditionally reluctant to support an insurance type of safety nets¹⁰.

We can see some of these points in Confindustria, 2018: this audit also contains relevant information on its stance on the cost of labour. Confindustria claims that what firms pay in injury and sickness insurance contribution is too much and unduly adds to the labour cost. Relatedly, it argues that a 0,5% penalization that had been recently introduced on social security payment by firms in the case they renew a fixed-term contract had to be cancelled. It is also worth mentioning that in several documents, see for instance Confindustria (2013b), Confindustria demands fiscal and regulatory facilitations for this type of contracts; and that this is one of the key points that Confartigianato deems fundamental for the economic recovery after the pandemic hit Italy in 2020 (see Confartigianato, 2020). Indeed, in Confindustria (2013c) already, it was argued for the necessity to reduce the insurance premia for workers' injuries. Another worth stressing element is that in Confindustria (2013) Confindustria advocates guarantee funds in case of redundancy to shift towards an insurance logic: workers should pay an insurance for the eventuality they would become redundant; this should not be object of general taxation.

2.2.2 Pension policy

Also on other occasions, the Italian major business association endorsed the reduction of the duration of social safety nets, which was part of the extraordinary measures adopted in Italy during the 2011 crisis: see for instance Confindustria (2015d). The latter audit also praises the reform which introduced a further increase in the retirement age, a praise made by our interviewees as well. Both elements are said to have a positive effect on public finance (apparently, according to the leaders we talked with, by far the major worry in this area) and on the labour market. However, the audit also states that they also had a negative impact on the prospects for firms' generational turnover and on social justice, as they did not account for discontinuity in working carriers. In effect, this necessary rise in retirement age causes problems when it comes to the organization of work within productive processes, due to the impossibility of elderly people to deliver some tasks (Confindustria, 2015e). These workers are at risk of losing their job, if adequate training policies are not implemented, which are also fundamental to avoid injuries at work. Such training, as it emerges on a number of documents, is one of the most important aspects that "is for the employer to manage", stressing in subsequent paragraphs that the most effective training is made by

¹⁰ In his opinion, trade unions are instead still sceptical and would prefer a universalistic approach.

firms and within firms. Thus, the only task of the Government would be to help firms with a clear and simple regulatory framework – which is not the case, the document reads. Moreover, as already mentioned with respect to other statements, it is demanded that funds devoted to training should be maintained strictly separated from those devoted to safety nets, stressing once again a clear preference for active labour policy.

Furthermore, in several recent documents Confindustria proposes a retirement window (which could be 62-70), in which the worker get either a bonus or a malus on the amount of their pension depending on how early or late they decide to retire. This could result in an initial rise in public spending, which should be allowed (Confindustria, 2015d). On the topic of pensions, in Confindustria (2015c) it is claimed that the legal frame for collective layoffs shall be redesigned according to the logic of reintegration in the labour market rather than encouraging early retirements. As recognized in the audit devoted to the following national budget law (Confindustria, 2015), this logic was to some extent applied to the measure allowing workers who reach retirement age entering part-time regimes, for which the firm nonetheless has to pay retirement contributions in full. This would help the generational turnover and the connected productive transformation, a necessity expressed in several occasions by Confindustria (see for instance Confindustria, 2015f). Indeed, over time, it is possible to see a shift in the position of the Italian major business association with respect to retirement age and conditions; or, at least, a move towards a different balancing of contrasting needs. As already mentioned, it appreciated the increase in retirement age that was implemented during the crisis of 2011. Then, aspects connected to the adequacy of elderly workers to productive tasks came to the forefront. In Confindustria (2016), it eventually welcomes the end of the extreme measures taken in 2011 (no penalization for retirement before the age of 62 and the possibility for workers to retire after 41 years of working activity, independent from their age). The new disposition that allows worker to cumulate pension's contribution paid to different retirement funds (e.g. those dedicated to special categories of autonomous workers) is also welcomed.

It is a stance more favourable to a pension treatment universal across workers, which nonetheless contrasts with other positions expressed by business associations. For instance, when they criticized the measure “Pensione di cittadinanza”, or basic pension: a subsidy for all those pensions which do not reach the poverty threshold. R.E. TE Imprese Italia (2019) argues that the threshold is too close to the actual income earned by retired workers who worked “throughout their whole life”, regularly paying their contribution duties: thus, the measure would encourage the non-payment of contributions and would also supposedly disincentivize people from looking for work.

2.2.3 Vocational education and training (VET)

Vocational and Educational Training was raised as one of the core issues (if not, the most relevant element to be remarked) in most of the interviews with BAs' leaders. The mostly advocated policy concerns the strengthening and improvement of the professional/technical school system. First, let us notice that this is dealt with at length in a 2017 parliamentary audit devoted to the "Buona scuola" reform (Confindustria, 2017), in which we find most of the relevant points touched in the interviews when it comes to VET policies. In this document, Confindustria reiterates its support for professional schools that see the participation of private actors, which, according to a 2013 audit (Confindustria, 2013d), had to be facilitated. School-work alternation should be extended to at least 50% of schools' programmes¹¹. Furthermore, firms should participate to the definition of school programmes and "relevant professional figures" to be pursued by students and take an active part during laboratorial activities. The duration of such professional schools should be shortened to four years (instead of five). The same 2013 audit also contains the demand that firms acquire a more active role in students' orientation in the last years of high school: firms would be able to instruct students on the more demanded professions on the labour market. Further than that, when it comes to public resources diverted to educational policies, the attitude is not univocal: on the one hand, increases are welcome for universities; on the other hand, Confindustria expresses its worries that money spent in the regularization of precarious high school teachers can lead to unnecessarily high spending and issues in the quality of school personnel (Confindustria, 2015c). Further reference to VET policies can be found in business associations' warm reception of the tax credit decided by the Italian Government for firms' investment in "training 4.0", that is workers' training in tasks connected with the digitalization of productive activities; this has been confirmed until this year, and welcomed again in Confindustria (2019c). However, Confindustria argues, this training should not be linked to national collective contracts, and each firm should be able to negotiate the conditions with the people involved. Even though private actors should play a leading role, the audit complains the lack of public investment in the field, which should lean towards a rethinking of high school curricula and the strengthening of school-work alternation. On the same issue, in Confindustria (2018), Confindustria demands the Government to increase its spending to strengthen school-work experiences. The same document is also relevant with respect to traineeship programmes in general: again, Confindustria claims that young workers best learn how to work while working within the firm ("training on the job"), and

¹¹ The head of one of the most relevant sectoral branches of Confindustria stated neatly in the interview that school-work alternation is "one of the few cases in which quality coincides with quantity". It sounds like a particularly strong sentence, given the number of tragic events which recently occurred to young students during such (unpaid) working experiences.

this should be framed in the category of traineeship, for which firms should be granted tax credits. This view is shared by the representatives of other business associations we talked with.

2.2.4 Work-family reconciliation policy

In our review of position papers and audits released by Confindustria, Confartigianato and other minor associations, we did not notice a special interest towards work-family conciliation policy – other than the mentioned claim of further autonomy of each firm from national regulation.

On a different note, in Confindustria (2105g), it is demanded a stricter regulation of parental leaves, field in which the association verifies illicit uses by workers, detrimental to the organization of production within the firm. The same document is interesting also with respect to pensions: commenting on an experimental measure to try to guarantee a pension to autonomous workers universally, Confindustria insists that this should not happen with an aggravation in the cost of labour. A similar argument is raised in the case of a new provision allowing victims of gender-based violence to take a leave, which should not burden labour costs. In Confindustria (2014b), the business association expresses its concern with respect to an extension of maternity allowance (to workers who did not have this right recognized and in terms of duration of the leave), as this could worsen the situation of public finance and increase labour costs. This certainly does not fit in a universal view of welfare provision. On the same issue, R.E. TE Imprese Italia, in a 2017 audit (R.E TE. Imprese Italia, 2017), expresses its approval for the legislator transformed the suspension for work in case of sickness, injury, or pregnancy in a voluntary decision of the worker, instead of being compulsory (automatic).

As the interviews contributing to the present research were done in a covid-19 scenario, smart working emerged as a key point raised by many of the interviewees. Some details are provided in the next sections of this report.

2.2.5 Further notes

Several aspects at the intersection between welfare policies and political economy tell more on the traced conception of the boundaries of the welfare State and contribute to define the growth and social model that business associations advocate for Italy. We can highlight a few elements which connects with the first section of this report. Among them, in Confindustria (2013c), we find the traditional advocacy for the reduction of the fiscal wedge, which is at the core of the economic policy lobbied by Confindustria. The goal is in fact obtaining a significative reduction in the labour cost. In Confindustria (2013e), we read that this can be reached also through the reduction of welfare contribution due by firms. At the same

time, workers' purchasing power should be increased with more use of fiscal deductions and the much-needed increase in investment in research and development as well as the strengthening of manufacture should be pursued through "structural and automatic" tax exemptions: it is extremely meaningful to notice that these latter claims are included in a document signed just a few days before by Confindustria and the three most representative trade union confederations (Confindustria et al., 2013). Furthermore, the Italian structural crisis in productivity growth – the gap with European neighbours have been widening at least since 1995 (Califano & Gasperin, 2019) – should be reversed through an extended use of welfare at firm level.

The last-mentioned parliamentary audit is also insightful with respect to the attitude towards effort, provision and boundaries of the public sector, hence welfare. It is recognized that public spending over GDP in Italy is one of the lowest in the eurozone, once accounted for debt service and pensions. Nevertheless, as it is financed through high fiscal pressure on firms and workers, the document reads, it must be reduced. This should not be pursued via linear cuts, but through the "redefinition of the boundaries of public intervention. [...] Also, the reduction of the perimeter of public sector. Essentially, it is time to entrust the market with activities which until now were deemed to be object of public action" (a similar concept is stated clearly in Confindustria, 2015c also). Talking with BAs leaders, some clarifying elements emerge with respect to this approach: in a nutshell, measure of aid, for instance poverty safety nets, can (or shall) be public, whereas in active policies of every kind private participation shall be enhanced. In a similar vein, very basic health provisions shall be publicly guaranteed, but more space should be granted to firms to improve health policy in general (pension funds would be important features of this "double layered" system).

This approach applies to pensions as well: in 2016, commenting on the 2017 budget law, for instance, Confindustria reiterates its approval for complementary pension (as well as complementary health services, which are not included in our review) (Confindustria, 2016). They also praised the favourable fiscal regime for investment made by such supplementary pension funds, introduced in the 2017 budget law. Confindustria (2013e) is also clear in supporting a "flexicurity" view of the labour market, one in which entry and exit from employment is made easier, at the same time strengthening training and requalification for the unemployed.

Such views are clearly resumed by one of the national leaders of Confindustria, who within the interview we realized affirmed the following:

“I don’t have an ideological stance on the issue: I just think that due to the objective conditions of Italian public finances, the State can’t do everything and should favour subsidiarity paths. And when private firms subsidize the State in implementing functions which are typical of a modern State such Italy, spelled out in the Constitution, the State should take this into account and be grateful, as States can be grateful, that is through a fiscal and contributory policy of a certain kind.”

