



Industrial relations and social dialogue
**Italy: Institutions, policies and
practices for enforcing minimum
wage compliance**

*Minimum wages: Non-compliance and
enforcement across EU Member States
Comparative report*

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Eurofound reference number: WPEF23056

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1. Legal framework and minimum wage enforcement institutions

Regulation of minimum wage enforcement

LEGAL/ REGULATORY FRAMEWORK	The enforcement of minimum wages (MW) in Italy is part of the more general system of enforcement of labour regulation. The main enforcement institution with regards to employment regulation is the “ <i>Ispettorato Nazionale del Lavoro</i> ” (National Labour Inspectorate), established by Legislative Decree n. 149/2015 of 14 September 2015. The Inspectorate carries out the inspection activities that were carried out by the Ministry of Labour and Social Policies, the National Institute for Social Security (INPS) and the National Institute for Insurance against Accidents at Work (INAIL).
SPECIFIC REGULATIONS	There are no specific regulations for MW enforcement in sectors, territorial areas and groups of workers. However, the National Labour Inspectorate defines its vigilance activity on the basis of the sectors, territories and groups of workers most at risk. For example, in the Document on the planning of vigilance activities for 2021 the priority sectors indicated were agriculture, construction, logistics and transport activities, business services, the gig economy, economic sectors that have operated continuously during the Covid-19 pandemic (including some sectors of the tertiary sector, services of assistance to families, private intermediation between job supply and demand, companies who have reconverted their production).
DISPUTE RESOLUTION MECHANISMS	<p>Individual workers can lodge an inspection request at the National Labour Inspectorate by submitting a complaint to the Territorial Labour Inspectorate. The complaint is followed by an attempt of conciliation.</p> <p>Individual workers can also access the competent judge (<i>Giudice del Lavoro</i>) in order to redress the violation of their MW entitlements.¹</p> <p>Alternative dispute resolution mechanisms or arbitration are very limited.</p> <p>No specific mechanisms are foreseen in order to protect workers against adverse treatment resulting from lodging complaints.</p>

Enforcement institutions and coordination system in place

ENFORCEMENT INSTITUTIONS	<p>The main institutions in charge of MW enforcement are the National Labour Inspectorate and the Judiciary, which are generalist institutions with competence on the whole spectrum of employment regulation.</p> <p>The Labour Inspectorate exercises and coordinates on the national territory the supervisory function in matters of labour, contributions, compulsory insurance and social legislation.</p> <p>The judiciary ascertains the lawsuits connected to remuneration.</p> <p>INPS plays an indirect role: it is in charge of supervising compliance with social security contribution.</p>
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¹ Relating in general to labour disputes system, the attempt to subtract increasing areas of the employment relationship from the scrutiny of the judge, by transforming legal requirements for using specific types of employment contracts (such as the need to specify reasons for using fixed-term contracts) or introducing economic penalties instead of other types remedies (as in the case of unfair dismissals) and the reforms of the labour trials - in order to reduce litigation, with the introduction of fees and shorter deadlines for accessing justice, have, according to some observers - have made it more difficult for workers to accede the judiciary.

INTERNAL ORGANISATION	<p>The labour inspectorate has its central office in Rome and it is organized in territorial units (with a maximum of 80 territorial units), which are in charge of the ordinary inspection work. There are 4 (Milan, Venice, Rome and Naples) inter-regional bodies (Territorial Labour Inspectorates) with a role of coordination of the territorial seats.</p> <p>As for the Judiciary, the state territory is divided into 165 districts of ordinary courts, which are grouped into judicial districts (29 in total), in each of which there is a Court of Appeal.</p>
COORDINATION	The MW enforcement system is pluralistic and non-hierarchical, with very limited coordination between the different constitutive elements.
MONITORING AND DATA COLLECTION SYSTEM	There is an annual monitoring for labour inspections in Italy (published in a yearly Report). No data collection system specifically devoted to MW enforcement.

Resources and capacity of control/enforcement institutions in charge of MW compliance

FINANCIAL RESOURCES	N/A
HUMAN RESOURCES	<ul style="list-style-type: none"> - Overall staff of Labour Inspectorates: declined from 6,463 in 2007 to 4,509 in 2020, with a reduction of 1,953 units (- 30%) - Staff specifically devoted to activities dealing with MW enforcement: no data available. <p>The number of staff resources is considered not adequate</p>

2. Enforcement measures

BALANCE BETWEEN DETERRENCE AND PREVENTIVE MEASURES	<ul style="list-style-type: none"> • The enforcement of MW tends to rely mostly on deterrence (in particular through inspections). • The effectiveness of the deterrence system is low: weaknesses are the limited amount of resources and the focus on inspections as the instrument to detect violations. • Preventive/ persuasion measures are not particularly diffused.
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Deterrence measures

