# Case Study: Cefla – Italian Multi-business Worker Cooperative

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# 1 Introduction

Cefla (Cooperativa Elettricisti Fontanieri Lattonieri e Affini) is a worker-owned cooperative founded in Imola, Italy in 1932. Its nine founders practiced various trades (electricians, plumbers, tinsmiths, and related) and named the new co-op “Cefla” using an acronym made up of the first letter of each of those trades. The global economy was in protracted depression and unemployment in their hometown of Imola was 20 percent. Cefla’s founding members saw the co-op form as a way to help them move away from doing odd jobs where they competed against each other, and to instead band together to go after larger, more lucrative commissions. One of their first major commissions, for example, was the installation of the heating system in a local hospital, a job none of them would have been likely to be able to access on their own.

The success of the new cooperative was short-lived, however. As living demonstrations of democracy and self-help, cooperatives of all kinds were targeted under the fascist government, their assets confiscated, their members threatened or worse. Following World War II, Cefla, like many of its contemporary cooperatives, was forced to start again, essentially from scratch.

The co-op’s members rose to the challenge, and today Cefla is one of the Italian cooperative movement’s biggest success stories. Still headquartered in Imola (a bastion of cooperative activity and energy), Cefla is now a multi-national, multi-business, multi-million-dollar enterprise.[1] Unlike many of the larger cooperatives in Italy who have expanded by acquiring other, often non-cooperative, subsidiaries, Cefla is not a holding company. Although Cefla has acquired other businesses over the years, including the dental equipment line of a failed cooperative, it has not maintained these divisions as wholly owned subsidiaries. Rather, they have expanded by integrating any new enterprises into the existing cooperative. In other words, all members and employees are (with few exceptions) employed by the same company, which operates across three distinct business units: engineering, finishing, and medical equipment. Worldwide, Cefla has over 1,800 employees, about 1,500 of whom are in Italy. As is typical for other industrial worker-owned co-ops in the area, particularly those in highly capital-intensive enterprises, only a minority of employees are actually co-op members: in Cefla’s case, there are 267 members today.

[1] In 2022, Cefla closed its books with a net surplus (profit) of €61 million on sales of €647 million.

While only a minority of employees are members, the leaders aim to ensure that members are broadly representative of the employee base.[2] Members are spread across all three divisions, for example, and include the range of occupations, from machinists to engineers. Top executives, however, are not permitted to be co-op members.[3] Co-op member leadership is very cognizant of the importance of maintaining diverse perspectives in the ownership group and staying true to the cooperative's founding purpose - to provide an opportunity for stable job ownership and a better life for workers of all kinds. To this end, the co-op is careful to make sure that the membership is reflective of the employee-base, both in terms of occupation as well as by business unit. "We are not managers; we are simple workers who use commonsense and our own experience to try and make decisions for the good of the company and future generations," remarked board member Yuri della Godenza, who himself does not hold a university degree, but instead has a degree from a technical high school.

***"We are not managers; we are simple workers who use common sense and our own experience to try and make decisions for the good of the company and future generations."***

## 2 Cooperative principles and practices

Being a cooperative is in and of itself an important value for Cefla and its leadership. By their own admission, however, the co-op is choosy about admitting new members, and not everyone will qualify for this demanding job (co-op leadership refer to this policy not so much as an "open door" to membership, but more like "a door left open ajar"). In other words, membership is open to all, but admission is highly selective.

First, a prospective member[4] must work for the firm at least four years and cannot be over 50 years old at the time of application; each employee has a window of ten years (after their fourth year) in which to apply for membership. For aspiring members, the co-op provides

[2] 234 of the current members are male and 33 are women. Six are under thirty-five. Overall, 78 percent of Cefla's employees (not just members) are men. The co-op does not keep statistics on race, ethnicity, or national origin (which is, in general, uncommon in the Italian context).
[3] CEFLA's member-leaders now believe that allowing top managers to also be members would represent a potential conflict of interest, preventing the Board from objectively and dispassionately evaluating and holding top managers accountable for performance.
[4] The Italian word for "member" is "*socio*", which can be translated into English as member, associate, partner, or shareholder. In the context of cooperatives, however, the word "*socio"* does not have the connotation of "owner." Unlike the US context, for example, there is no equivalent term for "worker-owner". Cooperative members in Italy can collectively control their cooperatives and benefit from them, but in most cases they cannot dispose of the assets for personal gain.

training courses to help them prepare to meet the standards of knowledge expected of members, although, in reality, much of the most important transfer of knowledge is through mentoring by more experienced members. This covers not only the more technical aspects of membership, but also the behavioral/relational/cultural aspects. It is up to the aspiring member to, for example, seek out internal experts with whom to talk, or to stay around after meetings to speak informally with co-op leaders. “When I became an employee,” said Cristian Pungetti, a board member and manager of Cefla’s Competence Center, “I thought about it: if I were to become a member, one day it might be my responsibility to join the Board of Directors, I need to prepare myself for this. This is a healthy dynamic. You need to know that, if you become a member, you may be called to fulfill this responsibility… you need to study, pay attention.”

