

Corporate social responsibility and local competitiveness The case of Olivetti spa and Ivrea region

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Abstract

The relationship between regional development and company success has been widely studied, in particular with regard to: 1) the ability of regions to attract and sustain firm development and 2) the ability of a company, or a group of, to determine and influence local development.

The paper relies on the existing body of literature and tries to develop further research questions related to the relationship between corporate social responsibility and local competitiveness.

The research hypothesis, necessarily provocative, can be summarised as follows: under certain circumstances, corporate social responsibility can negatively affect local economic development.

These research questions are here addressed considering the area around the city of Ivrea, in the north of Italy, where Olivetti spa - the manufacturer of typing machines, office equipment and furniture – was born and developed.

The relationship between the company on the one side and the development of the area is particularly interesting at least for three reasons.

Firstly Olivetti Spa has been a physical and virtual place for experimentation of the relationship between entrepreneurs - its founder and the son Adriano Olivetti - and employees, citizens, local authorities, urban planning, architecture, culture and education. Olivetti, at least until the death of Adriano in the '60, is considered a unique and pioneering experience of corporate social responsibility where most of the innovation in terms of industrial relations in Italy have been imagined and implemented.

Secondly, the area of Ivrea has experienced an interesting development trajectory, from an agriculture based economy, to successful industrial development (during the Olivetti era) and to underdevelopment combined with high unemployment rate.

Thirdly, the company story that we consider took place some decades ago (between the '30s and the '60s, thus allowing a retrospective analysis of the relationship between the development of the responsible company and the whole area.

This up-and-down patterns, at the company and are level, suggest interesting correlations that are explored in this paper (Is the local decline related to the evolution of the company? And why the corporate responsibility model has not been able to generate similar successful initiatives?).

The research is based on the vast body of literature on Olivetti experience; the use of census data is very limited due to the availability of reliable data sets.

1. On the concept and drivers for corporate social responsibility

A company can undertake the path towards social responsibility for several reasons. The literature has focused much attention on the role of external stakeholders in determining corporate behaviour and therefore the mission, strategy, objective and programmes in the field of employees well being, social cohesion and community development.

Stakeholder pressure could probably be considered a sort of pre-condition for corporate social responsibility (CSR), but it does not explain how the incorporation of CSR in mainstream priority setting and management attention starts and develops within a given company. This issue is particularly important for this paper since origins and style of corporate social responsibility have deeply affected the relationship, between CSR and local competitiveness, that we are interested in exploring.

To this regard there are two opposite explanations, both departing from stakeholders' pressure, useful to understand the motivations for CSR.

CSR pays

The first one is frequently synthesised with the appealing mottoes "corporate social responsibility pays" or "CSR makes business sense" that implicitly emphasises the utilitarian nature of socially sound organisations' behaviour. According to this, a company promotes, for example, social cohesion programmes because of its economic rationale (see for example an early writing on the topic, Given, 1950).

Following to this interpretation, the entrepreneur is a neo-classical agent operating according to the economic and financial benefits deriving from a CSR sound attitude.

In the case of CSR, this rationality is more implicit and instinctive rather than grounded on objective evidence,

The literature has frequently offered theoretical arguments and empirical evidence to prove the correlation between a responsible behaviour and, on the other side, the bottom line (the triple bottom line concept).

This correlation originates, as anticipated, from the stakeholder pressure shaping a new framework, where legislation, purchasing choices, investment decisions (and many other stakeholders' actions) are more and more compliant with social and environmental standards. Stakeholder pressure re-designs the competitive framework creating the direct and indirect incentives for companies to improve their CSR profile and performance. Direct incentives are positioned as pillars of the corporate value pyramid (see figure X) and are for example the intellectual capital, the cost optimisation, the relationship with customers and the cost of capital. All these pillars are determinants of corporate success and, at the same time, are positively influenced by CSR policies and performances.

Indirect incentives are those having an impact on variables of an intangible nature such as the reputation/image and the risk management profile of the company.

