

Flexible Employment Policies and Working Conditions

Italy

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1. Summary and introduction

As well known, the increased labour flexibility which Italian companies have been calling for since the 1980s, but even more urgently during the 1990s, derives from the changed economic, technological and institutional context which is forcing management to adopt increasingly complex and uncertain strategies of adaptation and adjustment. Product market have been transformed over the past 20 years: the stable growth trends of the past have been replaced by slow-growth trends which are more uncertain and oriented towards personalized and quality products and services.

Microelectronic technological innovation, although making it possible to shed the old rigid forms of work organization (such as the assembly line), has at the same time brought significant losses of traditional skills and occupations and an irreversible change in the occupational composition of the labour force which is affecting not only company personnel departments but also education and training systems at national level. New policies for internal and external labour markets are needed which go beyond support for company initiatives, particularly in a country like Italy with its prevalence of smaller firms. However, the past predominance of "passive" employment policies (Wages Guarantee Fund, early retirement) resulted in a scarcity of the public assets such as vocational training and industrial policies which, by contrast, constitute major resources available to companies, in other countries with which Italian companies have to compete.

It is in this rapidly and uncertainly evolving context that Italian companies have introduced old and new forms of labour flexibility in an attempt to respond to external pressures: that is, to make themselves adaptable to fluctuations in demand, raise productivity levels, ensure the appropriate incorporation of new microelectronic technologies, make pay more variable in relation to performance, and improve the quality of products and services.

The findings of numerous research projects, analyses and case studies carried out in Italy all point to two main trends in company strategies on labour flexibility. The first trend concerns the instruments of labour flexibility which are most widely used by companies: these mainly relate to the hiring stage (entry-related numerical flexibility) and the management of internal labour markets (functional flexibility in both quantitative and qualitative terms, depending on the terminology of the study concerned). Their use seems fairly balanced and complementary, as demonstrated by an Assolombarda study (1996), the Istat figures (1999) and the Censis survey (1998) on the specific issues of labour flexibility.

The two cases studied here, Fiat Melfi and TIM, amply confirm this common trend.

By contrast, there are still few examples in practice of the company strategy of exit-related numerical flexibility, even though this instrument has been the subject of particularly lively debate (Ichino, 1996).

External qualitative flexibility merits separate mention, however, especially outsourcing policies. The debate on the decentralization of production was particularly heated in Italy during the 1970s and 1980s. Numerous analyses tended to corroborate the hypothesis that this managerial strategy originate from a reaction to the industrial conflicts of the "hot autumn" of 1969 and from the tighter restrictions imposed by the 1970 Workers' Statute. Yet, strangely, that debate was not resumed in the 1990s, when outsourcing became a feature of

many Italian companies, mainly in the service sector and in particular in banking and insurance.

The second notable trend regarding managerial strategies on labour flexibility consists in their administration and development within the framework of major processes of concertation (dialogue and consultation) and social pacts which were initiated in Italy by the Tripartite Central Agreement of 23 July 1993, continued with the "Employment Pact" of September 1996 and renewed with the so-called "Christmas Pact" (Social Pact for Development and Employment) of December 1998.

As regards the level of control of company labour flexibility strategies, therefore, it must be pointed out that in the case of Italy it depends not only upon the changed market and technology context, which is largely similar to that of other countries, but mainly upon the institutional context of tripartite concertation between employers' associations, trade unions and government. The fact that Italian companies have been able, in this institutional context, to develop short-term policies (entry-related numerical flexibility and internal quantitative flexibility) as well as long-term policies (internal qualitative flexibility) indicates the nature of the exchange or compromise between the social partners in Italy on the subject of flexibility.

This compromise must therefore also be the starting-point from which to view the second level of analysis regarding the link between flexibility strategies and employment conditions. Although the conventional forms of gender and age discrimination persist, the chief problem lies in access to training for flexible workers, which, with the exception of a few cases including the two analysed here (Fiat Melfi and Telecom Italia), is still very limited, if not actually worse than it was. However, contradictory data seem to emerge from field studies on employee attitudes to external and internal quantitative flexibility, as the results of the latest Censis (1998) and Cgil/Fondazione Corazzin (1999) surveys reveal. Whereas union and employee participation seems on the whole to be prominently featured in some cases (Fiat Melfi, for example), but along with intensified work rhythms, fatigue and stress.

The debate on general impacts is even more controversial in Italy. Generally speaking, the tendency is for fixed-term hirings to be transformed into permanent jobs and they therefore provide, as is again evident with Fiat Melfi, a bridge to a permanent and more highly skilled job. From this point of view, temporary work represents a form of selective hiring on the part of companies. But the same is not true of all types of labour flexibility. For example, the idea that it represents a trap seems to be more prevalent, in particular, with regard to "parasubordinate" work ("lavoro coordinato e continuativo", see below). All in all, the general impact on employment of all forms of labour flexibility has not so far been the positive one which it has proved to be both in institutional contexts of concertation somewhat similar to the Italian situation (in the Netherlands, for example) and in the English-speaking countries less oriented towards the idea of concertation (such as the United Kingdom).

This limited performance of labour flexibility in terms of employment is perhaps the weakest element of the Italian case and is also the reason for the criticisms levelled against the concertation method. Although the "social pacts" concluded in Italy have introduced major elements of exchange in the structure and content of industrial relations as well as procedures, the success of these important reforms is still dependent on the institutional capacity to combine the incomes policy which is necessary in order to contain inflation and maintain the country's economic recovery with respect to the EU criteria with the employment policy

which is equally necessary in order to win the agreement of society in general and also the trade unions to support the new economic objectives.

In August 1998, the Treasury Minister urged the social actors to shift the focus of concertation towards two new objectives: increased investment and more labour flexibility. The Italian Government was seeking to boost employment policy through an exchange consisting in a new policy on investment by employers, who would undertake to relinquish part of their profits for the purpose, in return for a guarantee by the unions of more labour flexibility. The intention was that this should represent a shift from the stability scenario of the previous phase to the growth objectives envisaged for the new phase.

The new Social Pact of December 1998 confirmed not only the objectives of the public policy on labour flexibility but also enforced the rules of social concertation, according to those adopted by the Treaty of Amsterdam on social policy. It provides for “advanced discussions” between the social parties and for decentralised and company level of concertation.

2. National context

2.1 External factors and national debate

As has happened and been reported in other industrialized countries, the call for more flexibility on the part of Italian companies derives from the changes in the external, market, technological and social context which have been briefly referred to above. In the case of Italy, however, companies have been prevented from unilaterally developing labour flexibility strategies of their own by certain institutional and social constraints. These constraints are largely ones which have been agreed between the employers' associations, trade unions and government.

One of the ways in which the Italian government has lent support to action on the part of the employers and unions in order to create a "de facto" industrial legal order to take the place of a legislative and constitutional legal order which has never really been achieved (Cella and Treu, 1998) has been mainly legislation to promote collective bargaining. This is the interpretation which can be put on not only the 1970 Workers' Statute but also all the related 1980s legislation on labour flexibility, job-security agreements, work/training contracts, part-time work and fixed-term contracts. In all these cases, a close link was established between statute law and collective bargaining, with the legislators confining themselves to defining the minimum normative framework necessary, i.e. the model of the type of flexibility concerned, and leaving the provision of detailed rules to collective bargaining.

The 1990s legislation on labour flexibility follows in the same tradition, but with the added reinforcement of concertation, or tripartite agreements followed by their translation into laws. This is the procedure by which the most innovative instruments of labour flexibility have been introduced in Italy over the recent period.

The most important factor to be noted is the role of the Tripartite Central Agreement of 23 July 1993, which the then Labour Minister Giugni had called the new "labour constitution" because it is based on the above-mentioned exchange between incomes policy and employment policy (although this second objective was to prove largely unsuccessful). The Agreement is divided into four main sections.

As regards the first section on *incomes policy* and the associated objectives since achieved (in particular, control of inflation and reduction of the public debt and deficit), it is sufficient to record that Italy joined the European single currency on 2 May 1998, a target which was thought difficult when the Agreement was signed. The involvement of the main employer and union actors in the processes of decision-making on economic policy was formalised with the institution of two annual sessions of meetings: in May/June, before the Economic and financial planning document is presented, in order to indicate the targets of budgetary policy over the following three-year period and their relevance to trends in public spending and common objectives regarding forecast rates of inflation, GDP growth and employment; and in September, during the phase of implementation of budgetary policy and insertion in the Finance Act, for the purposes of defining the appropriate measures and ensuring a consistent stance from the social partners.

The second section concerns the *new bargaining structure*, with provision for only two levels instead of the numerous fragmented levels existing until recently. These two levels are:

industry-wide bargaining at national level, with agreements lasting for four years as regards their normative provisions and two years as regards their pay provisions; and company-level bargaining (or, alternatively, bargaining at district or provincial level), with four-year agreements on matters and practices which "are different from and do not cover" the pay provisions of the industry-wide agreement or are linked to company targets on productivity, quality and profitability. In the particular case of company-level bargaining on pay enhancements linked to company results, there is provision for special legislative arrangements which define the characteristics and rules on social security contribution of such schemes, similar to those found elsewhere in the form of *profit-sharing* in English-speaking countries and *intéressement* in France. The Agreement also gives some measure of support, although not formalised, to the model of company-level employee participation in industrial relations as it exists so far in Italy, through "the procedures for information, consultation, monitoring and enforcement or negotiation provided for by law, industry-wide agreements, all lower-level collective agreements and current bargaining practice", for the purposes of dealing with the effects on social aspects, levels of employment and working and employment conditions associated with technological innovation, restructuring and company reorganisation.

The third aspect dealt with by the Agreement concerns *workplace union representation*, giving recognition to the agreement of 1 March 1991 between the three confederations Cgil, Cisl and Uil on a unitary workplace union structure ("Rappresentanza sindacale unitaria", Rsu). In particular, it is stated explicitly that there must be a connection between the organisations which conclude national agreements and the workplace-level structures which exercise the powers recognized by those agreements, and hence that two thirds of the representatives should be elected by the workforce as a whole and one third appointed or elected by the organisations which are signatories to the industry-wide agreement applicable. Although this agreed composition subsequently received further confirmation in a special interconfederal agreement in December 1993, it was still the subject of controversy proposals for legislation and, also, a national referendum directed at abolishing this one-third "reserved" quota of seats for the unions which sign agreements, as established by autonomous agreement between the social partners themselves.

The fourth and final section of the Agreement is dedicated to employment policies and measures to support the production system. Its main provisions include new legislative instruments on dealing with crises in employment, youth employment and training, and the reactivation of the labour market. But it also makes reference to the formation of the public assets which are essential to the positive impact of those instruments: technological research, and innovation; vocational education and training; financing for enterprises and international competitiveness; and the correction of regional imbalances between infrastructures and public demand.

In that sense, the Agreement of 23 July 1993 is an agreement on incomes policy, but also on employment. The real wager lay in the exchange between an incomes policy which entails immediate costs for employees and employment policies which could justify those costs in the long term. The non-achievement of this second objective gave rise to serious criticisms from the unions, although these criticisms did not lead to a shutdown of the concertation process, despite the difficulties during the period of the Berlusconi government in 1994 and the protest over the pensions system reform of 1995. These pressures did, however, prompt the government to sign the "Employment Pact" of 24 September 1996, translated into Law No. 196/1997.

The Pact provides for a new logic of concertation directed at taking preventive action, with active employment policy instruments for young people (work-entry schemes, special-purpose grants, practical work experience, part-time work, training provision) and improved decentralised, dedicated employment services. In addition, it provides for the rationalisation and modification of passive employment policy instruments for the adult unemployed (Wages Guarantee Fund, availability-for-work allowance, early retirement), which in the past have been over-used and blocked the development of workfare and employment services. Lastly, it launches a process of continuing training, bridging the gap between school and work.

Of the new instruments introduced, the most notable are those on: temporary (or through temporary agency) work; fixed-term employment contracts (made more flexible by "tolerance margins" and the possibility of directly consecutive contracts); incentives for the reduction and flexibilization of working hours and part-time contracts; development of research in small and medium-sized firms; a relaunching of the apprenticeship system and work/training contracts; reorganisation of the vocational training system; trainee-ships and work-experience schemes; gradual realignment agreements for firms in the Mezzogiorno, and socially useful work.

The old and new forms of labour flexibility made available in this way have been used widely, and increasingly, by Italian employers.

2.1.1 External quantitative flexibility

According to Istat figures, in 1996 92% of all Italian employees were employed under a permanent contract of employment, although the proportion was higher among white-collar workers (94.6% of all white-collar workers) than among manual workers (90.5%). Some 3% of all employees had a fixed-term contract, with the proportion in this case higher among manual workers (3.5%) than among white-collar workers (2.4%); 1% had a seasonal contract; 2.5% a work/training contract; and 1% an apprenticeship contract. In stock terms, therefore, a certain "rigidity" would seem to prevail in the Italian labour market. In reality, the Istat flow data reveal that in the same year the majority of people hired were under contracts other than a permanent contract of employment (which accounted for only 45.3% of all new employment). In the case of employees working in industrial and service sector firms with more than 10 employees, of those hired in 1996 some 26.3% were hired under a fixed-term contract, 16.1% under a seasonal contract, 9.5% under a work/training contract and 2.9% under an apprenticeship contract. In this connection, the Istat report (1999, at p.3) notes a progressive trend towards a change in the composition of Italian employment by type of contract: "The growth in employment in industrial and service sector firms recorded in 1996 (+ 145,000 jobs) is due, in its entirety, to forms of atypical contract: more specifically, whereas the number of employees with a permanent contract decreased (as compared with 1995) by 107,000, there was an increase in the number with fixed-term contracts (+125,000), seasonal contracts (+9,000), work/training contracts (+104,000) and apprenticeship contracts (+14,000)".

And this trend also seems to be confirmed by the provisional figures for subsequent years, owing to, among other reasons, the relaxation of restrictions on employers granted by the new provisions introduced by Law No. 196/1997, which modified and integrated the rules on fixed-term contracts previously based on Law No. 230/1962. The latter lists the cases expressly provided for: seasonal work; replacement of an absent employee; performance of specified tasks, at predetermined times, of an exceptional or occasional-nature; dockyard

work; the entertainment industry, managerial staff; and airport services during predetermined periods. In subsequent years these rules were supplemented by collective bargaining which also allowed hiring under a fixed-term contract for the long-term unemployed, young first-time job-seekers and workers registered on the availability list. Law No. 230/1962 also establishes that temporary employees on fixed-term contracts must be treated exactly the same as permanent employees in financial and regulatory terms, and that their employment may be extended only once, for a period not exceeding the term initially specified in the contract.

Several important changes introduced by Law No. 196/1997 to these pre-existing rules, mainly as regards a succession of consecutive fixed-term contracts and extension of the relationship beyond the date of expiry, made the use of these contracts more flexible, so that they could replace the anomalous use being made of the work/training contract in cases where there is no training content.

But the increased use of atypical employment contracts is also being promoted in Italy by the expansion of two new instruments: temporary agency work and "parasubordinate" relationships.

Law No.196/97 provides for separate regulation of the contract for the supply of temporary labour between a supplying agency and user company and the contract for the performance of temporary work between a supplying agency and employee, as is the case in most European countries. A subsequent interconfederal framework agreement of 16 April 1998 (followed by many other agreements at industry level) specified the circumstances in which temporary agency work may be used (largely similar to those already specified for the use of fixed-term contracts): periods of peak activity or for launching new products (as in the case study of Fiat Melfi with the launch of the new Punto); particular functions at predetermined times; and the performance of special tasks. The circumstances in which its use is prohibited are also stipulated: for jobs with little occupational skill content (owing to union fears of the possible spread of the forms of "ganging", or "caporalato", which are common in the South); for the replacement of striking employees; in production units where collective dismissals have been carried out during the preceding 12 months; in production units receiving Wages Guarantee Fund assistance or covered by a job-security agreement; for enterprises not approved under the rules on health and safety protection for employees (Legislative Decree No. 626/94); and for particularly dangerous tasks designated by decree of the Minister for Labour.

There have been criticisms from employers, both as regards the delays in the application of the rules concerned and as regards what they consider to be the excessive restrictions imposed. On this latter aspect, however, it has been pointed out in many quarters that it is necessary to limit the use of a type of contract which, like the fixed-term contract, involves increased risks of accidents at work and occupational illnesses, both because of the lack of experience of the workers concerned and because of the lack of knowledge of the physical environment in which such workers find themselves working, as is also confirmed by the statistics at European level. In industry, temporary workers may not exceed a quota of 8% per calendar quarter, while in the tertiary sector the quota is 15% per month.

There have been even stronger objections from employers against the clause which obliges them to pay 5% of the cost of temporary agency work for the workers' training.

According to the first Assointerim data, the forecasts for 1999 indicate a figure of 270,000 workers on temporary agency contracts, as against just on 55,000 in 1998, with a total of 10 million hours worked. An initial concentration of demand on white-collar workers has shifted to the equal use of both manual workers and white-collar workers: use is highest in the metalworking sector (around 50%), followed by other industries (25%) and the tertiary sector (another 25%); slightly more men are involved than women (the opposite was true in the beginning); the average age is around 30; and temporary agency work is more widespread in Northern Italy, with Lombardy far in the lead, followed by more modest figures for Piedmont, Emilia-Romagna, Veneto and Latium, and extremely low levels of use in the South.

Again according to the figures of the confederation of temporary employment agencies (Confinterim), from January to October over 7 million hours were worked under more than 23,000 labour supply contracts, with an average of 1.7 workers hired for each contract. The average duration of each mission was 182 hours (4 ½ weeks), with an average hourly pay of around 15,000 lire. The number of employees hired directly by agencies was 1156, fewer than the initial estimates of 3000 or 4000. It is notable that, today, the most frequent reason for the use of agency workers by companies has changed from the initial one of temporarily replacing absent employees (now only 25% of cases) to that of peaks in production (50% of cases), while the occurrence of unforeseen production circumstances remains a less common reason.

"Parasubordinate" contractual relationships, identifiable by a continuous and co-ordinated personal work performance ("lavoro coordinato e continuativo"), represent a form of atypical work which has grown considerably in Italy during recent years, so much so that the expression "the ten percenters" ("il popolo del 10%") is used with reference to the fact that the individuals concerned are required to pay a social security contribution in accordance with the provisions of the pensions system reform (Law No. 335/1995). The growth in this phenomenon of external quantitative flexibility seems to be the result both of deliberate employer practice in order to avoid the rigid rules governing the employment of employees and the pay and contributions burden associated with them, and also a wish for independence on the part of the workers concerned, although this is combined with the difficulties of finding a job as an employee. There are, however, calls for a greater degree of protection for such workers than the existing provision.

