

# DOMEL KOT ODSEV ZGODOVINE IN GLOBALNEGA OKOLJA

Dr. Jožica Rejec, Štefan Bertonec, Tanja Kramar, Dr. Janez Rihtaršič,

DOMEL, d.o.o

Otoki 21, 4228 Železniki, Slovenija

<http://www.domel.com/sl>

**Povzetek:** Po teoriji integralne ekonomije je Domel mednarodno prodorno visokotehnološko podjetje, ki je svojo vizijo zgradilo na vrednotah družbeno odgovornega in inovativnega podjetništva: ustvarjalnost in ambicioznost, odgovornost in gospodarnost, spoštovanje in sodelovanje, skrb za partnerje in zaposlene, pripadnost. Živijo jih v svojem vsakodnevem poslovnem delovanju. Izražajo se v močni povezanosti s skupnostjo, skrbi tudi za najšibkejšie člane te skupnosti in v spoštovanju do naravne dediščine. Zaposleni in vodilni v Domelu se zavedajo kulturne dediščine, ki jih je sooblikovala (kot sta dediščini fužinarstva in zadružništva), in imajo razvito zavest o nujnosti napredovanja in razvoja. Ta zavest se odraža v razvijanju novega znanja, zlasti na tehnološkem področju, in izobraževanju v povezavi z institucijami znanja. Raziskave in razvoj vodijo do vrhunskih inovativnih produktov, hkrati pa spodbujajo inovativnost vseh zaposlenih. Inovacije prispevajo tudi k večji snovni in energetski učinkovitosti izdelkov, kar je značilnost zelenega in krožnega gospodarstva. Solastništvo in soupravljanje zaposlenih pa sta ključna elementa socialnega gospodarstva, ki je v Evropski uniji že prepoznano kot uspešen model izhoda iz krize in ima tudi v Sloveniji dolgo tradicijo, danes pa ga ponovno »odkrivamo«.

**Ključne besede:** Domel, vrednote, kulturna dediščina, visokotehnološki razvoj, zeleno gospodarstvo, socialno na znanju temelječe gospodarstvo

## DOMEL AS A REFLECTION OF HISTORY AND THE GLOBAL ENVIRONMENT

**Abstract:** According to the theory of integral economics, Domel is a prominent international high-tech company that has built its vision on the values of socially responsible and innovative entrepreneurship: creativity and ambition, responsibility and economy, respect and cooperation, caring for customers and employees, and loyalty. In Domel these values live and are demonstrated in everyday business operation. Such values are expressed in a strong connection and integration with the surrounding community, caring for its weakest members, and respect for the natural heritage. The Domel employees and managers are aware of the cultural heritage that has shaped them (such as its iron foundry and cooperative heritage), and have developed an awareness of the necessity for continuing development. This awareness is reflected in the development of new knowledge, particularly in the field of technology and education and in conjunction with academic institutions. Innovations also contribute to greater energy efficiency of its products, which is characteristic of a green and circular economy. Co-ownership and co-management of employees are the key elements of the social economy, which is in the European Union already recognized as a successful model leading out of the crisis and also has a long tradition in Slovenia. And today, through enterprises like Domel, we are "discovering them" once again.

**Key words:** Domel, values, cultural heritage, high-tech development, green economy, social knowledge based economy

## DOMEL AS A REFLECTION OF HISTORY AND THE GLOBAL ENVIRONMENT

Today, Domel is known as a high tech company that manufactures electric motors and components for use in power tools, garden equipment, heating, ventilation, air conditioning and cooling, the automotive industry and heavy industry. Over 90% of production is intended for international markets, which is why the recent global economic crisis had a considerable impact on the company's operations. In 2009, for example, the company recorded a 25% drop in sales. Due the specific organisational structure of the company, which is owned by a large number of current and past employees, lay-offs did not occur. Instead, it focused on the rapid development of new products, increasing productivity and internal reorganisation. It has been five years since the onset of the crisis, which is still being felt throughout the EU, and the share of new products (on the market for less than three years) is around 40%. Sales are higher than they were before the crisis, while indebtedness is lower.



