



## Lean HRM Practices in Work Integration Social Enterprises: Moving Towards Social Lean Production. Evidence from Italian Case Studies

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Abstract:	Lean production human resource management (HRM) practices, which are deemed to increase firms' competitiveness through a skilled and empowered workforce, have arisen in the context of for-profit companies. The same attention to lean has not been paid in non-profit organisations. In turn, few studies have looked into the adoption of for-profit HRM practices within such organisations or focused on single practices and ordinary workers. Within this research, dichotomous positions between advocates and opponents have emerged, but with an underlying universalistic perspective considering HRM practices as detached from context. We consider HRM practices as context dependent and conduct a new study concerning lean production HRM practices in work integration social enterprises (WISEs), a particular type of NPO and social enterprise that focuses on building employability and jobs for vulnerable workers. We rely on three case studies involving multiple actors. Our exploratory results suggest that WISEs realise social lean production. They implement lean HRM practices by adapting them to their specific context and integrating both social and economic goals.

# **Lean HRM Practices in Work Integration Social Enterprises: Moving Towards Social Lean Production. Evidence from Italian Case Studies<sup>1</sup>**

## **Abstract**

Lean production human resource management (HRM) practices, which are deemed to increase firms' competitiveness through a skilled and empowered workforce, have arisen in the context of for-profit companies. The same attention to lean has not been paid in non-profit organisations. In turn, few studies have looked into the adoption of for-profit HRM practices within such organisations or focused on single practices and ordinary workers. Within this research, dichotomous positions between advocates and opponents have emerged, but with an underlying universalistic perspective considering HRM practices as detached from context. We consider HRM practices as context dependent and conduct a new study concerning lean production HRM practices in work integration social enterprises (WISEs), a particular type of NPO and social enterprise that focuses on building employability and jobs for vulnerable workers. We rely on three case studies involving multiple actors. Our exploratory results suggest that WISEs realise social lean production. They implement lean HRM practices by adapting them to their specific context and integrating both social and economic goals.

## **1. Introduction**

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Lean production has appeared as a model contributing to improved firm performance (Shah and Ward, 2007), where people deployment can differ. Along an ideal continuum, managers can use lean production to pursue cost-reduction or people-centred strategies (Bamber et al., 2014; Janoski and Lepadatu, 2019). Within the first approach, stressful employment conditions limiting employee involvement are realised. In contrast, within people-centred strategies, a specific bundle of complementary human resource management (HRM) practices qualifying and empowering workers is implemented. However, the lean model has been studied in the context of conventional for-profit companies. The same attention to lean applications is not seen with respect to non-profit organisations (NPOs). In turn, research on the adoption of for-profit HRM practices within NPOs has yielded dichotomous positions between advocates (Speckbacher, 2011) and opponents (Helmig et al., 2004; Theuvsen, 2004). Theoretically, these variant positions assume the same universalistic perspective to the analysis of HRM practices, holding that such practices have the same content and impact on performance beyond the context in which organisations are embedded (Jiang et al., 2012).

However, this research has been limited (Bastida et al., 2018; Ridder et al., 2010), focused on single practices (Kellner et al., 2017) and on managers and ordinary workers, neglecting vulnerable people (i.e., workers with psychic, cognitive, and relational disadvantage) who represent a significant proportion of workers in several NPOs (Corbière et al., 2019). Thus, we conduct a new study concerning the implementation of the lean production HRM system within work integration social enterprises (WISEs). These organizations operate as social economy organizations and constitute a particular type of NPO and social enterprise that focuses on building employability and jobs for vulnerable workers (Doherty et al., 2014). This research is needed to improve the understanding of the applicability of lean production HRM practices within NPOs and in particular whether lean HRM can support the work integration of disadvantaged people and the economic sustainability of these organizations. We draw on the

contextual approach that emphasises the importance of organisational and external factors in adapting organisational models to peculiar environments (Harney et al., 2018; Martín-Alcázar et al., 2005) to highlight how WISEs can revise HRM lean systems to suit their own context. Our study is based on the in-depth analysis of three WISEs operating in Italy. The main contribution of our article by drawing on the contextual perspective consists of showing that NPOs can successfully adapt lean HRM practices to their particular aims and features, and what specificities lean production may assume when organisations have pro-social aims.

The paper is structured as follows. First, we address the features of lean production and present its critical points, especially with respect to the imbalances caused by an emphasis on cost reduction at the expense of empowering human resources. Then, we introduce HRM concepts in NPOs and discuss how WISE features may possibly configure in lean applications. We then present the research design and methodology, the empirical findings, and their discussion. Finally, we highlight our conclusions and the limitations of the study.

## **2. Lean Production and the Associated Bundle of Human Resource Management Practices**

Lean production applications lead managers to emphasise two potential contrasting philosophies in the management of the workforce that can be placed along an ideal continuum (Bamber et al., 2014; Janoski and Lepadatu, 2019). One strategy views workers as an element to be exploited and is thus centred on work intensity (cost reduction). Within a cost-reduction strategy, the pace of work is strongly increased by relying on lean techniques such as just-in-time and following a top-down approach. On the contrary, when managerial applications of lean production consider human resources as a source of competitive advantage (people-centred approaches), HRM practices become crucial. While various practices of people

management can be usefully adopted under lean production, the literature on HRM and employment relations has identified a bundle of complementary practices shaping a specific lean HRM system devoted to training, empowering, and motivating workers to boost higher labour productivity (Bortolotti et al., 2015; Bouville and Alis, 2014; Kochan et al., 1997; MacDuffie, 1995).

