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**DIFFERENT KINDS OF FINANCIAL PARTICIPATION
IN CREDIT/UNICREDIT:**

**ADAC'S EMPLOYED SHAREHOLDERS
BY FAMILY SAVINGS PRIVATIZATION
AND BY HUMAN RESOURCES MANAGEMENT PLANS**

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**DIFFERENT KINDS OF FINANCIAL PARTECIPATION IN CREDIT / UNICREDIT:
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 BY HUMAN RESOURCES MANAGEMENT PLANS**

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1. HISTORY, MODELS AND EFFECTS OF EMPLOYEE SHARE OWNERSHIP

It is well-known that financial participation by employed shareholders is a kind of insider participation that usually has only a distributive aim (participation for money), like in ESOP but can have a special role in decision-making (participation for power) if employed shareholders are able to associate themselves with or without Trade Union support.

Employed shareholders participation goes beyond the traditional capitalistic enterprise (zero level of participation) by developing further the low levels of financial participation such as profit sharing (participation to economic results of firm) and stock option (expected "instant participation" aimed to obtain capital gain).

Employed shareholders participation is developed under two different kinds: an individual ownership of firm's stocks and an associated sharing of firm's world, with a voice in strategic decision-making (see TABLE 1, as developed from Nuti,2000 and Baglioni,2001).

Employed ownership in Italian banking capitalist sector –aside from the cooperative sector of popular saving banks, under labour rule (one man, one vote)- has a limited role as minority shareholders participation given the financial rule of a monetary weighted voting system rule (one share, one vote).

The origins of employed shareholders in Italian capital banking sector were linked to banking privatisation process when the state-owned multisector giant IRI sold at first its main banks, "Credito Italiano bank ("Credito") and Banca Commerciale Italiana ("Comit") in 1993/94.

In this situation is very important to analyze the case of ADAC (Associazione Dipendenti

Azionisti del gruppo Credit) as very few are the available analyses on minority employed shareholders associations in Italy.

I shall develop only few points about ADAC's experience since its birth in 1994, already presented at the previous 10th IAFEP Conference at Arco (Trento) in 2000 (see Bortot,2000) focusing instead on two different kinds of employee share ownership plans in Credit/UniCredit and its implications for the role of employed shareholders within corporate governance.

The key points are about history, models and effects on employed shareholdings:

- 1) ADAC experience: birth, stops, renewal, developments
 - * birth by privatisations, social pact policy and Trade Unions
 - * renewal from restructuring and capital gain age
 - * old stops and new challenges: corporate strategy, national law and European policy
- 2) Different kind of employee share ownership:
 - * by family savings privatization
 - * by human resources management plans
- 3) Alternative consequences for employed shareholders:
 - * corporate governance: individual finance or associated decision-making
 - * evaluation of management strategies: CEO loyal followers or value creation critics
 - * employed shareholders and trade unions: between learning and participation
 - * different models of employed shareholders and different models of capitalism.

For a more detailed presentation of ADAC's history and activity see the enclosed list of main ADAC's initiatives (APPENDIX).

2. ADAC EXPERIENCE

2.1. The birth of ADAC. Banking privatisations, social pact policy and the Trade Unions

ADAC was established on 7th April 1994, the first one in Italian capital banking sector and the first one to face the challenges of "corporate governance" and Credit management strategies of restructuring and change (see TABLE 2).

The prelude of ADAC lies both in financial globalization (end of financial protectionism in Italy under Amato's banking Law,1990 and Ciampi's banking Law,1993) and in the need to comply to Maastricht criteria toward European Monetary Union after EMS' s currency crisis in 1992. Italian government decided therefore to privatise its banking "family jewels" for cash, by selling majority shares in Credit and Comit, held by state-owned giant IRI.

So banking privatisation was launched by means of a Public Selling Offer to business groups and savers, usually buying at that time Italian Treasury bonds. That kind of privatisation was aimed to create two "public companies" in private banking by putting a 3% cap in voting shares for each shareholders. This banking privatisation was rooted into a global income policy founded on a social trilateral pact by Italian government with Employers and Trade Unions associations to rewrite socio-political rules under liberalisation and globalisation. Under that so-called "concertazione" policy, Unions obtained from state-owned IRI special facilities for workers in Credit and Comit acquiring shares of its own bank within privatisation process. The three main national Trade Unions agreed with the main autonomous Trade Union on the choice of

collective participation by becoming the founding members of ADAC and convincing more than a thousand workers shareholders to associate themselves instead of being alone as single employed shareholders. Unions so tried to face the managerial challenge of participation as individual involvement not by merely renewing participation as a workers' right (like in '70s) but outlining a possibility of participation as sharing (see TABLE 3)

So the main Trade Unions in Credit bank (FISAC/CGIL, FIBA/CISL, UIB/UIIL and autonomous FABI) founded ADAC.

The newly-born ADAC (managed jointly by Unions) began its activity at the first shareholders meeting of Credit "public company" bank, when the global share of all workers shareholders was about 3%, like the biggest shareholders imposed cap. ADAC asked for a real participation of employed shareholders in the Board of Administration, or –at least- in the Board of Control, but main shareholders built up a powerful coalition of minority shares (each less than 3% legal maximum) attracting management by ensuring managers job stability. As long as the law was not forcing them to do otherwise, the new ruling owners of private Credit freely chose to exclude ADAC and employed shareholders from corporate institutions. Months later, the same happened at Comit for ADEPA, Comit's employed shareholders association.

The label of "public company" was promptly cancelled by the harsh reality of little 'noyaux durs' coalitions. A great wall was built by business against workers participation in corporate governance.

ADAC therefore entered into politics with a law proposal about the role of employed shareholders in large privatised companies. At first that initiative was welcomed by some political parties (July 1994), but it then finished into the swamp of politics after some debate in Financial and Justice Commissions, in the briefest Italian Republic Parliament ever (1994/96). All the possibilities for ADAC participation in Credit bank seemed gone forever.

2.2. The renewal of ADAC: Banking restructuring and "capital gain" age

The new top managers of privatised Credit began the "merger & acquisition" age in Italian banking by making the first big strike: a successful two-round Public Offer of Buying Credito Romagnolo bank ("Rolo"), a strong and efficient regional bank in Emily and fast growing North Eastern areas. It was then put on a "shock therapy" restructuring strategy, with a double aim: to reduce sharply the labour cost by externalising several back-office services (with subsequent creation of redundant workers) and to change for back-office workers the banking collective agreements (with an immediate estimated cut in real wages of 25-30%). This led to the reaction of all workers (shareholders and not) and Trade Union by strikes that blocked "hard line" strategy, quickly substituted by a more soft approach of gradual restructuring 'with a human face' with a mixed approach keeping into account intra-firm solidarity (see TABLE 4).

At that very low point of employees motivation and loyalty to banking management, Trade Unions tried to revive the reason of workers' participation in Credit by renewing the leadership of ADAC with their stepping aside. ADAC had then a leadership by people outside direct involvement in Union daily action, acquiring so an autonomous strategy of distribution of enterprise value created under a customer/worker satisfaction view (see TABLE 5).