CSR driven by individual morality

The second kind of implication of stakeholder pressure is completely different from the previous one since it can shape corporate behaviour according to ethical principles.

A clarification is needed on the difference between morality and ethics: the former being the personal rule that regulates the relationship between the individual and the community and the latter being the aggregation of personal moralities for the purpose of common action (Veca, 1993; Sapelli, 2002).

If we accept these definitions, we can argue that individual's morality, and in particular employee's or employer's morality, do shape the ethical profile of the company. But why and how does an employee (or manager) influence the ethical behaviour of a company?

Individuals consider companies they work for as a means for expression of personal identity and of self-realisation; in many cases self-realisation will just consist of economic gratification and career development, but, in some others, social satisfaction and morality could represent important elements in working life.

Individuals whose thinking and behaviour are dominated by morality and integrity (obviously influenced by their communities which more than partly coincide with corporate stakeholders) will find the working place as one of the prevalent domains for self-realisation for their moral rules; they will do their best, which in some cases will mean also to compromise, to aggregate forces or to join existing informal groups, to set targets, to campaign and to attract additional interest.

This action inevitably creates the conditions for the institutionalisation of corporate social responsibility within the organisation. This could be an explicit target of the individual/employee/campaigner or simply a by-product of his/her action; in both cases, a key variable that influences the effectiveness and success of such an aggregation of individual moral interest (ethics), is the morphology of the company (its governance, organisation chart and related job contents, ...) that could create room for self-realisation, self-expression and creativity or, on the opposite, constraints for individuals.

To this regard we can envisage different at least two corporate attitudes: **CSR enabling** and **CSR disabling** companies.

The relationship between stakeholder pressure and this process originated by individual morality is self-evident in many Western countries where employees and their communities are often the most important corporate stakeholders. In all these situations employees are

the more effective connections between communities (also including shareholders, retired employees, suppliers, clients) and firms.

This theory that considers corporate responsibility as driven by individual morality also envisages the situation where the whole *moralisation* process is originated by the entrepreneur (or an executive). This situation, which is less exceptional than one could think, has similar attributes and two main differences:

- the process is top down with clear implications on the speed and institutionalisation of corporate social responsibility
- the moral motivation is frequently associated to a mix of ego-centrism, reputation and mecenatism

As we will describe later focusing on the case of Olivetti, it is probably too simplistic to say that a process initiated by an employer is more effective, efficient and durable than the bottom up trajectory that departs from the employee morality.

Discussion of the different approaches

We have tried here to describe two theories - that are, in our opinion, the most convincing ones - to explain the catch up of social responsibility at firm level.

It should be clear that these are just different poles that could generate infinite configurations in practice. In particular, employees/campaigners could use arguments, such as "CSR pays", to convince managers to take action; on the opposite, managers approaching CSR to reach the related competitive benefits, can discover themselves as moral actors and try to build a full fledged business ethics.

But apart from the connections, the two approaches, and theories behind them, are frequently considered as antagonistic and in clear contradiction. As anticipated, the *CSR pays process* tends to look at corporate social responsibility as purely instrumental for business success and therefore one could argue whether the company considered is responsible or not. Managers and entrepreneurs are rational and utilitarian. Completely opposite is the nature of CSR when personal morality is the ingredient and business ethics is the main objective of the process. Therefore, if we take the point of view of pure deontology, and consider the motivation without regard for the implications of business behaviour, we can argue that when CSR is instrumental the company can not be regarded as responsible.

But we can reach different conclusions if we wear the glasses of consequentialism and judge the two approaches on the basis of their effects and impacts (consequences). There are probably two kinds of consequences to be taken into account: organisational patterns and content of CSR (programmes).