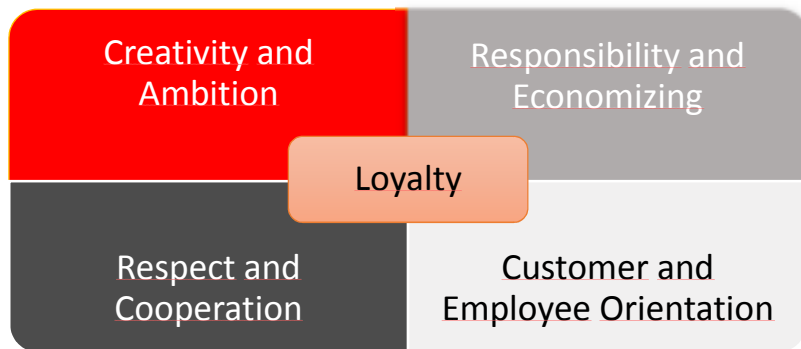
*Illustration 1. The company is located in the narrow Seška valley and surrounded by greenery.*

The company's organisational structure makes it unique by Slovenian standards: most of the employees are local residents, and a strong bond between the company and the local community has been present ever since the company's founding.

The company was founded in 1946 as a productive cooperative of metal workers. This form of organisation was the only one permitted by the post-war communist authorities. The metalworking industry was not planned for this valley in the centrally managed economy of the time, and the company did not receive any support.

Following Slovenian independence and the arrival of a democratic system in 1991, the bonds between employees remained strong and played a key role in three key events: a hostile takeover attempt by a competitor (1996), catastrophic floods (2007), and the recent global economic crisis (2009).

Over its history, which spans nearly 70 years, the following values have taken shape and manifest themselves on numerous occasions. They represent the foundation of the company's operations:



*Illustration2. The values that have shaped Domel throughout its 70-year history.*

The reasons behind the company’s organisational structure and its close connections with the local environment go even further back, and can be traced to the history of the area since its founding. Today, this tradition is embodied in Domel, whose primary purpose since its founding has been to provide quality jobs for the local population and broader environment and, by doing so, to ensure its continued development.

### **From ironworking to the digital age**

The Seška valley area extends across subalpine and alpine zones. Although living conditions in these parts are demanding, traces of human life can be found there as early as the Stone Age. Numerous remains, mostly from the early Iron Age, provide evidence of man’s wide range of activities. Carbon dating of finds from the Štalca settlement situated above Železniki dates the settlement to some time between the 8th and 5th centuries BC [1]. Globočnik [2] dates this site to pre-Roman times, while Hacquet considered it the oldest mine in the area [3]. The Romans had two names for these lands: Carnia and Noricum. The Romans bought iron from the area or obtained it through taxation. Valvasor claims that Noricum iron was even mentioned by Homer. The oral tradition tells us that in ancient times, iron was smelted in the surrounding hills using manually operated bellows. In this period, the settlement stood at the top of the hill known today as Štalca. Today, the remains of iron slag can still be found along its western side. Because of the inefficiency of the smelting technology of the time, the waste slag still contained a good amount of iron. In the 19th century, this slag was collected and transported to Železniki in the valley, where it was resmelted in a furnace.



*Illustration3. Seška valley and the surrounding hills (photograph Rihtaršič B.).*

*Illustration4. Furnace in Železniki from the middle of the 19th century (photograph Rihtaršič B.).*

With the fall of the Western Roman Empire and the arrival of Slavic peoples, a new era, known as the middle ages, commenced in this area. Globočnik believes that ironworking had already been abandoned under Roman rule, noting the important fact that this activity is not mentioned in a deed of donation from Emperor Otto II to the Freising Bishops from 973 [2]. Because the land was sparsely occupied at this time, the new lord began by colonising tracts suitable for agriculture. He ultimately reintroduced ironworking not far from the prehistoric site.

