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Management in Western Europe

Society, Culture and Organization in Twelve Nations

Editor: David J. Hickson

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Chapter 9: Italy

Aspects of Italian Management*

Pasquale Gagliardi and Barry A. Turner

The Broad-based Pyramid of Italian Industry

The economy of Italy has a distinctive and an idiosyncratic structure which strongly influences the options and opportunities open to Italian managers. Since the types of companies which make up this structure provide the environment within which Italian managers have to operate, we shall have to look at the features of these organizations and their interrelationships if we are to find out about the nature of Italian management. Italy has a primary sector made up of a handful of very large companies, many with very strong governmental involvement; these rest on the broad base of a secondary sector which contains a myriad of small and very small enterprises. Compared with other West European countries, Italy has a distinct lack of medium-sized companies between these two extremes (Istituto Centrale di Statistica 1981). This slightly anomalous structure—sometimes referred to as the "flattened pyramid" of the Italian industrial system (Fondazione Agnelli 1974)—has been seen as an indication that Italian industry has a great deal of *imprenditorialità* or entrepreneurship amongst the multiplicity of small firms at the bottom, but a distinct lack of organizational skills (Fuà 1980). This picture of the context of Italian management, however, is unduly oversimplified and in the following pages we will elaborate on it further.

Even as it stands, the picture shows contrasting qualities. A productive economic ferment has been generated by the multitude of small enterprises and, in the nineteen-seventies and eighties, they provided a new and characteristic industrial pattern. "Flexible specialization" is seen as a distinctively Italian contribution to contemporary economic organization. This pattern also represents an Italian variant of the exploitative "dual economy" with which we are more familiar in less developed countries. In the classic model of a dual economy, the primary sector of large, well-established organizations is typically a high status one, offering higher paid, more secure employment in positions which promise careers for life. By contrast, the secondary sector is more fragmented and more exploited. Its organizations are less permanent and they operate closer to the margins, drawing upon a different labour market, paying their employees significantly less and offering short-term, temporary or part-time employment with little or no security. Later on we shall look in a little more detail at the debate about this issue of *dualismo* or the dual economy in Italy.

Some Background

Italian industry has grown up against a backcloth of national diversity and major regional differences. Italy was established as a unitary state only in 1861. Before that time, the peninsula was made up of many small states, each with their own distinctive traditions which were endorsed and amplified by their various geographic and climatic contexts, their differing economic emphases and their different experiences of external domination by Austrian, French and Spanish invaders. These very strong cultural and linguistic traditions still persist in the deeply felt regional identities which are encountered across Italy. They are seen in their most extreme form in the *questione meridionale*, the economic and cultural split between the north and the south. This split is one which is always at the centre of Italian political debate, a division which persists in spite of the very large investments made by the government in attempts to eliminate it.

Superimposed upon such regional differences, we also find a rather different degree of diversity. This arises from the kind of differentiation of life-styles produced in all contemporary industrial societies by variations in social and demographic factors. Recent market research, for example, has identified 14 different types of Italian life-styles which depend upon age, census and class elements as well as having some cultural, geographic and historical variation (Eurisko 1986). In trying to sketch a view of Italian management, then, we are looking at arrangements in a country which shows diversity arising from a strong pattern of regional identity, regional economies and regional government.

Italy is one of the most densely settled West European countries, with the second largest population in the European Community. Its per capita income is amongst the highest in the world and while both its production and occupational structures are those of an economically advanced country, its agricultural sector also continues to be very prominent. In the public sector, Italy runs a high budget deficit and its national debt has recently exceeded its Gross Domestic Product, although it has to be said that, at least up until the final removal of barriers to capital flows in 1992, much of the public debt was funded by Italy's traditionally high rate of domestic savings. Many public services are notoriously inefficient and also offer opportunities for corruption. Functionaries from all of the major political parties are involved, at every level, in issues which affect the management of public services, and this practice does little to improve efficiency or to reduce the possibilities for corruption. It is no secret that there is much organized crime in Italy, and difficulties and complications from this source are now spreading further into areas of public administration. This, then is the Italian context: the variety of organizations which operate within this context provide the arena for Italian management.