In the first years of its life, ADAC had enjoyed the 18 months freeze clause on shares,

the 36 months bonus share clause for fidelity (1 additional share free for each 10 share owned from the beginning), along with the low price of Credit share, gone below its privatisation price of issuing. At the beginning of 1997 –three years after privatisation- a new development in stock

market threatened to shake the very roots of ADAC. The sudden rise of a “capital gain age” in Italian Stock Exchange led Credit shares to soar more than tripling their value within 1997 (from 1600 to over 5000 ITL per share), till to further higher levels in 1998 reaching their top in 1999 over 11000 (now its value has reduced floating between 4,50 and 5,30 EUROS –that is around 9000-10500 old ITL- anyway more than five time above their value in January 1997).

In this adverse environment the high price of Credit shares produced the high risk (for ADAC) of free riding: under Olson and Hirschman views, the logic of collective action of employed shareholders associations is undermined when individuals with low levels of loyalty prefer the option “exit” to the option “voice” due to their cash-oriented short sighted perspective. The race to obtain fat capital gains for each single shareholder worker seems very frenzied, even against best judgements on future more huge capital gains achievable by keeping the shares within the associations. So the share of all employed shareholders fell under 1% of bank equity capital, and ADAC membership fell below 1000 associates.

ADAC had therefore to think about new strategies for its rebirth and new ways to improve its services for associates by deepening sector analysis on new corporate approaches to value creation and distribution, showing the common opportunity for shareholders and workers

of a “positive sum approach” under an employed shareholders’ view (TABLE 5) and enhancing communication to members (editing of a house organ, contacts with economic press and reviews). ADAC then forged an alliance with sister employed shareholders’ associations like ADEPA (Comit), ASSENI (Eni) and ADAS (Telecom) by founding a coordination roundtable giving the Italian movement of employed shareholders the ability to influence the boring national “corporate governance law” about the role of employed shareholders associations.

The four associations of employed shareholders –representative in big corporations in Italian Banking and industrial sectors- obtained for the first time ever in Italy a hearing from Finance Commission at Rome Chamber of Deputies, explaining the crucial role of employed shareholders participation in enterprise through the pooling of votes from single employed shareholders. as a partial result, in the new Draghi law on corporate governance (1998) emerged only an article (137,3) stating that “corporations may facilitate employed shareholders in the gathering of single members vote for corporate meeting”. A very little and insufficient step, but a very first one for employed shareholders in Italy, developed further by the institution of Italian employed shareholders associations united within FIADA.

2.3. Old stops and new challenges for ADAC

ADAC faces new challenges in the 21st century at three different levels: corporate, national and European (see again TABLE 2).

At corporate level there are two different sides of challenges for ADAC: the membership side and the management side.

From the membership side the falling share of employed shareholders in banking equity to very low levels (due to free riding behaviour aimed to obtain capital gains) and the declining number of ADAC members to a few hundreds (due to difficult internal communications within bank's fragmented network of agencies and offices) was the more difficult point for association, and even the enterprise legitimacy given by the almost annual ADAC/management meetings seems unable to break this negative trend.

From the management side the changes in banking system and the new management strategies of value creation led to a limited stock options plan (for 60 top managers only). ADAC replied requesting stock options for all-employees or an ESOP, due to the value creating role of all human resources, but its proposals went unheard until 2000 UniCredit Plan for stock ownership (renewed in 2001 and 2002) that included about 90% of employees.

In this case anyway the inertia of Trade Unions left almost all of new 25000 employed shareholders alone, without any appreciable internal marketing effort to increase ADC membership.

In 1998 Credit management launched the "UniCredito Italiano" project, or a sort of 'banking federalism' between Credit and some high-return high-root local savings bank in Northern Italy (Torino, Verona and Treviso, then also Trento/Rovereto and Trieste), spreading the scent of an Italian global player in European banking. This federalist model was to be replaced in 2002 by a merger of the seven group's main banks into a maxi-UniCredit bank to be splitted in 2003 along divisional lines to obtain a Corporate bank (for firms), a Private bank (for huge wealth people) and a Retail Bank (for mass customers, maintaining the historical local brands).

External development strategies of UniCredit were however much more contrasted by other banking players, so the initiative to obtain Comit (1999), to acquire BNL through an European alliance with Hispanic bank BBVA (2000) and to take-over Commerbank (2001) were all made unsuccessful. UniCredit had however an important diffusion in Eastern Europe, by acquiring banks in Poland, Croatia, Bulgaria, Slovakia and becoming one of the top players in the so-called "New Europe". In all that change ADAC's role was limited as that of small shareholders, even more because little specific information was given to it by managers about corporate strategy, apart from few 'ex-post' news about restructuring plans already in motion. Due to its limited resources, the possibility of contacts with Eastern Europe's employed shareholders within banking group (like those in Bank Pekao, Poland) went unexplored.

At national level the consequences of Draghi law on corporate governance began to show their side effects on employed shareholders: only state-owned giant ENI has till now recognized in its statute the role of employed shareholders for vote-collecting. To enhance participation ADAC co-founded with several employed shareholders associations the Italian Federation of Employed Shareholders Associations, named FIADA, beginning to create a new law proposal for the full acknowledgement of employed shareholders (Pizzinato proposal). FIADA held two convention in 1999 and 2000 and was invited twice to parliamentary hearings on law proposals for employed shareholders (2001) and on the revision of Draghi's law for years later (2002), after the launch of a paper by its Scientific Committee about "For the financial participation of employed shareholders within the European Corporation" (Di Re, 2000 and Di Re, 2001).

At European level ADAC and other Italian sister associations went at the First European Meeting of Employed Shareholders (Bruxelles, 7th-8th May 1998), a gathering of different experiences and learning that soon led the international movement of employed shareholders to the institution of an European Federation (EFES / FEAS) entitled for links with European Union

Commission and European Parliament. ADAC had moreover its experience presented at the 10th IAFEP Conference held in Arco(Trento) on 6th-8th July 2000 and its analyses were examined

at the European Master in Labour Science (MESL) at University of Milan in 2000/2001, especially on the links between labour learning and training and workers participation.

Summing up, ADAC in its 1994/2002 path of evolution developed strategies to promote participation escaping corporate walls and corporate wall and political swamps, achieving anyway some results:

- * annual meeting with bank management (even if informal and informative)
- * spreading of employed shareholders culture at Credit and in Italy
- * first normative signs about employed shareholders in Draghi law (and in other law proposals)
- * foundation of an Italian Federation (FIADA) of employed shareholders
- * participation at the birth of European Federation (EFES / FEAS).

Anyway, some difficult challenges faces ADAC in the 21st century:

- * difficult communication with potential members for limited time/money resources
- * huge “free riding” members behaviour (sell of shares at rising prices)
- * limited communication by bank management about participation issues
- * insufficient Trade Union support to its own created association
- * limited normative role for employed shareholders (not binding for banks)
- * political climate favouring only small (not employed) shareholders.

3. DIFFERENT KINDS OF FINANCIAL PARTICIPATION

In its eight years from privatisations, Credit group (UniCredit group after 1998 merger) had two different kinds of financial participation:

- * 1993 privatization plan for workers family savings
- * 2000 management plan for human resource involvement.

They have different impact on stakeholder relationship within the bank, worth to be enlightened, starting from the financial technical way of issuing shares.

3.1. Employee share ownership by family savings privatization

Under 1993 privatization plan workers in Credit and Comit were invited by government and management itself to buy some shares under some maximum ceiling request.

