Serafino Negrelli (University of Brescia),
Angelo Pichierri (University of Turin),
Marco Castellani (University of Brescia),
Valentina Pacetti (University of Turin)

FIRMS AS CONVERSION FACTORS OF LOCAL CAPABILITIES IN THE TERRITORIES OF BRESCIA AND TURIN

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1. Introduction

This national report for the Eurocap Work Package 2, aims at considering workers’ capabilities in eight relevant Italian firms in two territories: Turin and Brescia. The main subject of analysis of this contribution is the development of workers’ capabilities in the last 10-15 years in some big and small firms mainly in the automotive sector and its supply-chain in Italy. We will take in consideration not only the development of individual capabilities (linked to the trajectories of employees, their conversion factors and freedom of choice), but also collective capabilities, both as the result of capabilities for voice given by union representation (industrial relations, collective bargaining, and so on) and local capabilities already analysed at the regional levels of labour markets.

In a former note on the governance of the automotive sector in Italy, we made clear that it is undergoing a radical change, whose main trends are:

- the crisis of Fiat, that is by now neither structuring actor in terms of industrial organisation, nor reference model in terms of industrial relations and human resources’ management;
- the increasing autonomy of former Fiat suppliers who are by now autonomous system producers selling them to different clients;
- the growing internationalisation of the sector, both in terms of export and operations abroad and attraction of foreign investment in Italy;
the growing (at least potential) influence of regional
governments towards automotive SMEs, due to the devolution of
industrial competencies at regional level.

Changes in the composition and behaviour of the automotive workers
were investigated in the 1990s, when Fiat adopted a revised version of the
Japanese model and steered the transformation of its supply chain, in a
number of researches carried out by sociologists colleagues and by
ourselves. We are trying to see now if the aforementioned trends in the
sector are related with significant changes in workers’ capabilities, industrial
relations, training, career trajectories etc.

For practical reasons about the available resources for the research, we
made some interviews (very few) to employees, instead we concentrated on
managers, trade unionists, and other experts. Besides the practical reasons,
we thought that the latter ones could give us many and more exhaustive
elements for our scope. Our attention will be then especially focused on
policies and their implementation, at regional, sector and firm’s level.

The choice of some territories of Fiat outsourcing (Torino-Piedmont;
Brescia-Iveco; Melfi-Basilicata) is made in order to take in consideration
these needs, besides further opportunities to develop our analysis under
some methodological addresses:

a) they are territories with a clear economic identity, in which
we can see some “core capabilities” and then specific characters of
“mondes de production”;
b) they are network organisations, in which mechanisms of “governance” and social regulation (but above all the kind of social relationships: the “ties”, besides the “junctions”) between local actors (private and public actors; employers’ associations and trade unions) are very relevant;

c) they are also organisational fields interesting (or crossed by) more than one sub-national territory (regions of Piedmont, Lombardy, Basilicata), more sectors (metalworking, plastics, chemicals, etc.), more firms (big ones, but above all small and medium ones), more “global players” (Fiat, but also multinational first-tier firms in the automotive sector and its supply-chain);

d) they are regions with problems both of crisis (Fiat Auto in Piedmont; less in Melfi) and of success (Iveco in Brescia). Maybe that the industrial policies of advanced outsourcing in the last 10-15 years could have contributed to reduce the “core competences” of Fiat Auto too much (and than its capabilities for innovation), explaining its crisis now (contrasting with the Iveco trend). Approaching this hypothesis means: to re-build the “rich and congenial organisational ecology” (Streeck); to evaluate the collective capabilities in the regions (capabilities in exploiting the “ties” of the network); to consider the nature of the club goods or of the “local collective competition goods” (social harmonisation in the economic competition, above all in industrial relations and working conditions,); to individualise the right indicators for the comparative analysis (not only the economic ones);
e) they are the subject-matter of relevant processes of “local concertation”, sometimes institutionalised (“territorial pacts”: Negrelli, 2004a), sometimes in a more informal way, but always very innovative, rich or effective. In these processes of concertation we also will consider the diffused practices of collective bargaining and of territorial and firms agreements (even on the specific processes of outsourcing). The harmonisation of industrial relations in the auto supply-chain can then be “driven” either by the firms (Melfi: the agreements of the Acm Consortium) or by unions (Brescia, Turin: local collective agreements on “externalisation” and on “site delegates”) (Negrelli 2004b);

f) they imply linkages with public policies, in particular on labour markets (internal and external ones) and on welfare systems, for the relevant consequences of the latter ones on the same local firms’ policies about the so called strategic human resources management.

So, this contribution will take in consideration: the changes in social governance in the automotive sector and outsourcing, recalling the concept of regional capabilities; the institutional context of industrial relations and human resource management always at the automotive sector level, to keep in mind the “capabilities for voice” and the “capabilities for a better working life”, granted by collective action or social representation by the workers (paragraph 3); the more specific workers’ capabilities in
terms of trajectories of employees, conversion factors, and freedom of choice (paragraphs 4 for Brescia and 5 for Turin).

2. Changes in the governance of the Italian automotive sector

2.1 The local and sector impact of national institutional change

The work of the Italian team was focused on territorial and sector characters. Not Italy nor its industrial system are at the centre of the analysis, but two local systems and an industrial cluster imprinting their economic identity. Some features of the recent economic and institutional evolution in Italy have, however, a special impact on both our territorial and industrial units of analysis. Two sets of innovations are especially relevant: those concerning the regulation of the labour market, and those related to quasi-federalistic devolution of competencies and resources from state to regional governments.

In the labour market, predictably, the trend is towards “flexibility”. The Italian way to flexibility was traditionally connected with an enormous increase in self-employment (very often dependent employment in disguise) and with undeclared employment and informal economy. Legislation introduced by the last centre-left government and strongly promoted by the present centre-right one has radically reduced the former

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1 “Sector” is used here to be consistent with the terminology adopted in other Eurocap documents. In fact, it would be more correct to speak of “filière” with reference to production connections or of “cluster” with reference to industrial and institutional connections.

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rigidity of employment conditions, especially through a wide variety of “non-standard” or “atypical” working contracts: the percentage of temporary (versus open-ended) contracts is then regularly growing. Firms have then obtained a remarkable “entry” flexibility, neutralising this way the still relatively rigid “exit” conditions.

The direct impact of these legal innovations in the automotive was weakened by the high average age and firm’s seniority of the employees (this is the case in the firms we studied), most of whom were hired years ago with “traditional” open-ended contracts. The fact that recent hiring are normally temporary ones increases however a general perception of growing insecurity.

Changes in the regulation of the labour market were accompanied by change in the regulating institutions. The end of public monopoly and the legalisation of private intermediation in the hiring of the labour force produced a situation in which public employment services (generally not very effective, notwithstanding attempts at organisational improvement) are increasingly in charge of the “poor” segment of the labour market, while the “real one” is increasingly regulated by temporary work agencies, whose number and role increased in the Turinese area, and even more in the province of Brescia.

Functions concerning the labour market, and especially “active” labour market policies have been decentralised to the regions (and by the regions to the provinces, sometimes to large communes). This is a field in which regional governments and bureaucracies keep direct contact with EU, whose funds they receive and whose policies they are supposed to implement.
Political and administrative decentralisation took place in the field of industrial policies too. Regional government is by now the main responsible for public policies concerning SMEs. Since the number and influence of large industrial groups is decreasing (Fiat is a case in point) and since outsourcing and dis-integration increased the number and relevance of medium-sized firms (first–tier suppliers in the car industry), this kind of regional competence can be very important both in Piedmont and Lombardy.

Here again, regions formulate and implement their policies in constant contact with EU. Brussels authorities severely limit the ways firms can get public support. But they can also provide important resources: this is especially true for regions like Piedmont and cities like Turin, where industrial initiatives promoted by public actors or public/private partnerships (technology parks, agencies for internationalisation and technology transfer) were financed through structural funds (goal 2).

In the Eurocap perspective, this kind of coalition between local and “European” actors is probably the most important institutional change.

2.2 The fragmentation of governance

Notions like “regulation” and “governance” (that we are not going to discuss here) are generally employed to describe mechanisms through which actors are coordinated and resources allocated. In the Italian automotive sector these mechanisms were rigidly controlled, from World War I to the
80s, by the sole Italian big player in the field i.e. Fiat. While this is true for the way the sector was regulated all over Italy, the Turinese metropolitan area (unlike Brescia) was till recently characterised by a remarkable overlapping of the governance of the automotive sector and territorial governance. For a long time coordinated actors and allocated resources were by no means industrial only: they were also economic, social, political ones.

During the long period in which Fiat was the dominating actor of a totally controlled automotive sector, resources were allocated according to its strategies. Resources involved were not only private ones. The dominant role of the big player was visible in its capacity to appropriate public resources in order to pursue its own goals and those of the industrial system it controlled: investments in R&D were financed to a large extent by the state; this was also the case for training and continuous education; not to speak of the heavily financed location of new plants in the South.

Since the early 90s, the evolution of the sector (and of the territorial system where its presence is especially concentrated) can be read as a story of progressive withdrawal of the dominating big player, and the uncertain emergence of a new model of pluralistic and cooperative governance. The new model of governance is far from completely effective and institutionalised: some of its features are, however, already distinguishable.

The traditional industrial big player is apparently reluctant to play locally cooperative games: an attitude once connected with its powerful presence at non-local levels (the real game was played nationally and globally, not locally) then with the present phase of growing weakness. Ongoing deindustrialisation and the decline of the big player go hand in hand with the decline of the other once powerful industrial actor, trade-
unions. This is especially true for industrial unions (in addition to CGIL, CISL, UIL, a company union is present at Fiat). They are increasingly divided (a number of important collective agreements were not signed by Fiom-Cgil) and their membership stagnates or decreases, given also the continuous decrease of constituency: around the half of the unions’ members are by now retired workers. The decline is less visible at territorial level, where unions are still able to draw on political resources coming from their connections with political parties and local governments.

As a consequence, public goods and local collective competition goods needed by the industrial system are provided, or controlled, by a complex network of local actors, including, in addition to local governments and interest associations, what in the present jargon are called “functional autonomies”: chamber of commerce, banking foundations, universities, public utilities.

*In the Eurocap perspective, the most important implication is then the growing role of concertation among different actors in the production of public goods having direct or mediated influence on the development of workers’ capabilities.*

**2.3 The change of industrial organisation**

As far as the industrial structure of the sector is concerned, two stages can be individuated starting from the early 80s. Both were characterised, as far as Fiat is concerned, by extreme resort to outsourcing. Inside the main plants, e.g., workers of internal logistics, presses, motor assembling, were
“externalised” to other firms: they kept their former working place changing their contractual status.

1980 is a turning point in industrial relations: after the “glorious defeat” of Cgil in the Fiat plants of Turin, the unions’ power and influence is severely weakened. In the same period, the strategy of the firm is characterised by the transition from a compact and centralised (although divisionalised) organisation to an increasingly deverticalised and network-like one. Suppliers are still strongly dependent from the main firm that, however, increasingly compels them to look for new clients. Suppliers must be able to show that a certain percentage of their turnover is made with clients other than Fiat: it can be said that many automotive SMEs did not jump into the market, they were pushed into it.

The second stage is characterised by the strong reduction in the number of first-tier suppliers (from 1200 in 1987 to 330 in 2001), keeping direct relations with Fiat and organising their own supply chain. A number of SMEs, producing modules and systems (no more “parts”) for an increasingly diversified clientele, grow more and more independent from Fiat (and Iveco). The scenery is also characterised by the growth of sui generis final producers like Pininfarina (originally just a designer), and of other firms (in sectors like industrial design and industrial automation) whose former strong automotive characterisation progressively fades. On the whole, a sort of transition from an “industrial” to a “merchant” world of production.

This second stage overlaps in time with the above mentioned administrative and political decentralisation, emphasising the role of regional governments towards SMEs. The main problem and challenge to-
day is that of the survival of Fiat and of the possibility and modalities of development of an automotive sector without (national) final producer.

In the Eurocap perspective, the most important implication is that decentralisation, outsourcing, delocation, coupled with the increasing labour market flexibility, strongly reduce individual and collective control on their development of capabilities, introducing in individual trajectories unforeseen and unwanted transition moments.

2.4 The change in the production and allocation of sector-specific club goods

If we consider governance as the mechanism through which public goods and local collective competition goods are produced, the transition under examination goes from a situation in which club goods for the automotive were essentially produced and/or controlled by the dominant industrial enterprise to one in which other mechanisms and actors take or recover a central role: the market of course, but also the associations, in combination with other old and new actors. The launch by Fiat of a “guided growth” program for its suppliers in the 90s is probably the apex of the first model; the failure in the founding of a public/private agency for technology transfer to automotive SMEs, at the beginning of the new century, is a good example of the difficulties of a new tentative model.

The evolution can be illustrated with reference to the production’s modalities of three sets of local collective competition goods: internationalisation, technology transfer, education.
Concerning internationalisation, we can mention here the results of a comparative research on the internationalisation of SMEs in five European countries, whose final report was delivered to the EU Commission in 2002. One main result, partially contrasting with the original research hypothesis, is that the majority of the internationalised firms whose behaviour was analysed adopted “autonomous” (versus “cooperative”) strategies. “Cooperative” strategies involve some kind of networking, of which the large multinational company is often a central component. For a significant percentage of the (not statistical) sample, in the networks of large multinational companies “SMEs are mostly vertically integrated or work together with large companies on a complementary base. In spite of the power asymmetry in this type of network, multinational companies’ networks provide attractive opportunities for ‘exploitation’ of the great by the small.” Not surprisingly case-studies illustrating this kind of behavior were provided by the Turin-based Italian research team.

In Turin, increasingly, the set of public (or club) goods definable as support to firms internationalisation strategies is provided by local public, associated, semi-public (functional autonomous) actors, and by various combination of them. This kind of support includes automotive SMEs, and is sometimes explicitly provided to them.