First of all, the two trajectories could both drive to the *institutionalisation of CSR*, often regarded as a theory for CSR creation (Magatti, 2001), that entails the creation of principles, codes, responsibilities and programmes in the field of social responsibility. Obviously the institutionalisation process could be incremental in the case of a bottom up process and, on the opposite, radical in the case of a top down process and *CSR pays process*. But speed and time are not sufficient here and other considerations have to be taken into account: adoption at all levels of the organisation, persistence of the attitude and relationship between responsibility of the organisation and responsibility of individuals.

Secondly, the two trajectories *could* in principle produce similar programmes and impact in the long term. One can argue that, on the opposite, in the short run the *CSR pays process* leads to more commercial and marketing oriented programmes, while the *CSR driven by individual morality* produces more actions focused on employees. Differently from these hypotheses, there is a qualified body of literature that suggests the intrinsic contradiction between responsibility and long term business objectives (profit) which can only produce temporarily acceptable consequences and organisational arrangements.

This introduction provides a theoretical framework to place the case of Olivetti, a story of a firm and a man, Olivetti spa and Adriano Olivetti, that left a remarkable sign (some hundreds books have been published on Olivetti) in various disciplines like corporate governance, industrial relations, welfare system management, planning, architecture, design, mecenatism and politics.

What is the position of Olivetti in the framework described above? Without anticipating the content of the following pages, we can easily say that the case of Olivetti is a sort of mixture between CSR viewed as a business opportunity and CSR as a process of moralisation of the firm initiated, managed and controlled by an individual, Adriano Olivetti, whose action is unique with many respects, for the period when it developed (between the '30s and the end of the '50s), but also for today.

2. Olivetti spa and Adriano Olivetti: a pioneering case of corporate social responsibility

The "Ing. Camillo Olivetti & C.", later Olivetti spa, is founded at the beginning in 1908 by Camillo Olivetti and rapidly develops into a transnational corporation: at the end of the '50s, when Adriano Olivetti dies, Olivetti has 24.000 employees, production plants in Spain, United Kingdom, Brasil, Argentina and South Africa and it has acquired the Underwood, the US based market leader in office machines. The core business is represented by typing machines, calculation equipment and, later, office furniture which are increasingly targeted to foreign markets. At the end of the '50s, the period that coincides with the top sales, Olivetti exports more than 60% of its production.

The experience of Olivetti spa in the period between the beginning of the '30 and the end of the '50, under the direction of Adriano Olivetti, is remarkable at least for two different components: the firm reaches an extraordinary technical - organisational excellence and it becomes a pioneering and anticipatory experimentation of corporate social responsibility principles and practices in the Italian and probably European context

For the purpose of testing our research hypotheses, the case of Olivetti is particularly interesting. By looking backwards, the story of Olivetti introduces some relevant issues around the concept and practice of corporate social responsibility and, in particular, around the relationship between the responsible entrepreneur, in charge of managing the company for a definite time period, and the responsible company as a collective agent that should last

The current chapter is divided in three different frames: the first will focus on the variables that influenced Adriano Olivetti as a responsible entrepreneur; the second will illustrate the

main features of strategies, policies, programmes and results of Olivetti on the theme of corporate social responsibility; the last will provide a preliminary picture of positive and negative aspects.

The origins of corporate social responsibility for Adriano Olivetti

The first elements that contribute to explain the origins and determinants of the responsible management style of Adriano Olivetti are related to the nature and genesis of the company created by his father, Camillo Olivetti, at the beginning of '900: Adriano manages a family business and, doing so, apart from his personal ambition as a manager, he is strongly committed and interested in continuing along the path traced by his father. His firm commitment is positively influenced by two symmetric factors: the esteem for his father's abilities and Camillo's trust in Adriano's capabilities, the latter being designed as the successor for managing the firm.

The second factor, intrinsically related to the previous one, is a sort of intellectual heritage transmitted by the father, a sort of responsible entrepreneur of the beginning of the century, to the son. Camillo starts the business, educates, trains and establishes a constructive dialogue with employees that are selected, besides their skills, on the basis of their personal and family origins. Camillo is also, as the son will be, extremely precise in controlling production performance (time necessary for single operations is an innovative parameter for that period), keeps the firm far from banks and loans and tries to develop a company as much integrated as possible, adopting a business principle that we can easily call autarchy. In addition, Camillo profoundly shares the ideals of socialism (Caizzi, 1962; Gallino, 2001; Novara, 2001).