TYPE OF MEASURE AND CHANGE IN USE IN THE LAST DECADE	Routine inspections, spot checks, inspections by request and targeted inspections are used but their use decreased over time. No information on the use of data matching and sharing of information.
INSPECTIONS AND VIOLATIONS	<p>Companies inspected declined from 290,326 in 2006 to 103,857 in 2020 (- 64%). No data available on the proportion of MW enforcement inspection activities.</p> <p>Inspections by sectors: in 2020 55% in the service sector, 24% in construction, 14% in manufacturing and 7% in agriculture.</p> <p>Violations: the overall irregularity rate was 70%. No data is available specifically on MW.</p> <p>The number of inspections (and of inspectors) is considered not adequate.</p>
SANCTIONS	No sanctions connected to the non-compliance with MW: companies have only to refund unpaid wages

Persuasion/preventive measures

TYPE OF MEASURE, INSTITUTION IN CHARGE, CHANGE IN THE LAST DECADE	<p>In 2020 the Inspectorate was involved in 447 initiatives for prevention and promotion of legality, presenting the most significant legislative innovations and relevant issues related to the application of legislation.</p> <ul style="list-style-type: none"> - According to the New Code for Public Procurement, companies participating to public tenders are obliged to indicate their labour costs. - The so called “Single document of contribution regularity” (DURC) is the attestation of the regularity of contributions of the company towards INPS and INAIL. - Labour Inspectorates carried out information sharing activities. Together with INPS and the Ministry of Labour and Social Policy, they also ensure that normative and social security benefits only apply to companies respecting collective agreements.
ROLE OF DIGITAL TOOLS	<p>Digital tools have been strengthened over time. However, the Italian public administration is in general not particularly advanced in the use of digital tools.</p>

3. Role of social partners

Social partners

ROLE + FOCUS ON SPECIFIC SECTORS/ TERRITORIES/ WORKERS	<p>At the workplace level, enforcement depends on the presence of employee representatives.</p> <p>Trade unions support the individual protection of workers, on issues including MW through instruments like control of pay checks; credit recovery for employees; assistance in insolvency procedures; contestation of disciplinary measures and dismissals; conciliatory procedures; control and recovery of severance indemnity (TFR); contractual and legal assistance.</p> <p>In some sectors at risk of violations, trade unions promote initiatives aimed at ensuring respect for the law and collective agreements: awareness-raising and information campaigns, protocols and agreements with public authorities, the set-up of observatories (for example the “<i>Observatory on the implementation of the Protocol for the prevention and contrast of labour exploitation in agriculture and on the network of quality agricultural work</i>” set up in the province of Piacenza, an <i>Observatory on Posted Work</i> at national level, or the <i>Observatory for the protection of work and for the promotion of regular labour intermediation</i>”, etc.)</p>
CHANGE IN LAST DECADE	<p>No information available</p>
COORDINATION	<p>No specific coordination mechanisms in place.</p>
STRENGTH/ WEAKNESSES	<p>Social partners are not particularly involved in enforcement activities beyond the typical role played by trade unions.</p>

Role of other institutions/stakeholders

OTHER INSTITUTIONS/ STAKEHOLDERS	<p>The National Council for Economics and Labour (CNEL) is indirectly intervening in the MW enforcement, by contributing to the rationalisation of the wage setting system. An increased role of the CNEL can be observed.</p> <p>The Council, together with INPS, has created a unique identification code of collective agreements, so that it will be easier to detect and trace the collective agreements applied by companies.</p>
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EU cooperation

EXAMPLES OF EU COOPERATION	<p>Participation to several cooperation bodies, such as the Senior Labour Inspectors' Committee (SLIC), the Platform of Undeclared Work, and the European Labour Authority.</p> <p>Moreover, participation to EU campaigns as:</p> <ul style="list-style-type: none"> - the #EU4FairWork campaign - the "Rights for all seasons" campaign
CHANGE IN LAST DECADE	International cooperation related to posting of workers has significantly improved over the years.
STRENGTH/ WEAKNESSES	<ul style="list-style-type: none"> - Posted work: different reporting standards in European countries makes information not always immediately intelligible, and this complicates enforcement activities. - IMI system: it facilitates the exchange of news and contributes to the effectiveness of controls by simplifying the transnational activities of notification of inspection documents and recovery of the sanctions imposed.

4. Enforcement challenges, strengths and weaknesses of the enforcement system

MAIN ENFORCEMENT CHALLENGES	<p>A first challenge is connected to the significant share of informal employment in Italy (among the highest in EU).</p> <p>A further challenge is connected to the scarcity of resources dedicated to labour inspections, but also to the type of activities performed by the National Labour Inspectorate and the exclusive focus on inspections that does not take into consideration other forms of vigilance activities.</p> <p>Another issue is connected to the complexity of the Italian minimum wage setting, for both the identification of the sectoral collective agreement and the components of the remuneration which needs to be applied mandatorily.</p>
STRENGTHS AND WEAKNESSES	<p>The system does not show any specific strength.</p> <p>On the other hand, weaknesses include difficulties in the identification of the levels of MW to be applied (e.g. which collective agreement should be applied and which components of the remuneration are mandatory), limited resources for the enforcement institutions and the fact that the Italian system of MW enforcement is exclusively focused on inspections and does not rely on other types of vigilance, e.g. documentary vigilance.</p> <p>No major evolutions over the past 10 years: the only reform in the system has been the creation of the National Labour Inspectorate.</p>

Source: National Eurofound Correspondent for Italy

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