In fact, one of the most interesting initiatives came recently from the “Centro Estero” of the Chamber of Commerce (founded already in 1976). The project “From concept to car”, aiming at the improvement of the capabilities for foreign trade and originally planned for 150 firms, has by now 670 participants.
This is one example of the growing activism of the Chamber of Commerce. Partners of Centro Estero are interest associations, major local banks, and local governments. The Region and Province, have, moreover, developed their own programs and facilities for internationalization, with special attention for small and artisan firms (this is probably one example of overlapping activity of actors providing the same kind of services). Growing activism by different local actors produced in fact some good results and a certain amount of overlapping and redundancy. The regional government (certainly the most important partner) is planning at moment a sort of divisional reorganization of public and public-private bodies operating in this field, under a regional holding for internationalization. The reorganization should also include the agency for the attraction of foreign investments (ITP) founded in Turin in the 90s, and acting for the city and the region.

In Brescia the Province played an important role in the field (see Negrelli, Castellani, 2005), introducing a tool which consists is the drawing up of Agreement Protocols (the so called “Protocolli d’intesa”). SMEs look at these Agreement Protocols as an indispensable tool for acting in transnational commercial areas (networking, contracts, manpower, and so on). Main partners of Province are Chamber of Commerce, Category Associations, Lombardy Region, ICE).

ProBrixia is a “Special Agency” of the Chamber of Commerce for internationalisation, born in 1995 in order to promote the activities of the SMEs of the Province of Brescia. The overall activity of ProBrixia, primary addressed towards SMEs area, can be also considered in the light of a managed bottom-up process, in which local firms of the internationalisation
driving sectors (automation, metalworking, wine industry, textile industry, above all) suggest their main needs.

If we speak of “technology transfer” in the sense of “the transfer of knowledge or equipment to enable the manufacture of a product, the application of a process, or the rendering of a service” or of “activities that lead to the adoption of a new technique or product by users and involves dissemination, demonstration, training and other activities that lead to eventual innovation”, we find for this set of local collective competition goods a similar evolutionary pattern.

First of all, it must be noticed that Piedmont is the Italian region with the highest private share in the total R&D expenditure; in Lombardy too private expenditure is definitely higher than the private one. We can then assume that activities producing technological innovation are mainly performed by (large) firms.

In the automotive sector, the share of R&D activities externalised by the main final producer changed from 30% in 1982 to 72% in 2000. Outsourcing, originally concerning manufacturing activities, increasingly involved the development of the product and its component parts. The technological capabilities of suppliers increased, development and design were increasingly the task of specialised organisation. Moreover, the main Fiat facility for R&D, Centro Ricerche Fiat, became an autonomous company in the industrial group, allegedly selling on the market the results of its activities. To sum up, a visible transition from organisation to market took place in the mechanisms of allocation of the local collective competition good “technology transfer”.

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Concerning “new” production and allocation modalities, this is one of the few cases in which private actors were willing to cooperate with public ones at the crossroads of research and higher education: sections of the Turinese Technical University providing courses and degrees in automotive technology and industrial design were financed by Fiat and different industrial designers.

Our regional monographs show an increasing role of the public local actors, especially regional governments, in the production of research and innovation in partnership with others like employers’ associations, bank foundations (the presence of the latter is especially relevant in Lombardy and Piedmont) and Universities increasingly autonomous from the central government and increasingly connected with the regional one. Visible results are technology parks, facilities for the development of ICT, University based facilities for technology transfer and the like. It is impossible here to distinguish the part of this activity directly benefiting automotive firms: all the more so that the automotive sector has become a technologically complex filière including very different technologies.

The last systematic attempt of Fiat to perform a central role in the transfer of technological and organisational know-how directly connected with the quality of the product was the “guided growth program” launched at the beginning of the 90s for its first-tier suppliers; second-tier suppliers were included in a second program launched in 1997. Hundreds of automotive SMEs were involved, mainly in Piedmont but also in other Italian regions, with an heavy organisational and financial investment by Fiat. The coordination of the program was entrusted to Isvor, the “corporate university” of the group.
At the beginning of the new century Fiat was in deep crisis, Centro Ricerche Fiat seemed to be increasingly oversized in view of the demand coming from its former captive market, the guided growth program was in stand-by. In order to fill in the blank, ITP (the city-region agency for the attraction of foreign investment, acting in fact as a development agency) proposed, on behalf of the employers’ association, the creation of a private-law agency (“management company”) for technology transfer to automotive SMEs: the local governments were prepared to grant important public financing, and Fiat research centre was supposed to cooperate with the new agency, adjusting its original mission. Given the sudden retreat of private potential partners (starting from Fiat) the initiative was abandoned: a rather painful failure for the kind of “new governance” we are discussing.

Notwithstanding the increasing role of old and new public and semi-public actors in the production of technological innovation, the way this resource is produced, and especially the way it is transformed into capabilities of the actors using it, does not seem to form a clear pattern. Experts agree on the relative insufficiency of R&D investments; the general impression being that small firms do not invest in the field, while middle-sized ones very often resort to the market to buy the technology they need.

As already said, Isvor was in charge of the coordination of the Fiat guided growth program. Born in 70s for top management’s education, Isvor became in the following years an autonomous division, then a company, providing all kind of educational services (especially technical ones) to the whole group, and to first-tier suppliers. Most of these comparatively expensive services were sold to a captive market: it was
possible, however, to consider them as club goods because of their excellent quality, their technical specificity (both the teachers and the technology used in the training were the best the group could provide), and the occasional involvement of Fiat in its financing. Isvor is at moment on the way of almost total dismantling and, again, its end produces a blank not easy to fill.

While we are writing, the commune is organising a pool of vocational training institutions to take care of some of the technical facilities Isvor is going to abandon. Of course, the educational system of the “automotive” regions is sufficiently rich and articulated to provide the technicians and engineers the firms need. One of the results of our case studies is, however, that at least for certain segments of the working force the needed competencies are highly automotive-specific and apparently need specific educational institutions.

The latter consideration is especially important in the Eurocap perspective. While in the case of internationalisation and technology transfer the impact of the resource on the workers’ capabilities is mediated by the firms that are their immediate receivers, education and training has a different statute, since employees are “direct receivers” and their capabilities become firms’ capabilities when developed through educational facilities and institutions.
3. The institutional context: industrial relations and human resources management in the Italian automotive sector

3.1 From Fordism to Lean Production

Since the 1980s, industrial relations and human resources management in the automotive sector have been strongly influenced by the economic, organisational and technological context, with some crucial changes: unstable markets, with low growth and more quality products; robotics and microelectronics shifting from the assembly line to automation and lean production; new balances between human resources and technology in the so called *integrated plant* ("*fabbrica integrata*"). Globalisation of markets favoured the process of implementation of the new production models and required industrial adjustment from countries, big and small firms, and territorial production.

*Lean production* is making the big firms of automobile more flexible in their production models and in their human resources management. As for their relationships with the market, they are becoming more similar to firms working to order; as for their production system, they are more and more similar to process industry, with less direct jobs and more supervision and inspection activities. Small and big firms of automobile and auto supply chain are now differentiated along the line from *flexible integration* to *flexible specialisation* (Negrelli, 1998; Piore, Sabel, 1984; Regini, Sabel 1989). The former one is the logic organisational evolution towards post-fordist model of production. The industrial adjustment in the last thirty years was mainly based on managerial strategies of economic flexibility, more or
less concertated with employees’ representatives through collective bargaining.

Womack, Jones e Roos, in “The machine that changed the world” (1990), have given us a bright idea of this evolution of the production models in the automobile, from the handicraft system to mass and lean production. The last one, introduced by the big Japanese giants of automobile, is able to combine the advantages of the first two models, as it reduces the cost of the first one and the rigidities of the second one. As Ohno (1978) has told us, in this model we find skilled and motivated workers, thanks to a “strategic” human resources management, to the method of just-in-time and to the concept of “community of interest”, with the active and integrated contributions of the stake-holders: blue and white collars, management, suppliers, customers, to realise diversified and flexible products adapting to a demand more based on quality and individual needs.

In the analysis of Womack et al. there is no room for future alternatives to lean production. They have presented a relevant and empirical case of success in the product development and design, in supplying and sales network. So, they said that lean production is “a better way to make things”. We can see in this “normative” analysis a revised or updated version of the theory of social convergence that required more than one consideration.

Above all, they did not consider the interactions between lean production and the social and institutional contexts in the different countries. Kochan et al. (1997) made a more precise and empirical analysis on these contexts of different models of capitalism, industrial relations and collective bargaining. They took in consideration five kind of variables: work organisation; training and human resources development; wages; employment; and models of governance of the industrial relations systems.
The main results of their empirical analysis were: the complementarity between the practices of human resources management and industrial relations, proving Womack et al. wrong about the only individual participation in lean production; the evolution towards more “kinds of lean production”, at least nine (!), and not the only “toyotist” one. This latter trend is very important because it allows to consider the different territorial scenarios, characterising the relationships between the big global players and the small local firms along the automotive supply-chain.

3.2 The Fiat emerging model of the “Mediterranean” kind of lean production

The “other” kinds of lean production are the results of the combination, outside Japan, of the original toyotist idea with the national/local traditions and models of production. For example, this is the case of Italy and Fiat in particular, if we see its industrial adjustment in the history of the last 30 years. The result of restructuring was a radical innovation in the process and in the product, along a way of high and integrated automation and then more flexibility. In general, technological innovation allowed to reduce the size of Fiat plants (Mirafiori, Rivalta in Turin or Iveco plant in Brescia, above all), but also to decentralise the production on the territory, with relevant consequences on industrial relations and human resources management. The plant of Fiat Melfi in the South of Italy is then the last step and the more important example of these trends in automation, industrial de-localisation, and social and organisational innovation. The development of the “integrated plant” was even a “social construction”, in a green-field site,
with new cooperative relationships between big and small firms, between management and workers.

The “Mediterranean model” of lean production in Melfi is the “third” stage of the evolution of the Fiat production model and organisation of work, after the 1971 union agreement which imposed an alternative to the assembly line (Collidà, Negrelli, 1986; Locke, Negrelli, 1989). The first stage was completed at the end of 1970s, with the Robogate (systems of robotics in the welding phase) in the plant of Turin-Rivalta and Lam (“lavorazione asincrono motori”, asynconous working of engines) in the plant of Turin-Mirafiori. This model based on robotics and partial automation of the assembly line was an attempt to answer in a flexible way (or working on more kinds of car models) to the economic, but also to the social problems, both to industrial relations and human resources management (as welding was then the working phase of the production of automobile more critic and vulnerable by the industrial conflict). In this period industrial relations was mainly conducted in a unilateral way by the Fiat management (remember the 35 days of continuous strike in 1980 and the quoted “glorious defeat”).

The second stage, at the middle of the 1980s in the plant of Termoli for the new engines “Fire”, was the high automated plant (“fabbrica ad alta automazione”), oriented to generalise for the whole Fiat that concept of “absolute flexibility”, both for the markets and for the production system. Industrial relations in this period come back to more diffuses practices of collective negotiation even if in the sense of a “concession bargaining”.

The “green-field” plant of Melfi, defined as “fabbrica integrata” (“integrated plant), was oriented to modify in a radical way the previous organisational and production model, above all in its flexibility, through the
just-in-time and a revision (rationalisation) of the supply-chain, an extended process of training and practices of human resource management, and the proposal of a new “participative” system of industrial relations (but more based on practices of information and direct participation/consultation then collective bargaining) and of work organisation (working teams always refused in the past by Fiat management).

3.3. Harmonisation of industrial relations in the territory, along the automobile supply-chain

The analysis of these multi-factors (markets, technological innovation, institutions and public policies) of the external context is very important to observe the transformation of industrial relation and human resources management in the Italian sector of automobile. But these trends influenced above all industrial relations and human resources management also in the small and medium size firms of the supply-chain of the automobile sector, as emerged by many empirical surveys (Sako, 1998). With the competitive japanese system of just-in-time, European car producers, and also Fiat, went out from the traditional shortist anti-union strategy of production decentralisation, in favour of more cooperative strategies in the long term.

The Italian case supported the idea that social regulation of outsourcing has been effective, either in the auto components sector (as with the collective agreements in the areas of Melfi, Brescia, and Turin) or in the industrial districts characterised by small innovative firms, consortium agreements, and widespread trust (see Negrelli, Castellani, 2005). Naturally, social regulation at the micro level can be strongly influenced by the different territorial characteristics of the economic and industrial culture.
Despite common trends such as innovation, cooperation, and integration resulting from economic pressures and technological and organisational changes, there is still considerable variation at the local level. This clearly emerges from the analysis of “supply-chain governance” in the automotive sector, as it has developed in different Italian regions, characterised by different types of local economic development: one in a ‘green-field’ area (Basilicata) and two in ‘brown-field’ areas (Piedmont and Lombardy) (Negrelli, 2000).

In Italy and many other European countries, the dominant tendency is towards ‘harmonisation’ between the technological and organisational changes induced by ‘lean production’ on the one hand and social systems of industrial relations and human resource management on the other. This contrasts with the hypothesis proposed by other researchers on the tendency towards ‘competition’ that could instead be induced by the same economic changes in the social sphere (Womack et al., 1990). For example, experiences with outsourcing in the United States show that even if these are not implemented with an explicit anti-union purpose, they tend, in any case, to exploit ‘regime competition’ in industrial relations, i.e. the possible savings on labour and wage costs, and/or the externalisation of activities previously covered by collective bargaining – seen in the sharp decline of worker representation in the traditionally highly unionised automotive sector (Whitford and Zeitlin, 2004; Kochan et al., 1997).

In some Italian regions considered by empirical studies (Piedmont, Lombardy, and Basilicata), there is a partial verification of the hypothesis of ‘harmonisation’ not only of technological and organisational innovation, but also of industrial relations and of human resource management across the big firms and the smaller ones of the automotive components sector. This is
proved both in a ‘green-field’ setting, where the traditions of industrial relations and union activity are absent, and in ‘brown-field’ settings, which includes the ‘historic’ plants of the automobile and component supply sector.