A last important variable that could explain Adriano Olivetti's management style is the relationship with local communities and the physical space. Adriano continues a business which is strongly rooted in the *Canavese*, the area around Ivrea in the North West of Italy. Adriano, similarly to his father, considers the context very crucial and compatible with the nature of the firm, since Ivrea is a small but growing town, close but not dependent to Torino and surrounded by an agricultural territory. The area could therefore develop and host a modern and expanding company with its core buildings but also centres for culture and leisure; man power is abundant, but not qualified, and willing to undertake a different style shaped by a modern fordist manufacturing company.

To conclude on the motivations, we can affirm that the responsible attitude of Adriano Olivetti is deeply influenced by the biography of the firm.

CSR at work

Adriano Olivetti's firm commitment is to continue along his father's path, by institutionalising his strategies and intuitions.

One thing deserves a preliminary attention: Adriano has never been a majority shareholder; he is able to influence the direction of the company according to his formal power (Chief Executive Officer and President) and his personal standing. Nevertheless, Adriano's decisions are not ultimate decisions and he will need always to compromise with other shareholders, mainly part of his family (Gallino, 2001). While Adriano Olivetti holds the formal authority - assigned according to his skills, abilities and virtues -, his power is always subject to the satisfaction of the shareholding family that frequently confronts his

decisions, especially after he becomes a member of the national parliament (besides this, the elections represent a failure for him and the party he founded, the Movimento di Comunità).

Profit and organisation of work

Thanks to his studies and visits to some US companies, Adriano feels it is necessary to innovate the firm organisational chart from an undifferentiated hierarchical one to a more decentralised model. The ideal structure implies that the managing team, besides its normal ordinary duties, has to continuously propose innovations, in the schumpeterian way, and anticipate emerging needs (Ricciardelli, 2001). This company is not just targeted to profit, but is willing to take care of the external environment and of the communities where it operates (an early concept of social profit).

The company adopts taylorist methods and fordist principles that are shaped around the particular situation and tries to rationalise working practices as close as possible to the needs of employees. As an example, Adriano Olivetti introduces the *trainer*, an assistant that calculates the time needed for various operations according to the need of the average worker.

Starting from the mid'50s, Adriano created an internal *Psychology Centre* in charge of improving the relationship between the firm and the employee; The Centre, by operating in close integration with the Bureau for Working Time and Methods, recruits personnel, deals with the introduction of newcomers in the firm, provide the regular assessment of labour force and of training of human resources managers.

After the general elections in 1958, the Centre is closed down and substituted by a Centre for Re-qualification of personnel, in charge for re-shaping working qualities and duties of employees; when this is not possible, the Centre tries to re-design the job content and the working place around the personal condition of workers. The Centre becomes the conjunction between the employees needs and the proposal for innovating the organisational structure and, subsequently, it operates as a consulting body for the company managing team.

Architecture and design

Adriano Olivetti policy is very keen of economic success and, at the same time, moral, ethical, social and esthetical implications of manufacturing activities. He invests time and resources in order to make working places comfortable, clean and bright and the best architects of the time are hired with the task of designing the valuable buildings for Ivrea and, later, for Pozzuoli, the town in the South of Italy where a new plant will operate. The objective of this interest is twofold:

On the one side, corporate headquarters and factories need to be particularly innovative and qualitative and better than other firms in Italy. A particular attention is paid on light in the manufacturing buildings, the location that needs to guarantee a pleasant view, and the integration with nature and surrounding landscape.

On the other side, these buildings are instruments for developing a unique corporate image because they interpret the spirit, the intention and, in some way, the discreet *grandeur* of the company.