As mentioned in this report and summarized on the website of the European Foundation for the Improvement of Living and Working Conditions, industrial relations in Italy have been moving towards strengthening decentralized-level agreements. Intermediate bodies have been changing accordingly, and the relations between trade unions and business associations make use of new instruments: among them, joint bodies (*enti bilaterali*) have been created, and see the participation of both sides of the labour market. They are to play a role in training and enhancing workers skills in critical situations. The new cross-sectoral agreement (Confindustria et al., 2014) that was signed in 2014 by Confindustria and the three most representative union confederations is also relevant. It was meant to support the regulation of representativeness, collective bargaining procedures, and national/decentralized agreements, but did not achieve the expected goals.

In 2018, the same actors reached a cross-industry agreement on the bargaining system, The Factory Pact/*Patto della Fabbrica* (Confindustria et al., 2018); the objective is finding a common ground to deal with the transformation and digitalization of manufacturing and services. To the scope of this report, it is meaningful that it provided a definitive confirmation of the two-tier bargaining system and listed a set of issues to be object of future negotiations: among them, welfare, training, active labour market policies. Looking at the section dedicated to welfare, several aspects highlighted in the present review stand out: it is stated that firm-level welfare is key in order to guarantee high quality welfare, although the centrality of public provision is stressed – and this provision shall be universal, which is in partial contradiction with the elements emerged in this report. Social parts agree that complimentary pension is to be encouraged, as it has (to have) an increasingly important role in retirement policy. In addition, pension funds can play a relevant role in supporting the economy through the mobilization of resources, thus their development shall be helped through tax exemptions and fiscal bonuses. With respect to VET policy, it is worth mentioning that several of business associations’ proposals reviewed in the previous paragraphs are received by the unions within the *Patto della fabbrica*: strengthening school-work alternation, firms’ training supported through fiscal exemptions, a higher degree of firms’ participation in school education. Furthermore, as already said, active labour policy (training, etc) should be at the core of labour market policy and the functioning of safety nets.

2.3 Main companies' positions in relation to social policy: *Pensions; Unemployment; VET; Family policies.*

In this section, a few elements of large firms' preferences on the four fields relevant to the project are described. The chapter draws on the results of the survey and on a few hints emerged from the interviews, especially with respect to MNCs. As expected, many remarks are coincident with what already analysed in detail when dealing with business associations; however, to some specific issues large firms and MNCs attribute outstanding emphasis: this section focuses on such topics.

Before going through single policies, it is worth noting the survey results on the main public policies priorities. Reminding that the majority of companies in the sample is large size, Table S9 shows that the highest medium score (8,19) has been given to VET policies ("Ensuring adequate Education to the Youth"). Indeed, the issue of lack of skills is present all over this report. In line with what we have seen in the Employers' associations position, the lowest score for companies is related to pension policy (only 4,19 for "Ensure a reasonable standard of living for the old"): this is less a problem for companies, which instead ask for reducing contributions and improving VET policies. Companies also ask the government to develop labour market policies mainly for disadvantaged groups (mean score at 8,14) and work life balance (mean score at 7,62). Finally, we can see a medium score for unemployment benefits ("Ensuring reasonable standard of living for unemployment"). These results suggest that companies are asking the government to "innovate" its policy agenda, reducing the importance of social security transfers and improving services instead.

Table S9 - *How much responsibility companies think governments should have (mean of the score 0 to 10)*

	Mean
Ensure a reasonable standard of living for the old	4,46
Ensure sufficient childcare services for working parents	4,99
Ensure a reasonable standard of living for the unemployed	7,46

Ensure better work-life balance of workers	7,62
Ensure labour integration of disadvantaged groups	8,14
Ensure an adequate education to the youth	8,19
N	68

The survey went into more details regarding the general opinions just mentioned. Table S10 (even if with a low number of respondents) shows that companies are mainly worried of the potential cost to businesses due to welfare and less on the risk of the so called “welfarism” (“making people lazy”). In any case table S11 shows that companies highlight that the government should spend more in social benefits and social services. This seems in contradiction with what declared in table S10. If we observe tables S12 and S13 we can see that companies would like a general revision of welfare spending: not exactly spending less, but reducing public debt, thus rationalizing social spending. The resources made available should be then used to reduce taxes (see Table S13). All in all, companies would like the government to invest more in welfare, but they would not pay to support it (this clearly emerged also by the interviews).

Table S10 -Opinion on the effect of welfare (number of companies that agree on the two sentences)

		Responses		Percent of Cases
		N	Percent	
	Cost businesses too much in taxes/charges	19	61,3%	90,5%
	Make people lazy	12	38,7%	57,1%
Total		31	100,0%	21

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

Table S11 -Overall, should the government spend more on social benefits and social services?

	N	% of respondents
Agree	38	60,3
Disagree	4	6,3
Neither agree nor disagree	9	14,3

I don't Know	12	19,0
Total	63	100,0

Table S12- How do you think additional social spending should be financed?

	N	% of respondents
The government should decrease public debt	26	70,3
The government should decrease taxes	2	5,4
The government should increase spending in other areas of public spending	3	8,1
I do not know	6	16,2
Total	37	100,0

Table S13 – What should the government do with the resources made available?

	N	% of respondents
The government should decrease public debt	5	12,2
The government should decrease social contributions	3	7,3
The government should decrease taxes	22	53,7
The government should increase spending in other areas of public spending	7	17,1
I do not know	4	9,8
Total	41	100,0

The survey gave us also some insights on the main policy the companies would like the government to invest. Table S14 shows the answers of almost half the sample. Responses are once again concentrated on VET policies and general Education together with labour market programmes.

Table S14 - More precisely in which policies the government should spend more?

	Responses	
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		N	Percent	Percent of Cases
	Unemployment benefits	11	4,9%	23,4%
	Old age pensions	23	10,3%	48,9%
	Social assistance to the poor	28	12,5%	59,6%
	Vocational education and training	41	18,3%	87,2%
	Education in general	42	18,8%	89,4%
	Labour market programmes	41	18,3%	87,2%
	Pre-school and early childhood education	38	17,0%	80,9%
Total		224	100,0%	47

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

Section 3 - The 'how' questions: the ways employers attempt to influence social policy

3.1 The characteristics and role of the IR in the country model in general and in the social policy fields analysed

The most recent analyses based on Comparative political Economy take into account the traditional differences between the various models of capitalism (Amable, 2003) updating the discussion on the emergence of a 'new social solidarity', that is, a change of social institutions and their actions to deal with the crisis. The main changes had several trajectories, however, which have been accompanied by the increase in flexibility. The various models of capitalism reactions had as consequence a change in social demands and the emergence of new social groups subject to strong vulnerability (Thelen, 2014). In this literature strand Italy is considered as being part of Southern European model. In the Mediterranean countries, the labour market is characterised by a relatively low demand of qualified personnel (graduates

and professionals). The economic system is mostly composed by small firms and/or firms with low degree of innovation, therefore employment demand is concentrated on the lower-medium qualification levels. Considering labour market institutions (LMI) and especially those having traditionally dealt to regulate it (along with the state) - namely Industrial Relations (or wage setting institutions) - we observe that over time the major issues changed: from the determination of wages (Fordist period) to the more general working conditions and protection from market externalities during the current economic crisis (including the pandemic that we are experiencing). Differences between countries depend on the degree of institutional inclusivity: the Mediterranean Countries (characterized by mixed institutional settings) protect only certain categories and therefore they are still based on the Fordist and post-Fordist class compromise (Kalleberg, 2018; Crouch, 2015; Thelen, 2014).

Consistently with the substantial voluntarism of the Italian system and infrequent direct state intervention in industrial relations, collective bargaining remained long unregulated and largely dependent on shifting power relations between the social partners, which left broad room for change in practices and informal arrangements. Over time, besides a highly centralized level of negotiation – that of cross-sectoral agreements between the union and the employers’ confederations, signed when necessary to address very general issues – the bargaining system assumed a bipolar character centred around two main negotiating levels: the national industry (or sectoral) level – devoted to the periodic definition of pay and conditions valid for an entire industry or sector – and the company or plant level – devoted to negotiation (usually ameliorative) on aspects of the specific workplace. It was not until the fundamental tripartite agreement of 1993 that a sufficiently clear and steady specification was given to the competences, procedures or issues pertaining to the two levels. Consequently, the balance between centralization and decentralization frequently changed according to circumstances and to power relations (Colombo and Regalia, 2016).

More generally, a distinctive feature of Italy’s industrial relations system, was - and to some extent still is - its low level of institutionalization (Cella 1989). Trade unions and employers’ associations, that were organizationally weak in the immediate post-II World War period but were able to acquire large memberships and strong organizational capacity and influence over time, have remained up to now free voluntary organizations regulated by private law, and the relations between them have continued to be largely determined by power relations, rather than by stable recognition of their role in regulating the distributive conflict (Streeck 1993).

This had many consequences. In organizational terms, the arena of representation continued to be relatively open to newcomers – and not only on the side of labour. This helped the rank and file to challenge the strategies of the larger organizations, as exemplified by the growth of ‘autonomous’ unions

– especially active in the particularistic representation of occupational and other small groups in services (Bordogna 1994) – and by the recurrent emergence of opposition to the main organizations, which hampered the development of stable forms of cooperation. Moreover, in the absence of a clear definition of mutually accepted procedures, resorting to conflict was encouraged as a way to test power relationships; and bargaining repeatedly shifted from the centralized to the decentralized level and back again, according to circumstances, while issues overlapped at various levels according to the climate and market power of specific groups or categories of workers (Regalia 2012: 389). The extreme, but very frequent, situation of “pirate agreements” is mentioned in several parts of this report, and remarked as a fundamental issue in almost all our interviews.

In a situation of voluntary trade unionism, where closed shops were never possible, nor were strike funds ever available, and in which no extension mechanisms of collective agreements did ever exist either, the unions, and more generally the social partners, because of their strong following, acquired over time a relevant capacity of influencing policy-making in the social and economic fields. Therefore – it has been argued - the economic regulation in Italy has been characterized by a relative strong role of social partners (Colombo and Regini 2014).

Until the late 1960s, policymaking in Italy was characterized by unilateral initiatives of governments and by external pressures from social partners. The social partners had not developed structures and strategies suitable to directly affect policymaking. Afterwards, on the one hand, up to the mid-1970s governments were able to curb inflation by means of unilateral monetary and fiscal measures. On the other hand, trade-union confederations traditionally had little desire, even less the ability, to build consensus on wage restraint, not least because of their low levels – then – of workplace representation. Even when, since the early 1970s, the unions were able to increase very rapidly their membership as well as their workplace organisations, their strategy of action continued to be aimed at exerting external forms of influence on decision-making processes by means of collective mobilization.

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

Hence it became increasingly crucial for them to negotiate economic policy measures – especially incomes policies – with the social partners. Both employers’ associations and trade unions regarded such political negotiation as a second-best solution, as they could not pursue their interests the way they used to – i.e. for the unions, wage improvements by collective bargaining; for the employers, by transferring high labour costs onto price increases. It should be noted that, in Italy, the unions are divided along political lines and often in competition. Until 2002, however, they were able to find ways to substantially overcome their divisions, so as to make the search for concerted solutions possible.

