

**The Development of Direct Employee Participation and its Impact on
Industrial Relations at Company Level (DIRECT)**

**DP in Italy:
first outcomes from the national,
sectorial and company survey**

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The Italy Country Report: summary

Phase one

1. **Main definitions concerning direct participation** (both primary and secondary sources);
2. **The forms of employee participation in Italy;**
Historical developments; Legal regulations; Relationship to other forms of employee representation and participation; The role of the EU law; Recent legislative measures and in the pipeline (both primary and secondary sources);
3. – **Best practices of DP by sectors, companies and forms** (both primary and secondary sources);
4. – **Evaluations of the experts and social partners towards DP** (documents and one focus group with 6 practitioners)

Phase two and three

5. – **Sectorial and company case studies** (secondary literature, press release, interviews)
5.1; the *metal sector* and the case of *FCA*
5.2; the *banking sector* and the case of *Intesa Sanpaolo Bank*
6. – **Final comments and remarks**

1. Main definitions concerning direct participation

- *“Opportunities provided by management, or initiatives to which they lend their support at the workplace level, for consultation with and/or delegation of responsibilities and authority for decision-making to their subordinates either as individuals or as a group of employees, relating to the immediate work task, work organisation and/or working conditions” (Eurofound)*
- **Competence, autonomy, responsibility, informality (dis-intermediation?)** Non-bureaucratic job design practices; partial withdrawal of managerial control and more indirect supervision; more discretion and operational autonomy for employees, problem solving teams in on-line and off-line issues; collaborative work with greater communication, vertical and horizontal, building trust and mutual commitment; informality. Well being at work; social climate

INDIVIDUAL

- face-to-face interactions between the first line managers and their staff,
- individually focused consultation (verbal communication, workers' surveys, suggestions schemes),
- Suggestions boxes

COLLECTIVE

- Temporary or permanent quality circles, autonomous or semi-autonomous team-work
- "Scandinavian" style: semi-autonomous work groups; voluntary membership, team leader and members selected from below by the workers' group; more complex tasks; rotation, production islands;
 - "Japanese" style (Toyota model) characterized by compulsory membership, more limited control and less autonomy, team leader and composition decided from the top management, simple and focused mission.

CONSULTIVE

- Regular review meetings between employee and immediate manager on organizational issues
- Employee attitude surveys
- Other internal arrangements that allow for employees to express their views, such as through social media, on-line discussion boards, company newsletters, notice boards, briefing groups, etc.