The Family and the Enterprise

Italian life attaches high significance to the family, both as a basis for much social life and as a factor in Italian industrial development and Italian management (Haycraft 1987: 116-178). The family is important in Italian life as reality, as structure and as metaphor. The *reality* of Italian family life is clearly evident in the patterns of housing, of social support and obligation, of inheritance and of socialization. The family provides an example for other *structures*, allowing the development of industrial patterns which either follow the ramifications of the family or which mimic them. The idea of the family is then available as a *metaphor* for the specification of obligations, for the setting of expectations about cohesion and loyalty and as a justification for regarding those who find themselves outside the boundaries of the family with a degree of wariness. The relevance of the familial pattern is often raised by Italian managers and consultants when they are interviewed about the organizations which they manage, study or confront. Aspects of family-related behaviour interpenetrate industrial enterprises at all levels, sometimes taking the form of *clientelismo*, a pattern of obligations and exchanges which uses linkages set by particularistic relationships and personal contacts.

The family enterprise is a fundamental of Italian capitalism, and it has a major contribution to make to its vitality, adaptability and competitiveness. The family enterprise develops when the family has the capacity to define economic objectives and to cooperate to mobilize human and financial resources to pursue those objectives (Boldizzoni 1988). Of course, family companies are important in all major, industrial countries, especially among the smaller enterprises, but in Italy, family and business links are much more widespread, most of the major private companies being family based. The family in Italy constitutes the main motivational basis for investment and for work and it also provides a way of handling the risks of economic activity, by offering protection and support in difficult situations. At the same time, of course, the need to use the members of an extended family network to handle complex industrial issues may inhibit decision-making, and often this limitation is not helped by the pressures on a paternalist system to favour family members systematically over outsiders, pushing the organization over the fine line which separates family cooperation from nepotism.

A particular difficulty which has been observed in family enterprises in many countries is the problem of the succession of leadership. This issue causes stress in both large and small family-owned Italian organizations. Succession is a problem for top companies outside the state sector which are family owned. The Gardini family in Ferruzzi Finanziaria, the Agnelli family of Fiat and the Pirelli family have all recently had to make hard decisions about the choice of family members to succeed to key executive positions. Other major Italian industrial families which may share similar problems are the de Benedetti, Benetton, and Pininfarina families. There is evidence, too, that some offspring who cannot be absorbed directly into such family firms are showing a preference for moving into senior positions in banking and finance, a development which shifts them into positions where they are likely to be able to continue to assist the family.

Boldizzoni (1988) suggests that whether succession proceeds smoothly or not depends upon the age and the life-cycle of the company, on the personal characteristics of the key executive to be replaced, on the availability of suitable candidates from amongst the family and their collaborators, and upon the nature and type of any succession plan they might have. The problem is most difficult with first generation entrepreneurs who identify strongly with the company. Such men, for men they usually are, will often have exceptional personal qualities, but they may nonetheless be reluctant to prepare for their own replacement. There is a strong preference for keeping the company in the family, and a corresponding reluctance to bring in from the outside professional managers who might counter the lack of innovation which many small family companies display. Within this family setting it would be typical to find a reluctance to become involved in strongly expressed conflicts and a willing acceptance that power should be concentrated in the hands of the founder or his successor. Moreover, these family-influenced views of the way in which corporate power and conflict should be handled spill over into other, non-family and state-owned companies in Italy.

In the small family-run companies, there is no separation between ownership and control, and they tend to employ only a limited range of specialized professionals. The entrepreneur and the company tend to learn at the same time, usually reacting to problems rather than anticipating them. The particular types of enterprise-related behaviour within the company (cost reduction, diversification, exporting) and the policies of development are strongly determined by the size of the company (Gibbs and Scott 1983).

