Dismissal of Managers, the Rules in Italy

In Italy, the legislation relating to the **dismissal of managers** is regulated by Articles 2118 and 2119 of the Civil Code, as well as by **collective bargaining agreements**.

Article 2118 of the Civil Code explicitly states:

“Each party may terminate an indefinite employment contract by giving notice within the terms and in the manner established by corporate norms, customs, or fairness.

In the absence of notice, the terminating party is required to pay an indemnity equivalent to the amount of remuneration that would have been due for the notice period.

The same indemnity is owed by the employer in the event of termination due to the death of the employee.”



Additionally, **Article 2119 of the Civil Code** states:

“Each party may terminate a fixed-term contract before its expiration, or an indefinite-term contract without notice, if there is a cause that does not allow the continuation, even temporary, of the relationship. If the contract is indefinite, the employee who resigns for just cause is entitled to the indemnity indicated in the second paragraph of the previous article.

The bankruptcy of the entrepreneur or the compulsory administrative liquidation of the company does not constitute just cause for contract termination.”

Furthermore, collective agreements mandate that a manager’s dismissal must be justified. Although Italian law allows greater flexibility in terminating managerial positions compared to other employees, it is essential to adhere to principles of transparency and formal correctness.

Who Are Managers According to Italian Law?

Referring to **Article 2095 of the Civil Code**, along with specific laws and corporate norms, a manager is defined as an individual occupying a top position within a company, endowed with extensive decision-making and organizational powers, operating with substantial autonomy. This “alter ego” role of the entrepreneur implies a strong relationship of trust with the employer. Consequently, higher trust levels result in more situations that could compromise it. Therefore, managers can be dismissed for reasons that might not be sufficient for other employees, based on the **“principle of justification.”**

The Principle of Justification in Manager Dismissal

The concept of justification, developed through case law and incorporated into collective agreements, requires that **a manager's dismissal be motivated by substantial and non-arbitrary reasons**. This principle, broader than just cause and justified reason, obliges the employer to justify the dismissal based on valid and relevant motivations. This can include minor breaches as well as organizational needs.

Ultimately, jurisprudence has clarified that the justification for a manager's dismissal relies on a comprehensive evaluation of the circumstances, excluding arbitrariness and adhering to principles of good faith and fairness.

When to Contest a Manager's Dismissal?

When the dismissal is disciplinary in nature, the guarantees provided by **Article 7 of the Workers' Statute** apply.

The manager has the right to contest the allegations and provide justifications before any disciplinary action is taken.



Challenging a Manager’s Dismissal in Italy

If the dismissal procedures do not comply with the guarantees, the manager can contest it before the competent court, requesting compensation in lieu of notice and additional compensation. The latter is a form of compensation predetermined by collective bargaining agreements and assessed by the judge based on various factors such as the duration of the employment relationship and the conduct of the parties.