DELEGATIVE

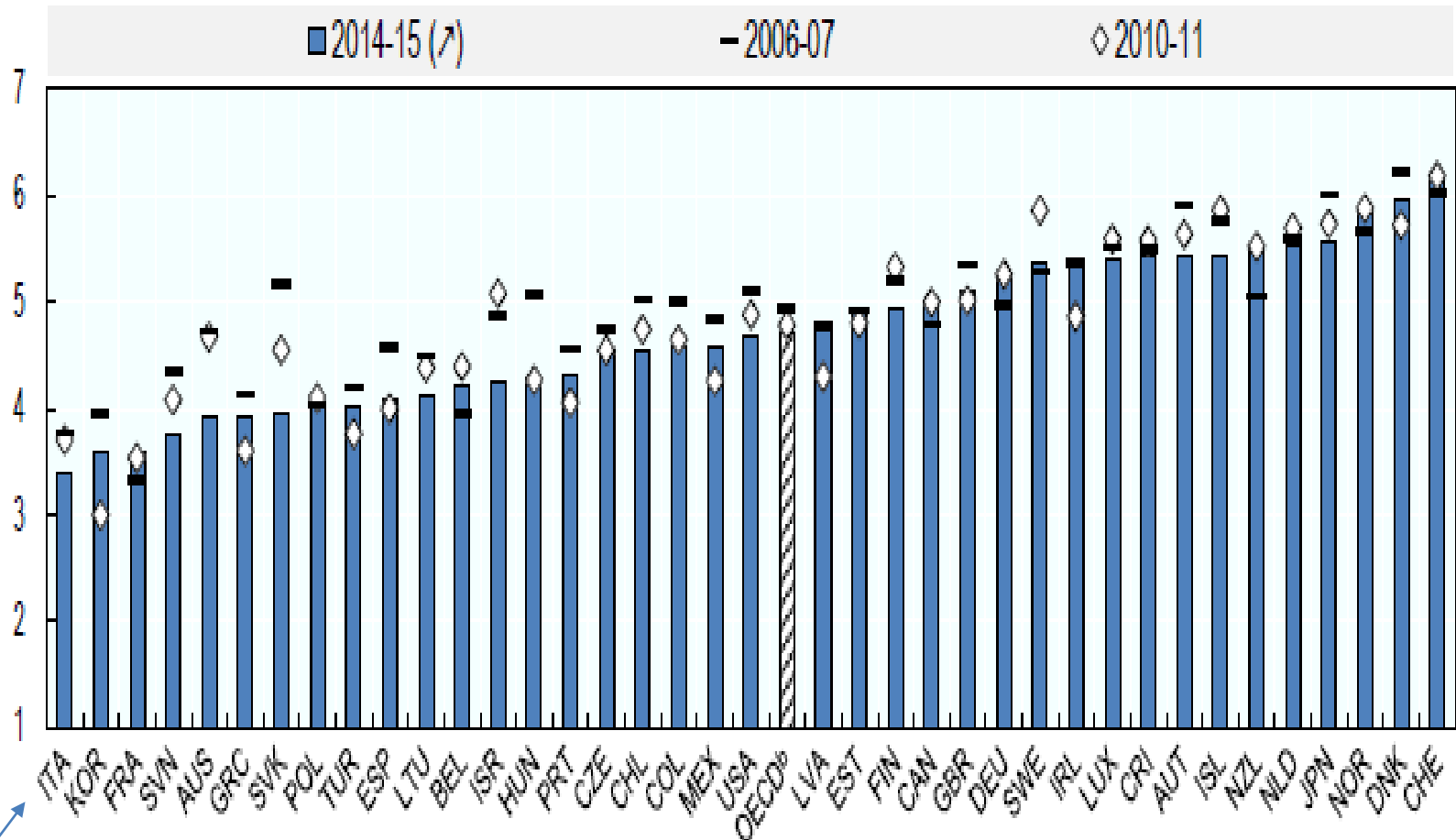
- Autonomy and higher discretion over work tasks ; employees are empowered to undertake their work tasks, without a constant manager supervision.
- Teamwork: employees are given a larger degree of the operational autonomy – on-line and off-line – to carry out their common work tasks without reference back to management

2. The forms of employee participation in Italy

- participation is primarily indirect and representative
- key role played by the collective bargaining, true pillar of the whole industrial relations system;
- lack of either board-level employee representation and financial participation
- the increasing role played by the new forms of work organization, with a strong managerial emphasis on the issues of workers individual and collective activation and participation , through different forms of informal and team work

Quality of labour relations as assessed by senior executives (OECD, 2017)

A. Cooperation in labour-employer relations as assessed by senior executives^a



Fiscal incentives to negotiate performance-related wage increase, benefits, participation

The Government is using de-taxation (10%) to foster firm-level collective agreements in order to enhance work productivity, innovation, occupational welfare schemes, participation (in all forms)

Performance bonuses are conditional; outcomes have to be real, measurable and resulting from company or territorial collective agreements.

Collective agreements must define in detail objectives and parameters: increase of the production volumes, quality improvement of goods and processes, reorganization of working time and smart work, participation bodies.