The Inps records (National Institute of Social Insurance) for December 1997 showed 1.08 million people registered under this form of employment, which is classed as neither employee nor self-employed status but a new form in the Italian labour market. The estimates for 1998 show a figure of 1.3 million, therefore indicating an increase which seems unlikely to stop.

The Censis survey (1998) on the distribution of and reasons for "parasubordinate" contractual relationships reveals that a third of the workers concerned chose it for lack of any alternative and a further third had opted for it voluntarily. The majority of them live in the North (26.5% in the North-West and 10.5% in the North-East), with 25.5% in the Centre and 34.5% in the South. More than half of them have a higher school-leaving diploma, and around 30% a university degree, and the younger age-groups prevail: 30% are aged 40-49, 31% aged 30-39 and 24% aged 19-29. The largest concentration of such workers (almost half) are in the advanced tertiary sector, followed by the traditional tertiary sector (34%), with only an insignificant presence in the other sectors. However, as the Censis report states: "Some 11% of workers in industry who are classed as employees should probably be classed as a form of

"atypical" workers". The pay differentials are high: over half of those aged 19-29 in the South earn under 1 million lire, as against 3 million lire or more earned by half of those aged 50 in the North.

The response of the legal system to this growing phenomenon is moving in the direction of extending some of the guarantees which protect employees to cover, as well, other forms of contractual relationship which may share common features as regards rendering the work performance. In particular, legislative proposals are being debated in Parliament for a "Work Statute" (Statuto dei Lavori) along these lines, although their adoption is meeting with strong and widespread resistance, mainly on the part of employers.

Even the unions, accused in the past of being interested only in employees, are committing themselves to the protection and representation of these new forms of atypical work. New trade unions have been formed especially for both "parasubordinate" workers and temporary agency workers (Nidil-Cgil, Alai-Cisl and Cpo-Uil). It therefore seems likely that, in the very near future, these legislative initiatives, union representation activities and innovative forms of collective bargaining will extend the institutions and rules of Italian industrial relations to bring the world of "parasubordinate" and temporary agency work within their purview.

2.1.2 Internal quantitative flexibility

The manipulation of working hours is one of the instruments of flexibility most widely used by Italian companies over the past 20 years in order to adjust plant operating times to fluctuations in demand at different times of year. The old Italian legislation on the matter (Royal Decree No. 692/1923, which imposed a limit of 48 hours a week and 8 hours a day) came to be regarded in many quarters as too rigid because it prevented working hours from being distributed over a number of different reference periods. The new Law No. 196/1997 (which, as mentioned earlier, translates into law the content of the "Employment Pact" of September 1996), because it fixes the normal working week at 40 hours but no longer refers to a daily limit, gives the impression that no such limit now exists. In addition, as long ago as 1996 the Finance Act referred the calculation of the overtime premium only to the weekly limit of 40 hours, therefore implying that only work done in excess of 40 hours over the week should be classed as overtime and not work done in excess of 8 hours on a given day. This interpretation is consistent with Directive 93/104/EC, which fixes a limit of 48 hours a week including overtime. In accordance with the above-mentioned logic of close co-operation between legislation and negotiation in the Italian industrial relations system, the new Law therefore delegates to collective bargaining the establishment of shorter working hours, as also the possibility of "referring normal working hours to the average time worked over a period of not more than a year".

According to the Istat survey already mentioned, 47.8% of the employees of Italian firms with 10 or more employees do shiftwork regularly, and 5.3% do it on an occasional basis, whereas 15.2% of firms use shiftwork regularly and 4.3% use it on an occasional basis. Some 34.4% of employees work on Saturdays; 32.5% do night work; 22.8% work overtime; 21.9% do not have time off on public holidays; and teleworking is far from widespread (0.4%).

The same survey shows that the use of shiftwork is prevalent in the industrial sector (16,231 firms with a total of 1.9 million workers), as is the use of overtime (15,845 firms with 768,000 workers) and night work (6,651 firms with 1.1 million employees). In the service sector, on the other hand, Saturday working is prevalent (31,937 firms with a total of 2.2 million employees), rather than shiftwork (13,859 firms and 2.2 million workers) or work on

public holidays (14,270 firms and 1.1 million employees). It should be stressed that the use of shiftwork increases with increasing size of company, while overtime and work on public holidays decrease in larger companies. Flexible working hours are, however, widely used by all firms, both large and small. Geographically, whereas Saturday working is used by firms throughout Italy, overtime seems more common in the North-West and shiftwork more common in the other areas.

In addition to the widely used ways of manipulating working hours mentioned so far, an instrument of internal quantitative flexibility which has been used increasingly in Italy during recent years (although still far less than in other European countries) is part-time work. According to employers, one of the main factors limiting the spread of this form of flexible work in Italy has been the rigid rules (Law No. 863/1984) denying the employer, for example, unilateral authority to vary at his own discretion the distribution of the working hours specified in the part-time employment contract. More relaxed provisions have been introduced in recent years in order to boost such contracts, which in other countries have helped to reduce unemployment levels. In particular, both the courts and legal opinion have held that variability clauses are lawful, although within pre-defined and pre-definable limits. Collective agreements may also lay down rules on the temporal details of part-time work. However, in their more recent decisions the courts seem to be adopting the view that the availability of an employee hired under a flexible-type part-time contract should be given some recognition in the form of pay.

New incentives were also introduced by Law No. 451/1994, with a reduction in the social security contributions payable by employers who enter into part-time contract which increase, the size of their workforce or who avoid dismissing employees by transforming full-time jobs into part-time jobs. The relaunching of these incentives in April 1999 is linked to an upper limit on the number of part-time contracts: 20%, 10% and 2% of employees respectively in companies with up to 250, 251-1000 and over 1000 employees. The provisions of Law No. 196/1997 also help to redefine the size of contributions on the basis of bands of weekly working hours: up to 24 hours, 25-32 hours, 33-36 hours and 37-40 hours. The same Law also provided for a "handover" between older and younger workers (larger reduction in the contributions payable in respect of part-time contracts involving employees who have three years to go until retirement, if the employer hires young unemployed people (aged under 32) on a part-time basis for a period of time at least equal to that for which the older employees' hours are reduced) which has been relaunched by the present Minister for Labour with the 1999 Finance Act.

Despite the incentives, in 1998 part-time work still involves only 7.5% of the total number of gainfully employed people in Italy (1.53 million in absolute terms), a slight increase over the figure for 1996 (6.4% or 1.997 million, according to the Istat data) but still far below the level in most other European countries. According to the Istat data, it is mainly the larger companies with more than 500 employees which have the highest proportion of part-time staff (18.1% in 1996), followed by companies with 200-499 employees (16.3%) and with 50-199 employees (10.3%), whereas the percentage is only just over 5% in small firms with fewer than 50 employees. The majority of part-time workers are employed in the service sector (over 1 million in 1998, representing 8.3% of the sector's labour force); there is also a significant presence in agriculture (11.8%: 159,000 employees), whereas in industry it represents only 4.3% of the labour force (281,000 employees).

However, a third of all part-time workers are employed on a fixed-term as well as part-time basis (428,000, of whom 260,000 are women and 187,000 are aged under 29) and therefore called "super-flexible-" or the "quintessence of flexibility" (according to the comments by Isfol, which processed the Istat data).

In 1998, 87.3% of part-time workers had working hours of more than 30 hours a week, representing a slight decrease from the 1996 figure of 88%, whereas there was a slight increase in the proportion working between 21 and 30 hours a week (from 6.2% to 6.5% of the total number of part-time workers).

It should, however, be noted that, according to the latest Istat figures, part-time work is increasing more steeply among new entrants to employment (in 1998 some 22.2%, i.e. 367,000 individuals, of whom 238,000, i.e. 64.9%, are women). Among these new entrants, there seems to be a growth in part-time work with fewer than 20 hours a week (3.1% with under 10 hour, 12.4% with between 11 and 20 hours) and involving individuals who 12 months earlier were not employed. This type of minimum part-time work is, however, rare among older employees (for whom the equivalent figures are 0.9% and 5.3%).

Teleworking is one of the most recent forms of flexibility to be promoted by a number of Italian companies (including TIM, whose experiment is analysed in the second of our case studies here). The regulation of teleworking has already been initiated in the public administration with a special Law No. 191/1998 (so-called Bassanini ter). In the private sector, a unified text incorporating other legislative proposals is under discussion. Employers, however, have exhibited deep-seated dissensions and fears mainly as regards the restrictions deriving from the forms of trade union protection envisaged, and in particular: the right to equality of treatment, in terms of pay and legal provisions, with other employees of the same grade; the right to information and participation; the right to access to and exchange of information through the company network; trade union rights such as the right of telematic assembly by way of videoconferencing, electronic display and the right to circulate notices.

Despite this innovatory legislative regulation, or perhaps because of the employers' own reaction to these restrictions, the development of teleworking is still limited in Italy compared with other European countries, even though there was a substantial increase from just under 100,000 teleworkers in 1994 to almost 250,000 in 1997. These are, however, included under the broader heading of "total teleworkers" (that is, self-employed workers and employees who work informally from home by arrangement with the employer and employees who are used from a distance via a telecommunications system). They represent only 1.2% of the labour force (as against a European average of 3%). But according to a study by Unioncamere, it is expected that around 110,000 new teleworking jobs will be created between 1999 and 2000. Teleworking is also a case in which collective bargaining has an extensive role, with important company agreements in the leading telematics and telecommunications companies (Italtel, Seat, D&BK, Telecom Italia, Digital Equipment and IBM).

2.1.3 Internal qualitative flexibility

There are two indicators which best illustrate the extent of functional flexibility (or internal qualitative flexibility, depending on the terminology used) in Italian companies. First, it should be noted that if (as has been seen) quantitative flexibility internal and external to companies has mainly been the subject of collective bargaining at various levels, it is even more the case that functional flexibility has been the subject of bargaining chiefly at company level. Consequently, analysis of the results of such bargaining during recent years provides the basis for general consideration. Second, case studies are essential (even more so than for other types of labour flexibility) in order to allow more searching

investigating and detailed analyses. It was this objective that governed the choice of the two cases, which are among the most important in Italy in the industrial sector (Fiat Melfi) and the service sector (TIM).

In the Assolombarda study (1996) on labour flexibility practices in the companies of Milan province, one of the instruments of functional flexibility most widely used there was multi-skilling, followed by job combination, training for white-collar workers and training for manual workers. A comparison between the 1980s and 1990s shows, however, that the instruments of functional applied by Milanese companies have not only increased but are expected to do so more and more.

The fact that Italian companies prefer functional flexibility merely confirms the finding of international comparative studies; it is known that companies in continental Europe are more predisposed to practise functional flexibility, as opposed to companies in the English-speaking countries which are able to make more extensive use of numerical and pay flexibility.

It is important to link these developments regarding labour flexibility in Italian companies with the collective bargaining trends and participatory model of industrial relations found to exist in the same companies. The presence of a sufficiently strong union (even if with elements of crisis in workforce representation in large companies), with a high degree of bargaining power and a co-operative attitude in industrial relations, seems to go hand in hand with calls for functional flexibility, either because the union itself prefers it to numerical and pay flexibility, or because functional flexibility is more appropriate for capital-intensive companies, in which human resource management and industrial relations always need to be more highly developed, sophisticated and oriented towards highly qualified employees, in respect of whom policies of purely numerical and pay flexibility might be unsatisfactory and not always suitable.

According to the Istat data, during the two-year period 1995-96 company-level bargaining was carried on in around 20,000 firms, or some 10% of production units with more than 10 employees, involving 3.2 million employees, i.e. 38.8% of the total employed labour force (73.4% of this number belonging to the industrial sector and 26.6% to the service sector). It is important to stress that there is a positive correlation between the incidence of company-level bargaining and size of company: 61%, 42%, 15.7% and 3.3% respectively, of companies with 500 or more, 50-499, 20-49 and 10-19 employees. There are also significant differences geographically, since the highest proportion of employees covered by company-level bargaining is found in the North-West (44.4%), followed by the North-East (37.5%), with a lower percentage in the Centre and the South (34% in both cases). However, in the North-East there is a particularly high incidence of company-level bargaining in the category of small industrial firms with 20-49 employees (over 32%, as against a national average of 18%).

The two issues which are most often the subject of company-level negotiation on labour flexibility are components of pay related to company performance (74.5% of employees in firms with company-level bargaining as against 22.7% of employees in general) and changes to the organisation of work (34.3% as against 13.3%). In the latter case, companies are motivated by the need to rationalise production (32% of agreements on work organisation) and organisation (14%), i.e. medium- and long-term reorganization strategies, rather than by cyclical economic conditions. These findings are also confirmed by other surveys on

company-level collective bargaining at national level (Bellardi and Bordogna, 1997) and regional level (Regione Emilia Romagna and Fondazione Seveso, 1998).

Company-level bargaining on labour flexibility in Italian firms therefore also seems to confirm, during the 1990s, some of the findings of the surveys carried out in the preceding decade. That is to say, there is confirmation of the model of an Italian company which, unable to make use of departure-related numerical flexibility, is making increasing use of the traditional instruments of entry-related numerical flexibility (fixed-term contract), internal quantitative flexibility (working hours and overtime) and pay flexibility (lump-sum individual bonuses), alongside other more innovative instruments which are both quantitative (temporary agency work, part-time work, teleworking, profit-sharing) and functional (multi-skilling, job combination and training). And this model is mainly typical in companies where such bargaining practice is more highly developed in the context of the participatory trends in industrial relations mentioned above.

This combination of quantitative and qualitative labour flexibility practices which the surveys cited appear to indicate fairly clearly as the reality for Italian companies may be verified by the two case studies presented below.

2.2 Case descriptions

2.2.1 The FIAT plant in Melfi

Fiát's new greenfield-site plant in Melfi represents, along with Pratola Serra, the comprehensive and genuine application of the "Integrated Factory" concept, both from a structural standpoint (the simultaneous and consistent design of new plants and new models facilitates the adoption of new organizational concepts) and from a labour relations perspective.

The plant is located in Southern Italy, in a formerly rural area which within just a few years has undergone a significant process of industrialization as a consequence of massive state investment, a cheaper and flexible labour force and a weak tradition of unionism and industrial relations.

The Melfi plant has a workforce of about 6400 employees, made up of 5900 manual workers (skilled and unskilled) and 500 white-collar workers. Some 80% of them are from Basilicata, the region in which the plant has been built, and 20% from the neighbouring regions of Campania and Apulia. Some 80% are men and 20% are women, and the average age is 29. As far as educational level is concerned, employees have at least a high school diploma and before starting their jobs in Melfi have attended training courses held in Turin at the ISVOR Centre.

The plant has the capacity to produce about 1600 cars a day, but at present the average is about 1416 cars a day, of which 66% are FIAT Punto and 33% are Lancia Y.

2.2.2 TIM

In 1995, in response to precise government instructions¹ the cellular telephony activities of Telecom Italia Mobile were divided from Telecom Italia to form a separate company. TIM

¹ The plan for the reorganization of the telecommunications sector drawn up by the IRI, in implementation of the reform envisaged by Law No. 58/1992, provided for the split-up of the company branch in relation to satellite services and radiomobile services.

therefore became an independent radiomobile services operator, in which the Telecom Italia group still has a 60% holding.

Today, with Roberto Colaninno's Olivetti victory, following the take-over bid agreed on Friday 21 May 1999 and described as the biggest transaction in the history of Italian finance, Telecom has Colaninno as the group's new majority shareholder (51%).

However, the operation is not yet completed² and there is consequently no definite information on the business plan being examined by the new ownership. Some new moves are certainly planned regarding TIM, but the only reliable reports as yet, dating back to March 1999, expect that in the process of integrating fixed and mobile telephony the tendency will be to keep TIM as a separate entity.

Since the unknown nature of this future makes it impossible to identify probable lines of development, our analysis will deal with Tim as it existed in the era prior to the new ownership arrangements.

2.3 Description of the research methods used

For the **Fiat Melfi** case study, the research was carried out using both documentary sources and in-depth interviews with key respondents as complementary techniques for building up a database of information. In addition to primary sources such as official publications, legislation and newspapers, the use of secondary sources included statistics and reports, journals, books and other academic publications. The Internet also provided a useful body of information on Fiat at corporate level.

In particular, in order to address the first group of questions concerning flexibility strategies within the plant, statistical data, corporate figure and information were obtained directly from the management together with interviews held with production managers (operational managers and UTE chiefs) from different strategic areas.

Use was also made of the FIAT-SATA house publication called "In Diretta", which usually deals with a variety of topics concerning the plant. In addition, pre-existing studies served as useful sources of data.

Along with documentary sources, in-depth interviews with the human resources manager and the health and safety manager made it possible to analyse the links between flexibility strategies adopted within the plant and working conditions (divided into physical working conditions and terms and conditions of employment). To test the reliability of their concerns, a number of interviews were also held with workforce representatives (RSU) and individual employees, mainly manual workers. Also, the periods of time for which we were actually present in all four of the plant's operational units enabled us to observe working conditions and the working environment directly.

As far as the general impacts of flexibility are concerned, apart from the study of corporate figures it was particularly the interviews with the human resources manager and production managers which made it possible to define the research framework.

² On 31 May Spafid will request entry in the register of shareholders (halted after reaching 50 plus one), while payment of the shares should take place on 14 June, and in any event no later than 30 June. Transfer is expected in early June.

Lastly, information on the relationship between flexibility, working conditions and the labour relations system was obtained from interviews with both the management and union sides. Union representatives, the labour relations manager and the human resources manager all talked about the new participatory model of labour relations and the way in which it affects flexibility and working conditions.

The **TIM** case study was pursued through interviews with senior staff members of the Research Department, who expressed an interest in the research and their willingness to help. In addition to data on the workforce, the company provided internal documentation on flexibility and labour relations.

Particular emphasis should be placed on the co-operative attitude exhibited by the company in spite of the fact that it is going through an extremely delicate phase as a result of the new ownership arrangements of the Telecom Italia group, which will have repercussions that are as yet still a matter for speculation. This situation complicated the issue of access to the information which the company traditionally communicated to the appropriate parties.

Interviews were also held with officials at national level of the industrial union with the strongest presence in the company, and at local level with its company union representatives in the network and customer service divisions.

The union supplied information and documentation on labour relations, company-level agreements and issues relating to health and safety at work.