Membership also requires a meaningful financial contribution to the co-op: currently, the membership fee is €60,000.[5] Upon admission, new members need to pay at least half of the membership fee. Members may opt to withdraw from their severance fund (a form of deferred compensation required by law).[6] Members needing additional help in paying the fee also have access to bank loans guaranteed by the cooperative. The remaining percentage of the member fee is paid in annual installments. 50 percent of the dividend on the member fee is withheld by the cooperative until the member has paid the full fee.

Once a year, then, the Board announces an invitation to those employees who meet the qualifications for membership and are interested in putting forward their candidacy. The Board evaluates prospective members against a set of objective criteria. The highest scoring candidates are then put into a small pool, from which the Board selects new members. What makes a “good member?” While the cooperative has worked to make the criteria more transparent and objective, the fact remains that much of the essence of membership has to do with how well a person works with others, how a member behaves in relation to other members. Curiosity about the company and its many aspects, for example, is one indication of a good potential member, as is the willingness to “go the extra mile.” “I remember being told ‘if you find someone who you would like to be in business with, who you trust, who is a doer like you, this might be a good member’”, recalls della Godenza. In

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[5] This level of investment is justified by both the capital-intensive nature of the business, as well as to ensure member commitment to be responsible for the success of the whole business.
[6] “Trattamento di Fine Rapporto (TFR)” is a fund to which all employers contribute through each paycheck. The fund is personal to each employee, and they receive a payout if and when they should separate from employment, for any reason.

addition to their contribution as an employee to the business, aspiring members are evaluated to determine their alignment with the "cooperative spirit," and their willingness and ability to "work collectively" with an eye toward future generations. Anyone who cannot meet all of these standards will likely not be accepted.

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To Cefla, the specialness and demanding nature of membership, far from being a failure of democracy, is actually part of the cooperative's historic strength, as a cooperative.  Noting that cooperatives are a unique form of business and that the "value add" of being a cooperative is only as strong as the co-op's own principles and practices, Cefla insists that aspiring members display cooperative values. Members must see themselves as stewards of the full co-op, for example, and not just their particular business unit. Members must be able to consider the business as a whole and resist the temptation to think in terms of short-term returns. Instead, Cefla encourages its members to think in terms of preserving the cooperative as an asset, creating wealth for future generations, and supporting the local community. "It's in our DNA," said della Godenza. "During the board meetings, we are thinking about what can create value and help us grow, today and for the future."

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In this regard, the substantial financial success of Cefla represents a challenge: it can be tempting to focus on short-term returns when annual bonus and patronage dividends paid to members can be equal to their annual salary.[7] But that is not what being a cooperative meant to Cefla's founders, and it is not what being a cooperative means to its leaders today. Board member Pungetti, an engineer by training who began his career at Cefla as a project manager, contrasts his experience at Cefla with his first job out of university at a large family-owned packaging company. There, he noted, when a period of financial crisis sparked a need for new investment in the company, family shareholders were reluctant to

[7] Pay and benefits are in line with other firms of CEFLA's size. Pay and benefits are regulated by the collective bargaining agreement (CBA) for the sector and supplemented by a company-level agreement (see Appendix 1). All workers benefit from a gain sharing plan (which includes non-members). However, in Italian co-ops overall, labor costs are in line with the industry. Non-member workers are treated fairly, covered by a strong CBA and enjoy lifetime employment security, essentially. They are generally happy to be employees, and not to assume the financial risk and responsibility of membership.

make the necessary sacrifice because the point of the company was the preservation of the family's wealth, not to preserve the company; as a result, the firm eventually closed up shop, despite being a market leader in their field. This kind of decision would never happen at the co-op. When he then took a job at Cefla, he remembers thinking: "This is a strange place—how is it possible that workers are owners?… I fell in love right away," he recalls with a smile.

