

# **Identity in industrial districts**

## **Draft literature review**

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## **Introduction**

In the last century the concept of identity has been widely studied by various disciplines and used across different fields. Starting from the development of personal identity in psychology (Erickson 1959) and sociology (Mead 1934; Cooley 1902), the academic debate shifted very soon towards the discussion of collective identities, especially within cultural and social anthropology. The sharing of social norms and ceremonies within the same natural space, the clan, the family, the village, leads to the emergence of a social collective identity that has a strong influence on the definition of individual identities (Crocker 1977; H eritier 1977; Zonabend 1977). In sociology, group identity, deeply rooted in the classical constructs of Durkheim's "collective consciousness" and Marx's "class consciousness" has evolved to the study of the "we-ness" of a group in terms of shared attributes around which members coalesce (Cerulo 1997). The current sociological debate is still discussing collective identities that form within nations, ethnic groups, genders and cybergroups. Following the assumption that economic action is embedded in social reality (Granovetter 1985), organizational scientists started theorizing on collective identities within organizations drawing on psychology, sociology and anthropology, and launching a debate that flourished during the last twenty years and that is still in evolution (Albert and Whetten 1985; Asforth and Mael 1985; Dutton, Dukerich and Harquail 1994; Brown 1991; Seidl 2005). After the affirmation and diffusion of studies on clusters (Porter 1979, 1990; Saxenian 1994) and districts (Piore and Sabel 1984; Becattini 1979), many scholars started questioning on the emergence of collective identities also for groups of organizations.

The study of local clusters and networks attracted the attention of many scholars from different disciplines over the last twenty years. Following the seminal work of Porter (1979) a wave of interest on competitive advantage created by locally concentrated groups of organizations rose in the fields of economics (Becattini 1979; Piore and Sabel 1984; Dei Ottati 1991; Rullani 1997), strategy (Porac, Thomas and Baden Fuller 1989; Abrahamson and Fombrun 1994; Peteraf and Shanley 1997), marketing (Huemer, Becerra and Lunnan 2004; Lemmetyinen and Go 2005; Mandelli and La Rocca 2005) and population ecology (Romanelli and Khessina 2005). A concept of inter-organizational identity has been proposed across different fields, as an element influencing the achievement of a good performance in terms of coordination, efficiency and reputation effects (Peteraf and Shanley 1997) performance and competitiveness (Sammarra and Biggiero 2001) legitimization and access to resources (Carroll, Hannan and P olos 2000).

The role of identity as an intangible resource building competitive advantage has been extensively studied for single organizations (Stimpert et al. 1998; Lerpold et al. 2007) under a strategic and behavioral perspective. The expression of organizational identity, defined as that which is central, enduring and distinctive in an organization (Albert and Whetten, 1985), favours the formation of a strong reputation, that in turn is likely to produce tangible benefits for the firm (Fombrun and van Riel 2004). Furthermore, identity influences the behaviour of the firm, acting as an interpretive lens of the competitive environment, forming a repertoire of possible strategic options that managers can choose, and guiding the allocation of resources (Stimpert, Gustafson and Sarason 1998). This influence of identity makes strategic choices unique and different from competitors, but it also poses the risk of resistance and inertia to new challenges coming from the external environment (Reger et al. 1994; Stimpert, Gustafson and Sarason 1998). The strategic role of identity has been addressed both at the organizational level (Dutton and Dukerich 1991; Fiol 1991; Gioia and Thomas 1996) and for strategic groups (Porac, et al. 1989; Abrahamson and Fombrun, 1994; Peteraf and Shanley, 1997).

The economic literature on industrial districts also discusses the influence of intangible resources like shared socio-cultural values in building the atypical competitive advantage of locally embedded groups of medium and small firms (Becattini 1979, 1991; Dei Ottati 1991). Recently also concepts like district identity and identification have been introduced in the debate on industrial districts (Sammarrà and Biggiero 2001) and the issue of the intangible assets of industrial districts have been approached drawing on theories of social cognition and social psychology (Camuffo and Grandinetti 2005; Belussi, Pilotti and Sedita 2006), like in the cognitive stream of the strategy literature dealing with identity at the organizational and inter-organizational level. However, the crisis of the industrial district as a formula for success, and the evolutionary trends identified in the landscape of Italian districts (Lazerson and Lorenzoni 1999; Panizza 2002), challenges the power of concepts like collective identity to explain competitive advantage and successful performances. In fact, boundaries in districts are fuzzier and fuzzier, the role of leading firms is increasingly important and also sociocultural homogeneity is eroding, due to the diffusion of delocalization.