The entrepreneurs in the family enterprises which Boldizzoni studied were strongly individualistic, strongly motivated and well educated, nearly half of them having attended university. A majority were influenced by the presence of other entrepreneurs within their family network. The companies had a strong sense of the reputation of the family and there was significant involvement of the family in management.

The Large Enterprises

The major Italian enterprises are either state owned or family owned. This means that, effectively, Italy has neither "public" companies, nor the associated debate about the separation between ownership and control of such enterprises which has been heard in other regions of modern capitalism, particularly the Anglo-Saxon ones. The Italian state is also more deeply involved in the economy than is the case in any other capitalist country, the size of the public sector making the private sector the smallest of any Western European state.

The large state-owned, state-controlled or state-associated enterprises exert a major influence. Apart from their size and their dominance, they have also been important in the past in that they provided, at least at a more formal level, some models for Italian management. Their high level of influence has been traced both to the Italian totalitarian corporatism of the twenties and thirties, (Heckscher 1946: cited in Anheier and Seibel 1990) and to a pattern which characterizes those civil law countries where the church played a dominant role in social reforms following the industrial revolution, and where absolutism was slowly or incompletely abolished. The power of these church and state-influenced models continued to be quite persuasive in the post-war period, and it still means that those organizations operating between the private, for-profit sector and the government (what is sometimes called the "third sector") tend to look more like state agencies than for-profit firms (Anheier and Seibel 1990). However, in the past twenty years, this influence has waned as the smaller companies started to make the running in the Italian economy.

After the major oil companies, IRI, the principal Italian state holding company, is the largest firm in Europe (Ward 1990). Companies such as Fiat, ENI, Ferruzzi, Olivetti, Pirelli and Esso-Italia are included in the list of the top 500 non-American companies, but there are fewer of them than might be expected for a nation of Italy's size, the great majority of Italian companies having less than 100 workers. IRI itself, set up originally in 1933 by Mussolini as a measure to counter the effects of the Depression, has some 600 subsidiaries, including RAI—the national broadcasting corporation; the state tourism company, CIT; engineering companies and most of the steel industry; maritime insurance; the shipyards; telecommunications and four major banks. The state also has direct ownership of ENI, the State Agency for Hydrocarbons, and the two major financial agencies EFIM and GEPI, together with six other national banks, thirty-one lending banks and a group of regional savings banks, not to mention the Istituto Mobiliare Italiano (IMI) which funds the majority of Italy's public works. "IRI, ENI, EFIM and GEPI together are responsible for almost 30 per cent of sales and almost 50 per cent of fixed investment in Italy" (Ward 1990: 238).

Within the state-owned enterprises, the stability which one might expect from the continuity of state control under the direction of the *Ministero delle partecipazioni statali* is only partially evident, for, in practice, this form of direction means that with every change of government the stockholder changes. Even though the *Democrazia Cristiana*, or Christian Democrat, regime has provided long-term continuity of government since the Second World War, individual governments in Italy have been of very short duration. Moreover, while it is reasonable to assume that the board of a "normal" company would be primarily interested in the profitabiliy and development of the business, the state-owned enterprises are given additional, more political goals relating, for example, to employment, to the state presence in strategic, non-profitable sectors neglected by private entrepreneurs and to regional development. These goals, which may well at times be mutually contradictory, are very often expressions of the *lottizzazione*—the system by which there is an agreed attribution of particular areas of influence and managerial posts to each political party.

In addition, the state-owned enterprises have a multiplicity of stakeholders pushing each company in different directions: the unions, the employees, consumers, public opinion and the political parties all have a view, and the managers of the enterprise itself will add to the debate with their own interpretations of the "social responsibilities" of the enterprise. These claims intrude not only into strategic decision-making, but are heard at all operational levels, so that state-owned enterprises exhibit a high degree of dependency upon many other groups, a condition which has been labelled "allodependency" (Ferrario 1978). Political goals and pressures of this kind cut across the patterns of management and organization which we might otherwise expect to be pursued by professional managers working largely according to criteria of economic rationality and efficiency.

