



**LUND  
UNIVERSITY**  
Campus Helsingborg

**Relocation of production and knowledge in the territorial systems of Third Italy:  
firm strategies, absorptive capacity and innovation processes**

**Bruno Grancelli**

**University of Trento**

[bruno.grancelli@soc.unitn.it](mailto:bruno.grancelli@soc.unitn.it)

**Keywords:** industrial districts; decline; evolution; internationalization; management learning; entrepreneurship

**Category:** literature review

### **1. Introduction**

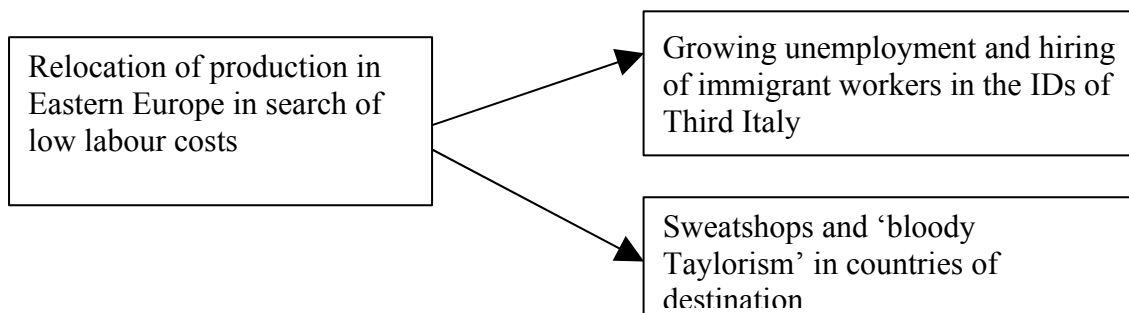
In the wide debate on Fordism, post-Fordism and flexible specialization, one may find a good deal of references to the Italian industrial districts (IDs) of the so-called Third Italy, that is, the centre and north-east of the country (Piore & Sabel, 1984; Becattini, 1987; Pyke et. al., 1990; Cossentino et. al., 1996). The tone of such references has long been quite optimistic, so that such a model of local development has been presented as the symbol of success of small-scale flexible capitalism that brought about a post-Fordist mode of production. More recently, though, due to the crisis of that model, especially in its major components of textile, clothing and footwear (TCF), some criticism appeared which advocated the leading role of big firms (Varaldo & Ferrucci, 1997; Cooke & Morgan, 1998), highlighted the structural difficulties of regional economies dominated by small firms (Alaimo, 2000) or pointed to the reasons of ‘the end of Third Italy as we knew it’ and the theoretical omissions of previous approaches (Hadjimichailis 2006)

The aim of this early stage study is to put forward some further reflections on the debate on the evolution of the district model through an assessment of post-2000 developments. The paper is focused, in particular, on the consequences of internationalization processes of Italian SMEs both at home and in destination countries. The next section addresses the hierarchization of IDs and its alleged consequences: the coming back of Fordist forms of work organization and the deterioration of the local production texture. The third section refers to the internationalization processes that are supposed to dis-embed district firms and their purported outcome: the spread of ‘bloody Taylorism’ in the factories of destination countries. In the concluding section, some remarks are put forward on a future research agenda on the ways transnational social spaces are going to be filled with new structures and practices of learning, imposition, resistance and cooperation.

### *2. On the embeddedness trap and the coming back of Fordism*

There seems to be a general consensus on the factors that brought about deep changes in the industrial districts (IDs) of Third Italy. First, the fall of demand for the Made in Italy

of the early 1990s along with the geo-political changes of post-1989 which favoured the emergence of new competitors from Eastern Europe and developing countries. Second, the introduction of the euro that made the periodical devaluation of the lira to boost Italian export no longer possible. Third, the demographic decline and the vanishing of the forms of social capital that triggered processes of ‘social construction of the market’ whereby family business had been playing a decisive role (Bagnasco & Trigilia, 1984; Dei Ottati 1995; Provasi 2002). It is also true that these developments at global, European and national levels brought about a polarization of districts and between districts. On the one hand, IDs and firms that lacked the capacity to adequately cope with the crisis, on the other IDs and leader firms able to go beyond incremental innovation and maintain their competitiveness on global markets (Whitford 2001). Such firms enlarged their value chain, created vertically integrated organizational forms, and made investments abroad while the majority of firms just relocated part of their production in low-labour cost countries or began to hire immigrant workers at home. This has been, according to Costis Hadjimichailis (2006), the end of Third Italy as we knew it: a process that may be synthesized in the following schema.



