

Does a Correlation Between Provincial and District Competitiveness Exist? The Study of Italian Areas

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The new economic trends coming from the last financial crisis take the focus of the managerial studies to the analysis of the presence of local and territorial synergies and interactions. The aim is to understand the sources of what is called competitive advantage, in particular in those areas characterized by a fragmented economy – and deeply rooted in the territory – and the presence of small and medium companies (SMEs). The main purpose of this empirical research is to analyse the Italian industrial main districts to find any correlation with the provinces to which they refer. The main questions to answer are the following: is it true that industrial districts and Italian provinces affect each other? If yes, in which way? If not, is it possible to understand the basis of their own competitive advantages? Moreover the consequent goal is to define a territorial model in which every territorial used asset can find the suitable position in order to develop a correct framework.

Field of Research: competitive strategy.

1. Introduction⁽¹⁾

The global importance of the territorial competitiveness has rapidly increased in the last two decades, leading numerous researchers (Tardivo & Viassone, 2009⁽²⁾; Viassone, 2008⁽³⁾; Lukovics & Lengyel, 2006⁽⁴⁾; Gardiner, Martin & Tyler, 2004⁽⁵⁾; Huggins, 2003⁽⁶⁾; Camagni, 2002⁽⁷⁾) to examine main drivers affecting it.

Despite the numerous attempts to define territorial competitiveness at different levels, there exists a scarce literature concerning measurements and indices of territorial competitiveness and in most cases these studies are referred to specific areas. The lack of a model able to measure the level of both district and provincial competitiveness is an obstacle prevents from measuring the competitive potential both of a district and of a province and from assessing how to increase competitiveness itself.

No study has been conducted on the relationship between provincial and district competitiveness while it's very important to understand in which way they can affect each another.

In order to bridge this gap in the literature, this paper aims at supplying – throughout the Delphi methodology and the SPSS statistical analysis - an exhaustive measure model both for provincial and district competitiveness and at verifying the existence of a correlation between the two global indices.

This paper is structured in five main parts:

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- a review of attempts to measure provincial and district competitiveness;
- the description of the research model;
- the analysis and the discussion of the results with the application of the provincial and district competitiveness indices to the Italian context;
- conclusions, paths of action, limits and possibility of application of the model.

2. Theoretical Background on the Global Crisis

2.1 The Measurement of Provincial Competitiveness

In the last decades territorial competitiveness has been the focus of the academic debate (Schillaci & Longo, 2010⁽⁸⁾; Saxenian, 2007⁽⁹⁾; Andersen, 2006⁽¹⁰⁾; Genco, 2006⁽¹¹⁾; Martin, 2005⁽¹²⁾; Velo & Usai, 2003⁽¹³⁾) and it assumes different meanings at different levels (Kitson, Martin & Tyler, 2004⁽¹⁴⁾; Huggins, 2003):

- *Micro (urban level)*, which refers to the ability of an urban region/city to produce and market a set of products (goods and services) that represent good value (not necessarily at the lowest price) in relation to comparable products of other urban regions/cities (Webster & Muller, 2000⁽¹⁵⁾);
- *Macro level*, as the ability of supporting and improving the life quality of citizens, both in terms of employment and real earnings, of reducing unemployment and of supporting strengths and opportunities, inside and outside national borders under the condition of globalization (Michailidis, Georgiadis & Koutsomarkos, 2006⁽¹⁶⁾);
- *Meso level*, corresponding to regional and provincial competitiveness (Bosma, Stam & Schutjens, 2006⁽¹⁷⁾; Varaldo, Amato & Lazzeroni, 2006⁽¹⁸⁾; Kitson, Martin & Tyler, 2004) can be defined as the capacity of attracting and maintaining firms with stable or increasing market shares in a particular activity, granting steady or rising standards of life to their citizens at the same time (Storper, 1997⁽¹⁹⁾).

Another debated topic is the measurement of provincial competitiveness. Since it's difficult to get a uniform view of the concept of competitiveness and of relative drivers, it's important to analyze the points that are common to academics in different fields.