Nearly all component supplier firms inside and outside the Melfi district, for example, share the ‘green-field’ character of industrial relations in the Fiat SATA plant. In both the integrated factory and the rest of the component supply sector, trade unions and industrial relations systems were created *ex novo*. Harmonisation between the new industrial relations in the SATA plant and that of the component supplier firms has been quite explicitly guided from above. These industrial relations are ‘new’ not only because the SATA plant is a separate company, formally free from existing Fiat contractual obligations, but also because they have been harmonised with the technological/organisational requirements of lean production (Negrelli, 2000). The most important and innovative elements of the SATA collective agreement of 11 June 1993 underline this orientation: working time is on three shifts with rolling rest periods and night work also for women; group work with rotation of tasks in the ‘elementary technological units’ (UTE); greater variability of wages thanks to ‘competitiveness bonuses’; union participation through the institution of several joint advisory committees.

The strongest evidence of the harmonisation of industrial relations between SATA and the supplier firms of the district is the collective agreement of the Auto Components Consortium of the South (*Consorzio Auto Componentistica del Mezzogiorno, ACM*) of 28 July, 1994. Through this agreement, Fiat achieved an important goal of industrial relations governance, in the form of a certain territorial uniformity of contractual
conditions concerning working time, wages, and union rights across the entire Melfi just-in-time system. Any adaptation made by specific supplier firms is limited to small margins of flexibility inside a very well defined frame.

The unification and the harmonisation of collective bargaining at the territorial level was confirmed and reinforced by the ACM agreement of 25 May 1998. This extended the SATA agreement of 18 March 1998 to local suppliers with particular emphasis on the regulation of joint committees and union involvement, due to the potential vulnerability of the just-in-time system to social disruptions. One of the main goals of this strategy is to combine individual and collective union participation, which many studies have shown to be necessary for lean production in Western plants (Sako, 1998) – further refuting the arguments of Womack and other scholars, albeit with many problems and contradictions (Negrelli, 2000). Among the major goals of this territorial dimension of the collective agreement should be noted the reconciliation of firms’ needs for industrial relations governance with union demands for equal protection of workers in the integrated factory and its suppliers.

3.4 The crisis of the “Mediterranean model” of lean production

The limits of this governance structure are both internal and external. Internally, the complex internal participation machinery, though aimed at increasing the institutionalisation of participation by worker representatives in the life of the firm, does not always meet expectations of joint resolution of emerging social problems. The structure provides for three levels of representative participation: the Interfirm Committee, which involves the
local union organisations, the workplace union representatives (RSU), and management of firms in the consortium; the Integrated Factory Committee, focused mainly on general problems of worker safety; interventions at the level of the individual firm by the Committee for the Environment and Prevention of Industrial Accidents, charged with the task of information and consultation on prevention of workplace risks. In the absence of strong negotiating traditions, these structures and participatory institutions are often used as substitutes for collective bargaining and thus risk not achieving their original goal of supporting – not replacing – bargaining activity. The joint committees thus risk becoming empty institutional, bureaucratic, and formal participation mechanisms, which reduce rather than reinforce the perception of collective protection and therefore workers’ trust.

The first crisis of the “Mediterranean model” of lean production occurred ten year after the location of the plant in Melfi. A long, hard and non-stop strike blocked the plant and the roads linking the firms of auto supply-chain. It was the end of the “green” industrial relations! Workers were becoming conscious that they were working more than workers in the others plants (it is statistically proved that Melfi plant has been the most productive of the Fiat plants), in the worse working conditions (night shifts extended besides the terms of national agreements), and at a lower pay than other Fiat workers. The strike was the result of the emerging crisis of the Fiat group that reduced the attention about a successful green-field plant like Melfi which, after a period of transition with different (that is lower) conditions of work, required a strategy of harmonisation of industrial relations and human resource management with the other national plants.

Outside the district, these contradictions are even more evident because even the representative participation institutions become scarcer. There,
often the only rules that matter are those stipulated by the national collective agreement for the sector. Due to the smaller size of firms, one rarely finds the firm-level negotiations envisaged by the 1993 Ciampi Protocol on the structure of collective bargaining, also for the limited coverage of the decentralised collective bargaining in Italy (one third of the firms and 50% of the workers in all the private sectors).

Still, there have been some recent innovative trends, perhaps due to a delayed effect of the aforementioned harmonisation in the Melfi district. In some firms, for instance, bargaining over performance-based pay (premio di risultato) is becoming more common; and firm-level negotiations, when they happen, tend to spread to other issues such as working time, grading, and skills, with a certain approximation to the contractual standards prevailing in their larger customers. At times one can also find cases of rights to information, though the practice of joint advisory committees is almost entirely absent. In general, in the supplier firms outside the Melfi district, there are tensions between the managerial style of imitating the mechanism of representative participation – ever more widely diffused among their customers at the SATA plant and its first-tier suppliers – and the traditional logic of the personal and paternalistic relationships between the small entrepreneur and his employees.

In Piedmont and Lombardy, by contrast, real bargaining activity is much more widespread relative to the aforementioned formal mechanisms of participation, though the latter have been diffusing recently. Even if data are not always available concerning the many agreements signed in the auto components sector, analysis of the decentralised agreements in the broader metalworking sector shows a high propensity to formal bargaining. According to the Fiom (1998), for instance, in Piedmont between mid-1994
and mid-1997, 494 agreements were signed in the metalworking sector, 83 of them new, and 63% of them in firms with less than 100 employees. This high degree of ‘negotiated participation’ has also been accompanied by a sharp reduction in industrial conflict. This decentralised bargaining contains many innovative features. All of the agreements regulate wage increases, and 69% of them introduce or renew performance-based pay. One in three agreements regulates working time, while the other issues given special attention are the following: the health and safety (in particular the application of law 626 concerning worker safety), skills, union and information rights, social benefits, and cafeterias. Issues particularly important for new production systems like training and work organization are less commonly negotiated. One reason for this may be the difficulty of negotiating issues that demand joint examination and deeper discussion than those that are more traditionally the subject of plant-level supplementary agreements. As we have seen, in the auto supplier network of the South, those issues, when negotiated jointly by the social actors and not unilaterally imposed by the firm, are by their very nature the object of consultation and co-management in joint committees, albeit within the limits discussed above.

In relation to Turin and Brescia auto components suppliers, one should stress the innovative trends that emerged from interviews and analysis of their most recent plant-level agreements. Those regarding outsourcing are particularly noteworthy, as are those providing for the creation of European Works Councils, ‘site delegates’, and territorial observatories. The latter make possible territorial union representation for small automotive suppliers concentrated in a particular area or district, which due to their size would not otherwise be able to elect any delegates. Such union agreements, while
apparently differing from what we have seen in southern Italy, nonetheless also seek to harmonise the rules and industrial relations systems in small component firms with those traditionally prevalent in the large auto assemblers and their main suppliers.

But the “Mediterranean model” of lean production and the territorial harmonisation of industrial relations and human resources management are weakening and strongly under threat for the economic crisis of the Fiat group and its lack of innovation in car models, with many workers in partial lay-off in the Turin plants (“Cassa Integrazione”). It is a new difficult challenge in the long history of industrial relations in Fiat. The effects of the recent advantageous solution of the dispute with General Motors and the innovative strategies of the new management after the death of Giovanni Agnelli could be evaluated only in the next months.

4. **The capabilities in question. The case of Brescia**

It is argued that three main issues lead to a wider and comprehensive view of the complex link between resources, functionings, and capabilities at organisational level: trajectories of employees, conversion factors, and freedom of choice. The empirical analysis carried out on these three levels in the territory of Brescia, has focused on four case studies (fictitious names): GEAR; TRUCKS; RUBBER; SENSORS. The below considerations aim at exploring the mutual interrelationships amongst the fundamental features affecting the interaction between socio-organisational context and employees. Reflecting on the relevance of this hypothesis, the discussion builds upon a sort of reasonable overlapping of the core attributes of the

Firms as conversion factores of local capabilities
three levels of the study. For this reason, as an example, many remarks on the training processes, which could be viewed also in the trajectory perspective (at least as turning points on the continuum of the trajectories considered not only as a synonymous of career path) are examined in the light of the conversion factors’ level, regarding the individual sphere of the possibility of changing resources into “something” useful.

4.1 Trajectories of employees

In our viewpoint, the notion of “trajectory” holds elements both related to occurrences in employees’ career path (advancement, relocations and many more), and with the individual and cognitive knowledge repertory acquired during training. Moreover, many features of the Supiot’s view, such as the balance between life time and working time (see Supiot, 1999), are considered in order to cover a more detailed comprehension. In a broad sense, if we look at the trajectory as a continuum, it is affected by the first step: the recruitment. The four case-studies show a wide range of combination between policies undertaken by Human Resources (HR since now) management and job research strategies by employees. On this hand many features are taken into account, from the various “trust” solutions referable to the classic Granovetter’s meaning, as a stable network of acquaintances that facilitates the information acquisition about job possibilities in the local area (see Granovetter, 1985), to the “institutionalised” way by traditional agencies (employment agencies, temporary employment agencies, personnel research and selection agencies, etc). The former takes advantages from various sources, according to the
possibility of the firm to be directly related to agency providing for all HR issues. Apart from these two sketched views, many other elements play a crucial role in the recruitment stage, such as:

- *local industrial tendency and market situation*
- *labour market conditions*
- *school attendance*

Another issue undoubtedly affecting recruitment lies in its job-driven tendency, which means that in quite all the four case-studies there are different recruitment strategies depending on the different jobs’ positions in which the firm is going hire. Moreover, the research has shown that also for same job categories, for example blue collars, firms have unlike strategies.

An usual practice in GEAR’s recruitment policy (which in general follows the same standards as GEAR Corporation) is to take into account diplomas also for blue collars, where it is a consolidated way to consider the graduate certificate as an essential resource for white collars, and obviously for jobs in the management area (in this sense there is a sort of segmentation). Recruitment approach of GEAR is strictly linked with the various job’s tasks:

- blue collars, newly graduated students are selected by the firm itself (the latter ones through the local University and data bank on the web). For first job positions in general GEAR plays upon local external agencies. In case of newly graduated students, recruitment choices are influenced by territorial factors (for example initial wages
are sometimes low and this affects the real possibilities for a person to reach Brescia).

- for more qualified and strategic jobs GEAR establishes a link with external agencies that develop the pre-selection phase (examination and evaluation of curricula) starting from which it makes decisions on recruitment.

For blue collars a general employment interview is provided but GEAR also turns to more specific tools in order to have a deeper view of applicants’ psychological and cognitive frame. This procedure is occasionally taken by external and specialized agencies that pre-select applicants (first step) for a subsequent evaluation by GEAR with a further employment interview (second step). This phase allows the firm to restrict applicants’ circle for the following evaluation that falls under the competence of the HR’s functional foreman (third step), who is responsible of the final hiring decision. For critical jobs, such as higher management ones, *ad hoc* special placement in employment is provided, depending on the firm’s requirements. Of course this initial training is part of the abovementioned “annual training plan”, that can be re-examined during the year owing to possible changes. In order to support the so called “bottom-up” initiatives (i.e. employees who suggest potential aspects to be reinforced during the vocational training) and to integrate them with the “top-down” perspective, amongst various ideas GEAR has developed “inter-vocational groups” in which many representatives of the various jobs share their own suggestions about improvement and training upgrading (both linked with technical and operational features). Areas involved in this process are: quality control, production, maintenance, logistics, and many more.
There is not a well structured scheme of realignment, which is largely affected by the peculiarity of the production cycle and of the manufacturing phases. In GEAR’s plant of Gardone there are two main manufacturing lines and two departments:

- **manufacturing of seating**, that are aluminium tubes in which the rack (“cremagliera”) and the steering-gear valve (“valvola dello sterzo”) are made;
- **hydraulic valve manufacturing**, with all the related mechanical components

For the main jobs there is no need of a particular hands-on activities training scheme, owing to the strong presence of computer numerically controlled machineries (CNC), that addresses the largest part of the training system to the acquisition of various software information. This process is usually brought to an end by employees holding diplomas in about fifteen days.

The percentage of women working in GEAR is low, also in consequence of seasonal downs that occurred in the last four years, during which employment has fallen\(^2\) from 600 people in 2000 to 460 in 2004 and has not allowed the firm to hire new applicants. Because of the fluctuation of the market, and also due to other endogenous reasons, the firm has played on temporary-employment agency work contracts. But, as the HR manager outlines:

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\(^2\) During 2002 a hiring plan for 50/60 people was arranged.
“It is important to put in evidence that women have shown high performances and results also in the nightshift of 3x8 production cycle, thanks to their merits about focusing, attention, taking care of details, better inclination on controlling activities, and so on.”

