



Italy non-technical abstract

iNGenBar – Inter-generational Bargaining towards integrated bargaining for younger and older workers in EU countries

Lisa Rustico and Roberto Pedersini



UNIVERSITÀ DEGLI STUDI DI MILANO

Dipartimento di Scienze Sociali e Politiche



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Inter-generational solidarity measures in Italy

In Italy there is **scant evidence of collective bargaining actions aimed at activating integrated policies** that foresee a clear and explicit link between younger and older workers.

“Inter-generational solidarity” measures that simultaneously support youth employment and accompany older workers to flexible retirement mostly have **statutory regulation**. These are the so-called “**generational relay schemes**” whereby partial retirement of older workers, achieved through working time reduction, is connected to the recruitment of young workers. In some cases, such schemes may also involve some forms of mentoring across the two groups of workers for knowledge transfer, at least in principle. These initiatives have a relatively long record and they have been debated at least since the 1990s. However, generational relay schemes at the national, regional or company level never had relevant success, despite the availability of public resources, coordination among actors and the interests of the stakeholders involved explicitly showed in both legal and collective initiatives.

It is possible to identify a number of **inter-generational solidarity measures** activated since the mid-eighties in Italy. These can be classified along two dimensions: the source of regulation, either legal or contractual rules; and the source of funding, either public or private.

1. Most of the initiatives are *regulated by legal rules and supported by public funds*. An example are expansive solidarity contracts, introduced in 1984, whereby the State pays economic incentives to companies that permanently reduce working hours to create new jobs, on the basis of a collective agreement. Similarly, within collective dismissal procedures in cases of company crises or restructuring, the State covers part of the income of fired workers, thereby supporting their early retirement (mobility procedure). Likewise, the national programme ‘Welfare to Work re-employment policies 2012-2014’, and the plans to implement it at local level, are funded by the European Social and Rotation Funds and the provinces’ resources, and regulated by legal norms, typically regional acts.
2. Company- and sector-level agreements, instead, belong to the category of measures *regulated by contractual rules and supported by public funds*: in other words, the region or the province pay voluntary contributions of senior workers involved in working time reduction plans, while the employer and local unions bargain about the rules to implement the scheme with a plant level agreement.
3. It is also possible that *private bodies regulate and pay* generational solidarity schemes: for instance, when they pay additional wage bonuses to senior workers involved in relay schemes. In this category falls also parental recruiting, that is the possibility for parents to hand their job over their children in the same company. Finally, the Fornero reform introduced early-retirement incentives, whereby companies sign agreements with the unions to pay voluntary contributions until the older worker’s retirement age and simultaneously hire young people.
4. There is no evidence of schemes *regulated by collective bargaining and paid by the state*.

This kind of integrated measures, though, is scarcely implemented. In Italy it is more common that **policies address either youth employment or early and/or flexible retirement separately**. Among the former, just to mention some, there are apprenticeships, training alternance between schools and universities and workplaces, traineeships and the Youth Guarantee measures activated at the regional level. Among the latter, there are incentives for older workers to stay at work after the achievement of contributions requirements, by adding up wages and pension. There are also several early-retirement incentives, such as those paid within the scope of collective dismissal procedures, or according to specific company agreements. It is still hard, though, to consider active ageing as a mainstream concept in Italian public policies.

Results and analysis

Despite the statutorily defined and/or collectively bargained initiatives described above, the attention and engagement of Italian governments and social partners to implement generational solidarity have been discontinuous, or insufficient. This might partly explain the **limited success of the projects started in the past years**, and suggests that a greater and more continuous commitment would be needed to achieve success.

Among the **obstacles** to the effective implementation of generational schemes, there are the high level of uncertainty of the changing legal framework, and the contingent economic crisis that discourages workers to accept reduced wages. Moreover, the use of passive labour market policies, like collective dismissal procedures to manage company-restructuring cases, tends to protect existing jobs instead of creating new ones. Finally, this possibility might discourage employers and workers to engage in new projects, such as generational pacts.

On the other hand, connecting policies intended for older workers and youth employment, for instance through relay schemes, would have **potential advantages**. These include the possibility for companies to manage change and work reorganization needs, due to older workers' reduced productivity, obsolete knowledge and limited motivation. Moreover, relay schemes allow companies to hire new staff, thus supporting innovation processes and generational turnover. These schemes may also be convenient in terms of costs, as public resources typically support them. By reducing their working time under generational solidarity schemes, seniors workers may satisfy their need of rebalancing time and energies between work and life, for health, family or personal reasons.

Case studies

The Italian report described **four case studies** of inter-generational relay schemes in Italy: these are all promoted by public bodies at different governance levels, i.e. national, regional and provincial, including one sector- and two company-level examples as well. The case studies cover both private and public sectors, and they show different degrees and ways of social partners' involvement in inter-generational bargaining. The case studies are the following:

1. National plan "Welfare to Work for re-employment policies 2012-2014" (private sector).
2. Region Lombardy "generational bridge" (private sector).
3. Autonomous Province of Trento (public and private sector).
 - 3.1. Sandoz and Finstral company agreements
 - 3.2. Artisan-construction sector
4. Autonomous Province of Bolzano-Bozen (public sector).