The first important lean HRM practice is constituted by scientific standardisation foreseeing the working activities and related movements to perform for each work station. This HRM practice connected with job design is applied to render constant product quantity and quality but also means division and simplification of jobs (Shah and Ward, 2007). Under people-centred lean applications, the problems related to the fragmentation of working activities can be amended by job rotation schemes. Rotation among different jobs enables employees to vary their working activities and increase their skills. In addition, occupational diseases derived from repetitive and straining movements are avoided (Padula et al., 2017). However, the extent of job rotation and the type of activities to perform are determined by managers to adapt workforce numbers based on market demands or as needed to replace absent workers (Bortolotti et al., 2015). In turn, job rotation sustains teamwork, constituting a crucial HRM pillar of lean production (Vallas, 2006). Teams serve the purpose of making people accountable for production goals and to assure flexibility and higher productivity through workers' collaboration and mutual help. Employee direct participation is likewise important. It is based on the assumption that workers possess a tacit knowledge, derived from their daily activity on work stations. This knowledge base is crucial to identifying and eliminating safety and/or ergonomic issues, as well as to improving product quality and shortening manufacturing cycle times (Blanpain, 2008; Sacchetti, 2016). It contributes to the continuous improvement of job standardisation, and it is strongly encouraged and applied to all the workers using specific

formal means (e.g., suggestion boxes). At the same time, by having their voice heard in relation to production processes, workers are empowered and committed to performing a good job.

In order to carry out these HRM practices and lean techniques, training emerges as a strategic activity. In particular, managers first illustrate to workers the principles underlying lean production and the analytical methods supporting its practices and techniques. Then, the analytical methods are applied during training activities in order to provide employees with the necessary practical knowledge (Bonavia and Marin-Garcia, 2011). Furthermore, job security is important for motivating workers to take part in efficiency-building processes and continuous improvement activities. The latter are intended to increase productivity, accomplishing more with fewer resources (including people). Therefore, without being reassured over their employment, employees would be reluctant to participate in these activities (Liu et al., 2009). In addition, workers may fear opportunistic behavior by the management since high levels of specialization can reduce the flexibility of workers or make their knowledge sunk. (Dassbach, 1996). Empirical literature relates this bundle of complementary HRM practices with firms' competitiveness relying on a skilled, participative, and motivated workforce with fair or at least tolerable work intensity (Longoni et al., 2013).

Despite evidence indicating that inclusive organisational and HRM practices favour mutual and collective benefits for workers and the organisation, studies have shown that lean production characteristics vary across contexts (Signoretti, 2019) and that their application is often partial (Vidal, 2017). Indeed, managers tend to frame lean production by emphasising work intensity and minimising or instrumentally exploiting employee knowledge and involvement within a top-down approach, thereby putting great stress on workers (Carter et al., 2013). Several authors have highlighted that the limited, missing, or even adverse (for workers) implementation of the HRM practices of lean production is linked to market and/or profit pressures, and therefore to the focus on cost reduction as a strategic goal for lean

implementation (Adler et al., 2009; Adler, 2012). Particularly when profit pressures become high, firms and managers tend to privilege the coercive and speed up aspects of lean production, thereby limiting or neglecting employee skill development and participation (Adler, 2012).

### **3. Work Integration Social Enterprises and Their Compatibility with the Lean Production HRM System**

Within the literature concerning the relation between NPOs and for-profit HRM models, two dichotomous approaches have been developed. On the one hand, scholars have pointed out that HRM practices adopted in the for-profit sector, like involvement to achieve higher competitiveness, can be usefully implemented with minor adaptations in NPOs (Parry et al., 2005; Speckbacher, 2011). Complementarily, other scholars, although in some cases assuming critical positions towards the usage of HRM business-like practices, see this process of imitation as the result of NPOs' necessity to survive under increasingly stronger market pressures (Claeyé and Jackson, 2012). On the other hand, the opposite position highlights that NPOs' decisions to directly adopt practices taken from the for-profit sector are counterproductive, given the different logics and values of both the company and the personnel that are not predominantly market-oriented. Above all, these practices can be particularly difficult to be sustained by vulnerable workers (McDowell and Fossey, 2014; Villotti et al., 2017; Corbière et al., 2019). As a result, NPOs' social mission, employee commitment, and employment would be jeopardised (Corbière et al., 2019; Helmig et al., 2004; Theuvsen, 2004). Indeed, from the theoretical viewpoint, these dichotomous positions implicitly adopt the same universalistic perspective to the analysis of HRM strategies and practices. This perspective has particularly developed within the literature arguing for the existence of "best" practices on HRM. Such scholars hold that "best" human resource practices have the same content and

impact on organisational performance and workers (Huselid, 1995) irrespective of the context in question (Jiang et al., 2012).