Thus, the period of “political exchange” began. The outcome was the enactment of the so-called “bargained laws” during the 1970s - a law on the restructuring of firms in 1977, a law to support youth employment, and the law on vocational training in 1978 – and the conclusion of tripartite agreements during the early 1980s – on income policies in 1983 and on labour market flexibility in 1984, not signed however by the largest trade union confederation, CGIL. After that period, tripartite negotiation entered a crisis until the early 1990s (Regini and Colombo, 2011).

Influential analyses of social pacts (Regini 1995) have pointed out that these first experiences in the late 1970s and early 1980s were disappointing and led the actors to abandon tripartite concertation for about a decade. The two subsequent tripartite agreements of 1992 and 1993, however, were generally greeted as very successful in reaching their goals as well as having the latent function to partially institutionalize the highly voluntarist system of Italian industrial relations.

This success of the method of concertation accounts for all the actors’ greater willingness to rely on it as a consensual and effective mode of governance. Thus, in 1995, 1996 and 1998 social pacts were reached again in different policy areas. But their effectiveness progressively declined, and they slowly turned into little more than symbolic action, indicating all the actors' willingness to cooperate towards achieving the pursued public good – until even their symbolic value was seriously undermined by the breakdown of the unions’ unity in occasion of the 2002 Pact.

The 2002 Pact, not signed by CGIL and the ensuing reform of the labour market, led to a period of crisis of concertation. This crisis was mainly caused by the willingness of the centre-right government to involve in policymaking only social partners with a similar view, thus weakening the method of concertation as an instrument of an encompassing decision-making process, at the same time substantially prompting the end of trade union unity. Following the victory of the centre-left coalition in 2006 elections, the dialogue between social partners resumed and, given the country’s socio-economic crisis, they immediately pressed for reaching a new social pact. The “Pact for Welfare” was finally signed in 2007. It has been termed a “new generation pact” (Carrieri, 2008), mainly because of the issues that

were negotiated. In fact, the concertation agenda for the first time included the management of flexible forms of employment and the reform of welfare provisions aimed at a greater inclusion of previously excluded categories of workers.

In terms of policy content, the negotiation over wages and income policy had been incremental until the July 1993 Pact on the structure of collective bargaining. Since that pact, a better distinction between the pay components to be dealt with at the national sectoral level was introduced. The change affected especially company-level bargaining, as the traditional negotiations on “fixed” components had to be replaced by the negotiation of variable bonuses based on company performance.

As to labour market policies more specifically, in the early 1990s the influence of the social partners was limited to generic pledges, while it came to the forefront with the 1996 Pact for Employment, the 2002 Pact for Italy, and the 2007 Pact for Welfare. From this point of view, trade unions and their role in regulating the economy acquired a certain importance vis-à-vis the challenges that European economies had to face regarding the need for greater flexibility in the labour market (Regini 2000).

In 1999, the OECD classified the Italian labour market as one of the most rigid in Europe because of its employment protection. In 2004, the OECD revised its estimate – because its analysis of the costs of worker dismissals was based on a serious calculation mistake – and Italy is now considered one of the countries with an intermediate labour market rigidity. If we evaluate the regulation/deregulation trend of the Italian labour market, we can easily realize that, up to the last few years, interventions regarding dismissals (including the shock absorbers system and active policy measures) were virtually non-existent. On the contrary, we can observe numerous interventions aimed at regulating and facilitating the entrance into the labour market, through a progressive lowering of previous restrictions: for instance, with the Law of 2003 that further expanded the possibility to resort to a large variety of atypical forms of employment. A feature of these interventions aimed at those first entering the labour market is that they are substantially approved with the consensus of the trade unions. Most of these measures were in fact negotiated between the social partners (either through national tripartite concertation or bilateral collective bargaining). The exception was represented by Law 30 of 2003, through which the social pact of 2002 was put into effect. In this case, the largest trade union confederation (CGIL) not only did refuse to sign the tripartite agreement, but it also subsequently called a series of general strikes, especially targeted against the reform of the legislation on unfair dismissals (regulated by Article 18 of the Workers’ Statute) that the pact had established to radically change. On the contrary, the last social pact, signed in 2007 under a centre-left government, intended to offset the most negative effects of the increased flexibility in labour market entry.

On the whole, then, at the outburst of the crisis in 2008, the increased flexibilization of the Italian labour market regarded mainly those first entering the labour market. In most cases it had not just been the result of unilateral interventions by governments.

In recent decades, the economic crisis has influenced Italian economic policies and the European Union has called for reform and austerity measures. This fostered a climate of liberalist policies legitimization, resulting in the rise of popularity of populist-based political parties. After the fall of the Berlusconi government in 2011, a “technical government” took office to put in place some reforms of social absorbers and especially pensions (“Fornero Law” lengthening the retirement age) benefiting from the legitimacy of the EU. Even in the centre-left-inspired parties there has been a shift towards liberalist projects and the 2013 elections have in fact paved the way for a centre-left (Democratic Party and its Secretary Matteo Renzi as Prime Minister) and centre-right (Forza Italia the party of Silvio Berlusconi) coalition government. This government has also intervened in the labour market. The controversial “Jobs act”, which on the one hand tried to increase the stability of employment contracts and on the other hand has rendered Article 18 on redundancies. These reforms have all been the result of unilateral interventions by governments and have represented a strong appeal for the emerging parties (5-Stars Movement) and for the more “traditional” right-wing parties. They substantially based on that their political rise. The 2018 elections saw the victory of these parties and the birth of a so-called yellow-green government (5 Stars Movement- Lega per Salvini). The government intervened on pensions, effectively reforming the “Fornero Law” and introducing a mechanism that reduces the threshold of retirement age (“quota 100”). They also introduced the “controlled” form of basic income already discussed in this report.

The European Union opposed these reforms strongly reiterating the need to respect budgetary constraints. Most of these interventions did not directly affect collective bargaining, but they influenced the political climate towards a deadlock of social dialogue, as the fierce opposition of business associations mounted (this opposition emerges in most of the interviews realized with BAs’ representatives as well as in the documents analysed).

During the last decades, some reforms were explicitly designed to encourage and support indirectly the development of company-level bargaining, relevant examples being the tax relief for solidarity contracts and more importantly for collective bargaining on corporate welfare (stability law 2016 and subsequent) with variable productivity wages. Nevertheless, the expected wider diffusion of company bargaining did not take place (as we will see).

Conversely, governments at national and territorial levels tended to reduce their direct intervention to resolve conflicts (Colombo and Regalia, 2016). However, in a highly controversial case (the former Ilva of Taranto), the government intervened in 2018 by negotiating with the buyer some conditions of employment maintenance and of environmental consolidation. Nevertheless, this is a rather isolated case compared to what was tradition until the 1990s.

We cannot at this point overlook what has happened since March 2020. The worldwide pandemic and lockdowns and the need to safeguard the economy represented for the Italian government (changed in August 2019, substituted by a coalition 5-Star Movement-Democratic Party) a moment of great difficulty and therefore of danger of de-legitimation. This resulted therefore in a growing demand of a 'new social contract'. A new scenario emerged, potentially opening room for social dialogue, collective bargaining and representation. In the emergency situation, social partners were consulted many times by the government. The emergency measures needed the social consensus and social partners, at least initially, supported the government trying to ensure the so called “social peace”. In fact, disputes have been “frozen” not only for the impossibility of public events, but especially for the spreading of a solidarity climate (both on workers and employers’ side). Conflict has been managed by the political opposition, but it has been often labelled as “irresponsible and negationist”.

While initially both trade unions and employers’ associations had a sort of rank-and-file consensus and a unitarian reaction (both inter and intra confederational unity), after a while, especially employers’ associations, faced a period of fragmentation. In other words, Italian employers’ associations seem to return to their historical collective dilemmas. These strains contributed to the ending of that government, substituted by a large coalition’s “technical” one, led by Mario Draghi, former President of the European Central Bank.

3.2 Trade unions’ policy preferences and role in the considered social policy fields

As already mentioned, also trade unions’ representatives are concerned, according to our interviews, with the lack of an organic development strategy for Italy, affecting the welfare state as well, despite the normative profligacy of the last decades. They highlight the tight connection between industrial policy (hence, the productive and economic performance of the country) and the state of the art of the welfare state: the link would be exemplified by the decline of the manufacturing sector, which used to be the pivotal core both of Italian economic system and Italian welfare state. This connection would be extremely evident in the case of retirement policy, as the issue cannot be disentangled from the conditions of the labour market, especially after the reforms of the ‘90s, that shifted the system from retributive to

contributive (while issues such as discontinuous careers, informal jobs... have become more and more important in Italy), which in turn is clearly affected by sectorial and productivity performances. The CGIL is thus especially concerned, in this area, with discontinuous careers, which should be addressed by the government as a priority (for instance, they formally proposed a way to compensate poor pensions through revenues from general taxations).

Furthermore, with respect to the labour market, the views that we gathered from representatives of the largest TU point to the strengthening of the universality of welfare provisions, such as safety nets for the unemployed, as autonomous and workers in non-traditional framework of subordination are not protected (the covid-19 pandemic highlighted this problem). Then, there is, as seen in the case of business associations, unanimous agreement on the urgent need to potentiate active labour market policies, but there seems to be a plurality of views on how far these policies should be a condition for accessing safety nets. Indeed, the opinions that we gathered range from:

“If our goal is to get people – especially not-so-young people – back to education and training, there is nothing worse than making it a condition if they want to receive some emergency wage”

To:

“If we fail to hold together the instruments protecting from the crisis (passive policies), with a policy that reintroduces new professional skills into the labour market and therefore into the business cycle, the risk is to fail in resolving the employment issue [...]. On the basic income, for example: the CGIL did not oppose it, because clearly in a precise historical phase it tried to solve some emergency problems. However, devoting significant public resources to policy like this, which is unconnected to active policies, clearly runs the risk of disbursing resources that do not structurally solve the problem, [...] of crystallizing a poor citizenship, because it is just protected and nothing more: in a global economy you don't go very far”.

The way forward for active labour policy, in any case, should go through a larger investment in employment agencies – thus coincident with a strengthening of public role in the area (to avoid the “adverse selection” supposedly made by private actors operating in the field, which would avoid dealing with more fragile (and difficult to employ) unemployed). A more active State would favour the matching between labour supply and demand also through strategic industrial policy.

According to our small set of interviews, another preference that the CGIL seems to share with BAs has to do with the need to rationalize the realm of national contracts and agreements, as in recent decades a trend of extreme fragmentation has deployed, also due to the proliferation of “fake” unions (on both sides) and “pirate contracts” accordingly. Another common field with business, at least as a general objective and not so much on the manner to obtain this, has to do with the necessity to strengthen

technical schools. However, while BAs' representatives advocate larger room for private logic and actors, our interviewees from CGIL see this urgency in terms of greater and stabler State investment, complaining the fact that:

“currently, the dominant idea is that the firm knows what the firm needs, therefore it is the firm that does the training; we have a different view on the matter: in our opinion, the goal isn't specialization, but rather learning to learn, that is achieving the ability to learn, to get those skills which can be used not only in that given moment, and instead teach you how to keep your knowledge up-to-date. [...] The problem is that currently training benefits more who provide the training than who gets trained. [...] We are also extremely dissatisfied with the lack of discussion on the issue with the relevant Ministries. The attitude is the opposite of what we would like to be: “what does the firm need? Schools and universities are at firms' disposal, according to the needs of this specific moment”. However, this is not far-sighted, as we go through such impressive changes. The role of the State should be prevalent. Currently, it neglects the issue; or even worse, when it deals with it, it is to pump resources according to firms' viewpoint.”¹²

This lack of dialogue is complained with respect to other issues as well: unions would be sought only to manage the effects on employment of decisions taken by others.