The Small Enterprises

At the opposite end of the industrial scale, in contrast to the large, state-dominated enterprises which have been perceived over the past quarter of a century to be rather static and conservative, there has developed a distinctively new and lively form of industrial development, a form novel enough to have been called at times, "post-industrial". Many small Italian companies seem to have jumped, somehow, beyond the constraints of the mass-production technology and the management practices of F.W. Taylor and Henry Ford to create a new form of small-scale, craft-based family enterprise. These enterprises offer a high degree of responsiveness to customers and, because of their small size and their propensity to demonstrate a high degree of "flexible specialization", are able to fit themselves into small adaptive niches. They also appear, from some points of view, to offer the benefits of a human-scale and a family-based pattern of relations in the workplace.

The small organizations of the secondary sector have been vigorously active since at least the 1960s. Already, at the start of this period, establishments with less than 100 employees produced 57 per cent of the value of manufactured goods in Italy, compared with around 40 per cent in Germany and France and 20 per cent in Great Britain and the United States (Barbetta 1989: 157). There has, though, been little evidence of a consequent growth in size of the enterprises at the base of the system. This may well be because there are quite specific constraints upon the growth of small companies in Italy: legal, trade-union based, fiscal, economic and administrative (Barbetta 1989: 184–189). As the Italian economy "matured", we might have expected small companies to undergo a progressive process of industrial concentration but these restraining factors seem to have served to check such changes. In addition, there are other, specific constraints which relate to the nature of small, family-based companies which we shall look at in more detail below.

In the 1980s, however, a number of the pressures towards greater industrial concentration seem once more to have made their presence felt. After a decade of quite spectacular activity in the nineteen-seventies, the small enterprises are starting to cede some ground to larger corporations. The large enterprises in the primary sector turn out to have adopted strategies in this period which are very similar to those adopted by major companies elsewhere in Europe, and they have started to take on a similar look. The larger Italian enterprises during the 1980s have slimmed down workforces and increased both their turnover and their level of productivity. However, these strategies do also, in fact, contribute something to the growth of small enterprises in the secondary sector. As the larger companies move away from internal vertical integration and start to favour a decentralized form of production, the overall system accommodates its needs to adjust to variability of demand and increased costs of primary inputs by increasing the opportunities for small companies to join the system, but also to bear a significant proportion of the risks and the costs of possible downturns and reductions in business.

Over the past two decades, the development of the smaller enterprises has shown both continuity and a break with the past. Continuity from the sixties can be seen in the persistent growth of enterprises with between 10 and 100 employees, most of this growth occurring in the companies within the most "advanced" industrial sectors—machine tool, transport, electrical and electronic—although it can be seen also, to a lesser extent, in basic industries and in traditional industries such as textiles, clothing and engineering. The rather surprising break with the past is visible in the growth which has taken place among companies with less than 10 employees, for, compared with the 'sixties, these have increased both in number and in the aggregate number of people employed.

So far we have presented a sketch of some of the major features of contemporary Italian industry. However, this sketch must be taken with great caution. Quite apart from the high degree of regional variability, Italian industry has followed an intricate dynamic since the 1960s, with a series of complicated interchanges between the enterprises at the top and at the base of the industrial system. At some points, in the early sixties, for example, the bigger enterprises were placing emphasis upon larger and larger industrial units. The smaller enterprises grew by making use of opportunities which this policy overlooked. They were able to react more rapidly to market changes at times of high uncertainty, and this gave them benefits which carried them through the following decade. The search for advantage shifted from the large to the small enterprises and back again in a far from simple pattern, according to the period (Barbetta 1989: 198). Since, however, the growth in the number of very small companies, and thus the degree of fragmentation at the base of the system now seems to be increasing rather than decreasing (Lorenzoni 1990), we do need to raise here the question of how such a fragmented system can compete effectively.