The debate on for-profit HRM practices within NPOs is affected by some limitations. First, studies are limited in number (Bastida et al., 2018; Ridder et al., 2010). Second, many of them have taken into consideration single practices. This is a relevant drawback, since HRM practices should be viewed in relation to one another to see if and how they sustain and reinforce or compensate their mutual content and goals (Kellner et al., 2017). The association between HRM practices and results cannot be established when considering single interventions. Thus, these practices should be considered together to capture their meaning and to reveal the logic of the emerging HRM system (Guo et al., 2011; Ridder et al., 2012). Third, research has mostly focused on the employment conditions of managers and employees, while disadvantaged workers have often been overlooked, despite their relevance for the functioning of many of these organisations (Corbière et al., 2019; Peattie and Morley, 2008).

On the grounds of these limitations, we carry out a new study by following a systemic approach (Bortolotti et al., 2015; Kochan et al., 1997) and considering the management of both ordinary and disadvantaged workers, with a particular focus on vulnerable people (Kellner et al., 2017, Ridder et al., 2012). In doing this, we hypothesise a different conceptualisation of the process of adoption of HRM for-profit practices by NPOs by drawing upon insights offered by the contextual perspective (Martín-Alcázar et al., 2005). This perspective emphasises that the logic and content of people management are influenced by the organisational and external context in which managerial decisions are made (Diaz-Carrion et al., 2018; Lengnick-Hall et al., 2009). Normative prescriptions decontextualise the HRM strategies and practices from the internal and external environment, thus overlooking important factors constraining or modifying their nature (Harney et al., 2018). In the case of NPOs, the mission (Doherty et al., 2014; Battilana et al., 2015) and the nature of human resources (Barrenechea-Mendez and Ben-Ner, 2017; Ben-



Ner and Ren, 2015) can particularly affect the content of the HRM practices adopted. As regards the external environment, institutions (Akingbola et al., 2013) including legislation (Colenbrander et al., 2017) and the economic context particularly shaped by market pressures (Kaye et al., 2011) play a prominent role.

We analyse these organisational and external factors in relation to lean production implementation within commercial WISEs, a particular type of social economy organizations engaged in the work-integration of disadvantaged workers (Borzaga and Fazzi, 2014). This choice is motivated by the fact that lean production is characterised by a specific HRM system in its people-centred approach, allowing systemic analysis. On the other hand, WISEs represent an appropriate context for the application of lean production by operating in the market together with conventional businesses, thus constituting an organisational environment where production or service organisation and HRM practices assume centre stage (Ho and Chan, 2010). We also focus on Italy because it was one of the countries that first created, in the early 1990s, an institutional framework for organisations operating in work-integration, with the introduction of the social cooperative as a legal form (Law 381/1991) that WISEs have often adopted. The country has also allowed public administrations to provide local services by contracting out to social private organisations (Law 142/1990 and Law 241/1990) (Borzaga et al., 2017). Thus, it is a country where social economy and social cooperatives build on a solid model and consolidated practices which allow the observation of an innovative approach to HRM (Tortia and Sacchetti, 2014).

We can expect WISEs and external context properties to direct the implementation of lean towards a people-centred approach, with the underpinning HRM practices. Starting with the organisation's context, findings suggest that organisational mission varies between NPOs and for-profit companies (Sacchetti and Tortia, 2020, Battilana et al., 2015; Doherty et al., 2014). The social mission of WISEs is to achieve work-integration of disadvantaged people who are

at risk of marginalisation (Nyssens, 2014). The goal is pursued by means of rehabilitation, training, and productive activities, with emphasis on the principle of users' involvement (Borzaga and Fazzi, 2014) by adopting specific organisational solutions (Sacchetti, 2016, Tortia and Sacchetti, 2014). Regarding the institutional context, commercial WISEs in the Italian context must employ at least 30% disadvantaged workers by law.<sup>2</sup> The prevalent business model is that of social cooperatives, therefore applying member democratic control, limited-profit distribution, and an asset lock, mirroring growth strategies based on surplus reinvestment with the primary aim to benefit marginalised workers and the community in a stable way (Borzaga and Tortia, 2006; Colenbrander et al., 2017). At the same time, fiscal relief is assured by the state over hired disadvantaged people's wages. Overall, these organisational and institutional features incentivise WISE managers to devote proper attention to the application of lean HRM practices aimed at reinforcing people's capabilities and involvement. However, it cannot be excluded that, increasingly, market pressures would lead managers to cost-based approaches (Battilana et al., 2015), due also to reduced public spending (including Italy; Rossi, 2017) and business relations with for-profit companies that may not emphasise WISEs social agenda. Above all, given the nature of human resources, it is debatable whether lean people-centred HRM practices might be applied as conceived within for-profit businesses. Disadvantaged people can have difficulties in following working pace and demands, particularly when presenting cognitive and mental problems (Corbière et al., 2019; McDowell and Fossey, 2014). Practices directed to improve an organisation's competitiveness cannot be completely aligned with ordinary workers' aspirations directed to realise social goals too (Borzaga and Tortia, 2006). By adopting a contextual perspective, we expect that WISEs' organisational and institutional contexts would lead to neither 'pure' people-centred approaches

