



Italy's Veneto Productivity Centre

Italy may be one country but it is certainly two economies. The south, the *Mezzogiorno*, has had public money poured into it for 60 years, yet it still remains as backward and corruption infested as ever (virtually all companies are forced to pay Mafia "taxes"), with unemployment rampant, including 45% of those younger than 24 years. The north, on the other hand, thrives in an entrepreneurial culture with roots extending back 200 years when it was part of a multinational foreign power: the Hapsburg Empire.

The Veneto Productivity Centre (CPV) was established as a regional productivity center in 1952 in Vicenza in the far northeast around Venice. This followed a recommendation of the US productivity analyst Dr. Jerome Mark that, in a country of disparate provinces, three pilot regional centers should be established to back up the work of a national center. In the meantime, the national center has long since disappeared (1972), and although the two other regional centers never really took root, the CPV has thrived. Its success can be attributed to three key features.

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First, it has stayed close to its original benefactor and mentor, the local chamber of commerce, industry, and trades. In Italy, chambers are official, elected, self-governing bodies of which all companies are compulsory dues-paying members. As a body associated with the chamber, the CPV provides local businesses with the training, information, research, and (to a lesser extent)



consultancy services that are in demand. To ensure that it is and remains vibrantly relevant, it is also a membership foundation. It is these member companies, typically medium- to small-sized family companies catering for niche markets, that determine the bulk of CPV activities. This means that it has a highly decentralized structure and set of activities, which is the second key to the CPV's success. Foremost are the "study groups." These are set up, and then disbanded, in line with local concerns. Their basic concept is the promotion of mutual learning and support. The 15 groups currently active cover traditional industries (ceramics, goldsmiths), specific themes (general management, production management, industrial design, environment, safety), or technologies (smelting, mechanics, both of which have been the backbone of the regional economy). Each group holds an average of three to four events a year and has its own elected governing body but is managed within the CPV structure. Group activities constitute an important impetus behind the CPV's weighty training program.

With increasing competition first from other European countries and now from manufactured products from low-cost Asian economies, especially China, these groups not only nudge members to be more productive in the short term but help them in opening up new, longer-term vistas. In the late 20th century, this meant helping companies outsource production from high-cost Italy to Eastern Europe, because the cost to entrepreneurs of skilled workers' monthly wages of €1,200–1,500 is doubled by indirect labor charges.

Today the main thrust is the quest for greater value added in companies through innovation, since Italy ranks low in Europe's R&D league. Clearly, innovation requires cooperation with the universities. Yet for both parties cooperation is particularly difficult but all the more important. On the one hand, youngsters tend to leave school early, to learn trades hands-on in family enterprises. Italy has Europe's lowest number of graduates per capita (8.6%) and of job beginners (12.5%). On the other hand, the universities are a part of Italy's innovation-sapping bureaucracy.

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Therefore, by developing new forms of industry–university cooperation, the CPV is blazing new trails that can inspire others, and indeed have already done so. Thus, it has developed a program of internships for university undergraduates with the dual aim of facilitating the flow of new knowledge and insights into medium-sized businesses and bringing the universities' "barons" (professors with lifetime tenure) out of their imperial aloofness from the world of work.

The third reason for the CPV's success is that it provides a flexible structure for developing new initiatives funded by third parties. Thus, in response to the decline in corporate start-ups, it provides free-of-charge information and counseling services for would-be entrepreneurs, with local chambers of commerce, industry, and trade bearing the costs. Also financed by chambers are its "counters" helping inventors and entrepreneurs in their search for licenses and patents. With Eu-

European funds it is under contract to promulgate the concept of corporate social responsibility in line with the European Commission's Green Paper. This has now led to the establishment of new networks of involved enterprises seeking to undertake proactive steps in this area, which is seen not as further bureaucratic binding but as opening up wider business opportunities.

However, the CPV also guards against its local character becoming parochial. Thus, it participates in the chambers' national foundation aimed at promoting industrial innovation through research and pilot activities. At the EU level, it is heavily involved in various EU Commission programs for boosting competitiveness, particularly in conjunction with national productivity centers in other countries. Moreover, it has started to link the Veneto region to its overseas diaspora. Thus, summer schools have been operated for the progeny of second- and third-generation emigrants to the Americas and Australasia to demonstrate the dynamics of the Veneto region. The purpose is not simply to develop commercial links but to entice skilled graduates to the "old country." Interestingly, these approaches came in the wake of the failure of programs aimed at encouraging young workers from the *Mezzogiorno* to take up vacan-

cies in local businesses because their overall income (from state benefits in the south) decreased if they moved north to take up well-paid work.

With its increasing staff numbers (up from 20 to 25 in the past half-decade), the CPV must constantly grapple with three challenges: inclusiveness, or how to ensure that all productive actors in the economy are involved in developing the vision and work of the center; acceptability, or how to ensure that the center remains a prestigious organization propagating change; and financial stability, or how to ensure that it maintains a balance between incomes from market-driven activities, from activities benefiting the community, and from local, national, and European networking activities. 

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