Therefore, considering the findings of the strategy literature on identity and the recent debate on the structural evolution of industrial district, the following questions emerge:

1. Do district firms identify with an overall district identity?
2. Is district identity a strategic resource to build district competitive advantage?

The present research wants to explore how district firms use district identity:

- to define themselves;
- as a repertoire to guide their strategic action;
- as a resource to build an external reputation.

The theoretical part gives an overview of the concept of identity as a strategic resource in management studies, both for single organizations and groups of firms. This also serves to pose the fundamental theoretical assumptions on identity that will frame the whole research.

Secondly the theoretical part reviews the literature on industrial districts to unfold the debate on collective intangible resources for competitive advantage and their usefulness in the contemporary evolutionary landscape.

## **1. Identity as a strategic resource**

The issue of intangible resources and their role in fostering competitive advantage has been widely addressed by the strategy literature. In opposition to the traditional strategic view that focuses on industry attractiveness (Porter, 1979) and that assumes interfirm homogeneity in the same industries, the resource based view of the firm stresses the importance of the access to valuable and hardly imitable resources to maintain competitive advantage. The concept of socially complex resources (Barney, 1991) is introduced within the resource based view of the firm, to indicate all those resources that are invisible and non tradable, like organizational culture, knowledge, heuristics, routines, identity and reputation. These resources are those that give firms asymmetry and uniqueness to compete in their markets, making it difficult to competitors to imitate them. Many intangible resources are skills that concern what people do while interacting inside an organization (Hall, 1992).

A working definition of identity as a strategic intangible resource of the firm is given by Stimpert et al. (1998: 87) and says that organizational identity is “the theory that members of an organization have about who they are”. This theory helps organizations to fulfil a basic strategic task, which is to understand and enact their environment through processes of scanning, interpretation and learning. Similar concepts that are related to identity in the strategy literature have been referred to as dominant logic, theory of the business, organizational saga, business definition, and vision. Together with identity they are of interest of a whole stream of thought in the strategy literature that addresses managerial and organizational cognition and knowledge structures and schemas (Stimpert et al. 1998).

The theoretical assumptions of this view refer to a reality that is socially constructed by subjective meanings that are objectivated and typified through processes of repeated social interaction (Berger and Luckmann 1966). Organizations are places where individuals interact and interpret collectively their environment, thus organizations themselves can be defined cognitive and meaning systems (Daft and Weick 1984). Organizations need to interpret their ambiguous environment to provide meaning and direction to their participants in order to be able to take actions and to survive. More, as Daft and Weick (1984: 285) remark “individuals come and go, but organizations preserve knowledge, behaviours, mental maps, and values over time. The distinctive feature of organization level information activity is sharing” and “strategic-level managers formulate the organization’s interpretation”. This position on the prominence of management cognition in shaping organizational meanings is widely supported and reflected in the empirical studies on organizational cultures and identities

(Porac et al. 1989; Hall 1992; Reger and Huff 1993; Gioia and Thomas 1996; Peteraf and Shanley 1997).

According to these assumptions a considerable number of studies addressed the question of how identity is used as a resource for strategic purposes, both in organizations and strategic groups. The following paragraphs present a review of the debate on the strategic usefulness of identity at the organizational and inter-organizational level (industry, clusters, and strategic groups).

### **1.1 Identity and strategy in organizations**

Personal identity is defined in psychology as a classification of the self that identifies the individual as recognizably different from others (Erickson 1980: 109). At the same time individual identity is formed and maintained through interactions with others (Cooley 1922; Goffman 1959; Mead 1934), and processes of identification with social groups have a considerable role in the definition of personal identities both by the individual and by others (Tajfel and Turner, 1985). Therefore identity is a conception of the self in relation to a cultural context that guides personal behaviors in society.

Identities in organizations as well described by Fiol (1991: 193) “reflect how individuals or subunit parts of an organization define what they do in relation to their understanding of what the organization is”. Organizational identity answers to the question “who we are as an organization”, and according to the classic definition by Albert and Whetten (1985) it is defined as that which is central, enduring and distinctive in the organization.