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<sup>2</sup> In Italy, this category includes people with health- (e.g., psychiatric or cognitive) and life-related issues (e.g., former prisoners, drug or alcohol consumption). Beyond formally recognised disadvantaged workers and for whom fiscal relief is provided for WISEs hiring them, these organisations can employ other types of vulnerable people (e.g., long-term unemployed, older people).

nor cost-based approaches. More complex and nuanced applications adapting lean HRM practices to suit their social mission and human resources' capabilities with the support of the institutional environment may emerge compared with their usual configuration in for-profit companies. For instance, fiscal relief over disadvantaged people's wages reduce the need for continuous productivity improvements that can be stressful for them. The reduced pressure to be cost-efficient is not necessarily through productivity and not necessarily through employees, but it can involve them. Hence, we hypothesise the existence of a social lean production model. Gianfaldoni and Morand (2015), in relation to the application of standard public companies' regulations to WISEs, have also pointed out the specific modelling of practices when applied to such organisations.

We also expect that context-sensitive HRM lean system applications can be differentiated on the grounds of the length and experience of the organisation in implementing the system, organisation size, and sector of activity. Studies have shown that lean production implementation is the result of lengthy processes whereby different techniques and HRM practices are progressively introduced and maintained across departments, thus entailing time-sensitive levels of sophistication (Liker, 2004). Larger WISEs can have more resources to invest (Townsend et al., 2017), possibly favouring lean applications through training and consultancy investments (Bhasin, 2012). Moreover, WISEs also compete in service sectors such as cleaning and gardening, where lean implementation can be affected by sector-specific features. The higher heterogeneity of activities fragments working time and, above all, renders practices of continuous improvement connected with employee involvement less central. At any rate, these differences seem to be limited, since service operations involve a number of input–processing–output activities, as in the manufacturing sector (Alsmadi et al., 2012).

#### **4. Research Design and Method**

We rely on case studies to answer our research question. The methodology is suitable to our analysis where the aim is not to generalise conclusions but to identify explanatory processes by analysing actors and organisations in detail (Kopel and Marini, 2016). Therefore, theoretical sampling was applied by selecting WISEs satisfying the concepts and dimensions under inquiry (Yin, 2014). This means that the WISEs identified applied lean production, because our research question is not related to organisations failing to adopt such a system. Within Italy, as highlighted, we selected WISEs varying in terms of lean implementation start-up, size, and sector of activity. We were able to identify three WISEs varying along these dimensions (plus employing different proportions of disadvantaged workers). The main characteristics of these organisations are displayed in Table 1, using fictitious denominations (as agreed with them).

<Table 1>

At the same time, eventual similar results across different WISEs would strengthen the theoretical reflection and practical implications of the study. In other words, if the contextual perspective would find confirmation in all the case-study organisations, we can be more confident about WISEs' and NPOs' possibility to adopt for-profit HRM systems without giving up their social mission.

Our research process consisted of three phases. First, while conducting previous research, we came across one organisation (Consortium) applying lean production for many years. Thus, we included this WISE in our study and searched for others implementing lean production from different years, having different sizes and active in different sectors. This search was carried out by consulting officials of local institutions and researchers active in NPO research centres. Then, we carried out preliminary interviews with managers of the recommended firms by

telephone to verify with the managers the effective application of lean production. After having received confirmation of such an application, we proceeded with the case study. As said, three WISEs were identified.

Second, we conducted semi-structured interviews with a total of 30 people (reported in Table 2). Interviews were fully transcribed (except for the one related to the manager of the Trento town institution) and analysed with the Atlas-ti software. We interviewed 20 managers in charge of the different WISEs' departments: 9 in Consortium, 6 in Tree, and 5 in Galo. Managers were interviewed owing to their knowledge of the content of the organisational and HRM practices adopted. For this reason, managers more involved in lean production design and implementation were repeatedly consulted and interviewed. In case of incomplete or unclear information, we subsequently consulted with these managers further by email and/or phone.

We relied on data and methodological triangulation to further increase the validity of our findings and interpretations through the convergence of the data collected or through the explanation of possible dissonance (Farmer et al., 2006; Meijer et al., 2002). Regarding data triangulation, we involved multiple respondents and respondent groups. Information was first triangulated among managers, since they can express different views between each other (Yin, 2014). Then, data were triangulated with the insights provided by workers' representatives, whether elected following related managerial request (i.e., Galo, 3 people), being part of unions (Consortium, 2 people), or selected on the grounds of their role and the company's seniority (Tree, 3 people). Such further triangulation was important, since managers and workers can have different perspectives and needs, even in firms where unity of intention is strong (Edwards et al., 2009). Among workers' representatives and employees, two vulnerable people were also consulted (one in Galo and one in Tree). Interviews concerned the mission and values of the organisation, its market and workforce characteristics, its technical lean principles, and, above

all, its HRM system. Their duration ranged from 20 minutes (with workers with a disability) to two and one-half hours. The two researchers read the interviews separately and then discussed the results with substantial consensus emerging.