> ***"This is a strange place—how is it possible that workers are owners?… I fell in love right away."***

Member participation is another important value at Cefla, and this is reflected in the degree of member involvement in important decisions, the investments made by the cooperative in member education, the frequency with which the Board consults members as a whole, and the deliberation by the Member Assembly on a wide range of issues well beyond the minimum that is required by law.

Two other values that make Cefla, and the other worker-owned co-ops of Imola, stand out are its explicit commitment to intergenerational solidarity and preserving assets and opportunities for future generations, as well as the degree to which the cooperative is committed to the broader local community, contributing generously, for example, to local youth initiatives. New generations of members are also successfully working with the co-op to expand alignment with co-operative values, including work-life balance, environmental sustainability, and corporate social responsibility.

## 3 Member and stakeholder participation

Of the 1,200 employees located in Imola, 267 are members. In Italian co-op law this means that they are considered a "not prevalently mutual" co-op, because fewer than 50 percent of employees are members. Like all cooperatives in Italy, Cefla is required to set aside a minimum of 30 percent of their annual surplus (profit) in limited equity reserves (known as "indivisible reserves" – see textbox below). Because they are not majority employee owned, Cefla and cooperatives like them receive a more limited tax exemption on these indivisible reserves than a co-op with a majority of employees as members. In the past, co-ops in Italy could deduct from their income taxes any and all surplus retained in indivisible reserves. Now, co-ops like Cefla, that are considered "not prevalently mutual," are free to invest as much of their surplus this way as they like but can only deduct up to 30 percent of the surplus reinvested from their taxable income. Despite the limitation on the tax advantages to Cefla, because of their values, they have a long-standing, self-imposed requirement that an additional 20% of annual surplus is put into indivisible reserves. By adding generously each year to indivisible reserves, far beyond that required by law and even as the tax benefit has been reduced over the years, the cooperative now has €350 million in reserves.[8]

Because of the way corporate taxes work in Italy, the tax-deductibility of indivisible reserves has provided a powerful fiscal benefit to co-ops, one that has essentially made it possible for cooperatives of all kinds to self-capitalize; many would argue it is one of the fundamental pillars responsible for the impressive size and depth of the entire cooperative movement in Italy. These retained earnings are also the most tangible manifestation of intergenerational solidarity: co-op members can never benefit personally from the wealth that is held within the cooperative; it can only be used to grow the co-op for future generations. In the case of demutualization, the cumulative indivisible reserves of any co-op must be "devolved" and returned to the cooperative movement, much in the same way the assets of a non-profit in the United States would be transferred to another charitable organization in the case of closure.

However, as the Cefla case illustrates, a tax advantage is not the only way to encourage cooperative behavior, and proportionate membership is not the only way to judge its quality. While choosing to forego a larger deduction, and therefore pay more in corporate tax than they would if the co-op had more worker-members, Cefla is firmly committed to the underlying cooperative principles and ensuring the permanence of their venture. For them, the purposefully high standards required to achieve membership are precisely one of the ways that the co-op acts to preserve the unique cooperative nature of their enterprise, and the unusually participative nature of high-level decision-making. In a large and very complex business like Cefla, there is something of a trade-off between having a broad membership experience involving lots of members (as a percentage of total employees), and having a deep one, involving true consultation and decision-making by members at all levels of the company (but as a smaller percentage of total employees); Cefla choses the latter path.

[8] It is also worth pointing out that the Italian cooperative practice of setting aside surplus annually in the form of indivisible reserves long predates the passage of the legal requirement to do so (around the turn of the last century). And tax benefits for this practice were only introduced in the 1970s. So, it is not the law that drives the practice, but the values of cooperation and intergenerational solidarity.

Some of the earliest cooperatives in Italy, born at the end of the 19th century and beginning of the 20th century, engaged in the practice of setting aside "indivisible reserves" during years in which the co-op was profitable. Indivisible reserves are retained earnings, a portion of annual surplus held by the co-op, which can only be used to benefit the co-op. In other words, they can never be distributed to current or future members under any circumstances.

This practice was then codified in law in the 1940s with the "Basevi Law", which defined cooperatives, in addition to the co-op principles, by the existence of indivisible reserves. The act of setting aside a portion of annual surplus (in their case, 30% minimum) as retained earnings in segregated accounts which can be accessed to grow the co-operative, or support the business during times of financial difficulty, is therefore foundational to the act of being a cooperative itself. If an Italian cooperative goes out of business, these indivisible reserves are returned to the cooperative movement through distribution of one of three cooperative development funds managed by each of the three major apex organizations. In this way, indivisible reserves are one of the practical ways that cooperatives embody the idea that cooperatives are about capital being in service to people rather than the other way around.

