

StMicroelectronics Agrate - Summary

✓ *Economic environment*

There are many factors accounting for the causes of the restructuring process: the crisis of the semiconductor sector (a slowdown in the volume of demand and a structural lowering of sales price); a disadvantageous euro/dollar exchange rate; the development of a specialized competition (fabless and fondeurs); the Asiatic competition and the upgrading from a 6" wafers production to a 8" and 12" one. For these reasons, in May 2005, when restructuring was announced, STMicroelectronics' results were steadily going down.

✓ *Anticipation mechanisms*

The anticipation mechanisms in place within the plant are both strategic and operational.

The role of informing and consulting is played at European level by the European Work Council and, at local level, by the Strategic Committee, meeting twice a year. Beside these formal mechanisms, trade unions consider very important the activation of informal "union sensors" ("antenne sindacali") through representatives at the local level.

In Agrate there is a cooperative system of industrial relations: the two major unions, Fim-Cisl and Fiom-Cgil, are not divided in their strategies and the management considers important to "share the scenario" with trade unions.

✓ *Innovative practices*

A local game inside the global player : the restructuring process was agreed with trade unions (without any intervention of local or public authorities), in order to transform its downsizing effects to a less dramatic reorganisation of the firm and to increase the competitiveness of Agrate compared to other ST plants ("regime competitor").

Paradoxically, *the support of EWC* is another innovating practice, not present in the past, that favoured the local game. The EWC gave an important support for a more knowledge-based union strategy, that could have been really used in an efficient way at the local level by the "Strategic Committee" and less at the global level of STMicroelectronics.

The opposition of unions to the calculation of fixed-term and temporary agency workers in the 990 redundancies introduced also a new practice or, better, it *denied the old practice of "last in first out"*, with many problems for the same unions, which refused the apparently more simple and traditional labour rule proposed by the management.

But the most innovating practice was certainly the decision to make the *referenda on the new shiftwork among workers in two steps*: before among the workers directly touched by the agreement, and then among all workers. It was a risk for unions, but it gave a stronger democratic support to the restructuring.

✓ *The results of the restructuring*

The local process of governance (how) was able to transform the same nature of the restructuring (what) from the initial request of downsizing to a reorganisation, with a new shift of work and reducing aged workforce in favour of younger people. Instead of 990 workers in redundancy, there have been only 270 accompanied early retirement, temporary workers were stabilized and the occupational trend could be in the next short period even more positive.

As for the economic evaluation of the results of the restructuring, it is important to distinguish between the long and the short period. In the short period, the evaluation must be very positive as the technological innovation of the product was a decisive reaction to the market demand and to the problem of the costs of production. Even if the new rise of the market at the end of 2005 could have given some general advantages also to STMicroelectronics. But in the long period, this managerial strategy could be too minimal in order to face the questions of overcapacity and the power relations with the more specialized fabless producers. So, it should be keep under control the "meta-national" managerial strategy, as the management underlines the strategic importance of the single production site more than the national states.