



# Attractive workplace for all: a contribution to the Lisbon strategy at company level

## National report for Italy

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**Bibliography**

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## Lisbon strategy at national level

### Reception and communication of the Lisbon Strategy

In 2006, the Italian government switched from a centre-right coalition to a centre-left coalition. Both governments have held several Conferences with the Regions and the social partners to discuss the guidelines of the Lisbon Strategy.

In a report dated July 2005, the main trade unions (*Cisl*, *Cigl*, *Uil*) expressed their priorities in order to revive economic growth and regain a competitive position in the European and international contexts. Their main concerns were to encourage efficient resource allocation; to ensure inclusive labour markets; enhance work attractiveness and wage developments; to improve quality and productivity at work while strengthening social cohesion.

*Confindustria* (the main employers' organisation) took a different approach by focusing on country's competitiveness in European and international markets.

While preparing the National Action Plan 2004, the social partners were continuously consulted and referred to. The social partners drew up a joint document, made observations and comments, in which they voiced their opinions on the structural reforms, in particular on labour market reform, adopted by the centre-right government. At times these opinions were not unanimous, with all partners holding independent positions. Whilst the centre-right government, in the field of industrial relations, adopted a social dialogue approach, in which the social partners have information and consultation rights, the new centre-left government has formally committed itself in re-launching the so called "concertation" (*concertazione*), more focused on negotiation rights of social partners.

In 2005, Italy's *Plan for Innovation, Growth and Employment* (PICO, Piano per l'Innovazione, la Crescita e l'Occupazione) was drawn up to re-launch the European Lisbon Strategy, with a significant involvement of social partners, experts and governmental and regional actors

The most important agreements between the employers' associations and trade unions within the framework of the Lisbon Strategy are the collective agreement in the handicrafts sector, on the emergence of undeclared work in the construction and agriculture sector, and the collective agreement on teleworking.

The labour market policy of the centre-right government was based on two relevant legislative changes: the "Biagi" labour market reform law and the "Moratti reform". The former reform of the labour market [law no. 30/03 (the so-called "Biagi Law")] initiated the National Labour Exchange, organised conditions for an "effective system" of matching supply and demand of labour, and introduced specific contractual instruments, to be adapted to meet the needs of both workers and businesses. The latter raised age limits for compulsory education and training and introduced opportunities for students between 15 and 18 to alternate periods of study and job placement. The aim was to increase the employment rate and therefore reduce unemployment, in particular among young people, women and for people aged 50+.

However, those two reforms raised a strong disagreement between that government and the social partners. The *Cgil* demanded the abolishment of the Biagi Law and the introduction of new labour legislation to sustain employment in the country on the one hand and the repeal of the Moratti reform on the other. Moreover, according to an economic study by the Allianz group (July 2005), the Moratti reform of the educational system and the measures that are currently being implemented to promote competition will not allow Italy to progress substantially towards fulfilling the Lisbon objectives by 2010.

### **Impact of the Lisbon Strategy**

According to research by the European Commission regarding the economic impact of the Lisbon targets (2005), it has emerged for the case of Italy that “Lisbon is far away”. Economic growth in Italy has been slipping behind for several years, and the GDP (Gross Domestic Product) growth rates are well below the EMU (Economic and Monetary Union) average. So Italy has been drifting away from the 3% target almost non-stop since the end of 2001. However, the unemployment rate has fallen to 7% in 2005, below the EU average, but at the same time, the employment rate, at 57.5% (2005) remains far below the Lisbon target. In Italy a reduction international competitiveness has emerged as well as a very large public debt.

As concerns R&D, Italy invests far less in Research & Development than its European neighbours. Furthermore, around 20% of R&D spending in Italy stems from multinational corporations, which makes Italy dependent on foreign investment. According to the National Research Institute (*Consiglio Nazionale delle Ricerche*), Italy only spent 1.04% of its GDP in 2002 on R&D – the goal is to spend 3% of GDP – and, moreover, the research has forecast a maximum investment of 1.6% of GDP in 2010. The centre-left government has confirmed its commitment to increase the investments in R&D up to 2.5% of GDP by 2010, where two thirds of the investments are financed by the private sector.

Regarding employment and productivity, there are strong differences in Italy between the two geographic macro-areas the Centre-North and the South. In December 2005, the social partners and the regional institutions signed a Manifesto for the development of Italy’s Mezzogiorno to fight the decline of the country’s economy by re-launching the development of Southern regions.