3. Research results. Two case studies: Fiat Melfi and Tim

3.1 Strategies of flexibility and company policy

3.1.1 Fiat Melfi

A changing environment and a new corporate culture at FIAT

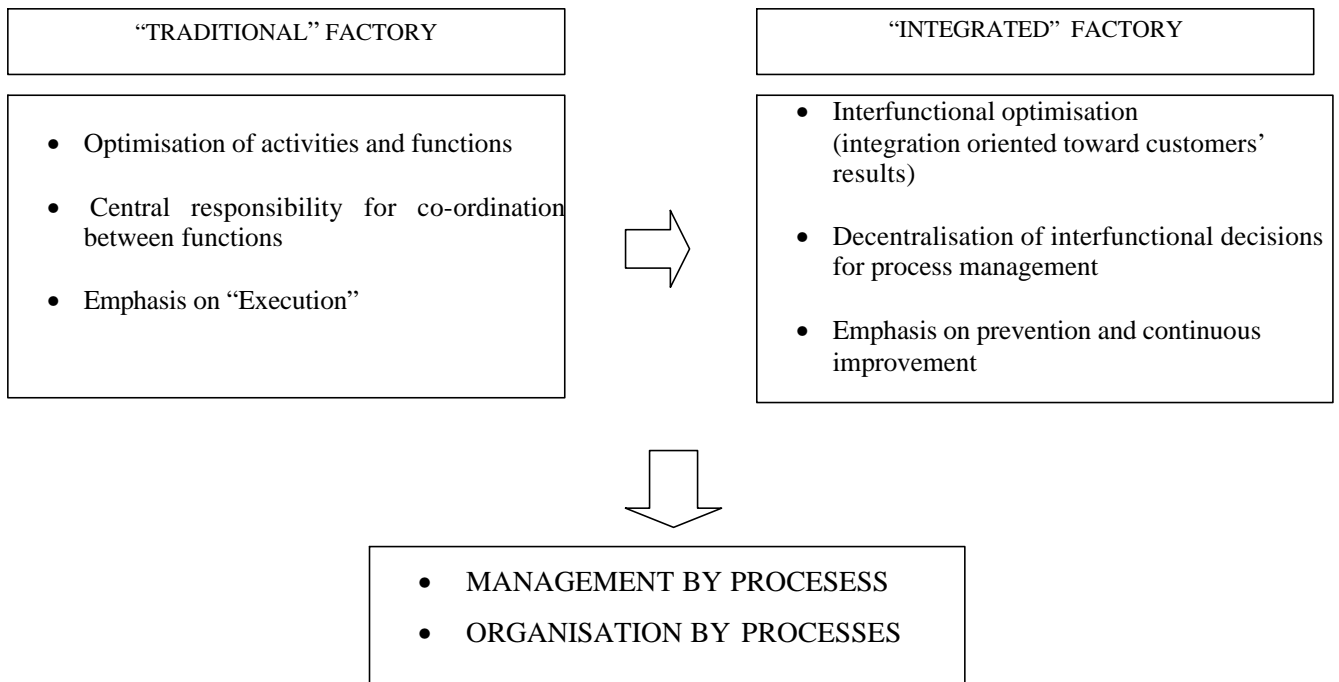
In the early 1990s Fiat, like all European car manufacturers, had to change in order to survive the competitive challenge presented by Japanese car manufacturers and their lean production methods. In particular, it became increasingly clear that competitive edge would depend on flexibility, that is, the ability to manage the corporate system under conditions of extreme and permanent uncertainty.

Starting from the idea that flexibility is something much broader than the mere adaptability of production to fluctuations in demand that can be achieved through automation, and is a dimension which must be part and parcel of the company as a whole, including strategies and management, Fiat created a total quality system aimed at responding to this need for overall flexibility.

By definition, total quality calls for a model of company management and functional mechanisms which are clearly and uniformly aimed at enhancing resources and no longer regard them as individual and independent factors but see them, instead, as closely interconnected and mutually dependent. It is this aspect which signals the change; although attempts have been made in the past to improve the importance of this or that area (e.g. systems, logistics, administration, design), the operating system itself and its internal interactions were never questioned as a whole. This meant that even in plants in which technology had reached an avant-garde level, the immobility of the management model - and its progressive bureaucratization owing to its growing complexity - resulted in a series of constraints which impeded change and the company's ability to react.

However, it was precisely the pervasive introduction of new technologies which prompted the enlargement of employee' responsibilities, the development of the concept of prevention and constant improvement, the introduction of multi-skilling at operational levels and the quest for maximum flexibility (Fig. 1).

Figure 1: *Inspiring principles*

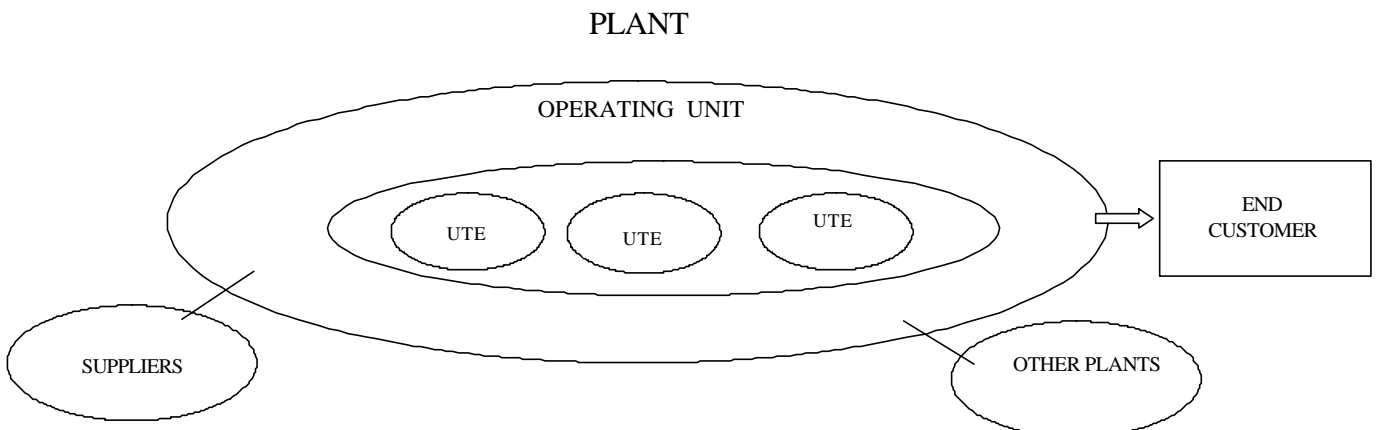


All this stimulated and triggered the start of a transformation process which has led to the reorganization of the employee's role and, subsequently, plant organization in line with criteria that can be applied to any production structure, regardless of the level of process technology used.

Changes have had to be extensive and radical, involving production methods and working arrangement as well as labour relations.

In order to understand how FIAT's comprehensive strategic change is affecting labour relations strategies, human resources management (HRM) practices and work organization concepts, it is necessary to focus attention on the most important organizational project launched by FIAT, called Integrated Factory (IF) (Fig. 2).

Figure 2: *The integrated factory*



The basic concept of this new plant organizational model is "integration", with the emphasis on internal (functional) flexibility, co-ordination and improvement as automation ceases to be the sole driving force of productivity. Within the IF structure, organizational, labour relations and HRM practices are the key constituents of the company's competitive performance. FIAT renewed its method of operating by concentrating on a simpler, innovative and integrated organization whose strength lies in core competence and horizontal structures. The result is an organizational model based on process management with a reduction in the number of hierarchical levels (from 7 to 5), more delegation of responsibilities and greater involvement of people at all levels in the company.

Forms of flexibility

The main flexibility strategies applied at FIAT's Melfi plant are shown in Table 1. Most of them were negotiated with the unions (FIM-CISL, FIOM-CGIL, UILM-UIL and FISMIC) in 1993, while others such as teamwork, outsourcing and the extensive use of training were introduced on the management's initiative.

Before moving on to the strategies introduced as a result of collective agreement, we shall begin by focusing attention on those flexibility practices which represent fundamental pillars of the new Fiat organizational model.

Teamwork

The core of the Integrated Factory is represented by UTEs (Elementary Technological Units) which replace, in the new model, the role played by traditional teams, UTEs do not perform standardized tasks on work-pieces, but produce a technologically complete output (this may take the form of homogeneous processes such as chassis assembly, spraying and door assembly, or a well-defined product such as a gearbox, engine block or dashboard) whose quality is certified before passing it on to the next UTE.

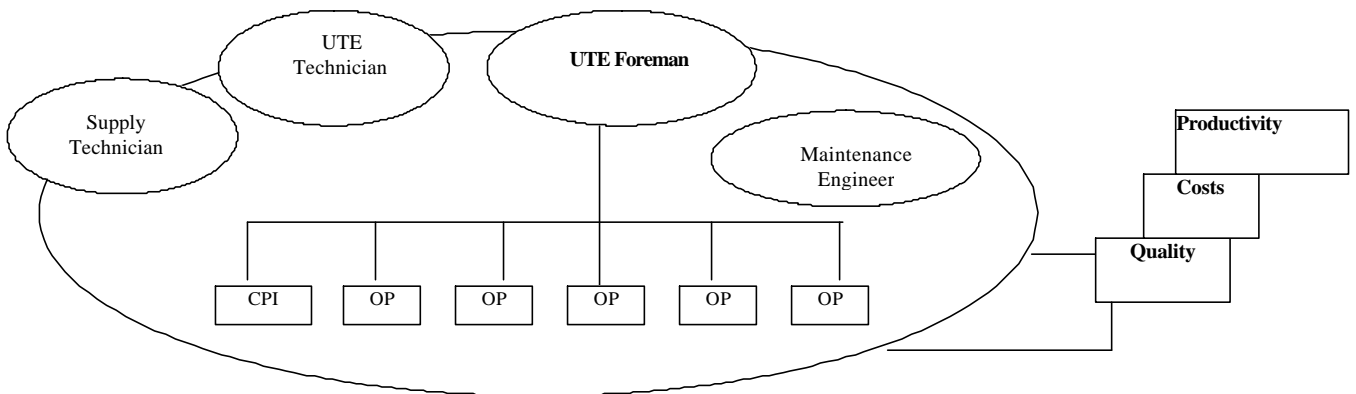
Within the plant there are 35 UTEs, divided between 4 operational units: stamping (2), welding (7), spraying (9) and assembly (17). The composition and size of each UTE vary according to the operational unit to which they belong. For example, in the automated areas a UTE may consist: of anything from a minimum of 12 to a maximum of 100 employees. Generally speaking, the majority of employees are concentrated in the UTEs of the assembly operational unit.

The UTEs are integrated with one another according to a supplier-customer logic. Each operates the machinery and/or systems necessary for the various processes it has to perform and must guarantee their complete execution, since each UTE is responsible for flow quality and process optimization (in terms of prevention, improvement and efficiency). According to the Fiat managers, this change has led to a review of much of the formerly consolidated working culture in terms of responsibilities, working methods, individual contribution and supervision.

The team is characterized by a low degree of formalization and institutionalization of roles, which are "activated" according to varying needs and problems to be resolved, allowing greater scope for employees' creativity and continuous learning in the course of the produce process. Consequently, the UTE does not have a constant and clearly defined structure (Fig. 3) but is made up of figures who may be regarded as "resident", such as the team leader (the UTE chief), the integrated processes supervisor (CPI), the UTE technician, the foremen and

the line workers, together with other "non-resident" figures such as the maintenance leader, the maintenance workers, the specialist technician, the quality specialist and the labour analysts, who may be activated occasionally when the need arises. Technicians and maintenance staff, although assigned to a UTE, report hierarchically to production engineering. They are answerable to the team leader only functionally.

Figure3: U.T.E. (Elementary Technological Unit)

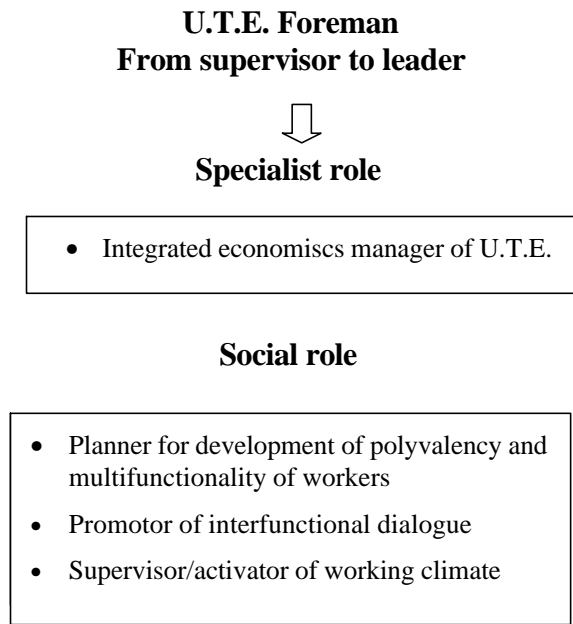


Another interesting aspect of the Melfi plant is the relocation of white-collar workers and their offices. Most of them have been moved to shop-floor level where they are close to operations, thereby improving integration and internal services.

To allow a better understanding of work organization within the UTE and its possible implications as regards working and employment conditions, we analyse in detail below some of the most important figure within the team:

The team leader (Fig. 4) - one for each shift - manages the activities of his UTE by performing duties that involve not only management as such but also "prevention" (any anomalies, problems or *défaillances* that may occur) and, in particular, employee involvement. He is responsible for the functioning of the UTE in terms of productivity, costs, materials, quality, human resources management and health and safety.

Figure 4:

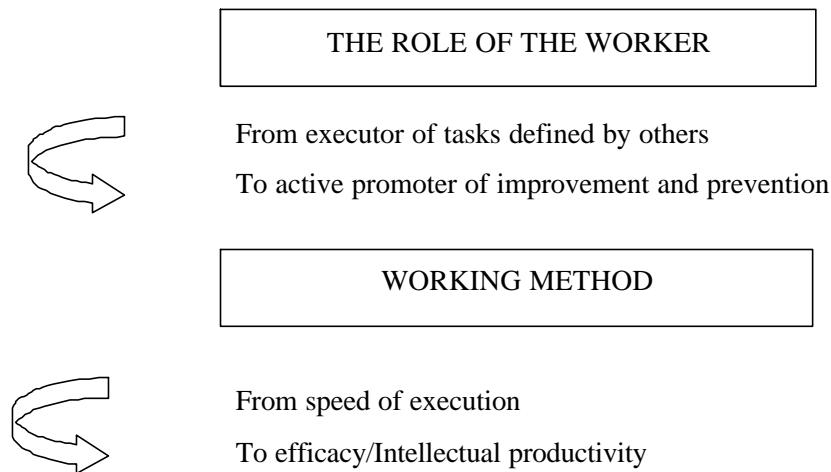


The integrated processes supervisor (CPI) has the duty of training employees for their specific tasks and promoting their professional development, by co-operating with his hierarchical superiors (the team leader and company training officers). He attends the meetings of the UTE and the daily meetings with the operations manager (*gestore operativo*). He also controls the product quality level by taking preventive action in relation to any anomalies that may occur, in accordance with the logic of continuous improvement. He is familiar with all the tasks within his areas of responsibility and therefore gives assistance to new employees (for this reason he is also called a *facilitator*).

The UTE technician is a hybrid figure: although he reports to production engineering, he spends most of his time within the UTE. His duties are related to maintaining and improving the technical and economic efficiency of tools and equipment and his function is mainly directed towards preventing machine stoppages.

Line workers (Fig. 5), in addition to performing traditional manual tasks, also perform prevention and autonomous control activities in accordance with the logic of zero defects. They rotate - generally every three days between tasks and/or stations on the line (postazioni) which are functionally close within the same UTE, or in some cases they may work in different UTEs within the same operational unit. As well as allowing more flexible interaction between different tasks, this helps to improve their knowledge of the production cycle. They attend meetings with the team leader and other figures in the UTE and discuss quality problems and possible suggestions for improvements.

Figure 5:



Among the main ways of activating greater involvement of the workforce (*Total Employee Involvement*), two particularly important approaches are "Management By Sight" (*GAV - gestione a_vista*) and improvement proposals. *GAV* is a technique of collecting and disseminating information on fundamental parameters of the production process which makes it possible to update, in real time, any problems or particular situations (e.g. data on productivity, costs, absenteeism, etc.). It therefore represents a flexible and adaptable answer to specific problems. Also, *GAV* is a means of making the plant more transparent (data are reported on charts and/or on notice-boards displayed within the UTE and visible to all employees) and, above all, implies greater employee responsibility in relation to the management of production.

In the case of improvement proposal, a technique which specifically implements the "active contribution" of the employee in the new production logic, employees are able to make useful suggestions in order to reduce costs, improve quality, speed up operation, etc. Meetings are held for this purpose between team leaders, CPIs, technicians and line workers. The proposals are then evaluated by a committee composed of managers and technicians, and if they are accepted a cash bonus is granted not just to the individual employee concerned but to the whole group, in order to strengthen the logic of the team spirit.

Subcontracting

Owing to the physical location of 22 suppliers in the area surrounding it, the Melfi plant is organized according to the just-in-time (JIT) principle. In practice, the company delegates to a number of suppliers called *capofiliera* the management of producing complex components, giving them control over other suppliers farther downstream.

Suppliers are in direct contact (via a teleprocessing system) with the plant, which requests in real time what is needed for production using a *pull*, not *push*, system. This means that, in order to provide what is needed for final assembly, the order starts from the end of the process and moves back towards the beginning, accepting only those components which are strictly necessary on the basis of short-term production planning.

FIAT's option of using external suppliers, i.e. subcontracting, as opposed to vertical integration is based on three fundamental reasons:

1. Avoiding the massive capital investment needed to produce a wide range of components in large quantities;
2. Reducing the risk of maintaining unused production capacity during non-profitable periods;
3. Taking advantage of the lower wage levels in small firms.

Fixed-term contracts

All of the Melfi employees were hired 18 months before the plant opened, under work/training contracts (*contratti di formazione lavoro, CFL*) which took advantage of the national law providing incentives for young people on this basis. They were selected according to their formal qualifications and abilities and were given training before starting their jobs.

The change in Fiat's working culture has also necessitated the implementation of an intensive training provision. This training provision, which is not offered on a once-and-for-all basis but has to be permanent and intrinsic to the corporate system, represent the foundation on which the technical and organizational know-how of all employees is built. Such a commitment to training involves a variety of activities: general information on the new structure; special professional training for the new figures involved; and training in the techniques and operating methods used by "integrated factory". However, training provision does not include health and safety matters, which are the responsibility of management and negotiated with union representatives in the context of a special committee.

