

Storia della Pininfarina, 1930–2005: Un'industria italiana nel mondo [A History of Pininfarina, 1930–2005: A Global Italian Industry]. *Edited by Valerio Castronovo*. Rome: Laterza, 2005. x + 636 pp. Figures, tables, bibliography, notes, index. Cloth, €45.00. ISBN: 8-842-07263-X.

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In contrast to its G7 peers, Italian capitalism can be characterized by a dearth of large corporate structures and the relatively large presence of small- and medium-sized enterprises, usually clustered in the so-called industrial districts. Both big (private and state) and small business have received scholarly attention, whereas the “fourth capitalism” sector of the economy—the firms and groups that are too small to be heavyweights but yet that maintain often sizable shares of world niche markets—has only recently been mentioned in debates about Italian capitalism, particularly in Andrea Colli's work (see *Il Quarto Capitalismo*, reviewed in *Business History Review* [Autumn 2003]). Very few monographs have been written about these family-owned groups, although the case can be made that the capacity of the Italian economy to reach a sufficient level of growth to shield it from the competition of lower-wage developing countries critically hinges on the expansion of its medium-sized enterprises.

Pininfarina is a firm that combines the features commonly associated with Italian business, making it an important subject to study. First, it is a family-owned concern, with an identity of ownership and management that is usually found in other countries of comparable enterprise size. Pininfarina's turnover was equal to €58 million in 2004. Established in 1930 by Battista (Pinin) Farina, a craftsman and entrepreneur renowned for his creativity and skill, Pininfarina was transformed into a modern industrial complex in the 1960s by his son Sergio, assisted by Pinin's son-in-law. At the dawn of the twenty-first century, management responsibilities were transferred to a third generation of Pininfarinas: Andrea, Paolo, and Lorenza. Thus, a new phase has begun, marking the Pininfarina attempt to combine its traditional strength in project planning with new programs of research and development in the fields of design, engineering, and production. On the international front, Pininfarina Sverige (a joint venture with Volvo

Car Corporation) was set up to manufacture retractable roofs for the Volvo convertible, while Matra Automobile Engineering Maroc and Matra Développement were acquired in order to broaden the range of development services offered to French and international customers.

Second, at Pininfarina, owners and staff have traditionally been bound by strong emotional ties bordering on paternalism, which are typical of family-owned firms. Located in Turin and with close ties to Fiat, the firm early on established a reputation for being a good employer, which, however, did not shield Pininfarina from the effects of the dramatic changes in the country's—and indeed in the city's—political, economic, and social environment. As Valerio Castronovo notes in his introductory chapter to this collection of essays, the ferocity of the attacks waged by the Red Brigades against Turinese industrialists from the 1970s onward was a major reason behind Sergio's decision first to assume the presidency of the local business association in 1978 and then to enter Parliament as an independent member of the small Liberal Party in 1976. Italy eventually surmounted the terrorist menace, partly if not largely thanks to the uncompromising stance of the Communist Party and the trade unions. Thus, it was in the context of a different crisis, this time the degeneration of the political elite, that Pininfarina became president of Confindustria, the top organization of Italian industrialists, from 1988 to 1992.

Third, Pininfarina is one of the most important and visible brands in motor-vehicle design to display the “made in Italy” label. Through a rare blend of planning and engineering prowess, ranging from the conception of avant-garde models to the realization of innovative technological solutions, Pininfarina and a few other Italian firms, such as Bertone and Giugiaro's ItalDesign, have established comprehensive relations with carmakers. Pininfarina's links with Ferrari and Peugeot have been particularly solid and enduring, and it operates as a global partner with Peugeot. Its flexible approach enables Pininfarina either to collaborate with carmakers through their entire product-development process—design, planning, development, industrialization, and manufacturing—or to provide support during any one of these phases. As Giuseppe Volpato explains in chapter four, the competitive survival of medium-sized industrial enterprises whose core business is focused on automotive operations is unique to Italy. In

other countries with larger car industries, design and related activities have long been performed in-house.

A casual reader interested in the virtues and prospects of Italy's fourth capitalism might be curious about its similarities to, and differences from, Germany's *Mittelstand*. As Hartmut Berghoff recently argued in "The End of Family Business?" (*Business History Review* [Summer 2006]), beginning in the 1960s, the classic *Mittelstand* model, characterized by identity of ownership and management, strong emotional investment by owners and staff, and an emphasis on continuity, paternalism, and independence, has had to adapt to new circumstances. Italian family businesses, as epitomized by the Pininfarina experience, have gradually abandoned a number of traditional attributes, but they have done so at a slower pace than such businesses elsewhere. Surviving examples of *quarto capitalismo* remain dependent on individual families, enjoy limited access to external capital (probably because Italian financial markets are less developed than those of other G7 countries), and have only very recently begun to display some openness and international orientation. In fact, the publication date of this collection of essays marks the precise moment of Pininfarina's descent into a period of deep turmoil: its 2005 turnover was 34 percent lower than a year earlier, while its EBIT (Earnings before Interest and Taxes) dropped from a positive €8.1 million in 2004 to a negative €8.7 million in 2005.

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