Similarly, all the artefacts produced by Olivetti, and also the Olivetti shops in Italy and abroad, are very design intensive and award winners worldwide.

Employment policy

The great efficiency gained by Olivetti processes produces an overproduction driven crisis; surprisingly Adriano decides to fire all the managers proposing employees layoffs and to expand Olivetti in new markets.

Salaries are around 80% more than corresponding ones in the Ivrea region (Gallino, 2001) and also the employment policy for the new large plant in Pozzuoli (the underdeveloped South of Italy) is not very different: he decides to de-link the level of salaries to the purchasing power, feeling that more generous salaries would create the conditions for strong local economic development.

A character of Adriano Olivetti employment policy generate large discussion: the attitude towards immigrants. His policy in Ivrea requires employees to be resident, for at least two years in the region in order to prevent excessive immigration and local unemployment and an unwanted burden on the local welfare system (schools, health care, housing, transportation). Adriano own worlds well explain the grounded and modern reasons for such a policy: "Immigration would generate a social and economic unbalance and we will be the responsible for that If we are able to expand our production we will further localise in the South There is a need for bringing capital where labour force is and not the opposite" (Olivetti in Novara, 2001).

Training and education is a major focus of Olivetti's mission: the school for mechanics and an internal technical institute offers scholarship to less wealthy people. It is interesting to recall the particular nature of these courses: on the they offer practical and technical skills strictly connected to the Olivetti working life (for example precision mechanics), on the other side they provide courses in social sciences like working culture, workers political movements, fundamental of economics, business management. These particular teaching method and subjects have the aim of slowly introducing workers, coming from agriculture activities, into manufacturing processes.

Olivetti employees and their families have access to medical assistance, nurseries, summer schools and refectories. In addition, a public transportation system offered by Olivetti is available to all the employees living in the area, who have also access to financial incentives to rent and buy a house. Access to credit is also facilitated by the creation of a cooperative system that offer mortgages and other financial services at better conditions than the market. The financial assets are managed in a participatory manner.

Besides all these benefits and advantages for Olivetti employees, the relationships with unions are not that always very easy. The most established unions look at Adriano Olivetti as a friend of workers and, at the same time, an employer with some differences in character and attitude from the others. Adriano has a very clear perception of this contrasting feeling and tries to make his best to change it. In addition to all the initiative mentioned above, during 1948 he establishes a Management Committee that has the task of directing social services, but not the company itself. The initiative is quite a remarkable intuition, nevertheless the means are limited, and Adriano is not willing to increase them, and the consensus among managers is very poor. Few years later, he establishes *Autonomia Aziendale* or *Comunità di Fabbrica* (literally, *Factory Community*), an alternative firm based union that, according to the statute, aims at bringing workers into the core business management. The intention is to enable workers to manage the company and to share responsibilities among different interest groups (Ceri in Gallino, 2001). The most important outcome of these initiatives is to facilitate information flows within the company.

Culture and local development

Adriano Olivetti, much beyond the traditional duties of an entrepreneur, creates a number of welfare centres in the region of Ivrea in order to improve living conditions for employees and their families. He also starts various cultural initiatives and agencies to stimulate local development.

Olivetti spa, in the period between the '30 and the end of the '50 is a great innovation centre. A centre for studies on industrial relations, which initially reports to the president and later to the Personnel Director, focuses on workers social conditions, on structural transformations of the area, on planning for residential and business locations, on organisation of work. White collars and managers are warmly invited to participate to the most controversial researchers and to discuss about results; in addition the centre becomes very active in publishing by promoting Edizioni di Comunità, the publisher that introduces in Italy authors like Pareto, Weber, Durkheim, Talcott Parsons, Tönnies...). The centre becomes also an expert group for planning activity in the area through a committee that undertakes a wide research programme to support the spatial planning process of the area around Ivrea. The town is then a key cultural centre thanks to its rich library and the ability to attract outstanding intellectuals (da Pier Paolo Pasolini a Enzo Paci, Carlo Bo...) operating in various fields. The Centre primarily operates as a service for employees, but is also part of a broader project of Movimento di Comunità (the firm union created by Adriano Olivetti) that foresees a diffusion of similar community centres around the region.