In the case of the Melfi plant, a total of 250,000 training days have been completed (130,000 of which involved simulated operations and 120,000 took place in the classroom), using 80 courses and 450 instructors. All young workers hired by the plant have completed special learning courses (lasting 1-25 months) given both in the Instruction Centre within the plant and at ISVOR headquarters in Turin.

The agreement of June 11, 1993 regarding the two new companies (SATA and FMA) formed ad hoc by Fiat for the Melfi and Pratola Serra plants in Southern Italy dealt with the following:

- **Working hours and shifts:** The agreement introduced a scheme based on three daily 8-hours shifts on 6 days a week (with reductions and flexibility at the end of each shift). For the individual employee this scheme is applied over two consecutive weeks, and during the third week he works only 3 days.
- **Work organisation and cycle times:** There are two main innovations from this standpoint: first, working times may be re-defined every three years, even in the absence of major technological or product changes. Second, although the workflow on production lines may be halted in order to prevent or resolve quality problems, the production lost because of such line stoppages has to be made up during the shift concerned.
- **Reward system:** Remuneration packages for Melfi and Pratola Serra employees are more flexible than those in other Fiat plants. In addition to applying the national minimum wage to employees, the agreement provides for a "competitiveness bonus" (*premio di competitività*) which is partly fixed and partly contingent on productivity measures. It is paid monthly and can represent a significant proportion of the total remuneration package.

A key aspect of the Melfi plant is its decentralization of decision-making and responsibility. It is a highly decentralized structure based on delegation and responsibility, with leaner controls, greater autonomy, increased professional development and more widespread communication. This means that decision-making has to take place at the lowest possible organizational level.

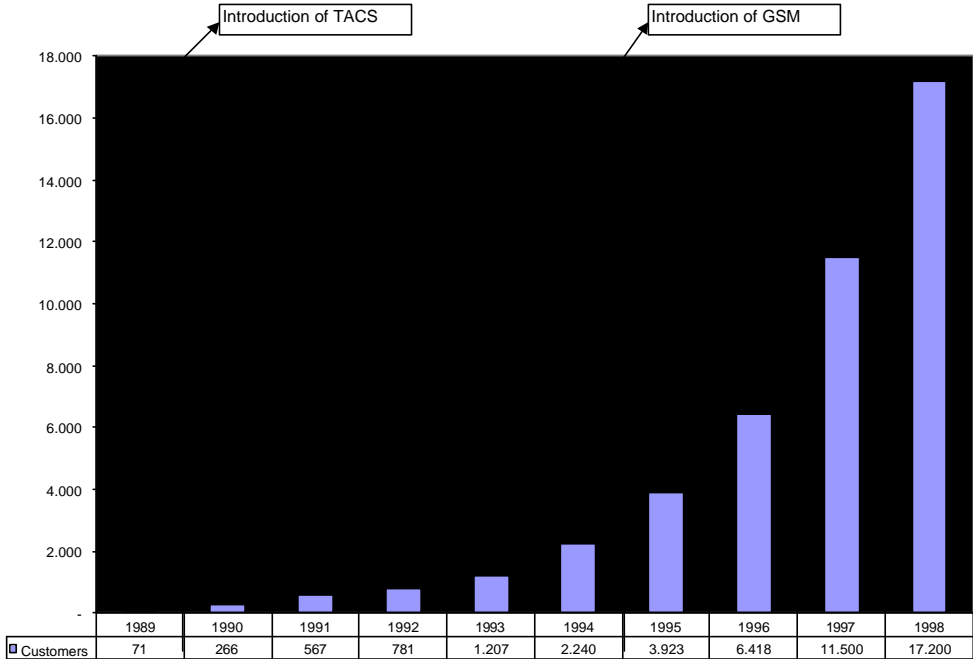
The central departments, which are likewise expected to operate in line with the principles of lean production, are responsible for strategic and operational tasks which are different from those of the past and in comparison with traditional pyramid-style management; product design, processes, technologies, organizational set-ups and logistic system. In addition, they ensure the fluidity of relations between the various parts of the company, as a channel for the more effective achievement of targets.

3.1.2 TIM

Market context and company strategies

In Italy, the mobile telephone sector, which was initially operated by a single company in a position of monopoly (Telecom), is characterised by strong growth and a highly dynamic element introduced both by the entry of new competitors and by the imminent developments towards the integration of fixed and mobile telephony and data transmission via the Internet.

Customers in the Italian market (thousands)



To begin with, the “cellular telephone” product was seen as one of little or no strategic importance that was expected to have extremely limited success with the general public owing to the high cost of the handset and call charges. In point of fact, nobody had foreseen the runaway success which mobile telephony has actually proved to be, particularly with the introduction of the digital network GSM.

In particular, Italy leads the rest of Europe as the country with the highest penetration of the cellular telephone.

	<i>Subscribers</i>	<i>Annual growth</i>	<i>Annual penetration</i>
Italy	13.300.000*	80.75%	23.13%
UK	9.024.000	27.58%	15.80%
Germany	9.400.000	54.35%	11.88%
France	6.600.050	123.51%	11.68%
Sweden	3.470.025	36.61%	40.34%

Source: *Global Mobile (1 April 98)*

* As at September 1998 the total number of customers in Italy has risen to 17.2 million

Italy lays claim to 18 million subscribers, although it would be more accurate to say “cellular numbers”, since there is considerable overlap between smartcards. In other words, the statistics do not mean that there are actually 20 million Italian who use a cellular telephone, but have to be interpreted in the knowledge that, in many cases (especially among the younger age groups), the owner of a handset has more than one smartcard from both operators and more than one mobile number (e.g. for personal and professional use).

TIM is currently the national and European market leader in mobile telephony. It operates two networks in Italy: the TACS 900 Mhz analogue network and the GSM 900 and 1800 Mhz digital network. On both networks TIM provides services to residential customers and to businesses and with the introduction of the prepaid service (TIM CARD and Ricaricabile TACS) has created a new, consumer, market segment.

As at December 1998 the TACS service area is equal to 81% of national territory and covers 98% of the population, while GSM coverage is 83% of national territory and equivalent to 98% of the population.

TIM is also a partner in IRIDIUM Italia (with a 35% holding) and is therefore a supplier of the satellite telephony service launched in Italy experimentally in September 1998 and commercially in November of the same year. TIM, as the Service Provider, operates the Italian commercialized network and connects subscribers to the Iridium global network.

The current competitors are Omnitel (Olivetti) and Wind, which entered the mobile telephony market during the past year (1 March 1999) and is the first operator to provide an integrated fixed-mobile service.

The opening-up of the Italian market began with Omnitel’s entry in 1995. For a while, there was initially a kind of duopoly, in the sense that Omnitel and TIM (as their own top managements admit) did not unleash a price war, but shared the market and concentrated mainly on winning customers with a superior quality of service and customer care. In fact, there was some degree of competition which brought prices down, but the prevailing climate was one of a pursuit race to match the conditions of whichever operator was ahead at the time. What actually happened was a continual sprint race between the two operators.

Today, Omnitel is TIM’s major competitor. As at 31 December 1998 it was providing services to 6.19 million customers, with a network infrastructure covering 98% of the population (equivalent to 88% geographical coverage) and had 5500 employees. Its share of the total voice market was 5%, including 17-18% of the mobile market (over 5 million subscribers in November 1998), and lying in third place at European level behind TIM and Mannesman.

Wind, which entered the market as the third cellular operator, describes itself as the first fixed/mobile provider. Furthermore, owing to its powerful shareholders (Enel, Deutsche Telekom e France Télécom) it has the capacity to advance very strongly by capillary action, another reason being that the technology could enable the same electrical network to be used to transmit telephone signals by opening up low-cost highways via the Internet. Wind already has several thousand customers in the business sector. According to some experts, its arrival is likely to end a situation of stalemate in the entire sector.

The strong growth of the mobile telephony sector has had the effect of creating employment in customer care services.

The entry of new competitors, in addition to fostering an overall increase, is already creating a phenomenon of employment “flow” between the operators, particularly in the case of the more specialized occupations.

The TIM Company

TIM is a recently formed company, operating in an expanding and nowadays highly competitive market. In this context it has succeeded in finding its own “mode” of management and organisation differing from the tradition within Telecom, which, unlike TIM, has arrived unprepared, in a certain sense, at the phase where the market is opening up to competition.

During these latter years TIM had undergone very considerable expansion and has had to equip itself to meet the continually evolving demands of the market and its clientele, in some instances in a race against time set by external factors.

Its capacity is demonstrated by its current position as the European market leader in mobile telephony. From this point of view, it is interesting to note that in the latest business plan drawn up by Bernabè (the Telecom’s Chief Executive) TIM was treated as the reference model for the whole of the Gruppo Telecom.

As at 1998, it provides services to 15,445,000 customer, has a workforce of 8900 employees and has more than 48,000 shareholders world-wide.

Members of TIM (as at 30 June 1998)

Telecomitalia spa	60%
Market	31.7
Banca d’Italia	1.8%
Società Generale S.A.	1.3%
Bankers Trust New York Corp.	1.0%
Fonditalia S.A. (lussemburgo)	0.8%
Europacific Grwth fund Arca SpA	0.8%
Nnomura International Plc	0.7%
Merrill Lynch & Co Inc	0.6%
Fidelity International	0.6%
Finanza e Futuro Fondi Sprind	0.6%

Source: Tim half-Yearly report

TIM is the leading mobile telephone service operator in Europe. Some relevant company data are as follows:

- in 1998 it recorded a net increase of over 5 million customers;
- during 1998 its stock-market value recorded a growth of 50.9%, far above that of the MIB 30 index (40.9%);
- in 1998 the company net profit amounted to 2525 billion lire, with receipts of 11,900 billion lire and a gross operating margin of 5647 billion lire (source: TIM);
- according to the figures for the third quarter of 1998, TIM leads the European market with a share of 16.3% and the national market with a share of 72%.

International markets

As well as consolidating its own position in the national market, TIM is continuing the expansion of international activity in line with the Group's strategies, including, for example, interests in Austria, France, Greece, the Czech Republic, the Serb Republic, Spain, the Ukraine, Argentina, Bolivia, Brazil, China and India. On 24 January last, it acquired the third radiomobile telephony licence through the company in which it holds an interest, Retevisión Móvil (brand Amena). Through the latter, in only six months since being granted the licence TIM has achieved one of Europe's fastest start-ups and within just over a month has acquired over 37,000 customers. These acquisitions bring its number of overseas clients to 6.847 million.

Internal structure

TIM's structure is compact and divided into three main areas:

- **Marketing:** this is subdivided into consumer and business. The sales network is spread throughout Italy through two channels: the company-owner chain of *il telefonino* shops (37) in the major cities, and some 4000 authorized retailers (*Centri TIM*);
- **Network:** this part of the company handles plant and equipment and the transmission networks;
- **Customer service** represents the main interface with the customer.

The country is divided up geographically into seven regional areas (Turin, Bologna, Milan, Venice, Rome, Naples and Palermo) which make up a national "Operations Directorate".

The company is organised into a central head-office and seven regional offices. Policies and strategies are decided centrally, and until recently the decentralised offices had little autonomy. However, this gave rise to a number of problems impinging directly on company performance.

One such example is the management of traffic flows (flows of calls to the call centres). Planning used to be carried out according to a single traffic matrix aggregated on a national basis. This meant that the arrangement of working hours took no account of regional differences. In planning the annual holidays of network staff, for example, it could turn out that there was a shortage of operators in tourist areas, with a traffic overload, but a surplus of staff in the cities.

With the new decentralisation this tendency, at least as regards the problem of traffic matrices, is being reversed precisely because it allows effective management of the geographical specificity of demand.

Employees

Given the sector's strong growth, TIM has also expanded in terms of the size of its workforce.

Number of employees	8.900 (57% men and 43% women)
Average age	30
Teleworkers – external operators in the network division	75 (as at 31.12.98), i.e. approx. 19% 150 (forecast 31.12.99) i.e. approx. 37%
Work/training contracts	2.300 new employees since 1996
Employees in the Customer Service Division	3.900 i.e. 43.8% of the total workforce (61% men and 39% women)
Part-time workers in the Customer Service Division	40% of the Customer Service workforce (i.e. 18% of the total workforce) of whom 66% are women and 34% are men
Temporary workers	(i.e. 11% of the Company workforce)
Educational level of customer care employees	96% with higher school diploma 4% with a university degree

Sources: TIM and *il Sole 24ore*, dated 28 September 1998.

Internal communication

TIM attaches great importance to internal communication, through which it seeks to keep employees up to date on new developments in the sector and within the company and to foster a strong sense of group identity. In November 1995 it launched a house journal entitled *Tim Tam Tam*. Now in its fourth year of existence, the journal is seen as a useful means of conveying information on what is happening both within the company and in the world of telecommunications.

Training system

The training system within TIM is not a highly developed one. For employees in the Customer Service division, training is provided on entry and thereafter only when necessary, on the job (essentially "learning by doing"). By agreement with the unions, a continuing training project backed by European funding is under examination. In the Network division, training is provided on entry and subsequently for one week each year. However, special technical training is given in the event of internal promotions.

Forms of flexibility

The different forms of flexibility used in the company reflect the flexibility needed within its different divisions (Marketing, Network and Customer Service), which each have specific characteristics and requirements. They are therefore discussed below separately on a division basis.

Customer Service

Customer Service is the core of the relationship with the customer and therefore the point which is most exposed to the market. Its purpose is to provide personalised assistance/advice

on tariff plans and all the services incorporated in the mobile telephony (voicemail, text messaging, etc.). As in other business sectors, after-sales service becomes a component of the product and is the main way of winning customer loyalty and training market shares. Its efficiency also has a considerable impact on the company's position in comparison with the competition and its market penetration. For this reason, TIM may be described as a highly customer-centred company.

Customer Service represents an area in which it is necessary to invest human resources and technology in order to guarantee maximum effectiveness and efficiency. It includes four types of activity:

1. Customer assistance (help-line called 119): it is the operator who answers the call and is usually able to answer inquiries about tariff plans and additional services (e-mail, text messaging, etc.); if the customer's inquiry lies outside the answering operator's sphere of responsibility (technical or administrative problems, etc.) the call is switched to another operator or a technician;
2. Customer management: marketing *back office* which deals with all administrative problems relating to billing and payments;
3. Customer retention: aimed at winning back customers who have cancelled their contract;
4. Operational management: organisation of work within the Customer Service division.

The employees who work in Customer Service constitute 43.8% of TIM's total workforce. The customer care service is organised into 7 call centres (one for each regional area) and each call centre answer call originating from the area in which it is located. The Customer Service is manned 7 days a week, 24 hours day in the Rome and Milan call centres and 0700-23.30 hrs in all the others. This means that between 23.30 and 0700 hrs. the Rome and Milan call centres handle the whole of national traffic.

The quality of the service hinges on the coverage of a broad time-span and the effectiveness of response (both response times and information). Quality management therefore has to tackle several crucial aspects:

- the need to cover lengthy time brackets during which traffic peaks occur at certain hours of the day, accompanied by the necessity of finding ways of coping with the fluidity of demand, which precludes any definite, long-term calculation of the number of employees required;
- the need to be capable of answering customer's inquiries with very fast response times on a wide variety of topics.

The company has adopted various forms of flexibility in order to overcome these problems. The time coverage is directly linked to forms of internal quantitative flexibility, and the effectiveness of the service to forms of internal qualitative flexibility.

Part-time work

The activity of the call centres follows a pattern which is determined by the frequency of calls (traffic pattern curves) and the need for staffing levels which are variable according to time brackets. The "key instrument" for meeting this need is therefore part-time work. Individual

working hours in the regional customer services centres are 37 hours and 50 minutes where different shifts are worked in the different days of the week in order to meet customer demand.

Part-time work is based on either 50% or 75% of these full-time hours. For the customer assistance service in particular, a variety of shift-working arrangements are used which follow a weekly rotation.

Night-shift work is mostly voluntary.

In view of the decentralisation, there is provision for variation of the distribution of working hours. The structure of shifts within the hours for which the service is manned is constantly evolving and also involves part-time workers.

Part-time work in the company represents 20% of the total, but under the agreement of 23 September 1998³, may represent up to a maximum of 40% in the particular case of custom services; if this upper limit of 40% is exceeded, there is provision for converting contracts into full-time contracts in order to restore the agreed quota.

The breadth of the time-span involved also means that night shifts have to be covered, which are voluntary. As mentioned above, the time bracket between 2330 and 0700 hours is covered only by the Rome and Milan call centres. The great majority of those employed during the night-time hours are university students, who prefer these working hours because they fit in better with their lifestyle.

To cope with the seasonal peaks in activity, a special agreement has been signed which provides for forms of “cyclical part-time work” i.e. part-time work concentrated in the June-September and December-January periods.

Temporary work

The number of employees in this area has increased continuously over the past 4 years, but according to company forecasts the entry of other competitors and the gradual stabilization of the sector will mean that this rising trend will be checked and possibly decline. The company's need for a numerically flexible workforce is subject to two determining factors: the variability of demand and a functional “ceiling”. For this reason, TIM's use of temporary work in this area is in accordance with the agreement of 11 March 1999⁴, which fixes an upper limit of 11% of the permanent workforce⁵, which has been forecast for the specific period.

Here too, the need to meet the requirements imposed by traffic flow patterns dictates the conversion of temporary contracts into permanent part-time employment.

Professional enrichment

The need to offer the customer a quick and accurate service is leading TIM to adopt what is called “one call one solution”. This means that on the occasion of each call the customer is

³ in accordance with the company-level complementary agreement of 14 November 1997.

⁴ In relation to the contract for the supply of temporary labour provided for by Law No. 196 of 24 June 1997 and incorporating in its entirety the Interconfederal Agreement of 16 April 1998.

⁵ Part-time workers are counted in proportion to the percentage of full-time hours for which they work.

able to talk to an operator capable of providing an exhaustive answer on a variety of topics. This "one call one solution" initiative will therefore lead to an increase in the number of employees with specific and detailed knowledge. It may be said that the need to improve the quality of the answer provided by the customer care service will result in a form of professional development for the operator concerned. Given the nature of the knowledge that has to be acquired, there is no provision for a special training course, but reliance on on-the-job training (learning by doing).

Quality performed as reward system

Good performance by a customer service centre is measured by the degree of customer satisfaction. In confirmation of this, part of the performance bonus paid to the Customer Service operators (30%) depends on the results achieved in terms of quality as perceived by the customer. The criteria and indicators relating to the performance bonus are the subject of a special agreement.