The intergenerational solidarity measures considered here are schemes that present the same structure of **relay schemes**, although there are differences: older workers voluntarily apply to reduce their working time, by typically maximum 50%, for maximum 36 months. The company commits to consequently hire a young person, so as to reach positive balance in staff size. The region or the province provides public support to cover senior workers' voluntary contribution payment.

Practice is limited in all cases, reflecting the scarce implementation of the legal and contractual instruments for generational solidarity introduced in the past 20 years. None of the projects led to significant quantitative results: there have been two cases in Lombardy (involving 4 workers in total), none in Bolzano and a few companies are involved in Trento, not only in generational relay

schemes, but also in expansive solidarity contracts. Nevertheless, all the projects considered are quite new, as they were introduced in relatively recent times.

The stakeholders interviewed observed a few elements that might be considered for analysis. Given the limited success of the initiatives, it is quite hard to identify **success factors**. Nevertheless, in the province of Trento an internal positive condition that favoured the use of these pacts was the possibility to use private pension funds, instead of relying on the national social security system (Inps). Another success factor in Trento was the flexibility of the measure, which, for instance, did not require a correspondence between older workers' and young workers' jobs and tasks. Flexibility consisted also in the possibility to transform existing fixed-term employment contracts into permanent ones, instead of hiring new people. The availability of generous economic resources surely helped. Finally, the relative success of the intergenerational schemes in Trento can be explained, at least in part, also with the intense social partners' engagement: unions and employers' representative sit indeed in the employment agency board and they signed more than one company and sector agreement.

In terms of **obstacles**, it is possible to identify elements common to all the case studies. According to the interviewees, there are two main external drivers that seem to have hindered, more than others, the development of inter-generational schemes. One is the uncertainty linked to the legal framework, which has been changing continuously in Italy. This was evident after the Fornero Reform, which left hundreds of workers without a job and without a pension (*esodati*). Second, the economic crisis might explain the reluctance of many workers to lose part of their salary. One internal 'negative' driver is political change and the consequent redefinition of political priorities; this was observed particularly in the interviews in Lombardy. Here, another obstacle is the impossibility for workers to return to full employment after the generational bridge. In Trento, the main obstacle to the use of relay schemes was the lack of an agreement between Inps and the employment agency. In Bolzano, instead, more than one controversial factor might explain the lack of implementation. First, according to the unions, the lack of transparency about hiring mechanisms of young people: since the pact covers the public sector, new staff should be selected through a public competition, but it does not seem to be the case for the new contracts for youth within the generational scheme. Second, the collective agreement regulating the generational pact in Bolzano is cross-sectoral, thus covering more than one industry in the public sector (e.g. schools, health care, etc.). One problem related to the extended coverage of the pact was the functional cross-sector work-reorganisation. Third, the German union reported that, given the importance of apprenticeship in Bolzano for youth training and employment, the impossibility to hire young people with an apprenticeship contract in the public sector is an obstacle. Fourth, part of the unions doubts that the project will create competition between precarious workers in public administration and the new comers, hired without a public exam under generational relay schemes. Finally, while the provincial agency for collective bargaining does not intend to sign sector specific agreements, the trade unions claim that this is necessary.

It is reasonable to conclude that **the analysed bargaining practices in the case studies in Italy are not 'working' as expected**. Their real impact on younger workers and on older workers, at least in quantitative terms, is at most marginal. On the quality side, it is possible to suggest elements both to support further developments, and to explain why the schemes have not worked well so far.

Conclusions

To conclude, **in Italy there is a developed institutional framework for inter-generational solidarity policies, but practice is limited**.

On the basis of the case studies analysis it is reasonable to conclude that explicit forms of inter-generational solidarity in collective bargaining seem to indicate **a possible new approach to industrial relations**, which may help to bridge the gap between ‘insiders’ and ‘outsiders’, with a potential benefit in terms of social cohesion and legitimacy.

Indeed, a number of **potential benefits** may flow from integrated policy approaches and bargaining for younger and older workers in the Italian industrial relations and labour market context.

- Addressing simultaneously the employment priorities of an ageing population and youth employment;
- Fighting ageism by generational solidarity;
- Blurring the boundaries of the insiders/outsiders divide, by engaging young workers in representation/voice actions and creating a dialogue between generations.

The cases analysed in the report show that public financial support may be essential, but it is certainly not enough to ensure high take-up rates. In this perspective, it is possible that the main focus on retirement of older workers may be counterproductive. The relative uncertainty about retirement rules and prospects in recent years in Italy, as well as the prevalence of the financial and economic attractiveness of the operation, risk to overshadow the potential for new workplace policies centred around the learning and innovation potential of mainstreaming age in human relations policies. Therefore, it seems that **a more balanced approach, which would focus on recruitment, the transfer of knowledge and lifelong learning** may contribute to promote intergenerational policies. Rather than a measure to accompany retirement, inter-generational policies may prove attractive for both employers and workers, if they are **a lever for up-grading the skills of both young and older workers**. The main objectives may to respond to the changing needs and expectations of workers during their working life and make the best to involve them at all stages, otherwise they will depend too much on economic and financial conditions. Rather than merely redistributing resources, inter-generational policies may actively contribute to improve **organisational performance, working conditions and employees’ satisfaction**.