Individual workers can voluntarily choose between wages increases and services or welfare benefits. Welfare benefits are exempted from social security charge

The Protocol of CGIL, CISL, UIL (14 Jan. 2016) for “a modern system of industrial relations”

Aim: an economic development based on **innovation and quality of work**”, focusing on three main pillars to set of new rules on

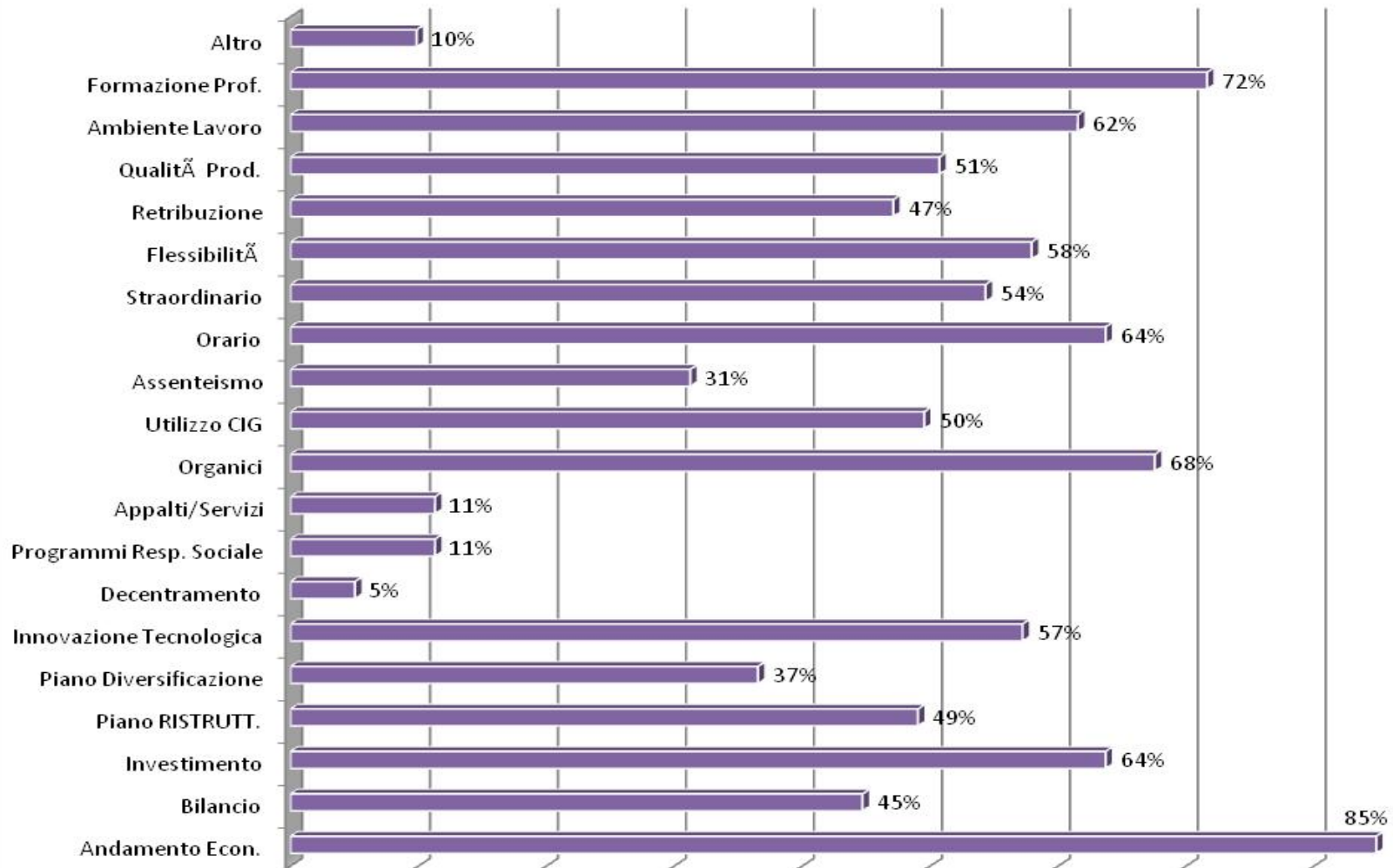
- collective bargaining,
 - representation,
 - **participation**
-
- **Three types of participation**
 - A) corporate governance (BLER)
 - B) financial (ESOP)
 - C) organizational (EPOC):** for SMEs «with contributing to the innovation of production processes and job qualification»