This presentation of the process of change in the Italian IDs is in sharp contrast with an all too often apologetic literature in which this model of a small scale flexible capitalism has been seen as capable of competing on international markets, creating employment and rising incomes of families with no assistance from the state (Hadjimichailis 2006: 82). That picture is apologetic, Hadjimichailis states, for the literature which produced it does not pay enough attention to a set of questions. First, the ‘embeddedness trap,’ which stems from a widespread underestimation of the price dimension of global competition and an overemphasis on the endogenous factors such as the tacit knowledge of IDs which allegedly make their firms flexible and innovative. If price competition is important, might it not the embeddedness of such firms turn into a trap? Indeed, this seems to be happening. In fact, one has to bear in mind two basic aspects of these local systems of production. (a) almost half of their firms are small in size and belong to the TCF sector whereby labour cost is a key component of production costs and, (b) the bulk of this small business is made of ‘price takers and product followers’ unable to go beyond incremental innovation. In other words, these are not the kind of firms that may regain competitiveness following the high way of quality and design (Hadjimichailis 2006: 85).

Yet, there seems to be some ways out of the embeddedness trap. Admittedly, signs of decline in the TFC sector are there, but recent increases in their export are also there. To be mentioned also are few attempts to hit the high road of competitiveness by firms in that sectors through the participation in innovation projects along with research institutions. The recent literature points to different paths of growth, innovation and

learning, and the difference seems to be made by the emergence in the IDs of leading enterprises whose strategies are going to foster a transformation of the districts they belong to (Camuffo 2003; Tappi 2005; Sammarra & Belussi 2006; Biggero 2006).

In declining IDs, the structural weakness may sometimes be traced back to their origin. There are cases, such as the Vibrata-Tordino-Vomano (VTV) in the province of Teramo, that grew up, in the early 1970s, thanks to (a) the availability of governmental and EU incentives for firms that settled themselves in economically depressed areas, and, (b) the delocalisation of production phases by firms of the Northern regions into the district area. A primary reason of weakness of such an ID may then be traced back to the condition of satellite district whose production units are inserted in a quasi-hierarchical value chain (Samarra & Belussi 2006). The original causes of weakness may then spread into the district through the impact of cultural factors such as the individualism of local entrepreneurs, and the weakness of the relational structure which, in turn, weakens the local cognitive structure. The final outcome may be a partial (and inefficient) conversion of local firms toward production of higher quality in niche markets, as has been the case in the silk district of Como: a typical case of successful myopia. Here, in fact, a market success which lasted for decades brought about an insufficient openness to technological and organizational innovation and a scarce propensity to strategic self-assessment. An example of the difficulties in coping with the exogenous factors of crisis already appeared in the early 1990s when the textile sector underwent a processes of concentration that would led to a strengthening of the bargaining power of traders toward the manufacturers. The latter tried to react with strategies aimed at increasing the efficiency and flexibility of their productions cycles and a search for niche markets whose cost, though, become quickly unbearable because of the erosion of even top segments of the market by new entrants. The consequences were twofold. On the one hand, a good deal of firms went out of business; on the other, a certain technological innovation was implemented with non negligible results in terms of labour saving, quality improvement and flexibility. But that was not enough in comparative term to stop the decline (Alberti 2006).

These cases demonstrate that the initial imprinting tend to persist thus making it difficult to overcome of the structural and cultural weaknesses of the district. What seems to prevail in such cases are knowledge-replicating mechanisms that led to strategies only partially succesful in triggering a circular causation of learning, innovation and efficiency, and expansion of markets. Here technological gatekeeper, that is firms that search and exploit external source of knowledge, are quite scarce. Finally, also production variety is quite limited thus adding to the weight of factors that hamper the enrichment of the cognitive structure of local actors ( Tappi 2005; Samarra & Belussi, 2006).

It is worth adding, though, that knowledge-changing mechanisms may be triggered in the TCF sector as well. The Montebelluna district (MD) is the most renowned case in point (Provasi 2002 Camuffo 2003; Samarra & Belussi 2006; Corò & Micelli 2006). Here the upgrading was much deeper in that it was based on technological, organizational logistic and commercial innovations. In this district, the most important sources of knowledge of firms are in-house R&D activities and interaction with local and international customers (Sammarra & Belussi 2006). And this was always the case insofar as the district development was based on an endogenous factor –ski boot production- which rapidly evolved to reach a leadership position in the sport system. In this case, there was no success myopia in that success breaded success.