A real internal marketing campaign was launched, on the basis of

- * issuing of special ‘saving’ shares’ for workers only, to be converted later into nominal shares paid at 10% discount price, representing up to a 3% of total issued capital;
- * maximum per-capita ceiling of about 20 million ITL countervalue;
- * delivery decided according to time of demand and administrative choices (due to higher demand of shares than its supply);
- * possible use of drawings from accumulated retired funds (TFR) or special lending from bank at lower-than-market interest rates.

Bank workers could see a change in managerial strategy toward labour from direct authoritarianism

rule (conflicting industrial relations under fordist type of production) to seductive involvement rule (insiders coalition against unknown ownership developments); it was the passage from employee as antagonists to employees as shareholders. The ways of attribution of shares under bureaucratic rule did not go however without criticism, deluding in part the internal equity perception among workers.

In the Credit privatisation plan the prime mover is government -owner of the bank through its conglomerate holding IRI- that chose to sell its reductive assets facing the costs of loss of political power with the benefits of increased cash flow to ease the burden of needed financial austerity on economic growth (TABLE 6), after putting a 3% cap on maximum ownership admitted.

The search for family savings mobilization is oriented not only to “outsiders” but to “insiders” also. Bank’s top management, aiming to a strategic autonomy against hostile takeover, want to obtain stock purchase; the same is true for middle management (aiming for organizational power against the lean production cuts) and employed workers (aiming for wages and stable employment).

Trade Unions, aiming to defend worker’s rights and to obtain a voice on decision-making, can balance the loss of a political owner (socially responsible and often subject to Unions’ influence) with the benefits of a social policy pact at a firm level.

Institutional investors point at short term financial returns, hoping for the benefits of expected growth in price and earnings of the stock purchased, a similar approach shared by small minority shareholders.

The new key-control shareholders aims to decision-making by the right of their own capital to obtain earnings and capital gains along with enterprise strategic power.

Bank’s customer -in order to obtain higher quality/price services- for more quality services are keen to pay higher levies.

This model of employed share ownership is useful under a social pact policy, both at a national level (under privatisation) and at a firm level (under corporate government transition, 1993/94), but went promptly dismissed by a new coalition of minority shareholders.

To enforce the decision-making element Trade Unions chose to found an association of employed shareholders aimed to become a relevant stakeholder, representing directly about 10% of group employees (about 1200 members) and indirectly above the 3% share devoted to workers’ family subscription. ADAC could have been a source of stakeholders influence within Credit, but was stopped by internal scarcity of time/money resources, wall of business, relative disengagement of Trade Unions and swamp of politics.

In employed shareholding by government privatisation the focus is mainly on family savings and small shareholding, requiring transparency and not decision-making power; therefore the perspectives for associative decision-making emerging by pooling workers family savings –initially promising- are fading later due to collecting difficulties and subject delusions. This kind of associated employed shareholding seems very difficult to sustain over time.

3.2. Employee share ownership by human resources management plans

On May 2nd, 2000 a special UniCredit Extraordinary Shareholders’ Meeting approved the management strategy based on a global action plan called “Value creation growth”, aiming to enhance

internal motivation toward efficiency by means of employed ownership and financial participation. So an issuing of shares was planned for the year 2000 (to be renewed in 2001 and 2002) for all the employees, in different ways for different kinds of human resources:

- A) stock options for top management (linked to middle-term goals)
- B) stock grants for middle management (linked to annual incentive system)
- C) all-employee share scheme (linked to enterprise annual prize).

The stock options plan for top management has these main characteristics:

- * eligible managers to be chosen by their hierarchical bosses (from CEO to below) as key resources for enterprise strategy and performance;
- * options callable after a 18 months vesting period for further 24 months;
- * possible use of a special bank lending if needed to exercise the rights on options
- * price fixed by Executive Board within a range from nominal value of UniCredit shares (low) and mean value of stock exchange quotations in the month before issuing (high).

The stock grant plan for middle management has these main characteristics.

- * eligible managers in key position having achieved their objectives in the previous year;
- * stock grant as an additional tool (up to further 50% value) to annual incentive system, starting next year according to this year's results, with shares immediately sellable;
- * price fixed to the mean value of stock exchange quotations in the month before Executive Board decision.

The all-employee share scheme has these main characteristics:

- * extended to all UniCredit group employees on voluntary basis (ex-post consensus rate of 90%)
- * amount of 4 million ITL countervalue (2066 EUROS) in shares according to the mean stock exchange quotations in the month before Executive Board decision (maximum amount to be eligible for fiscal savings within Italian law);
- * amount partly-paid within the enterprise annual prize restructuring, with a request to give up -on voluntary basis- about 1.2 – 1.5 million ITL cash (according to different internal grades) along with a negotiation with Trade Unions to obtain labour cost reduction;
- * shares available after three years vesting period.

The valuation of this kind of employed shareholding is a complex one, but is anyway clear that UniCredit plan for employee share ownership is only an useful tool for human resource motivation without any decision-making impact, as shares –unlike in ESOP schemes- are put within each individual banking bonds account. UniCredit gives much more to its top managers (risk-free call option at a 'subjective-fixed' prize within a range), and to its middle management (additional free stock grant) than to average bank workers (partly paid shares, with less utility for low-middle officers, whose cash left is higher than lower minimum wage workers).

There are both a positive sum effect (a sign of a strategy not founded on workers' firings) and a negative sign in intra-firm equity perception for the global worsening of internal income gaps between different categories of workers. The stakeholder logic of this UniCredit stock ownership plans is however sustainable over time.

In the UniCredit stock ownership plan the prime movers are key-control shareholders and the top management, aiming to obtain more private gains (TABLE 7).

The search for human resource involvement within a "community enterprise" is a milestone for endogenous growth of the firm, autonomous in its strategy and decision-making power. For

obtaining more earnings and capital gain (even under form of stock option), top management give its loyalty to the mission of the firm while key-shareholders pay by shrinking their share value.

The middle management give its loyalty to obtain stock grants as key human resources, while employed workers and Trade Unions pay with lower labour cost the employed stock purchase and the social pact policy. While institutional investors pay for higher price of UniCredit share to be acquired later, hoping however for more higher financial results, bank's customer can pay higher quality services with higher commissions, so government can balance lesser firm's revenue today with higher future revenue from firm's growth tomorrow.

This model need an ever-growing value creation by an enlightened management, but put apart any possibility of associated employed shareholders voice in decision-making: it is worth to be noted that ADAC was neither consulted nor informed by management on this matter, and was not supported by Trade Unions to acquire new members from newly created employed shareholders. In employed shareholders by management human resources initiative the perspectives for an associative decision-making seems therefore very limited.

4. ALTERNATIVE CONSEQUENCES FOR EMPLOYED SHAREHOLDERS

4.1. Corporate governance: individual finance or associated decision-making

ADAC experience shows some difficulties that are common to several other associations of employed shareholders, caught between the fear of restructuring in "mature" product cycle sectors by employed and the hopes arising from financial participation by shareholders buying pieces of corporate ownership. The role of employed shareholders in Italy is generally undervalued by other corporate subjects, and their external image is weak. It is therefore relevant to outline a framework of corporate links between employed shareholders, other shareholders, stakeholders and management strategies, expressing some general notes about associated employed shareholders within corporate governance.

