

The Labour Market Implications of a More Flexible Collective Bargaining: The Case of Italy

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We analyse recent developments in the Italian system of industrial relations to shed light on the labour market consequences of a decentralization in collective bargaining. Starting from the Great Financial Crisis, a growing number of Italian firms have opted-out of the traditional sector-level agreements (CCNLs) to sign new, more flexible contracts often with minor unions. We leverage rich administrative records reporting, among other things, the CCNL applied to individual workers to provide an in-depth descriptive analysis this phenomenon. We observe that firms adopting these new CCNLs were more likely to be located in the South and operating in wholesale and retail trade or in the services sector. We also document that these contracts tend to cover more vulnerable worker categories such as women, young workers and part-timers. Preliminary event studies conducted at the worker level show that these alternative CCNLs are associated with a positive effect on employment and a relative wage loss.