The path of growth, learning and innovation in the MD may be summarized with few significant data. First, a great variety in terms of product range, technical specialization and enterprise sizes. Second, export through subsidiaries, j.v. and licensing

which covers more than two third of the district production. Third, the firms without R&D may be found only among those with less than 20 employees. On innovation activities, it may be worth mentioning a comparison between MD and the VTV district. A survey carried out on two samples of thirty firms per district in the period 1999-2000, shows that 80% of firms in the MD had implemented product innovations, almost all generated within the firm while in the VTV the percent was only 28%. Almost all the firms (90%) in VTV implemented innovations in production processes, but most of them had been generated outside the district (in Italy). The difference is also striking on innovation in sales and distribution: 47% of the total in MD and 11% in VTV district (Samarra & Belussi 2006: 548).

To sum up, as the MD demonstrate, the high road to competitiveness is not precluded to the TCF sector in that even its firms can position themselves in new ways in the global value chains. The fundamental element of change in these case is the emergence of few leading firms in the district that transformed their work organization, become vertically integrated, extended their value chain, and acquired growing quotas of the sector turnover. The result of this set of changes is that the district has lost its more standardized 'tail' of the manufacturing process but has kept the most valuable phases of the sportswear *filière* such as prototyping, R&D, design, marketing and distribution (Samarra & Belussi 2006: 554).

At this point, the question raised by Costis Hadjimichailis comes to the fore: Are firms such as Benetton or Luxottica (with its 'company valley') bringing Fordism back in? The available evidence shows that this does not seem to be the case. More precisely: the organization of work implemented in these firms do actually display certain elements of the Fordist model such as centralization, specialization or scale. Yet the implementation of complex organizational models does not imply the vanishing of the original value system, local culture and entrepreneurial management style which characterized these companies from the beginning. This has allowed them to grow while remaining flat, flexible, and to take advantage of new ICTs, and using team-based organization structures (Brunetti and Camuffo 2000; Camuffo et. al. 2001; Camuffo 2003). More research is needed, but a more realistic (even if provisional) conclusion seems to be that, *what appears as a 'comeback' of Fordism (large, vertically integrated companies), in reality represents a completely new evolutionary phase for this Italian industrial district* (Camuffo 2003: 398).

The point to be tackled in further research is whether or not, in this new phase, leading firms are going to cut their linkages with the district or to absorb all its resources with consequences that might be negative even for the same leading firms (Berger & Locke 2001). Admittedly, even in more dynamic district of TI, small firms proved that their traditional informal relations are too weak and incapable to guaranteeing the coordination of activities within the new global scenario, on the one hand, and still too focused on less and less competitive competences, on the other. Hence, some of the negative outcomes highlighted by Hadjimichailis are actually there, even in more dynamic districts. For example, in the MD there has been a decrease of more than 20% of employment in the last decade, even if half of this loss has been reabsorbed by the growth of employment in leading enterprises. And this has happened for the internationalization of these firms has not yet implied the abandoning of the district (Camuffo 2003; Samarra & Belussi 2006). This is indeed a question on which to dig further in a dynamic approach centred on interaction patters among extroverted actors and their networks that change over time and whose scope exceed that of the original cluster.

### 3. *On the dis-embedding of district firms and the spread of 'bloody taylorism' abroad*

In the territorial systems of TI, the competition of low-labour cost countries has been addressed both by relocating production quotas, and investing in joint ventures or greenfield firms abroad. The differences among districts are significant also on this regard. For instance, the data gathered in the research quoted above show that, in 1999-2000, only two out of thirty firms of the VTV had established a j.v. or acquired a firm abroad, and five created greenfield firms abroad (half the number in the MD). The difference between the two districts is also remarkable in the number of subcontractors that in VTV were in limited number (N=11) and concentrated in the size between 50 and  $\geq 250$ . On the contrary, in the MD, subcontractors were much more numerous (N=133) and evenly distributed in the size scale between 10 and  $\leq 250$  (Sammarrà & Belussi 2006: 549).