The special role played by employed shareholders as subjects risking both capital and labour in the same enterprise is to be analysed according to a comparative business economic approach, by comparing -according to criteria of subject's own aim and viewpoint about corporation and human resources (see TABLE 8)- the main kind of corporate subjects that are:

- employed shareholders
- employed not shareholders
- Trade Unions
- small savers shareholders
- key control "big" shareholders
- corporate management
- banking / assurance shareholders
- public administration.

It is then possible to highlight differences and similarities to build up possible voting alliances in corporate governance and industrial relations in the case of a presence by employed shareholders associations within organized stakeholders of a firm.

For example, employed shareholders associations usually aim to economic participation in decision-making for long-run corporate development, focusing on human resource quality and intensity: they have similar viewpoint with workers not shareholders, whose traditional main aim is their own earnings within the stability of their workplace. Trade Unions -focusing instead on workers' protection through collective negotiations- have a less participative approach than employed shareholders associations as they mainly defend workers rights: they remain however a powerful ally for employed shareholders due to their deep roots and information channels with labour force.

In the age of "learning organizations" employed shareholders and corporate management share a concern on the key role of human resources: manager however limit their focus on an "elite" of human resources (top managers themselves) as atrget of incentives and stock option plans, stopping this way the full potential impact of all the knowledge of all employees. The aims of key control shareholders (strategic self-rule) and corporate management (management self-rule) limit however the degree of participation of employed shareholders in a structural way: only simple 'ex post' information and passive involvement in corporate strategy remain. In this way the scope for better, more professional and less bureaucratic human resource management is very limited, as the hierarchical logic of decision power is itself an obstacle to higher economic returns as enterprise moves toward more network structures.

Small savers shareholders usually focus on their own financial investment on a short-term horizon, aiming for immediate monetary gains without regards about decision-making: according to this point of view, they are very far from employed shareholders perspective. It is to be said however that a short sighted "slash & burn" strategy of value creation founded only on cost cuts may in time undermine long term economic returns, endangering even small shareholders themselves. So employed shareholders and small shareholders can find some common ground on economic democracy and transparent tutorship of minority shareholders, based on full disclosures of corporate information in a timely fashion and under an increased firm accountability.

Employed shareholders can therefore build up various coalition –even if a partial ones- on various issues with almost all other shareholders and stakeholders, even if the structural absence of a strong coalition power makes them often minority partners. This happens not only for the limited share owned by them but also for their perceived weak image (as conflicting Union-like limited subjects), and for its perceived weak strategy. So the road to a true participation in decision-making by employed shareholders remains very long to do in non-cooperative sector of market economy, as individual finance aim is more frequent than associated action for decision-making.

4.2. Evaluation of management strategy: CEO loyal followers or value creation critics

One useful viewpoint in analysing corporate strategy of top managers in banking sector is a strategy / counter-strategy mirror approach adopted following the "business idea" approach of business strategist consultant Richard Normann, applied to "Service management". This is just one piece of ADAC new strategy in the "capital gain age" (see TABLE 9).

According to Normann,1985 we have five key elements in the so-called "magic formula" for business strategy in service sectors like banking and finance:

- * products / services

- * customers / market
- * structure
- * culture
- * image of corporation.

Along these lines you can discover a potential strategy for a banking association of employed shareholders by comparing it with its own corporation, like through the looking glass.

Credit (now UniCredit) as a global financial player has the goal to create shareholders value by attracting customers, savers and shareholders. Profitability (Return on equity, ROE) stems from three different sources of goods and services:

- money management from savers to investors (net interest spread)
- financial services and wealth consulting (net commission and fees)
- treasury management (net gains on financial trading within global stock exchanges).

So corporate merger and acquisition for restructuring are the management instrument to cut cost (process innovation for optimization) more than to develop income (product innovation for customer satisfaction). This way the corporate identity change from a hierarchical “bank-bureaucracy” to a lean “bank-enterprise” founded on professional human resources. The firm culture of ROE (profitability) goes well beyond the traditional workers’ productivity reaching the limits of financial market trust (price/earnings ratios, capital gains over time).

The new advertising image leaves the old bank-temple icons to reach the new mix of a renewing tradition (for Credit, a business woman in a grey fashion, for Rolo its name changed into “Rolo bank 1473”, to underscore its long-run experience).

In the case of ADAC its focus is on effective members (employed shareholders associated in ADAC) as well as on potential members (employed shareholders not associated and employed not shareholders). So is vital for ADAC to give workers specific services made of critical information on corporate life and strategies within the changing market environment: in this role there is however an huge overlapping/competition between an employed shareholders association and Trade unions, more endowed of networks within firm and financial resources.

As a no-profit association, ADAC has an almost virtual structure: therefore its action is severely limited and can display itself through open letters, newsletters, phone, fax and e-mail links to reduce the relatively huge financial impact of travel costs for its Executive Board members, coming from all Italy. ADAC must therefore focus not only on its external image (as a motivated group of workers for participation in decision-making at enterprise level) but even on its inner culture (aiming to economic democracy with financial returns built on human resource empowerment). Employed shareholders association can therefore become a cooperative observer of management strategy, selecting some points of possible cooperation from its own autonomous -even if resource constrained- strategy. This partial convergence is possible only when there is an enlightened management able to go beyond the individual employed ownership toward strategies of inclusion for associated employed shareholders, even if loyal followers are always preferred in enterprise as a sort of ‘leader fan club’ to value distribution autonomous associated critics.

4.3. Employed shareholders and Trade Unions: alternative ways of workers’ learning and participation

According to a study about “financial participation in Europe” (a four country study comparing

Britain, France, Germany and Sweden by Festing / Groening / Kabst /Weber,1999) a low level of employee share ownership seems related to some specific determinants:

- * complexity of law
- * lack of government support
- * high union density rates
- * later stages of firm's life-cycle
- * scarce use of MBO and direct participation
- * absence of participative values within human resource management strategy.

The results seem both quantitative (better profitability) and qualitative (more workers satisfaction measured by lesser absenteeism) in best practice firms.

ADAC's Italian banking experience seems to support these findings: the well known complexity of Italian law system (about 150.000 laws), the absence of full government support due to opposition to associated employed shareholders both by Industrial Confederation (that prefers individual stock ownership plans) and by Trade Unions (divided on the meaning of economic democracy and workers participation). In banking sector employed shareholders were linked at first to privatization processes (with greater role for association created but not developed by Unions), and then to managerial plans aiming to create value for stakeholders by differentiation of workers between top management (stock option), "key-resource" middle management (stock grants) and "cost factor" employees (stock purchase partly paid to cut labour costs).

In Italy however Trade Unions' position on employed shareholding is different among key actors (see the intense debate on the review "L'Impresa al Plurale. Quaderni della Partecipazione):

- *CGIL (main post-communist Union) is very sceptical about financial participation from the viewpoint of a conflict industrial relations approach, and puts all hope of workers empowerment on pension funds and German co-decision-making system;
- *CISL (traditionally catholic Union) is very committed in employed shareholding, in order to overcome the conflict between capital and labour for a cooperative approach;
- *UIL (liberal-socialist Union) is aiming to put more equity in enterprise, and employed shareholding can be a useful tool along with usual defence of workers' rights.