As stated above, Adriano Olivetti considers local development as a key target for his action. In order to do so, among the others, he establishes the centre for urban and rural renewal (Istituto per il rinnovamento urbano e rurale, I-Rur) in 1955. I-Rur is the technical and independent arm that aims to stimulate and assist small agriculture owner, craftsmen, micro-firms. The ultimate goal is to generate industrial activities in depressed regions also in consideration of the difficulty that Ivrea faces is absorbing additional unemployed people. Olivetti provides a contribution of 6% of annual net profits to I-Rur and Ivrea Limited, a company created in the same year also thanks to the contributions of other shareholders. The local I-Rur office succeeds in generating only three self-sustaining initiatives, one of which is a production unit for Olivetti typing machines.

Pitfalls of Olivetti's way

Olivetti model is admired and criticised at the same time for two different aspects: with regard to the business concept and, on the other side, to the nature of responsible business. We focus here on the latter by listing some of the main pitfalls implicitly related to the conduct of a responsible business. We will be back on some of these issues in the conclusions.

- some of the initiatives in the field of corporate governance and employees participation can be regarded as paternalistic
- Adriano's ideas and programmes to involve personnel in decision making are not always shared by other managers. In addition, white are not fully convinced about the responsibility they have to carry
- Many initiatives in the field of industrial relation are regarded more like top down concessions of the chief executive officer rather than outcomes (and conquest) of confrontation and debate between workers and controllers/owners
- Local welfare becomes soon too dependent from Olivetti spa role; when the firm faces a deep crisis, the rebound effect is extremely strong and there are no social balancing mechanisms in place

- Virtually all social and cultural activities in Ivrea and in the surrounding communities are initiated or directly promoted by a single man

3. CSR impact on local economic development

A possible framework and its limitations

The paper aims at exploring the relationship between corporate social responsibility and local economic development. The Olivetti case is here used as an example, but not a representative one, to investigate the relationship and understand the role of the various components of corporate social responsibility in shaping such a relationship.

In order to answer to this question, or at least to make an attempt, it is important to rely on a conceptual framework for local economic development and, secondly, to assess the impact of corporate social responsibility.

Among the different approaches that can be used to measure local economic development trends, we have selected the method adopted to monitor the impact of public investing to promote local development; in particular, we have identified the variables taken into account by the Italian Ministry of Economic Affairs in the Report on Local Development (Italian Ministry of Economic Affairs, 2002), which periodically provides the key regional economic trends. These indicators expand the traditional framework of economic growth indicators (focused on employment, firm creation, GDP, investment, import and export) and consider some of the variables "... that are need to capture the interest in living, working and create business in a given region".

This approach is particularly consistent for the case of Olivetti since the Ivrea region clearly is a post – industrial and economically depressed area that has been targeted for European development policy through the instrument of Structural Funds (Objective 2 region).

These variables are therefore those shaping the playground, by making an area less or more appealing, for private households and firms, and, at the same time, represent the target for policy action aimed to promote local economic development.

Despite the name often associated to these variables (frequently called development variables), these are by no means indicators to measure the progress towards sustainable development, since they only take into account the determinants of economic growth¹.

¹ The difference between the two typologies of enlarged measurement framework is self evident, considering for example the constituents of ISEW (the Index of Sustainable Economic Welfare), the measure built by Cobb and Daly (1994) and used for alternative national accounting in many Western countries (see for example the implementation of the ISEW index for Italy in Guenno e Tiezzi, 1998).

While there are several commonalities – for example, indicators for transportation infrastructure, education and health are present in both approaches - the ISEW methodology considers alternative measures for example income distribution (a measure of inequality) and it focuses on the evaluation of externalities related for example to pollution, car accidents, depreciation of exhaustible resources and urbanisation.