Last employment’s trends show that with respect to employment of indefinite duration in 2000 there were about 600 employees, whereas now they are about 460. Various reasons can be considered as determinants for the current situation, both endogenous and exogenous, but the main relevant ones derive from the whole decline (if not a crisis) of the automotive sector, which is now slowly increasing. The core problem is related to the particular automotive market situation that is now turning to the electrical steering system, also for low-powered car, while the main product line in GEAR is the hydraulic steering system valve. This is one of the reasons why the market-share of GEAR for the hydraulic steering system has been decreasing. GEAR is facing this state of affairs with an innovative strategy based on the so called “electrical-assisted steering system”, even if the hydraulic steering system is going to play a central role anyway according to many reliable views, and this is an indispensable premise for future GEAR’s planning about this product. In addiction to the 460 indefinite duration employees, in the plant of Gardone there are many temporary employees to whom the firm resorts in dealing with annual holidays. Amongst the 460 indefinite duration employees, 300 are blue collars in the two manufacturing area (the so called “direct-employees”), which are manufacturing of seating and hydraulic valve manufacturing, while the other 160 are working in the various

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3 Taken from the HR management interview
4 GEAR is also involved with the electrical steering system, not as manufacturer, but as an assembler, in the plant of Livorno.
5 The number usually goes from 15 to 20 people in the summer period.
departments\textsuperscript{6} as white-collars or similar also in middle management and in the managerial staff, or as professionals. Moreover, in some departments, blue collars work for other Italian\textsuperscript{7} or worldwide manufacturing sites and plants. An example in this sense can be considered the “product design office” (which is involved in the electric steering system that is neither manufactured nor assembled in Gardone) due to the fact that Gardone is the design centre for hydraulic seating at worldwide level. Immigrants employees are few, and one of the critical aspects is language. The HR management opinion is that local firms turn to foreign workforces above all in case of difficulties in finding local workforces with respect to the possible uncomfortable job conditions or to low wages circumstances. On the other hand GEAR, besides the aforesaid adverse market conditions affecting recruitment policies, seems not to have particularly uncomfortable jobs, blue collars in fact are in large part working at numerically controlled machineries. Minor dislikes have been recorded at least for the 3\textsuperscript{rd} shift in 3x8 (nightshift) and actually it looks like being the only possible way by employing immigrants in the plant of Gardone. Local students are also known for the limited propensity in regularly finishing their studies, strengthening data about the low level of local school attendance. Vocational schools still represent a fix point of reference in the Province, and on the contrary when students get the diploma (qualified technician,\textsuperscript{6} The divisions are: maintenance, product quality, internal reporting (“sistema informativo interno”), administration, purchasing department, commercial department, production engineering department, design department, human resources, administrative and financing department.\textsuperscript{7} The Italian locations of GEAR are: Pralormo (To) - plastic components and fasteners; Ostellato (Fe) - External gear pumps for EPHS; Gardone Val Trompia (Bs) – Valves, housings and tubes; Bricherasio (To) – Air bags, seat belts, and electronic components; Moncalieri (To) - Sales/administration; Livorno - Racks, manual and power steering gears, EPAS; Caivano (Na) – Steering wheels.)
engineer, and so on), they want to enter quickly in the working world, and this often leads up to a labour supply willing characterized by the wrong belief of the scarce importance of the curricula. The other side of the coin, in terms of multi-ethnicity, is that GEAR shows a high degree of different national origins in management and also in white-collars in general, that due to GEAR’s nature of global corporation gain many experiences by frequent international stages or collective working periods.

![Figure 1: a scheme of interplay variables](image)

Career paths in GEAR show that newly graduated students are employed by the firm at 5th job classification level (metalworking industry-wide agreement), and they get a wage increase after 12 months. At the 24th month they shift to the 6th level, and from this point on there is not a defined and automatic change because it depends on the behavioural, cognitive, procedural attitudes and on the peculiarities of the jobs. In the firm there are recurrent cases of employees who reach higher job positions 4, 5, 6 years after the shift to the above-mentioned 6th level. These positions of course, as previously outlined, are characterised by an increasing degree of autonomy due to the competence/authority matrices. Amongst the various features affecting this process there is the employee’s propensity of being part of stages in the foreign affiliate offices of the company and the experiences
with international working groups at European and worldwide level, which are often provided in the global project planning of GEAR.

Wages levels are predetermined in the industry-wide agreement with the further supplement of the complementary agreement. There are also performance-based bonuses based on productivity and quality indexes, which are measured and paid out monthly. These bonuses make up the variable part of the whole bonus and are uniformly distributed amongst all the employees, independently from the job in the organization chart. It is important to outline that the usual procedure followed by social partners leads to an agreement in which unions, during the negotiations about the renewal of the company agreement, asks for consolidating the component of the bonus that has become cyclical. The need is to identify new goals or to raise the parameters in a scenario in which firm’s management, of course, aims at maintaining the variable part starting from the consideration that the fixed part is already rewarded through other items. According to the management’s view, the fixed part of the bonus regarding benefits that were measured and paid in the past, has no longer reason to take place in the present, because what was considered a bonus has become a fixed amount completely unrelated to current outcomes. The variable part of the bonus depends on the discipline of the industry-wide agreement where targets are arranged at firm’s level, negotiated with unions, monthly measured by indexes at which corresponds a bonus level.

The settlement of all these agreements is obviously affected by the industrial relations, which are characterised by difficulties with respect to

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8 The GEAR HR management’s view is that in the next complementary agreements in the territory of Brescia, the variable part of the bonuses is going to be written off.
9 Many “fixed” bonuses are paid quarterly.
the relationships between employers’ associations and the most representative union, FIOM, which often follows a strict line of strategy\textsuperscript{10}.

A rate about 10\% of employees has been involved in outsourcing processes, above all in:

- logistics and inventory department
- “fluid and lubricants” management department
- porter’s services

For many reasons, the TRUCKS plant of Brescia, reflects HR strategies of TRUCKS at group level. Recruitment parameters are defined in functions of the professional qualifications (blue and white collars, professionals and managerial staff) and of the different jobs which applicants are addressed to, in addiction of some basic features considered to be significant in general (relationship aptitude, etc). The recruitment can be viewed as “single job oriented” (for example when the firm requires people to be employed in a specific kind of activity) or “employment oriented” (for example when the firm needs people who must have certain potential, but it has not still defined the right job to which such potential could be applied). The selection for high skilled job (managerial staff) is not carried out by the plant managing direction, but it is a strategic plan which is taken by the Group management, and for all these kinds of jobs the degree certificate is obviously necessary. It is important to enlighten that these figures can also

\textsuperscript{10} Without going in deep details, we can mention the divergences about the metalworking industry-wide agreement signed by Fim and Uilm on the May, 7\textsuperscript{th} 2003, concerning minimum wage and other items, and the pursuance of the Biagi’s law. With respect to the company agreement signed in 2001 and effective till 2004, in September 2004 GEAR refused to sign a so called “pre-contract”. Differences of opinion cover aspects of both industry-wide and company agreement.
come from white collars, as first placement, but if they show high potentialities the personnel management may invest on them. The professional training, for newly graduated people, is all done by an external agency, specialised in assessment (which takes place also inside the firm). A general scheme of recruitment for newly graduated students provides for various steps. Firstly people are evaluated by many individual tests and examinations. Next step is a collective one, a sort of assessment, which represents an important technique by which six or eight people, in the presence of four external evaluators, have to perform a task by argumentations, contributions, discussions. The four evaluators write out a grid containing the main psychological and aptitude characteristics which could be useful to define the potential. Sometimes evaluators are supported by Trucks’ managers in charge of the areas where the newly graduated people are going to be employed, giving an opinion about the employability of the applicants. The “scientific” view of the evaluators and the pragmatic “experience” of the manager on the field give raise to a process in which the assessment represents just the final filter. This modus operandi does not regard blue collars, for whom there is a more circumscribed procedure of recruitment made above all by local agencies, due to the fact that the firm has often to face seasonal fluctuation. When this occurrence is concerned with a limited number of applicants, the recruitment is internal. By this hand, on the contractual viewpoint the firm makes use of the solutions offered by the Biagi’s law, for example the “staff leasing” and interim workers, anyway standing for a narrow percentage of the blue collars’ total\textsuperscript{11}.

\textsuperscript{11} In September 2004, they were about 70 out of the blue collars total, that was approximately 2,500 (plant data).
In SENSORS, the crucial elements in the recruitment step are not directly concerned with the presence of diplomas, if nothing else for certain kinds of job. When the job is characterised by a high technological skill, linked with the area of R&D activities, it is self-evident that only a specific degree allows the person to be an effective applicant. This phenomenon is called role-implicitness. Apart from these cases, it is most sensible and useful for the firm’s HR management to examine applicants who do not have any diplomas or degrees, because:

“… they are most susceptible to learn the crucial things to work in SENSORS, that is to say: to work on oneself, to work in groups, to communicate, to learn by a tutorial route instead of becoming part of the firm with the awareness of being able to do everything, when it is the firm itself and the workplace that drive the employees in the right direction.”

There is also a deep difference between the newly graduated person, who is firstly approaching the work arena, and the one who can count on working experience. This obvious consideration plays a critical role in SENSORS’ recruitment, and can be considered a sort of distinguishing element, because in the HR management’s view it is the little experience which everyone comes from that really counts, more than any educational qualifications, and it is when this “real” experience is embedded in a specific and particular way that it acquires a decisive added value, for example when it is based on firms’ stages, group working works, previous approaches to themes that SENSORS considers much important, i.e. everything that has an empirical strong side (“field experiences”). In all these cases, experience is still more a distinguishing factor in the recruitment

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12 Taken from SENSORS HR management’s interview.
policies activity of the firm. For what concerns recruitment tools SENSORS plays upon a conventional way, and the main used one is the personal oral meeting, in the light of the fact that the HR management prefers a face to face approach with the candidates, and this tool is present at various stages for all the jobs, from blue collars to the managing director. There are two main schemes within selection activity: in the first case people are pre-selected by an external agency that carries out a first screening and then carries on a conversation in the HR office; in the second one there are no pre-selections. HR policies in SENSORS pay deep attention to the fact that people behave differently according to the circumstance of being inside the firm or not. This is the reason why, aside from the future response of the firm in order to employee or not, and independently from the fact that a person has been pre-selected, SENSORS subjects him/her to a trial day with the purpose of understanding the “feeling” with other employees. Moreover, it is important to proceed this way also with people coming from other job experiences, who tend to behave differently according to different work atmospheres. Besides these cognitive and psychological features, there are of course the specific technical expertises that are necessary for employment. There are seven typical sketches belonging to their respective working areas (administration, commercial, logistic, production, etc). One of the main important HR policies in SENSORS regards the consciousness that these sketches depend particularly on people actually doing that kind of job in the firm and indirectly on his/her expertises. Starting from this consideration, HR management has the necessity to avoid the possible loop that should happen, in fact:

“If every time you are looking for an applicant, you do that through a scheme that you suppose to be right (the sketch of the employee who was
doing that job in the firm), there will not be any possibility to change the scheme, or you will not know what could happen with a different scheme”.

That’s why recruitment policies, besides certain basic skills, consider the specific different candidates’ socio-cognitive attitudes, including communication ability, relationships characteristics, and ideation capacity, because:

“… an organization is made 90% by people, and there are no fixed and definite mechanisms that allow the firm to have an ‘optimal’ combination of employees and task. There are many theories that tell you how to do it, but an organization is a ‘real and changing’ thing and you can not learn just by applying theories. What you really need to do is to enlarge and not to reduce employees’ responsibility, so you can count on people who have a wider perspective, (and this does not mean that they always go beyond their task, even if they have a mental attitude to do that)”\textsuperscript{13}.

This kind of “procedure”, that in practise implies the absence of an “employee’s ideal profile”, is one of the mainstay of the HR policy in SENSORS, and it allows to avoid situations in which everyone could pay attention just to his own field, generating “holes” in the structure. The main requirement for this policy is based on a high ability of the firm to control eventual competencies’ overlapping, but it is easier to manage these kinds of possible conflict instead of governing behavioural, cognitive, belief system and job cultural possible conflicts, which require a farseeing training policy to be avoided. The attention of the HR policies in order to prevent the aforesaid situations is focused on a well comprehension of employees’ belief system and values, that are trickier levels on which to operate.

In RUBBER, about the 100% of blue collars recruitment is made by external local agencies. The policy of recruitment in this sense is closely

\textsuperscript{13} Ibidem
related to the production cycle, which shows a basically stable amount along the time. Moreover, when the firm faces production peaks, and with respect to the market flexibility and to its customers’ state of affairs, it turns to temporary workers who sometimes become indefinite duration employees for specific requirements. For white collars and management jobs, about 60% of recruitment is internal, while minor cases of recruitment by firm’s network occur. Of course recruitment policies take into account firm’s needs in terms of industrial policies and strategic planning activities, which sometimes require a certain heterogeneity with respect to the various educational qualifications. Engineers and other white collar jobs, can count on better initial conditions and more stimulating prospects, but for them diplomas and university’s degrees do not assure a particular preference pathway towards high employment positions.

The main turning point in the employee’s career path in RUBBER, in this sense, can be found in the evaluation system results of the executive, who is more focused on individual capabilities in three fields:

- specific and transversal skills
- managerial approach
- relational aptitude

The evaluation takes place due to an internal strategy which is based upon two different frames: performance and potential one (working and relational style – professional skills), which is always provided for managerial staff. For working and relational style, particular attention is paid

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14 The Fiat Group is one of RUBBER’s three main customers, while for the plant of Passirano it is the first one.
to a job considered in the national industry-wide agreement, which is an intermediate level between white collars and managerial staff and it is called “impiegato direttivo”. Amongst these employees RUBBER estimates how to plan a possible further steps in the career path. Concerning professional skills’ evaluation, the various processes’ functional foremen establish criteria in order to run parallel to the training system. In this direction goes the recent creation of the “project manager”, who matches up the functions of the process manager. For what concerns leadership issues, just the “key competences” are involved in a real process of updating and checking skills, also because it is planned at Group level. Key competencies do not necessarily concern high management job, they might be depending on the particular strategic needs of the firm itself. This part of the skills updating is generally systematized through inner solutions, such as restricted groups coordinated by the ‘development and training’ in charge personnel.

4.2 Conversion factors: resources to functionings and back to trajectories / career path

Many features could be brought back to a possible notion of conversion factors by transforming a resource into a valuable outcome affecting employee’s work life and his/her future perspective. Resources might be viewed both in a strictly material way (diplomas, university degrees, masters, qualifications) and in a wider immaterial one (balance between tacit and codified knowledge, skills acquisitions by training, cognitive styles). Diplomas and degree could be considered as far as resources when required at the recruitment step, but also as conversion factors when used for taking advantages by the employees for training. Moreover, training strategies
undertaken by HR management also depend on the occupational job profile and on the skills of the specific job.

In GEAR, for blue collars a short training period is provided, mainly related to the general themes of accident prevention, safety of workplace, qualitative features of the job, and to more specific characteristics of the production-cycle and of the automotive articles produced by the firm. It is important to outline that the main GEAR’s product is the hydraulic steering system valve, a typical safety component, so it is crucial to focus on the qualitative aspect of the product itself. The following phases of the working life of the employees are necessarily related to their specific task and frequently depend upon the changing of machineries and manufacturing phases, in addition to the usual option of the internal job shifting (for example from one machinery to another one) that involves particular training, both tacit and codified.