Anyway, Union participation in stock ownership plans (like Credit's privatisation case) can make more probable an equitable approach between different kind of workers and a more say in decision-making than enterprise-led stock ownership. It may however happen that-after an initial phase of passion for novelty- Unions can go back to their primary aims about workers rights defence, leaving participative associations without sufficient logistic and resource support. Even if the logic of employed shareholders is a bit paradoxical for being at the same time employer and employee (Westenholz,1999), going beyond the dominance/conflict view can give the benefits of synergy, of "positive sum" compensation (bargaining), of loose coupling (dualistic cohesiveness) and of flighting /jumping away. So the Union scepticism may be overcome, even if the limited extent of a culture of workers' participation in Italy can explain much of difficulties.

It can be shown however that -by using different kinds of firm structure- the Sabel/Zeitlin,1982 study on alternative ways of post-fordist production can be applied to banking sector, with special

implication for human resource learning and employed shareholders participation (see TABLE 10).

Small enterprises adopt the flexible specialization model (FS), focused on adjustment speed and flexibility of time and function within district networks that minimize social costs of restructuring

and firm's numerical flexibility under a full employment local area. Human resource are here adaptable pragmatic workers, which learning is developed outside firms in local training institutions. The kind of workers participation in these firms -usually not quoted in stock exchange- is a direct informal one within the firm, leaving some contracted influence to local Trade Unions.

Big enterprises modify their rigid fordist model of production toward an higher flexible one: the flexible mass production (FMP) is founded on competition in price and diversification in products joining variety fashion and scale economics through technical process innovations. Human resources are here polarized between a few core qualified workers (with continuous learning), virtually unmovable and mass peripheral standard workers with only basic training, subjects to salaries and numeric flexibility. The participation of labour is here a direct-informal one, and employed ownership is developed under managerial initiative in a trade Union weak context (like in the French model that -according to Boyer- is the empirical counterpart of FMP model), even if self-associative versions of employed shareholders emerges from European associative labour roots.

Community-oriented firms follows a quality diversified production (QDP) pattern by innovating in products against low wages competitors. Human resource learning is here vital for all human resources to achieve better functional flexibility, creating the possibility of workers participation by indirect Trade Unions negotiations and associative employed shareholders efforts.

While two main alternatives emerges (a neodarwinian reduction cost based on process innovation and a quality participatory development based on products innovation), the associated role of employed shareholders can -even in Unions weak context like France- have an equity and community identity role to keep loyalty within a market orientation.

The key relevance of the role of Trade Unions and state on human resource learning and participation has been explored in Regini, 1996, by comparing four key region in four European countries according this patterns:

- * Baden-Wurttemberg (Germany), with strong institutions and strong Unions
- * Lombardy (Italy), with weak institutions but strong Unions
- * Rhone /Alpes (France), with strong institutions and weak Unions
- * Catalunya (Spain), with weak institutions and Unions.

Human resource learning is systemic under co-decision-making (Baden), negotiated under indirect participation (Lombardy), supported by state under public participation norms (Rhone/Alpes) and free market oriented under direct intra-firm participation. Employed shareholding can therefore be born by negotiation (where Unions have an influence on management strategies, by laws (whether supported or not by Unions), or left to a free market management initiative.

ADAC's experience within Credit/UniCredit seems to evidence a mixed approach by management: a preferred role for top managers and key human resources (stock option, stock grant and specific training and learning for a few chosen human resources, like in FMP) along with a quality orientation in internal restructuring (divisional strategy and stock ownership plans for all, like in QDP), in order to create a participation climate that however is more "to feel oneself as a part" than "to be really a part", leaving aside any decision-making implication even if in a simple consultive way. While the tendency to use the American model of enterprise efficiency is overwhelming, employed shareholders can develop in an individual form where Trade Unions are conflictual or weak (Anglosaxon market firms) and in associative form after privatisations where state is still strong and welfare-oriented (France). There is instead a possibility of limited associative form where strong Unions with different approaches to workers participations enters into

privatisations bargaining (Italy), while an expanding financial markets create the opportunity for innovative enterprises to develop an individual form of employed shareholding.

Under a strong institution and strong Union context without extended financial market (Germany) workers participation is instead already focused on *mitbestimmung* and there is little room for financial participation.

4.4. Different models of employed shareholders and different models of capitalism

Different models of employed shareholding are also linked to different models of capitalism as they have to take into account the macro-context of employed shareholding, due not only to a shrinking role of the state but even to a rising role of management within the market economies.

ADAC's experience shows that employed shareholders participation is very difficult in global financial sectors, as globalization and quickness of choice short-term oriented crowd out the debating elements of democracy and participation, that need time and long-term horizon.

On the other side, as globalization market forces disrupt national systems economies, they revive at the same time the local participation inside firm and outside countryside.

This is clearly evident within the Credit/UniCredit experience: Credit was in fact a national sized bank -originally an efficient bank-institution as IRI's owned state property, then a market-oriented

bank-enterprise in 1994/98. UniCredit group in its first phase (1994/2002) was a federal banking group rooted on land through Foundations-owned Savings bank in Verona, Treviso, Torino and Bologna above all. The need for better efficiency to become a global player put on the second phase of UniCredit group: a divisional joint effort by a Corporate, a Retail and a Private bank with different local centers rooted in the local areas. That kind of participation is anyway very different from that of employed shareholders, being linked to historical local civil society property of the Foundations and its Savings banks and cooperative popular banks.

FIADA's Italian experience with employed shareholders seems moreover enlighten the fact that different models of employed shareholding are linked to different models of capitalism.

Employed ownership is well developed under an individual market type in Anglosaxon systems, where there are limited role for banking, Trade Unions and state intervention, and property is less concentrated within firms (public companies) but more concentrated within society (higher inequality in income distribution). Financial culture is very spread and MBO techniques are often used for management, while human resources are acquired on the market. Employed shareholding is then a way to make loyal key human resources to obtain a "Japanese-type" enterprise.

Employed shareholders is less developed in European context (in Germany type more than in Latin type), where the community tradition of conservative welfare states mix with civic traditions of institutional socialdemocratic welfare states. It is however to be noted that Employed shareholders is present in its associative form especially where there is a traditional state role in enterprise recently privatised (like France and Italy) but a limited unionisation density (France) and a not overwhelming banking network in property (mainly rich families). The prevailing internal labour market within firm makes human resource development more linked to internal informal training, while the formalized German model gives more importance to higher learning within enterprise for quality diversified production that is negotiated directly with powerful Unions whose indirect decision-making participation leaves less space to direct emplo-

yed shareholders participation (see TABLE 11).

The mixed elements within continental Europe (Rhenan financial models with conservative Welfare, like Germany, or with social-democratic welfare, like Sweden, and Latin models with conservative welfare, like Italy and Spain and with socialdemocratic welfare like France) seems to point to an Euro-continental model of employed shareholders (prevailing in France, Belgium and Italy) against an anglosaxon one (see TABLE 12).

The main characters of an Euro-continental model of employed shareholders are the dual structure (individual managers shareholders but associated employed shareholders), the need to control the double risk on capital and labour, the aim for participation in decision-making as stakeholders, a relevant role of the state and a partial influence of Trade Unions, a focus on economic democracy and profit sharing, a mix of cooperation/conflict with firm in creation and in distribution of value, a need to overcome fiscal and normative hurdles to employed participation, that anyway need some institutional step at national level (labour and fiscal laws) as well as at European level (Commission's directives and working papers on financial participation).