In fact, at this level competitiveness is affected by several components of different nature: *Economical variables*, emphasized by Porter (2003⁽²⁰⁾; 1990⁽²¹⁾), who argued how business density has an import role only since firm concentration and competitive performance are related (Porter, 2003; 1990); *infrastructures* (Gosso, 2005⁽²²⁾; Rohm, Chatterjee & Habibullah, 2004⁽²³⁾), that influence significantly the competitive capacity of the province and the firms settled on it; *demographic variables*, like provincial/regional population size, growth, composition and distribution, that are endogenous to local economic development (Poot, 2007⁽²⁴⁾; McCann, 2001⁽²⁵⁾; Vermeulen & Van Ommeren, 2004⁽²⁶⁾); *entrepreneurial variables* supported by different academics (Cepollaro, Samuelli, Varchetta & Veronesi, 2006⁽²⁷⁾) and required to be creative and innovative.; *internationalization variables* (Cotta, Ramusino & Onetti, 2006⁽²⁸⁾; Genco, 2006; Silvestrelli, 2001⁽²⁹⁾) characterized by different dimensions: commercial (import-export), productive (Foreign Direct Investments), technological (takings/payments of the technological balance), entrepreneurial, touristic and social-cultural internationalisation; *knowledge and innovation*, considered as real key resources in the current global context

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(Knudsen *et al.*, 2008⁽³⁰⁾; Andersen, 2006; Grandinetti & Camuffo, 2006⁽³¹⁾; Silvestri & Pilati, 2005⁽³²⁾; Pinch, Henry, Jenkins & Tallman, 2003⁽³³⁾); *environmental variables* (Jensen-Butler, 1999⁽³⁴⁾) and *sectorial variables* like agricultural, homemade and touristic variables (Franch, 2007⁽³⁵⁾; Savelli, 2004⁽³⁶⁾; Pastore, Golinelli, Ricotta & Vernuccio, 2002⁽³⁷⁾) able to contribute to the economic growth and local employment.

2.2 The Measurement of District Competitiveness

While the manufacturing Italian reality is for the majority composed by small and medium enterprises (SMEs), the concept of 'district' is fundamental in studying the local economic power.

The literature review can give us a comprehensive demonstration of what the district represents for the Italian economy in a global competition context; while industrial districts represent a model to ignite development in developing countries (Chiarvesio, Di Maria & Micelli, 2010⁽³⁸⁾), the model is useful in countries must develop the local economy to overcome crisis periods and in which we can find a very specific but fragment know how.

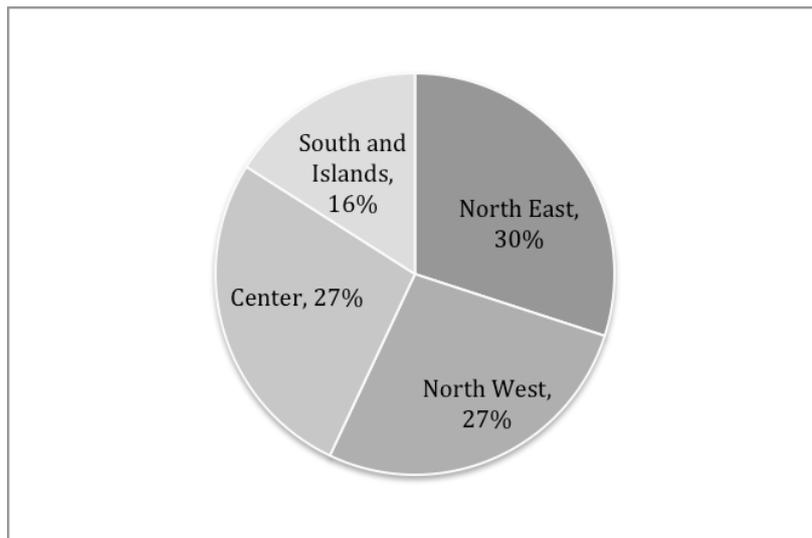
The first definition of this term was given by Alfred Marshall, during the second half of XIX century, referring to textile areas of Lancashire and Sheffield: 'When we talk about Industrial District we are referring to both social and economic context established by several companies that generally work in the same manufacturing sector and are localized in a restricted area, with a strong sense of cooperation and competition' (Marshall, 1890⁽³⁹⁾). According to this author the *external economies* help SMEs in achieving and developing competitive advantages coming from scale and scope economies, thanks to an intense concentration in a properly delimited area. Of course is mandatory to consider the huge contribution of Porter (1985)⁽⁴⁰⁾ talking about the value coming from the interaction of different actors in the same system and, later, about the importance for small and medium firms to be bounded in specific territories (Porter, 1998⁽⁴¹⁾).

The aggregation characterizing the concept of industrial district comes from the free will of increasing the local competitiveness and taking into account the case of Italian districts we can underline a strict correlation between the country economy growth and the aggregated districts one (Osservatorio Nazionale Distretti Italiani, 2010⁽⁴²⁾); moreover they represent the organizational peculiarity of the whole Italian industrial system.