In the area of work-family reconciliation, through the interviews we noted an emphasis on the need to incentivize the repartition of *caring*, which is still almost exclusively a women's duty (for instance, paternity leave should be increased and incentivized; the availability of kindergarten should be increased).

The interviews that we made with CGIL representatives show a clear preference for universal welfare boundaries, which is generally connected with the strengthening of public provision and hence an increase in public spending, seen as unavoidable by all the TU's interviewees. It is worth quoting at length from one of the interviews to describe this preference:

“On the issues of social security, vocational education and training, active and passive labour policies, in general terms, we are faced with areas in which the State has not defined “essential levels of benefits”, and this is a problem. For in the absence of such levels, the actual level of public provision is determined by financial constraints, and then the market is asked to fill the gap. However, the market fills the gap on an individual insurance basis, or on a collective – but in the sense of occupational – insurance basis, failing to guarantee protection to people who are struggling to

¹² According to our interviews, though, this view does not seem to be unanimously held within the CGIL. Others manifested a more positive view on training provided by firms according to their needs and also on public resources diverted towards such goals (with conditionalities attached).

remain in the labour market. [...] That part of the role of the market [in welfare] which is left to the relationship between the individual and the private supply of welfare provision, therefore dependent on individual spending capacity, honestly does not seem to me a particularly advanced manner to address social provisions [...]. Indeed, when the area left to individual spending capacity gets larger, obviously inequalities get profounder”.

The following part of this same interview is insightful also with respect to TUs' role and view on IR, as it remarks that:

“However, the risk of increasing inequalities is not avoided even when social policies are largely left to negotiating actors at sectoral, national or company level. Because everything that is left to negotiation is of course influenced on the one hand by the actual possibility to make revindications in that sector, on the other hand by the capacity of that sector to redistribute resources, causing shortages of provisions exactly in those sectors that would need greater help”.

We found an implicit confirmation of the presence of this problem when we spoke with national leaders of the sectoral grouping of manufacturing of both TU and BA: while boasting the results stroke in the most recent national agreement, they described beneficial results which they say to clearly outstand the working and welfare conditions in force in other sectors. We found a similar situation when we spoke with both TU and MNCs’ representatives in the energy and pharmaceutical sectors. To the point that, in an interview with a CGIL clerk, this is acknowledged as a problem, because workers and trade unionists of the sector would not perceive that they operate within an environment which is extraordinary if compared with other sectors (this would also mean very low unionization rate, as unions there “are not as useful as in other sectors”). In such cases, CGIL representatives say, their effort should be devoted to expanding the benefits obtained in such “privileged” sectors to other sectors and downstream along the supply chain.

The CGIL representative we just quoted states that an integrative role on welfare measures can and should be left to bargaining with less hesitation in those realms which contain important elements of novelty, and in which it is too early to define general standards: this would explain the pioneering role played by unions and BAs in designing the framework for smart working, under the pressure of the pandemic. Speaking with another representative, a national leader of CGIL, we found a more open view towards firm-level welfare, as he described the decades of fight within the union on the matter, and how this instrument was finally accepted. However, it should have been implemented while promoting at the same time the “quality and quantity” of universal benefits provided by the State, in order to avoid the increase of differences between sectors and also not to provoke further reduction in wages (which would be

currently happening due to fiscal benefits granted to firms for firm-level welfare and the attached possibility to pay part of the wage in welfare services). Attached to this, the worry that another TU's representative manifested: increasing firm-level welfare implies that when a worker loses their job, together with the salary he also loses a series of benefits (such as kindergarten for their kids). This would be another reason for making those services universally and publicly granted.

3.3 The direct political weight of employers and self-employed in the country

In mere voting terms, we can see that Italy has a large proportion of employers in the electorate (see table 9), much larger than EU average. Traditionally, employers in Italy have had a strong power in influencing directly the political offer: small companies mainly locally, while large companies both locally and nationally¹³. MNCs fit in this framework in the sense that they are usually seen as able to exercise great political pressure on governments, as our small sample of interviews seems to confirm: not only according to TUs' representatives, but also in the words of a Minister of Labour's advisor, a former Minister of Finance, and some of the BA's leaders we spoke with. One of the MNCs we interviewed, admits this political influence and connects it with the number of people employed in their factories in a given country. Furthermore, often Italian employers have been, and possibly still are, politicians both at local and national level.

As regard to small companies, a specific economic organizational model – the industrial district – has been shaped exactly with this sort of “institutional mixture” and the Italian territory has been for long time (and probably still is) divided: “red zones” with a large presence of left-wing parties and some specific kind of companies (i.e. Emilia Romagna and partially Toscana, with small cooperative companies); “white zones” with a large presence of centre-right wing parties with small-craft companies (i.e. Veneto, Lombardy, etc.). This “institutional mixture” has been also the base of a sort of traditional “welfare mix”, where local companies have been largely engaged in financing and determining many local policies: from income support to local citizens and employees, to local health and care services.

This is also the case of the few Italian large companies. The majority of large companies in Italy is family based. This influenced their relationship with local politics and economy, but also with society as a whole, given their “prestige” in the local communities where the firm is based, as efficaciously described by a national leader of Confindustria that we interviewed (this has changed a lot, in his words, with the globalization of the economy and the expanding role of MNCs). Being part of the economic and political

¹³ At the same time, however, according to our interviews, big companies are also more keen than small businesses to resorting to BAs for their role in lobbying and political pressures.

élite, locally they invested a lot in supporting political parties and the welfare. Together with health and care services, they invested a lot in the creation of technical secondary schools. Even some Universities were established with the economic support of large companies (i.e. the creation of Torino Polytechnic has been supported by Fiat; Milan Bocconi private University was founded by an employer and politician). Nationally, many of them have been part of the Italian Parliament – and headed governments in recent decades (i.e. Silvio Berlusconi owner of a media multinational) - influencing a lot some welfare decisions: pensions reforms, labour market, shock absorbers, education and training reforms.

It is worth mentioning the case of a former state-owned Italian MNC (in which the government still holds a relative majority share), about which we dialogued with a CGIL representative in charge of the industrial relations with this company. According to this person, the history of the firm implies that it has a very special relation with the government, in extreme cases (such as the covid-19 crisis) able to shape the legislation in a substantially *ad hoc* way. In the end, he remarks, the ultimate objective of this firm is every year to guarantee high dividends to the government. This privileged relation with the government is considered by this person as very influential in industrial relations as well: trade unionists are said to be aware that, at the end of the day, a solution to conflictual situations will always be reached: there always is a further instance (the government), whose behaviour is also (mostly?) driven by the electoral dimension. Therefore, according to this trade unionist, “we never get to an “arm wrestling scenario” between the union and the firm: the solution is always constructed through “power relations not exercised””. This would contrast sharply with the generality of firms.

As a matter of fact, in the survey, companies (a large majority of the sample) replied that they have not a direct relationship both with the government and the Parliament, as reported in table S15 and S16 (both tables summarize the answers in a set of different areas, hence the number of responses higher than the number of cases).

Table S15 -Level of direct Government consultation of companies in policy making

	Responses		Percent of Cases
	N	Percent	
Small extent	278	73,4%	365,8%
Great extent	36	9,5%	47,4%
I don't know	65	17,2%	85,5%
Total	379	100,0%	76

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

Table S16 - *Level of direct Parliament/Legislators consultation of companies in policy making*

	Responses		Percent of Cases
	N	Percent	
Small extent	289	76,1%	380,3%
Great extent	26	6,8%	34,2%
I don't know	65	17,1%	85,5%
Total	380	100,0%	76

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

All in all, interviews and the survey show that the political influence of Italian employers has historical and institutional bases also in terms of welfare direct investment and engagement: in previous pages, we reported TUs' complaint for this high influence, but this is remarked also by a former Finance Minister we interviewed¹⁴. If we consider the type of associations (described above) and, more generally, the IR system, business and welfare have a multilevel setting in Italy.

Table 10. *The role of employers in the labour market and society in Italy (2019)*

	Share of employment				Share of adult population			
	% self-employed with employees	% self-employed with employees + family workers	% self-employed without employees		% self-employed with employees	% self-employed with employees + family workers	% self-employed without employees	
			Industry, Consumption	Welfare Smart growth			Industry, Consumption	Welfare Smart growth
EU-28	4.0	4.9	6.8	3.5	2.3	2.8	3.9	2.0
Italy	6.0	7.2	9.5	6.0	2.8	3.4	4.5	2.8

Source: own elaboration on Eurostat data

¹⁴ Together with some of the CGIL representatives we interviewed, we can see this influence also in a “subtler” way: given the current “ideological environment”, which would put business in a positive light, many welfare actions that the firm takes in its very interest (to get fiscal exemptions, to build the loyalty of workers...), contribute to build up the political capital of firms, as they are often interpreted as acts of generosity.

3.4 'Type of engagement and involvement in policy making by employers and employer associations

Burawoy (1985) observed that in the history of companies within personnel management policies a kind of "internal state" is consolidated over time, that is, an institutional set-up that organizes, transforms and supports the consent of workers. This institutional set-up includes, on the one hand, the tradition of industrial relations and, on the other, the system of values, symbols, customs and which compose the organizational culture. The historical context in which the company was born has a strong imprint on its organizational structure and some customs tend to crystallize over time (Stinchcombe 1986).

To pursue these objectives, companies generally adhere to two modes of governance (Regini 2003; Machin and Wood 2005):

1. unilateral actions and direct cooperation between management and staff: individual relationships and wide margins of power of management in decision making;
2. negotiated actions and indirect cooperation between management and staff: collective relationships and union mediation in decision making.

These are two extreme poles of a continuum on which the firm situates, depending on the practices of HR management and the industrial relations system of a country.

3.4.1 Engagement: the role of company/sector level policies (occupational welfare); lobbying

In general, direct engagement of entrepreneurs in welfare policies has a very long history, not only in Italy. Forms of encouragement and retention of personnel, through extra-wage dynamics, were also present in the Fordist era (where the staff were highly replaceable): even before the "Personnel Management" (more linked to conflict management and workers' control than to the development and search for their potential) was transformed into "Human Resources Management" (towards the end of the 1970s) (Colombo 2006).

The development of corporate welfare can be traced back to the more mature period of the Fordist model: the first half of the 20th century. The maturity of the model coincided with the awareness of the limits of the scientific organization of work. Health, safety, and social relationships began to be considered important factors to develop a sense of identity with the company and thus increase the commitment of workers (Pedon 2010). In Italian manufacturing industry the presence of welfare benefits was at that time linked to the large industrial giants today remembered for the breadth of the incentives offered (i.e. Olivetti among the most famous). In the tertiary sector, especially in the public service sector (e.g. the transport sector, but also the credit sector to some extent), corporate welfare policies have spread rapidly

given the specificity of the sector. Employees' consent and collaboration are all the more relevant when it comes to the provision of a service in which the customer-operator relationship is one of proximity (Regalia 1990).

