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Uncovering business and spatial dimensions of industrial districts, clusters and learning regions

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ABSTRACT:

The article analyzes the trajectory of industrial districts in recent decades, outlining the main lines of research and their advances, as well as the key work of Dr. Fiorenza Belussi.

KEYWORDS: Industrial districts; clusters; innovation; regions.

JEL CLASSIFICATION: O1; R1.

Sobre innovación en las empresas y territorios de los distritos industriales: una visión con perspectiva

RESUMEN:

El artículo analiza la trayectoria de los distritos industriales en las últimas décadas, desgranando las principales líneas de investigación y sus avances, así como el trabajo clave de la Dra. Fiorenza Belussi.

PALABRAS CLAVE: Distritos industriales; clusters; innovación; regiones.

CLASIFICACIÓN JEL: O1; R1.

1. INTRODUCTION AND HONORING

Research on clusters and industrial districts¹ (clusters/IDs) is approached from a wide variety of sub-lines of enquiry and approaches. Drawing on Becattini's seminal ideas, the MID (Marshallian Industrial District) phenomenon has gathered different scholars researching on SMEs geographically concentrated in a kind of geographically bounded socio-economic complex innovation system (characterized by Becattini, Bellandi, Dei Ottati, Brusco, Belussi, Lazzeretti, Sedita, Hervas-Oliver, Caloffi, Boix, Sforzi, De Propriis, Giuliani, Molina, Belso, among many more across Europe and beyond). Different levels of analysis are common, such as the micro-level to explain firm performance or the meso-level to depict collective actions. Scholars from a different array of disciplines, such as management, economic geography, regional studies and innovation studies, among many others, have propelled the topic and enrich the debate from different and complementary perspectives.

As summarized in Hervas-Oliver et al. (2024), in this Special Issue honoring our beloved friend Prof. Dr. Fiorenza Belussi, the core argument of the MID concept is that the innovation capacity of SMEs is

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¹ For the sake of brevity, we use the terms clusters and industrial districts without distinction, albeit recognizing differences.

leveraged by *localization economies* based on (systemic and interactive) social and economic inter-firm and inter-personal intensive interactions. Local advantages, built upon local highly-skilled and specialized labor, suppliers and knowledge spill-overs, support a local and systemic innovation engine based on cooperation and competition, where SMEs can be conjointly competitive by overcoming their intrinsic (assumed) poor capabilities due to their size.

Different topics, such as sustainability (Ponte et al., 2023; Belso et al., 2024), Industry 4.0 (Hervas-Oliver, 2021), multinationals (Belussi and De Propriis, 2013; Belussi, 2018), life cycles (Belussi and Sedita, 2009), networks (Lorenzoni & Lipparini, 1999), institutions (Staber and Sautter, 2011) and many more (e.g. inertia, embeddedness, global value chains, spinoffs, brokerage, etc.), are building up the topic, whose central focus is understanding place-based innovation under the strong influence of social dimensions shaping the economics of a given territory. Over the last 40 years, we have collectively shifted the focus from SMEs represented in traditional works (e.g. Becattini, 1990; Bellandi, 1996) to new realities where multinationals, global value chains and other different elements represent new ways of doing business and support local development (e.g. Belussi, 2018; Belussi and Sedita, 2009; Hervas-Oliver et al., 2022; 2023).

In this Special Issue, we recognize and point out the enormous contribution developed by Fiorenza Belussi in Padova. Fiorenza has been a seminal author on the topic, with thought-provoking authoritative studies that have pushed the topic of industrial districts forward. Fiorenza has pioneered topics such as knowledge, learning and innovation dynamics in industrial districts as well as district life cycles, the interplay between industrial districts and multinationals, among others. At the present time (June 2024), Fiorenza accounts for more than 6,000 citations (Google Scholar) and a very impressive list of highly-cited and high-quality papers in leading journals, such as *RESEARCH POLICY*². We would like to offer our gratitude and recognition for such an important effort to build up this community, and also for cultivating a growing and important group of scholars in Padova researching on this focal topic. Padova University is, at present, a pillar of the Industrial District topic and Fiorenza has strongly facilitated this outcome, also thanks to her international network of collaborations with eminent scholars worldwide.

2. STUDIES IN THIS SPECIAL ISSUE

Following a research tradition initiated by Fiorenza Belussi, the study by **Hervás-Oliver et al.** investigates the role of multinationals within Marshallian Industrial Districts (MIDs), particularly focusing on how these entities challenge and reshape the established framework. The authors analyze different types of multinationals, including traditional and private equity funds (PEFs), and their impacts on local districts. By integrating and reviewing existing literature, the study highlights the necessity of updating the MID framework to incorporate the growing presence and influence of multinationals. Key contributions include identifying new research directions to address the evolving dynamics between local SMEs and multinational actors, and emphasizing the importance of ownership and its effects on local innovation ecosystems and social structures within MIDs.