The *Italian Districts Federation* is the body including the excellence of the production districts from the North as well as the South of Italy; the aim of this Federation is to promote the local profit by grouping the enrolled districts in a homogeneous way (clusters). We can count four principal clusters: the apparel one, the mechanical one, the furniture one and the food farming one. The aim of this labour have always been the promotion of the *Made in Italy* style in the World by leveraging on the network of what we can call *districts system*, which is the most important peculiarity of the Italian economy (Becattini, 1979⁽⁴³⁾).

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Figure 1: The Italian districts for territorial area



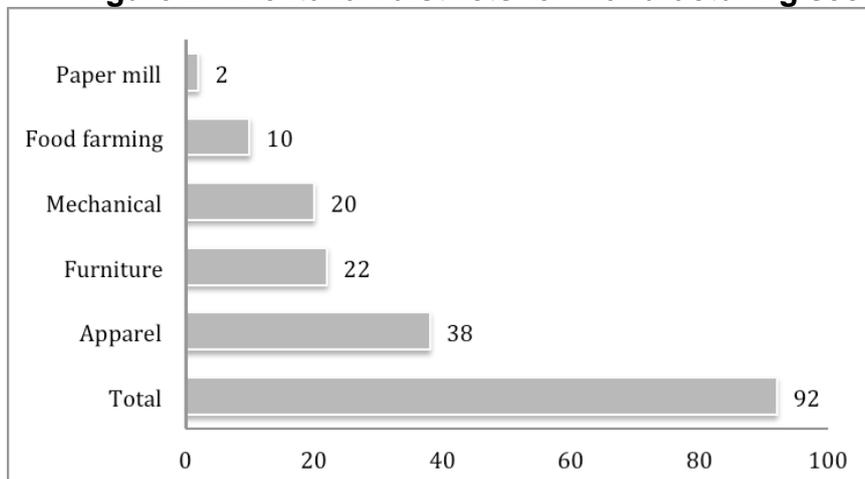
Source: Osservatorio Nazionale dei distretti italiani, 2010.

As the figure (1) shows above, there is a huge difference between the North and the South of Italy in terms of districts number; the 57% of the districts considered by the Federation⁽⁴⁴⁾ is on the North of Italy, the 27% on the Center and the 16% on the South and Islands.

According to the Federation researches results, from the districts comes the 28,3% (aggregated value) of the country value added, the 31,4% of the manufacturing industry employment and the 26,9% of the exports. Moreover, the researches have shown that – as effect of the last financial crisis – the industrial profitability (ROI) and the overall one (ROE) in 2008 recorded a huge reduction; the apparel, furniture, mechanical districts registered the worse results, while the food farming one registered a revenue increasing of 5%.

Talking about crisis, we can say that Italian districts have been damaged especially from the site of the exports, due to the international exchanges contraction. This has been possible because of the wide *export orientation* which characterizes the Italian economy reality.

Figure 2: The Italian districts for manufacturing sector



Source: Osservatorio Nazionale dei distretti italiani, 2010.

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Two elements outcrop from this scenario (Iuzzolino, 2008⁽⁴⁵⁾) which underline the emerging of different characteristics from the past as the increasing of larger companies on the territory and the minor importance of the principal and traditional manufacturing divisions.

Following this, the transformation of the traditional local networks in something bigger, beyond the local barriers, is getting importance and another time we need to think about the Porter value system (1985) to understand that the more local companies can get closer to the other industry actors' value chains, the better is and this is more true seeing that in particular SMEs need new skills and new competencies to develop each other even if they have to search for those far away.

Of course in this perspective the territory role can get more importance in supporting the change; companies need a structured territory in which they can develop networks to get bigger and more profitable. Indeed one of the major trends the Osservatorio (2010) recorded concerns the leaders companies in the more reactive districts; they are exploiting the globalisation for attracting competencies, new skills and business networks. It is understandable that a more interaction among local districts is mandatory to achieve competitive advantages.

The importance of local interaction and the assets needed in achieving competitive advantages will be explained below; what is fundamental to understand now is how districts can be compared each other to understand their growing rate.

The analysis of the Osservatorio (2010) was realized by the Bank *Intesa Sanpaolo* which analysed and compared the 2006-2008 balance-sheets got from the its own database. Data were about the Federation 92 industrial districts and companies taken into account were those reporting at least one million euros as 2006 revenues⁽⁴⁶⁾.

The data found even represent the limit of our research because if the *Provincial Competitive Index (P.C.I.)* is based on more than just economical variables, the literature concerning districts made us to build the *District Competitive Index (D.C.I.)* basically on economic factors and indexes as ROI, ROE, operative margins, finance leverage.

Eventually we followed the Osservatorio (2010) analysis took into account 46 of the 92 Italian districts; the ones had enough balance-sheets to publish individual results.