Starting from the indicators used to represent the level of performance, it is possible to define the weighting assigned to each in the composition of the bonus. The indicators in question are:

- Gross operating margin for the period of reference based on the "Half-Yearly Report" and the "Operating Budget";
- Customer stability during the period of reference based on the "Operations Management Report";
- Customer satisfaction during the period of reference, based on the "Operations Management Report".

Thus, the performance bonus is made up as follows:

- Rose operating margin 30%
- Customer stability 40%
- Customer satisfaction 30%

Specific -projects

TIM has developed specific projects of high ethical value for the particular target groups to whom they are addressed, accompanied by awareness campaigns within the company:

- *Progetto Arcobaleno*: for the disabled
- *Progetto Ginestra*: for ex-prison offenders
- *Progetto TIM Mamma*: for women with children
- *Progetto TIM valore Donna*: for the return to work of women aged over 40
- *Progetto Campus*: for university students

The two projects targeted at women are particularly interesting since they are aimed at reconciling working, social and family life through forms of flexible working hours.

Tim Mamma is a project which uses the "hours bank" system. Mothers with children under 8 years old are credited with an annual quota of 150 hours (14 hours a month); hours can be "drawn off" at a minimum -rate of 30 minutes and any hours owed are made up within a given calendar quarter. The time is credited and debited to a "personal hours account", with every "transaction" recorded in an account "passbook".

Tim valore donna is a project intended to promote the re-entry into the labour market of a group of unemployed woman aged over 40 initiated in 1996, it has now passed through 3 editions and has involved a total of 160 women, 96% of whom are at present members of the workforce.

The use of part-time workers has a twofold value: on the one hand it enables TIM to manage traffic flows better, and on the other it seems to meet the needs of employees. It might be said that the formulas devised for part-time work represent, in a way, a meeting-point between demand and supply.

Network division

Up until the beginning of 1999 the Network division was organised into 4 regional network administrations (GTRs), which between them look after 16 regional network outstations (PTRs). At present time this structure is under review.

Each PTR comprises a technical area (Switching, i.e. control centres, and Plant and Equipment, i.e. external sites of installations), which handles plant operation and maintenance; SOI, which handles relations with suppliers; and Quality, which represents the interface with the Customer Service 119 facility.

Mobile teleworking - working out

In the Network division, the main form of flexibility is teleworking by the external operators of the regional network outstations.

This type of activity concerns the effective manning of the area and the installations located at sites distributed over it: only 35% of the plant and equipment is located within a 30 km radius of the outstations. This geographical distribution of plant and equipment involves journeys by the operators covering distances of more than 100 km.

The basic working hours for these external employees in the Network division are currently 0800-1640 hrs from Monday to Friday with 0800-1900 hrs on Saturdays, Sundays and public holidays on a standby basis paid as overtime.

Discussions are under way at present to change the shifts system and standby times.

The discussion on the extension of standby availability, is two fold.

On one hand the unions are requesting that any decision on hours of standby duty should take into account that some installation sites are in isolated and peculiar locations. In their opinion such cases need careful judgement.

On the other hand, the company outlines that possible decisions should take into account the need to ensure the network efficiency.

The decentralisation of resources over the area by means of teleworking, avoiding the daily journey from the relevant centre, is seen as a way of reducing the time taken to visit and maintain plant and equipment and so increasing the Network division's effectiveness and efficiency. Such teleworking has advantages not only for the company, but also for the operators themselves.

The National Collective Agreement for Telecommunications Companies represents the normative framework for all signatory companies. It establishes the legal classification of teleworking and delegates to a joint committee the task of defining the regulation of the employment relationship, which in legal terms is that of work as a subordinate employee under a contract of employment.

With the agreement of 14 November 1997⁶, TIM and the trade unions established the rules for launching a telework experiment involving external operators who work in the regional network outstations, for which the form of teleworking called "roaming" or mobile teleworking was chosen⁷. The criteria for taking part in the six-month experimental project were as follows:

- voluntary participation
- the employees concerned must have accumulated long enough experience of the work to be able to operate autonomously;
- their home must be located within the geographical area over which they operate.

The workplace is deemed to be the premises of the relevant centre, and the working hours are those specified for the staff of the centre. Work is initiated by the dispatch via modem of a work docket, and regular visits are made to the centre, usually on a weekly basis. Employees doing telework retain the same opportunities as other employees for career development and attendance of training courses.

The experiment involved some 20 employees of the regional outstations in Apulia and Tuscany. In terms of jobs complete per day, the results were very positive: an increase of 44% in Tuscany and 174% in Apulia. By reducing the time taken to do each job, the introduction of teleworking allowed better planning of jobs and maintenance work. Added to this is the reduction in the outstation costs, which in Tuscany, for example, was 16%.

The positive results of this experiment led TIM, in agreement with the unions, to adopt roaming telework as an operational method in the Network division and extend its use to cover the whole country.

From the point of view of processes of participation and union information, still on the basis of the company-level agreement, a labour relations display site was opened up on the company intranet to enable teleworkers to access union and company information. This is still active and "dedicated" to teleworkers alone.

At present there are 75 employees working as teleworkers, representing some 19% of the company's external operators, and it is estimated that by the end of 1999 the figure will be 150.

Availability via cellular telephone

All TIM employees are given a cellular telephone, which also serves as a work tool. It offers the possibility of increasing personal mobility while maintaining a high degree of availability

⁶ The agreement also provided for forms of teleworking for staff employed on sales, but this has not yet been implemented.

⁷ For this experiment, TIM received the 1998 European Telework Awards prize for the best contribution to European competitiveness.

both at work and during free time, with effects which should not be underestimated since the amount of time spent actually working is definitely increased. It represents a new mode of working which integrate the more traditional methods and would merit careful study of its long-term effect on working time and leisure time. This is also true in the light of the new technologies incorporated into the cellular telephone which can transform this instrument into a terminal for receiving data and information and broaden its use for professional purposes.

In the case of TIM, the situation specifically considered is the use of the cellular telephone for external operators. With this group of employees, its use has made it possible for jobs to be attended to more promptly and improved communication with the relevant centre and co-ordination between its operators. Also, the possibility of receiving technical documentation directly on the cellular telephone will enable the work itself to be done more effectively and efficiently.

3.2 Flexibility and working conditions

3.2.1 Fiat Melfi

In the light of the above considerations, in this section we analyse the links between flexibility strategies and working and employment conditions within the plant. In particular, we examine health and safety issues, working hours and intensity of work, job rotation, employee participation and access to training for employees with fixed-term contracts (Table 2).

Health and safety

As regards health and safety, it emerges from the research that traditional risks, related to jobs performed in non-automated areas (where exposure to toxic substances is higher than in highly automated areas), are combined with new risks and problems in terms of both stress and accidents at workplace, mainly related to increased pressure and intensity of the rhythm of work.

Although automation and new technologies have significantly reduced risks in most areas within the plant such as assembly and some automated areas of spraying, there are still UTEs, such as those in the spraying operational unit where the majority of tasks are still performed manually, which are characterized by high risks related to noise and the high concentration of dust in the air. In addition, the use in some areas of chemical substance such as PVC represents another source of risk for employees.

The result is that some of them are affected by allergies, bronchial infections and skin problems. Increased safety measures such as helmets, special gloves and protective clothing are at the top of the employees' list of demand.

Although the operational unit manager interviewed stressed the high safety level and the effectiveness of preventive measures, the welding operational unit also presents some risks. Despite the fact that welding operations are carried out using automated tools, dangerous fumes are spread in the extraction ventilators in these areas might reduce the risks of illnesses. In spite of the fact that automation and new technologies have improved ergonomics in the assembly operational unit and, consequently, the way in which employee perform their tasks on the production line, interviews with line workers, operational managers and team leaders confirmed, at different levels, that traditional problems (mainly muscular pains in the legs and arms and back pain) still exist, particularly in some UTEs such as those at the start of the

production line in which the car body has to be assembled. Some of the tasks still have to be performed bent inside the car or standing up for most of the time.

As far as accidents are concerned, most of them are directly related to the increased intensity of work which is a feature of Fiat's new organizational model. Unlike other Fiat plants (e.g. Mirafiori, Termini Imerese and Rivalta), the traditional time measurement system called MTM (Method Time Measurement), which is widely used in many Italian companies, has been replaced by a new one called TMC-2 (Time of Movement Connected), which in practice reduces the time allotted to different operations by 20%, by increasing the speed of the line. Furthermore, under the June 1993 agreement, in the event of line breakdowns the production lost must be made up within the same shift by accelerating the line speed by 10% (employees mentioned speed increases of up to 20%). Another controversial aspect is the scheduling of breaks, which have been increased from 1 to 2 (40 minutes in total) but are often scheduled to coincide with technical stoppages or the start of the new shift when the line is receiving technical attention.

Time constraints, together with stress, often lead employees to perform the various tasks without paying sufficient attention to safety. This is true both of line workers and of qualified personnel such as CPIs and maintenance workers who have to intervene in the event of line breakdowns.

Overall, although the company has invested a considerable amount of money in new technologies and machinery in order to reduce risks, prevent health problems and ensure a high level of safety, the characteristic features of the organizational model, oriented towards flexibility, reduction of time and costs and achievement of high profits, appear to have a number of negative effects on working conditions.

With the January 1996 agreement between management and unions, an additional attempt was made to prevent health and safety problems through the formation of a special committee, at company level, with responsibility regarding safety, the work environment and accident prevention. In accordance with national law (Legislative Decree No. 626 of 19 September 1994 on safety in the workplace), employees have their own safety representative, elected from the shop-floor union body (RSU). Within the committee, made up of 14 members, employees have the majority with 8 representatives, 6 of them from the RSU and elected directly by employees (including non-union members) and the other 2 appointed on union initiative. On the management side, the human resources manager, labour relations manager and operational unit managers take part in the work of the committee. It is mainly responsible for defining information programmes in order to increase employees' awareness in the matter of prevention, organizing training courses for employees' safety representatives and monitoring Commission action on safety, the work environment and accident prevention.

Shiftwork

Shiftwork, and in particular night shifts, appear to have a very considerable impact on working conditions. Many of the employees interviewed (especially women) complained about the shift system operated by the company and the working hours, which have profound effects on their private life.

The continual change imposed by the rotating system of three 8-hours shifts has a twofold effect. First, it prevents employees from having a normal social life outside the plant. Before working at the plant, most employees used to play sports, visit the cinema with friends, go to

the theatre and spend time with the family; the new pattern of work organization has changed their habits completely and forced them to give up their former social and leisure activities. Second, it has negative effects on the physical level. For example, after two consecutive night shifts many employees have difficulty in getting to sleep because of the two weeks spent working during the night (2200-0545 hours). In addition, for some employees (those who commute) the working hours are even longer because they have to travel for two hours or more before reaching home.

Shiftwork, and stress caused by the increased intensity of work also have implications regarding forms of employee co-operation, making it difficult to instil a sense of solidarity among them.

Job rotation

Interviews held with team leaders and workers (mainly in the assembly operational unit) confirm the importance of job rotation within the team and the operational unit. Rotating employees between different tasks significantly reduces the risks associated with monotonous work and takes place frequently, depending on employees' ability to perform all the required tasks. In comparison with other Fiat plants such as Mirafiori, in the Melfi plant employees are more willing to rotate, probably because their average age is younger, and they arrange it with the team leader, who is in charge of deciding the rotation order. In practice, however, not all team members may rotate, owing to the skills required and, in some cases, the physical strength. Consequently, some employees (sometimes women) are able to rotate only rarely, or after a necessary period of training.

Direct employee participation

Among other organisational principles the new model is based, as mentioned above, on teamwork, direct participation and employee involvement. Nevertheless, in practice there seem to be two main problems relating to effective employee participation. First, the main opportunity for such participation takes the form of meetings held within each UTE at which employees are able to discuss with the UTE chief, and with each other, quality problems, cycle times, improvements, etc. However, since these meetings tend to take place only once or twice a month and at the end of shifts (it depends on the UTE chief), most employees rarely attend them, owing to the short time they have to catch the bus outside the plant. Second, employee participation seems to suffer from something lacking in the incentive mechanism.

In other words, employees lack sufficient motivation to participate actively, not just in terms of money but, above all, in terms of support from the management. Much of the initiative is left to the UTE chief, who is left to see to the management of employees in this team.

Once again, however, time seems to be a key factor as well as the main obstacle to more active employee participation.

Access to training

As already mentioned in the analysis of flexibility strategies, with the Melfi projects the FIAT management has definitely paid great attention to training the workforce in order to implement the new organization model, and massive investments have been made in this sense. However, not all employees have received identical treatment with regard to training. In particular, the interviews reveal that only some employees such as UTE chiefs, integrated processes supervisors (CPIs), technicians and maintenance staff (the qualified figures) attended a comprehensive and intensive training programme in the classroom, together with a

work/training period of at least six months in other FIAT plants. Manual workers, on the other hand attended only a three-week course on the new organizational concepts relating to the Integrated Factory. Whereas this training strategy focuses on a number of specific figures such as UTE chiefs and CPIs who are the key actors in the new team-based model, at the same time it appears in some way to belittle the role of manual workers by excluding them from a serious training programme, which would seem contradictory to the logic of employee participation and involvement underlying the Integrated Factory.

From most of the interviews held with UTE chiefs and workers, and from scrutiny of the house magazine "In Diretta" (since 1995), which includes information on training courses, it seems that this differential treatment of qualified figures and manual workers in terms of training is systematically continued over the years.

In spite of these differences in training, however, the interviews reveal a high degree of mobility among employees and numerous opportunities for career development. Even for manual workers, it is not unusual to gain promotion and move to higher-grade jobs and responsibilities when they have acquired professional abilities and improved their personal skills. For example, one of the assembly operational managers said that before reaching this grade he was a technician. Within a few years he became a UTE chief, and he now manages a group of UTEs in the assembly operational unit.

The establishment of the ISVOR-FIAT Learning Centre at the plant in 1996 represented an important step forward in accordance with the logic of continuing and progressive valorization of human resources. The Centre provides its services for all levels in the company, from senior and middle management to technicians, and from specialists to manual workers. The aim is to create the conditions for both individual and collective learning through programmes which create and develop abilities. In practice, employees have the opportunity of attending, outside working hours and with the assistance of personal tutors, courses on subjects in which they wish to improve their knowledge (not necessarily related to their job), such as foreign languages, information technology, mechanics, etc. These programmes strengthen the process of continuous education of the workforce, foster employee's personal development and, therefore, increase their chances of improving their position at work.

3.2.2 TIM

Customer Service division

Companies are in an intermediate position between the market and their available resources. This leads them to find a "way" of combining the demands on resources with those of the market. In a company such as TIM, the external market is represented both by its competitors and by its customers and is characterised by a continuous dynamic (sometimes even a sprint) which imposes bursts of acceleration on the process of service production in order to be able to respond successfully in terms of competitiveness and quality.

In other words, we can say that it is the tempo of the market which pulls along the internal tempo of the company. TIM therefore symbolised an organization which has to adapt its work model to a market and customer both characterised by a variability which is difficult to predict in terms not only of manner but also of content. This generates a continuous adjustment towards flexible and variable working hours and consequently extensive use of forms of external and internal quantitative flexibility.

One of the effects is that TIM has to be able to provide a service for 24 hours out of 24. Continuous cycle production of the service requires forms of organising and managing working hours which allow for both continuity and variability. It is interesting to note that, in point of fact, the flexibility of working hours as a form of coping with the variation seems to be more homogeneous with new dimensions of the life routine of particular individuals.

In confirmation of this, the organization of working hours (part-time work and shiftwork) in the Customer Service division had not created particularly problematical situations. In a way, the forms of working hours flexibility based on different time brackets meet the differing need of various groups of employees. This is illustrated firstly by young employees in large cities such as Rome and Milan, with a life routine differing from the traditional norm, who choose voluntarily to work night shifts, and secondly by women who find in the “supply” of part-time work (or other forms of flexibility linked to working time) a way of reconciling working life with the pattern of family life.

It also has to be remembered that the work of an operator in the customer care service has elements of repetitiveness and monotony. From this point of view, part-time work can have an advantage over full-time work, since reducing the hours worked also quantitatively reduces the “repetitiveness factor”,

Network division

The adoption of teleworking for the external operators of the Network division was prompted by the need to make the service for maintaining plant and equipment more fluid and speedy, at the same time reducing costs.

For the employees concerned, the advantages have been a considerable decrease in the journeys they make, as a result of being able to plan jobs better, better management of their own time and, from the viewpoint of professionalism, greater autonomy and responsibility.

The teleworker is less dependent on the relevant centre and in a certain sense is responsible for the area he covers and therefore needs to be capable of managing it autonomously.

This increased responsibility/autonomy has increased the job satisfaction of individual teleworkers and fostered their sense of personal commitment to their service area, with a notable improvement in the quality of their performance.

Teleworking has also had positive effects in relation to accidents. Formerly, 40% of work accidents were represented by road accidents sustained by the Network division’s external operators. The introduction of teleworking has drastically reduced driving time and increased productive time, cut mileage costs and, above all, reduced the probability of driving accidents. These effects have represented an advantage for the company in terms of costs and efficiency and for the employees an improvement in working conditions (meaning, in addition to the question of accidents, the stress and fatigue of driving).

Another aspect not to be overlooked is that working life can be better reconciled with private life. Previously, the journey home from the relevant centre at the end of the shift often involved lengthy travel times, reducing the amount of free time left available.

In connection with the availability of external operators via cellular telephone, the Workforce Safety Representatives (RIs) requested that an earpiece facility should be provided so that the operator can do his work “hand free” without needing to hold the telephone in order to answer calls. A specific request made to the company met with a positive response.

As regards the effects caused by using cellular telephones, the Company is considering this issue, which concerns not only employees but everyone who uses such a telephone regularly, and last but not least those companies which are manufacturers and operators in the mobile telephony sector.

The Company is launching a campaign in the national press aimed at better informing customers on this issue.

3.3 Impacts of working conditions and flexibility

3.3.1 Fiat Melfi

The research yields a number of important considerations regarding the relationship between flexibility and the organisation of the labour market, particularly on the question whether temporary work represents a bridge or a trap.

Since 1993 the FIAT management has followed a strategy based on hiring people on fixed-term contracts. More specifically, this means that employees have been hired on two-year work/training contracts (CFL), renewable when that term expires. This not only enabled the company to reduce costs substantially owing to the financial incentives granted by the state in respect of such contracts, but also offered a flexible way of managing workforce, without the rigidity associated with permanent contracts.