According to the centre-right government, the implementation of the NAP 2004 and PICO 2005 is closely worked on with all levels of regional, provincial and local government, responsible for defining implementation policies. However, the degree of participation and dialogue between the regional government and the social partners depends on the various regions. For example in the region of Emilia-Romagna the concertation plays an important role in outlining policies, while in Calabria there is a very low rate of concertation.

### **National and company-level policies: case studies**

#### **Orientation 1: Fostering employability**

According to a survey by the Institute of the Development of Vocational Training, Isfol (*Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori*), in 2004, 24.4% of the employees of the private sector, 53.2% employees of the public sector and 25.4% of the autonomous workers received continuous training. According to the employees in the public sectors, their professional knowledge has been developed during the training courses at the workplace, whilst the employees in the private sector have enhanced mainly their professional expertise through coaching. Both in the public and private sector, there seems to be no gender gap in the access to training on the job. One of the main instruments available to support the training of employees are the ‘intersectoral continuing training funds’ (*Fondi Paritetici Interprofessionali*) provided by law and promoted jointly by the main employers’ associations and trade unions. The Finance Act (388/00) for 2000 made it possible for the social partners to set up intersectoral funds to finance continuing vocational training. By the end of 2003, ten funds have been set up; around 7.3% of firms (employing 41% of employees) had joined the scheme. The geographical distribution of participation is still overbalanced towards the North and the Centre of Italy. Some results of the ‘intersectoral continuing training funds’ activities are:

- The part of the renewed national collective agreement for building workers concerned with vocational training gives the existing bilateral training system new responsibilities in the design of courses. The partners intend to turn current ‘building schools’, “*Scuole Edili*” (schools for construction workers) into national training agencies managed by the sectoral vocational training fund (*Fondo per la formazione professionale, Formedil*).

- The new national collective agreement for industrial managers stipulates that the bipartite body for continuing training (Fondirigenti) must identify the training and skills-updating needs of managers, as well as monitoring the effectiveness of the training delivered.

According to the 2004 Eurostat report on labour market in the EU, Italy has a very low level of occupational mobility. Only 5.8% of the employees have changed employers over the last year. Concerning the geographical mobility, the Ministry of Labour and Social Policies (centre-right government) together with the regions and the support of Italia Lavoro (a technical agency of the Ministry of Welfare) carried out the “*south-north-south*” (sudnordsud) system action during 2003, to encourage the development of work mobility, employability and partnerships between businesses and regions.

## **Orientation 2: Increasing the labour market participation of underrepresented groups**

### *Women*

In 2004, according to the report of Isfol (elaboration dates of ISTAT) in Italy the activity rate for women was 48.3% and the female employment rate was 45.2%.

Ten million euros were set aside under the Finance Act 2003 in favour of employers who set up crèches inside the workplace. Finally, an experimental, general measure was approved, which consists of a provision of a cheque of 1,000 euro to Italian or EU citizens for each child born between the 1st of December 2003 and the 31st of December 2004.

Although recent legislation provide, in theory, the possibility for working parents to dedicate more time to child-caring (e.g. through parental leave, working time flexibility and part-time work), the *Brianza* project indicates that, in practice, companies and sometimes also trade unions make it very difficult to use these measures (for example many sectoral collective agreements lay down strict limits on the use of part-time contracts).

In Italy, equal opportunities issues are regulated both by law and collective bargaining at national (or territorial) and company level. The most significant developments in 2004 were as follows:

- In September, an experimental project to establish measures to facilitate the re-entry of women into the labour market after maternity leave was concluded in Brianza (an area in Lombardy with high incidence of manufacturing activity). The project led to the creation of counselling and information services to assist companies and female workers during the process of being reintegrated in the workplace after maternity leave.
- The renewal of the national collective agreement for the commercial sector introduced four new joint bodies, one of which is an Equal Opportunities Commission.

### *Young people*

According to the report of Isfol (elaboration dates of ISTAT) among the young generations (aged 15-24) the activity rate was 35.6% and the youth employment rate was 27.2%.

On 24th March 2005 the Italian centre-right government passed two legislative decrees implementing the reform of the school and training system introduced by Law 53/03, known as “Moratti” reform. The first decree regarding the duty-right to education and training raised the age limit for compulsory education to 18 years. The second decree introduced the possibility for students aged between 15 and 18 to attend both vocational training schools and high schools – and alternate school and work periods.