The Anglo-saxon model is instead much more property-oriented, based on consulting firms for human capital management to enhance enterprise returns: the focus is on trust in management strategies for firm development as loyal followers to an enlightened enterprise leader: in this case the limits are only cultural and managerial ones, and a good internal marketing strategy can obtain some results among single employed shareholders, enriched by the genius of the firm's leader.

While these two models are different, there are some trend to globalization that means a partial Anglo-saxon type development within Rhenan and Latin models of capitalism, that can weaken the European tradition of labour roots in employed shareholders for a more individual finance approach focused on money and without any decision-making concern.

It is therefore to be expected that -where the role of the state is still wide, like in France-employed shareholders under kind of wages family savings is supported by law (Law n.152/2001, after law 94640, 25/7/1994), while where the state is weak (in Italy) the norms about that are founded on collective bargaining in time of privatisation (Biagi,1999).The growing management initiative according to a market-oriented American model of employed-shareholders can however develop employed shareholders for human resource strategies, without regards for associative labour form of employed shareholders within European social model. This kind of financial participation can therefore end in a simple workers' involvement approach, as ADAC's experience shows.

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TABLE 1: Kind of workers partecipation: global or local, for money or for power

	DECISION-MAKING (power)	VALUE DISTRIBUTION (money)
OUTSIDE PARTECIPATION (global)	Worker’s Investment Funds (Meidner Plan)	Pension Funds

PARTECIPATION (local)	Supervisory Board Producers' Cooperatives * Associations of Employed Shareholders	Ownership Plan *Individual employed shareholders
LOW LEVEL OF PARTECIPATION	quality circles	Stock option Profit sharing
ZERO LEVEL OF PARTECIPATION	Traditional capitalistic enterprise	

FONTE: ns elaborazioni da:

- * G. BAGLIONI "Lavoro e decisioni nell'impresa", Bologna, Il Mulino, 2001.
- * D.M. NUTI "Employee participation in enterprise control and returns: patterns, gap & discontinuities, paper presented at 10Th IAFEP Conference on "Participation in the XXI° century" at University of Trento, Arco (Trento), 6th-8th July 2001.

TABLE 2: Origin, aim and field of action of ADAC: state, market and Unions

<u>MARKET</u>	<u>STATE</u>	<u>TRADE UNIONS</u>
\	/ \	/
\	/ \	/

1992 FINANCIAL ADJUSTMENT
BY PRIVATIZATIONS

* Privatization of Credito Italiano
banking group

SOCIAL PACT
POLICY

1993

* Equity participation by workers
in Credito Italiano privatization

* 1994: birth of ADAC

I	A D A C	ASSOCIAZIONE	I
I		DIPENDENTI	
I			
I		AZIONISTI del gruppo	I
I		CREDIT	I
I			I
I	Association of Employed Shareholders of Credito Italiano banking group		I

ADAC'S AIMS

- * news on bank's life
- * evaluation of management strategy
- * development of culture of employed shareholders

ADAC'S FIELDS OF ACTION

- + ENTREPRISE FIELD: * management strategies from Credito Italiano to UniCredito Italiano (1994/2002)
 - * workers satisfaction under changing banking environment
- + LAW FIELD : * corporate governance laws before and after Draghi's law (1994/2002)
- + ASSOCIATION FIELD : * founding of Italian Federation of Association of Employed Shareholders (FIADA)
 - * links with European Federation of Employed Shareholders (EFES/FEAS).

SOURCE: Our elaboration.

TABLE 3: Historical evolution of models of workers participation in enterprise

	PARTICIPATION as WORKERS' RIGHT ('70s)	PARTECIPATION as INVOLVEMENT ('90s)	PARTICIPATION as SHARING (XXI° century ?)
ORIGINS	Social Catholicism Liberal socialism Workers Council democracy	American business model	(European social model)
LEADING SUBJECTS	Workers	Managers	(technocrats / Eurocrats)
IAIMS value	to correct asymmetries in workers relations	to correct the split property/control	to create competitive by firm social pact policy
MEANS	rights for all workers	different involvement for different human resources	cultural integration within "community-firm" (mix rights /incentives)
KIND OF PARTECIPATION	indirect, with laws & negotiated rules	direct, with selective responsibilities and stock option plans	both direct and indirect, with agreements on profit sharing & employee ownership
LIMITS	antagonistic relations workers/enterprise	hierarchical approach top / down on human resources	authoritarian roots in management style on human resources and labour organization
EMPLOYEE OWNERSHIP	instrument of deceiving partecipation	instrument of individual involvement for each single employee	collective firm stakeholder independent from manage- ment, different from trade unions

lavoratori sulle decisioni”, *Economia & Management*, 1997, n.6.

TABLE 4 : Alternative models in banking restructuring and the role of employed shareholders

	HETERO-RULED RESTRUCTURING	SELF-PROJECTED RESTRUCTURING
KIND OF THERAPY	*shock therapy	*gradual therapy
BASIC CRITERIA	*economic efficiency *financial gains	*economic efficiency *financial gains *social intra-firm solidarity
PROJECT'S AUTHORS	*external consulting team	*mix external/internal team
APPROACH	*top/down	*participatory mix (top/down & bottom/up)
HUMAN RESOURCE MANAGEMENT	*hierarchical *authoritarian	*networking team *professional mix
TIMING OF DECISION-MAKING	*quick decision-making (short-term)	*lengthy negotiation (middle-term)
TIMING OF IMPLEMENTATION	*conflicting execution (middle-term)	*agreed execution (short-term)
RESULTS AT ENTERPRISE LEVEL	*internal turmoil	*mutual cooperation
IMPACT ON HUMAN RESOURCES BEHAVIOUR	*employment reductions *wages cuts *dualism between workers “incentived”/”useless”	*employment defense *wage support *solidarity between workers beyond different roles

PROFESSIONAL TRAINING	*learning-by-doing in spare time	*learning mix (classical learning, E-learning, Training)
ROLE OF EMPLOYED SHAREHOLDERS	*strong opposition to conflictual approach	*strong support to "win-win" firm approach
END-RESULTS FOR FIRM ON FINANCIAL MARKETS	*Early stock exchange boom *Late stock exchange stop	*Early stock exchange mistrust *Late stock exchange growth

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SOURCES: our elaboration from L. DE GREGORIO "Organizzazione. Ecco come ristrutturare senza guai" (Organization. Restructuring without problems), in "Il Giornale della Banca", 1995, n.7, and G.A. CORNIA/R.JOLLY/F. STEWART "Adjustment with Human face", Oxford, Oxford University Press, 1987.

TABLE 5 : Systems of value creation and distribution: turmoil, labour cost cuts and employed shareholders view

	DISTRIBUTION OF VALUE CREATED	ALTERNATIVE EFFECTS
POSITIVE SUM SYSTEMS	+ more earnings to shareholders + more wages and employment for workers	*employed shareholders view (agreed restructuring) *quality products and customer' s satisfaction
ZERO SUM SYSTEMS	+ more earnings to shareholders - less wages and employment for workers	*labour cost cuts view (authoritarian restructuring) *standard products and customer' s cheapness
NEGATIVE SUM SYSTEMS	- less earnings to shareholders - less wages and employment for Workers	*deep turmoil and stagnation view (enterprise chaos or slow decline)

and

customer's dissatisfaction

SOURCES: Our elaboration from.

* A. RAPPAPORT "Creating shareholder value", New York, Free Press, 1986 and

* L. GUATRI "La teoria della creazione di valore. Una via europea" (The theory of value creation. An European way), Milano, EGEA, 1991.