Since the mid-1970s, the traditional Taylor-Fordist organizational model has been in crisis and a process of deindustrialization (Reyneri 2005) has begun in Italy. In large companies, this started a period of internal restructuring not only in terms of staff organization, but also in terms of technological innovation (Ires Piemonte 1989). There has been also a progressive change in the labour force with an increase in female participation and an increase in the level of education. In a situation of companies' reorganization, skilled labour force and more generally cooperation between management and employees became increasingly necessary. The workforce employed in the company began to be perceived as a resource, equally important as other factors of production, from the moment its acquisition is planned. Since the 1980s, therefore, the perception of the role of staff in the company has also begun to be based on the notion of human capital and not only on the notion of "workforce". Non-monetary incentives and company benefits have increased their importance and become one of the pillars of the so-called Strategic Human Resource Management, that is, personnel management strategies aimed at increasing employee involvement and commitment through the promotion of "well-being" in work and life¹⁵. This would have a positive impact on corporate performance (Kaufman and Miller 2011). Commitment has always been an important element for business efficiency, even in the Fordist company (it is no coincidence that the first benefits to employees are born in this context), but it assumes more importance when the organization becomes complex, the workforce differs and the tasks become less standardized, with consequent increase in the degree of uncertainty about productivity. From the high substitutability of the workers of the Fordist company we move on to the need to retain "talents", that is, the most qualified and in any case more productive staff. The direct involvement of MNCs, large companies, and BAs in the establishment of universities, business schools, specialization courses, technical schools, which is remarked in the interviews that we made, can be situated in this framework as well.

The provision of welfare benefits is sometimes used by company as a strategic device to promote individual bargaining with employees and consequently also a way to take power away from the union as an association of collective interests. This "individualization" of welfare provisions is boasted as an

¹⁵ The MNCs we spoke with, belonging to high-value-added productive sectors, are clear examples of this attitude, as confirmed by the trade unionists in charge of the relations with these firms that we also reached.

objective by the MNCs we reached with our interviews and is echoed in some statements by BAs' leaders ("flexible benefits as a way to enhance individuality"). In the view of a trade unionist we spoke with, "today, welfare is used if not as a "bargaining chip", at least as firm's policy, and not as a social policy addressing weaknesses and fragilities. It becomes subject to bargaining within the firm". Qualitative interviews highlighted some issues related to the main policies we are considering in our research.

Labour market policy

An extreme view on labour market policy is the one described by the HR manager of the Italian branch of a MNCs we spoke with: this firm has never used public safety nets. Even when they had to make corporate restructuring, they used internal resources to reach agreements with the laid off workers (anticipated pension, outplacement in firms belonging to the same region – and part to "the MNC's network of relations", training to start a worker's own activity...). They consider this way of doing a sort of active labour policy. Indeed, between the lines, in many interviews, we perceived the attitude of MNCs to tend to build "their own welfare system", avoiding in this way the conditionalities that a tighter relation with the State would imply (BAs' leaders we talked with seem to share our same impression: this behaviour would be very different from small firms' which end up relying more on BAs as a mediator with the State).

Pensions

Pensions fund (as well as health funds, which lie beyond the scope of the present project) are pivotal element of the firm-level welfare advocated by the MNCs we spoke with. Accordingly, as they boast extraordinary results in this area, they claim that the State should adopt a more favourable fiscal policy. At least because "large firms' welfare policies are complementary to State welfare: the company enters those areas in which there are severe shortcomings from the State".

VET policy

The MNCs we reached are extremely concerned with education and training, inserted in the framework of the expansion of firm-level welfare (the representatives of one of them claimed that we are indeed moving towards an individual conception of welfare, in which to each employee is offered a different and personal treatment, whereas mass-type of welfare would be outdated). Furthermore, one of those companies told us that they do not make deals with the unions in this area (unless in cases when is needed to access some public resources), as they prefer to move freely. In a similar vein, a trade union's

representative told us, with respect to another MNC (Italian, formerly State-owned, and one in which the State is still a relevant shareholder), that it avoids coordinating its VET policies with the State, as it rather prefers building its network of collaborations and its own tailor-shaped training curricula.

Family policy

One of the MNCs interviewed presented through its representative its view on smart working, showing a “liberal” view on the topic: during the worst phases of covid-19 pandemic, they stroke a deal with the unions in which they let each worker decide (of course, subject to the needs of the production sector) if they wanted to work from home or on site. To those coming to the plant, a similar treatment was guaranteed as far as possible: for instance, accordingly, the time card was abolished.

The results of the survey are in line with the figures on the general spread of company welfare in Italy. Table S17 resumes the answers regarding the different sectors of policies. In half of the responses, companies expressed a lack of coverage. It is another perspective shedding light on one of the main worries raised by the trade unionists we interviewed: there are too many employees not benefiting of firms’ welfare.

Table S17 - Coverage of Company level policies

	Responses		Percent of Cases
	N	Percent	
No	489	49,0%	729,9%
Yes, to all employees	131	13,1%	195,5%
Yes, to less than 50% of employees	211	21,1%	314,9%
Yes, to more than 50% of employees	56	5,6%	83,6%
I do not know	111	11,1%	165,7%
Total	998	100,0%	67

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

Table S18 shows what are the policies offered to employees by firms in the sample, when company’s welfare is provided. The respondents (number of cases) have been very limited, but we can anyway consider the fact that there is a large amount of answers pointing to VET policies. For other policies,

with some exceptions (disability schemes, part-time and leisure benefits), answers are more or less equally distributed.

Table S18 - *Policies provided to all employees*

	Responses		Percent of Cases
	N	Percent	
Premiums paid to voluntary (not compulsory) occupational pension schemes	8	6,1%	25,8%
Premiums paid to voluntary (not compulsory) unemployment allowances schemes	5	3,8%	16,1%
Participation/funding of dual system of education or apprenticeship programmes (at-school- education combined with train	5	3,8%	16,1%
On-the job or continuous training	15	11,5%	48,4%
Extra statutory maternity/paternity leave	9	6,9%	29,0%
Job creation scheme	4	3,1%	12,9%
Sheltered employment/Employment scheme for people with disability	12	9,2%	38,7%
Requalification scheme or life-long learning	7	5,3%	22,6%
Employer subsidied child- care (on-site or off-site)	4	3,1%	12,9%
Flexible work arrangements (e.g. job sharing, flexime)	9	6,9%	29,0%

Teleworking or telecommuting	5	3,8%	16,1%
Part-time work	10	7,6%	32,3%
Additional paid days off/extra paid vacation days	7	5,3%	22,6%
Study leave	16	12,2%	51,6%
Leisure benefits (sport, culture)	15	11,5%	48,4%
Total	131	100,0%	31

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

These results seem to suggest that company's welfare is not a structural issue for Italian companies. Moreover, it is possible that when it is implemented, it is mainly based on the initiative of the management, as shown in table S19.

Table S19 - *Process of company welfare decision making*

	Responses		Percent of Cases
	N	Percent	
Exclusively based on collective bargaining	95	10,1%	141,8%
Exclusively based on the company decision	350	37,4%	522,4%
Rather based on collective bargaining	52	5,5%	77,6%
Rather based on the company decision	116	12,4%	173,1%
I do not know	324	34,6%	483,6%
Total	937	100,0%	67

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

However, in Italy, the pressures for unilateral action by the management – an action politically supported by the centre-right parties and partly by the centre-left (i.e. Renzi's government) – have not yet materialised in a real weakening of the union's role in human resources management. Since the 1980s,

the management of human resources, in both large and small enterprises, has been characterized by forms of micro-concertation (Regini, 1995). In the field of welfare, initiatives can also start from management, but the widespread union presence in companies and in the territory has in fact influenced their implementation due to union pressures to be consulted if not to negotiate the clauses through collective bargaining.

In a research carried out on some case studies (Pavolini, Ascoli, Mirabile, 2013), in companies where corporate welfare is not hinged, even in part, in co-determination or bargaining, there are still no markedly conflicting industrial relations. Rather, they showed a weak and non-negotiating cooperative action, a sort of residual category, in which unions are consulted as a mediator between the company and the consent of workers, but without being involved in management, but also in decision making on welfare issues. A kind of external support from unions that has no formal outcomes such as co-determination and agreements.

A different but related situation is the one that we observed in the MNCs that we interviewed: apparently, they are firms in which the unions detain a very relevant role, and in which the dialogue with the unions is continuous, respectful and most of the time conducive to agreements which are said to be satisfactory by both sides. However, there are areas in which dialogue with the unions is avoided, as it is the case with VET, unless this is needed to get public funds. Or, in the case of some benefits in the field of health, which are included in the agreements stroke with the unions, but are managed autonomously and exclusively by the company, with no participation in the decision-making by the unions. The condition of unions as “mediator” just described is well captured by the words of one of our interviewees, a CGIL clerk deputed to the relationship with an MNC, though in a context where unions usually participate to the agreements:

“A union-mediated solution always involves the leading role of a collective representative who then acts as an intermediary with the workers: there is someone who discusses, contracts, brings home an agreement and then binds that agreement to a trade union and political negotiation channel and explains it [to the workers]. [...] So the union has an important role of representation, of bargaining, but this is also because there exists underlying a political exchange of mutual recognition [with the firm] that goes beyond the numbers: to be clear, the average unionization rate in these sectors does not exceed 10%.”

The adaptation of multinationals to the institutional and traditional system of cooperation with unions in internal policies has emerged also in the survey. Half of the multinationals that answered (31) highlighted

that the headquarter has not influence in the company welfare decision making, as shown in table S20, which groups the responses to all the policy categories considered, then described in detail in table S21.

Table S20 -*Influence of Headquarter on company welfare (only if the Company is a Multinational)*

	Responses		Percent of Cases
	N	Percent	
Small extent	62	51,7%	200,0%
Great extent	19	15,8%	61,3%
I don't know	39	32,5%	125,8%
Total	120	100,0%	31

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

Table S21 -*In which policy the influence of Headquarter on company welfare is less relevant (only if the Company is a Multinational)*

	Responses		Percent of Cases
	N	Percent	
Pension Policy	20	32,3%	100,0%
VET	14	22,6%	70,0%
Family policy	15	24,2%	75,0%
Active Labour market policy	13	21,0%	65,0%
Total	62	100,0%	20

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

The survey also considered the possible influence of EU policies in company's welfare. Almost half of the sample answered, and the majority of responses were related to regulation, but a certain number companies also indicated EU funds. This suggests that companies consider the EU not only for the limits and constraints EU directives impose, but also for the possibility of being supported financially. This result has been probably affected by the "New Generation Europe" programme established to help countries (and companies) in recovering from the Covid crisis, as it contrasts sharply with the unanimous answer received on the same matter by the interviewees.