The Constellation and Flexible Specialization

Although it is impossible to offer a simple understanding of the processes of development during the last twenty years in Italian industry because of their great complexity, it is clear that the smaller enterprises have been responsible for many of the novel developments at the base of the structure. To gain a better understanding of these changes, it is useful to look at some attempts to analyze just how these companies related to other parts of the industrial sector.

Sabel (1982) characterizes the enterprises of Emilia Romagna, together with those of the Marches, Tuscany and Umbria as small-scale, high-technology cottage industries which employ craft labour to supply diversified consumer tastes on a changing world market (see also Brusco 1982; Brusco and Sabel 1981). In what is perhaps a slightly Utopian view of the small- to medium-sized engineering, clothing and textiles artisan firms of these areas, he sees them as giving back to labour some of the creativity removed by Fordist mass production, since such small enterprises avoid both a minute fragmentation of work and a strict separation between conception and execution. The regional diversity and the Utopian appearance are both enhanced by the co-existence with industry of a mixture of both very rich and peasant subsistence agriculture. Sabel sees this rather complex texture of craft and agricultural enterprises as one which is being promoted positively by regional government, in collaboration with the PCI—the Italian Communist Party—and the trade unions. By offering support to innovative proprietors to strengthen their will to train apprentices for the future, regional government is encouraging the continuance of this novel industrial pattern. Thus, in this region of Italy at least, Sabel suggests that we find a system where the dominant Western mode of multinational mass production is being replaced by a new, forward-looking amalgam of work and politics on a more human scale.

A diametrically opposed interpretation has been offered by Murray (1987) who argues that Italy has been dominated, and continues to be dominated by large Fordist and neo-Fordist companies. He sees little evidence of the direction of development by regional administration, and points instead to the logic of international capital as the driving force of development. The small firms, which are themselves not free of conflicts between capital and labour, play their part in the system by making small batch, customized investment goods which are difficult to mass produce. Workers in these small firms are subdivided by race, gender and skill, and Murray suggests that Sabel neglects both the wide variety of working conditions to be found in the artisan sector, and the variation in the levels of wages paid. Because he concentrates upon the companies employing middle-aged, male, skilled, Emilian workers, he neglects those which employ predominantly women, or low-skilled Southern Italians and North Africans. For Murray, it is not only the small companies at the base of the pyramid which are splintering and fragmenting but also the working class, so that such solidarity as was developed in the seventies is now being considerably undermined.

Murray offers as an example the engineering industry in Bologna, which has several segments. Larger firms subcontract into the artisan sector to offset their own rigidity and to cope with market fluctuations. There is an extensive subcontracting network, which includes some firms with "tragic" working conditions and very low unionization. The system provides an enormous degree of labour flexibility for the capital interests of the area. At the same time, the larger firms are investing heavily in information technology and new production technologies and developing their links with multinationals.

This stress upon the interlinkages of the system is echoed in a striking new analysis by Lorenzoni (1990) who has suggested that it is misleading to concentrate too much on trying to assess the capacity of individual small enterprises or wondering how it is possible for such weak units to survive in a rather tough economic climate. Rather than making reference to some unspecified qualities of entrepreneurship or to the benefits accruing from tax evasion or from the use of underpaid labour in order to explain the brilliant results which have been obtained, he suggests that we look at the enterprise system as a whole. A single enterprise, he says, is "like a table without legs". Instead of looking at a single component, we need to look at the properties of the complete pattern of linkages. Analyzing a number of case studies which he has carried out, again in the Emilia region, he advances a theory which is valuable in understanding this pattern of organization which is so widely diffused in northern, eastern and central Italy.

His basic hypothesis is that rather than trying to explain the success of small Italian companies by reference to some single company or management factor we should look at the wider innovative pattern of inter-organizational relations which has been developing. Small companies in the Italian setting turn away from the possibility of developing through internal growth (*crescita interna*), either by increasing direct investment or by expanding the number of staff employed. Rather they develop by increasing their connections and links with other small companies through a pattern of networking and external growth (*crescita esterna*).