32 years later, a seminal 1977 law made such indivisible reserves tax-deductible, as a way to enhance the ability of Italy's cooperative enterprises to self-finance, since their ability to attract outside capital was limited. The strategy has proved successful, and there is substantial evidence that the concentration, development, and sustainability of industrial and service cooperatives (and the jobs within them) is much higher in places[1] where indivisible reserves are required by law. The benefit is widely recognized and valued by cooperative members themselves.

In 2003, Italian cooperative law was changed to make a distinction between "prevalently mutual" and "non prevalently mutual" cooperatives. In a worker cooperative context, a prevalently mutual co-op is one where more than 50% of workers are members, while in a non-prevalently mutual one, fewer than 50% are members. Under the new law, prevalently mutual co-ops may put up to 70% of surplus into indivisible reserves and be exempt from taxes (they can put more than 70% into reserves, but they will pay taxes on that additional amount), while non-prevalent co-ops only receive a tax benefit on 30% of their surplus.

Even after this considerable reduction in financial benefit however, the practice has endured, and cooperatives in Italy continued to allocate a similar percentage of surplus to indivisible reserves as they had before the change, even years later. Cooperative leaders have found that the significant contributions that the practice of indivisible reserves make to meeting other cooperative goals such as financial stability, longevity, member control,[1] and transgenerational solidarity clearly offset the loss of a portion of the tax benefit.

The entire membership of the cooperative meets for official member assemblies five times per year, with an average member participation rate of 80 percent. During official assemblies, the Board (which meets weekly) shows the financial statements for the current year, as compared both to the budget and to the previous year, to help members put the numbers in context. Individual members are provided with a day of formal training to help them understand financial statements if that is not their background. This learning is facilitated by leaders in management who understand the importance of ensuring the financial literacy of members for the health of the cooperative. Cefla's Chief Financial Officer (CFO), for example, is, according to board members, "a truly talented person, who is able to explain with simple words complex financial concepts in detail, but with simplicity so the members are able to understand." Thus, the willingness and interest of the members to learn is supported both by formal financial training, and by a management team that is adept at engaging nonprofessionals in discussion of complex business ideas.

Additional informal meetings between the Board of Directors and the members also happen throughout the year, based on specific themes. Often these evolve after the official Assembly has closed, and members break up into smaller groups to go into more depth on specific topics. During these meetings, any member can raise their hand and make proposals, express dissent, or voice support for whatever issue is on the table. The gatherings provide additional learning and engagement opportunities for members, as they can interact more closely with managers and members of the Board. These informal gatherings are open meetings, where the Board of Directors operate “without a net,” in the sense that members can throw out any questions they want, and the Board is committed to responding as best they can. Cefla member-leaders noted proudly that even amongst cooperatives in Italy, this degree of unscripted interaction is rare. Few other large enterprises, even co-ops, have so open a culture where the Board and management are willing to take this type of risk. “This is a challenge for managers,” acknowledged one board member, “but they need to be able to answer to the members,” even if those members may also be their subordinates in the day-to-day operation. In other words, while on a daily basis worker-members are employees as part of a corporate hierarchy, by virtue of their being a member, they have frequent opportunities to step outside of that hierarchy and engage with and hold accountable their senior leaders, including by directly questioning their General Manager during meetings of the membership and the official member assembly meetings.

As detailed in their corporate sustainability reports, Cefla considers its members as only one among many important stakeholder groups. Other stakeholders include: the local community, customers, non-member employees, the broader cooperative movement, government institutions, suppliers, and the natural environment. Cefla leaders pay special attention to stakeholders in the context of intergenerational solidarity (the sense of obligation to grow the business and increase indivisible reserves for the benefit of

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future generations and the local community). Consideration of how decisions today will impact the local community and future generations has a real impact on members and leaders and is reflected in the company mission statement: "Creating value over time." In this sense, we might also add to their declared list of stakeholders: future generations.