As regards the way in which the FIAT management has used these work/training contracts, and in answer to the main question whether temporary work is a bridge or a trap, we found that the majority of employees (both manual and white-collar workers) have had their employment confirmed at the end of their work/training period. According to the human resources manager, since 1993 almost 98% of those Fiat employees who were hired on work/training contracts have seen their temporary contract converted into a permanent employment contract, although the minimum percentage fixed by the relevant national law, in order for the company to qualify for the associated financial benefits, is only 60%.

Among people who have left the company, the main reasons for departure include (in the case of voluntary resignation) discontent, distance of the workplace from their home and travel costs, as well as some cases of dismissal. Particularly in the early days of the project, some employees found that working in a plant like Melfi was harder than they had expected, given that most come from a rural area with no previous industrial culture.

For others it represented only a temporary job as a way of saving up the money to do something else. For many commuters, distance from home and travel costs were the major obstacles and reasons for resigning. In addition to such cases, the management has taken advantage of the relevant legal provisions by not confirming some employees' contracts and by dismissing some individuals on disciplinary grounds. Over the past two years labour turnover at the plant has declined significantly, with a departure rate of 100-150 people a year (out of a total of over 6000 employees), described by the human resources manager as physiological. In addition, since the beginning of this year 400 new employees have been

hired on work/training contracts and a further 50 are to be brought in for the first time, on the basis of the new flexible form of temporary work (temporary agency work, i.e. lavoro interinale) in order to cope with the problem and extra work connected with the launch of the new Fiat Punto. As the human resources manager argued, whether these workers continue to work at the Melfi plant or not will depend on the market and the success of the new car. It therefore seems that it is up to the market, as well as the company's dynamic strategies, to create a new competitive scenario in which employees are more likely to have stable and better employment.

As regards the use of the work/training contract, some employees and some union representatives (members of the RSU shop-floor union body) claimed that it represents an instrument in the hands of management to manage the workforce as it wishes, with repercussions on work performance and membership. In other words, the employees concerned are compelled to work harder and harder, with a low absenteeism rate (4.5% at present), and not to belong to a trade union (unionization within the plant is actually 32%).

Another important aspect of the relationship between flexibility and the labour market is the key role played by Fiat in the geographical area concerned, and the impact which the plant has had on its labour market and local development. Many of the employees who have left the plant have obtained better jobs in small or medium-sized firms located in the same area or in some cases have set up their own business, using the abilities and skills they acquired while working at Fiat. Although there are no large industrial firms or Fiat competitors in the area, it is advantageous to all the local small and medium-sized firms to be able to hire qualified people without any additional training costs. Consequently, it would appear that Fiat is creating and developing an industrial and labour culture whose effects extend beyond the plant itself, in promoting and stimulating new forms of economic activity.

3.3.2 TIM

All flexibility measures play a relevant role in improving company's performance and meeting the challenge of market competition.

The fast development of this sector has a two fold effect on the sectorial labour market: on one side job creation, particularly in the customer care services, and on the other side an external mobility particularly for the technical staff between the different competitors.

The company approach towards labour market takes into account the employability of groups with specific characteristics and needs such as women – mothers and women over 40-, young people, prisoners. From this point of view this company is carrying out a strategy and a policy aimed to find a new meeting point between the most disadvantaged groups, characterised by difficulties in entering or re-entering the labour market, and its business and organisational needs. Furthermore this new way of interacting with the labour market is also influencing the company's cultural environment.

3.4 The labour relations system

3.4.1 Fiat Melfi

As regards management-union relationships, the June 1993 agreement introduced bipartite consultation between management and unions on a wide range of issues at different levels (company, plant and operating unit).

The participation structures called Joint Consultation Committees (*commissioni congiunte*) are composed of union representatives and managers. They deal with matters such as the prevention and settlement of strikes and disputes, monitoring of the “competitiveness bonus”, training, equal employment opportunities, health and safety, etc.

In the particular case of Fiat, the June 1993 agreement established 15 Joint Consultant Committees: 2 at company level, 5 at plant level and 8 at operational unit level (2 for each for the 4 operational units) and defined their structure, composition and powers and responsibilities (Table 3).

For each subject area, the powers of these Committees mainly concern information (for monitoring functions), consultation (for observers and committee members) and proposal. Only in rare instances can decisions be taken, and they require the consensus of both parties.

In practice, Joint Consultation Committees do not possess direct bargaining capacity, which is left to the shop-floor union bodies (RSUs). Two other complementary company agreements were signed between the Fiat management and the unions in January 1996 and April 1996.

What is important about these Joint Consultation Committees is that they represent a channel through which management and unions deal together with any problems arising within the plant (on working conditions, health and safety, etc.) in accordance with the new labour relations model, which tends to avoid any kind of conflict. This method of negotiations is not based on formal procedures: on the contrary, the initiative is left to the social partners. Thus, much of its success depend on the ability of management and unions to confront the problems and find the right solution to them. As the human resources manager argued, the aims of such a system are involvement and information, with each side presenting its own position, but following a new approach different from the traditional one.

Generally speaking, meetings can be convened either by the human resources manager or the unions (the RSU) and they usually take place at least once a month, depending on the Committee and the problems needing to be resolved. For example, most Committees are currently preoccupied with the problems relating to the production and launch of the new car on which all the company’s efforts are concentrated. Nevertheless, not all of the committees within the plant are fully operational, owing to opposition from one of the shop-floor union organizations (FIOM-CGIL) which decided not to attend these meeting until the new national metalworkers’ agreement has been signed.

3.4.2 TIM

The labour relations system in TIM falls within the mainstream of company concertation. In this context, the Protocol on Industrial Relation signed by TIM and the industrial unions on 22 April 1997 represents a quite particular form of development.

The first point to be noted is that, at the time the protocol was signed, there was no question of needing to find a way of coping with phases of restructuring or crisis. On the contrary, TIM was an expanding company, as it still is today.

A second fact of some relevance is the low level of unionization (some 24%, as against an average of 50% within Telecom Italia and a national average around 40%). Two different population co-exist in TIM: on the one hand the very young employees, newly hired, with little inclination towards participation; and on the other hand the employees originating from

Telecom, possessing all the characteristics of the employees of a publicly controlled company with extensive experience of participation. Also, in TIM the RSUs (unitary union representatives bodies) were elected for the first time in 1997, with the confederal unions winning great success.

During the early days of the company's existence relations with the unions were somewhat turbulent, among other reasons because TIM had to cope with such unforeseen rapid expansion. The need to establish a more solid relation with the union and the resolve to steer it onto a more constructive basis were two of the motives which led to the signing of the protocol. In addition, the company wished to avoid the potential "microconflicts" which might have been generated by the presence of many young employees with professional aspirations that were difficult to satisfy, the low level of unionization and the growth of autonomous unions. In this sense, constructing a stable labour relations system was seen as a guarantee and a deterrent to the development of disputes.

Some commentators also think that constructing a specific labour relations system gave TIM a more clearly defined company identity as compared with other competitors.

The salient characteristic of the protocol are:

- its experimental nature, allowing for adjustment to the company's rapid development
- transparency,
- the wish to create a participatory system which does not overlap with the collective bargaining system, and
- the need to improve employment and working conditions through participatory instruments as well.

It has three sections:

1. the institution of OIP (organisation of information and participation).
2. trial development of areas of joint decision-making between the company and union representatives.
3. creation of powers of guarantee to safeguard the protocol and an undertaking to appoint an arbitrator for individual disputes.

Designed to constitute the core of participation within TIM, OIP operates at two levels: the company as a whole, and local level (the regional centres). It was also aimed at providing a continuous means of contact between company, unions and workforce representatives on company strategies and their repercussions on employment and working conditions.

At national level, it was given the form of a general steering committee composed of representatives of the company, the RSUs and the signatory unions, responsible for confronting various issues and putting forward recommendations or observations. Apart from being a "locus" for the exchange and comparison of information, this steering committee was also charged with the task of preparing the ground for collective bargaining; and in some instance, such as issues most closely linked to employment and working conditions, the committee's recommendations were to become actual agreements to be signed at the bargaining stage. There was also provision for the steering committee to be involved in the

company's strategic decisions; in this case its recommendations were to form the basis for a kind of co-management.

At local level, OIP provided for regional committees intended to serve as intelligent terminals capable of feeding input into it.

The complexity of this system also entailed the need for several training initiatives for the workforce on the issues handled within the participatory system and the styles of management necessary to a system of this kind.

An aspect of major importance entrusted to the OIP system related to changing the organisation of work. Particular prominence was given to those areas characterised by the high degree of repetitiveness and low professional content of the job concerned.

The protocol therefore provided for the formation of a joint committee responsible for submitting to the steering committee proposal for improving the work "climate", motivation and training of employees.

These constitute, in summary form, the features and objectives of the 1997 protocol.

Given the firm belief in the need to introduce such a labour relations system exhibited by the company's top management and the union leaders, from the very day after the protocol was signed the obvious problem lay in being able to disseminate it and make it operative within the middle management structures, at both central and peripheral level. In reality, as time went on this process encountered a number of difficulties in making the transition to the second stage, much to the regret of all the actors involved.

The reasons for this setback are described by M. Ricciardi⁸ in a recent article.

According to the author, on the one hand management was unaccustomed to dialogue and saw the OIP venture as an intrusion into its own sphere of action, while on the other hand there was resistance from the unions deriving from a kind of "cultural diffidence" toward participation. Also, the objective of continuous contact on strategic matters (sectoral and company-related) was somewhat limited by the restricted technical timing of the meeting and also by a perception on the part of the unions that it detracted from the scope of collective bargaining in the strict sense.

The functioning of the peripheral structure was disappointing because it was too episodic and lacked real purpose. In the peripheral centres there existed "on the one hand managerial culture which was certainly heterogeneous but included noticeable streaks of paternalistic authoritarianism, and on the other hand a trade union world reluctant to plunge unreservedly into the spirit of participation"⁹.

According to several national representatives, apart from the phase of difficulties which protocols on participation pass through, it is perhaps necessary to remember the difference in approach between the top and intermediate levels in both a company and a union context: more tactical and less strategic.

⁸ M. Ricciardi, *Il Protocollo di partecipazione di Telecom Italia Mobile*, Lavoro e Diritto, Vol. XIII, No. 1 inter 1998.

⁹ *Ibidem*.

Another element to be taken into consideration is the strong personalization of the company leadership, which played a motivating role in regard to modernisation in the early phase of growth but, when the process moved on, showed that the perception of participation up till then had depended mainly on the determination exhibited by particular individuals or small groups.

Both sides have expressed the intention to resume the process started with OIP in order to continue developing this protocol which is regarded by many as highly innovative, and turn it into a shared asset.

Setting aside this experience, however, it needs to be borne in mind that, despite the low rate of unionisation, the spirit which inspired the protocol has improved the climate of union relations within the company, as testified by the clutch of union agreements on associated aspects signed in 1997.

At present, it may be said that the labour relations system is centralised, and it is this aspect which is the subject of criticism levelled against both the company and the union itself by the RSUs.

The decentralised offices, however, perform an important role in drawing attention to and making proposal on local problems which are dealt with in collaboration with the national centre. Agreements can be signed at local level with the regional union bodies.

Labour relations also suffer from a lack of synchronisation between the company and union as regards the tempo of events. As stated earlier, TIM has to operate in an environment of continuous movement; it only takes a change in traffic flows, some action on the part of a competitor, etc. for the company to mobilise itself in order to respond in the best possible way.

According to some union representatives, this involves the need to act at a very quick pace which is ill suited to the tempo of union action, which is paced by the fact that initiatives take longer to mature because they derive their impetus from a gradual growth in people's awareness.

4. Conclusions and recommendations

The two cases studied here, Fiat Melfi and TIM, therefore confirm the general tendencies in company strategies in Italy, as described earlier in the introductory section, combining external (entry-related) quantitative flexibility and internal flexibility, both quantitative and qualitative.

As regards Fiat Melfi, the key instrument of external quantitative flexibility is the work/training contract, which the company uses in accordance with the proper purpose for which it was originally created. Unlike many Italian firms, which have used it merely as a means of hiring young people on fixed-term contracts and ignore its intended training content, at Fiat Melfi fixed-term hiring, the majority of which are then converted into permanent contracts, have been accompanied by extensive training provision. TIM seems to have followed the more traditional and widely used route of external quantitative flexibility, however, through hiring on work/training contracts with brief and direct forms of on-the-job training, as the limited development of its internal training system demonstrates.

To a large extent, the differing approach of the two companies to external quantitative flexibility may be linked to the complexity of the jobs and tasks for which young people are hired. For example, the fact that TIM can make more use of temporary agency work than Fiat Melfi appears to be linked to this fact, although its development is still too limited to allow any hypotheses to be advanced on the matter for the time being.

The type of complexity of the jobs and tasks involved, and the different sectors to which they belong, also seems to account for the choice of company strategy on internal labour flexibility. Although both Fiat Melfi and TIM are oriented towards combining a quantitative and qualitative approach, there are significant differences in the particular instruments respectively adopted by the two companies. Flexibility of working hours is the key instrument of quantitative flexibility in both companies. But in the case of Fiat, an industrial company, this consists principally in a shift pattern which is more or less uniform for all employees (3 daily 8-hours shifts for 6 days, repeated for 2 consecutive weeks, with only 3 working days in the third week). Whereas in the case of TIM, a mobile telephone service operator, the need to cover a broad span of time or lengthy blocks of working hours, with traffic peaks at certain times during the day, precluding any long-term reliable calculation of the number of employees required, led the company to make extensive use of part-time work, mainly in the Customer Service division (almost one employee out of every two). This has also made it necessary to adopt a flexible combination of different shift patterns on a weekly rotation basis, plus night shifts mostly voluntary. To cope with seasonal peaks, a form of "cyclical part-time work" has also been adopted, concentrated on the June-September and December-January periods, which can be classed among the so-called types of "hyperflexibility", along with part-time temporary agency work.

Internal qualitative flexibility seems to be equally well developed in the case of both Fiat Melfi and TIM. As regards Fiat Melfi, the most important and innovative instrument is teamwork, affecting a large proportion of employees and linked to the new form of work organization based on UTEs (Elementary Technological Units) of the new Integrated Factory concept. The case study shows clearly that these work groups are characterised by a long degree of institutionalisation of roles, which are activated according to the occurrence of

varying requirements and problems to be resolved, and leave scope for some measure of creativity on the part of employees and for processes of continuous learning.

In the case of TIM, on the other hand, professional enrichment through the “one call one solution” service and teleworking are the instruments of qualitative flexibility which characterise the company’s most recent experience. In particular, the decentralisation of human resources over its service area as a result of teleworking in the Network division represents an optimum solution in terms of efficiency and effectiveness, with a reduction in the time taken to complete jobs and maintenance work because, among other reasons, the external employees no longer have to travel out from the relevant centre each day.

One of the most popular theories among practitioners, scholars and experts in the field of labour flexibility is the idea that the introduction of instruments of quantitative flexibility, both external and internal, tends to involve a worsening of employment and working conditions; this is as opposed to instruments of internal qualitative flexibility, which are always assumed, by contrast, to be synonymous with good conditions. The two cases which are studied in detail here do not appear to bear out this assumption. Or, to put it more accurately, they lead us to identify more precisely various separate elements which are normally lumped together.

Generally speaking, it can no longer be asserted, for example, that at Fiat Melfi external quantitative flexibility results in a worsening of either employment conditions or employment status. Although health and safety problems do arise, as the case study reveals, they seem to result mainly from the increased intensity of work rhythms and are still more widespread in the traditionally more manual and dangerous areas such as spraying and welding, in spite of automation and the undoubted improvements in technologies and plant and equipment. However, accidents are closely linked to the increased pressure and intensity of work rather than to the new forms of labour flexibility. And the traditional problems of fatigue and stress are also associated with these phases of production which have been less affected by technological innovation. Similarly, it has already been seen that the conversion of the majority of work/training contracts into permanent contracts and the intensive training associated with them, in some cases lasting for up to two years, certainly cannot be regarded as indicators of any deterioration in employment status.

Likewise in the case of internal quantitative labour flexibility, some degree of caution is needed before asserting that it always involves a worsening of employment and working conditions. It is true that the night shifts at Fiat Melfi involve problems and difficulties in employees’ social life as well as negative effects on the physical level. This is especially true when it is remembered that these tiring and inconvenient shifts are accompanied by the time spent travelling before and after work. The same considerations apply to the more inconvenient of the shifts at TIM. In the latter case, however, it must also be pointed out that: the night shift is mostly voluntary; shifts and part-time work have not given rise to any problems or complaints on the part of employees, many of whom opt for them precisely because they suit their personal circumstances or subjective preferences (university students, women and young people living in large cities); and in the case of the monotonous and repetitive work in the Customer Service division part-time work can actually represent a distinct advantage over full-time employment on this kind of work.

On the other hand, whereas there is every probability that internal qualitative labour flexibility implies an improvement in employment and working conditions, or at least no worsening of

them, the analysis results from the two case studies examined here tend to stress that this positive correlation always exists in a context of favourable economic, technological and social condition. The UTEs used at Fiat Melfi in the spraying areas are subjected to increased risks from fumes, dust and chemical substances. In such conditions, teamworking may be less preferable than the mode of working of TIM's customer care operators, which, although fragmented and repetitively monotonous, is performed in an environment which carried no health and safety risks.

As regards the general impact of forms of labour flexibility in Italian companies, the case of Fiat Melfi may be regarded as symbolic. Fiat has certainly benefited from the use of work/training contracts in terms of cost reductions and the selection and training of staff. It may also have derived advantage from the degree of freedom which this formula allows management in dealing with employees. However, in the case of Fiat Melfi these fixed-term contracts have represented a bridge to permanent employment for 98% of the employees concerned and is likely to do so for the 50 new employees due to start work at the plant in the near future. In a way, this is at variance with the finding of Blyton and Lucio (1995) to the effect that Italy represents an example of numerical and temporary flexibility in giving preference to flexible strategies driven mainly by a quest to minimize labour costs and meet market fluctuations by using short-term responses. On the contrary, the Fiat case study demonstrates the use of HRM strategies directed at increasing employees' skills and abilities in order to meet market circumstances and challenges.

As regards the cost and benefits of improvements in employment and working conditions, there is no doubt that the new organisational model, with all its fundamental pillars as already described, has definitely had positive effects for the company, which is among the leaders in Europe in terms of productivity. In short, the combination of new technologies and highly skilled employees, the new ergonomics of the workplace to improve employee efficiency and reduce fatigue and stress, the attention paid to employee participation and involvement, the focus on health and safety at work, the young average age of the workforce, etc., are all factors which have helped in creating a work environment conducive to the attainment of impressive results in terms of productivity and technological innovation.