TABLE 6 : Employed shareholdings by family savings under privatization

	AIMS	FIRM-POLITICS EXCHANGE	
		COSTS	BENEFITS
GOVERNMENT	financial austerity economic growth	loss of political power	cash flow for budget
TOP MANAGEMENT	strategic autonomy against hostile takeover	family savings mobilization	stock purchase
MIDDLE	organizational power	family savings	stock purchase

EMPLOYED WORKERS	wages stable employment	family savings mobilization	stock purchase
TRADE UNIONS pact	workers' rights voice on decision-making	loss of political owner	social policy at a firm level
INSTITUTIONAL INVESTORS	short term financial returns	fund's savings mobilization	expected growth in price & earnings
NEW KEY-CONTROL SHAREHOLDERS	financial flows decision-making	firm's cash flow mobilization	earnings capital gains
SMALL SHAREHOLDERS	short term financial returns	family savings mobilization	expected boom in share prices
BANK'S CUSTOMERS	high quality / price service	higher levies post privatization	quality services

SOURCES: Our elaboration from

A) V. CODA "L'orientamento strategico dell'impresa", Torino, UTET, 1988.

B) F. BORTOT "Employed shareholders pioneers in Italian banking privatisations: the Case of ADAC(Credit)", paper presented at 10th IAFEP Conference, University of Trento, Trento-Arco, 6th-8th July 2000.

TABLE 7 : Employed shareholdings by human resources management plans

	AIMS	FIRM-POLITICS EXCHANGE	
		COSTS	BENEFITS
KEY-CONTROL SHAREHOLDERS	financial flows decision-making power	shrinking share value	earnings, capital gains

TOP MANAGEMENT	strategic autonomy	loyalty	stock options
MIDDLE MANAGEMENT	organizational power	loyalty	stock grants
EMPLOYED WORKERS	wages stable employment	labour cost reduction	stock purchases
TRADE UNIONS pact	workers' rights	labour cost reduction	social policy at a firm level
BANK' S CUSTOMERS	high quality / price service	higher levies	quality services
INSTITUTIONAL INVESTORS	short term financial returns	higher price of UniCredit shares	expected growth in price & earnings
GOVERNMENT	financial austerity economic growth	lesser firms fiscal revenues	higher future revenues from growth

SOURCES: Our elaboration from

A) V. CODA "L'orientamento strategico dell'impresa", Torino, UTET, 1988.

B) F. BORTOT "Stock option, stock grant, stock purchase. Il Piano di azionariato UniCredit

2000, Direzione del Personale, 2001, N.3.

implications for human resource strategy

	AIMS	CORPORATE VIEWPOINT	HUMAN RESOURCE VIEWPOINT
EMPLOYED SHAREHOLDERS	economic participation	long-run firm development	human resource intensity for quality production
EMPLOYED NOT SHAREHOLDERS	workers earnings employment	long-run firm development	human resource intensity for quality production
MANAGERS SHAREHOLDERS	management self-rule	profit, power and incentives	focus on human resource excellence
TRADE UNIONS	workers protection	collective negotiation	defense of workers right
INSTITUTIONAL INVESTORS	earnings, capital gain on global benchmark	short-run returns	
SMALL SHAREHOLDERS	earnings, capital gain on local benchmark	short-run returns	
KEY-CONTROL PRIVATE SHAREHOLDERS	earnings, capital gain strategic self-rule	profits and firm power	focus on human resource excellence
KEY-CONTROL FOUNDATIONS SHAREHOLDERS	earnings, capital gain local development	profits and local power	focus on human resource stakeholders
BANK'S CUSTOMERS	high quality/price for financial services	efficiency in banking and finance service	bank workers competent as financial advisers

SOURCES: Our elaboration from

A) V. CODA "L'orientamento strategico dell'impresa", Torino, UTET, 1988.

B) F. BORTOT "Employed shareholders pioneers in Italian banking privatisations: the Case of ADAC(Credit)", paper presented at 10th IAFEP Conference, University of

Management, University of Turin, 2000.

TABLE 9: A mirror approach of strategy/counter-strategy: Credit/UniCredit versus ADAC goals

<p>GOODS / SERVICES</p> <ul style="list-style-type: none"> * different products * menu of options 	<p>MARKET ENVIRONMENT</p> <ul style="list-style-type: none"> * kind of customers * competition * deregulation
	<p>alternative strategies</p> <p>-----</p> <p>A) conquest (innovative banking) (enterprise banking)</p> <p>B) escape (bureaucratic banking) (traditional banking)</p> <p>C) defense (innovative local banking)</p>
<p>STRATEGIC CULTURE</p> <ul style="list-style-type: none"> * risk orientation * cultural adaptation * creative thinking * new global approach 	
<p>ORGANIZATIONAL STRUCTURE</p> <p>TECHNOLOGY</p> <ul style="list-style-type: none"> *telecommunications *expert systems *electronics 	<p>HUMAN RESOURCES</p> <ul style="list-style-type: none"> *learning *education *retraining
	<p>IMAGE</p> <ul style="list-style-type: none"> * social communications * external marketing * innovation-oriented * strong roots

SOURCES: our reformulation of Normann,1995

TABLE 10: Human resource learning and participation within alternative post-fordist models

	FLEXIBLE SPECIALIZATION (Piore e Sabel)	FLEXIBLE MASS PRODUCTION (Boyer)	QUALITY DIVERSIFIED PRODUCTION (Schmitter)
COMPETITIVITY differentiation	speed of adjustment	price & differentiation	quality &
KEY ELEMENT	industrial districts	process innovation	products innovation
STRUCTURE firms OF FIRM oriented	small firms family-oriented	large firms market-oriented	middle-large community-
FLEXIBILITY	temporal & functional	functional for core levels numeric / wages for peripheral	functional
HUMAN RESOURCES resource development	adaptable workers pragmatic & cooperative	human resource polarization skilled/ unskilled	learning for human competence
LEARNING TRAINING educa-	external education, by local institutions	continous education at the top only training at the bottom	extendend continuos tion for all human

competitors

KIND OF PARTECIPATION	direct in firm indirect on local region	direct within firm's sub-units	indirect in firm
CULTURE OF PARTECIPATION	informal integration within firm formal negotiation on local region	informal integration within sub-units	formal negotiations
TRADE UNIONS & INSTITUTIONS	strong trade unions strong local institutions	marginalized trade unions weak institutions	strong trade unions strong central
ELEMENTS OF adjustment PARTECIPATION	labour/firm services micro-innovations	optimized production total quality	negotiated for change
EMPLOYED ownership SHAREHOLDERS	firms not quoted ; special shares in Cooperatives banks	individual stock ownership by firm initiative	associated stock by negotiation
Ex: BANKING as NETWORKS finance) player banks)	LOCAL FAMILY (regional banks) (popular banks)	PUBLIC INSTITUTION (nation-wide banks)	GLOBAL (international (global

SOURCES. Our elaborations from Sabel/Zeitlin,1982, Ambrosini,1998 and Bortot,2001.