The first written source to mention ironworking activities in the area after nearly 2000 years was a letter written by the Freising Bishop Albrecht in 1354. In this letter, Bishop Albrecht grants blacksmiths from Železniki the right to produce iron [4]. The objects used in production - the furnace, smelting furnace and heavy hammer - were common property, and were divided into shares. Every ironworker could only smelt iron ore for as many days as he held shares. In his book *Oryctographia Carniolica*, doctor and natural scientist Hacquet proposed, in 1781, the establishment of an association of ironworkers and the modernisation of workshops [3]. The association did not materialise, and the shares continued to be transferred between individual ironworking families. Over the course of the 19th century, iron production fell in the face of international competition. It was not until the end of the 19th century that the Globočnik dynasty managed to obtain a majority of shares for the ironworks. Even so, they could not revive the trade. The last piece of ore was smelted in 1902. After nearly 600 years, ironworking in the area had ground to a complete halt for the second time. The half century that followed brought with it appalling living conditions, and the population was halved. At this time, Father Janez Evangelist Krek (\*1865, + 1917) grew up and matured in the immediate vicinity. He became an important advocate and founder of a number of cooperatives in Slovenia.

In the inter-war period, the local ironworking tradition provided the foundation for the new industry which eventually took shape in 1946 as the NIKO cooperative. Former blacksmiths put up their own funds as initial capital. Importantly, they increased the company's capital several times through their fund of unpaid hours, to which every employee was obliged to contribute. Through their successful operations and the expansion of the product line, which initially consisted of office supplies, to laboratory equipment and electric motors, after eight years, the cooperative's members were granted the right to become a company. This eased their access to raw materials and sources of financing. Because only state-owned companies existed at the time (Slovenia was part of socialist Yugoslavia), the employees voluntarily forfeited their shares in the company in the interest of maintaining jobs and future growth.

Later, the company split into three separate companies. Besides these three companies, which remained in the area, the product lines developed here provided the foundation for a number of other successful Slovenian companies that are still in business today. The electric motor line was included in the ISKRA association of electromechanical companies. At its height, ISKRA employed over 30,000 people. The independence of Slovenia also meant the independence of the former company, which has operated under the name Domel since 1992.

But the transition from a socialist to a democratic political system did not mean that the threat of the loss of the company and related jobs for local residents had passed. In 1996, a western rival looked upon favourably by company leadership at the time attempted a takeover, seeing in Domel a potential strategic partner. The employees, on the other hand, viewed the move as an attempt to acquire market share, and advocated continuing along the path of an independent company. The takeover was eventually prevented by internal shareholders who joint their efforts to achieve a controlling interest, thereby keeping the fate of the company in their own hands. They elected leaders who were supportive of a move to internal ownership and limited voting rights to 2%. They put in place their own model of ownership, which successfully brought employees together with the aim of maintaining jobs and achieving constant and sustainable growth and social responsibility.

This system proved to be effective particularly in the wake of the catastrophic floods that swept through the area in September of 2007 and at the outset of the global financial crisis in 2009. In both cases, the employees demonstrated their readiness to join the crisis management efforts.

### **Responsible operations and a connection to the local community**

Like its competitors in the international market, Domel has a commitment to growth and profitable operations. At the same time, it works on these goals with the consent of employees and the local community. That's why it comes as no surprise that the company sponsors a number of cultural, socially beneficial and sporting activities and contributes to the development of local infrastructure through projects like a heat conductor, a sports arena, a swimming pool, a museum and others. Domel also works to provide employment opportunities to vulnerable members of the community. In the framework of social entrepreneurship, the company provides for the continued socialisation of people with disabilities.

In the way it is managed and in its approach to ownership, as well as in its knowledge and commitment, its cultural features and its organisational culture, Domel can be identified as a working model of an integrated green economy [5] built from a tradition rooted in a cultural heritage of ironworking and cooperatives. Domel has integrated a strong connection to the local community and a passion for social responsibility into its business

model as its competitive advantages. Employee ownership bears fruit in the form of a high degree of loyalty, innovation, and employee commitment.

These combined efforts result in a reduced burden on material resources and enhanced energy efficiency. The consumers' acknowledgement of the high level of quality of the solutions Domel provides can be seen in the fact that the company has become a developmental supplier to some of the largest global corporations in the fields of power tools and garden equipment, the automotive industry and heating, ventilation, air-conditioning and cooling. An awareness of the need for development and advancement is the driving force at the company, and is inseparably tied to efforts to maintain quality jobs that facilitate a sustainable developmental path for the company, its employees and the citizens of Železniki.

