THE SHIFT TOWARDS SINGLE-EMPLOYER BARGAINING IN THE ITALIAN AUTOMOTIVE SECTOR

Determinants and perspectives of the FIAT case

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Outline

Question
Why FIAT moved from multi-employer to single-employer bargaining?

Answer
Three groups of determinants:
1. Institutional determinants
2. Economic determinants
3. Political determinants

Recent developments and perspectives
Bargaining systems

Multi-Employer Bargaining

- Economy-wide bargaining
- Sectoral bargaining
- Local bargaining

Single-Employer Bargaining

- Group-wide bargaining
- Company bargaining
- Plant bargaining

CB architecture in Italy
Institutional determinants

Collective bargaining in Italy
- No erga omnes power of collective agreements
- Low bargaining governability
  - No legal enforceability of collective agreements
  - Voluntary extension mechanisms (coverage: 95%)
  - Conventional peace obligation clauses not widespread
- Opening clauses (Statutory and conventional)

Employers’ Associations
- Voluntary membership
- Obligation for the members to apply collective agreements signed by the employers’ association
Institutional determinants

Workplace representation models

Statutory regulation: **Union channel**
– Art. 19, Law 300/1970 (Workers’ Statute): only trade unions signatory to a (sectoral and/or company) collective agreement applied in the workplace are entitled to set up a workplace representation body.

Conventional regulation: **Works Councils**
– Cross-industry tripartite agreement of 23 July 1993: the parties agreed to replace the union channel representation structures with works councils, which are formally independent from unions and are elected by all the employees irrespective of their affiliation to a trade union.
Institutional determinants

Workplace representation models

 Enterprises affiliated to employers’ associations signatory to the agreement of 1993

Works Councils

Unaffiliated companies, i.e. companies under single employer bargaining

Union Channel
Economic determinants

- Fiat Group: Ferrari, Maserati, Jeep, Chrysler...

- Quasi-monopoly in the Italian production of cars: Fiat, Lamborghini, Dr Motor, Fornasari, Pagani (custom-built cars!).

- Economic and financial crisis
Economic determinants

Problems of productivity in Italian Plants

Italy: Pomigliano d’Arco Fiat Plant, 2009
– 5000 blue collars, 36,000 cars produced (plant production potential: 240,000 cars)

Poland: Tychy Fiat Plant, 2009
– 6000 blue collars, 600,000 cars produced

Strategy

• Restructuring and reorganizing the production in Italy
• Renewal of working conditions based on more flexibility and collective bargaining governability
Political determinants

Strong trade unions movement in Fiat plants
Proportion of employees in unions: around 40%
- FIOM-CGIL: 28%
- FIM-CISL: 25%
- UILM-UIL: 21%
- FISMIC: 15%

Conservative and “classist” approach of the FIOM-CGIL:
- Support standardization of working conditions
- Against the introduction of downward flexibility at company level
- Against derogation from sectoral collective agreements
Political determinants

• In this framework Fiat decided to leave Confindustria, i.e. the main employers’ association in the manufacturing

• Concession bargaining to sign a new company level agreement:
  • “Take it or leave it” approach
  • Threat to delocalization
  • Downward organizational flexibility traded-off against guarantees to invest in Italian plants

• FIOM-CGIL, i.e. the most representative metalworkers’ trade union, did not sign the new agreement
The FIAT case in brief

1. **Farewell to Confindustria**
2. **No obligation to apply the agreement of 1993 that set up works councils**
3. **Replacing works councils with trade unions’ workplace representation bodies**
4. **Since FIOM CGIL did not sign the new Fiat Group Agreement, it is not entitled to set up its own representation body in the Fiat plants**
The FIAT case in brief

Unaffiliated companies, i.e. companies under single employer bargaining

Union Channel

FIOM-CGIL

Art. 19 of the Workers’ Statute: only trade unions signatory to a (sectoral and/or company) collective agreement applied in the workplace are entitled to set up a workplace representation body.
Recent developments and perspectives

**Decision FIOM-CGIL vs Magneti Marelli (Fiat Group), Bologna 27 March 2012**

- The judge ruled against Fiat for anti-union behavior towards FIOM-CGIL, since this was excluded from being represented at the plants.
- Decision based on a new/extensive interpretation of Art. 19, Law 300/1970 (Workers’ Statute): trade unions’ workplace representation bodies can be established by trade unions that participated the negotiations of agreements applied in the plant, even if they did not sign the agreement.

**Decision FIOM-CGIL vs Fiat Group, Torino 13 April 2012**

- The judge rejected the recourse of FIOM-CGIL.
Recent developments and perspectives

Will the Fiat Group backtrack into multi-employer bargaining?
THANK YOU FOR YOUR ATTENTION!

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