According to Fiol (1991: 191-193) “to manage cognitive processes for competitive advantage requires that we attend to the identities by which people make sense of what they do in relation to a larger set of organizational norms...To manage the cognitive dimension of competency is to manage the linkages between abstract cultural values and behavioural expressions of those values. This requires attention to the intermediate identity beliefs that define the linkages”.

According to Rumelt (1979) one of the basic tasks of strategy is to frame uncertain situations; identity beliefs act as a *lens* that guides organizational interpretations both for the present and for future perspectives (Stimpert et al. 1998). Furthermore, identity beliefs generate intentional and unintentional projections of the organization’s essence that *impress* an image of the organization in external targets; the image that stakeholders hold of the organization generate a reputation that according to Hall (1992: 138) “can be a major factor in achieving

competitive advantage through differentiation”. The two metaphors of *identity as a lens* and *identity as impression* can be useful guides to explore the debate on the strategic uses of organizational identity.

### *Identity as a lens*

The metaphor of identity as a lens is introduced in 1998 by Stimpert et al. to describe how the theory of who we are as an organization influences the strategic interpretation of the competitive environment and the consequent actions taken. As well summarized by Lerpold et al. (2007) the literature proposes that identity beliefs have different roles for strategy formulation. Current identity beliefs guide environmental *scanning* and the attention on the *identification* of certain issues considered important for the organization. Then, they influence the *interpretation* of the issues selected, guiding the sense-making process enacted by organizational members. In some cases identity beliefs are a resource also for the *generation of new ideas* and the *selection of alternatives* paths of action. Not only current identity beliefs, but also *identity aspirations* often act as interpretive lenses to frame issues and to select possible future alternatives.

Dutton and Dukerich (1991), with the empirical case of the homeless crisis in the facilities of the Port Authority of New York, analyse in depth how identity beliefs affect the interpretation of issues. In their analysis they show how organizational members interpreted the crisis using the interpretive schemas given by their identity beliefs. Their conception of the organization was used to define the *importance* of the issue, to analyse its *different aspects* and to give *meaning* to it. First, the issue of homeless people occupying the Port Authority facilities was considered important because it was threatening key elements of the organization’s identity like being a high quality, first class service. Then, different meanings were attached to the issue according not only to the business identity of the Port Authority, but also to its ethical and altruistic identity. It is particularly interesting how organizational members interpreted the issue also according to their perception of how external audiences judged the organization. This social construction of reality, guided by identity beliefs, led to organizational actions and solutions, motivated accordingly to the interpretation of the issue. Therefore identity beliefs influenced strategic organizational actions. In Dutton and Dukerich’s words (1991: 547) “These interpretations, shaped by the organization’s identity, move individuals’ commitment, involvement, indifference, and resistance in particular directions and thereby direct and shape organizational actions”.

When decisions on strategic actions are particularly sensitive and other tangible elements are not helpful in motivating choices, organizational identity is invoked to choose among possible alternatives. According to Albert and Whetten (1985) identity becomes particularly salient during some organizational life cycle events, when the organization is forced to choose among *alternative paths of identity change*. Alternative definitions are to be chosen while the organization is forming, when it is facing an extremely rapid growth, when a change of collective status is imposed (e.g. takeovers, mergers etc.) or in case of retrenchment. Other events in which identity issues emerge fiercely are the loss of “identity sustaining elements” (1985: 274) or the accomplishment of the organizational reason for being. Organizational identity can be an obstacle or a resource to strategic change, anyway as Whetten (2006: 229) points out “although many strategic decisions can be adequately explained using standard economic models, some appear to be intentional expressions of the organization’s distinctive character”. This is the example of Scania, a company producing trucks, buses and engines, facing the decision of interrupting or renewing the production of bonneted cabs. Scania is a profit-oriented company and the development of new bonneted cabs represents an additional production cost, apparently non strategic, considering that bonneted cabs are not the cutting edge of innovation in the field. However, Scania was traditionally represented by the T-Truck, a bonneted cab that symbolizes the essence of Scania, especially for the technical side of organizational members. In this case identity beliefs helped to select among the two alternatives, and although it was not considered a good strategic short term decision by the middle management, a new T-Truck was developed: “the T-Truck was supposed to convey the company’s identity, signalling strength and prestige. Moreover it stood for continuity in the long history of Scania trucks” (Brunninge, 2007b: 29). In other cases identity functions as a model from which taking distance. This is well represented by the example of the Baby Bell US West, who developed a new strategy using the overarching identity of the old parent company AT&T as a benchmark of who they were not anymore (Sarason and van Rekom, 2007).