## 4 Organizational structure

The Member Assembly at Cefla is the foundational decision-making body in the cooperative. In addition to electing the Board of Directors, the Assembly approves the annual budget and audited financial statements, determines the compensation of Board members, and elects and determines the compensation of the Board of Auditors.[9] As discussed, the Assembly also meets regularly to monitor business performance. In addition, any transactions (not just capital investment) that exceed two percent of the cooperative's net worth must be approved by the entire Assembly. The Assembly must also approve the closure of a business unit. By Italian cooperative statute, the member assembly of any co-op must meet at least twice a year: once to approve the budget, and once to approve end-of-year financial statements. In practice, the Member Assembly at Cefla meets much more often, both formally and informally. Simply approving the budget requires three separate meetings, for example: in the first meeting, the budget is presented and explained; the second meeting is for members to discuss the budget; the third meeting is to approve the budget. Attendance at member assemblies is required. Additionally, should at least 10 percent of members request it, a special meeting of the Assembly may be called for any reason, at which management may be excluded so that members may speak freely amongst themselves.

Members elect the Board of Directors every three years, on a one-person, one-vote basis. All positions are up at every election, and typically one or two seats might turn over every election, although the current Board has been in place since 2016; there are no term limits. The Board is comprised entirely of members, who then elect a President and Vice President from among the five Board members. Both the

[9] This is essentially a board audit committee with independent members who are not also board members, analogous to the German-style co-determination, dual-model of corporate governance.

President and Vice President are full-time paid positions; the other three Board members continue in their regular jobs. In addition to responsibility for hiring, and monitoring the performance of, the General Manager, the Board has direct responsibility for corporate finance (debt) and investments (e.g., Cefla's ownership stake in Unipol Group, the second largest insurer in Italy), worldwide real estate holdings, and strategic planning. The Board also provides input to the General Manager, who is not a Board member but participates in all Board meetings, on matters such as compensation and benefits.

The current Board President, Gian Maria Balducci, was elected as President in 2013, and being only in his forties, is relatively young to be holding such a seat of responsibility. Balducci began his career in Cefla as a machine operator. Before joining the Board of Cefla in 2010, he had been promoted to Production Supervisor, Shift Manager, and then Department Manager. According to him, a blue-collar worker such as himself rising to become President of the large, multi-national cooperative enterprise is a fairly typical path, historically, for Cefla. In the future, however, given the changing composition of Cefla's workforce, and the decline in blue collar workers as a percentage of total employees, it is more likely that future presidents will come from the ranks of professional employees.

Up until 2015, the cooperative preferred that top managers were also members. In 2016, the members voted to change this aspect of their governance: no longer are top managers allowed to also be members. As the cooperative evolved in recent years, members became concerned about the potential conflicts of interest that could arise if top managers were also members, both in terms of the Board's ability to effectively and objectively hold leaders accountable, but also in terms of the potential for top management to exert undue influence over the decisions taken by the Members Assembly. They are currently considering another change that would prohibit division directors from being co-op members, for the same reason.

Cefla employees (both members and non-members) work under a national-level collective bargaining agreement (CBA), negotiated between the national labor federations (CGIL, CISL, UIL) and the national apex associations representing co-ops (Legacoop, Confcooperativa, AGCI). The CBA applied to Cefla workers is the metalworkers' contract, historically the most worker-friendly in Italy. In addition to this national-level CBA, there is a company-level agreement, negotiated by the local bargaining unit and Cefla, which includes issues related to workplace health and safety, gain sharing, worker participation, and engagement of workers' representatives (see Appendix 1). Co-op members can and do serve as union shop stewards, and one member of the shop stewards' council was even elected to the Board at one time, but this is not typical.

## 5 Evolution and change

It became clear just how different a company Cefla is from its investor-owned competitors recently when the Board and membership made the difficult decision to sell off a portion of the company: a retail shopfitting division that did not fit well with Cefla's other core business enterprises. It was a difficult choice but made in the interest of protecting the health of the entire co-op, and also members' jobs – both those of the remaining Cefla workers, and those in the unit being sold. "When we sold the shopfitting division, there was a difficult period," remembers one board member. "The unions were against us publicly" for selling off the business unit, questioning the co-op's reputation and commitment to workers, "even though we did everything possible to protect workers." This included negotiating a 10-year lease on the existing plant and insisting on a strong employment guarantee as a condition of the sale for the purchasing company.

