

“Collective Bargaining, Representativeness and Labour Market Outcomes”

Claudio Lucifora (Università Cattolica)

Paolo Naticchioni (INPS)

Daria Vigani (Università Cattolica)

ABSTRACT

The number of sector-level collective agreements signed by unknown organizations -- the so-called “pirate” agreements -- has increased dramatically in recent years. Regulatory uncertainty about social partners' representativeness contributed to this trend. In this paper, we use firm-level data from the Italian Social Security Archives (INPS) matched with unique information on collective agreements representativeness, to investigate the labour market effects of non-representative (“pirate”) collective agreements (NRCA). The empirical strategy exploits variations in local labour market trade shocks to address endogenous sorting effects – lower productivity firms more likely to apply “pirate” collective agreements – to estimate the causal effect of collective agreements' type on wages and employment levels. Preliminary evidence shows a significant dumping effect on average wages associated to non-representative collective agreements, compared to firms with regular collective agreements (RCA). Also, firms moving from a regular to a “pirate” agreement exhibit smaller disemployment effect compared to other firms.