We have already noted that there are a number of factors—legal, fiscal and economic—which help to persuade many Italian companies to sustain operations on a small scale. These inclinations are reinforced by the family network which typically forms the base of the small Italian enterprise. The series of studies of both small companies and family-based companies by Boldizzoni (1985, 1988), which we have already referred to, has demonstrated that family companies grow by progressively co-opting members of the family into the enterprise, and that this means that the potential for the development of companies is proportional to the potential of the families involved. Even when the potential base of recruitment is enlarged by marriage links, using precisely the mechanisms by which mediaeval Venetian merchants secured the expansion of their enterprises, there is still

a constraint upon the size of the enterprise if it is to be kept within family boundaries. In market terms, if we look at their competitive, structural and financial profiles, such small companies are weak in themselves, especially given the tendency to undercapitalization which they display (Boldizzoni 1985). In aggregation, however, these companies can display strong competitive qualities.

Lorenzoni suggests that they achieve their strong competitive aggregate qualities by adopting a particular pattern of linkages based upon the development of complementary enterprise roles. One leading company becomes associated with a group of other small companies in an arrangement which Lorenzoni refers to as "the constellation"—*la costellazione*. The leading company, the *impresa guida*, is typically managed by a creative and innovative entrepreneur, while the other companies, looked at individually, could be said to be managed by what Lorenzoni calls a style of *imprenditorialità limitata* or limited entrepreneurship. Those working in this style are far from the Schumpeterian archetype and are concerned to maintain their autonomy within a limited but stable sphere of activity defined by the existing enterprise and its family connections in a way which is already familiar to us from Boldizzoni's study of family firms. Such limited entrepreneurship focuses upon the efficiency of internal activity, mainly in production. It takes little or no interest in the wider business environment and has no desire for growth.

The typical constellation is held together by integration devices of extreme simplicity. It is not driven by a sophisticated project but by negotiation between the members to obtain a consensus on the "facts" to be confronted and on the actions which then must follow the shared diagnosis of the situation. Business within the constellation is done with a degree of informality which presupposes a high degree of trust between members of the constellation. Like all such loosely connected networks (Gouldner 1959), if the interests of the member units and those of the constellation as a whole are to be optimized, an appropriate balance has to be found between the autonomy of the member units and the benefits which they derive from their place in the constellation.

Although the pattern of networking which Lorenzoni describes may be one which has distinctively Italian features, in a more general sense, many of its traits can be found in a variety of other locations in the early stages of industrial take-off: in the metal-working firms of the English Black Country in the Industrial Revolution, for example, or in the nearby Birmingham jewellery quarter in the late nineteenth century. The physical proximity of a number of small, related and overlapping enterprises makes it both sensible and possible for them to tackle the division of labour needed for larger industrial projects by adopting a collaborative network in one form or another, while at the same time preserving the formal autonomy of their individual units. These conditions, Williamson (1975) would suggest, are ones in which the costs of the transactions to be carried out between the various participants are cheaper if small individual producers enter into the transactions than if all of the participants were merged into a single large organization. If a point is reached at which the formation of a single organization would lower transaction costs significantly, then on a strict economic calculus, the "constellations" would disappear.

Against this economic view, however, we should set the quasi-familial pattern which is evident in the informal and consensus-based linkages of Lorenzoni's networks, an arrangement which is reminiscent of the clan pattern which Ouchi (1981) describes in his critique of Williamson's model. Japanese organizations, and some American ones which approximate to them, remain together rather than fragmenting in response to economic pressures, Ouchi suggests, because of the cultural commitment which their members share towards social cohesion. In an inversion of this relationship, the cultural commitment of Italian, family-based entrepreneurs to the autonomy of units of limited size within an informal, quasi-familial network of joint obligations may allow constellations to continue to operate even in situations where a pure transaction-cost analysis might suggest that there should be growth and aggregation into larger units. (For a complementary discussion of the ramifying symbolic benefits which may be gained when networks are specified, see Kreiner and Schultz' (1991) study of international networks in biotechnology.)