The co-op responded to every worker protection stipulation demanded by the unions, none of which turned out to be necessary, because every displaced worker was found a suitable post as part of the co-op's longstanding commitment to employees and the community. "The whole point of selling the division was to keep it open," noted the board member in frustration. Cefla's members could see the unit was not thriving under their wing, and they did not have the proper resources or specific industry expertise to turn it around. Keeping the division open as part of Cefla "would have brought down the whole cooperative." Instead, three years later, the unit is growing and thriving as part of another company better positioned to nurture its value. A company that used a necessary downsizing as an opportunity to actually protect its workers and provide them with more stable employment over the long-term: this was not the usual situation that any of the unions were used to seeing, or probably expected to see, ever. But they had never worked with a deeply committed, forward-thinking and financially knowledgeable worker cooperative like Cefla.

## 6 Looking ahead

Board President Balducci noted the dynamic and sometimes contradictory nature of a cooperative like Cefla, and the need to periodically re-envision their governance model, driven by the unique nature of the cooperative itself, and of the value of being a cooperative: "We're re-thinking today our model of corporate governance now, not only because we are a cooperative which is absolutely fundamental in terms of governance, but also because we are a multi-business cooperative with sector-specific specializations that are very independent from one another. From manufacturing to construction… this variety of approaches necessitates a diversity of approaches in human resource management, IT [information technology] … but this peculiarity in member assemblies is seen as a value add." What adds complexity to operations also adds value to democracy and decision making.

**What adds complexity to operations also adds value to democracy and decision making.**

Increasing awareness of issues like work-life balance and environmental sustainability are certainly driving Cefla's leadership to look beyond their traditional focus of workers and community, but in a way that enhances these time-honored values, rather than replacing them. As their recent history shows, Cefla is a company that has shown the courage and foresight to make changes when necessary. More changes are likely, as the company makes its way in a highly competitive international market. What is not likely to change, however, is the foundational value the cooperative and its members find in simply being a cooperative. Future generations will thank them for that.

## APPENDIX 1 – Industrial relations and collective bargaining in Italy

Italy has a peculiar system of industrial relations. Nearly 100% of private sector employees are covered by a collective bargaining agreement (CBA) and, though trending downward, union density is among the highest in the world, with 34.4% of the working-age population paying dues to one of the three main, umbrella labor confederations (CGIL, CSIL and UIL).

Employers in Italy are also organized, and collectively represented by employer-associations. Roughly 60% of employers are members of one or more employer associations. There are three associations that specifically represent co-ops, across sectors: Legacoop, Confcooperative and AGCI.

While historically the differences among the three unions and three co-op associations reflected the differences in Italian politics (Socialist, Christian Democratic, Social Democratic) those ideological differences are less pronounced today.

### Collective bargaining

While the Italian constitution broadly protects the right to form unions and collectively bargain, labor relations in Italy are largely free of government regulation and legislation, relying instead on voluntary arrangements among unions and employer association. History, custom and the balance of power between labor and business are the main mechanisms that govern collective bargaining.

Bargaining occurs primarily at the national level, on a sector basis. Every three years, unions and employer associations negotiate national, sectoral contracts that act as a floor for wages and working conditions within an industry. By voluntary agreement with unions, any business that is a member of an employer association agrees to apply to its own workforce the national CBA negotiated by its employer association. Because Italian jurisprudence recognizes the application of a national, sectoral CBA as satisfying the constitutional right to a minimum wage, most employers (including those not represented by an association) choose to apply a national, sectoral agreement to their workforce.

CBAs can also be negotiated at the local level (for example at the regional or provincial level) and/or at the company level. These secondary contracts allow unions and employers to enhance working conditions and pay, with the national, sectoral contract always serving as a floor. Company level agreements are less common, and generally only cover workers in larger firms: at most, 40% of workers are covered by a company-level agreement.

### Workplace representation

Historically, unions have been strongest at the national level, as is reflected in the relatively smaller number of company-level contracts. That began to change in the 1970s, as the 1968 movement (arising from the student-labor uprising that started in France) saw increased organizing within the workplace, and the constitution of factory councils. Those factory councils were codified into law with the 1973 workers statute, and further expanded through voluntary agreements between employer associations and unions, starting in the 1990s. Today, in workplaces with 15 or more employees, workers have the right to directly elect a shop stewards council. Less than 25% of workplaces have an elected shop steward's council. This number is reflective of two factors: 1.) most companies in Italy employee less than 15 employees; 2.) traditional unions primarily bargain at the national level.

### Industrial relations at the firm level

In larger firms, including CEFLA, workers elect a shop stewards council. The council negotiates a company-level CBA with the firm, handles grievances, and interfaces with management on an ongoing basis in response to changes that affect workers, for example the integration of new technology, changes in the workplace, downsizing or closure of a business unit.