3. Best practices of DP by forms sectors and companies

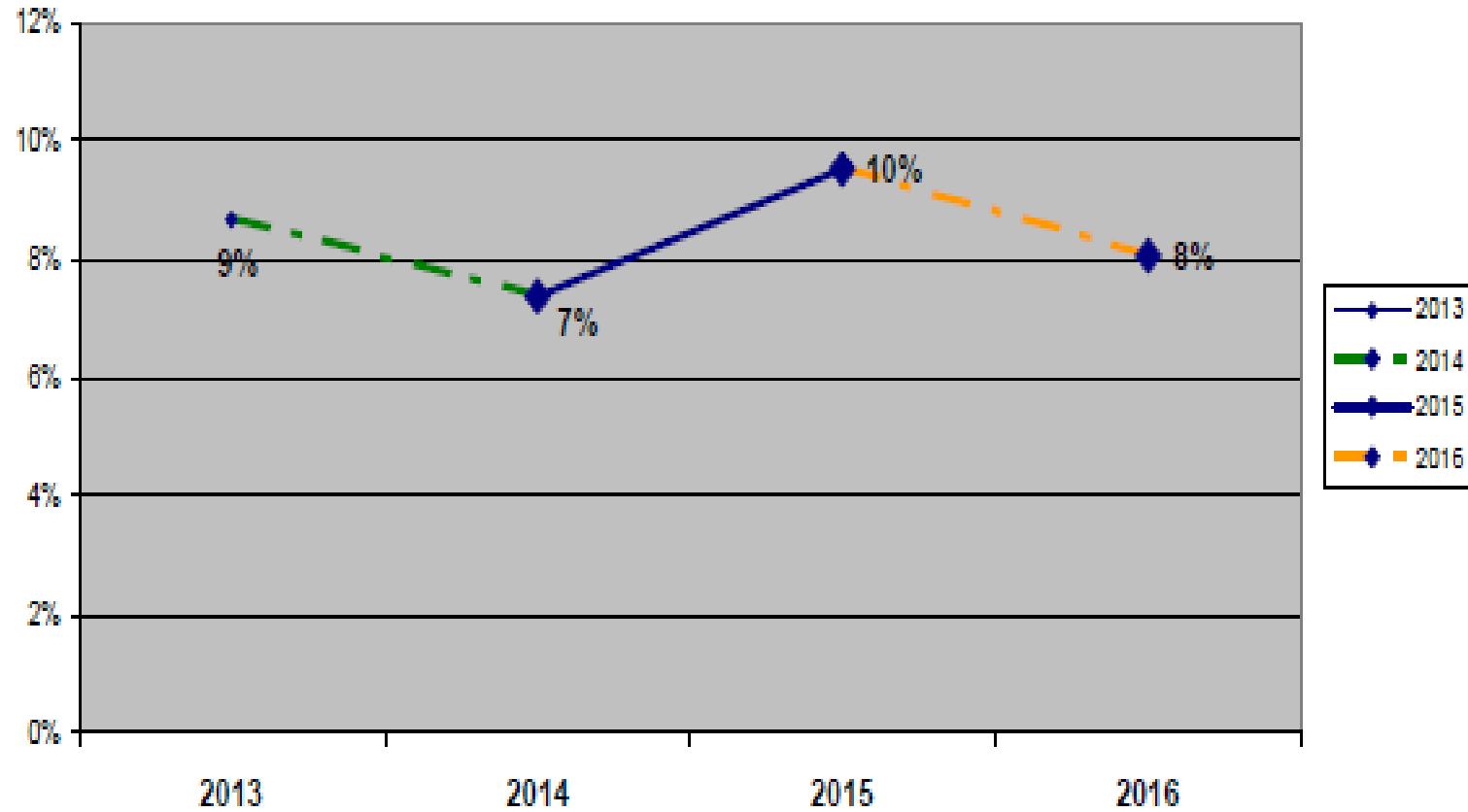
- **What?** A mixture of broad information and consultation rights, joint committees and occupational welfare schemes; community of practices; team-work; smart-working
- **Where?** FIAT/FCA, Finmeccanica, Magneti Marelli, Lamborghini, Ducati (metal), GD (packaging), ENI, ENEL (energy), Pirelli (tyre), Prysmian (tlc), Roche (pharma) Gucci, Luxottica, Furla (fashion), Barilla, Ferrero, Parmalat, Granarolo, Orogel (food), Telecom (TLC), Generali (insurance), Intesa Sanpaolo (banking)