Standard procedures are provided due to an internal “quality manual” and the same happens with respect to jobs for newly graduated students and generally to new recruits, for whom it has been established a general arrangement about the firm’s mission, the functional structure, and the vision of GEAR not only on local and Italian level but also in the international company perspective about behaviours, shared values, and goals perceived both by its higher management and its employees in general. GEAR develops annually a “training plan”, regarding internal and external solutions, that provides for various steps:

- preliminary discussion amongst all the functional foremen
- further improvement and exploitation
- insertion into a budget
Obviously external solutions (involving agencies not linked with the firm) may result in internal training courses held by agencies’ staff and at the same time GEAR’s employees are often addressed to local agencies’ courses, such as University of Brescia, IlSole24ore, Isfor2000, and so on. In many cases training courses are strictly related to the manufacturing cycle, as it happens for courses held by machinery constructors and numerical control software products for machining directly supplied by the producers. According to the HR management, quite all the training features are involved with the firm’s values, the main ones of which regards generating trust, infusing energy, being efficiency oriented, acquiring the habit of change, being customer oriented and ready of thinking in terms of teamwork.

GEAR’s HR policy focuses on a sort of double side “philosophy”, so that ethical behaviours must have a clear reflection consequences on the juridical level, and vice versa. The firms, in fact, in its role of global player aims at acquiring a well-blended respect of all the laws in force of the whole field in which it operates (observance of the various national laws and ethical clearness behaviours, also on the individual level).

Training policies are not driven by any sort of Company University, as it happens for other automotive firms such as TRUCKS (with Isvor). The crucial “tools” affecting training guiding principles are Iso Certifications, which stand at the core of the whole system of quality supporting automotive network amongst manufacturer and customers. In RUBBER HR management’s opinion, the quality system represents a fundamental feature that plays a more important role with respect to the automotive firms, due to
the fact that it is continuously under customers’ observation. Certification system is strictly linked with requirements analysis and to the training results analysis, which are mostly well structured, even if not as in other firms, as outlined before. For all technical features related to the manufacture process, the firm tends to play on internal sources, whereas it is quite unproblematic to find knowledge resources and local external agencies in other typical training areas, such as widespread skills, foreign languages, industrial data processing, balance sheets’ techniques. Specific courses about health and security are all provided thanking to the link with ISFOR2000 agency, the training branch of AIB\textsuperscript{15}.

In case of external courses, GEAR HR management can count on a straightforward schedule by which the agency is able to evaluate the results of the employee’s training through a crossing ex-ante/ex-post analysis (contents, issues, training materials’ quality, expectations, etc.) with a part concerning the training agency and another pertaining to the functional foreman, and the more the job is strategic the more this process is well-structured.

GEAR often uses European financing tools for training, but this choice is influenced by the production cycle, which needs long terms projects that do not fit with the strict and detailed set of rules provided by the juridical European level. In order to face procedural problems GEAR plays on the link with AIB, which is an actor with highly skilled personnel in the procedural field. Of course there can be also the possibility of making use of European funds due to wider territorial projects, such as on the provincial extent, and in all these cases local public agencies develop plans which are already

\textsuperscript{15} The local employers’ association.
funded. To take an example in this sense it is possible to consider a course in many HR subjects organized by ISFOR2000, with various benefits.

Job evaluation techniques in GEAR are provided for strategic jobs, while for blue collars minor “evaluation schedules” or reports support the various functional foremen and are written out by the respective persons in charge (“preposti”). In order to keep a sort of well-structured frame, there are also competence/authority matrixes (“matrici di competenza”) by which for all the employment positions a competence level is established, in order to make clear its kind and degree of independence, in other words the area of autonomy of the job position in the manufacturing process. At present there are 5 levels of autonomy (operational wideness), from “A” to “E”, where the first represents the step of labour access and the last a job in which an employee can also be a trainer for other workers (blue collars). In short, the competence/authority matrixes concern the specific knowledge level, both tacit and codified, of each job positions inside the plant and also meets the necessity and the set of rules of the automotive suppliers.

Certification system, ISO 14001 for the protection of the environment and ISO 9001 for the automotive sector, requires also deep attention to the theme of safety and a sensitization of all the employees around the requirements in the field of the environment. Other certifications in GEAR are ISO/TS 16949, QS 9000, EAQF.

Evaluation by job description is provided for job positions in the personnel management and in many others, such as the internal reporting or the administrative and financing department, even if training is difficult to be updated with its physiological cycle. Many procedures tend to become less and less significant with age, and this is the rationale for a system of
training that is developed in waves\textsuperscript{16}. The centrality of the procedural side, also in terms of individual training planning responsibility, is perceived as a pillar for future development:

“It is clear that the procedures of training updating play a central role in a firm that wants to couple human resources’ skills acquisition and innovation investment, but management frequently does not realise that there is the need of a specific organization sub-structure (composed by qualified personnel) devoted to a specific training requirement analysis. The result is that the internal offices or departments involved in this activity are often reduced to the minimum”\textsuperscript{17}.

In RUBBER, considering blue collars jobs, bottom-up cases of training courses requests or skills’ refreshes requests are not usual, or anyway not frequent as in other RUBBER’s plant, as it happens for example in Poland. On the other hand, white collars and other middle-management jobs get more used to bottom-up demanding training activities.

Training evaluation processes in the quality system do not follow complex methodologies, but mainly consist in fast and frugal (but quite accurate) techniques, based on three main steps: a first evaluation entrance grid drawn up by the trainer at the beginning of the course; a second exit evaluation grid compiled by participants at the end of the course about their representation on the course’s efficacy; a third evaluation after a variable period (mainly 6 months) made by the functional foreman focused on the expectations/outcomes match. The final rating is based on the outcome as result of the combination of the three steps’ indexes.

RUBBER’s policies in the training area pay more attention on the phase of the training requirements analysis rather than on the training evaluation,

\textsuperscript{16} In the steering and houses area, for example, a period of three years is an usual cycle of training update.
which lies, briefly, on a simple and pragmatic process. Starting from the “near the mark” consideration that resources addressed to training are not unbounded, the purpose is that it is crucial to focus on the requirements in order to avoid possible misconstructions of the effective firms’ needs. Two viewpoints represent the stocks of the situation: the first one concerns employees’ aptitudes, the second one the procedural aspect of the courses. On the first hand:

“The training requirements analysis must focus on features which are not completely known by the employee to be interested in, but at the same time which are sufficiently known to stimulate him/her to an effective sensemaking activity”\(^{18}\).

On the second hand a frequent potential hindrance is represented by the heterogeneity of the group taking part in the training courses, where sometimes there is not an useful preliminary skill test. Of the 600 employees in Passirano belonging to the different functional areas, 300 work in the manufacturing division, while the other ones are in divisions related to the crucial functions at group level, which are all present in the site of Passirano: administration, product development, quality system and, of course, corporate divisions at group level, and many more. About the 35% of the blue collars are immigrants, but recent years’ recruitment has seen a deep higher incidence, which shows a significant 80%\(^{19}\). This data must be read with respect to the occurrence, outlined by HR view, that nowadays it is difficult to find young local people who accept tiring jobs even if they are certainly paid better than the other ones (as an example consider the

\(^{17}\) Taken from the GEAR’s HR management interview.
\(^{18}\) Taken from the RUBBER’s HR management interview.
\(^{19}\) Even if many economic observers consider it a simplifying reason, the well known demographical feature plays a central role on this point, due to the last 4/5 years data.
nightshift for blue collars instead of dayshift in the 3x8 shift). On the contrary, there are cases of graduated people hired as blue collars jobs who have made a relevant career path progression (see figure 2 below for an example), but this portrait seems to be effective above all for the past decades. The other side of the coin is represented by newly graduated students (or students with diplomas), who do not accept to start as blue collars, while they consider just the white collars job entrance. This frame creates a sort of block that frequently marks out the path of blue collars without specific educational qualifications.

Figure 2: Examples of possible career paths in RUBBER for newly graduated students (or students with diploma) entering as manual blue-collar in the production cycle

Moreover, the last consideration is strengthened by the fact that the main current hirings for blue collars regard immigrants who sometimes do not count on admitted degrees\textsuperscript{20}, while local immigrants communities’ employees do not show high levels of degrees incidence. From this viewpoint the career path for blue collar positions seems to be path

\textsuperscript{20} Procedures by which the firm checks foreign diplomas and degrees’ validity or the official recognition are often very difficult.
dependent. It is very important to outline, however, that the last statement does not fit with other countries’ plant of RUBBER, while the situation depicted in the picture seems to be more suitable, as it happens in Poland site, where RUBBER has about 120 graduated blue collars.

There is an articulated scheme on which SENSORS HR management has been working for two years as a result of direct experiences on the field. It is based on a “3 levels approach”. The first level, which is for everyone entering in the firm, regards a kind of training that depends both on the task and on the potential job in SENSORS. The employee’s learning has two main dimensions: practical aspects of the organizational everyday life and main characteristics of the firm’s mission. On the first hand there are benefits and everything that has to do with the “employees’ first arrangement”. On the hand second everything concerning SENSORS’ whole economic and organizational framework. Along this side, employees need to deeply know the borders of the firm’s activity and the whole organizational structure: units, work force, plants, central offices, branch offices, SENSORS’ quotation on the market, etc. Of course the second dimension is typically addressed to certain roles, as for example the ones belonging to technical office and business office, and afterwards has a further step specifically linked with the singular position in the organization (a commercial employee has to know the specific current salesmanship). In the technical area, a basic training policy must take into account technical instruments and the detailed procedural aspect.

The second level, which is only for the improvement HR policies, is strictly related to the specific job but does not show connection with the job in SENSORS, and regards skills and capabilities which the employee maintains even if he/she would leave the organisation. As it sounds clear,
the second level fixes the boundaries of employee’s tacit and codified knowledge and it is also linked with the territorial configuration of knowledge production system. An economic sector (or either a sub-sector) in which all the actors support this kind of training system, can count on a high knowledge mobility and skills circulation, and this also allows to reach a global flexibility. The first step of the training policies, independently on the level, is the potential evaluation (or the assessment), which can lead to an opinion showing that the employee has gaps or putting in evidence the he/she has an improvement perspective. In both these conditions, the employee must be supplied with new tools\textsuperscript{21}, which of course could be useful also in case of his/her future departure. Moreover, it is SENSORS’ duty to allow him/her to be more satisfied and motivated by using these tools and, consequently, to “work better” and to establish new organisational climate. It is a sort of virtuous circle that includes all the roles played within the organisation, starting with blue collars\textsuperscript{22}. Training courses are organised both internally and outside the firm, thanking to agencies operating in the local context and at regional/national/international level. It is important to outline that nowadays it is very difficult to distinguish “the good and the bad” amongst the countless proposals of training courses received everyday by the firm. A still actual way is represented by the robustness and the effectiveness of the networking relationships of the firm’s management, by its aptitude of maintaining stable links with other firms of the same sector of activity or with firms operating in the same local area. Physical proximity, information exchange, and other socio-economic traditional mechanisms

\textsuperscript{21} Examples for the dealers are: “assertive communication”, “non-verbal communication”, “sales techniques”.

\textsuperscript{22} Examples for blue collars are: “problem solving”, “work-team”, “approach to the leader”.
still play a central role in this sense, but they need to count on another
critical issue, which is trust. If the network proximity is not supported by
trust, it fails in its function of establishing a solid frame of “good”
information sharing (which in conclusion can be viewed as a sort of public
good).

The third level is related only to the improvement HR policies focused
on white collars and management jobs\textsuperscript{23} (reasoning by number they are
about 10/12 persons) which can be considered the mainstays of the firm.
This training involves a specialist kind of improvement and it usually
benefits by external and prestigious institutions’ courses. With respect to
other working roles, the risk of loosing employees after long and costly
training improvement is higher, but there is no real choice between an
expensive, risky strategy of training and a cheap, loosing strategy of
surviving.

Apart from the job, a preliminary wide-ranging training step about the
mission and the vision of the TRUCKS group (plus practical aspect of
everyday life in terms of safety and health), is provided for each employee.
Blue collars are involved in a short on-the-job initial training according to
the different jobs (for example assembly or production jobs require a
maximum number of five days of initial training). In accordance with the
connotation of the job task, as it happens for maintenance job, testing job,
job in the “quality area”, training may need an increasing attention in terms
of time and specifications (consider, as an example, that a maintenance job
takes about 1,500 hours of training). All these training activities can be

\textsuperscript{23} Examples for white collars and management jobs: “leadership styles”, “cognition and
communication”.
considered in the light of ISO9000 and ISO14000 methodology, and in the HR strategies the job evaluation system itself and the implementation of the training system with higher degrees of structuring, can help in guaranteeing the processes reliability, which is crucial in order to reach an high level of employees’ skill and capability.

A remarkable feature for administrative jobs, consists in promoting the so called “inner growing system” (“crescita interna”). It is, in short, the firm’s choice of not hiring in the administrative area, but to endorse the advancement in the career path through the mechanism of the abovementioned “assessment”, for blue collars. According to the unions’ viewpoint, however, this process must be supported by a general policy addressed to the whole workforces:

“The HR improvement needs to be an overall and inclusive process, which can also provide for promoting the best employees through the internal labour market in the various levels of the career path, but has to couple this strategy with a continuous wide-ranging improvement plan, starting from the basic working team. This is the only way to increase the “quality” of job and skills.”

Besides the job-assignment, the “normal running” of training goes together with the analysis of product and process updating and with the technological development. Each department (at least, as it will be explained, the various teams of each active service unit) needs to verify the “maintenance” degree of the skills. The process takes place during the yearly training “budget”, in which each functional foreman shows the requirements related to the re-adjustment expertness, which are estimated in comparison with the production needs (“x” further vehicles to be produced

24 ISO9000 and ISO14000 are two well known Quality Systems Certifications.
25 Taken from Cisl-Fim’s representative interview.
could imply a specific re-assessment of the personnel and of its training refreshing system).

