

Fiat Mirafiori - Summary

✓ *Economic environment*

During the last 20 years, the automotive sector has been characterised by many important technological changes, above all related to the growing demand for products customization, which was one main factor of the crisis of the traditional models of production. Firms tended to lose their old "vertical" integration of activities and the sub-contracting system moved from components supply to complex systems procurement. During the last years, the externalization process went together with an impressive trend of de-localizations.

During the Nineties, the concentration of production in a few large multinational groups increased. Among these mergers, acquisitions and strategic alliances we can find the Master agreement signed by Fiat and General Motors in 2000 and concluded in February 2005.

✓ *Anticipation mechanisms*

As far as strategic anticipation is concerned, major management responsibility consists not merely in inability to anticipate the change, but mostly in an inadequate vision of company's and market's evolution.

As far as operational anticipation is concerned, tools like early retirement and "wage guarantee found" are largely used in order to manage the crisis after the official presentation of the industrial plan.

Nevertheless, if we take into account the local political actor, we can suggest a different interpretation of both strategic and operational anticipation: the former can be recognised in a quite shared vision of local system's future (position of the region in international competition, more or less decisive deep presence of automotive vs. "new" sectors, of industrial vs. service occupation...); the latter consist in what we can describe as the most "innovative practice" (see next paragraph).

✓ *Innovative practices*

The most innovative feature of Fiat Auto restructuring is probably the intervention of local public actors (especially the regional and urban governments), in the form of the purchase of Mirafiori's unused areas and in the following constitution of an agency for their management. Even if this intervention was certainly not decisive for the rescue of Fiat, it certainly had a very strong influence in the rescue of Mirafiori plant whose further contraction was at the time very probable because it guaranteed the installation of a new production line in Turin.

Of course the intervention can be interpreted as a financial aid to a firm in difficulty, but the stated intentions of protagonists are more ambitious: the new agency is supposed to work for a partial reindustrialisation of the area, through relocations of local firms and possibly by the attraction of foreign ones. At its best, the new agency could be part of an ambitious design aiming at the production for firms of the kind of "local collective competition goods" (technology transfer, vocational and higher education, internationalisation) that used to be in the past "club goods" inside Fiat group and its subcontractors.

✓ *The results of the restructuring*

Since 2002 (industrial plan), Mirafiori plant went from a 27,000 to a 15,000 workforce. The installation of the "Grande Punto" assembly line, officially opened on May, 26th 2005, may stop this negative trend and represent a turnaround in Mirafiori industrial history.

Also the results on the subcontracting system should be positive as well, but they have to be evaluated during the following months.

The involvement of local governments in the definition of a new path of economic local development are to be evaluated, since the possibility to improve a new local development path would depend on the actual use of the acquired areas.