3. Research Model

Considering the importance attributed by International literature to provincial and district competitiveness and the lacks on their measurement and relationship, this paper aims at answering two important questions:

Q1: How is it possible to measure the level of provincial competitiveness?

Q2: How is it possible to measure the level of district competitiveness?

Q3: Is there a correlation between provincial and district competitiveness? That is, can the first affect the second and viceversa?

The methodology used consists of a systematic and comparative analysis of methodologies present in literature, in a validation of results throughout three

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different focus groups constituted by 40 stakeholders of different origins (Bodies (10), Academic (10), Entrepreneurs (10) and Builders of territorial indices (10)) in three different steps (validation of drivers, validation of indices and building of a global measurement of the level of provincial and district competitiveness (Delphi methodology). The sample contains 40 stakeholders – aged between 30 and 65 years - whose area of reference has been chosen on the basis of the distribution of districts (23 living in Northern Italy, 11 in Central Italy, 6 in the South of Italy and in the Islands). The competence of different stakeholders covers all the various sectors. The model obtained by means of this two phases (review of literature and validation by stakeholders) shows ten dimensions able to contribute to the level of district competitiveness and seven kinds of variable affecting it. The analysis excluded seven provinces because of the scarce accessibility to most data: Barletta Andria Trani, Fermo, Monza e della Brianza, Ogliastra, Olbia Tempio, Carbonia Iglesias and Medio Campidano.

The process of measure can be divided into 6 different steps:

1. Analysis of drivers existent in literature and of indices of provincial and district competitiveness at national and international level.
2. Validation of a first framework of drivers and provincial and district indices of competitiveness by stakeholders and selection of a set of indices on the basis of three criteria: relevance (level to which the statistics meet the current or potential needs of consumers), accessibility (facility with which data turn out to be accessible) and transferability (possibility to extend results to other contexts).
3. Ponderation of drivers throughout stakeholders, who must evaluate, out of 100 scores, the pondered repartition of each driver on the basis of their personal experience. Given that the sum of scores must correspond to 100, we can get the personal contribution of each factor to the level of provincial and district competitiveness.
4. Formulation of a suitable methodology in order to assign the correct weight to each index. The scores assigned to each driver must be divided among each sub-driver by stakeholders interviewed. For simplicity, stakeholders decide to assign the same number of scores to each sub-driver belonging to the same driver. By means of SPSS, the sub-drivers are segmented in 4 classes containing the same portion of population. In this way a level of importance and a different score is assigned to each sub-driver on the basis of the fact that their value belong to class 1, 2, 3, 4 (the highest number of scores is assigned to class 4). Summing indices of each single sub-driver, it is possible to get ten partial indices for provincial competitiveness and seven for district competitiveness, thus reflecting the measurement of different dimensions of provincial and district competitiveness. The sum of these indices corresponds to two different global indices, varying between 0 and 100 (0 is the least competitive; 100 is the most competitive):

$$(1) P.C.I.= ECS+DS+ES+INTS+INS+INFS+GS+AS+CS+TS$$

$$(2) D.C.I.= NFS+ ACTS+TURS+PGOS+ROIS+ROES+LEVS$$

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Where:

ECS = Economical variable scores

DS = Demographical scores

ES = Entrepreneurial scores

INTS = Internationalization scores

INS = Innovation scores

INFS = Infrastructural scores

GS = Green scores

AS = Agricultural scores

CS = Craftsmanship scores

TS = Touristic scores

NFS = N. of firms scores, of turnover

ACTS = Percentage variation of asset

TURS = Percentage variation of turnover

PGOS = Percentage Gross Operative Margins out of turnover Scores

ROIS = ROI scores

ROES = ROE scores

LEVS = Leverage scores

Table 1: Repartition in classes of the level of provincial and district competitiveness

Total scores of P.C.I./D.C.I	Degree of provincial/district competitiveness
0-25	Low
25,1-50	Discrete
50,1-75	Good
75,1-100	High

Source: personal elaboration.

5. Calculation of the index of correlation by Pearson between D.C.I. and the Average PCI (APCI) of the provinces belonging to the relative district.
6. Application of the system of measurement and the P.C.I. and D.C.I. Italian provincial and district systems using the data supplied by regional and national databases. Main databases used are those by Unioncamere, ICE, Istat and single Chambers of Commerce. Finally results of our analysis have been submitted to 40 stakeholders asking them to draw strategic paths of action to support this important industry.