The relocation of production in declining districts has been not just limited as quite different from that based on decentralization and spatial division of labour which is typical in more dynamic IDs. It appears that the East-European (or North-African) subsidiaries in the TCF sector are mainly quite big establishments that subcontract production from various foreign firms according to a model quite similar to that of districts such as VTV that grew up as an agglomeration of subcontractors. It is perhaps this kind of international division of work that Hadjimicailis (2006: 94) refers to in his statement on the SMEs of Veneto that, *once part of territorial networks, resorted to de-localization processes to re-establish Fordist factories, using 'bloody taylorism' in Eastern Europe or in developing countries*. An example he quote is that of Vicenza whereby the firms in the TCF sector relocated production quotas abroad that ranged from 23% to 45% that resulted in a loss of 28% of employment and 38% of production units in the province, even if the unemployment index remained at 2-4% given the informal structure of the local labour market and the gender division of labour. This led him to conclude that, *Fordism is not only alive and well at the global scale, but it also returns as a solution to Italian firms from IDs, which were the cornerstone of flex-spec and industrial district mythology* (Hadjimichailis 2006: 95).

Granted, a certain degree of mythology has been created in the literature on IDs, but one should avoid the risk of combating it with an ideological reading of the current transformation in the territorial systems of Third Italy. Let us take, for instance, those actors that might be considered as the disseminators of Taylorist-Fordist models, that is, those local subcontractors who, having lost contracts at home, became managers or quality controllers or opened factories in Romania and elsewhere in the Balkans. Indeed, this phenomenon points to the fact that the co-ordination between subsidiaries abroad and the parent company cannot be based solely on the new possibilities of ICT: tacit knowledge of skilled workers and technicians remains a crucial factors even in global value chains (Biggero 2006). These subcontractors who moved eastward may then be considered rather as 'extroverted actors' who enlarged their cognitive framework while maintaining relations and reputation in the home district (Tappi 2005). These subcontractors (or some of them) might also turn into technological gatekeepers in the districts of destination countries as indeed happened decades ago in some dynamic districts of Third Italy whose upgrading started with processes of learning by imitation of more advanced experiences outside the district. A case in point has been, once more, the MD whereby an important technological discontinuity was introduced in the late 1960s (plastic materials for ski boots) through the active research of external knowledge by few leading firms. This absorptive capacity in turn triggered a local process of knowledge diffusion that attracted, later on, some MNCs into the district. Hence, one cannot neglect the hypothesis that the absorption of external knowledge may coevolve with that of

knowledge creation at local level even in the quasi-districts born out of delocation processes of TCF firms in the Balkans or North-Africa.

Before skipping to the conclusion that a bloody Taylorism is spreading in Eastern Europe, more evidence should be gathered on the enterprise management in low-labour cost countries. If we take the case of Romania, we may see that the bulk of Italian SMEs and their affiliated in the TCF sector are working on the basis of 'outward processing trade' (OPT) arrangements, born out of a search for low labour costs. Yet, with the entry of Romania into the EU, the differential in labour costs will gradually decrease. The question that arises concerns then the possibility for these firms may to shifting from OPT agreements, which are a precondition of Tayloristic forms of work organization, to a regime of 'original brand manufacturing' or even 'original design manufacturing.'

According to a survey, carried out in 2002-2003, in 45 SMEs in the counties of Timisoara, Cluj-Napoca and Jasi, the production regimes could be classified as follows: more than two third of those firms were working on OPT agreements with foreign companies; 20% were on OBM, and 13% on ODM regimes. The vast majority of these firms did not experience a strong push toward technological and organizational innovation even if in half of them some R&D activities were mentioned, and two out of three had launched a new product during the previous year). The major problems which emerged from the interviews were not so much production technology as the poverty of the Romanian market, the difficult access to foreign markets and to credit and, finally, the inadequate qualification of management and the workforce (Voinea 2004: 7). In other words, what emerged in this research confirms the evidence on post-socialist management in other East-European countries: the changes are quite significant at the technological and organizational levels and quite negligible in the human resource management in which much is left to be done in matters such as work design, selection and training of employees, and dissemination of new cultural norms (Catana, Catana, & Finlay 1999; Edwards & Lee 1999; Illes & Rees 2001; Reber et. al. 2004; Sirec Rantasa 2004). The coming back of Taylorism-Fordism should be seen within this cultural and organizational context, and not just as an imposition of foreign firms.

