

Organized Labour and R&D: Evidence from Firm Level Collective Bargaining in Italy

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This paper investigates the impact of second-level collective bargaining on Italian firms' investment in intangible assets and, specifically R&D. The analysis exploits a rich and representative survey on Italian companies conducted by the National Institute for the Analysis of Public Policies (INAPP). Standard OLS regressions are supplemented by the implementation of a regression discontinuity design (RDD) which makes use of firm size as a cutoff in the empirical strategy. According to our econometric analysis, the presence of second-level collective bargaining results to be positively associated with investments in R&D. In all regressions, we control for firm characteristics (size, age, group membership, multi-establishment), presence of unions, level of collective bargaining (national, regional, firm), exports and FDI, past investments in R&D, workforce composition (% managers, % middle managers) and type of employment relation (% of employees with fixed-term contracts), regions and sectors. Our findings confirm the hypothesis according to which participatory mechanisms (such as second-level collective bargaining) that mediate opposing interests within unbalanced power relations, can positively stimulate the investment in intangible assets, thus contributing to the development of the firm's knowledge base.