Recognizing the importance of global interactions on cluster dynamics, **Cooke and Boix-Domenech** explore the unique characteristics of tax haven clusters using a novel analytical framework combining assemblage theory and abductive pattern recognition. The study focuses on tax haven clusters in locations such as Wilmington (Delaware), Ireland, and Gibraltar, highlighting their dependence on specific legislative frameworks and their susceptibility to external legal changes. By examining the motivations and global interactions within these clusters, the paper provides new insights into their formation,

² Belussi, F., Sammarra, A., & Sedita, S. R. (2010). Learning at the boundaries in an "Open Regional Innovation System": A focus on firms' innovation strategies in the Emilia Romagna life science industry. *Research Policy*, 39(6), 710-721.

De Noni, I., Orsi, L., & Belussi, F. (2018). The role of collaborative networks in supporting the innovation performances of lagging-behind European regions. *Research Policy*, 47(1), 1-13.

maintenance, and impact on the global economy. This research underscores the complexity and fragility of tax haven clusters, emphasizing the need for a deeper understanding of their unique dynamics.

In recent years, sustainability has become increasingly important in corporate strategies, impacting industrial districts by driving product and process innovation and fostering new forms of collaboration. However, research on environmental sustainability in industrial districts remains limited. The work of **Bettiol et al.** examines whether district firms have invested in environmental sustainability and how these strategies are communicated and diffused at the district level. The study focuses on the leather and jewelry industrial districts in Italy, analyzing sustainability strategies through certifications, web communication, and international trade fairs. Findings indicate that while districts are evolving towards sustainability, there is significant variation in strategies among firms within the same district, influenced by their respective markets (B2B vs. B2C).

Another way to look at the sustainability of industrial districts is to focus on their resilience capacity, i.e. their ability to recover from shocks. While their socioeconomic context fosters innovation, it can also be a liability during crises. Resilience involves vulnerability, resistance, adaptability, and recovery. Innovation is crucial for adaptability, though districts often struggle to adjust. During crises, firms may hesitate to innovate, but overcoming this leads to better responses to unexpected events. Traditional views on regional resilience emphasize recovery, overlooking adaptability. The study of **Viana et al.** examines innovation in a Brazilian footwear district during COVID-19, highlighting resilience dimensions and offering new theoretical insights.

Drawing inspiration from the works of Fiorenza Belussi on multiple paths of development in local productive systems, the study of **Bellandi et al.** explores paths of open local development in industrial districts, as a specific type of Local Productive System (LPS), which evolve through the interplay of historical factors and cumulative dynamics. Industrial districts feature interconnected businesses within a specific region, often specializing in certain industries. IDs thrive on spontaneous social interactions and continuous knowledge circulation, functioning as place-based open learning systems. This balance between socio-cultural and economic components is vital but challenging to maintain amid changing environments. Transformation is crucial for LPSs facing contemporary challenges, yet the debate on supportive conditions remains open, particularly for mature IDs at risk of lock-in. This work explores triggering factors such as the diffusion of humanistic management and cultural enhancement of economic strategies for transitioning towards new, sustainable development paths with a focus on Italian industrial districts.

Using local systems of innovation, represented by industrial districts, and multinationals, **Carmine et al.** have elaborated on the intersection between local and global dimensions. This cross-fertilization is drawn by using a paradox lens applied to industrial districts. This novel perspective analyzes the local/global paradox in multinational corporations and industrial districts, unfolding interdependences and tensions from this interaction. From the conceptual framework of paradox theory, the local/global paradox offers a useful tool for analyzing both MNCs and IDs as they evolve.

From a Regional Innovation System (RIS) perspective, **Trippl et al.** reflect on recent modifications of the RIS approach that have been prompted by persistent environmental, social, and economic problems. In particular, the study points out a reorientation of the RIS framework towards addressing territorial sustainability challenges and the notion of challenge-oriented regional innovation systems (CORIS).

Intersecting sustainability and industrial districts, **Sedita and Maghssudipour** elaborate on the creation of new business models for finding solutions to environmental and societal challenges and the role played by industrial districts in firms' orientation towards sustainability. Using Propensity Score Matching technique on a novel database with information on 1,300 Italian fashion firms and an original *Natural Language Processing*-based data mining technique, findings suggest the existence of a sustainability-driven industrial district effect, i.e. a positive association between the sustainability orientation of fashion firms and their localization in industrial districts.

Accounting for the exposition of industrial districts to globalization and the associated break up of complete regional value chains from offshoring, **Asheim** reflects and debates on the new tendencies of de-globalization, regionalization and Industry 4.0 digital technology from within an industrial district level

of analysis. The US narrative of de-industrialization and manufacturing offshoring, seems not to be the case in Europe and, in particular, the case of industrial districts. The experiences of industrial districts, even in peripheral areas rather than large cities, represent an important learning and inspiration for future thinking about the organization of industrial production in different industries and regions.

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