



Case study summary sheet : ST Microelectronics

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- ✓ ST Microelectronics (STM) is a global player and leader in the semi-conductor and electronic component market. This business sector has seen rapid changes and fierce competition for at least three important reasons: the relative saturation of western markets offset by ongoing sustained development in Asia, even though overall growth is more modest and less stable after years of euphoria; technological breakthroughs occur very quickly and players cannot afford to miss the "train"; the sector's production system has undergone significant organisational changes (vertical integration and concentration of resources in R&D, emergence of fabless facilities). Industry players are therefore under intense pressure to bring about productivity gains in order to ensure their competitiveness.
- ✓ As a result, STM is faced with major challenges: the group remains a full-fledged integrated device manufacturer (IDM), but expects to make substantial productivity gains and introduce more flexibility at the Agrate site. This entails prolonging equipment operating time, lowering the age of the workforce and raising employee qualifications by hiring the right individuals. A review of the site's industrial organisation is therefore a key element of the restructuring.
- ✓ In the case of STM Agrate, the strategic preparation consists in bringing more flexibility to the site's capacity so that it can respond quickly to changes in the level of activity. This flexibility requires prior corporate negotiation and an agreement on a new work organisation, which will have a strong impact on the volume of employment (an initial reduction of 990 out of 4,347 employees) and work conditions (teams, weekend work, etc.). Another aspect of the preparation can be management's compliance with a union request (as a counterpart) for pre-investment in a new generation of semi-conductors to secure the production activity at the site over the medium term.
- ✓ As to the management of the restructuring itself, an innovative collective agreement that clearly deviates from the "standard" Italian model in terms of its negotiation procedures is being made between the company's management and the labour organisations (RSU). The approved plan is part of a collaboration between the employees' representatives, who have displayed unfailing unity, and an enterprising management team. The last word goes to the employees themselves, who are consulted in two groups: first, those who are included in the operation, followed by all the site's employees. In terms of content, the collective agreement places greater emphasis on the implementation of the new organisation than on employee layoffs. In addition, the restructuring will occur without reliance on public support (CIG). One point underscores the atypical nature of the corporate negotiation at STM: the RSU refuses to include casual workers in the layoffs.
- ✓ The cooperative framework that exists at Agrate seems to be a real advantage compared with other STM sites, such as Catane. In the end, 270 jobs are being eliminated at the site versus the 990 originally forecast. The difference is impressive, but its origin is not fully understood. (?)
- ✓ Lastly, it should be noted that the information-consultation procedure mainly involves the European Works Council, with the assignment of an expert chosen by this body. Although management adamantly objects to this recourse, it is a novel approach in the Italian corporate culture.