#### *4. Concluding remarks*

Putting Taylorism & Fordism in the context of transitional economies implies the acknowledgment that history matters. On this, just three final observations on enterprise management within the post-socialist transformation in countries such as Romania whereby the structural and cultural legacies of the old regime are still quite strong. First, one need to bear in mind: (a) the basic principles of socialist management such as the 'quantitative principle' imposed by planning authorities who provided resources to enterprises and defined their production targets, mainly in quantitative terms; (b) the priority of production goods over consumption goods that largely turned low priority enterprises into interfaces between the formal (socialist) economy and the informal-black (market) economy, (c) the ideological tenet of full employment that, along with the existence of 'soft-budget constraints,' ruled out any possibility of applying any technique of 'Scientific Management' to socialist firms. Hence, the work organization in such firms could not be seen as a variant of Taylorism-Fordism. Rather, it was something more akin to the 'foreman empire' of the big American firms of the pre-Fordist era, which also presented striking element of continuity with the factory regime under Tzarism (Walder 1986; Grancelli 1988). This is the path dependency to be taken into consideration: the organization of work who took shape in the late 1920s in USSR and the late 1940s in Eastern Europe was a pre-Taylorist or 'quasi-Taylorist' model.

If this is the path dependency, in Romania and other post-socialist countries, the second remark is that Taylorism-Fordism is be seen as a step ahead, that is, as a

precondition for the shift from a logic of effectiveness in fulfilling directives from external authorities to a logic of economic efficiency. One may think that old techniques of Scientific Management are spreading all over Eastern Europe just because foreign SMEs are looking for cheap labour costs. Yet if a coming back of Taylorism-Fordism is actually there, we should link this fact with the productivity of labour and management in post-socialist countries. We should not neglect the fact that a relatively high level of education of the local workforce does not necessary means the possession of the tacit and codified knowledge needed by foreign firms. (Sammorra & Belussi 2006; Grancelli & Chiesi 2006).

The third observation stems from the previous ones, and relates to the analytical framework that might help understanding the ways business collaboration among foreign firms and their subsidiaries is being built in post-socialist countries. The hypothesis that a mere transfer eastward of management techniques is not what has been going on so far has already been tested in that stream of literature which highlight the varieties of organizational practices in post-socialist enterprises Child & Csegedy 1996; Grahber & Stark 1997; Clark & Soulsby 1999; Pollert 1999; Merkens, Geppert & Antal 2001; Morgan 2001; Pries 2001; Clark & Geppert 2002; Clark & Geppert 2006). As Ed Clark and Mike Geppert (2006: 341) aptly claim, (...) *transnational social spaces are 'filled' with new structures and practices, which in turn reflect processes of knowledge acquisition and learning that change the nature of existing management and organization. As this process is repeated and new practices legitimized within and across industrial sectors, they take on an institutionalized form beyond the original site.*

The concept of 'transnational social space (TSS) has been applied by these authors in their 'high context' approach to post-socialist management which take two basic points into account. First that knowledge process are not one way transfer of learning patterns and, second, that the operation of foreign firms may be characterized by disagreement and conflicts between Western knowledge and the practices of local actors with important results in terms of institution building. The research issue is then how the transformation process is influenced by the actors who interact within the work organization. This bottom-up and high contest approach to cross-border knowledge transfer can reveal the sources of 'stickiness,' 'instabilities,' and 'absorptive incapacities' that are so common in post-socialist firms (Clark and Geppert 2006). Be that as it may, what remains to be asked is whether or not the district model of Third Italy could be a blueprint for SMEs development in post-socialist countries. Hadjimichailis provides a negative answer for he sees the delocation of these firms as a process oriented towards the search of low labour costs with its corollaries in terms of bloody Taylorism, and so on. Fordism has allegedly re-affirmed its power and is also going to mould geography. Within the framework of capitalist relations of production, eastward relocation is going to break local cluster and create new hierarchies increasingly similar to those of MNCs. (Hadjimichailis 2006: 102).

The analytical framework proposed by Clark and Geppert also takes into account the asymmetries of power between local and foreign partners interacting in the TSS. The microeconomic institution building taking place within international ventures (IV) is being considered as a consequence of structural and political aspects of the relationships among the partners and other key actors. Actually, the TSS describes *the organizational site created by strategic partners, whose combined socio-political acts of imposition, resistance and negotiation serve to structure the space through the emergence of institutional practices* (Clark & Geppert 2006: 343).

