

## Abstract:

This paper studies the worker- and firm-level effects of opting out of collective sectoral bargaining agreements. In 2011, several large retail firms in Italy decided to opt out of their sectoral collective bargaining agreement, which was viewed by these firms as too costly and rigid for their business model. As a result, these firms ended being covered by a collective bargaining agreement with minimum wages about five percent lower compared to the status quo. Leveraging high-quality Italian administrative data which permits to identify the collective bargaining agreement associated with a given worker, we study the effects of this opting-out decision at the worker- and firm-level. Preliminary evidence suggests that this opting-out event did not have an effect on employment.