Management and more in general white-collars training strategies are affected by a stable policy undertaken by the firm, which lies in the internal mobility of employment. The term “internal” is to be meant with respect to the various plants of the firm both on the national and on the international level. HR management thinks that:

“…just by being experienced on the field of the different plants, an employee can acquire the right wide-range understanding, both human and professional, that allows him firstly to reach a full view and representation of his/her skill and training condition, and in the second place to be able of evaluating other employees’ jobs.”

For the firm this seems to represent a crucial passage between resources (employees’ horizontal mobility) and capabilities (employees’ wide-range representation of the industrial processes related to human resources strategies).

TRUCKS’ training strategy shows a sort of double route: the first one regards themes related with leadership, capability, motivation, managing of changing situation, etc, which are automatically taken into account when employees turn to a different job. This kind of training is developed by ISVOR at a central level for all the TRUCKS’ plants, also through masters and stages. The second route is about the local system of training, and is concerned with “stages and techniques”, work analysis, “security and health”, and is made inside the firm or by local agencies.

The training refresh strategies are also evidences for a bottom-up process, in the way that they originate both from the above-mentioned

26 Taken from TRUCKS HR management’s interview.
mobility and from other tools, such as periodic meeting amongst employees and above all due to the role of “catalyst” by the team expert.

Training evaluation is sometimes difficult, and in case of courses it turns into a comparative estimation based on an ex-ante and an ex-post grid drawn up by the trainer (step 1), and into a supplementary check made after a pre fixed period (step 2), that focuses on the proceedings of the notions acquired in the course.

With respect to the described frame of training, trade unions complain about the insufficient attention paid by the firm to their necessity of being informed both on the issues and on the training plan developed by HR managers:

“TRUCKS’ training policies depends directly on the FIAT training strategies, which is certainly supported with high investments by the company, but follows a top-down planning in the light of FIAT guidelines, and apart from health and security area (with law nr. 626), trade unions are not involved in the process of training planning. This is a direct consequence of the lack of a “real” decentralized bargaining, that it is still subordinate to a bargaining process made for the whole group’s plants, and not for the particular plant (an example of this argument is the payment by results, regulated at central level through indexes fixed by FIAT Group). For this reason it is incorrect to talk about decentralized bargaining”.

EU tools for financing training initiatives are also provided, due to the link between TRUCKS and AIB that allows the firm to be informed about the various opportunities, even if they are particularly concerned with SMEs. The biggest part of these financing programmes are considered and taken into account by the headquarter in Turin.

27 Taken from CISL-FIM union representative’s interview.
In order to have wider view of the job’s evaluation system there is the need to consider two main features regarding knowledge that is related to individual skill. One attribute of employee’s skill is that it is “held” by people, while the second one, as important as the first one, is that it can be “made explicit”. The first level is more concerned with the tacit notion of knowledge, that is to say how to perform a problem without making it explicit through procedures, observable and shareable, while the second one is more linked with the need of codified and reproducible practices. HR management of TRUCKS is obviously interested in obtaining a satisfying target in both of the two levels. In this sense, for white collars or management jobs, it is easier to reach an effective assessment for the two levels, and a sort of dedicated “variable” system of evaluation is provided. The system is based upon strategic targets related to the industrial goals of the firm, to be reached in certain times and with certain costs to be paid. The outcome of the whole process could give raise to performance-related pay (ruled by the agreement of 23 July 1993). For blue collars there are two correlated evaluation criteria: quantity and quality. They are both considered by indexes regarding the productive target arranged upward through the developed plan, for example by the employee who manages the method ("metodista") and fixes the production layout (equipments, procedures and times). The production cycle predetermined value is achieved when a quota sampling process, that check individuals’ result, that is called audit quality ("qualità da audit"), validates the fixed value. The unsatisfying result could turn out from a negative evaluation of the sampling process, and in this case many qualitative features of the task could be revised and refined through training processes. In order to deeply comprehend the link between knowledge and evaluation, which often addresses the future training plans
for blue collars, it is important to consider the structure of TRUCKS’ lean manufacturing system. By this way it is possible to underline the role played by many jobs that seem to be crucial in the light of the passage from resources from conversion factors, such as TPS Manager and the Team Expert.

Figure 3 below briefly depicts the lean manufacturing system of the plant of Brescia, with the various (lean) teams\textsuperscript{28}, which represent the restricted productive “arena” where employees are asked to solve and discuss problems or improvement task related to the lean manufacturing process. It is well known that a tricky issue about this perspective is the capability of some kinds of job, such as the Team Expert or the TPS Manager, to act as sort of catalyst and motivational actor who turns employees’ tacit knowledge into codified one.

\textsuperscript{28} In the (atypical) Lean Manufacturing System of TRUCKS (see also Marchetti, 2000), the Team is the minimum unit of work, composed about by 10/12 blue collars, coordinated by a TE (Team Expert), who contributes in managing the Team also in its connections with the Integrated Team, ruled by the ITR (Integrated Team Responsible), who, on his/her turn, maintains also the relationships with ASU (Active Service Unit), managed by the ASUR (Responsible of the Active Service Unit). Upper connections are addressed to the AD (Area Director), and the PD (Plant Director). The scheme in figure 3 shows the additional level represented by the Area Director (grey box), with respect to the “usual” lean production scheme.
Figure 3: The lean manufacturing system in the TRUCKS plant of Brescia

Apart from the technical aspect of the scheme, the reduction of the hierarchical levels (“qualifiche interne intermedie”) with respect to the vertical firm29, implies more attention to communicating, relational, cognitive aspects that must be carefully evaluated by the Team Expert and then checked in the light of the training plans which are developed by the TPS Manager, who represents a fundamental job in the running of the overall lean manufacturing system. The coherence of the link between
employees in the base (or “lean”) team and their Team Expert, and then the relationship between him/her and the TPS Manager are the sources of the main successes or failures in the skills evaluation and, above all, of the training policies. This complex internal network amongst bottom-“micro” levels (team - team expert) and “meso”-levels (integrated units-integrated team manager-integrated team engineer) plays the key role in the passage from resources to capability.

4.3 Freedom of choice

Two meanings are concerned with “freedom of choice” in our conceiving. The first recalls the notion of “voice” in Hirschman’s viewpoint, mainly focused on employees’ achievable strategies, both on the individual and collective level, to improve work conditions or for other goals related to the career path (see Hirschman, 1970). On this hand a crucial role is played by unions, as regards to which it is important to outline that the context of the four case studies shows a composite situation, where sometimes industrial relations has been influenced by “adversarial” strategies (unilateral employers’ approaches and militant metalworkers’ unions) in the automotive area. An important feature to consider is related to the application and development of EU directives (social dialogue and institutions such EWCs). RUBBER and TRUCKS are two enlightening examples of the use of this important tool which supports employees’ access to information about the strategies of the firm and about its financing, economic, commercial events.

29 Of course nothing changes with respect to the wages’ levels provided by the metalworking industry-wide agreement.
The second conceiving of “freedom of choice” recalls the Sen’s perspective, which implies the possibility for an employee to reach a wider range of functionings (see Sen, 1985), for example in terms of professional competence and status, and this brings back the subject of the discussion to the themes of training. Amongst these possibilities, of course, employees can consider job opportunities outside the firm (the “external labour market”), and this recalls what has been outlined about the labour market situation and the industrial setting in the Province of Brescia. From the point of view of the “internal-external” labour market, sometimes blue collars are practically excluded from the main dynamics, due to the characteristics of their trajectories, that are frequently path dependent, as said before. Another possible meaning could be found in the real participation of employees in collective decision making, a practice that does not seem to fit in case of blue collars, except some evidences, (for example the lean manufacturing system through teams in TRUCKS). With respect to team work and collective decision making, as many other companies of the automotive industry, GEAR is developing plans about possible internal team production, that’s why HR management is focusing on a sort of “road map” which aims at achieving, through a process of progressive empowerment (increasing responsibility and autonomy), a manufacturing organization leaded by the so called “self directed teams”, which should be responsible for the whole manufacturing process. This “road map” is made by four subsequent steps, which are carried out in the final phase, defined by a high level of autonomy\textsuperscript{30}.

In terms of institutions, the experience in RUBBER outlines the importance of European Working Committees (EWCs) with respect to

\textsuperscript{30} At present the plan is in the second step.
social partners’ encounter and information sharing about the firm amongst unions representatives, also with respect to the detailed aspects of the various plants. The major functions of EWC, which is held once in a year plus quarterly video-meeting, are informative and consultative. Apart form the procedural part of this important tool in RUBBER’s practice, which follows the usual and provided rules fixed by the juridical level\textsuperscript{31}, the firm could face a possible overlapping of norms, at national and European level, on the need of communicating crucial information firstly to peripheral committees rather than to EWC, or vice-versa. Sometimes the handy solution undertaken by the firm is to observe firstly the rules implying sanctions in disregarding cases, and then to behave accordingly.

A complementary tool introduced by RUBBER’s EWC is the video-conference, which allows the social partners to have meetings every two or three months (in addiction to the annual meeting ruled by law).

“\textit{In RUBBER, EWC shows a good running, and allows all the parts to participate in the information sharing process, in a way that is supported by auxiliary tools in order to achieve a more complete view of the various technical and organizational features.}\textsuperscript{32}"

In the 2004 meeting of the RUBBER’s EWC was present as guests also the Poland plant representatives\textsuperscript{33}, since Polish law were not yet detailed about the EWC role. Themes involved in the EWC meeting regards primarily:

\begin{itemize}
\item[31] The receiving of September, the 22\textsuperscript{nd} 1994, 84/95 EC, took place with DDL n. 74, April the 2\textsuperscript{nd}, 2002.
\item[32] From the RUBBER EWC representative’s interview.
\end{itemize}
- economy and finance
- production
- sales and market strategies
- manufacturing plans and investments
- research and development
- social dialogue evolution
- eventual sell-off or acquisitions
- organizational changes
- manufacture relocation
- employment situation and prospect
- jobs’ relevant changes
- health and safety, environment
- training planning

EWC has not any bargaining power, and according to the union representatives this could be an interesting viewpoint on which to discuss in the future. Video-conference meetings are necessary in order to supplement the annual meeting that takes about two days, which of course are not enough if themes are crucial such as, for example, a manufacturing displacement in foreign countries that could be linked with low labour cost strategies. EWCs, in the last period, have been successfully used for fundamental information sharing regarding RUBBER management’s decision to re-locate part of the production from the German plant to Italy and Poland (of course the bargaining duty is then directly ruled with the managing

RUBBER’s EWC representatives are five for Italy (one for the national level, two in Passirano due to the fact that it has more than 500 employees, one in Cinisello, one in
direction). The figure 4 below shows the various links amongst actors and the connections between the different countries.

In the EWC is also provided a moment of the meeting where just the union representatives are present. Another important feature is played by the so called “restricted committee”, which in RUBBER is composed by the president, a German and a French representative, and it is has a sort of coordinator committee that meets in videoconference.

According to the union’s representative in the committee:

“EWC is an important tool, but the crucial point in this field concerns the lack of a unified European labour law. It seems to be clear that the causes affecting employees’ conditions in one country, their career trajectories, their working conditions, or even their choice’s possibilities, reflect other countries’ problems and features. EWC allows employees’ representatives to go in this direction, towards the idea of dealing with current homogeneous issues, but the real necessity is to reach an integrated labour law. Without this step, Europe will run into problems with respect to other continents’ economy. It is undeniable, however, that the labour law question is strictly related to the “bargaining” function of EWC, which at the moment has only consultative and informative functions.”

34 From the union’s representative RUBBER EWC member interview.

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Turin), five for France, two for Germany (plus the two Polish ones, invited as guests).
For **TRUCKS**, the quarterly held EWCs are present at group level\(^{35}\) and represent an important tool for improving technical and organizational knowledge sharing amongst the various international plants. As provided by the known practice, employers’ representatives can make detailed reports on the manufacturing trend and on their forecast about future production development, as well as about work organization, in a way that could support employees’ decisions about their job conditions. The whole procedure aims at reaching a comprehensive perspective of the company from the different viewpoints and should assure the transparency of all the roles with respect to the international level of the Company’s strategies.

If unions’ agreement represents the arena in which employees’ “voice” should naturally take place and reach several goals, there is the need to outline the fact that sometimes unions’ unity of action fails with respect of single facts of employees’ working life. This happened, for example, for

\(^{35}\) Fiat’s one is a “group” kind of EWC.
TRUCKS as regards to the Saturdays work-shifts, which has caused a deep
fracture amongst unions main representative positions.

Going back to the main topic, the capability for voice of TRUCKS’
employees, according to trade unions, is affected by a situation in which the
local management, despite the turnovers along the years, is too much
depending on the group’s industrial and organizational plans, after all made
by FIAT:

“Sometimes, also for issues discussed at “second level” bargaining, i.e.
decentralized plant-level bargaining, we notice a top-down approach which
plays a crucial role and shows a defined influence on the bargaining process.
For example, the production bonus depends on various parameters that are
fixed at centralized level by FIAT, and sometimes it happens that while Fiat is
in difficulties and TRUCKS on the other hand is in a positive trend, the
consequences for employees are anyway correlated with FIAT results. This is
just an example that shows how the plant-level bargaining is not so
decentralized as it could be in order to support employees’ interests, not only
in the strictly economic perspective, but also for all the issues that could
affect their career paths, for example training policies.”

As unions have outlined, this side of the plant-level bargaining should
be concerned also with the training policies and with many other features of
the functioning of the team, which is coordinated by the Team Expert. The
basic building block of the lean manufacturing system in which employees
find the opportunity of coordinating their viewpoints, in the unions’
perspective, needs to have a preliminary comparison inside the negotiations
between unions and firms. On the other hand, HR management plays on the
link between employees at team level and the team expert himself, in order
to develop several training guidelines, also due to the Integrated Team
Manager proposals. In this regard, the standpoint is principally based on a
“performance” conceive, leaded by the evaluation of skill’s improvement, due to the training activity in the organization, and its effect on productivity and quality (Fitz-enz and Davison, 2002: 162).