At the same time, we relied on methodological triangulation by using multiple qualitative techniques for gathering data. Case studies often commenced with extensive visits inside plants to observe production/service activities and to start collecting information about market pressures, work organisation, and HRM practices applied to the different categories of workers. This technique was allowed by the possibility to spend two days (either consecutively or not) within these organisations. Direct observations and initial information were both highly useful as a means of being introduced to the environment of each WISE. In particular, they helped us better understand what was reported during the interviews and to find confirmation of such assertions.

<Table 2>

Third, two experts/practitioners were interviewed. One practitioner/expert was a manager of the Trento Town institution; in this position, the person was in charge of assigning disadvantaged people in WISEs inclusive of Galo. The second practitioner/expert presided over a meso-organisation that gathers data, organises workshops, and carries out research concerning social enterprises. This person had familiarity with all three WISEs included in the study. Practitioners supplied important information about the compatibility of lean production with the WISE model and with the market pressures that the case-study WISEs and these organisations in general were facing.

## 5. Empirical Findings

## 5.1 Market context

From the interviews, it emerged how different elements converge to create an increasingly difficult market context for WISEs. Public administrations avoid recognising a value to the social dimension of WISEs within public bid selection criteria. These decisions are linked with administrative issues and, above all, with the reduction of resources especially after the 2008 financial crisis and the subsequent 2011 Italian public debt crisis. With respect to the for-profit sector, in the great majority of cases, companies assign a value to the social dimension of WISEs, but only as an additional element after cost- and quality-based evaluations. For-profit firms contract out the production of products/services to WISEs if they are price-competitive, flexible, and able to assure consistent quality. Moreover, market demand is unstable, and companies have reduced their buffers. WISEs thus must supply product/services under demand uncertainty — a situation that asks for further flexibility and efficiency. In the cases analysed, two WISEs follow a just-in-time production system, while the other has pursued a reduction in the warehouse buffer.

## 5.2 How lean HRM practices are applied by WISEs

In this market situation, the case-study WISEs consider lean production and related HRM practices as crucial for productivity and efficiency improvements (synthesised in Table 1), as they are necessary to remain competitive. The management has claimed significant improvements after lean implementation, which is deemed to have contributed to an increase of up to 20% in efficiency (Consortium) and 20–25% in terms of turnover increase (Galo). This fact is important, given that the tax relief provided for employing disadvantaged workers is no

longer sufficient to defray costs. The implementation of this system also helped improve WISEs' reputation and image (and thus aided in the securing of further contracted work). Indeed, when their plants are visited by clients or related partners, the latter are often astonished by the efficiency WISEs can achieve in their production flows.

We begin by highlighting the content of the single but complementary lean HRM practices adopted by the WISEs in comparison with people-centred 'for-profit' characteristics (the comparison is synthesised in Table 3). We also point out the (minor) differences that emerged among WISEs. Regarding the HRM practices connected with the design of work stations, in all the case-study WISEs, higher productivity is pursued through the principle of scientific standardisation, wherein simple movements guarantee the highest efficiency (while, at the same time, respecting ergonomic guidelines). This process was evident while visiting plants and was confirmed by the interviews. Scientific standardisation guarantees the reliability of production in terms of quantity and quality. At the same time, from all the interviews, it emerged how lean production standardisation of jobs pursues the social goal of work integration, integrating the social mission with economic improvements. Indeed, standardisation prevents the necessity of problem-solving activities that would make disadvantaged workers, especially those with psychiatric or cognitive problems (who represent the majority within the vulnerable workforce), anxious and confused. In these specific cases, repetitive and simple tasks become the main means through which workers with these specific disabilities can become occupied:

*Lean production helped us to realise work stations that must be, I repeat, as simple as possible so that they can favour the work integration of disadvantaged people to perform a production which is, let's say, standard (Plant Manager Industrial Laundry, Consortium).*



*You must not have doubts — namely, we want to reduce as much as possible the doubts you can have...what do I have to use, how do I have to work, but why...no, we want to answer all these questions completely so that you can focus on your work (IT and Lean Manager, Tree).*

Importantly, the execution of working activities and goals is established between managers and disadvantaged workers in a collaborative way through a consensual process. In this vein, some extra time (as well as minor modifications) can be granted to vulnerable employees in order to favour their work integration. However, these changes have to be limited, since production efficiency is necessary to assure the financial sustainability of WISEs, which also has the effect of encouraging workers' own feeling of adequacy.

Job rotation assumes specific features compared to what is observed in for-profit companies. The practice is adopted to allow conformance to production demands and to avoid job repetitiveness, as occurring in conventional for-profit businesses. However, all the people interviewed pointed out that the number and type of work stations to which disadvantaged people are assigned depend on their capacity (linked to their specific skills and type of disadvantage) and desire. Thus, job rotation is not predetermined on the basis of managerial or productive guidelines. Another social goal is represented by the fact that managers claim that learning different jobs is important for vulnerable workers and employees in general, for both their self-esteem and their sense of integration on the shop floor. On average, in all three WISEs, vulnerable workers rotate less than standard employees (although this is not the rule) and learn three or four work stations at least. The rotation is adapted to employee circumstances in the case of ordinary workers too. The goal of job rotation also serves the purpose of assuring job security, since people able to perform different activities can be more easily deployed when products or clients change. Among the three WISEs, the job rotation system is particularly developed in Consortium and in Tree. In the first case, it occurs because lean production (hence

job rotation) has been implemented by many years and given the possibility of rotating workers among different departments thanks to the organisational size. In Tree, job rotation is accompanied by a formal system registering workers' skills, which is considered crucial to shape teams quickly and efficiently, especially in the case of employee absences. Indeed, fragmented working time arrangements render employees available for some hours and thus deployable in other teams.