The TSS has a multiplicity of aspects ranging from the initial definition of the formal rules of the game, the knowledge and material resource that the partner decide to put in common, the social and political processes underpinning the daily management of

the IV, to the cultural and institutional features of the local environment. Yet, the common factor which characterizes all the Western/post-socialist ventures is the presence of two basic types of asymmetries in the relationship between the partners. First, the difference in economic power stemming from the weak capital position of local enterprises, and (often) the state. Second, the asymmetry in knowledge and other non-capital contribution by the partners. Here we may notice one of the main reasons for the difficulties of many partnerships: foreign knowledge tend to be tacit and much more embedded than the local one, much more easily to codify and of more limited use. This is commonly seen in the fact that foreign partners tend to provide technology and management expertise while local firms provide information on local markets, providers, labour force and distribution (Inkpen & Beamish, 1997; Morgan, Kristensen & Whitley, 2001; Griffith, Yavutz & O'Brien 2001; Danis & Pakhe, 2002).

According to Clark and Geppert (2006), asymmetries in terms of power and information translate themselves into asymmetries in the management discourse and reputation if anything because among post-communist managers the tendency has long prevailed to think that their knowledge and experiences became useless in the new context. This attitude has favoured the establishment of structures of dependency and domination in which foreign partners can easily devalue local knowledge and protect their own, thus reducing their dependence from local partners. Yet, the literature on inter-partners politics also point to the possible containment effect of two intervening variables: state intervention that may reduce the imbalance in bargaining power in favour of local partners, and the presence, on both sides, of cultural traits that may facilitate long term relations bases on mutual trust (Yang & Child 2002).

There are many combinations of local orientation to foreign collaboration and Western orientation to local management. As for local actors, there may be a 'going it alone' attitude or defence of strategic independence accompanied by the acknowledgement of the usefulness of Western technique of management and training (Clark & Soulsby, 1999; Geppert & Merkens, 1999; Uhlenbruck & de Castro, 2000; Hooligshead & Michailova, 2001; Griffith et. al. 2001). Knowledge from outside may be absorbed by local managers through a more or less active involvement; but these managers can also use their power to reject or neutralize new knowledge. It is worth noting that *non compliance can also take an unwitting apolitical form, as when cultural or linguistic barriers impede or distort levels of communication between Western and local managers* (Clark and Geppert 2006: 346). Logic of action stemming from strategic orientations are diversified among Western management as well. There might be cases of *ethnocentric* orientation whereby norms and standards of the home country are seen as superior so that knowledge transfer is implemented as a top down process. In these cases, organizational learning take an exploitative character which express itself in a scant interest for the knowledge of post-socialist partners, and in a search of cost leadership, low labour costs, and quick access to local markets (Koza & Lewin 1998; Crone & Rope 2001).

*The ethnocentrism-exploitation* orientation is taken by Clark & Geppert (2006) as one of the two idealtypical forms of that one may draw from the literature on international business, the other being the *polycentrism-exploration* attitudes, in which the emphasis is on the incorporation of local knowledge, the enhancement of two-ways learning, and the capacity to explore new opportunities more than on the extension of existing capabilities. These two strategies are combined with the orientation of post-socialist partners which may take the forms of opposition, active acceptance, expedient conformity or passive non-conformity. Among the eight possible patterns of learning and transformation processes in TSS, Clark and Geppert propose a preliminary test of their analytical framework only on two cases, that is, when ethnocentric-exploitation



orientation meets expedient conformity or active opposition among local actors.. In these cases, Western partners control and minimize knowledge transfer and show scant interest for local knowledge while local actors express a reluctant learning of even codified knowledge.

The difference between the first and second case in terms of institution building is summarised under two definition of transnational order. The first one is the short-term imitative transnational order: *IV mimics formal structures and practices of foreign partner, but local partners may filter imported ideas through past practices. Short-term mutual commitment to superficial institution building builds instability and/or atrophy into the transnational site.* The second definition is transnational battlefield [whereby] *lack of any interest in knowledge sharing results in a battle of wills, each trying to control the other. Could led to a vicious circle of dysfunctional control, as Western partner asserts 'right' to achieve its end and local partner resist even more strongly* (Clark & Geppert 2006: 350). The evolution of these two kinds of transnational order may go towards an active acceptance or a passive-non conformity of the ethnocentric-exploitation orientation or the institutional outcomes may also lead to instability and collapse of the IV.