Management of the Organization

We can now finally turn to look at some of the features which characterize the way in which the complex and distinctive Italian industrial structure which we have so far been describing is managed. Although firmly based data is hard to come by, virtually everyone who has looked at the question has felt the need to try to relate Italian managerial characteristics to the patterns of Italian national culture. However, it is not easy to sketch in the characteristics of Italian culture, especially given the degree of diversity and difference which we have already noted. We can, though, make use of some survey evidence in attempting this task.

Very few studies have looked specifically at Italian managers. Instead we have to draw upon Latin and Italian characteristics identified in cross-national managerial studies. International surveys suggest that the Italian culture, and to some extent Latin cultures more generally, operate with a distinctive cluster of interrelated attitudes: specificity, familialism, a lack of trust in other people in general, combined with a general view that support and *favoritismo* rather than isolated individual effort are needed in order to

succeed, (Eurisko 1991). The element of specificity reflects a preference for dealing with known individuals rather than with representatives of general categories or classes, a preference for the personal contact which can be regarded as an extension to the family. It then becomes more difficult to place trust in those who cannot be located socially in this fashion.

Laurent (1983), for example, characterized French and Italian managers as having a more personal and social concept of authority than American, Swiss or German managers; and as having a highly politicized rather than a structural view of their organizations. Italian managers in particular showed a preference for clarity and the control of uncertainty within their organizations, an arrangement which would minimize potential internal organizational conflicts. They were also suspicious of arrangements such as matrix organizations which blurred hierarchical relationships. These findings are echoed in other studies which suggest that Latin European managers prefer a strong hierarchy and that they display little autonomy, and gain little management satisfaction (Haire et al. 1966), or that they demonstrate individualism, autocracy, paternalism, a stress upon masculinity and a strong sense of hierarchy (Hofstede 1976, 1977, 1980; Bollinger and Hofstede 1987). These findings echo the preferences expressed among the members of family firms which we have already noted in the third section of this chapter.

In Italian family firms, Boldizzoni (1988) found that a characteristic pattern of management was a strong concentration by the chief executive or founding entrepreneur upon various key commercial, financial or productive activities. Those functions considered to be marginal or less important were delegated to members of the family or to collaborators. There was a strict relationship between the strong points of the company and the primary responsibilities of the entrepreneur. New managerial capacities were not well developed in such companies. They tended to improve and to consolidate the managerial competencies and strengths which they already possessed rather than developing additional ones. Planning tended to concentrate upon improving the quality of products and developing new ones rather than changing and improving other aspects of company activities.

Ciferri (1990) is preparing a comparative study of British and Italian management which will concentrate upon attitudes to actual management systems rather than the managerial preferences which Hofstede has examined in great detail. In spite of this difference in emphasis, however, he suggests that Hofstede's work offers an accurate compendium of findings to date, when he argues that, in Italy, subordinates at all levels of the hierarchy are heavily dependent on their superiors; that subordinates expect superiors to act autocratically; that the ideal superior to most managers is a benevolent autocrat or a paternalist; there is a wide expectation that superiors will enjoy privileges, laws and rules which are different from those of their subordinates; and that status symbols are very important in contributing to the authority of the superior manager. To these patterns can be added support for "*clientelismo*", that highly specific and person-based relationship which occurs between people with mutual interests or between those who need and those who can offer various forms of patronage.

As with the Arabic pattern of *wasta*, *clientelismo* recognizes the wider network of obligations beyond the organization in which the manager is located. Someone in a superior position not only has obligations and responsibilities within the company, but also responsibilities to and mutual obligations with family members and with other individuals who may be tied into a quasi-familial, personal network. Family-specific or family-like contacts and relationships make sense when there is an absence of reassurance about the reliability of those who cannot be located on such personal networks.