The main Italian employers' confederation, *Confindustria* expressed its satisfaction with the two implementing legislative decrees.

Trade unions, both on the confederation and sector level, expressed a negative view of the decrees approved, which would increase the dissatisfaction with the school system and the confusion of young people.

As concerns increasing participation of young people, apprenticeship is intended to ease the entry of young people into the workforce. A review of apprenticeship is currently underway in order to define some principles and guidelines aimed at encouraging the subsequent regional concertation phases provided for by law. In some regions it has already been implemented.

### **Orientation 3: Integration into the labour market of people at risk of exclusion**

#### *Early school-leavers*

According to the report of Isfol, the number of early-school leavers (between 14 and 17 years old), is decreasing and is about 4.5% in this age bracket.

The National Guidance Plan is a national action policy targeted at combating school abandonment. The Plan, drawn up by the Ministry of Education together with the local institutions, provides for the introduction of a national information system for school drop-out or student register with the active involvement of families. Furthermore the "Parents and School" project aimed at increasing partnerships between schools and parents with formal and informal learning activities, provides for a variety of actions: networking of best practices carried out in schools, extension of the website of families and national forum of school parents' associations, a computer forum for parents, a seminar (held in April 2004) on the reform and partnerships with parents, 2nd Campus of European Students (November 2004).

Concerning the Moratti Law and the apprenticeship to promote the integration of early school-leavers is described under orientation 2.

#### *Long-term unemployed*

According to the report Isfol (elaboration of data ISTAT), long-term unemployment (more than 12 month unemployment) represents 3.8% of the working force. There is a great geographic difference, with 8.2% in the South (especially women) and an average of 1.1% in the North East of Italy.

In early 2004, the main employers' associations and the Unions Confederations -Cgil, Cisl and Uil, signed a national multi-industry agreement to regulate the use of the 'placement contract' (*contratto d'inserimento*) introduced by the Biagi Law, which replaced the previous work/training contract. This agreement allows for the immediate use of a new sort of labour contract intended to encourage the hiring of workers belonging to the so-called 'weak categories' (disadvantage groups), generally less present in the labour market. The Biagi law had a positive impact in increasing the inclination of companies to employ people but, on the other hand, it increased job instability and insecurity. The most relevant issues currently debated concern atypical workers' income protection during the phases of transition, protection in case of maternity and illness, and pension perspectives. The trade union actions, often coordinated and supported by the trade unions organisations of atypical workers (e.g. *Nidil-Cgil, Alai-Cisl, Cpo-Uil*), have not so far greatly influenced the condition of these workers. Collective bargaining is sporadic and concerns a small number of workers employed in big companies or in the public administration.

According to Law no.407/90, companies that hire long-term unemployed people (beyond 24 months of unemployment) with an open-ended contract, receive tax breaks (in form of negative taxes) for 36 months.

### *People with disabilities*

The targeted employment services provided for by Law no. 68/99 are operational and able to cater for the needs of people with disabilities and businesses in a new, more appropriate manner. Against a total of 450,700 people with disabilities registered in the amalgamated lists, the share of disabled employed in 2003 (26,700) shows to what extent, four years after its enforcement, the new law effectively represents an improvement for the disabled, especially as far as workplace integration is concerned. Even if visible progress has been made with regard to system quality, there is still a need for action aimed at cutting unemployment rates for people with disabilities by implementing complex action measures.

A recent Italian Law of April 2004 aims at improving teaching vis-à-vis students with disabilities, making it easier for them to gain access to IT resources.

### **Orientation 4: Make work pay – make work attractive**

In Italy there is no legal guaranteed minimum wage for all workers as there is in other countries, but rather minimum collective pay levels negotiated by the social partners. Minimum pay rates are set by industry-wide agreements (*contratti collettivi nazionali di categoria, CCNL*). The CCNL for each sector sets a minimum wage, the so-called minimum wage (*minimo tabellare*) or basic wage (*paga base*) for each worker according to their professional qualifications and consequent job level. In Italy, the coverage rate of collective bargaining is 90%. However, minimum wage levels apply to all workers, the legislation extends the provisions of collective agreements to all subordinate workers.

The minimum wage varies greatly from agreement to agreement, depending on the sector involved. One of the agreements fixing the lowest wage is for agricultural and cooperative workers; in particular for unskilled workers the minimum wage is 814 euros per month. In the contrary, one of the examples of minimum wages above the average is that of workers in the chemical sector: 1,154 euros per month.