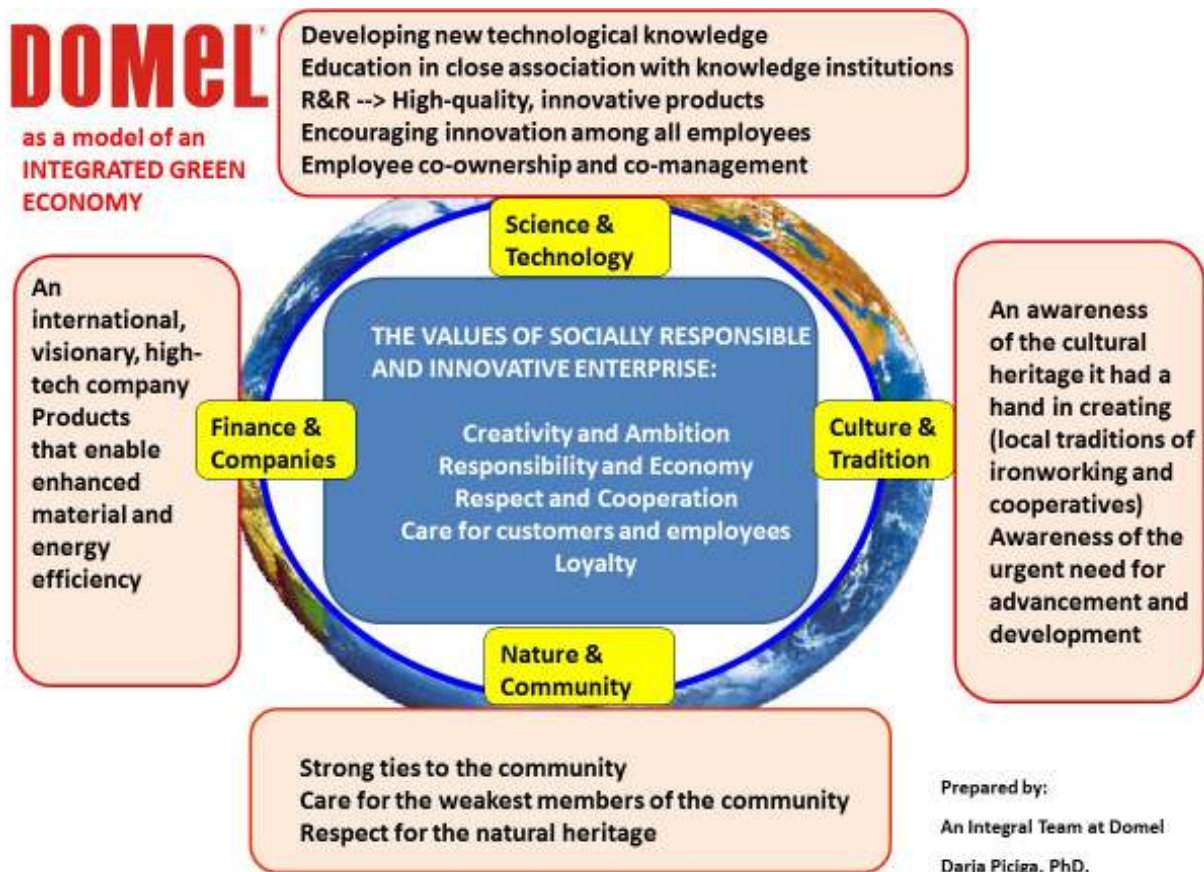


Illustration5. Domel as a model of an INTEGRATED GREEN ECONOMY [7]

#### References:

- [1] Bogataj, F, Štalca, halštatska naselbina, *Železne niti 11*, Rejc, R., (ed.), 2014, pp.127-131.
- [2] Globočnik, A., *Železniki, kronika*, (translation) Jože Dolenc, PAN Dražgoše, 1999, p.15.
- [3] Hacquet; *Oryctographia Carniolica*, Zwytter Theil, Leipzig, 1781, pp. 168-173.
- [4] Prenner, C., *Topographie des Herzugthums Krain*, Hohenwart, F. (ed.), Ljubljana, 1838, pp. 17-36.
- [5] Piciga, D., *Domel kot model Integralne zelene ekonomije*. 2014.