4. Analysis and Discussion of Results

The survey shows how stakeholders confirm those variables affecting provincial and district competitiveness supported by literature. With reference to provincial competitiveness, the final model is constituted by ten dimensions: economical, demographical, entrepreneurial, internationalization, innovation, infrastructural, green, agricultural, craftsmanship and touristic variables. These dimensions are composed of different sub-variables (from 1 to 5 sub-variables). In particular, out of 100 scores, stakeholders assign the maximum score to innovation (16 scores), considered the winning card for provincial competitiveness to overcome the current crisis. A high score is also attributed to economical and innovation variables (15 scores), essential elements both for regions and districts to support competitive advantage in the medium-long period. District competitiveness results affected

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mostly by economical dynamical variables: n. of firms belonging to the district, percentage variation of asset, of turnover, percentage gross operative margins out of turnover, ROI, ROE and leverage. Stakeholders assigned the scores showed in the Table 2 to the different dimensions of provincial competitiveness and to the variables affecting district competitiveness. Scores of different dimensions have been attributed in an equal way to each single different variable.

Table 2: Attribution of scores to different dimensions

Dimensions of provincial competitiveness	Scores	Variables of district competitiveness	Scores
Economical	15	N. of firms	5
Demographical	8	Percentage variation of asset	15
Entrepreneurial	12	Percentage variation of turnover	15
Internationalization	16	Percentage gross operative margins out of turnover	10
Innovation	15	ROI	15
Infrastructural	9	ROE	20
Green	6	Leverage	20
Agricultural	5		
Craftsmanship	5		
Touristic	9		
Total scores	100	Total scores	100

Source: personal elaboration.

Starting by the elaboration of data throughout SPSS, we can notice the presence of a single province with a high competitiveness (Milan), i.e. with a score by 79,75 and only two provinces with a good competitiveness (from 50,1 to 75 scores): Rome and Turin (Table 3).

Table 3: Classes of the PCI applied to Italian provinces

PCI	Classes	Level of competitiveness	Provinces
0-25	1	Low	Caltanissetta
25,1-50	2	Discrete	All other provinces
50,1-75	3	Good	Rome, Turin
75,1-100	4	High	Milan

Source: personal elaboration.

At the opposite side, two southern provinces show a very low competitiveness: Caltanissetta and Crotone. All other provinces, that is most of Italian provinces, reach a discrete degree of competitiveness (from 25,1 to 50 scores). The average degree of provincial competitiveness corresponds to 30,70 scores (a discrete

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competitiveness). The datum concerning district competitiveness results more homogenous and it shows a good level on average (average datum: 55 scores). Also in this case, only a district turns out to be highly competitive, with a DCI by 73,75: the air-conditioning district of Vicenza, Belluno and Padova while no district shows a low level of competitiveness. 28 districts has a good degree of competitiveness while 17 districts belong to the 'discrete' level. Two districts have reached the lowest datum: the textile district of Biella and Vercelli and the clothing district of Varese.

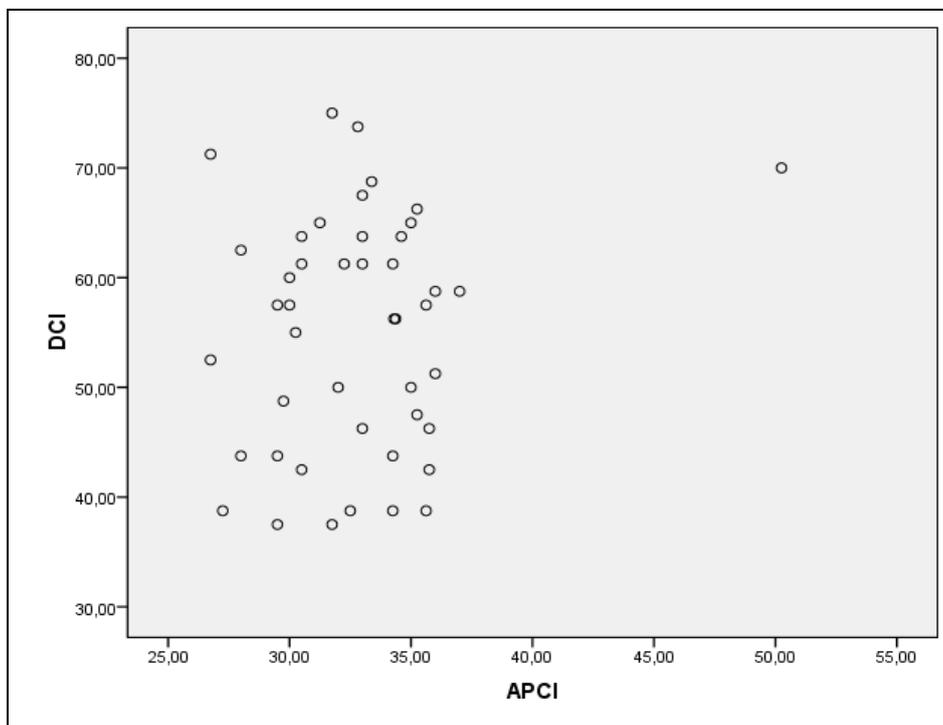
Table 4: Classes of the DCI applied to Italian provinces

PCI	Classes	Level of competitiveness	Provinces
0-25	1	Low	-
25,1-50	2	Discrete	17 districts
50,1-75	3	Good	28 districts
75,1-100	4	High	Air-conditioning district of Vicenza, Belluno, Padova

Source: personal elaboration.