Sometimes identity beliefs are a resource for the generation of new ideas that allow avoiding substantial identity change; this is what happened to Handelsbanken in the introduction of e-banking (Brunninge 2007a). The identity of Handelsbanken was deeply rooted in the prominent role and independence of local branches that were committed in maintaining a strong relationship with customers and the local community. The advent of internet and e-banking in the 1990’s put Handelsbanken in an awkward condition: the implementation of a

central service of e-banking, like all competitors were doing, would have meant reducing somehow the independence of local branches. Moreover, e-banking *per se* augments the distance between customers and local branches, thus suppressing one of the focal identity traits of Handelsbanken. For these reasons the bank was late in introducing e-banking services, losing competitive advantage compared to its competitors. This could seem a typical example of organizational inertia due to identity enduringness and resistance to change (Reger et al. 1994). However, the end of the story shows how identity is not always an inertial force, but can prove to be a resource to new idea generation and change. In fact, finally Handelsbanken implemented a peculiar system of e-banking, different from all its competitors and based on local branches websites. In this way customers could benefit of the innovative technology, maintaining at the same time a tight relationship with their local branch. So in this case “the bank did change, but this was done in a way that was congruent with its identity. Thus, organizational identity does not prevent strategic change *per se*; rather, it channels it in directions that do not threaten identity” (Brunninge 2007a: 77).

Therefore identity is a lens to interpret the current environment, but also to make sense of the expected and desired future. Especially identity aspirations can be a useful interpretive lens to make sense of change and to pull the organization towards a new strategic desired state. Gioia and Thomas (1996: 398) suggest that “a prime role for leaders of strategic change is to frame that change in aspirational terms... A plausible, attractive, even idealistic future image would seem to help organization members envision and prepare for the dynamic environment implied by strategic change”. Thus identity can be very motivational (Stimpert et al. 1998), and this is an aspect that is particularly developed in the managerial literature on vision. The link with identity is clear especially in the insightful work of Collins and Porras (2000) on successful companies. They analyse how these companies were able to develop a vision that was directly proceeding from their organizational core ideology; top management was able to envision a future that was a strategic development of the company present, but at the same time it was tightly coupled with company’s core values and reason for being. Successful companies are those that are visionary and that are able to “stimulate the progress”, while “preserving the core” (Collins and Porras 2000: 220). In this sense identity is a lens both for the present and for the future.

### *Identity as impression*

“Identity is continuously socially constructed from the interchange between internal and external definitions of the organization” (Hatch and Schultz, 2002: 1004). Identity answers the question who we are as an organization, but, as shown by the Port Authority case, the answer is partially provided also by who others think that we are.

Individuals in order to form positive images of themselves in the eye of interacting actors, try to impress others, deliberately projecting relevant aspects of their identities. Using a theatrical metaphor Goffman (1959) says that people act as a performer, *expressing* a character and trying to *impress* the audience that can credit or discredit it. When a favourable image is created in the audience’s mind, individuals get social power over them, with tangible benefits in the management of interactions and transactions. According to van Riel (1995), this is true also for organizations; companies try to impress their stakeholders, projecting aspects of their identity with the aim of creating favourable images in their minds. This is done consciously through corporate communications, but also unwittingly through corporate and individual behaviors, which also contribute to impress an external image.

For strategy researchers the creation of positive external image leads to a good reputation which is an intangible asset providing a consistent competitive advantage (Stimpert et al. 1998; Fombrun 1996; Rindova and Fombrun 1999). External image is the result of the projection of the essence of an organization (Stimpert et al. 1998), and as Bernstein (1994) points out, a positive image can be impressed only when the image reflects the reality, when the aspects of identity which the company chooses to emphasise are not a fake. Projecting the essence of the organization means giving salience to those aspects that are central and distinctive of an organization, providing that asymmetry and uniqueness that the resource based view of the firm considers fundamental for the achievement of competitive advantage (Hall, 1992; Stimpert et al, 1998). Identity is a resource in creating competitive advantage because it is “valuable, rare and difficult to imitate” (Rindova and Fombrun 1999).

