



Lunedì 23/06/2025 • 06:00

LAVORO **ENGLISH VERSION**

Italian Workers' Participation in Business Management: A Historic Turning Point

The new Italian Law on **workers' participation in company management** represents an opportunity: not only to **modernize** Italian companies in accordance with **ESG** standards, but also to overcome the '**culture of conflict**' that has so far characterized the relationships between employers and workers.

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With the final approval vote on the popular initiative bill – L. 76/2025 – promoted by the CISL, which took place on May 14, 2025, paving the road for **workers' participation in the business management of Italian companies** has moved the debate from the traditional locations of Italian trade union organizations to the halls of the Italian Parliament.

The final phase of approval of the bill, known as the *Bill of Popular Initiative on Participation in Work*, has in fact registered a **strong opposition** from certain members of Parliament. However, beyond the different and opposing motivations of those in favour and those against, with this new bill we can see a truly historical step forward towards an important **cultural change of organizational models** of business management in Italy.

Of note will be the essential change to how a business must – and can – contribute in a concrete way to the realisation of the **real sustainability objectives** that are required by today's modern organization of work, demonstrating the company's real desire to find the right balance between profit and well-being – through its attention to its people, the territory and the communities where the business operates... also with a view to future generations. This new law promoted by CISL, in its general framework, also perfectly integrates the objectives of an "**intergenerational vision of development**" that have become essential – going beyond the specific obligations dictated today by **ESG principles**.

The transparency of business management will also, through regulatory tools, be even more so with this new law, as it provides the possibility of concretely building forms of participation and consultation that are essential for the future of work.

It is in this spirit that the law first and foremost, achieves the objective of implementing **Article 46 of the Constitution**. It is the article which speaks of "*the right of workers to collaborate, in the ways and within the limits established by law, in the management of companies*" "*for the purpose of the economic and social improvement of work and in harmony with the needs of production*". This is an important principle that finds expression in the new law as it aims to contribute to the expansion and consolidation of the processes of **economic democracy** and business sustainability.

How?

By creating **different forms** of participation – as defined in Article 2 of the new law:

- **Managerial Participation:** this can be achieved through the identification of different forms of collaboration with workers in the strategic choices of a company;
- **Economic & Financial Participation:** this can be achieved by allowing employee participation in the profits and results of a company – also through forms of participation in capital and shareholding;
- **Organizational Participation:** here this would mean the involvement of workers in decisions relating to various production and organizational phases impacting the company;
- **Consultative Participation:** this would occur through listening to the expression of opinions and proposals of the employees on the merits of any important decisions that the company intends to take.

Of particular note in this new pending regulation is the fundamental role of **collective bargaining** – at all levels – as provided for by Art. 51 Legislative Decree no. 81/2015. Collective bargaining has traditionally have been viewed for many years an instrument of mere confrontation/clash between companies and Italian trade unions on traditional economic issues. The standard collective bargaining schemes currently appear to be ritualistic practices and habits that are difficult to overcome ... but not for long. The new *Bill of Popular Initiative on Participation in Work* provides for **real instruments and opportunities for employee participation and trade union consultation** allowing their voices to be truly heard, for the first time in Italy, in the places that matter – namely the **boards of directors** where the fate of the company and its workers are decided.

This is a turning point in management participation where we will see the real life application of the provision for the participation of **workers' representatives in supervisory boards** in companies that adopt a dualistic governance system and in the boards of directors of companies that do not adopt the dualistic system. This is new for Italy, but not a new concept as we have already seen this management structure already in play for a number of years in **other European countries**, such as Germany. By studying the application of this new way of work management in other jurisdictions will allow businesses with operations in Italy to truly absorb strategic and governance objectives (as the G of 'Governance' in ESG principles also reminds us)... and not only that.

On the **economic and financial participation** side there are important incentives such as benefits relating to a **preferential taxation** with a substitute tax on personal income tax and regional and municipal surtaxes provided for in a manner similar to that provided for welfare plans. The tax incentives also impact the assignment of a **share of the company's profits** – when not less than 10% of the overall profits are shared with workers. In the new regulations there will also be the possibility of **distributing shares in place of performance bonuses** – that will see a 50% exemption from income taxes.

In this regard, the **limit** set in this new law, in Article 5, indicates that "*not less than 10% of total profits*". This is interesting as far from introducing an element of rigidity in determining the amount of profit sharing in favour of workers – Article 5 only serves to indicate the different and higher limit of Euro 5,000 instead of that of Euro 3,000 for the application of the 10% taxation already provided for by Art. 1, paragraph 182 of Law 208/2015. Importantly, this leaves the possibility for the parties to provide for **profit sharing for an amount even lower than the 10% quota**. This is a very probable hypothesis especially in the first and experimental application phase of the new regulation. In this instance the more reduced and more favourable taxation provided for by the new law are applicable for the years 2025-2027 – and only within the limit of the maximum amount of Euro 3,000.

It must be recognised that the main tool for this new cultural and organizational innovation is created by the identification of the **organizational and the consultative participation mechanisms** that on the one hand can be achieved through the possibility of establishing **joint commissions** composed of an equal number of representatives from both the workers side and the company's side – whose task will be to jointly contribute to the preparation and implementation of **innovation projects**: of products, of services, of processes, and of work organization.

On the other hand, through the provision of a detailed procedure for the preventive consultation on company choices by the members of the joint commissions, the RSA (*Rappresentanza Sindacale Aziendale*) or RSU (*Rappresentanza Sindacale Unitaria*) trade unions or, in the absence of these, the territorial structures of bilateral bodies.

Finally, the provision of **dedicated resources**, which also forms the backdrop for an important supervisory role to be played by the Italian National Council for Economics and Labour (CNEL – *Consiglio Nazionale dell'Economia e del Lavoro*) – as well as the safeguarding of collective bargaining and the guarantee of **dedicated training** for workers' representatives – constitute the basic elements of what is destined to become an outstanding opportunity for a concrete plan to **overcome the culture of "conflict"** that is currently prevalent between management and employees in the workplace. Here we will see the opportunity for Italian businesses and workforce behind them to keep up with the advanced participation systems that are already widely applied successfully by companies in other European systems.

This is an important opportunity for the evolution of the Italian workforce – management relationship which should not to be wasted. The ways in which Italian businesses and trade unions positively innovate these changes into their existing structures will be keenly awaited.

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