Available evidence on internationalization process of SMEs from Third Italy in Romania seems to confirm the importance of this analytical framework, but seems to call for another research hypothesis, namely the diffuseness of an expedient conformity of local actors towards the decision of foreign partners, but with the ethnocentric-exploitative orientation present *on both sides*, even if with difference in its manifestations. This may mean, for instance, that exploitation techniques on the local side bear some resemblance to the 'unwitting apolitical forms of non compliance' that were so typical in low priority socialist factories. Testing such an hypothesis implies a distinction between: (a) types of local enterprises, that are not all made of subcontractors working on OPT arrangements; (b) different groups in the labour force, that is, groups that are everyday reproducing historical local practices and groups more motivated to sharing knowledge and learning; (c) firms that limit themselves to relocate production quotas and leading firms able to invest in destination countries, and, (d) policies of central and local/regional governments, bearing in mind the role of EU support policies.

To sum up, the research agenda on the microeconomic institutional development in the post-socialist transformation should be more focused on the conditions that may favour the emergence of polycentric-exploratory strategic orientations, apolitical (and sub-institutional) forms of non-compliance and the path dependency they reveal, the role of local/regional governments, and the EU support policies for SMEs development.

## References

- Alaimo, A (2000), "Small manufacturing firms and local productive systems in modern Italy", in K. Odaka and M. Sawai (eds.), *Small Firms, Large Concerns: The Development of Small Business in Comparative Perspective*: Fuji Conference Series, pp. 168-193.
- Alberti, F.G. (2006), "The decline of the industrial district of Como: recession, relocation or reconversion?", *Entrepreneurship and Regional Development*, 18: 473-501.
- Bagnasco, A., Trigilia, C. (eds) (1984), *Società e politica nelle aree di piccola impresa: Il caso di Bassano*, Venezia: Arsenale Editrice.
- Becattini, G. (1987) (ed.), *Mercato e forze locali: Il distretto industriale*, Bologna: Il Mulino.

- Biggero, L. (2006), "Industrial and knowledge delocation strategies under the challenges of globalization and digitalization: the move of small and medium enterprises among territorial systems," *Entrepreneurship and Regional Development*, 18: 443-471.
- Brunetti G., Camuffo A.(2000), *Del Vecchio e Luxottica, come si diventa leader mondiali*, Torino: UTET.
- Camuffo, A. (2003), "Transforming industrial districts: Large firms and small business networks in the Italian eyewear industry," *Industry and Innovation*, 10/4: 377-401.
- Camuffo, A., Romano, P., Vinelli, A. (2001), "Back to the future: Benetton transforms its global network," *MIT Sloan Management Review*, 43/1: 46-54.
- Catana, D., Catana, A. Finlay J.L. (1999), "Managerial resistance to change: Romania's quest for a market economy," *Journal of East European Management Studies (JEEMS)*, 4/1, 149-164.
- Child, J., Czegledy, A. (1996) "Managerial learning in the transformation of Eastern Europe: Some key issues", *Organizational Studies*, 17/2: 167-180.
- Clark, E., Geppert, M. (2006) "Socio-political processes in international management in post-socialist contexts: Knowledge, learning and transnational institution building," *Journal of International Management*, 12: 340-357.
- Clark, E., Soulsby, A. (1999), *Organizational Change in Post-Communist Europe: Management and Transformation in the Czech Republic*, London: Routledge.
- Cooke P., Morgan, K. (1998), *The Associational Economy*, Oxford: O.U.P.
- Corò, G., Micelli, P. (2006) *I nuovi distretti industriali*, Venezia: Marsilio.
- Cossentino, F., Pike F., Segenberger W. (eds.) (1996), *Local and Regional Response to Global Pressure: The Case of Italy and its Industrial Districts*, Geneva: International Institute for Labour Studies.
- Crone, M., Roper, S. (2001), "Local learning from multinational plants: Knowledge transfer in the supply chain," *Regional Studies*, 35: 535-548.
- Danis, W., Parkhe, A. (2002), "Hungarian-Western partnership: A grounded theoretical model of integration processes and outcomes", *Journal of International Business Studies*, 33/3: 423-455.
- Dei Ottati, G. (1995), *Tra mercato e comunità: Aspetti concettuali e ricerche empiriche sul distretto industriale*, Milano: F. Angeli.
- Edwards, V. and Lee, G. "Models of management formation: Implications for Central and Eastern Europe," *JEEMS*, 4/4: 293-305.
- Geppert, M., Merkens, H. (1999), "Learning from one's own experience: Continuation and organizational change in two East German firms", *Human Resource Development International*, 2/1: 25-40.
- Grabher, G., Stark, D. (1997), "Organizing diversity: Evolutionary theory, network analysis and postsocialism"; *Regional Studies*, 31/5: 533-544.
- Grancelli, B. (1988), *Soviet Management and Labor relations*, Boston: Allen & Unwin.
- Grancelli, B., Chiesi A.M. (2006), "Elites-in-the-making and their organizational behaviour: Cases in Russia and the Balkans", in B. Dallago (ed.), *Transformation and European Integration. The Local Dimension*, London: Palgrave.
- Griffith, D., Yavutz, A, O'Brien, M. (2001), "Knowledge transfer as a means for relationship development: A Kazakhstan foreign international joint venture illustration", *Journal of International Marketing*, 9/2: 1-18.
- Hadjimichailis, C., (2006), "The end of 'Third Italy' as we knew it", *Antipodes*
- Holligshead, G., Michailova, S. ((2001), "Blockbusters or bridge-builders? The role of Western trainers in developing new entrepreneurialism in Eastern Europe"; *Management Learning*, 32/4: 419-436.
- Koza, M. Lewin, A. (1998), "The co-evolution of strategic alliances", *Organization Science*, 9/3: 255-264.