In Italy, Law no. 80/03 aimed at reforming the State tax system, which is an attempt to make work more “attractive” through financial incentives. The aim is to increase the attractiveness of employment, both for employees and self-employed, by reducing the income tax bands for workers’ income.

A preliminary module, already implemented under the 2003 Finance Act, was concentrated in the lower income brackets, helping to make employment more appealing, especially as far as the second working family member is concerned.

In Italy the level of financial participation of workers is rather low. The main reasons are the lack of regulation and the conflicting opinions between the social partners. On the one hand the main employers’ organisation, *Confindustria*, is against the idea of financial participation, but on the other hand also the main trade unions disagree on the forms of employee participation. While the Italian confederation of workers’ unions *Cisl* is in favour of employees’ financial participation, the general confederation of Italian workers *Cgil* prefers to promote worker participation in company decision-making.

### **Orientation 5: Towards a balanced flexibility**

In early 2005, the Institute of Political, Economic and Social Studies (*Istituto di Studi Politici, Economici e Sociali, Eurispes*) published its annual survey of Italy’s political, economic and social situation. The latest report devotes considerable attention to the analysis of recent changes in the Italian labour market, with particular regard to ‘atypical’ work.

The number of part-time workers on open-ended contracts increased by 16.3% between 2000 and 2003. In 2003, a total of 14,464,000 workers were on open-ended contracts; of these 7% (more than 1 million workers) were employed part-time, of whom 86.8% were women.

In 2003, there were:

- 1,583,000 workers on fixed-term contracts. Of these, 443,000 were employed on a part-time basis (29.3% of the total). Women accounted for the largest proportion of such part-time employment (65.7% of workers on fixed-term part-time contracts);
- 651,648 workers on employment contracts that combine work and training – a 15.2% decrease compared to 2000 (almost entirely due to a cut in work/training contracts).

According to the latest report of the Bank of Italy, in the first three trimesters of 2005, ‘atypical’ employment counts for 10.8% of the total employment and one fourth of the young people (between the age of 15 and 29) had an ‘atypical’ employment contract (i.e. fixed-term contract, part-time work, temporary agency contract). Moreover, 40.5% of the people starting a new position are subject ‘atypical’ contracts, which even has increased since 2004 (the new employees counted for 38.6% of the ‘atypical’ employment percentage).

Finally, the report shows that over the past decade a general growth of flexible employment has been accompanied by an increase in female employment (up 7% between 1993 and 2003) mainly taking the form of ‘atypical’ female work.

In order to balance the increasing precariousness related to the atypical employment contracts, the centre-left government is working on a deduction system, which aims at reducing the fiscal wedge (the so called “cuneo fiscale”) by 5% of the gross wage, and, at the same time, encouraging enterprises to hire workers on an open-ended contract. In fact, the enterprises can only deduct the labour costs related to open-ended contracts.

#### **Orientation 6: Business creation and entrepreneurship**

The Decree no.185/00 fosters the setting up and development of businesses formed by young people in depressed areas of Italy (Basilicata, Calabria, Campania, Puglia, Molise, Sardinia and Sicily). According to the Decree, either financial aid as technical assistance during the investment and start-up phase is provided to beneficiaries in order to support young people to start up small businesses. 41% of the total applications in this area came from women. As far as the micro-business option is concerned, a gender breakdown offers less impressive figures, which probably show that women encounter greater difficulties in submitting more complex business initiatives than those involving one-man businesses.

Another initiative is the so called “Fertility Project”. The project is a venture of the public company “*Sviluppo Italia*” and the Ministry of Labour to support the birth and the development of social cooperatives. The basic incentive is a financial contribution, equal to twice the company capital, aimed at promoting investment and new employment.

The Action plan for economic social and territorial development passed as a law on 15th May 2005 (no.80/05) and reformed the system of incentives, with the transition from capital subsidies to a system which hinges on risk-taking by banks. The law introduces, amongst other things, incentives in the form of tax credits to promote small enterprises; an increase of 100 million Euros in the so-called “National Revolving Fund” (*Fondo rotativo nazionale*) to support the companies with risk capital actions, etc. The “National Revolving Fund” (*Fondo rotativo Nazionale*) is a financial instrument to sustain companies in the availability of risk capital. It is called “revolving” because it is financed not only by public allocation but also by the sums returned cyclically by the enterprise beneficiaries.

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