These differences can be explained by the completely different purpose of the two systems, one aiming at managing the variables that could influence economic growth and employment at the local level; the ISEW, and similar methodologies, on the opposite, have the objective to demonstrate the limitations of current national accounting and to propose alternative measures to GDP accounting.

What is in principle and in practice the impact of corporate social responsibility on these variables that measure the determinants of local economic development?

The table below contains some indicators, grouped into issues, selected from the larger list included in the framework mentioned above. Our selection is made in order to provide examples of the indicators that are likely to be influenced by corporate social responsibility. As a matter of fact, a socially responsible company adopts codes and policies, set objectives and launch programmes in various fields that have an influence on these selected context indicators.

Table 1: determinants of local economic development (context indicators)

Main issues	Examples of indicators*
1. Natural resources	Regularity in the distribution of freshwater Percentage % of wastes separately collected GWH from renewable resources
2. Cultural resources	Number of visitors to national art centres Per capita expenditure for theatre and music
3. Human resources	Youth unemployment rate Gender differences in employment rate
4. Local development systems	Net firm birth rate
5. City	Percentage of population involved in sport activities Air quality monitoring systems Public transportation users rate
6. Networks and systems	Commodities shipped via rail (for 100 inhab.) Commodities shipped via sea and rivers (for 100 inhab.) CO2 emissions related to transportation

* the list contains only some of the indicators that can be influenced by CSR

Source: Italian Ministry of Economic Affairs, 2002

As a general remark, it is possible to affirm that the impact of CSR on these variables is positive when we consider a company that evolves into a more socially responsible firm or we compare business environments characterised by different CSR levels.

The positive impact is normally due to three non-excluding situations:

- a minor negative impact. This is the case of polluting firm that adopts, as a consequence of its CSR policy, a closed loop water system, thus having an impact in the availability and quality of water for industrial and civil use

- an increased positive impact, by offering more job opportunities to women thanks to flexible and family friendly working time or by hiring, and training, long term unemployed people
- a new positive impact on variables that are normally unaffected by corporate behaviour. This situation occurs when a firm provides workers with free public transportation cards or with a car pooling management system to be used by employees and their families. Another example is represented by the initiatives targeted to support independent economic activities of retired employees.

The case we have described can be used as a test due to the multiple faces of Olivetti initiatives that could have generated an impact on local economic development.

Looking at the table above, we could easily affirm that Olivetti has had a tangible impact on at least 5 out of 6 main issues listed in the table above, partly because of the role of the company in the local economy and partly, and we are here interested in this, because of its component of social responsibility.

Few initiatives can be mentioned to prove the positive link between social responsibility and the issues above:

- Cultural resources: Olivetti has a great influence on the production of quality cultural events and on the provision of easy access to culture by the community at large. In addition to the supply of culture resources, Olivetti action creates the ground for an increasing demand of culture (literature, poetry, visual arts, cinema, theatre, ...) by training and educating employees much beyond the technical skills needed in the production lines and management roles
- Human resources: among the vast set of initiatives, we can select for example the creation of firm based nurseries in order to allow an easy and effective access to work for women.
- Local development systems: in this area there is probably the highest concentration of ineffective efforts made by Olivetti. Besides his strong commitment to promote firm creation, this is also an objective during his mandate as Ivrea mayor, the initiatives does not produce positive results, above all the failure of I-Rur

According to this framework, CSR can play a role in promoting or accompanying local economic development since it has a positive impact on the variables that shape the playground where firm locate, operate and develop. The size of this impact can vary according to the particular situation and corporate behaviour.

But Olivetti case provides also some doubts on the validity of such a simple framework. Olivetti grows and prosper until the mid of the '50s and later declines; similarly does the local economy that suffers a long and ongoing period of recession and unemployment. What are the causes for that? Is there any reason that can be attributed to the responsible component of the Olivetti business model?