Rindova and Fombrun (1999) design a competitive advantage model in which the role of strategic projections of identity is absolutely complementary to the one accomplished by strategic investments. If strategic investments from the firm get back material resource allocations by the organizational field, the strategic projection of identity gets a feedback from external audiences in terms of definitions of success. “By placing firms at different levels in reputational rankings, constituents not only create exemplars and role models for

competing firms to follow, but also collectively define the success criteria that firms seek to include in their microcultures” (Rindova and Fombrun 1999: 700).

A favourable reputation brings to companies reliability, credibility and trustworthiness, that in turn trigger some tangible benefits like the possibility to ask for a premium price, to lower costs in negotiations with suppliers, to recruit good human resources, to higher the stability of turnover, to get more freedom of action by stakeholders and to lower the risk of crisis (Fombrun 1996).

Identity projections are a strategic resource to form positive images both in external and internal audiences. External projections have a role in forming positive reputations, while internally strategic identity projections serve as antecedents of strong identification and commitment (Smidts, Pruyn and van Riel 2001). Furthermore good external images also have a positive impact internally (Dutton, Dukerich and Harquail 1994; Smidts et al. 2001).

On one side the literature focused on the measurement (Fombrun, Gradberg and Sever 2000; van Riel and Fombrun 2007) and the outcomes of reputation (Hall 1992; Rindova and Fombrun 1999), on the other side corporate identity and marketing studied the practices of impression management through corporate communications (van Riel, 1995; Olins and Selame 2000; Fombrun and van Riel 2004; Fombrun and van Riel 2006) and branding (De Chernatony 2001; Aaker 1997; Davies, Chun and Roper 2003).

## **1.2 Identity and strategy in clusters and strategic groups**

Rindova and Fombrun (1999), in the construction of their competitive advantage model, not only consider the importance of organizational identity in shaping strategic communications, but also stress the role of the macroculture, which embeds the organization, in defining the industry paradigm affecting strategic decisions. The importance of the interplay between firm-level and industry-level beliefs in formulating strategies was already stated by Huff in 1982. She suggests that, like individual characters jointly form an organization’s character, so too organizations characters that are strictly in contact within a competitive group can develop a *cohesive industry character*. Firms competing with each other find it more convenient to “borrow and modify ways to frame circumstances” (Huff 1982: 126) provided by their common environment. They thus develop shared metaphors and worldviews that lead them to choose similar strategic behaviors.

A consistent stream of cognitive studies on strategic groups followed Huff’s work. Among others Porac et al. (1989), analysing the Scottish knitwear industry as a cognitive community,

specifically addressed questions concerning *consensual identity* in competitive groups. In their view, cultural and historical homogeneity leads to the formation of a shared identity that contributes to the development of common mental models among the top managers of different organizations, which in turn influence the formulation of competitive strategies and the perception of the boundaries of the competitive group. It proceeds that the development of a consensual identity among competing organizations not only influences individual firms' action, but also fosters the construction of the competitive group itself, creating and maintaining a stable set of transactions in the marketplace. In this way the shared "mental models of strategists form a critical link between group-level and firm-level dynamics" (Porac et al. 1989: 412). An explicit assumption of this study contributes to the concept of inter-organizational identity built upon micro-processes: here the group of competitors is defined in psycho-sociological terms rather than as a pure economic entity. This means that the consensual formation of shared beliefs in the group is seen as a psychological reality, not as an analytical abstract model. This assumptions lead to the empirical rejection of the traditionally used cluster analysis, in favour of the use of semi-structured interviews to uncover cognitive taxonomies in managers' perceptions of their competitive environment. This view is adopted by a whole stream of research (Fombrun and Zajac 1987; Reger and Huff 1993; Porac et al. 1995; Peteraf and Shanley 1997), and among others Nath and Gruca (1997) empirically found that strategic groups emerged with cognitive method were similar to those obtained cluster analyzing archival variables; Osborne, Stubbart and Ramaprasad (2001) furtherly found that cognitive strategic groups and performance strategic groups have the same members and that group goals are positively related to performance.