Some interesting insights into management in the *middle* layers of the industrial structure are offered by one study which has looked at a small group of 25 private companies. These are quite an elite group of mainly medium to large companies sophisticated enough to respond to quite an extensive and complicated questionnaire study. Rugiadini (1985) sought to try to determine the "distance" which might exist between these Italian companies and a general "universal model" of advanced European management which he had devised. The study distinguished four different areas of management practice: control, organization, planning and personnel appraisal, and defined an "advanced" model for each of these. The criteria vary from one area to another, sometimes implying the adoption of increased levels of formalization or the use of specific methods, sometimes more substantial integration between levels and roles in management processes and sometimes the use of certain decision criteria.

He came up with the following findings. In general, in the first three areas of practice: control, organization and planning, the Italian companies studied were at or were close to the author's model. They diverged substantially from the model, however, in the fourth area, the field of personnel appraisal. In these companies, the managers did not organize or handle the merit-rating process systematically, and when they were carrying out appraisals, they did not attempt to refer to impersonal, objective criteria. The managers involved seemed either to resist or to refuse outright the acceptance of a clear definition of either individual responsibilities or objective appraisal criteria linked to company results. Instead they showed a response which is consistent with the general patterns of autocracy and paternalism which we have already noted.

To the general picture of the stance of Italian management which we have presented so far, we might add the common perception that there is a

high degree of aesthetic sensibility in Italian culture and a concern for a widely construed notion of design which transmutes into the Italian flair for style, even if some writers see this flair constituted as adaptability to the tastes of others rather than a genuine design creativity (Ward 1990: 251–257). There is, however, no doubt that the attribute most frequently associated with Italian organizations is a sense of *style*. The flair for design and visual appeal which grows out of the public concern with dress and the plastic and visual arts, is also associated with the special place of design and designers in Italian culture and in Italian managerial life. The absence of a clear dividing line between fashion, art, architecture and design, is accompanied by a high degree of public recognition for leading designers. This fits with the emphasis upon corporate image and styling in corporations such as Olivetti, Ferrari, Alfa-Romeo and Fiat. It also connects with the variety of design options available in the Italian marketplace, as part of the pattern of flexible specialization offered by the small, family-modelled organizations of the constellations. In seeking their own distinctive niches in the market, many of them are able to build upon or make use of the cachet of "made in Italy", especially in the fields of textiles and fashion, motor car and electrical and domestic product design, circumventing to some degree the major standardizing demands of the process of mass production.

Concluding Comments

A first level of understanding of Italian management has to commence with a recognition of the diversity of the country and its enterprises, and of the skewed distribution of size shown by Italian enterprises, with much state involvement in the larger organizations. In addition to the formal factors which often make it sensible for small companies to remain small in Italy, the values, practices and structures associated with a strong emphasis upon the family also push towards the same end.

It does not make sense, however, to try to understand individual small enterprises without looking at the "constellations" of collaborating companies of which they form a part. These constellations permit the continuance of traditional Italian views of interpersonal relationships and obligations and allow a concentration upon the quasi-domestic unit, even as the combinations of such units form into novel industrial patterns. Their knack of flexible specialization has boosted the Italian economy considerably over the past two decades, but, while elements of the small-scale enterprises may have their Utopian appeal it would be short-sighted not to recognize the ties which link all of these companies, admittedly sometimes very ineffectively, into an interplay with the larger private and state-owned companies which form the other major element of the Italian managerial scene. It is an open question how far these larger forces, especially those arising in the context of a unified European economy, are likely to exert pressures for industrial concentration which will remove many of the specifically Italian features noted above and how far the industrial diversification and cooperation provided by the existing industrial districts and constellations will resist such inroads.

In companies at both ends of the industrial scale, there is a distinctively Italian outlook on management which stresses dependence and paternalism or autocracy; personal relationships and *clientelismo*; and a clarity of hierarchical relations which makes it easier to avoid overt conflict. If the moves towards the Single European Market do bring about significant structural change in Italian industry, it could be expected that cultural lags associated with the strongly embedded Italian cultural patterns will make key values and beliefs rather more difficult to change, so that Italian management will be likely to retain its distinctive features well into the twenty-first century.

Note

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