Information and consultation (indirect participation)

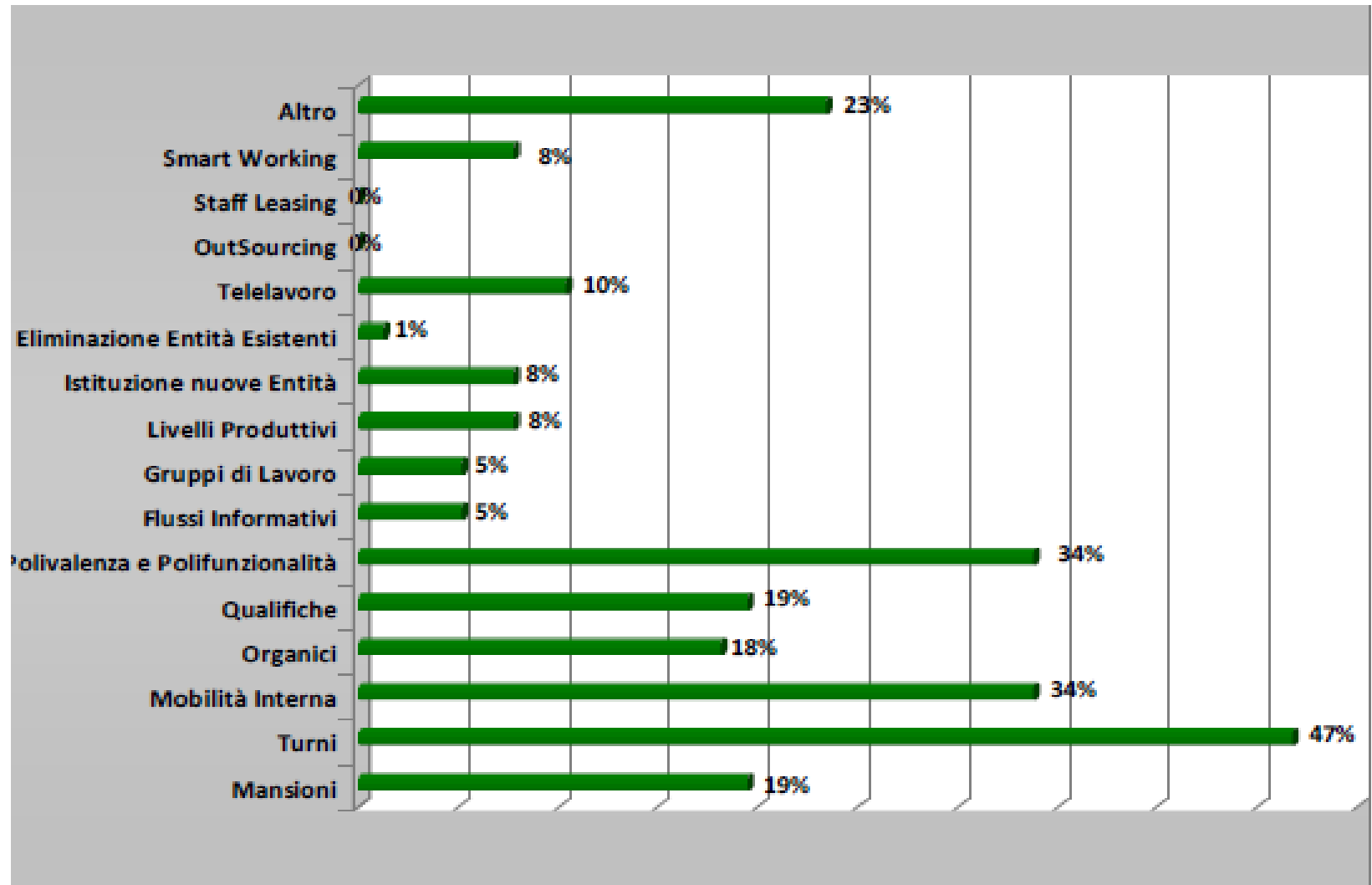
Diritti di informazione e consultazione (singole voci)