In the light of all these topics, training is an important issue because somehow it represents the link between employees’ freedom of choice and their career path and trajectories. Above all, in the unions’ perspective, the capability for voice is strictly coupled with employees’ satisfaction and stability. This particular notion of satisfaction is to be meant more in its “intrinsic” meaning than in the “extrinsic” one, that is to say “work that provides challenges to the individual” rather than work that “becomes a means to an end” (Watson, 2003: 179). On this way, a requirement for providing challenges, lies on various indispensable steps, the first one of which is to count on a employment of indefinite duration. The implied interpretation is that only stable work conditions allow employees to face feasible career alternatives, and this does not necessary mean presumptive rejection of flexible forms of work. Temporary jobs stands often for a sort of apprenticeship for the firm in which some employees are then recruited for indefinite duration jobs, as an usual practice. This phenomenon, frequently present in quite all the firms in the territory, needs further regulations by the parts:

“We are not against flexible forms of employment, because they habitually avoid potential undeclared employment on one hand and sometimes also lead to indefinite duration employment on the other, but we just oppose the habit of using this tool in a arbitrary manner by the firm, without supporting any future perspective of stable job in the organization.”

36 From the interview of the Cisl-Fim representative for TRUCKS’ plant in Brescia.
37 From the interview of the Uil-Uilm representative for the plant of TRUCKS in Brescia.
So, the connection of all the features includes various sides of the topic, from the stableness of the job’s conditions (firstly the duration), to the possibility of facing feasible alternatives during the working life, which is affected by the level of satisfaction reached in terms of “enriching experience” (Watson, 2003) and at the same time affects the capability for voice and indirectly the freedom of choice. Under some conditions, it is argued that this sort of scheme of interdependent dynamic issues is “path dependence”, which means that the initial conditions of the jobs determine the further development of the career path of the employees. On this standpoint, as sometimes happens for blue collars, the freedom of choice is obviously bounded and it influences itself work conditions and then satisfaction. With a broad metaphor, we could say that sometimes employees’ “possible worlds” are few as far as their current “real worlds” are.
5. Resources and capabilities in the firms. The case of Turin.

In the following pages, we are not going discuss the report’s theoretical approach, nor the meaning of “trajectories”, “conversion factors”, “freedom of choice” assume. The theoretical framework is actually the same used in the preceding paragraph on Brescia fieldwork, and so are the points that we will examine exposing the results of the Turinese case studies.

Since the contexts in which the empirical fieldwork took place are different, we will try however to underline the main differences between the two territories observed, and among the companies studied, in order to perceive the consequences of the economic environment on the improvement of individual capabilities into the firms.

Therefore, the most important difference concerns just the economic environment of the firms: while Brescia is still living a comparatively prosperous period, Turin is tackling a strong economic crisis, focused on the automotive sector. The fact that we chose the automotive sector as the object of our attention, gave us the possibility to observe the consequences of these differences on the behaviour of the firms. Moreover, in a sense it allows us to speak not only about firms, but also about the territory.

As we will see, the economic conjuncture has important effects on trajectories of employees, conversion factors, and freedom of choice, and on the way in which the issue of individual capabilities is undertaken into the single company.
The empirical analysis has been carried out focusing on four case studies: Steelplast, Rivalves Automotive, Frubber and Tormar. They are all first tier suppliers in the automotive sector. Frubber and Rivalves are part of big multinational groups, based in France and in the United States, while Steelplast and Tormar are independent Piedmont based companies.

We have to underline that the present economic conjuncture has different consequences on the four companies observed: some are facing hard troubles, as Rivalves and Steelplast, others seem to continue their activities with no extraordinary changes, and that is the case of both Frubber and Tormar.

At a first glance, the different response to the crisis seems to come from two orders of factors: on the one hand, the different extension of the customers list of the firm, on the other the fact that the company examined belongs to a multinational group or is involved in an internationalisation and/or de-localization program.

The former aspect can explain how the automotive sector suppliers experience the final car producer’s crisis: if they have been able to differentiate their customers, they will obviously have major chances of coming out of the territorial economic impasse with the least damage; if they have not, they will undertake the harshest risks.

The latter aspect involves the role of multinationals and the role of territorial competition and of international comparison on both multinationals’ and plants’ strategies: when the possibility of de-localizing parts of the production system is a real one (but sometimes even when it is just a theoretical possibility), the firms are submitted to growing tensions.

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38 We don’t use the true name of the companies studied, in order to respect their anonymity.
As we will see, the role of these two aspects is present in all the four case studies, even if with a different weight.

As an introduction, a few general remarks about the four case studies. All the companies observed belong to the automotive sector and are component suppliers to the final car producer. Even if they are based in proximity of Fiat, they have all extended their customers list during the last years, including some of (or almost all) the most important car producers in Europe, and sometimes also in the United States.

They are medium-sized enterprises: the biggest one is Rivalves, employing about 900 people in Piedmont, partitioned into three plants, employing from 400 to 100 workers each, and the smallest is Frubber, with a hundred employees in an unique plant.

Among the cases observed, Rivalves is the company facing the heaviest difficulties: during the second phase of our fieldwork, the American group was deciding to de-localize a part of manufacturing and one of the two Piedmontese plants was expected to be subjected to the strongest changes. For that reason, this plant was concerned by a lot of strikes and contrasts between the social partners, and by a series of different meetings and efforts to find some agreed solutions. During some months, the company also caught the attention of local newspapers.

Steelplast is an independent medium-sized firm, born in Turin in 1916 and developed during the Sixties. During the last Nineties, Steelplast decided to de-localize parts of production in Poland, India and Romania. The core of the manufacturing is still in Piedmont, but it is subject to continuous tensions.
On the other hand, Frubber seems to have no big problems. The plant based in Turin metropolitan area was born as a Research and Development Centre. The former manufacturing plant was closed during the Nineties, while the manufacturing activities were de-localized to a new Polish plant.

Tormar appears as the healthiest plant among the ones observed, in spite of its lack of market diversification.

Our fieldwork does not allow us for the moment to speak generally about the country, the region or even the sector to which the companies belong. We can underline that responses to the present automotive crisis are very different, and seem to shape quite different models, often hiding from our view the modalities of recruitment and careers’ development. The latter are of course clearer and more easily observable in growing companies than in shrinking ones.

The size of the firms also involves differences among the cases studied: it is easier to find explicit recruitment and training policies in big companies or centralized multinational groups than in smaller firms.

Therefore, as already said, we will try to put in evidence the most relevant characteristics of our case studies, in order to say something about the way in which the employees’ capabilities are affected by the firms’ policies and by the present economic circumstances. So, the following considerations aim at exploring both the interrelationships among the fundamental features affecting the interaction between socio-organizational context and employees and the role of the economic situation of the territory and of the sector to which the companies belong.

39 We consider also Rivalves among medium-sized enterprises because their plants are formally autonomous, with autonomous internal hierarchies and sometimes with different
5.1 Trajectories of employees

As explained in paragraph 4, “trajectories of employees” concern both the problem of recruitment and that of career paths.

To speak about recruitment in general terms is normally difficult; all the more so when the automotive crisis produces a general contraction of employment in the sector. Less and less attention is devoted to career paths and their planning in periods of great challenges. Nonetheless, we found some common features, and some interesting elements for further reflection.

Concerning recruitment and career path, a first distinction has to be made between blue collars and white collars.

In fact, the economic conjuncture is producing very different effects on the two categories: in many cases, blue collars are heavily threatened by the present transformation, while white collars employment can even experience some increase. That is the case of both Rivalves and Frubber.

During the last fifteen years, Rivalves older factory experienced a worrying decrease of employees, whose number has been shrinking from about a thousand at the beginning of the Nineties, to 220 at the end of January 2005. At the same time, a more recent factory, acquired during the late Eighties, and located a few kilometres only from the “historical” plant, grew from 100 to 400 employees, working at large batch manufacturing with completely automatic machine tools. During the fieldwork, we found very different recruitment strategies concerning white and blue collars.

As far as the latter are concerned, it was not easy to put in evidence recruitment strategies, since the period is characterized by the attempt to products, histories and Human Resources internal policies.
realize a significant staff reduction. The staff cuts were made less troublesome by the use of the wages guarantee fund (CIG, in Italian, “Cassa Integrazione Guadagni”\textsuperscript{40}), which makes up the pay of employees affected by lay-offs up to 80 per cent of the lost pay.

Of course, the use of this particular instrument has been the subject of long term plant-level (and company-level) bargaining: a trade union information and consultation procedure is actually a prior condition for the admissibility of an employer's request for the Fund's intervention. The most difficult aspect of bargaining generally concerned the perspective of return to the normal production and work pattern, that was obtained by workers representatives only after some month of bargaining and sometimes of conflict.

Nevertheless, something can be said about hiring policies. In these cases hiring policies are some sort of reshuffle of employees: while older workers are dismissed, younger ones are taken-on, but with different kinds of contracts of employment. In 2003, for instance, 50 employees were registered in an “availability list” which confers, in theory, entitlement to priority for re-employment, but that is used in practice, in Italy, as a kind of

\textsuperscript{40} According to the European Foundation for the Improvement of Living and Working Conditions, the Wage Guarantee Fund (CIG) is “a special public fund (Cassa Integrazione Guadagni) used to protect workers' income, financed by companies and the state and administered by the National Institute of Social Insurance (INPS). (...) In industry, the Fund operates through two forms of intervention (ordinary and special), governed by a series of laws (...). Payments under ordinary intervention are granted by the National Institute of Social Insurance to workers who have been laid off or put on short-time working because of immediate circumstances which cannot be blamed either on the employer or on the employees, or because of temporary market situations; payments under special intervention are granted by the Ministry of Labour and Social Insurance, on the advice of the Interministerial Industrial Policy Committee (CIPI), to both blue-collar and white-collar workers who have been laid off (and to blue-collar workers put on short-time working) because of company reorganization, restructuring or conversion, or a company's economic difficulties that are of particular social importance as regards local employment.” (See: http://www.eurofound.eu.int/emire/italy.html).
early retirement. At the same time, about 30 people were hired for more or less the same job profiles, trough temporary-employment agencies (the Italian “agenzie di lavoro interinale”). The temporary employment agency work contracts had a twelve months length: very long indeed if they were used only to match customers’ orders. All these employees but two were then hired taken into service by the company by “work and training contracts” (the Italian “contratti di formazione e lavoro”, special employment relationship intended to promote the hiring and training of individuals aged between 16 and 32) for two more years. Only two of them were out of the limit of age required for this particular kind of contract, hence they were hired with open-ended contracts. Clearly, blue collars recruitment strategies are chosen in order to increase the labour flexibility rather than to improve employees’ capabilities.

As far as white collars are concerned, we have to draw a quite different picture: even in a period of redundancy, the company had to hire some engineers. Actually, the research and development centre was aiming to grow up, mainly thanks to the project of a new product that the Italian management was expecting to realize in its own laboratory.

Concerning the recruitment of engineers, the general trend is to hire young people, even with little working experience, and to train them on the job. One interesting aspect is that of the geographical origin of the early hired employees: most of them come not from Turin, as it would be expected, but from Genoa, because, in the words of a manager, it is a profitable place of recruitment:

«I think manufacturing in Liguria is disappearing, by now. Genoa is a city that is trying to create a new “vocation”: it is no more industrial, no
more mercantile… it is maybe becoming a tourist one. It has always had a
good technical university, so it is easy to find people to be hired. We had the
opportunity to work together for some research thesis with Genoa
University, and so we started a profitable cooperation. Moreover, Rivalves
is considered one of the most important companies all over the world. »

The importance of this aspect concerns the role of Turin with regard to
engineers training vocation, and to the role of its Politecnico (Technical
University) in enhancing the competitiveness of the city.

A similar problem has come to light in the case of Frubber. The
company’s general manager told us that one of the biggest difficulties found
in Turin was about personnel selection, in particular with regard to early
degreed engineers’ recruitment, because they couldn’t establish useful
contacts with the Technical University. Of course the lack of direct and
personal relationships with the major technical training institution does not
imply an impossibility to find people meeting the company's requirements.
On the contrary, they decided to base a research and development centre in
Turin metropolitan area just because of good engineers’ availability. Frubber
doesn’t employ blue collars anymore, since all manufacturing activities are
de-localized mainly to a plant based in Poland, partly to Brazil and Mexico.

Steelplast shows some features that remind us of what we said about
Rivalves: Steelplast too is living a period of quite grave difficulties. The
recruitment activities are not much visible, since the company has rather
reduced than improved the workforce during the last period. Even if the
older workers have been the most deeply involved in the staff reduction, the
average age in the company is still rather high, showing that no many young
people have been hired.
As in Rivalves case, deep differences can be found between the past and the present ways of recruitment. Actually, the oldest employees (still the majority of workforce), who were hired many years ago, have been taken-on by means of open-ended contracts. During the Nineties, the most common way of hiring was a “work and training contract”, a fixed-term contract for younger people, that offers to the company some taxes reduction, but impose, at the same time, to plan some periods of training.

The tiny minority of employees recruited in a more recent time had to pass through some kind of temporary work, often through some period of temporary employment agency work. Temporary workers are particularly numerous in the plastic division, where the company has to face frequent fluctuation of orders and production amounts. The company tries to reduce the training needs for these temporary workers by recruiting them through the same agencies.

This way of hiring is also used for some technical and administrative positions, but with a different aim: in the case of white collars, temporary work is mostly considered as a test period, and generally precedes the final hiring. Nevertheless, also for these jobs, the use of a further period with fixed-term contracts is not unusual.