Similarly to Porac et al. Abrahamson and Fombrun (1994) focus on shared beliefs among managers across organizations to define an *inter-organizational macroculture* that relates to the perception of group boundaries, members' reputations and strategic agendas. They see inter-organizational connections in terms of value-added networks, e.g. horizontal, vertical and diagonal ties between competitors, suppliers and buyers. Thus, the formation of shared beliefs does not obligatory proceed from cultural historical and geographical homogeneity. Macrocultures emerge from a common perception among managers about boundaries, in terms of categorization of competitors and symbionts, about the reputational ranking of organizations belonging to the group and about similarity of strategic agendas. The network structure in terms of density, centrality and structural equivalence, is a macro force that impacts the homogeneity of macrocultures. If homegeneity fosters collaboration, stability and

mitigation of rivalry within the value-added network, sharing too homogeneous beliefs can lead to negative consequences for what concerns change and reaction to external threats, diffusion of innovation and variety of competitive strategies.

With the purpose to strengthen the theoretical foundations of cognitive strategic groups, Peteraf and Shanley (1997) propose a theory of *strategic group identity* based on micro foundations for what concerns the formation of cognitive groups and their coalescence in emerging group identities, but also considering the influence on this process of macro level factors, such as economic, historical and institutional forces. In the classical definition strategic groups are seen as groups of firms isolated by common mobility barriers and pursuing similar strategies (Porter 1979), but here the strategic group is meant as a substructure of firms within an industry, which is cognitively acknowledged by its participants. It is the concept of identity that gives evidence of the very existence of strategic groups; in fact they emerge from the coalescence of the managers' cognitive partitioning of reality, but they are not only the product of categorization processes. Managers categorize their environments through processes of observational learning (Bandura 1986) that imply reciprocal interactions and the establishment of routines influencing decision-making. Successful routines lead to a collective understanding of the attributes of the interactive group by its members that consequently come to categorize the interfirm group and to identify with it (Tajfel and Turner 1985; Ashforth and Mael 1989). These processes make the emergent structures (strategic groups) more than the sum of single categorizations and support the development of their identity. Historical, economic and institutional forces operating in the macro environment that embeds strategic groups influence the whole dynamics of identity creation by providing the conditions upon which the micro processes take place. Drawing upon the organizational identity definition given by Albert and Whetten (1985), Peteraf and Shanley define strategic group identity as "a set of mutual understandings, among members of a cognitive intraindustry group, regarding the central, enduring and distinctive characteristics of the group" (1997: 166). Referring to the literature on cognitive categorization (Rosch 1978; Lakoff 1987), Peteraf and Shanley underline that understandings in a strategic group are *mutual* and not *shared*; members do not perceive the group exactly in the same way, rather they are able to understand the underlying logic of members' behaviors. More, as the boundaries of cognitive groups are indistinct, there will be more agreement on the membership of central members or prototypical firms (Reger and Huff, 1993) while periphery membership is fuzzier.

As in other cognitive/strategic studies, inter-organizational identity is discussed in relationship to strategic outcomes and performances. Though, Peteraf and Shanley explicitly set the basis for a theory of strategic group identity, proposing a new testable construct that in their view may add explanatory power to already existing economic models of firm profitability. They propose an empirical operationalization of the concept of identity strength, that measures both managers' perceptions and actual network connections between firms in the group. Strong strategic group identities can affect both positively and negatively a firm's success in the marketplace. A strong identity improves coordination and efficiency in strategic groups by increased interaction and information exchange within the group. It also positively impacts reputation, increasing recognition of the strategic group from external constituencies. On the other hand, a strong identification of firms to the group may negatively affect the flexibility of the whole strategic group, increasing strategic myopia and leading to suboptimizing behaviors.

The authors reviewed propose a perspective on strategic groups that anchors their dynamics and performance to social and psychological processes, rather than only to economic abstract indicators. In fact, in some cases, like the well known case of Route 128 and Silicon Valley, economic dimensions alone are not able to explain different behaviours and outcomes (Saxenian 1994). Inter-organizational identity, as a micro founded concept based on cognitive categorization is at the basis of this view together with inter-organizational ties.

Following these assumptions studies have been made also on the relationship between identity and reputation for strategic groups. Ferguson, Deephouse and Ferguson (2000: 1210) show that "reputation applies not just to individual firms and industries but also to strategic groups. If reputation is a mobility barrier at the strategic group level, as well as a barrier to imitation at the firm level, then managers may need to consider the impact of the actions of their firm on the collective reputation of the group". Caves and Porter (1977) noted that firms might invest in mobility barriers that defend the group. Thus, group members face collective action issues in deciding how much to invest in reputation building and maintenance at the group level. However, the managers of an individual firm must also find a way to have their reputation stand out from their group so their firm can develop competitive advantage over other group members. Zyglidopoulos, De Martino and Mc Hardy Reid (2006: 85) further suggest that "cluster reputation is a potential substitute for corporate reputation in the case of SMEs, which often lack a reputation of their own."