Work organization in company level agreements



Change-related issues



Collective DP: the team working

Consultative

- It strengthens the communication and collective autonomy at work
- horizontal and non-hierarchical practices of sharing knowledge and skills to face and solve problems
- widespread in the small knowledge intensive start-up enterprises
- The 'productions island'; food industry (project FOX Made in Ferrero and Barilla) and fashion (Luxottica).

Delegative

It defines very precise functions, tasks, productive goals.

Not very widespread:

- a) through company collective agreements: the German companies operating in Emilia Romagna – Ital Design, Ducati and Lamborghini – and it happened,
- b) Without company agreements: Fiat/FCA: the team work was strongly supported by management

Individual participation

- audit, workshops, focus groups, training, seminars (FCA)
- job rotation (OMB Brescia, engineering industry)
- personal solutions for the choice of work shifts and use of bank hours (widespread in more and more sectorial and firm agreements)
- smart and tele-working, where employee can agree with the management to work from remote one or more days a month (Nestlè; Ikea, Vodafone; Telecom; Unicredit; Generali, ZF Marine, Luxottica, Endress-Hauser)

DP, HRM, TPS:

the role of managerial schools and academies

How: Companies schools and Corporate University

Target groups: the hierarchy closest to the production process, middle managers and team leaders

The aim: to form the "sharing some content that the company considers essential for those who must contribute to the implementation of the strategy, whether the company values or some specific skills".

How many and where: Alcatel-Lucent, Bosch, Coca-Cola; ENI; Hewlett-Packard; Media Market; Mediolanum, Nokia-Siemens, Pirelli, Telecom, Tenaris-Dalmine, Sirti, KPMG; Whirlpool.

Toyota Production System (TPS): just in time; Kanban, total productive management, zero-stock, zero-conflicts, etc..

Kaizen Institute active in Italy since 1985

Toyota Academy established since 2011

Toshio Horikiri, president of Toyota Engineering Corporation, consultant to spread the TPS in midsize businesses.

Yamashina (Kyoto University: consultant for Pirelli, Ansaldo and Indesit.

Today more than 200 large Italian companies have reorganized according to the logic of TPS. Especially in Lombardy: from Pirelli (tire) to Telecom (TLC), the Hoepli (editing) Eataly (food), Magneti Marelli (engineering) and Roche (pharma), the largest distribution services. chemical and mechanical contractors, such as Flexform, the Bticino, the Pomini Tenova; the Same, Iveco and OM.

4. The experts' evaluation of DP

M. Carrieri, sociologist: “Interest in DP is increasing, just while it seems to decrease for indirect participation. The cause lies in unsatisfactory results from the ultra-ten-year experience of information and consultation.

Many DP solutions escape from the monitoring of observatories on firm level bargaining, precisely because of their informal nature and not collectively negotiated”.

L. Pero, sociologist: “The Italian production system is divided between a minority of very innovative and export-oriented companies, and a bigger share of companies aiming to compete just on costs. In the first group there is DP; work is safer, more qualified and rich of skills.

- Some companies already adopted forms of advanced lean production and WCM, driven by technologies 4.0, with a common use of job rotation, team working and suggestion boxes (FCA, Luxottica, Pirelli, Ferrero).
- Others still use traditional forms of lean production, based on total quality management, top-down pushed, aimed exclusively to combat waste and reduce costs. Technological and organizational innovation drives the DP».