In all the case-study WISEs, teams appear to be central. Work integration and not accountability is the main goal of teams, through which higher productivity is achieved. Team-based work is adopted to pursue a crucial social goal turning out functional to economic achievements. As explained and shown during the visits inside plants too, teams are fundamental in compensating for and accommodating the difficulties expressed by different individual workers, hence enabling them to accomplish their work collectively and be productive, as exemplified, for instance, by the following interview passage:

*Teams...There is mutual help. Thus, there is the person able to count who is placed at the end of the line; the person who is not able to count is placed in the middle; who is strong goes to load material; who, instead, is meticulous is placed to do controls. Thus, they become...it is fascinating this process because you make the weakness a strength (Director, Galo).*

Within teams, efficiency and quality are also reached by implementing job rotation and flanking disadvantaged employees by volunteers and, above all, by ordinary workers. The latter have the task of reinforcing team-based productivity and of collaborating with disadvantaged workers. This is often the case, since ordinary workers deciding to be employed by WISEs usually have social sensitivity. Thus, a different kind of collaboration within teams emerges compared to for-profit businesses.

On-the-job involvement is practiced through a variety of channels, but mostly informally. First of all, there are continuous interactions between workers and managers for small adaptations in the movements to perform if employees find such actions comfortable and they do not damage product quality or productivity. As highlighted, this means that work stations are standardised, but contrary to what occurs in for-profit firms, such a standard can be subject to (slight) changes to accommodate employee needs, provided that a certain productivity threshold is maintained. Second, employees informally advance suggestions for improvements. This participation is welcomed by managers but not required or encouraged of workers, as occurring in for-profit enterprises. Anyway, employee ideas are effectively analysed by managers and then adopted if appraised as viable improvements:

*Vulnerable workers sometimes give suggestions to us. For instance, I was surprised by a girl who was introduced last year. I told her to clean the keys of keyboards. She overturned the keyboard and I said to her, 'What are you doing?' 'It is dirty inside. I have to clean it out', she answered. She taught me something (Accompanying Operator within Cleaning Operations, Tree).*

Critique of insufficient employee involvement, however, emerged from one worker in the case of Galo. Most of the managers in the three WISEs also recognised the possibility of paying more attention to workers' suggestions. In particular, the importance of introducing more formal guidelines and implementation tools for managers is acknowledged. At the same time, activities of continuous improvement to which workers' involvement is partly linked were not receiving specific attention from managers in Tree with respect to their cleaning services, which represent the most significant commercial activity of this WISE. This is likely due to the way cleaning services are organised, or rather through separated teams and across workplaces

that often periodically change. As far as training is concerned, all workers are taught about lean techniques such as 5S, standardisation, and job rotation, which is necessary to carry out assigned jobs properly. However, they are not told about the system and the HRM practices, their logic, or underlying principles. Almost all the managers interviewed contend that conceptual or abstract training on lean production would be detrimental to disadvantaged workers, especially those with psychiatric or cognitive problems, generating confusion and uncertainty that could hinder their work integration. Job security policies protecting workers from redundancies are strenuously applied. Indeed, the employment of vulnerable workers is the main aim and a *conditio sine qua non* for WISEs' social and economic sustainability. Thus, job security is not mainly related to the necessity of keeping employee commitment within practices of efficiency improvements, as occurring in for-profit firms. Further to job rotation, the automation of working activities causing redundancies, which particularly concerns manufacturing WISEs, is pursued only when really needed to increase productivity and organisations' competitiveness (thus fostering economic sustainability and employment).

<Table 3 here>

### **5.3 Lessons from WISEs: How to balance cost-efficiency and work-integration aims**

As pointed out in the previous empirical section, strong similarities emerged among the three case-study WISEs. Lean HRM practices are adopted to motivate, train, and empower workers, thus realising a people-centred approach that, however, shows peculiar characteristics compared to what is commonly observed in conventional for-profit businesses. Thus, a modified lean HRM system is evidenced. We define this as a 'social lean production' as claimed by one of the managers interviewed.

Let's examine the organisational process in detail. It has been pointed out that several lean HRM practices, as designed within for-profit companies, can be problematic for disadvantaged workers (e.g., production goals, job rotation schemes, abstract training), especially those with psychiatric or cognitive disabilities. Other HRM practices would not be very useful for their work integration (e.g., teamwork). Thus, the literal application of HRM lean practices can also jeopardise WISEs' efficiency. It is precisely in the search for integration between people and production needs that lean HRM systems in WISEs show their uniqueness. These organisations adapt people-centred lean principles to their social mission and workforce needs and capabilities. HRM practices are suited to satisfy disadvantaged people's needs (tailoring their job rotation, revising standardisation, etc.) and desires, provided that a certain threshold of productivity is met. This availability is granted because otherwise vulnerable workers can fail, jeopardising the principal goal of work integration that intrinsically characterises WISEs.