While the average degree of provincial competitiveness is discrete, the average degree of district competitiveness is good. This datum anticipates the results obtained by the statistical analysis of correlation. In fact the index of correlation by Pearson corresponds to 0,15, showing how provincial and district competitiveness are not correlated as it's possible to notice by analyzing Figure 3.

Figure 3: Correlation between APCI and DCI



Source: personal elaboration.

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Figures above show a clear situation; it is very difficult to talk about a correlation between the two indexes (PCI and DCI); the meaning of this discovery is that while SMEs in different districts are trying to build new networks, to achieve new skills and competencies to overcome the actual crisis period, the results of these efforts are not perceptible with a provincial analysis. Seeing that districts are local realities including one or more Provinces, how is it possible?

A previous answer can come from factors affecting the two competitive indexes which present structural differences; the one concerning the provincial competitiveness is based on economical, demographical, ethical (green management), entrepreneurial, tourist factors, while the *District Competitiveness Index* is based on economical factors. At a first glance this difference can be perceived as a huge limit of our research, but we have to consider that the sources we could achieve (district literature in general and data bases) basically base their theory on economic data to show the profitability of every local economy analysed. Moreover we must underline that the focus of the districts analysis is always to understand the impact of economic trends on the synergies created among companies included in a specific sector (even if today talking about *competitive arena* is better, as shown by Pellicelli, 2010⁽⁴⁷⁾) and, eventually, while the competitiveness of Italian provinces is also linked to the services sector, when we talk about districts we refer to manufacturing local realities which are discovering time after time the importance of intangible assets in achieving competitive advantage, because if every tangible asset can be copied by competitors, it is not the same for the intangible one. In particular, we have to discuss about three main intangible assets, which are the most important factors in terms of local competitiveness: international networks building, human resources employment and development and brand value management.

Therefore what can make competitive districts and provinces? Data from our analysis show that in both cases the economical factor is the most important one, but there is a difference about the profitability when we analyse the economics results of one district compared to the ones of the referential provinces. If we consider the most important district in terms of competitiveness, the one of Air-conditioning of Vicenza, Belluno and Padova (see table above) and we compare the competitive results of the single provinces of Belluno, Vicenza and Padova (for comparing the two local realities - district and provinces - the provincial index has been calculated taking into account the average of the three individual indexes), we discover that the three local realities have just a *discrete* competitiveness result: about 32 on 100. Again, if we compare competitiveness results of the Apparel district of Biella and Vercelli with the average degree of competitiveness of the two provinces, it is possible to underline that the first index shows the lower datum reached (37,5 on 100), while the second one reveals a discrete situation (29,5 on 100). Once again, the link among district and provinces included in the same territory is not demonstrated.

After these considerations, we can focus our attention on giving an answer to the main question regarding the reasons of a major or minor local degree of competitiveness; we need to analyze the structure of the main territorial competitive advantage intangible factors and to understand how they can interact in order to create value.

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International networks building. The main characteristic of every district reality is the internationalization; even the poorest district in terms of competitiveness - the one of Biella and Vercelli – focuses its own energy on developing international networks to benefit of the major financial robustness and retailing circuits coming from international deals; here is possible to register (for the 2009 fiscal year) a total amount of exports (economic factor accounted in our research) of 403 Million euros. Moreover, the Industrial Union of Biella has created the Foundation 'Biella The Art of Excellence', a project aimed at enhancing the experience and the excellence of the know-how of Biella into the textiles and clothing sector.

The Foundation *Biella The Art of Excellence* positions itself strategically as a brand of the apparel Piedmont industry (Pellicelli, Casalegno & Civera, 2010⁽⁴⁸⁾); not by chance, the mission of the foundation is based on excellence and quality certification, creativity and innovation, training and divulgation and promotion.

Same values are developing in the Air-conditioning District of Vicenza, Belluno and Padova; the export value (always for the 2009 fiscal year) is about 1305 Million euros and at the national level here is possible to find the major companies concentration of this sector, while, talking about the European level, this district is the pole of reference. Even in this case the operating excellence is one of the competitive advantage basis and the companies included are strongly focused on international relationships for the reasons analyzed above.