Table S22 - *Impact of EU policies on Company welfare*

	Responses		Percent of Cases
	N	Percent	
No role	11	16,7%	22,0%
Influence through legislation	29	43,9%	58,0%
Influence through the European social dialogue	8	12,1%	16,0%
Influence through EU funds (e.g., European Social Fund)	18	27,3%	36,0%
Total	66	100,0%	50

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

All in all, it should be stressed that, even in cases where unions have a negotiating role, some welfare issues are introduced and managed unilaterally by the human resources management. Although unions often have a proactive role in pushing for innovative human resources management policies, there is often a kind of 'division of labour' between them and the human resources management. This is more or less marked among companies. The banking sector is the most structured from this point of view: unions deal with the management, proposing health care policies, supplementary pension provision, and some VET policies; the company is responsible for designing all aspects related to organizational well-being of employees and out-of-work benefits (conventions, discounts, etc.). Also in other companies with consolidated industrial relations all the issues related to psychological-training support, and in part some benefits, are left by unions to the human resources management (Colombo, 2012). Expertise and trade unions' representation focus on issues related to the protection of wage; therefore, if production premiums are not converted into welfare, the union has less interest in intervening. It should be noted, however, that some tax reforms have increased companies' room for manoeuvre in converting wage supplements into corporate welfare. However, the most recent reforms have radically transformed management's unilateral actions because if the company does not negotiate such conversions with unions, it is not entitled to tax concessions.

It is worth noting that firms' actual possibility to implement actions of engagement is in many cases dependent on the dimension of a given firm, as this feature is almost always related to the availability of resources to spend towards this goal. This occurs also with respect to instruments made available by the State, which generally foresee the co-financing by the firm: BAs' leaders we reached with our interviews stressed this aspect, as an important cleavage dividing large firms and small firms. On the other hand, the State is praised in the interviews when it provides financing that can be freely used by the firms,

provided agreements with the unions. A high-level staff of the Italian confederations of small and medium private enterprises (CONFAPI) is effective in describing the situation that many of the associated firms probably face:

“It is clear that I can only train an employee I have hired, who pays contributions, and for whom the company pays contributions; I cannot do a training course for unemployed people. But what is more fulsome is that I can't even provide a training course to a person I plan to hire. There are only two or three calls per year [to apply for government funding], so you can see that if I hire someone and I need to train him, I have to keep him here seven or eight months before being able to train him; and this only if I am lucky to have access to funding through the call, because the money is limited”.

Totally different is the perspective of the head of HR of the Italian branch of a foreign MNC that we reached. Not only have they never used safety net public instruments, but when rationalizations or even the closing down of some facilities occurred, they proposed a number of alternative instruments to workers who were going to be dismissed for them to find a working solution, including different type of training.

This is part of the reason why, as remarked by the advisor to the Minister we interviewed, it is mostly large firms that rely also on firm-level bargaining, as they have more resources to invest, whereas small firms will be reliant almost exclusively on national or territorial bargaining.

Finally, it is important to situate the policies described in this section in the broader picture, as most of the interviewees did when they speak to us: that is, a framework of State retrenchment, which characterized the last decades in Italy. As already noted in previous pages, this is seen as a given by the businesses and business associations we reached, something unavoidable (and to many extents, positive), that firms are “generously” compensating, hence they should be put in the optimal conditions to engage in areas previously occupied by the State. The viewpoint of the union’s representatives we talked with is different, in the sense that they tend to see this trend as something subject to politics, that the government should address and that the unions are to some extent stemming and opposing.

3.4.2 Involvement: social pacts, collective bargaining, other forms

The direct engagement into welfare policies by companies is therefore mediated in Italy by the role of social institutions (trade unions and governments). How satisfied are companies with this institutional

set-up? Table 10 shows that Italian entrepreneurs have a constant level of satisfaction over time, but below the European average.

The two characteristic elements of the Italian industrial relations system certainly influence this figure: industrial relations in Italy are characterized by two dualisms. The first exists among the official positions – often intransigent – of the actors in the political discourse at the central level and the actions – often more pragmatic and adaptive – put in place at the 'periphery'. A second dualism concerns the poor formalisation of relations between the union and the main institutions that regulate the labour market, however, which is counterbalanced by a high involvement in the effective determination and management of social policies (Regalia and Regini, 1995; Colombo and Regalia, 2016).

Tab 11. *Employers' willingness in preserving the Industrial Relations systems (% of responses on trust in IR). (2019)*

	2006-07	2010-11	2017-18
Eu-28	49	47	49
Italy	38	37	40

Source: own elaboration on Oecd data (based on Eurobarometer survey)

The following sections are devoted to the levels of welfare governance composing the industrial relations system in Italy.

National level: political exchange

Since the 1980s, welfare policies in Italy have often been concerted themes at national level (see Table 11). Even if with many specificities, at the end of the '70s also Italy started a period of “political exchange”: “bargained laws” during the 1970s (in 1977 a law on the restructuring of firms; in 1978 the law on vocational training; in 1979 a law to support youth employment), and tripartite agreements during the early 1980s (on incomes policies in 1983 and on labour-market flexibility in 1984). After that period, tripartite negotiation got into crisis until the early 1990s. The distribution of social pacts over time shows that the first experiences in the late 1970s and early 1980s were disappointing and led the actors to abandon tripartite concertation for about a decade. The two tripartite agreements of 1992 and 1993, however, were generally greeted as very successful in reaching their goals, as well as having the latent function of institutionalizing the highly voluntarist system of industrial relations in Italy. This very

success of the method of concertation accounts for all the actors' greater willingness to rely on it as a consensual and effective mode of governance.

In 1995, 1996 and 1998 social pacts were tried again in different policy areas. But their effectiveness declined, and they slowly turned into little more than symbolic action, indicating the actors' willingness to cooperate towards achieving the public good – until even their symbolic value was seriously undermined by the breakdown of the unions' unity in the 2002 Pact. The 2002 Pact and the ensuing reform of the labour market led to a period of crisis of concertation (partly due to the end of trade unions' unity and partly to the unwillingness of the centre-right government to involve social partners). Following the victory of the centre-left coalition in 2006 elections, the dialogue between the social partners resumed: given the country's socioeconomic crisis, they immediately pressed for a new social pact. As already mentioned, the "Pact for Welfare" was finally signed in 2007 and labelled a "new generation pact". The negotiation of income policy was incremental until the July 1993 Pact on the structure of collective bargaining. Studies on the impact of the 1993 pact show a relative wage drift. This means that wage negotiation at the company level sometimes tends to overlap with the national, industry-wide one. In Italy, company-level bargaining has mainly pay components; but the "fixed" ones (or the traditional ones, i.e., the practices followed prior to the July 1993 agreement) have diminished over time, being replaced by bonuses based on company performance. As to labour-market policies, in the early 1990s they were limited to generic pledges, while they came to the forefront with the 1996 Pact for Employment, the 2002 Pact for Italy, and the 2007 Pact for Welfare (Ragini and Colombo, 2009).

A high-level manager of Confindustria interviewed complained that social parts are not playing the role that should play in the critical situation the Country is facing in these years. This would partly be their responsibility, as each of them – unions and BAs –, in different periods, depending on the political scenario, thinks that they would get more in direct dialogue with the government or waiting the Parliament to act. This would narrow the room for social dialogue. In this context, it is worth quoting at length from the same interviewee, to get a glimpse on Confindustria's possible view on industrial relations:

"Dialogue with the social parts can be useful, but I have never claimed it as our right and their duty [of the government]. I honestly disagree with the approach of trade unions, which claim the right to be heard on everything. I personally speak if asked. In some cases we send documents, proposals, but then it's up to the government to take the decisions. I am not in favour of concertation, at least I see how difficult it is. [...] So I prefer policy-makers to make their own decisions, [...] I prefer social dialogue to concertation. [...] In a society like ours, with organizations

that are so different from each other, unwilling to give up their interests, I see it [concertation] as a somewhat suicidal way of working. “If you want my opinion I will give it to you, if you think you do better alone, do it””.

In general, the business representatives that we reached, showed a relatively high level of satisfaction with their involvement in the policy-making process; this is in sharp contrast with the opinions expressed by the trade unionists we talked with¹⁶. A short representative quote shows a clear counterpoint to the just reported words from the BA’s leader: “The trilateral dimension is currently of a consultive nature: while concertation in the ‘80s and in the ‘90s was propaedeutic to government’s decision [...], now the Government states its view, we [TUs and BAs] do the same, the Government listen to us but then does what it wants”. Even though this government decisionism is recognized by the Minister’s advisor we reached, he also highlights that in recent years this trilateral dialogue has made a comeback, after more than ten years of disintermediation and denial of the role of intermediate bodies.

Table 12 – Issues covered by pacts

Pacts Issues	Bargained Laws 1977-’79	1983 Pact and 1984 ‘San Valentino’ Pact	July 1992 Pact	July 1993 Pact	Pensions System Reform 1995	Pact for Employment 1996	‘Christmas Pact’ 1998	‘Pact for Italy’ 2002	Pact for welfare2007c
Incomes policy	February 1977 Elimination of “anomalous wage indexation mechanisms” and of part of the cost-of-living increment included in the end-of service allowance	Cuts to the wage indexation mechanism; wage ceilings in industry collective bargaining; 18-month suspension of firm-level bargaining.	Abolition of the ‘scala mobile’ mechanism; suspension of firm-level bargaining until December 1993; commitment to a second round of negotiation on reform of the bargaining structure	Wage increases pegged to the expected inflation rate (and subsequent adjustment to the real inflation rate). New bargaining structure: two levels (industry- and firm- or territorial-level)			Expected inflation rate fixed at the average European inflation rate. The bargaining system established by the July 1993 Pact confirmed.	Continuation of the July 1992 and 1993 pacts.	Incentives for second-level collective bargaining (tax relief on production premiums)
Employment and welfare Policies	1978 law on vocational training; 1979 law on youth employment	Introduction of training/work contracts	Pledges on employment creation measures	Pledges on measures to deal with the employment crisis; youth employment, active training policies	Introduction of stricter rules on pension eligibility and calculation.	Employment creation: introduction of temporary agency work; reform of the job placement system; pledges on the	Measures and undertakings to create employment: public investments, relief on contributions	‘Workfare’: reorganization of the job placement system; pledges to reform the social shock absorbers; introduction of	Pensions: More flexible eligibility criteria than the previous reform (L.243/2004).; Interventions on the amount

¹⁶ An extreme case of this involvement and how it is fiercely criticized by the unions may be the example of the management of the first phases of the covid-19 pandemic: a trade union’s representative complained with us that Confindustria in fact determined regional government’s decision to keep productive activities open. She was present at the negotiating table that came out with this decision, which was fraught with tragic consequences.

						regularization of 'hidden' workers; relief on contributions and tax to reduce cost of labour.	to reduce the cost of labour, training.	new forms of temporary work; undertakings to reform further training; experimental 3-year suspension of the rules on reinstatement of unfairly dismissed workers.	paid (including revaluation of welfare pensions) Social shock absorber reform: Universal system of protections (independent of enterprise size, contract, sector) with increased employment services for active policies; harmonization in a single institution of ordinary unemployment and mobility. Measures to promote the employment of specific categories: women (tax incentives for part-time and flexible working hours); (credit access measures; social security measures to increase the contribution burden for pension purposes) Elimination of some forms of atypical contract; constraints on the duration of fixed-term contracts.
Involvement of the social partners in policy-making			Pledge to involve the social partners in the drafting of the budget law	Provision for two annual rounds of discussion with the social partners on incomes policy (budget law). Provision for assessment of pact implementation.		Introduction of the Area Contract (locally negotiated instrument for economically depressed areas).	Recognition of the importance of involving the social partners in economic policy-making and the transposition of European directives. Commitment by the government to giving greater	Recognition by the government of the importance of concertation. Pledge to negotiate the budget law with the social partners.	Commitment to establish with social partners a forum for social shock absorbers the reform verification and consultation

							importance to assessment (budget law, but also the national action plan for employment)		
Other issues	1977 law on company restructuring		Referral to a second round of negotiation on prices and tariffs.	Creation of the unitary workplace union representation structures (RSU)		Pledges on infrastructures and public services;		Guidelines on tax reform; pledges on investments in the South (infrastructures, fight against crime, simplification of access to credit)	

Sectoral level: co-determination and collective bargaining

The second level of governance concerns the sector. From this point of view, there have been two trends over time: the social partners involved in co-determination of welfare policies and the social partners involved in collective bargaining of welfare policies.