- Illes, K. Rees, B. (2001), "Developing competent managers: The 'shadow' of Hungarian history", *JEEMS*, 6/4: 421-443.
- Inkpen, A. Beamish, P. (1997), "Knowledge, bargaining power, and the instability of international joint ventures", *Academy of Management Review*, 22/1: 177-202.
- Merkens, H., Geppert, M., Antal, D. (2001) "Triggers for organizational learning during the transformation process in Central European countries, In Dierkes, M., Antal, D., Child, J., Nonaka, I. (eds.) *Handbook of Organizational Learning and Knowledge*, Oxford: O.U.P.
- Morgan, G. Kristensen, P.H., Whitley, R. (Eds.) *The Multinational Firm: Organizing Across Institutional and National Divides*, Oxford: O.U.P.
- Pike, F. Becattini, G., Sensenberger, W. (Eds.), *Industrial Districts and Inter-Firm Cooperation in Italy*, Geneva: International Institute for Labour Studies.
- Piore, M. and Sabel C. (1984), *The Second Industrial Divide: Possibilities for Prosperity*, New York: Basic Books.
- Pollert, A. (1999), *Transformation of Work in the New Market Economies of Central Eastern Europe*, London: Sage.
- Pries, L. (2001), *New Transnational Social Spaces*, London: Routledge.
- Provasi, G. (2002) (Ed.), *Le istituzioni dello sviluppo*, Roma: Donzelli.
- Reber, G. Auer-Rizzi, W., Maly, M. (2004), "The behaviour of managers in Austria and the Czech Republic: An Intercultural comparison based on the Vroom/Yetton model of leadership and decision making", *JEEMS*, 9/4: 411-429.
- Sammarra, A., Belussi, F. (2006) "Evolution and relocation in fashion-led Italian districts: Evidence from two cases-studies", *Entrepreneurship and Regional Development*, 18: 543-562.
- Sirec Rantasa, K. (2004), "Recruitment of employees: Administrative burdens on Slovenian SMEs in comparison with Europe", *JEEMS*, 9/3: 278-312.
- Tappi, D. (2005) "Cluster, adaptation and extroversion. A cognitive and entrepreneurial analysis of the Marche music cluster", *European Urban and Regional Studies*, 12/3: 289-307.
- Uhlenbruck, K. de Castro, J.O. (2000), "Foreign acquisitions in Central and Eastern Europe: Outcomes of privatization in transitional economies, *Academy of Management Journal*, 43: 381-402.
- Varaldo, R., Ferrucci, I. (1997) (Eds.), *Il distretto industriale tra logiche di impresa e logiche di sistema*, Milano: F. Angeli.
- Voinea, L. (2004), "Die hard: Romanian traditional industries and the real EU convergence, *mimeo*, Bucharest: Romanian Academic Society.
- Walder, A.G. (1986), *Communist Neo-Traditionalism. Work and Authority in Chinese Industry*, Berkeley: University of California Press.
- Whitford, J. (2001), "The decline of a model? Challenge and response in the Italian industrial districts", *Economy and Society*, 30/1: 38-65.
- Yan, Y. Child, J. (2002), "An analysis of strategic determinants, learning and decision making in Sino.British joint ventures, *British Journal of Management*, 13: 109-122.