*For us, it is important that you have the correct materials at the right time at your disposal, that you have an organisation covering you if you need, that you have a punctual organisation to meet your need for assistance, also from the psychological viewpoint (IT and Lean Manager, Tree).*

For this reason, all the managers interviewed rejected the idea of 'saturating' employees as much as possible with related issues of work intensity, since WISEs' purpose is not represented by the achievement of private profits but rather by the work integration of disadvantaged people (to which lean production is relevant):

*We want to apply lean production so that you can work quietly. We do not want to apply lean in order to make you much more productive. Productivity is an indirect result of our action on the organisation (IT and Lean Manager, Tree).*

This attention to people is different from lean production in for-profit companies but, as highlighted, must assure economic sustainability being part of WISEs' mission too. These needs lead to integration of social and economic goals. In other words, it is not simply that lean HRM practices are adopted to pursue economic goals (while mediating their implementation to suit WISEs' social mission and people's capabilities). Evidence supports the idea that WISEs' managers design lean HRM practices to pursue both social goals and economic improvements at the same time, with the economic sphere being intrinsic to the social one. In teamwork, for instance, the pursuit of social goals is the main aim, but it also serves the purpose of achieving higher productivity. Ordinary workers are subject to the same HRM practices, but to a lower extent. This means that they are required to be more productive, but attention to their situations and willingness is likewise adopted in line with their expectations. Overall, for WISEs, the capacity to provide effective answers to people's needs is what justifies their existence and operations (i.e., mission), and this goal can be achieved only if economic sustainability is assured, given market pressures. In turn, financial sustainability is based on work integration which requires adaptation to the peculiar workforce's characteristics.

For this reason, market pressures coming from both private and public agents strengthen the economic sphere of WISEs, and thus the relevance of lean production, but competitive needs must still be integrated within their leading social mission. The social application of lean production is sustained by institutional factors helping to counter potential profit and market pressures. First, fiscal relief related to the hiring of disadvantaged people helps compensate their lower productivity. Second, in all three WISEs, investments in lean have been favoured

by surplus reinvestment boosted by the institutions of democratic governance, limited-profit distribution, and an asset lock establishing that all endogenously generated resources are to be used towards the sustainability of the organisation and the pursuit of the social goal.

*We do not have dividends; none of our WISEs have done that so far. We reinvest all, and we show our associates where and how. We reinvest all within our WISEs (Plant Manager Industrial Laundry, Consortium).*

We have focused on similarities among the three case-study WISEs, since they are particularly strong and relevant. However, differences, although of minor importance, emerged (as illustrated before). Consortium applies lean in a particularly sophisticated way (from the technical viewpoint too). This derives from the long period of lean implementation, during which managers have constantly invested in training and consultancy, thus benefitting from a process of knowledge accumulation as well as from higher resources (given the WISE's size). The lower percentage of disadvantaged people employed can also contribute to explaining this level of lean sophistication, although it also entails less fiscal support. A second difference is sector-based. Service operations like those characterising the cooperative Tree require more sophistication in some HRM practices, such as job rotation, to efficiently shape teams operating separately and under fragmented working-time arrangements. On the other hand, as expected, less emphasis is placed on other practices, such as continuous improvement, because teams periodically change clients and workplaces.

## **6. Conclusions**

Our article advances the literature by drawing on the contextual perspective to show that NPOs can revise and adapt HRM systems to their particular context, focusing on the relation between WISEs and HRM lean production practices. The novelty of our contribution derives from the enrichment of this research area, the adoption of a systemic analysis concerning the lean HRM system (Bortolotti et al., 2015, Bouville and Alis, 2014; MacDuffie, 1995), and the consideration of the often neglected but crucial disadvantaged workforce (Corbière et al., 2019; Peattie and Morley, 2008; Villotti et al., 2017). The result of modification and adaptation is contrary to that foreseen by the universalistic perspective underlying the previous dichotomous approaches, whether holding a positive (Claeyé and Jackson, 2012; Speckbacher, 2011) or negative stance (Helmig et al., 2004; Theuvsen, 2004) towards the adoption of for-profit HRM systems on the part of NPOs. In contrast, the contextual approach emphasising the importance of organisational and external factors turns out to be valid in explaining the highlighted process of adaptation (Harney et al., 2018; Martín-Alcázar et al., 2005). It confirms the idea that specific modelling is required (Gianfaldoni and Morand, 2015). Indeed, the application of the traditional HRM lean system would be detrimental for both the employees and the organisation. This theoretical result stems from the integration further to the combination of organisational social and economic goals that shape the organisation's mission (Battilana et al., 2015). In our case, this implies that financial sustainability is pursued not only as a consequence of market pressures, but as a strategic means to foster WISEs' core social mission and find organisational and HRM solutions that are able to create value for users and workers (consistent with Sacchetti, 2016). Lean production becomes 'social lean production' where people-centred HRM practices are embedded into WISEs' social mission and the specific characteristics of human resources, although improvements are still possible (e.g., in the case of employee involvement). Institutional and market factors emerge as relevant too. Market pressures strengthen the competitive requirements of WISEs' hybrid character (Doherty et al., 2014) but without



jeopardising their core social mission also thanks to supportive institutional factors (i.e., fiscal relief, democratic governance, limited profits distribution, and an asset lock). The results are consistent across WISEs, although some minor expected differences in terms of the lean year of start-up, size (Bhasin, 2012), and sector (Alsmadi et al., 2012) have emerged. Two main practical implications can be drawn from our contribution.