TABLE 11 : Systems of corporate governance and workers participation in Europe

CAPITALISTIC SYSTEMS	ANGLO-SAXON	GERMAN (RHENAN)	LATIN
BUSINESS IDEA	instrumental (firm-commodity)	institutional (firm-society)	informal (firm-family)
ORIENTATION	market	stitutions	community
TIMING	short-term	long-run	middle-term
DECISION-AMKING STRUCTURE	1 level (BoA)	2 levels (BoA, BoS)	usually 1 level (BoA)

KEY STAKEHOLDERS	shareholders only	banks workers	financial holdings government, families
FINANCIAL MARKET	high role	middle/high role	middle role
OWNERSHIP	low concentration	middle concentration	high concentration
OWNERSHIP MARKET	developed	limited	limited
USE OF MBO FOR MANAGERS	high	low	middle
TRADE UNIONS	low role	high role	middle role
BANKS	low role	high role	middle role
STATE	low role	middle role	high role
FINANCIAL CULTURE	high	sufficient	sufficient
HUMAN RESOURCES	external acquisition low training	internal development high learning	internal development high training
EMPLOYED SHAREHOLDERS	high diffusion individual	low diffusion	middle diffusion associated

SOURCE: our elaboration from Poutsma / Hendrickx / Hujgen, 2000 and Melis, 1999.

TABLE 13: Alternative models of financial participation: employed shareholders between Anglo-saxon and Euro-continental model

ANGLO-SAXON MODEL (Usa, Great Britain)	EURO-CONTINENTAL MODEL (France, Belgium, Italy)
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EMPLOYED SHAREHOLDERS	*individual	*individual (managers) *associated (workers)
KEY-ELEMENT	*trust in firm development	*control on double risk (capital and labour)
KIND OF CORPORATE GOVERNANCE	*shareholders' property	*stakeholders' participation in decision-making
KEY-SUBJECTS ABOUT EMPLOYEE SHAREHOLDING	*consulting firms (profit research)	*associations of employed shareholders (no-profit)
FOCUS	*finance (earnings)	*finance and labour(norms)
ORIGINS OF EMPLOYED SHAREHOLDERS	*enterprise initiative *human resource involvement *privatizations	*government and Unions initiative *privatizations with social pact policy
AIM OF PARTECIPATION	*financial participation to enterprise results *human capital involvement for enterprise returns	*economic participation to enterprise decisions *economic democracy for enterprise returns
INSTRUMENTS	*earnings, "capital gain" stock options	*profit sharing and earnings
RELATIONS WITH MANAGEMENT	*cooperation for competition	*cooperation in production conflict in distribution
OBSTACLES TO EMPLOYED SHAREHOLDING	*cultural *managerial	*fiscal *normative

SOURCES. Our elaboration from Bortot,2000

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7th April 1994: Foundation of ADAC by Italian banking Trade Unions both autonomous (FABI) and confederated (FIBA/CISL, FISAC/CGIL, UIB/UIIL –later UILCA/UIIL).

16th April 1994: Shareholders' meeting about Credit privatisation. ADAC asks for employed shareholders participation with representatives within firm decision-making Bodies.

22th July 1994: An ADAC law's initiative on employed shareholders is presented to political representatives, to be examined later at Finance Commission and Justice Commission of the Chamber of Deputies, till the abrupt end of legislative period (early 1996).

1st March 1995: ADAC agrees with Credit's acquisition of Rolo bank by OPA (Public Offer of Acquisition), requiring also the possibility of use of postal voting system.

28th April 1996: ADAC asks for an opinion by CONSOB (Italian Commission for Corporations and Stock Exchange) about a disputed nomination in firm's Boards, putting itself against authoritarian restructuring without human resource satisfaction.

5th February 1997: After the renovation of associative direction, a new management of ADAC begins by a clear separation of roles between ADAC and founding Trade Unions. Internal organization changes between intra-enterprise relations and external relations (studies and associative relations at national and European level.
The newsletter ADAC news is launched on participation within firm.

22th April 1997: Meeting ADAC/Credit management (CEO and chief Human Resource Officer) about participation of workers within enterprise.

28th June 1997: Common paper by four employed shareholders associations ADAC(Credit)

ADEPA (Comit), ADAS (Telecom Italia) and ASSENI (Eni) for law's acknowledgement of associations of employed shareholders.

focused on associations' role and experience.

- 19th January 1998: ADAC, ADEPA, ADAS and ASSENI organize a Milan conference on "The defense of minority shareholdings in corporate governance".
- 29th January 1998: ADAC, ADEPA, ADAS and ASSENI obtain a parliamentary hearing in Rome at Financial Commission of the Chamber of Deputies on voting delegation collection within the developing Draghi 's Law on Finance.
- 22th April 1998: Meeting ADAC/Credit management on kinds of restructuring and human resource impact. Credit group became UniCredit group after acquisitions.
- 7th –8th May 1998: ADAC and several other Italian associations of employed shareholders are present at the First Employed Shareholders Meeting of Bruxelles, declaring the birth of the European Federation of Employed Shareholders.
- 3rd November 1998: ADAC joins to several association of employed shareholders in banking and industry founding FIADA, the Italian Federation of Associations of Employed Shareholders, to keep contacts with European Federation (EFES).
- 22th September 1999: Meeting ADAC/UniCredit management on expanding strategies of group. The article "Azionariato dei dipendenti e trasformazioni bancarie: le iniziative dell'ADAC" on ADAC story is published on the review 'Studi Economici e Sociali', n.4.
- 5th November 1999: ADAC co-organize the Milan FIADA convention on "Azionariato dei dipendenti: situazione ed iniziative legislative", on laws proposals for employed shareholding. A socio-economic research is presented on "Dipendenti azionisti in Italia. Note dal questionario delle associazioni FIADA"
- 10th February 2000: ADAC examines the European experience of employed shareholders in the article "Le strade dei dipendenti", published on the review 'IL Giornale della Banca', n.2.
- 4th April 2000: ADAC is invited to ASSOBNL convention in Rome on "The role of employed shareholders in the process of banking transformation", with FIADA.
- 2nd May 2000: ADAC votes in favour of the UniCredit plan for employed ownership extended to all-workers.

Banking privatisations: the case of ADAC(UniCredit).”

- 12th July 2000: Parliamentary hearing by Italian Federation (FIADA) on law proposal about employed share ownership at Finance Commission of Chamber of Deputies in Rome.
- 4th April 2001: Renewed management of ADAC. ADAC contribution to FIADA’s story is in “Dal movimento dei dipendenti azionisti alla FIADA”, published on the review “L’Impresa al Plurale. Quaderni della Partecipazione”, n. 7/8.
- 4th September 2001: ADAC’s role is developed in the paper “Formazione delle risorse umane strategiche bancarie di qualità e partecipazione dei lavoratori. Il caso Credit / UniCredit”, presented at the Master Europeo di Scienze del Lavoro, University of Milano. ADAC’s viewpoint on “Stock option, stock grant e stock purchase. Il Piano UniCredit 2000” is published on the review “Direzione del Personale”, n.3.
- 19th February 2002: ADAC participates to parliamentary hearings by FIADA on Draghi’s law re-examination at Finance Commission of Chamber in Rome.
- 11th April 2002: ADAC votes in favour of FIADA working paper by Scientific Committee on “Per lo sviluppo della partecipazione finanziaria dei dipendenti azionisti nel quadro della Società Europea”.
- 2nd May 2002: Meeting ADAC/UniCredit management on divisional strategies, with the presence of the president of ADAR/Rolo employed shareholders within the group reorganization.