The Employers' point of view

Stefano Franchi; GD Federmeccanica

- “Wherever I go I see forms of involvement, either in the collective and individual forms”. Workers take already part in the decisions and life of their enterprises more than one might think.
- “Direct participation in companies is quite informal, but not for this uninfluential: periodical meetings with management, working groups aimed at define business goals, and so on, that they can build on a direct participation of workers in organizational / operating company”.
- “Participation is first and foremost a matter of culture; of attitudes which require to be searched and solicited through a constant effort on both sides in the educational field. We look at the workers firstly like persons, which need and require to be adequately motivated and recognized in their contribution to the firm’s wealth. They must feel themselves like protagonist of something.
- We believe in the value of the direct relationship between management and staff. We don’t believe instead in new legal rules, which establish rigid rights and obligations; solutions “good-for-all”. Individual experiences in the factories must be preserved in their autonomy, and best practices widespread through a bottom-up and informal approach”. This must become the *Italian Way to Participation*.
- “For us, a modern system of industrial relations presupposes the legitimacy and full involvement of trade unions that are in the possession of the requisites of representativeness”. “The two dimensions, according to us, are complementary and not oppositional”

The trade unions point of view

M. Bentivolgi, G.S. FIM-CISL: “The aims and the target of my organization is essentially to renew the union culture and practice to better cope with the radical transformations of the new global scene. We are therefore for a trade union open to the change, which is not contained in the old practices of protestation and centralization, which challenges companies on the ground of innovation, training, participation, collective bargaining which produces knowledge and wealth, and then redistributes them.

G. Alioti, FIM-CISL: «Toyotism is for companies the main trigger for the adoption of forms of direct participation. (..). But we must be aware that the majority of employers and managers prefers, still, to stick to hierarchical-functional structures, which generate a style of command for subordinate workers and obedience towards the leaders».

M. Sai, CGIL: «The discourse on DP must first take on an historical perspective. It has to be analyzed in the change of organizational paradigm that took place in the 1970s, when the old utopias of the international labor movement about industrial democracy were rewrapped and overthrown by the new management models imported from the East. From Japan, with Ohno and his Toyota Production System (TPS). This is the case at Fiat in the late 1980s (..). The team leader, normally decided by the company, plays a decisive role, which marginalizes both the old bosses and union delegates.

- 1) work tasks become much more dense, and therefore tiring from the point of view of overload and stress;
- 2) work is more and more precarious, as many workers will be outsourced and used flexibly.
- 3) A polarization of the labor market, between insider and peripheral outsiders

5. Sectorial and company case studies

- the sector;
- the industrial relations
- Practices of DP
- a company case study
- the actors' viewpoints

Interviews:

- 6 Metal sector
- 3 Banking sector

DP in the metal sector

- 55% of the Italian manufacturing sector's gross value added
- A total of 1.6 million workers, one of the highest figures in Europe.
- A corner stone for Italy's industrial relations, with 5 national industry-wide collective agreements largely covering the whole sector
- The last national agreement (2016) introducing new items and rights on vocational training, welfare benefits, participation (committees in the sector and large enterprises)
- Good practices of DP: unionized joint observatories, technical and monitoring committees, «improvement teams», rewarding systems (wage/performance)
- *Collective* / working team; *Individual* / job rotation; audit (unions excluded)
- Crucial role of the Toyotism and WCM paradigm for new work organization and industrial relations
- The role of the German brands and subsidiaries in Emilia Romagna
- 61% of workers emphasize the collaboration between workers and entrepreneurs "appropriate, because it benefits everyone". For 38%, management should be "talking to workers, listening to their ideas about work, putting them into practice". For an even greater number: "periodically consulting the workers in the most important choices concerning the company objectives".