As for the first trend - co-determination - social security and health funds as well as other benefits (work-life reconciliation tools, housing benefits, income support, etc.) have been present in Italy (and not only) since the Fordist era. In some sectors and companies – including the credit sector, transport and, to some extent, the chemical sector – various policies currently included in occupational welfare are not new, but further developments of already existing institutions. The role of unions and the employers’ associations has evolved over time through the institutionalization of co-determination mechanisms in integrative funds and bilateral bodies (Colombo, 2012). Bilateral bodies have been established by the law 276/2003 (called “Legge Biagi”). They are private bodies headed by unions and employer’s associations, entitled by the sectoral collective agreements to manage some welfare issues such as VET policies.

It is interesting to note the different view that trade unions on the one hand and BAs and MNCs on the other seem to have on such bodies, according to the small sample of interviews that we made. The formers tend to see them as a necessity imposed by law, not exempt from critiques (even harsh) to be made, and which should not substitute a universal public provision – at least of basic level of protection. The latter apparently have a more enthusiastic view: broadly speaking, they boast their records in the area and advocate a larger room that should be guaranteed by the government, in order to expand them and

potentially substitute a State which is in retrenchment, at least in some areas¹⁷. Notwithstanding such different views, both sides seem to find a common ground in supporting the favourable fiscal regime for such bodies, perhaps for defensive reasons in the case of the unions. Furthermore, unions clearly prefer such bilateral bodies, in which at least they share the management, rather than welfare handouts provided to workers unilaterally by the firms: in both the MNCs we studied through our interviews, it was reached an agreement between the unions and the firm according to which the firm was going to provide health check-ups to workers through autonomous contracts with private structures, so the unions were completely excluded from the realization of the agreement.

Figure 2 show that social partners are involved in many welfare management bodies, confirming the relevance of sectors in the relationship between welfare and business.

Table 12b. Bilateral and co-determination bodies

Name	Type	Level	Issues covered
National Council for Economic Affairs and Labour (Consiglio Nazionale Economia e Lavoro, CNEL)	Tripartite	National	Research, consulting activities to government, Regions, production of periodic reports, studies and surveys on labour market or collective bargaining; monitoring of NCBAAs.
Fondimpresa	Bipartite (vocational training fund)	National (private companies)	Training
National Cross-industry Paritarian Fund for Continuous Training within Cooperatives (Fondo Paritetico Interprofessionale Nazionale per la Formazione Continua nelle Imprese Cooperative, Fon.Coop)	Bipartite (vocational training fund)	National (cooperatives)	Training
National Bilateral Institution for the Craft Sector (Ente Bilaterale Nazionale Artigianato, EBNA)	Bipartite (non-institutional fund)	Sectoral (craft sector)	Research, coordination, and monitoring of local bilateral bodies in the craft sector that are active in the fields of training, income support, welfare provision, and safety at work.

¹⁷ We have already shown, in other parts of this report, CGIL's worry that such approach to welfare would increase inequalities, and the counterpoint of the world of business, that see as inevitable state retrenchment and the consequent lack of resources, thus consider as positive and to be encouraged this way of providing welfare.

Name	Type	Level	Issues covered
National Bilateral Institution for the Agricultural Sector (Ente Bilaterale Agricolo Nazionale, EBAN)	Bipartite (non-institutional fund)	Sectoral (agriculture)	Training, research, welfare provision, and safety at work
National Paritarian Commission for Social Security Funds in the Construction Sector (Commissione Nazionale Paritetica per le Casse Edili, CNCE)	Bipartite (non-institutional fund)	Sectoral (construction sector)	Administrative support to companies, and coordination and monitoring of activities of local bilateral bodies in the construction sector that are active in the fields of income support and welfare provision.
National Institution for Vocational Education and Training in the Construction Sector (Ente Nazionale per la Formazione e L'addestramento Professionale Nell'edilizia, Formedil)	Bipartite (non-institutional fund)	Sectoral (construction sector)	Training
National Bilateral Institution for the Tertiary Sector (Ente Bilaterale Nazionale per il Terziario, EBN.TER)	Bipartite (non-institutional fund)	Sectoral (service sector)	Training, research, welfare provision, and labour market intermediation
Bilateral Institution for the Development of Training Targeted at Managers in the Tertiary, Distribution, and Service Sectors (Istituto Bilaterale per lo Sviluppo della Formazione dei Quadri del Terziario, Distribuzione e Servizi, Quadrifor)	Bipartite (non-institutional fund)	Sectoral (service sector)	Training and research
National Bilateral Institution of the Tourism Sector (Ente Bilaterale Nazionale del settore Turismo, EBN)	Bipartite (non-institutional fund)	Sectoral (tourism sector)	Training, research, welfare provision, labour market intermediation, and coordination and monitoring of local bilateral bodies active in the same fields
Bilateral Institution for Temporary Work (Ente bilaterale per il lavoro temporaneo, Ebitemp)	Bipartite (non-institutional fund)	Sectoral (temporary agency work sector)	Training, research, welfare provision, and safety at work
Solidarity Fund to Support Employability, Employment, and	Bipartite (solidarity fund)	Sectoral (banking and insurance sector)	Income support and training

Name	Type	Level	Issues covered
Income of Staff of Credit Unions (Fondo di Solidarietà per il Sostegno dell' Occupabilità, dell'Occupazione e del Reddito del Personale del Credito Cooperativo)			
Fondirigenti	Bipartite (vocational training fund)	Occupational (managers)	Training
Training Fund for the Craft Sector (Fondo Artigianato Formazione, Fondartigianato)	Bipartite (vocational training fund)	Sectoral (craft sector)	Training
National Cross-industry Paritarian Fund for Continuous Training in the Tertiary Sector (Fondo Paritetico Interprofessionale Nazionale per la Formazione Continua del Terziario, FonTer)	Bipartite (vocational training fund)	Sectoral (service sector)	Training
Fund of the Banking and Insurance Sectors (Fondo Banche Assicurazioni, FBA)	Bipartite (vocational training fund)	Sectoral (banking and insurance sector)	Training
National Cross-industry Paritarian Fund for Continuous Training in the Tertiary Sector (Fondo Paritetico Interprofessionale Nazionale per la Formazione Continua del Terziario, For.Te.)	Bipartite (vocational training fund)	Sectoral (service sector)	Training
National Supplementary Pension Fund for Workers in the Metalworking Industry, Machinery Installation Services, and Related Sectors (Fondo Nazionale Pensione Complementare per i lavoratori dell'industria metalmeccanica, della installazione di impianti e dei settori affini, COMETA)	Bipartite (pension fund)	Sectoral (metalworking and manufacturing sectors)	Pension benefits

Name	Type	Level	Issues covered
Supplementary Capitalisation-based Pension Fund for Workers in the Chemical and Pharmaceutical Industry and Related Sectors (Fondo Pensione Complementare a Capitalizzazione per i Lavoratori dell'Industria Chimica e Farmaceutica e dei Settori Affini, Fonchim)	Bipartite (pension fund)	Sectoral (chemical, pharmaceutical, and other related sectors)	Pension benefits
Supplementary Healthcare Fund for Workers in the Craft Sector (Fondo di Assistenza Sanitaria Integrativa per i lavoratori dell'artigianato, San.Arti.)	Bipartite (health fund)	Sectoral (craft sector)	Complementary health provisions
Supplementary Healthcare Institution for Employees in the Trade, Tourism, and Service Sectors (Ente di assistenza sanitaria integrativa per i dipendenti dalle aziende del Commercio, del Turismo e dei Servizi, ASTER)	Bipartite (healthcare fund)	Sectoral (trade, tourism, and service sectors)	Supplementary healthcare benefits
Supplementary Healthcare Institution in the Trade, Tourism, Service, and Related Sectors (Ente di assistenza sanitaria integrativa Commercio, Turismo, Servizi e settori affini, Fondo Est)	Bipartite (healthcare fund)	Sectoral (trade, tourism, and service sectors)	Supplementary healthcare benefits

Source: [Living and working in Italy | Eurofound \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/inline-photos/2020/04/10/P1020404.pdf)

In the 1990s, faced with the need to reform the pension system, governments alternated phases of unilateral action (the Berlusconi Government in 1994) – which generated social conflict and a consequent political crisis – with others of greater involvement of the social partners in the decision-making process (Jessoula, 2009). The measures taken in the field of supplementary pensions in the 1990s were therefore the product of the conciliation phase, in the traditional logic of seeking social consensus. This has led to the current degree of 'institutionalisation' of the social partners in the management and contractual

regulation of some supplementary welfare institutions – in particular supplementary pension and health funds. Concertation has been an important instrument of reform until 2007, followed by a trend towards one-sidedness of governments in economic and social policy interventions (Colombo and Regalia, 2016). In this situation, the involvement of the social partners in the field of welfare (and beyond) seems to be less and less obvious. Their role as 'managers' and regulators through collective bargaining is not called into question, but currently (before the pandemic) there does not seem to be any room for wider participation in policy making. In this context, it remains a role of 'external' pressure to decision-making dynamics, with moments of consultation and the signing of certain agreements, but without leading to results similar to those observed during the social pacts season (Colombo, 2017). From this point of view, there is a growing decentralisation of governance from consultation to collective bargaining in the sector. Table 12 shows that in Italy most workers are covered by national (i.e. sector) collective bargaining.

Table 12. *Employers collective bargaining actions. Percentage of employees covered by a collective agreement in the private sector in Italy (2019)*

	Agreement at company level only	Both agreement at company and higher level	Agreement at higher level only
Italy	3,1	16,7	80,2

Source: own elaboration on Oecd data (Negotiation our way up)

However, it is worth keeping into account the effects induced by the Employers' Association fragmentation. According to the survey mentioned in the first section (Inapp-Ril, 2015) in 2015 the employees covered by an industry-level agreement in Italy were 93% of the total amount of employees in firms with at least one employee. Such figure - positively affected by the staggering increase registered over the last years in the number of national sectoral collective agreements signed - places Italy among the countries in which the multiemployer bargaining coverage is relatively stronger (the OECD average in 2013 was 33%).

The survey showed a similar sample composition (even if not statistical representative). Table S23 shows that companies in the survey are in the majority involved in the collective bargaining especially in the consumption and industry sectors, the main sectors of the Italian economy.