We can add just a few things concerning the last case study. Tormar is a somewhat uncommon case, different from the others from many points of view. As far as hiring policies are concerned, we should point out the tendency towards the recruitment of people with low school degree levels, as demonstrated by the presence of no more than a couple of employees with university degree out of 170 workers, in spite of a rather high percentage of white collars. As we will see just below, the company’s human resources policy is actually directed to the internal development of
careers and training. Because of the internal company’s organization, the human resources management area is not responsible for the recruitment: every area manager has to hire new employees when his area needs them.

The example of Tormar is a very interesting (and we presume rather unusual) case of employee’s capabilities development. As far as career paths are concerned, we found a strong involvement of the firm in the improvement of workers’ competences and responsibility. The recruitment policy can be viewed as the first step of this philosophy: one of the managers explained us that the first question he has to pose to himself when he needs one more employee is “have we got the right person inside the firm?”. This kind of approach opens the way to internal careers both for white and blue collars (we counted cases of blue collars who got the 6th job classification level, starting from the lower one, that is the 3rd), and provides opportunity of professional and human growth. These opportunities are very appreciated by the company’s employees, who generally show a high level of loyalty to the firm.

Unfortunately, the Tormar case seems to remain isolated among the (few) ones we studied, and a very small amount of investments are directed to employees’ capabilities enhancement in the other companies, with a further distinction between white collars (to whom the investments are mostly addressed) and blue collars (who are in most cases excluded by the companies’ career development policies).

For instance, in Steelplast we identified a lack of investment addressed to the professional development of blue collars. The working life trajectory of a typical blue-collar worker is actually described by a small number of changes: after the hiring (that generally means joining the firm with the lowest job classification level allowed by work regulation), the next pay
increase can be reached considerably afterwards; moreover, the transition to
the next job classification level comes much more from the work seniority
than from a real skills development. During the last years, the most common
events seem to be the recurring crisis of the automotive sector, and the use
of the wage guarantee funds for some periods, or the bargaining to make the
staff cuts as painless as possible.

As far as white collars are concerned, also in a period of market
troubles, we could notice some cases of interesting career path, especially
related to the existence of some sorts of “internal labour market” for the
Turinese automotive sector. Nevertheless, the role of this internal labour
market involves especially the level of technical middle management, and
creates then mobility and career opportunities only for tiny segments of the
workforce. Some examples of these dynamics are those of consultants
coming from a Fiat experience: this is the case, for instance, of the present
Steelplast’s human resources manager.

A certain turnover is observable also with regard to some technical
positions, which involve automotive-oriented skills: the possibility to recruit
workers from this particular labour market is then really helpful, permitting
to find the needed skills in an easier way, avoiding the money and the time
costs of a training process.

This internal labour market is the field of competitive and opportunistic
firms’ strategies, and different companies often employ the same specialized
agencies for “head-hunting”. The dangerous effects of these competitive
attitudes drove the employers’ association to some attempts of regulation.
On the other hand, the presence of these kinds of practices can also show
some virtuous outcomes, namely the transformation of some firms’ workers’
redundancies in recruitment opportunities for some others: in a few cases, a
company’s crisis has generated a sort of “recruitment pool” for other more prosperous companies.

5.2. Conversion factors: resources to functionings and back to trajectories / career path

In order to summarize our reflections concerning conversion factors, we would get going from the outcomes we are referring to. This could be a quite simple way to put in evidence the actors involved in the conversion processes.

According to our reflections, the outcomes we are interested in should be recruitment, employees’ career and competence upgrading. They can be considered as the moments in which a worker realizes his or her wishes and aspirations for his or her working life. It is then in these circumstances that we can observe how the conversion factors work transforming individual (material and immaterial) resources into desired outcomes.

As far as recruitment is concerned, we should consider as resources all the aspects regarding education and training processes preceding the hiring moment. That is to say, for instance, diplomas, university degrees, masters or qualifications, and every kind of previous vocational training.

We can then consider as conversion factors all agents creating a contact between these resources and the moment of recruitment. Our case studies underline some aspects, as well as the role of some actors. As we already noticed, most of recent recruitments pass through different forms of temporary work. The most common of these forms is undoubtedly the
temporary-employment agencies work, a recent enrolment alternative in Italy, often used as a more flexible recruitment way. So, these temporary-employment agencies seem to be one of the actors involved in recruitment dynamics.

Another very important modality is the way in which the main education and training actors (Universities and Politecnico of Turin) cooperate with local companies: the main examples we are referring to are students’ “stages” and research thesis projects. Trough these education and training moments, young people from universities and from industrial companies start knowing each other, and often this is the starting point for recruitment. Also University of Turin and Politecnico are then important actors in the process of conversion of resources into the hiring outcome.

The clearest examples of these ways of recruitment can be found in Rivalves’ and Frubber’s experience: Rivalves uses both stages and university degree thesis as a recruitment way. Moreover, the occurrence of some thesis projects was the beginning of a profitable relationship with the Politecnico of Genova, a training institution not immediately related to the territory to which the company belongs.

On the contrary, the lack of such experiences is denounced in Frubber as the reason of the difficulties found in establishing personal contacts with the Politecnico of Turin.

As far as blue collars hiring policies are concerned, in Steelplast one of the ways for the recruitment of skilled blue-collar personnel is provided by the special relationship with a few (religious) vocational training institutes, whose students make stages at Steelplast. As we will see, the role of training agencies is very important in the Italian vocational training scenery. With regard to stages, the most relevant aspect is the fact that they seem to be
used as (hidden) probationary periods, after which the “good” student is hired, in the same way as in the case of temporary-employment agencies work.

As far as career advancements are concerned, training policies seem to be the major conversion factor; the most important actor of this process is the company itself, supported by a certain number of training agencies. The role of vocational training inside the firm is a crucial aspect for the development of the reflections about resources and capabilities in the firm.

So, which are the main features of training policies in the Turinese case studies?

As we have already seen, the most clear examples of capabilities development policies can be found in Tormar case: here, every area manager formulates every year a plan of the educational needs of his employees, and also proposes the instruments to fulfil them. The training policies are addressed not only to white collars, but also to blue collars, for instance in the field of innovation (when new products or of new production processes are introduced), or in security matters. The quality area is the most deeply concerned by these efforts, for instance in the case of the implementation of certification standards and norms like ISO TS, that require important training activities.

Steelplast and Rivalves cases are quite similar with regard to training activities: in both companies, the presence of training policies is very different if addressed to white collars rather than to blue collars. Almost no attempts towards blue collars’ skills enhancement are observable in Rivalves human resources management. In Steelplast, the only significant exception to the lack of professional improvement policies was regarding the internal...
training of six or seven new welderers, with their consequent professional upgrading, due to the absolute unavailability on the external labour market of the skills required by the company.

The picture is different if we look at white collars employees. In both cases, significant investments are addressed to training and continuous learning of at least certain segments of white-collar employees. In Steelplast, the investments especially regard computer science skills, and, as far as the commercial sector is concerned, foreign languages. Foreign language knowledge is a good example of individual capabilities improvement through the firm: the knowledge of the language spoken in a country whose market has a strong weight for the company’s business is of course appreciated by the firm itself; nevertheless, this is a typically “general skill”, that can be spent in largely different professional and human circumstances. This sort of consideration can be replicated also for the most general computer science skills.

As far as Rivalves is concerned, some emphasis is posed on the training philosophy of the American group: the company makes use of the “training offers” of the “Rivalves University European Center”. This company university provides online and in-sight courses on different subjects. One of the consequences of this group organization is that the availability of courses completely funded by the “centre” of the corporation tends to make uninteresting the traditional regional management of vocational training, keeping Rivalves apart from an interesting occasion of relationship with local institutional actors.

Some “free courses” concerning computer and languages knowledge improvement (like in Steelplast case) are available for Rivalves employees who want to follow them out of their working time. These courses are not
related to the position covered by the person, and everybody can apply for one of them.

The company seems to be proud of aspects of white collars professional and human development, as the “management of time”, the “growth opportunities” offered to their employees, their “international assignment” and the availability of a “diversified environment”.

The possibility of a quite free “work and life time balance” comes, in the human resources manager’s words, from “the working time flexibility, above all for young engineers coming from other regions (in particular, as we noticed, from Liguria) that have the possibility to manage quite freely their working times in order to stop working early on Friday afternoon and go back home”. This kind of freedom is not an extraordinary one, but underlines the difference between white collars and blue collars, since the latter are involved in a third shift working time “a scorrimento” (“a sliding third shift”) that include also Saturday among working days.

Employees’ “growth opportunities” are related to the internal career paths. The example they provided us is the fact that 9 people (out of 170 involved in the European “headquarter”) have raised to “staff position” since 2003. Maybe the amount of these people is not so relevant, the division being involved only in managing activities, but the recruitment of early degreed people seems to confirm the relevant role of on the job training.

The availability of opportunities coming from an international environment is the most important meaning of a “diversified environment”. It doesn’t mean only that some foreign employees can be moved to a Piedmontese plant, or that some Italian workers are moved abroad (3 people on the whole at the moment of the fieldwork, 8 people starting from 2003), but also that the presence of a plant in a different country is an opportunity
to improve one’s experience anyway. The same aspect is emphasized also in Steelplast, where the multinational dimension of the company (that has plants in Poland and Romania) seems to provide chances for professional development and career even if, once again, for very few employees only.

The importance of training policies as conversion factors leads us to draw attention to two more elements, to which we had to refer in our case studies.

The first one is the role of European social funds as conversion factor: most vocational training in Italy is financed with resort to these funds, generally through the regional institutions and local training agencies. The regional institutions establish the rules required to companies’ training project to obtain the financial support, and they also define the necessary characteristics for agencies to be able to furnish training courses. The vocational training agencies, by their side, organize and provide the training courses. As we can see, all these actors (firms, training agencies and regional institutions) play a role in converting resources into outcomes through training activities, but they could do very few things without the availability of the European structural funds addressed to their activities. Many of the training experiences come into view during our fieldwork have been financed by the European social fund, like some foreign language courses at Steelplast.

The second element that deserves some attention is the role played in the automotive sector, till very recently, by a relevant actor, characterized by a strong automotive-oriented identity: Isvor. Isvor is a sort of “company university” of Fiat, whose role has been fundamental for the implementation of projects as the “automotive suppliers’ guided growth”. Tormar is a typical case of Fiat supplier deeply helped by Isvor in improving its organization:
the appreciation towards the assistance provided by Isvor is clearly observable in Tormar, mainly with regard to training activities addressed to certification standard implementation. These activities actually require very specific knowledge and experience, and Isvor Fiat was in fact able to provide courses drawn on specifically automotive oriented competencies.

5.3. Freedom of choice

As we said in the previous pages (par. 4.3) we can refer to two main meanings related to the notion of “freedom of choice”: the first is “voice” in Hirschmann’s terms; the second recalls Sen’s perspective, and implies considerations about professional competence and status. The second meaning points then to training policies; since they have been discussed in the previous pages, we will present here only a few remarks about industrial relations. Some aspects of the latter in the firms we studied were already put in evidence.

Collective bargaining is supposed to play an important role in periods of economic crisis, as the present one in the automotive sector; although considerably weakened (as illustrated in the paragraph on the governance of the sector) trade-unions are still significant actors embedded in the automotive cluster of the Turinese area.

What we can do here is to select aspects of industrial relations that emerge as especially important from our fieldwork: first, the deep difference between blue and white collars in their attitude towards collective representation, second, the role of the present de-localization processes, that would bring us back to the first lines of paragraph 5.
The tendency towards a de-localization process is clearly observable in the Turinese automotive sector. All the case studies can be read as illustrations of this phenomenon: all the automotive suppliers we observed actually have plants abroad, and, in particular, they all include a plant in Poland.

The effect of this tendency on capabilities is very important, even if only partially observable from our point of view.

The capabilities approach can deal with the de-localization processes at least from two different points of view: the first one concerns changes in the organisation of work and in the balance between different aspect of work, as illustrated by the changing blue collar/white collar ratio. The second aspect is linked to a less evident but rather relevant issue: the constant comparison with different environments involved in the globalisation process.

Therefore, the context in which social dialogue grows up is deeply affected by transformations produced by de-localization processes.

First of all, the de-localization initiatives do not involve the automotive sector in all its activities: the most deeply concerned are of course manufacturing ones. For this reason, the consequences of this change are not uniformly related to different segments of work: blue-collar employment is much more heavily affected than white collar one. This situation produces some typical effects in countries like Italy, characterized by the traditional difficulty in white collars collective representation.

The de-localisation dynamic of manufacturing activities changes the work and the workers features, bringing blue collars out of the factories, and filling offices with white collar employees. This tends to mean, at the same time, replacement of collective bargaining with individual one.
This is exactly the case of Frubber: all the manufacturing activities have been moved to Poland during the last years. As a result, the Turin plant completely switched its mission, becoming a research and development centre. At the same time, trade-unions completely disappeared, leaving the place to a merely individual kind of bargaining.

As already underlined, Rivalves too is a case of changing balance between manufacturing and management or research activities. As far as a plant level bargaining is concerned, some interesting things emerged through the Rivalves case study: the company implemented an employees’ loyalty program involving internal “public competitions” for jobs attainment as well as some sort of matches to get some corporate branded gadgets. In the union representative perspective, these programs are pursued in order to create a new way of “voice” expression in place of the traditional one, managed by national trade unions.

Steelplast and Tormar (producing the same kind of product, although the second one is technologically more sophisticated) are also a case in point. Steelplast, where blue collars still are the majority of the working force, has strong trade-unions and significant collective bargaining at plant’s level. Tormar, where white collars are the majority, is a non-union firm, with individual bargain and a distinctive touch of paternalism. It can be added that at Steelplast delocalisation abroad is by now a realistic possibility and a real threat; while the working force composition at Tormar is for the moment the result of outsourcing to Italian second-tier suppliers.

The second aspect we were referring to involved more the cognitive dimension: the presence of plants based abroad makes constant the explicit comparison with different social and economic contexts, stressing the
international competition’s awareness. The continuous and wider benchmarking tends to decrease the bargaining power of workers organization, making the alternative location options more tangible. This kind of implicit or explicit benchmarking is by now a constant issue in the public debate as in the workers’ daily experience.
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