

Rise in occupational welfare benefit schemes

The financial crisis has led to social and economic needs clashing with Italy's public expenditure cutbacks. This is causing widespread debate about occupational welfare benefits provided by employers that complement or replace the public welfare system. Political actors and social partners are having to operate in the midst of this turmoil while industrial relations play a crucial role in the promotion of occupational welfare benefits through collective bargaining.

Background

The rise of new social needs stemming from cultural, demographic and economic changes in Italian society have to be met under tight budget constraints made necessary by the financial crisis. Groups such as employers, trade unions, foundations and non-profit organisations have found new ways to cope with the needs created by reduced public welfare provision. They have established what Italians call '[second welfare](#)', a combination of social protection and social investment programmes.

Industrial relations in Italy are gradually changing in response to these challenges and the growing demands for workers' welfare protection. While it is difficult to raise wages, employers are compensating by exploiting fiscal regulations to offer new benefits. The development of occupational welfare in Italy has been encouraged by the State through the provision of fiscal incentives, which grant tax exemptions on worker benefits ([Tax Code, Articles 51 and 100](#), in Italian).

Development of occupational schemes

Supplementary occupational pension schemes for companies or specific categories of employees were typical of occupational benefits in Italy until the mid-1990s reform of the public pension system ([IT9806228F](#)). Today, a [legal framework](#) establishes that pension funds are financed by both an employer's and employee's contributions, as agreed in industry-wide collective bargaining.

Recent developments in occupational welfare provisions include [work-life balance](#) initiatives: company day-care programmes, contributions to children's school fees, meal and food vouchers, training grants and healthcare insurance plans, all of which are negotiated at company level by trade unions. These collective yet private forms of social and income protection vary from one company to another because of the lack of regulations.

Most employment-based benefits are negotiated by collective bargaining. The eyewear company [Luxottica](#) created the most comprehensive system of occupational welfare in Italy in 2009. The highly-unionised company which operates Milan's airport system, [SEA](#), has a different employee package, and employers' association [Unindustria Treviso](#) has a system of regional welfare.

Luxottica

In February 2009, unions at Luxottica approved management proposals to introduce a company welfare system for more than 7,000 white- and blue-collar workers. The [agreement](#) puts a joint labour-management committee in charge of selecting benefits and services for primary goods, healthcare and prevention, medical services (such as dentists and paediatricians), transport, social assistance and support, education, student career counselling and scholarships and initiatives to promote social mobility for employees' children. In [December 2009](#), after lengthy negotiations and a study of workers' needs, the joint governance committee agreed an 'Internal Quality Cost' index to make it possible to calculate savings made by improving the production process, and reallocate them to welfare projects.

The 2010 benefit package included a bag of groceries as a benefit in kind worth €110, [health insurance for workers and their families \(in Italian, 160Kb PDF\)](#) that includes a maternity

package for women (who make up 65% of Luxottica's workforce), books expenses for students and scholarships for employees' children.

The [latest company-level collective agreement](#) of October 2011 integrated occupational benefits and work-life balance initiatives. These include five days' paid paternity leave, an 'hour bank' to accumulate time off to care for new-born children and converting unused training hours (envisaged by the industry-wide agreement) into scholarships. Another innovative scheme is family-based job-sharing. This involves the employee's partner or children if they are inactive, unemployed, on the [Wages Guarantee Fund](#) or close to completing their education.

SEA

SEA has been providing services to its workforce since the 1970s with two recreational and welfare centres for workers (*Circolo Ricreativo Aziendale Lavoratori*, CRAL). Its health-care and [pension fund](#) was agreed in 1989.

CRALs and SEA management have provided parallel, and sometimes overlapping, benefits and services for employees. However, in September 2009 unions and management agreed that a revision of the system would improve costs and quality of the services provided. A survey of workers' welfare needs and preferences was initiated.

In September 2011 the company and transport sector unions signed an [agreement constituting a new association \(in Italian, 4.07Mb PDF\)](#), jointly governed, to decide all new welfare initiatives. These unions were:

- the Italian Transport Workers' Federation affiliated to the General Confederation of Italian Workers ([Filt-Cgil](#));
- the Italian Transport Federation affiliated to the Italian Confederation of Workers' Trade Unions ([Fit-Cisl](#)) and
- the Union of Italian Transport Workers affiliated to the Union of Italian Workers ([Uiltrasporti-Uil](#)).

The new association will directly provide all benefits and services in kind, especially those related to recreational, training and learning activities, while SEA will continue to administer initiatives related to work-life balance and social assistance (for example, the counselling centre) and payment of cash benefits.

Unindustria Treviso and occupational welfare for SMEs

Small and medium enterprises cannot offer the same welfare benefits as large companies because of the costs. However, a promising solution has been introduced in the province of Treviso. Unindustria is the employers' association in the region, affiliated to the national umbrella organisation for Italian employers, [Confindustria](#). It has worked with the local structures of [Cgil](#), [Cisl](#) and [Uil](#) to develop a welfare project based on the February 2011 '[Pact for economic growth](#)' (in Italian, [128Kb PDF](#)), and introduced a regional system of industrial relations to foster company-level bargaining.

On 13 January 2012, Unindustria Treviso and the unions reached an [implementation agreement \(in Italian, 453Kb PDF\)](#). This provides a template for company-level agreements that may introduce either more traditional performance-related pay or occupational welfare benefits linked to company performance.

Unindustria Treviso [is bargaining directly with insurance companies, service providers and large retailers](#), to offer firms and workers a choice of potential welfare benefits for company-level agreements. This allows individual employers to take advantage of cost savings, facilities and services that would normally only be available to large firms, and to distribute contract management costs among a wider number of recipients.

Franca Maino and Giulia Mallone, Università degli Studi di Milano

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- **Author:** Franca Maino and Giulia Mallone
- **Institution:** Università degli Studi di Milano
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