To sum up, it would appear from the research that, despite the radical organizational changes introduced at Melfi, Fiat has been able to reach a balance between high productivity performances and a flexible system capable of guaranteeing employment security and more than acceptable employment and working conditions. The key to this success probably lies in the importance attributed to the individual, in accordance with the idea that the new organizational model cannot function without people possessing particular characteristics. In fact, from the very start Fiat has invested in young, well-educated employees in its quest for loyalty, co-operative attitudes and the capacity to interact. The focus on the individual continued with new and increased training policy initiatives directed at getting the best from employees through also using on the job training and learning by doing.

This emphasis on the workforce as a fundamental element of the new organizational model is probably the consequence of previous experience (e.g. the Cassino plant) where a high degree of automation proved not to be the ideal solution. Consequently, in the new Melfi plant management gave preference to a flexible way of recruiting, selecting, hiring and training people with a view to achieving the company's targets, by keeping open for a short time the option of whether or not to offer an employee permanent employment. In practice, this use of

work/training contracts did not lead to precarious employment but, on the contrary, created stable employment for almost all the employees concerned.

In conclusion, it may be said that the question whether managerial strategies on labour flexibility have positive or negative effects for employees seems to depend on at least two important conditions demonstrated by the two cases studied here: a significant training content inherent in the flexibility instruments adopted, whether they be of the external quantitative type or the internal quantitative/qualitative type; and a high degree of consensus on the part of employees, whether on an individual basis or collectively through their representative bodies. These factors may also be regarded as the two main recommendations which, together with a number of other considerations, emerge from the two Italian case studies.

As regards training content, it has already been demonstrated that the higher the training content of the labour flexibility instruments concerned, the greater the improvement in both employment conditions and employment status. This is particularly true of the work/training contracts at Fiat Melfi and partly in a negative sense at TIM. This finding is reinforced by the trends in national and Community policies towards an increase in the training content of all forms of labour flexibility, not just internal qualitative measures. There are fewer stipulations on training content for unskilled precarious work with few prospects of permanent employment, and the probability of such work becomes correspondingly lower.

However important they are these trends cannot, of course, be simply imposed from on high by national legislation or Community directives. Their success depends, in particular, on their being accompanied by a broad consensus on the part of the actors involved and by collective agreements at decentralized level. The Fiat Melfi and TIM cases are characterized by their significant models of participatory labour relations and social innovation. All the instruments of labour flexibility concerned were the subject of company-level collective bargaining. Their application is the result of constant monitoring and improvement by joint committees, company experts and union representatives, provided for by these company-level collective agreements. Furthermore, the prevailing trend (as seen in the case of TIM) is towards forms of human resources management increasingly focused on the special needs of individual employees.

Consequently, this combination of company policies directed at the training and stabilization of a flexible workforce with good labour relations and human resources management seems to represent a significant contribution in avoiding any worsening of the employment conditions of atypical workers.

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5. Annexes

5.1 National bibliography

Study	Author: Bellardi L. and Bordogna L. Title: Relazioni industriali e contrattazione aziendale In: Date: 1997
Country	Italy
Method	Quantitative research. National sample. 1983-1994
Variables	<ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables
Abstract	<p>Decentralized collective bargaining on internal flexibility Health and safety; participation; access to training Unions' rights</p> <p>The authors present and discuss about the national observatory of Cesos with many statistics on collective bargaining at the decentralised levels based on. There are important changes in the collective bargaining at the decentralised levels between eighties and nineties. Only the unions' rights are the most frequently bargained contents in the two periods (about 50% of the total agreements in the Italian firms). Meanwhile in the eighties the wages were the second more bargained contents (45-50%), in the nineties hours of work (shifts, structure, distribution, overtime, part-time, etc.) and labour market are becoming more important issues. Less importance for work organisation (the same 20% in the two periods); job classification (from 20 to 10%); health and safety (from 16 to 8%); training (the same trend). The samples in the eighties and in the nineties were different. So, it is difficult to compare the two periods. Anyway, the yearly diffusion of collective agreements in the enterprises (with more than 20 employees) seems to be less than one half in the nineties than in the eighties (from 35,9% in 1984-90 to 17,3% in 1991-94). The coverage also diminished from 54,2% to 30,8% of workers interested by agreements. But there is a strong relationship between collective bargaining and big size of firms (in 1991-94 the yearly coverage was 11,1% in small size firms; 22,7% in medium size; and 35,8% in big size companies).</p>
Comments	<p>The more updated statistics of Istat give some different trends. In particular, wages are the most frequently bargained issue in 1995-96.</p> <p>The authors did not have the opportunity to analyse the data in these years, after the new rules of the July 1993 Agreement. But the book is important for the indicators and the methodology.</p>

Study	<p>Authors: Camuffo A. and Volpato G. Title: Labour Relations Heritage and Lean Manufacturing at Fiat. In: Date: June 1994 Institute: Department of Business Economics and Management, University Ca' Foscari – Venice – Italy.</p>
Country	Italy/ European and Japanese automotive industry
Method	Analysis based on case studies
Variables:	-
<ul style="list-style-type: none"> • Flexibility • Working conditions • Impacts • Labour relations • Other variables 	<p>FIAT policies and strategies of flexibility Intensification of work, access to training, workers participation and involvement. Higher productivity, reduction of costs. New industrial relations approach -</p>
Abstract	<p>In this paper the authors analyse recent developments of work organisation and human resources management policies at FIAT Auto from an evolutionary perspective, in order to understand how FIAT reacted to the troubles and difficulties it has been facing in the early 1990s. At the turn of the decade, FIAT designed a comprehensive strategic and organisational change (the Integrated Factory) consisting of new relationships with suppliers and dealers, massive investments in new product developments and manufacturing plants, innovative industrial relations and HRM policies. According to Camuffo and Volpato, the emerging organisational model represents a major discontinuity with the past. It is a hybrid model, very different from the toyotism or lean manufacturing. The FIAT case illustrates that not only the concept of lean manufacturing or toyotism is ambiguously defined and differs across the countries and across firms because of institutional and cultural differences, but also that organisational models are firm-specific since they result from learning processes that are, at least in part, cumulative and not reversible. As a consequence, FIAT has historically developed a given set of capabilities which play a major role in explaining its evolution. However, this legacy, this peculiar and unique set of competencies largely determines also the scope of the strategic and organisational alternatives available.</p> <p>The Integrated Factory model shows that FIAT put much emphasis on organisational design end engineering, focussing on maximising information diffusion throughout the organisation. In other words, the Integrated Factory is a comprehensive attempt to make the organisation transparent. Its core is the systematic reduction of information asymmetries among workers, between management and workers, and between management and unions.</p> <p>This emphasis on the design of structures, systems and relationships may be deceiving if not integrated by attention to processes, behaviours, values and motivations. Trust building, consensus research, commitment gaining are fundamental, necessary to get new organisational concepts work. The fact that such activities are incorporated in intangible assets does not imply they can be done without costs and efforts. Rather, trust, commitment and consensus require dedicated resources and investments, which can, in the short term, have a negative impact on the firm performances.</p> <p>The authors conclude arguing that FIAT has envisioned the restructuring process as an “organisational revolution” or “radical organisational change”. This may entail all the positive outcomes of a major leap, but all the troubles associated with a holistic and comprehensive plan. In order to catch up, FIAT is pursuing a leapfrogging strategy and it is facing a phase of upheaval which partially contradicts the Japanese formula of incremental processes and changes.</p>
Comments	

Study	<p>Authors: Camuffo A. and Volpato G. Title: Italy: Changing the Workplace in the Auto Industry In: Kochan T. A., Lansbury R. D. and MacDuffie J.P. (eds.), After Lean Production. Evolving Employment Practices in the World Auto Industry Date: 1997</p>
Country	Italy (but within an international comparative research)
Method	Case study
Variables	<p>Fiat strategy on lean production at Melfi. Teamwork. Access to training; employee involvement; work intensification. Decentralization; productivity; youth employment. Participative model of industrial relations; joint commissions between management and workers' representatives</p>
<ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations 	
<ul style="list-style-type: none"> • other variables 	
Abstract	<p>The authors participated to the Mit group of researchers from many countries (Japan, United States, Canada, Germany, United Kingdom, Italy, Sweden, Australia, South Africa, Brazil, Korea) to interpret the changes in employment relations in the World industry of automobile. In particular, the chapter on Italy discussed on the restructuring and the managerial strategies of industrial adjustment and about the post-fordism and the "lean production" at Fiat.</p> <p>Considering the evolution towards the "Integrated Factory", the authors underlined the emphasis of the new managerial strategy on the complementarity between the organizational flexibility and the more participative model of industrial relations. So, they say that there has been an important discontinuity in the managerial strategy of flexibility, between the "Automated Factory" in the Eighties (Termoli, Cassino) and the new "Integrated Factory" in the Nineties (Melfi). And there has also been discontinuity in the industrial relations system, between the old unilateral or concessive collective bargaining and the new participative model and union involvement.</p> <p>But, above all, there has been discontinuity in the flexibility of work, from a prevalent external flexibility in the 1980s towards internal (functional) flexibility in the 1990s. The important innovations in the human resource management, industrial relations and organizational flexibility underline this shift in the last ten years: delayering and decentralization in the plant's organizational structure; teams at the shop-floor level (with the creation of the "elementary technological unit, UTE); new job and skill profiles (integrated process conductors, CPI; integrated process operators; line technologists; technology specialists; product/process technologists; white-collar workers closed to operations; etc.); new recruitment and training policies; compensation schemes more related to quality, results and employees involvement; many "participative" collective agreements on: performance related pay; night shift; working hours, work organization, flexible compensation packages, bilateral or joint consultation bodies on training, competitiveness, equal treatment for men and women, conflict resolution, health and safety. While external flexibility of work has also been an important issue of collective agreements to avoid collective dismissals, with some new tools in addition to the traditional Wages Guarantee Fund (Cassa Integrazione Guadagni): contributions for early retirements; reduction of working hours ("contratti di solidarietà"); mobility within the Fiat group (in sectors different from automobile).</p>
Comments	This study is an essential introduction to the application of lean production and the related work flexibility in "greenfield" framework of industrial relations.

Study	Author: Cerruti, G. Title: The Integrated Factory In: Meridiana – Rivista di Storia e Scienze Sociali, vol.21, pp.103-147 Date: 1994
Country	Italy
Method	Literature study based on consultancy work and case study
Variables:	
<ul style="list-style-type: none"> • Flexibility • Working conditions 	Strategies of flexibility related to the new organisational model (FI) Improved working conditions (ergonomics, internal environment, attention to health and safety measures)
<ul style="list-style-type: none"> • Impacts • Labour relations • Other variables 	New industrial relations, participatory approach Organisational change, internal social relations
Abstract	<p>The essay deals with the Integrated Factory organisational model by stressing two main problems: firstly, it analyses the presence of continuity and discontinuity elements within the new FIAT organisational model, secondly, it aims to examine problems concerning regulation of production and labour, as well as social relationships within the new <i>green field</i> plant in Melfi which represents the deep and true application of the IF. In particular, the <i>green field</i> situation has made it possible to FIAT management the combined realisation of five variables: product, productive process (technology and layout), labour organisation and informative system, social regulation system, and suppliers network.</p> <p>As far as the first aspect, Cerruti argues that the Integrated Factory represents, from an organisational point of view, a clear rupture with the past and with the traditional tayloristic and fordist model of production and labour organisation. Within this context great attention has also been paid to training and, above all, to improved working conditions. Moreover, new elements concern industrial relations and human resources management practices within the plant.</p> <p>In regarding the second problem, the author claims that the labour force plays, at all the organisational levels, a key role in the realisation of the new model, by stressing the critical importance of HRM policies within the plant. At this level, the Integrated Factory appears as a complex system of organisational and social dualism to be managed through policies which are the result of negotiations between the social parties and subjects who operate within the plant. Therefore, great importance is attributed to management and union strategies.</p>
Comments	

Study	Author: Cersosimo Domenico Title: Viaggio a Melfi: la FIAT oltre il fordismo. Ed: Donzelli, Roma. Date: 1994
Country	Italy
Method	Case study
Variables:	Flexible strategies as a consequence of internal and external competitive pressures.
<ul style="list-style-type: none"> • Flexibility • Working conditions • Impacts 	- Economic development, job creation in a previous rural area with a traditional high rate of unemployment, rupture of the traditional social schemes.
<ul style="list-style-type: none"> • Labour relations • Other variables 	Importance of trade unions as reliable partners in a participatory model.
Abstract	<p>This book explores the main reasons which have led FIAT top management to build, in the early 1990s, a new plant in southern Italy, by giving some explanations of the new organisational principles at the basis of the new model. It also investigates the impact of the plant and of the new organisational model, inspired to <i>lean production</i>, on workers and generally on people of the area around the plant traditionally not conformed to industrial culture.</p> <p>During the 1980s, while all over the world Japanese car makers were outperforming their competitors thanks to lean manufacturing, FIAT developed a strategy based on a consolidate internal leadership in the domestic market, few models, automation and labour saving investments, along with aggressive industrial relations and concession bargaining. However, at the turn of the decade the dramatic recession affecting worldwide the automotive industry, changes in the way of producing cars, the attention focused on quantity rather than quality, the weakness in external markets on medium and large cars, revealed the unbalance in FIAT strategy. The Integrated Factory project, launched by Fiat top managers in 1989 at the convention held in Marentino (near Turin), represented the FIAT answer to the new competitive challenges and Melfi was the best place (chosen among other areas in three other regions) to build the new <i>green field</i> site and to implement the new organisational model based on lean production methods.</p> <p>Cersosimo stresses the positive effects that the FIAT investment has had, first of all in terms of new jobs (more than 10,000, including the suppliers) created in a traditional rural area with high unemployment, and economic development. In addition, the author underlines the significance of unions' decision to co-operate with management to establish a new participatory style of industrial relations to prevent any kind of conflict.</p> <p>Nevertheless, he also argued that the plant might have some important effects on people by changing consolidated cultural and social habits and traditions. Shift-work, night-work and, generally, new working time patterns introduced by the new labour organisation, tend to transform the pre-existent life style with profound consequences on people. On the other hand, the young age of workers along with the lack of new occupations outside the plant might also facilitate workers assimilation to new schemes related to industrialisation.</p>
Comments	

Study	Author: Fondazione Corazzin-Cgil Title: I giovani e il lavoro che cambia In: Supplemento a "Rassegna Sindacale", n. 15 Date: 4 maggio 1999
Country	Italy
Method	Quantitative research (sample of 1,200 young people 15-29 years old)
Variables	<ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables
Abstract	<p>Territorial mobility; flexible wages; external quantitative flexibility; part-time; internal quantitative flexibility (working time); dismissals. Autonomous work</p> <p>This is a research about attitudes of Italian young people. There is a growing availability towards more quantitative flexibility of work. 34% of interviews is in favour of territorial mobility to find work and of less initial wages for more training. They are called "flexible people". But "available people" are another 41%; meanwhile "uncertain" are 11% and "against flexibility" only 14%. The majority of young people are also in favour of temporary work (67%) and part-time (87%). Only 51% agree with the reduction of weekly working time to 35 hours. In the South, young people prefer autonomous work.</p> <p>The authors of the research define the general attitude towards flexibility of work as "flexicurity", that is a general approval of the new kinds of quantitative flexibility but under the condition of maintaining a good level of social protection and job security.</p>
Comments	

Study	Author: Ichino P. Title: Il lavoro e il mercato In: Date: 1996
Country	Italy
Method	Qualitative analysis
Variables	<ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables
Abstract	<p>External flexibility; temporary work; atypical work Access to training Mobility in the labour market Union strategy and representation for atypical workers Information and access to employment services</p> <p>The main hypothesis of the author is that the protection and stability of jobs in the big companies and in the public administration (insiders) are becoming a high "social cost" for the outsiders (employees in small firms, autonomous workers, part-timers, temporary workers etc.). Italian unions are too conservative in their strategy of protection for 9 millions of steady jobs or in their orientation towards the labour relations and not towards the protection in the labour markets of other 13 millions of workers with irregular and temporary jobs or unemployed. The growth of the quantity and quality of flexibility of work is the result of the new demands from employers which need for more adaptation to the markets, but also the exit of people from the rigidity of fixed term contracts towards more autonomous or personalized kinds of jobs. So, in the opinion of the author, labour law and unions should be more active about the "new techniques of protection" and the fundamental rights in the labour market: information, training, and mobility. The abolition of the state monopoly of employment service and the creation of new private agencies in the fields of employment services, guidance, and temporary jobs are seen as the first steps in this ineluctable process of "individual autonomy" in the labour market.</p>
Comments	This book marked the beginning in Italy of a dramatic discussion about a new system of "general job security" and the extension of the unilateral termination of the employment relationship by the employer.