## **2 Industrial districts and intangible resources**

The Marshallian concept of district (Marshall 1923) has been reintroduced in the economic literature by Becattini (1979) for the analysis of the Italian phenomena of large numbers of small firms clustered in one geographical area. In fact, the post-war Italian economy proved that these systems could reach better performances than their larger competitor firms both in Italy and in Europe (Becattini 1991), opening an alternative economic perspective to the dominant Fordist one. Becattini embraces a sociological perspective to explain the economic process of district development; building upon the concept of “industrial atmosphere” that Marshall attributed to districts, he underlines the fundamental role played by common social and cultural features in the formation and successful development of an industrial district. This line of inquiry has been adopted by many scholars that studied intensively Italian cases focussing on historical and geographical backgrounds to explain the cultural platform on which districts’ competition and coordination are based (Piore and Sabel 1984, Dei Ottati 1991, Rullani 1997). Many recent empirical studies continue to refer to Becattini and use the Italian district model also in environments which are very different from Italy (Schmitz 1995, Molina-Morales 2001, Dunford 2006).

Contemporary to the development of the Italian school, the concept of cluster introduced by Porter in 1979 benefits of an enormous success and is massively studied worldwide especially in relation to strategic competitive advantage. According to Porter (1998: 78) “clusters are geographic concentrations of interconnected companies and institutions in a particular field”, a definition that, as Belussi and Caldari (2004: 27) remark, shapes a “catch-all” concept that adapts to a multitude of different situations. It considers only the first step of the Marshallian localization process – concentration – leaving apart the formation of cluster identities, institutions and community relationships that specifically characterize the industrial district.

Empirical studies on industrial districts (IDs) flourished in the eighties and nineties, and also different definitions and approaches were developed, taking alternatively inspiration and distance from Becattini’s neo-marshallian view. Paniccia (2002) in her review of ID studies identifies three other approaches: economic geographic, historical/sociological and organizational. Economic geography focuses mainly on the effects of external economies on local development and creation of innovatory systems. Historical and sociological approaches concentrate on the history and process of local development, giving particular attention to the development of entrepreneurial culture and background in a territory. The organizational

approach studies IDs drawing on different perspectives of organization theory like competence theory (Lawson 1998), population ecology (Lazzeretti and Storai, 1999), cybernetics (Biggiero, 1999) and cognitive studies (Rullani 1994, Belussi, Pilotti 2000, Camuffo and Grandinetti 2005). Different approaches led also to the elaboration of typologies of IDs (Markusen, 1996; Belussi, 1999; Paniccia, 2002), in which the neo-marshallian form is just one of the possibilities, and often criticised of being one of the rarest forms in the economic reality and much context-dependent (Markusen, 1996).

The next paragraphs offer a brief review of the current landscape of ID studies; accordingly with the aim of this research particular attention is given to the role of intangible resources, like culture, knowledge and identity.

## **2.1 The neo-marshallian district**

The Italian school of economists adopting a neo-marshallian approach define IDs as socio-economic systems formed by large number of firms, characterized by small or moderate size, clustering in one geographical area or 'district' (Dei Ottati, 1991). According to Becattini (2000) there are two sides of IDs that are strictly interconnected: the economic/productive side and the socio-cultural one. Studying these two aspects separately would mean, in his opinion, a misleading interpretation of a single part for the whole system.

Going into more detail, IDs are characterized on the economic/productive side by:

- vertical disintegration of production (Becattini, 2000);
- long term intra-districtual links between suppliers and producers (Becattini, 2000);
- local system of prices (Becattini, 2000);
- diffused monetary capital (Becattini, 2000);
- intra-districtual labor mobility (Becattini, 2000);
- frequency of transactions (Dei Ottati, 1991).

At the same time on the socio-cultural side IDs are defined by:

- contextual tacit knowledge (Becattini, 2000);
- sense of belonging (Becattini, 2000);
- trust (Becattini, 2000);
- shared language (Becattini, 2000; Dei Ottati, 1991);
- shared values and implicit rules of behavior (Dei Ottati, 1991);
- local identity (Becattini, 2000);
- social intra-districtual mobility (Becattini, 2000);
- cultural propensity to entrepreneurial risk (Becattini, 2000).