It is obviously difficult to answer to this question and, in particular, to separate the different causes that, all together, contribute to the decline of a dynamic area. A first explanation for this model is simply related to the importance of Olivetti in the local economy. Ivrea, together with the small villages around, forms a sort of a small scale company - town, whose destiny is extremely connected with Olivetti.

Even accepting this explanation, one could argue why an advanced business model, also characterised by a far reaching CSR, is not effective itself (does not build an organisation to last) and does not promote local economic development. More explicitly, does CSR,

under certain circumstances, weaken local entrepreneurial forces and disables other actors that normally play a role in stimulating local development?

Beyond the framework: CSR model matters

In order to provide an answer to the particular case and pave the ground for some generalisation, we can look at the impact of CSR by looking at two different groups of components, and related implications, of Olivetti CSR: the former being the internal, the latter being the external.

On the one side, the Olivetti's model for CSR has an internal characterisation that influences the relationship with employees, shareholders and other stakeholders and, ultimately, has an impact on the business success of Olivetti itself, on its financial and economic success, on its viability and continuation. In particular:

- The CSR driven by Adriano Olivetti is built around a difficult relationship with other shareholders and top managers and Adriano basically fails in convincing them about the validity of his model of responsible corporation. While he is considered within his *entourage* a good entrepreneur and manager, Adriano remains isolated and always seen as a pure idealist. In addition, transparency and openness in decision making process generate continuous contrasts with other managers.
- As anticipated, thanks to Olivetti, Ivrea becomes one of the most interesting laboratory of social innovation. A number of high standing intellectuals are hired by Adriano Olivetti with the task of investigating innovative organisation of labour and industrial relations (the centres for social studies, the centre for economic studies and the centre for psychology) or just with the aim of animating the cultural scene of the town. It is difficult to say whether these initiatives are planned as learning opportunities, point of view sharing or as corporate image builders. Whatever the motivation is, it is evident that, especially when Adriano dies, these intellectuals fail in leaving a remarkable trace and style on the company.
- Olivetti employees are in some way privileged, since working conditions, salaries, benefits and the relationship with management are unique. Nevertheless, some unions are unsatisfied and criticise quite often the industrial relations at Olivetti, even if these differences in opinion do not generate confrontation, which is a typical and a useful tuning mechanism in the relationship between management and employees. The satisfaction for working conditions, which is more perceived as a top down concession rather than the outcome of a challenging policy, reduces disputes and areas for discussion.

On the other side, the Olivetti's model for CSR modifies the relationship with external stakeholders and influences the ability of the company to directly and indirectly sustain local economic development.

First of all, Olivetti fails in promoting local entrepreneurship and, in some way, his business model, which is extremely integrated and autarchic, represents an obstacle to the creation and development of the supply chain.

Secondly, Adriano Olivetti has too many different roles for Ivrea: he is virtually the only important entrepreneur, he is the mayor, he is the planner, he is the cultural sponsor and

programmer, he promotes development agencies and provides part of the welfare system. The company loses its role as intermediate agent between citizens and government and attracts additional functions and responsibilities that are in contrast with the final objective of the business. Despite his intentions Adriano clearly determines the economic, social and political events and, ironically obtains the opposite effect since other local forces have a negligible impact on current and future dynamics.

Concluding remarks

Is it possible to generalise these interpretations? In order to do so we probably need to go back to the elements that have originated, influenced and characterised Olivetti model of corporate social responsibility.

In particular, the whole process originates from the morality and intuition of an individual that concentrated all the efforts in making things happening, without really institutionalising corporate social responsibility and promoting its diffusion within the organisation and the society. We can probably affirm that social responsibility is more a characteristic of the individual rather than of the company itself and, subsequently, it disappears when Adriano dies. The death of Adriano, who tried to leave a sign in all the fields he could influence, means the death of the guide, switch and propellant for the local community.

In other contexts, these negative elements, combined with a similar interpretation of the role of a responsible entrepreneur, could similarly affect local development patterns.

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