Study	Author: IRES-Roma, Fondazione Seveso –Milano, Aster - Bologna Title: Telework practices in corporate network – TEPRACON – Adapt Research project In: Date: expected publication 2000
Country	Italy
Method	Research project: including literature review and case studies
Variables	<ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables
Abstract	<p>telework</p> <p>impacts of telework on jobs, working conditions, work organisation, social/personal life</p> <p>collective bargaining and agreements on teleworking</p> <p>ICT overall company organisation and work organizations</p> <p>The research is focusing the long distance work by telematics considering three different and integrated issues</p> <ul style="list-style-type: none"> • knowledge management on product and process • technical/organisational forms in relation to a) relation/cooperation between companies; b) outsourcing/decentralization of the work cycle • work relations: subordinate, atypical, self-employed,... <p>The research is also</p> <ul style="list-style-type: none"> • analysing sectorial changes due to market dimension/ development and product and technological innovation • describing production cycle and its recent changes in order to identify the parts of the cycle being outsourced and/or TLWed • identifying company networks and telematic networks • identifying the occupational groups being targeted by TLW practices • identifying and defining the different forms of TLW • analysing sectorial collective bargaining <p>From the teleworkers point of view the research considers:</p> <ul style="list-style-type: none"> • Time budget: between working and social lifetime • company management scheme: work organisation and TLWers “keep in touch” with headquarters • ICT system • Professional and knowledge framework <p>The research considers three different sectors - Public Service, Printing and publishing, Manufacturing-. Besides these sectors the research is also analysing some call centres of the majors telecommunication companies including TIM.</p> <p>The results of the research will be published in 2000.</p>
Comments	

Study	<p>Authors: Marchisio O. and Sciortino G. Title: Gli stabilimenti FIAT di Melfi e Pratola Serra: Indagine esplorativa In: FIAT Punto e a Capo – pp.72-92 Ed: Ediesse Date: 1993</p>
Country	Italy
Method	Literature reviews and case study
Variables:	
<ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables 	<p>External qualitative, internal flexibility</p> <p>-</p> <p>-</p> <p>-</p> <p>Weaknesses and critical aspects of the new model</p>
Abstract	<p>The authors analyse the characteristic features of the new organisational model from both the technical and organisational point of view looking at possible critical aspects. After the experiences of Termoli and Cassino, the Melfi plant seems to represent a rupture with the past and open a new competitive scenario for the Turin based company. From this starting point, the essay explores to what extent it will be possible and what are, instead, the dangers of the new organisational model.</p> <p>Among the main findings, it is stressed the lack of motivation and involvement for FIAT workers that seems, since the beginning, to represent a possible problem for an effective implementation of the Integrated Factory. Furthermore, although the management intentions to transfer decision making processes to the lowest levels, it would appear that decisions are taken instead at the higher levels without workers involvement. Like in the past, the new model seems to be based on qualified figures and there are doubts about the roles and competencies of the UTEs. Another important critical aspect is represented by the degree of freedom of Personnel and Human Resources Managers at plant level. According to the authors, changes in the organisational structure determine a concentration of managerial initiatives at central level and the constant attention to the monthly productive plan as the main instrument of performance evaluation for local plant managers. Thus, the main consequences are: 1) a further reduction of autonomy, already traditionally weak in FIAT, of Personnel and HR managers; 2) the introduction of new rigidities in the productive process related to the informative system between centre and periphery.</p> <p>Finally, another problem concerns the low level of quality of FIAT products related to poor quality of materials produced by suppliers' companies. According to Marchisio and Sciortino, a greater co-ordination among FIAT managers and suppliers' companies, a higher level of trust, similar industrial relations strategies, might have positive effects.</p>
Comments	

Study	Author: Negrelli S. Title: Italy In: Katz H. C. (ed.), Telecommunications. Restructuring Work and Employment Relations Worldwide Date: 1997
Country	Italy (but within an international comparative research)
Method	National case study (three years of research)
Variables	<ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables <p>Telecom Italia strategies and policies of flexibility Unions and Workers' participation; access to training; gender discrimination; intensification of work. Productivity; rationalization of firm organization; employment stability. Reinforcement of the participative model of industrial relations Teleworking and profit related pay</p>
Abstract	<p>This national case study of Italy was conducted within a comparative international analysis of the dramatic changes in work and employment relations in the global telecommunications services industry. The group of network researchers from many countries (United States, United Kingdom, Australia, Canada, Germany, Japan, Norway, Italy, Mexico, Korea) worked together for three years on the same Mit program and variables for the Auto industry (see above: Kochan et al., 1997). The case study on Telecom Italia describes the changes and the complete privatization in 1997 that are linked to new trends in managerial strategy and in particular on flexibility of work:</p> <p><i>a) work organization and functional flexibility:</i> the traditional trade-off between employment security and functional flexibility has been strengthened. Since 1980s changes in work organization, often linked to the technological innovation, have been the subject of several collective agreements and joint consultations between management and unions at different levels. These changes have focused on making job classifications more flexible and "multiskilling";</p> <p><i>b) training, skill formation and development:</i> changes in work organization and strategic human resource management led to changes in training at Telecom Italia. There has been a shift toward more continuous training, learning by doing, computer-aided teaching methods, and self learning. These programs affected more than 60 percent of employees. In collective agreements, union and management jointly established the main training policies, the internal distribution of the training system, and the allocation of training to nonmanagerial personnel, but also the "cadre" policies;</p> <p><i>c) compensation:</i> wages are still largely determined by automatic elements. Management has tried to gain more discretion and flexibility in pay setting and pushed some important changes in collective agreements in the last ten years: larger salary differences in recognition of skill levels; wider application of productivity bonus; limited standard salary elements that provide wage compression; and reduction in the role of seniority. But the most important innovation is the "productivity bonus" introduced in 1986, formally adopted in the Collective Wage Contract of 1988 at Sip, and increased in the 1990s at Telecom Italia;</p> <p><i>d) employment security and staffing:</i> the need to improve quality of service promoted the search for more qualified personnel and led to increases in the number of managers, besides the dramatic reductions in the number of certain personnel such as telephone operators. In the last ten years, changes in the size and composition of the staff have been facilitated by planned workforce reductions (early retirements and subsidized voluntary resignations) and the hiring of young diploma holders and graduates. This resulted in increases in the number of high school and university graduates and decline in the share of blue collar workers (from about 60 percent in the 1980s to one third in the 1990s). The case study also discussed about the hypothesis of human resources management complementary to industrial relations and about the management search for a combination between external and internal flexibility of work, avoiding numerical flexibility.</p>
Comments	The study could be a good introduction to the case study of TIM, the new firm created by Telecom Italia in the mobile telecommunications services sector.

Study	Author: Piazza M., Ponzellini A.M., Provenzano E., Tempia A. Title: Riprogettiamo il tempo In: Date: 1999
Country	Italy
Method	Research methodology : literature review, qualitative analysis of collective agreements and case studies
Variables <ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables 	part-time, new forms of shifts-work, annualised hours, maternal and parental leave, telework , flexible measures ensuring reconciliation between work and family life Equality
Abstract	A research project analysing recent changes in the Italian labour market and in work organisation considering the issue of time management from either companies' point of view and individual workers. This research takes into account good practises at company level and collective agreements on innovative forms of working hours. It also proposes a method aimed at designing and implementing at company level new and more "friendly" forms of working hours. The goal of the research project is to concile potentially conflicting flexibility needs: the needs of companies and the needs of individual workers. The research includes a short description of one TIM initiative: banked hours for mothers.
Comments	

Study	Author: Ricciardi M. Title: Il protocollo di partecipazione in Telecom Italia Mobile In: Lavoro e Diritto, Il Mulino Date: anno XIII, n.1, inverno 1999
Country	Italy
Method	Critical essay
Variables <ul style="list-style-type: none"> • flexibility • working conditions • impacts • labour relations • other variables 	Critical aspects and problems in implementing a new model of participation in TIM
Abstract	This article is a critical review of TIM experience related to OIP (information and participation organisation). OIP is a joint committee whose aim was to develop an innovative participation system also based on a joint participation in the company decision making process. In this perspective the author analyses the operative implementation of OIP, highlighting opportunities and constraints and the barrier preventing its further development.
Comments	We must underline that there is a lack of studies and researches on TIM due to the following: a) TIM is a very "young" company (it was set up in 1995); b) TIM's Ufficio Studi, whose aim is to develop research activities and analysis, was created only one year ago. Most literature on mobile phone sector concerns competitive market issues and marketing strategies. In this framework the case study represents one of the first research experience.

Study	Author: Rieser Vittorio Title: The Integrated Factory Realised In: Working Inquiry at the FIAT Plant in Melfi - 1996 Institute: IRES-CGIL – Sponsored by the Regional Council of Basilicata
Country	Italy
Method	Essays collection based on case studies
Variables:	
<ul style="list-style-type: none"> • Flexibility • Working conditions 	Internal flexibility Access to training, health and safety at the workplace, workers direct participation, working time patterns.
<ul style="list-style-type: none"> • Impacts • Labour relations • Other variables 	Increased intensity of work Space for industrial conflicts and disputes -
Abstract	<p>In this essay, Rieser critically analyses the new FIAT organisational model (IF) arguing that it seems to represent a mix between new and old aspects of the traditional FIAT culture. In particular, the author stresses some contradictions that arise comparing the theoretical aspects of the Integrated Factory with the practice. These contradictions mainly concern:</p> <ol style="list-style-type: none"> 1) Salary, working time, working conditions. 2) Discrepancy between training received and tasks performed by workers. 3) Lack of motivational incentives. <p>According to the author only some of the traditional pillars which characterise the Integrated Factory are effectively put in practice by following the inspiring principles, and when they are really applied there are negative consequences for workers who are not specifically trained to perform the required tasks. This is particularly true especially for blue-collar workers who did not receive a complete training. There are also some implications concerning the increased intensity of work, the shift-work and the salary that, in workers' perception, does not represent a sufficient remuneration by considering the nature and the conditions of work. Another important aspect is the lack of workers identification with the company's values and objectives which often is the result of a low level of incentives (not only in terms of money) aimed to motivate the workforce.</p> <p>Moreover, Rieser deals with the system of control within the plant which is mainly realised throughout the reward system and the new participatory industrial relations approach. In detail, he underlines the weakness of the reward system which may only have a subsidiary role, and criticises the participatory union-management approach which allows management to constantly take the initiative by-passing weak unions.</p>
Comments	From the essay appears as evident the ideological perspective of the author who claims the central role of industrial conflict, according to the old tradition of Italian industrial relations, as opposed to a more participatory IR style.

5.2 Summarising tables

Table 1: *Operationalisation of internal and external flexibility at FIAT Melfi*

Flexibility	Operationalisation	Examples
External qualitative flexibility	? Subcontracting	18 suppliers located in the area around the plant according to just in time principles
External quantitative flexibility	? Fixed term contracts	All the employees were hired with apprenticeship contracts
Internal qualitative flexibility	? Teamwork	Workers are organised in teams (UTE) to perform a technologically complete output
	? Multi-skilling, job rotation	Within each UTE workers are able to perform different tasks and change their jobs with one another
	? Responsibility of workers over planning, budget, innovation, technology	Workers have to assure the optimal function of the subsystem for which they are responsible through their autonomous decisions and actions
Internal quantitative flexibility	? night and shiftwork	The 1993 agreement introduced 3 daily shifts, 6 days a week, 8 hours per shift
	? weekend work	Shift are organised over six days (Saturday included).

Table 2: *Operationalisation of working and employment conditions at FIAT Melfi*

Concepts and dimensions	Operationalisation	Examples
Health and safety	? Combination of traditional and new risks related to increased pressure and intensity of the rhythm of work	Despite automation and new technologies have significantly improved working conditions, there are still areas characterised by high risks related to noise, dust, fumes, contact with chemical substances (PVC). In addition, the increased intensity of work represents, along with stress, the main cause of accidents.
Shift-work	? Implications on workers health and private life	The continuous change (three shifts of eight hours each) has profound consequences at physical level as well as it impedes workers to have a stable social life outside the plant.
Job rotation	? Effects on monotonous works	Job rotation within the team or the same Operative Unite significantly reduces the risks related to monotonous works.
Direct workers participation	? Difficulties in implementing an effective system of workers participation	Although workers participation is one of the pillars of the new organisational model, lack of time and insufficient incentives represent the main obstacles to an effective workers participation.
Access to training	? training as key element for the improvement of workers competencies and personal skills	Despite some differences among qualified and general workers, great efforts have been made as far as training with the aim to improve workers competencies, increase participation, and promote career developments.
General impacts		
Fixed term contracts	? Temporary work as a bridge	About 98% of the employees hired with CFL have been confirmed after the two years contract.
Social impact	? Impact on labour market and local economic development	FIAT is creating and developing an industrial and labour culture with effects also outside the plant by promoting and stimulating new economic activities.

Table 3: *FIAT Melfi Joint Committees*

FIAT MELFI Joint Committees	Number of managers	No. of Union representatives	Total	Competencies
Company level				
Consultation	4	4	8	Industrial relations, competitive and development prospects for the company
Equal Opportunity	3	4	7	Study and assessment of initiatives towards positive actions
Plant level				
Conflict Prevention and Reconciliation	6	4	10	Search for jointly agreed solutions and settlement of disputes
Competitiveness Prize Verification	6	8	14	Review and verification of productivity data, indicators used to determine salary bonuses
Vocational Training	7	4	11	Review of skills requirements and formulation of training proposals
Company Services	4	8	12	Monitoring on services such as canteens, transports, promotion of cultural and sport activities
Health Services	3	4	7	Operational organisation of health services within the plant
Operative Unit level (*)				
Environment, Safety, and Accidents Prevention	6	4	10 x 4 = 40	Study of actions to promote awareness on the subject of safety and accident prevention
Integrated Factory	6	4	10 x 4 = 40	Monitoring of actions to optimise productivity and all problems concerning production within the plant
	45	44	149	
(*) There are two Committees for each of the four Operative Units				

Source: *Personal elaboration on FIAT data and from L. Pero (1998), The Case of FIAT-SATA Melfi, Politecnico di Milano.*

Tab. 4: Operationalisation of key concepts: TIM

Concepts		
Company policy		
	<ul style="list-style-type: none"> • Since its creation company is managing an expanding stage characterised by high degree of competition and an increasing demand of service. These factors determine a development of customer service activities and a need of effective and efficient net infrastructures. (e.g. One of the main characteristics of this sector is that it must cover 24 hours time per day, that is to say a continuous cycle production). • All different forms of flexibility are therefore a way to manage the demand variability and to ensure the efficiency of net infrastructures. • All strategies and policies are managed at central level. • Flexibility is bargained through collective agreements. 	
	NET	CUSTOMER SERVICE
	<ul style="list-style-type: none"> • flexibility in order to better control all net infrastructure: qualitative internal flexibility. 	<ul style="list-style-type: none"> • internal and external quantitative flexibility in order to manage the demand variability (traffic flow). • internal qualitative flexibility in order to improve the quality of customer service.
Human resources management	<ul style="list-style-type: none"> • There is a structured training course for the personnel entering the company; then personnel is trained one week per year. 	<ul style="list-style-type: none"> • there is a structured training course for the personnel entering the company; apart from the access training TIM often uses training on the job. • once a year the responsible assess the performance of the workers. • the company designed and implemented several initiatives targeting women, university students, prisoners. These were supported by a campaign aimed to raise awareness and change company culture.
Occupational health and safety management	WHOLE COMPANY <ul style="list-style-type: none"> • Following the legal framework on safety at work place (law 626) there are workers representatives for safety (RLS) and a joint committee (OPA). • The joint committee is going to launch a campaign aimed at finding evidences on the effects of electromagnetic fields on human beings. 	

Flexibility		
External qualitative flexibility (production system)	<ul style="list-style-type: none"> • <i>retail sale</i>: franchising. 	
External quantitative flexibility (employment status)		CUSTOMER SERVICE <ul style="list-style-type: none"> • “work/training” contracts. • temporary work through employment agencies.
Internal quantitative flexibility (working time)	NET <ul style="list-style-type: none"> • stand-by/on call during week-ends is paid as overtime. • shift-work and stand-by/on call is being reviewed. 	CUSTOMER SERVICE <ul style="list-style-type: none"> • part-time company average 20%; whilst in the customer service 40% of the total number of employers. • shiftwork system is well developed and often changes. • cyclical part-time. • banked hours system targeting mothers of children up to 8 years old.
Internal qualitative Flexibility (organisation)	NET <ul style="list-style-type: none"> • <i>on call through mobile</i> aims to improve the co-ordination and the speed of the intervention on the radiomobile infrastructures. • <i>telework- working out</i>: the external workers use a portable pc to carry out their activities on the radiomobile infrastructures; the workers normally re-enter the suboffice once a week. Teleworking improved quality and quantity of maintenance activities. 	CUSTOMER SERVICE <ul style="list-style-type: none"> • job enrichment: in order to provide customers with a wide range of information the operators are enriching their knowledge in terms of more specific and deeper competencies.
Working conditions		
	NET <ul style="list-style-type: none"> • one of the results of telework is a higher level of responsibility and a better control of net infrastructure performed by the teleworkers. Teleworkers have the perception that telework improved their working conditions. • a web page in the company intranet has been created in order to give teleworkers the same opportunities of information (both at company level and trade union level). • teleworkers have the same access to training . • an immediate consequence of telework is the decrease of the number of driving hours: it means a reduction of stress due to long time spent driving, and more leisure time that allows a better reconciliation between work and social life. 	CUSTOMER SERVICE <ul style="list-style-type: none"> • call centres work appears quite monotonous. In this perspective part-time appears as a way to decrease the quantity of “monotonous work”. • the forms of flexibility introduced seems to be tailored on life style of specific groups of workers (women, students, young people in general). • workers who are working in different forms of flexibility have the same access to training (no difference between a worker entering the company as part-time worker or full-time worker, or temporary, etc.). • operators are rewarded on the basis of their performance. the 30% of the reward depends on the degree of customer satisfaction.

General impacts	
Cost and Benefits for the organisation	<ul style="list-style-type: none"> flexibility measures to improve company's performance and to meet the challenge of market competition.
Labour market organisation	<ul style="list-style-type: none"> job creation, particularly in the customer services, and external mobility between the different competitors particularly for the technical staff. company's policies targeting groups with specific characteristics and needs such as women, young people, prisoners.
Industrial labour relations (internal and external factor)	
Labour relations system at corporate	<ul style="list-style-type: none"> labour relations at corporate level are well developed, although the union density is quite low (approximately 24%, whilst 40% is the national average) in the past years both company and trade unions had been strongly committed in promoting and implementing an innovative I.R. participation system through a joint committee (OIP). Nowadays the OIP activity slowed down. This initiative favoured a well structured collective bargaining activity and a number of collective agreement concerning also flexibility

5.3 Glossary

Contratti formazione lavoro: The work/training contract, as regulated by Law n. 863 of 1984, is a special employment relationship intended to promote the hiring and training of young persons between the ages of 15 and 29.

Lavoro interinale: Temporary work through agency. This new type of contract has been recently introduced in our legislation and it is regulated by Law n. 196/97. Following the national multi-industry agreement, temporary work is now operative.

Telework: It is a type of remote working, using modern information technology (computers and communication technologies), which make it possible for employees to perform their tasks and discharge their responsibilities at home or at locations other than an organisation's head-quarters or sub-offices. Flexible place arrangements may operate on a temporary basis allowing an employee to work from home or at a location near home in order to meet a particular but short term need or emergency (drawn by *E-quality*, cd-rom by Fondazione Regionale Pietro Seveso, 1999)

Mobile telework: Work performed at the office, at home, in travel, ... using computers and telecommunications.

Subcontracting: with this term we mean the system through which FIAT delegates to suppliers' companies, defined *ad capofiliera*, the management of producing complex components, giving them also the power of control over the other suppliers situated to lower levels. Unlike outsourcing, which represents the next step towards the "modular plant" that FIAT is going to build in India (Pune), product assembly and maintenance are still under Fiat control.

EF/00/53/EN