Table S23 - *Involvement in collective bargaining by Sectors*

	Industry (excluding construction)	Consumption services (including construction)	EU2020 “smart growth” services	Welfare state services and public administration	Total
No	13,0%	24,0%	25,0%	75,0%	23,5%
Yes	87,0%	76,0%	75,0%	25,0%	76,5%
Total	23	50	8	4	85

Nevertheless, statistics on coverage do not register a recent phenomenon: the spread of the so-called “pirate agreements”, signed by scarcely representative organizations. “They aim to carry out a contractual and wage dumping of the agreements signed by the most representative associations, therefore making the jurisprudential mechanism of the subjective extension of minimum wages both inefficient and uncertain. In other words, the economic system seems to have developed a convenient and alternative system for opting out of the sectoral collective bargaining, taking advantage of the absence of legislation on representativeness and of voluntarism that characterizes the mechanisms for selecting bargaining actors on the workers’ and employers’ side” (Bergamante and Marocco, 2019: 66-67).

The advisor to the Labour Minister we reached describes us another opportunity for firms to this regard: national agreements sometimes leave very large room to adapt them to the specific needs of each firm.

“It leaves to the stronger huge margins of flexibilization at firm level of the norms contained in the national agreement. For instance, the logistic national agreement was used also by JustEat to hire its riders as subordinate workers, so that many referred to this as a sort of “adapted subordination”, because the derogations to the classic framework of subordination were so many, in order to adapt this contract to the specific business model”.

This "new" role of the social partners in welfare policy making can also be observed in Government's intervention with the Stability Law of 2016, which introduced tax cuts in the event that corporate welfare policies are implemented. Tax incentives for the negotiation of welfare, while they can reinvigorate company bargaining on these issues (and probably company bargaining in general), on the other hand

signal the tendency of recent governments to decentralise the scope of recognition of social partners in regulating the economy: from concertation to collective bargaining to incentives to increase company level bargaining. Decentralisation is the outcome of significant pressures on the entrepreneurial side (especially by individual companies) (Colombo, 2017).

Decentralized level: companies and territorial's collective bargaining

In the survey the majority of companies that participated are involved in company and national levels of collective bargaining (see table S24). This can be a result of a sort of sample self-selection: the more a company is involved in bargaining the more has been willing to participate to the survey. Or because even if in Italy there is a strong pressure on decentralization by employers, it has not actually occurred yet.

Table S24 - *Level of collective bargaining*

	Responses		Percent of Cases
	N	Percent	
Company	34	48,6%	56,7%
National	26	37,1%	43,3%
Industrial/Sectoral	4	5,7%	6,7%
Regional/Territorial	1	1,4%	1,7%
I do not know	5	7,1%	8,3%
Total	70	100,0%	60

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

The entrepreneurs' pressures for decentralization are the result of the fragmented configuration of Italian business associations. While this fragmentation does not seem to affect the level of diffusion and coverage of sectoral collective bargaining, company bargaining has always been affected. The low spread of second-level collective bargaining is often attributed to the presence of small, poorly unionised enterprises. However, this is not only about the reduced pressure of trade unions on individual companies, but also due to a historical mistrust by small businesses in collective action. If they refer to the sectoral collective agreement in order to have general rules, they are less likely to support second-level bargaining most often managed by the local social partners (territorial agreements).

The most recent data show that the greater dissemination of the territorial-level agreement is evident especially among firms with a number of employees ranging from 5 to 15. In large firms, on the contrary, local-level bargaining is residual. In medium-sized firms, firm-level and local-level agreements are disseminated almost equally, although with a slight prevalence of the latter (Bergamante and Marocco, 2019). Second-level bargaining follows also the Italian territorial cleavages: it is mainly spread in Northern areas.

From this point of view, social partners are trying to act on strengthening bargaining and political action at territorial level, in a kind of mechanism compensatory of the diminished national political role. Action at territorial level is also linked to the nature of some public welfare institutions, health in the first place. Territorial bargaining could also compensate for the low level of coverage of company bargaining. While legislative interventions push for a strengthening of employment welfare through company bargaining, this level of bargaining has always been very fragmented and not widespread, especially in small and medium-sized enterprises. Territorial bargaining, together with the action of bilateral bodies, could partially contribute to an increase in the number of workers covered by collectively contracted welfare institutions (Colombo, 2017).

In terms of contents, data provided by CISL Second-Level Bargaining Observatory (OCSEL 2019) show that since the irruption of the economic crisis (2008) the tendency is to sign “defensive” agreements, i.e. oriented to saving jobs. Indeed, a relative large number of agreements is related to restructuring and company crisis: almost 70% of the agreements signed. Moreover, 80% of the agreements analysed concerns de-taxation of productivity wages. This is linked to corporate welfare, concerning especially supplementary pensions and healthcare. Even VET policies and work-life balance are considered in the agreements. Nevertheless, firms that benefitted from the fiscal bonus do not seem to recognize a particular success of the measures concerning the dissemination of the second-level agreement (Bergamante and Marocco, 2019). To this regard, some of our interviewees from BAs and MNCs complain the lack of room for firm-level bargaining (showing at the same time a strong support for this instrument), given that legislation tends to claim for itself all the possible fields left for decentralized agreement. They often cite as a positive example to be replicated in other areas the on-site negotiations with the unions on smart working (home office), that were done in urgency during the pandemic and later recognized by the government. The same example is actually raised in a positive light by some of the CGIL’s representatives we spoke with.

Employers’ cooperation and collective agency

Part of the empirical section of this research was directed at understanding if the increasing heterogeneity of the economic structure (and the following increasing differences in terms of employer interests within the business world) has made it more difficult for employers to cooperate and to find a common ground in relation to what they want to achieve through social policies: if there are different (and potentially contrasting) employer coalitions (with different agreed priorities), and if these coalitions are at play, which of them tend to prevail. Broadly speaking, the business associations' leaders we reached tend to deny that this would constitute a problem for the respective association (let us not forget that the sample is small and thus not necessarily representative): heterogeneity would be "a value added", bringing different experiences within the collective body. In partial contrast, a high-level national manager of Confindustria told us that the organization has been changing a lot since when it represented essentially a small set of big manufacturing firms, which could set the agenda: "Now we gather a lot of contradictions [...] so that our task to represent these interests is every day more challenging. Very often, internal conflicts are more difficult to resolve than external ones".

In this framework, he says, Confindustria must reconcile large firms' demands with those of small firms, "keeping in mind that 90% of the members have less than 50 employees [...] and that big firms can do it on their own". A way out from these strains, and it is a claim recurrent throughout our interviews, by both sides of the bargaining process, would be structuring industrial relations according to supply chains, instead of productive sectors.

However, it is worth quoting at length from a national leader of FIOM-CGIL (the mighty sectoral manufacturing branch of the most important Italian union), for a different view, or at least complementary viewpoint:

"Today the multinationals [...] run it on their own terms. Moreover, we are present at every crisis management table [...] but I have never met Confindustria at the tables of industrial crises, and less and less do I meet them at the meetings with large companies that decide to negotiate, because they make use of other types of figures: either they have internal resources, or they make use of other external structures. This is a perceivable trend, except for some territories where instead there is still a role for Confindustria at the bargaining table. But over the years it has reduced, objectively: moving from an industrial relations manager to an HR is already a structural change. The so-called Human Resources is a person that deals with what is decided elsewhere, HR makes acceptable to the community of workers what is decided by the management of the multinational. Industrial relations is a totally different thing: you do shape industrial relations, that is, there is a role recognized to both parties, there is a margin of autonomy for bargaining that today has been increasingly reducing, with a unilateral management model by firms".

The survey showed some details (even if the number of cases is relatively small) on the relationship between companies and employers' associations. Table S25, which aggregates answers on different

policy areas, shows that most respondents do not perceive that their company is usually involved in policy discussion by employers' associations.

Table S25 - *Members of Employers' associations. How much they are involved in a discussion on Policy*

	Responses		Percent of Cases
	N	Percent	
Small extent	89	52,4%	261,8%
Great extent	47	27,6%	138,2%
I don't know	34	20,0%	100,0%
Total	170	100,0%	34

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

This low involvement is consistent with the declared level of satisfaction of employers' associations' policy. Table S26 shows a relatively good proportion of respondents: for the policy goals they would expect an effective contribution from the EA, the majority of the answers points to dissatisfaction (36%) or indifference (44%). Table S27 disaggregates the "not satisfied" answer into policy actions: dissatisfaction concerns every field, the mostly expressed complaint being the inability in helping to cut taxes and companies' costs.

Table S26 - *Level of satisfaction with the Policy action of Employers' associations*

	Responses		Percent of Cases
	N	Percent	
Not satisfied	218	36,0%	286,8%
Satisfied	120	19,8%	157,9%
Neither satisfied nor dissatisfied	267	44,1%	351,3%
Total	605	100,0%	76

Note: this is a multiple response frequency report. Respondent could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases

Table S27 - *Policy actions in which companies are less satisfied of Employers' associations achievements*

	Responses		Percent of Cases
	N	Percent	
To reduce the tax wedge on salaries	35	16,1%	83,3%
To reduce the taxation	31	14,2%	73,8%

	To influence the level of flexibility of the labour market	21	9,6%	50,0%
	To make less expensive the public pension system	32	14,7%	76,2%
	To make less expensive the public unemployment benefits system	25	11,5%	59,5%
	To invest more in vocational training	25	11,5%	59,5%
	To foster work-life balance policies/policies supporting working parents (wording to be adjusted to the national context)	26	11,9%	61,9%
	Active labour market policies (e.g., subsidised employment)	23	10,6%	54,8%
Total		218	100,0%	42

If we look at the emergence of business clubs and other types of non-traditional employers' associations, this phenomenon, at least according to our small set of interviewees, is not a relevant one in Italy.¹⁸ In the few occasions that the issue is admitted as existing, its importance is diminished, as these groups would not have a strong territorial rooting and as the world of representation would be instead in a process of rationalization and simplification (as opposed to fragmentation). Confindustria's representatives stressed in the interviews that the double articulation of the organization is decisive in rooting the association and making it useful even to firms which in principle might not need to get the membership: vertical, that is by sectors, and horizontal, that is territorial. For instance, firms not interested in national bargaining may still want to take part to territorial activities; on the other hand, firms with no tight territorial connection, may still want to join the association to gather with fellow companies of the same sector.

Alternative networks, non-traditional associations of representation and lobbying were mentioned by the representatives of a MNC we reached (still, full member of Confindustria):

“There are many associations or, better said, professional benchmarking groups, between companies that come together, exchange experiences and in turn become pressure groups towards the government or territorial institutions where they reside. These are perhaps less visible aspects than the relationship with trade unions or employers' associations. But they exist and are very strong, in Italy, Germany and in many other countries. They are very

¹⁸ If the issue of “pirate agreements” is not considered part of the mentioned phenomenon. As highlighted on several occasions throughout this report, this has been remarked as a particularly worrisome issue in most of our interviews.

important, that is, they are professional networks that become lobbying agents to pressure institutions to develop tools in support of companies [...]. There not exist just Confindustria and trade unions, there are many others.”

Further on this issue: the BAs' interviewees repeated that the exit option due to dissatisfaction with the agreements stroke by the associations is a road taken sometimes by very large companies (especially, MNCs), which believe they can structure their own parallel system, whereas national agreement is one of the very reasons why firms in general praise the membership. The pandemic would have reinforced this aspect.

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