The importance of internationalization is more perceptible if we think to the nature of SMEs; by considering the transaction costs associated with each form of internationalization (Vipraio Tiberi & Giansoldati, 2010⁽⁴⁹⁾) they had to choice a *sequential approach* for any kind of international trade, but, having been embedded in a huger Marshallian framework, they could survive (Castellani & Zanfei, 2007⁽⁵⁰⁾) without making that choice.

Human resources employment. Talking about intangible assets, it would be interesting to compare the total amount of human resources employed in different territories (districts and provinces), but while the datum is evident for each province (the datum is one of the economic variables used for the competitiveness indexes), it is difficult to understand it when the analysis regards the districts; here that datum is present at an aggregate level and is not possible to understand how many employees have firms included in every single district. The employment rate is useful to understand the degree of shared know how in a particular area.

The *human factor* is important because people detain human capital, intellectual capital (Casalegno & Pellicelli, 2008⁽⁵¹⁾); this is considered and valued by Fitz-Enz (1998⁽⁵²⁾, 2000⁽⁵³⁾, 2001⁽⁵⁴⁾) as a profit lever in the knowledge economy. People are knowledge lever (Bahra, 2001⁽⁵⁵⁾); they have intellectual capital that is the intangible asset that stays behind when the employees leave. According to Fitz-Enz, this asset can and should be measured as a fundamental asset for achieving competitive advantage. This is a precious resource, a lever to create organization value. Moreover we can talk about a double level of human capital; one is about the single employee, one is about community that represents the whole organization knowledge.

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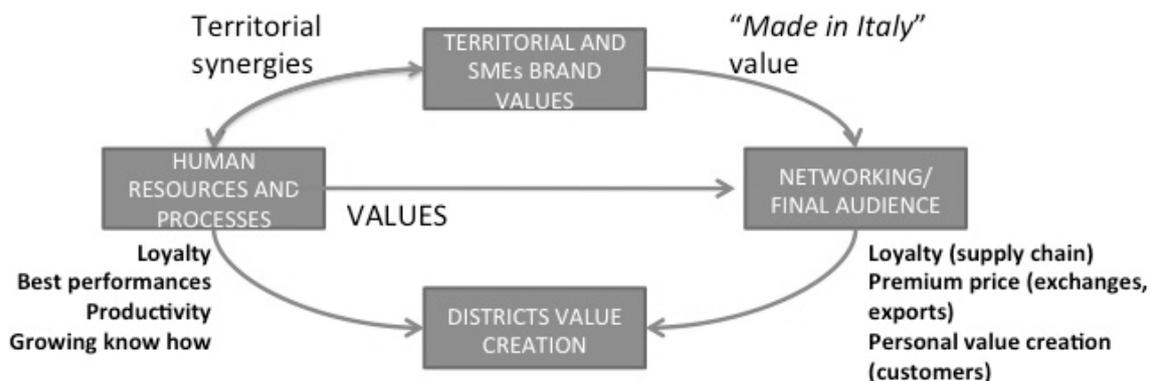
Brand value management. The third intangible source of competitive advantage used by districts is the local and territorial brand value achieved by the exploitation of local competencies (Chiarvesio, Di Maria & Micelli, 2010). As told before, the promotion of the values directly embedded in the *Made in Italy* concept is the most important goal of these territorial aggregations.

Brand management involves two types of communication: inside and outside the firm. The concept of integrated communication of brand values is increasing its importance in our sample considered companies.

The *intangibles virtuous circle*. Of course the mentioned intangible factors need to interact in order to create value for local companies; we propose (see figure below) a model, in which we can see intangible assets already used by SMEs and, at the same time, companies need to develop. The communication of corporate values is the most effective vehicle to do that.

In these latest years, the brand has been built inside every SMEs before being proposed to the final customer - or to the other actors in the supply chain - and, to do that, it is also necessary to take into account the contribution of each individual employee for 'living the brand' (Burmans, Zeplin & Riley, 2009⁽⁵⁶⁾). 'If it doesn't happen inside, it will not happen outside' (Sartain & Shumann, 2006⁽⁵⁷⁾); if the brand does not live inside the firm/organization/territorial reality, it cannot be proposed outside (final customers).

Figure 4: The *intangibles virtuous circle*



Sources: personal elaboration.

The brand - in particular - is recognized as an important tool to attract and maintain the most talented employees and, as a result, capitals; we are talking about a *virtuous circle*, according which the major the human resources loyalty is, the easier is to build international networks in order to retain final clients, to achieve their mind and their heart for the long period, and to make them ready to spend more than the market price is (premium price), just because they are driven by the perception of a major value creation for they own.