- a. First, managers and HRM managers working in NPOs may successfully apply for-profit HRM systems, thereby increasing organisational competitiveness to meet stronger market pressures without jeopardising their social mission (Kellner et al., 2017). However, the validity of such systems must be verified by taking into account the specific context.
- b. The second implication concerns for-profit firms, which can learn from NPOs how to institute HRM systems closer to people's needs and capabilities. This can prompt further answers to the negative socioeconomic effects generated by a focus on profit-centred strategies, engendering dissatisfaction and bad working experiences (Adler, 2012).

## 6.1 Limitations

Our contribution yields novel findings in the relation between for-profit HRM systems and NPOs, but it is affected by several weaknesses and limitations. First, case-study methods do not allow generalisability of results; hence, our research outcomes remain exploratory and need further confirmation among larger samples. Second, we concentrated on WISEs representing a specific type of NPOs. Future research can verify if these results and conceptualisations find support in other types of NPOs. Third, all the case-study organisations operated in Italy. It

remains to be seen what happens in other national and thus institutional contexts. This means that institutional factors can be absent or different from those highlighted by this study and/or play a different role in the process of WISEs' and NPOs' adaptation of HRM for-profit systems.

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For Review Only

Table 1. General characteristics of the three showcased WISEs (all organisations' names are fictitious)

<b>WISE</b>	<b>Consortium</b>	<b>Galo</b>	<b>Tree</b>
<b>Sector</b>	Manufacturing	Manufacturing	Service
<b>Main products/services</b>	Contracted assembly work, industrial laundry	Contracted assembly work, bags (autonomous production for the market), and sanitisation of medical prostheses	Cleaning, gardening, labour market intermediation
<b>No. of workers</b>	1,200	150	95
<b>Percentage of formally recognised disadvantaged workers (mostly people with psychiatric and cognitive problems)</b>	30%	55%	45%
<b>Percentage of other disadvantaged workers (mainly long-term and/or older unemployed people)</b>	5%	10%	10%
<b>Location</b>	Northeast (Treviso, Veneto)	Northeast (Trento, Trentino-Alto Adige)	North (Como, Lombardia)
<b>Year of lean start-up</b>	2002	2016	2014
<b>Main improvements</b>	a) Efficiency (faults reduction/quality improvements and reliability; waste reduction) b) Productivity and reputation among clients	a) Efficiency (waste reduction, quality reliability) b) Productivity and reputation among clients	a) Efficiency (quality improvement and reliability) b) Productivity and reputation c) Managerial team collaboration

Table 2. Managers and workers interviewed in the case-study WISEs (all organisations' names are fictitious)

	<b>Managers</b>	<b>Workers' representatives</b>
<b>Consortium</b>	President Consortium, Former President Washing Activities, Plant Manager Washing Activities, Operations Manager Washing Activities, Consultant for Washing Operations, President Industrial Activities, Former President Industrial Activities, Quality Manager Industrial Activities, Technical and Commercial Industrial Activities Manager	Union representatives (2)
<b>Galo</b>	President, Director, Contracted Assembly Work 1 Manager, Autonomous Industrial Activities Manager, Contracted Assembly Work 2 Manager	Contracted Assembly Work 1 Worker Representative, Autonomous Industrial Activities Worker Representative, Contracted Assembly Work 2 Worker Representative
<b>Tree</b>	President, IT Manager, Cleaning Operations Manager (2), Labour Market Services Manager, Tutor Disadvantaged Workers	Warehouse Worker, Cleaning Worker, Labour Market Services Worker

Table 3: A comparison between for-profit organisations and WISEs

	<b>For-profit</b>	<b>WISEs</b>
<b>Main organisational goals</b>	Profit	Work integration of disadvantaged workers within a perspective of economic sustainability
<b>Context</b>	Market	Market with supporting fiscal relief
<b>Lean HRM practices (main content and/or function)</b>		
<b>Scientific standardisation</b>	Predetermined by managers to render production quantity and quality constant	To render production outcomes constant. The integration of disadvantaged people through work. It is subject to small adaptations.
<b>Job rotation</b>	Predetermined by managers to adapt workforce number to market demands and to vary employee working activities for higher motivation	It is functional to the vulnerable workers' needs and to market demands. It varies employee working activities to increase their self-esteem.
<b>Teamwork</b>	Accountability and workers' collaboration	Compensation of disadvantaged workers' individual difficulties. Support of vulnerable workers by ordinary employees.
<b>Training</b>	Know-why and technical training	Technical training
<b>Employee involvement</b>	Formal and constantly applied to realise continuous improvement of production processes	Not high and not strongly encouraged. Informal, and mostly related to small adaptations in production activities
<b>Job security</b>	Favouring employee participation within activities aimed at continuous improvement	Necessary to pursue the organisation's mission