The case study of FIAT/FCA

- FCA (Fiat Chrysler Automobiles) as the most meaningful and debated model of WCM in “model” factories, like Pomigliano, Melfi, Cassino, Mirafiori
- 162 manufacturing facilities, 87 R&D centres, and dealers and distributors in more than 150 countries, 231,000 employees (67,000 in Italy), 111.018 billion € turnover
- Controversial industrial relations, with separate agreements excluding the representative FIOM-CGIL and a pretty unique company-level bargaining substitutive and not complementary to the national sectorial agreement
- Big focus on continuous improvement, total quality, workers’ involvement and DP
- Team working and suggestion boxes as the most typical forms of collective and individual DP
- Key role of team leaders (1/6 workers; shop stewards 1/10 work teams), selected by the management
- Suggestion boxes: 30 tips per worker a year; 800 projects implemented; cost reduction 5-6% per year

The FIM-CISL survey on the WCM at FIAT and the new working conditions (2013-14)

The overall evaluation was positive but with significant variations from plant to plant
"I work better. But the work is tightened"

"My job is less tedious" = 52%

"Fiat is a good place to work" = majority (max Pomigliano = 97%),

WCM brings benefits right away.

- On job rotation, but "little practiced" ("I would like to rotate more")
- On the cognitive contents of the work,
- On the information and training system
- On participation in continuous improvement
- On improving the working environment (noise, cleaning, lighting)

Major Critics:

- Low-skilled worker team;
- Little time team discussion (35%), little feedback to suggestions,
- Low premium satisfaction (only 23% positive),
- Narrower, less "porous" and more saturated times and rhythms ("It is no longer possible to distract")
- Power relations are not altered

DP in banking sector

- a sector affected by a radical reorganization, with a profound impact on employment, on the organization of work, on industrial relations
- among the most exposed to the ongoing and worrying challenge of digitization, with very heavy impact on jobs and employment. Perspectives. In 10 years Italian banks have decreased by 45.000 units, going from 340.000 to 295.000 today.
- The center of gravity of the distribution networks is moving sharply from the physical to the digital channels
- Industrial relations, through collective bargaining and participatory systems, is requested to cope with such a deep and unprecedented challenge.
- Together with continuous training, technological innovation and work organization, it is the main way to encourage greater participation of workers in the company
- “Smart” or “agile” or “flexible” work, is now the most common way through which the banks and their employees, on individual and volunteer consultation, find an agreement concerning the working time flexibility and work organization
- All the largest groups have introduced, through collective agreements, these new forms of working (Intesa San Paolo; UniCredit, BNP Paribas, Banco Popolare di Milano, Monte Paschi di Siena, Banca Nazionale del Lavoro, Crédit Agricole)

Smart-working in Intesa Sanpaolo

The collective agreement on flexible work (2014):

- must be programmed;
 - can be used for a maximum of 8 days per month if carried out from home, while no limit is foreseen by a hub or a customer;
 - does not vary the working time, nor the individual flexibility, the temporal location, the lunch break
 - (remember that there is no control and no "stamp" from home);
 - does not change the rights and duties of workers, as it does not change the managerial and disciplinary power of the employer;
 - the worker must be contactable (there are company tools such as skype).
- almost 3 years after its first experimentation, there are over 8,000 employees involved (80%) , 91% from home; more than 500 offices and 59 corporate hubs the most appreciated change is the reduction of travel time between home and work,
 - the added value is considered a better conciliation of private and professional life,
 - very much appreciated by the employees also having more peace of mind in the performance of their work
 - Very much appreciated by the management, with a reduction in the number of absences (- 28.4%) and one-day illness (- 24.6%)

7. Final remarks and questions

How many employees can be said to be really involved into new enriching and empowering forms of work organization and DP? We're likely coping with a deep polarization into the LM and working conditions

DP: a collectively agreed change in work organization or just a unilateral HRM tool and strategy? Complementary or alternative to indirect/representative participation?

Is it a really win-win perspective, between management and employees? Or just the last, and more sophisticated step through which integrally mobilize and valorize the human factor?

Which risks of disintermediation, de-collectivization and individualization of employment relationships?

Is there any link between DP and corporatization of industrial relations and ongoing pushes for dis-organized collective bargaining?

Can we ignore that such a changes are going hand-in-hand with a powerful process of casualization of the work contracts and employment replationships?

What's the meaning of DP in times of digitalization and industry 4.0; of uberization and Gig economy; but also of co-working and sharing economy? How the labour-management are developing and challenging the issues of employee autonomy and participation?