The results of this employees' brand commitment can be directly measured with the productivity indicators (as employees rendering, per capita labour costs, per capita

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earnings) and, as shown (Casalegno, Pellicelli, 2008), the employees' loyalty has a strong impact on the firm's value creation.

Eventually, the brand impacts on firm's performances and value creation because it represents not only an intangible asset – evaluated in the balance sheet – but also, as explained above, it is the most effective vehicle for lining up the interests of firm's values and final and internal customers. Of course, in this case, the value creation can reflect on the districts one, talking about both levels, local and international.

5. Conclusions and Paths of Actions

For concluding, as the literature shows in various ways, the key to better perform is the use and the exploitation of dynamic synergies among territories; above all if the competition overcoming is the goal, building networks without territorial limits and leveraging on intangibles are the two key points to consider.

In particular, the mentioned and principal assets to take in account – in order to develop the competition degree - are:

- International (and national) networks building
- Human resources (and processes) development
- Brand value management (by using an integrated communication approach)

These three main elements must interact to build competitive synergies; by exploiting those assets, we can say that industrial districts are becoming nodes of global networks, where is possible to find a very specific knowledge and competencies not available elsewhere and promote synergies with local assets (Belussi *et al*, 2003⁽⁵⁸⁾). Moreover, concerning the various supply chain actors, it is important to underline that for all companies - even the smallest firms of our districts sample which operate into the business to business sector (b-to-b) - the brand represents one of the most important issue for being recognizable and well-perceived by the public, which could increase commitment and loyalty useful to protect the b-to-b company by the price competition.

Eventually, talking about the *Made in Italy* value is mandatory; it comes from the synergy among SMEs brand value and the shared know how proper of every analysed territory. This is the real brand to preserve and to protect in the long time and it represents the most effective tool industrial Italian districts can use to overcome the crisis and to preserve the competitive advantage through the national and international networking, thanks to the expression of high quality and uniqueness.

The gap our empirical research made to emerge is represented by the different way to promote and use these intangible assets in the analysed areas; although provinces refer to the considered manufacturing districts, the two local realities don't enforce in the same way the assets above, at least for the majority of the cases. Provinces, in particular, seem to have not the chance to do that; leveraging on synergies for developing the competitiveness degree seems to be more difficult for them. Instead for districts, due to the particular aim from which they have been created, is easier to

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make use of what is necessary for gaining results in terms of awareness and shared values.

Anyway, this paper must be read in the light of some important limits:

- the limiting number of dimensions and indices taken into consideration, chosen throughout criteria of relevance, transferability and accessibility;
- the set of drivers and indices has been chosen throughout subjective and not objective criteria;
- it is only applied to Italian regions and districts and this doesn't allow comparison among different nations.

With some small adjustments, the paper offers material for further research into the application of this measures to other levels of analysis (countries, cities) and into comparison of these regional and district indices with those of European or non European regions and districts.

Endnotes

1. The Authors own full responsibility of the contents of the paper. Anyway paragraphs named 'Introduction', 'The measurement of provincial competitiveness' and 'Research Model' have be attributed to Dr. Milena Viassone, while paragraphs named 'The measurement of district competitiveness' and 'Conclusions and paths of actions', must be attributed to Dr. Cecilia Casalegno. Eventually, paragraph named 'Analysis and discussion of results' must be attributed to both of Authors.
2. Journal article.
3. Book.
4. Conference paper.
5. Journal article.
6. Journal article.
7. Journal article.
8. Book.
9. Book.
10. Journal article.
11. Journal article.
12. Report.
13. Journal article.
14. Journal article.
15. Report.
16. Conference paper.
17. Conference paper.
18. Book.
19. Book.
20. Report.
21. Book.
22. Journal article.
23. Journal article.
24. Report.
25. Book.
26. Journal article.
27. Journal article.
28. Journal article.
29. Journal article.
30. Journal article.
31. Journal article.
32. Journal article.

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33. Journal article.
34. Journal article.
35. Report.
36. Book.
37. Conference proceedings.
38. Journal article.
39. Book.
40. Book.
41. Journal article.
42. Report.
43. Journal article.
44. The Italian Districts Federation focused its study to those local realities (92 in total) in which we can find an intense activity concerning what is known as *Made in Italy*.
45. Book chapter.
46. A total of 9.500 district companies were analysed.
47. Book.
48. Conference proceedings.
49. Journal article.
50. Journal article.
51. Electronic journal article.
52. Book.
53. Book.
54. Book.
55. Book.
56. Journal article.
57. Book.
58. Book.

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