According to Dei Ottati (1991: 57), those characteristics taken together make the ID an interpretive model for an economic reality that is neither a market nor a community, but what he calls a “community market” where interdependence, competition and cooperation are forces that act simultaneously and that guarantee flexibility and innovation. Dei Ottati describes IDs as an alternative model of mass production, a micro-contestable market that functions as a social network halfway between market and hierarchy (Paniccia 2002).

Under this perspective intangible resources play a crucial role. The local milieu and entrepreneurial propensity are social forces that foster the very formation and development of IDs; shared knowledge, language and values, together with trust and sense of belonging guide the frequent transactions inside IDs, facilitating cooperation despite competition in the same industry; finally, as Becattini (1991: 85) remarks, success depends also on the image of the ID, “that is separate from and, in a sense, summarizes those of the individual firms that make up the district” and that is created by the peculiar cultural homogeneity that makes the ID a “collective agent”.

The pervasive role of intangible resources in determining ID success is further confirmed when analyzing the policies that these researchers suggest to local institutions. First of all, Becattini himself stresses how it is important to propose policies that act on the ID environment and not on single firms (2000). In agreement to this position Visconti (2002) proposes a series of meta-management actions at the ID level that facilitate the entrepreneurial culture and the intangible heritage in the district territory, while Fortis, Quadrio Curzio and Miceli (2006) suggest a public intervention for the development of collective brands that represents the whole ID filière.

## **2.2 Industrial districts in evolution**

Despite the success of the neo-marshallian view of IDs and the great number of empirical studies that it produced in the last twenty years, since the mid-nineties it also faced theoretical and methodological criticism. Also the recent developments of the Italian economy, that saw a poor performance of IDs, together with globalization forces, put a great challenge to this ID model as a formula of success.

Alternative models and critics developed along three main points:

- the neo-marshallian model of IDs is an oversimplification of reality, too much based on the peculiar Italian context;
- the role of individual firms is underestimated;

- the neo-marshallian model of IDs is not able to face globalization processes.

Starting with the first point Markusen (1996) suggests that local culture, cooperation, trust and affiliation are characteristics of Marshallian industrial districts, but other typologies exist where the local socio-cultural influence is far less important. Studying successful clusters in the US economy she identifies three other typologies of industrial districts (see fig. 1), where the role of multinationals, the state, and external resources is relevant in the dynamics of evolution and performance. She suggests that districts are “complex products of multiple forces: corporate strategies, industrial structures, profit cycles, state priorities, local and national politics. Their success cannot be studied by focusing only on local institutions and behaviours, because their companies...workers..., and other institutions..., are embedded in external relationships- both cooperative and competitive-that condition their commitment to the locality and their success there” (Markusen 1996: 309).

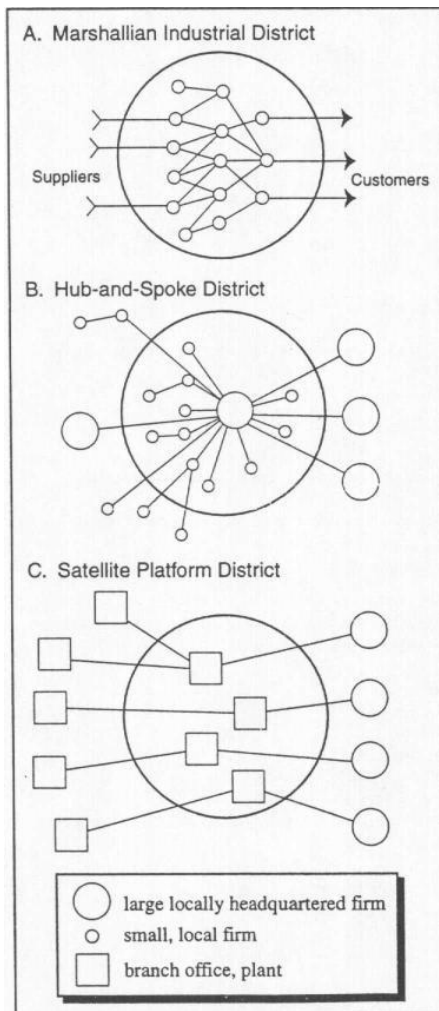


Figure 1: Typology of districts proposed by Markusen (1996: 297)

In the same vein Lazerson and Lorenzoni (1999: 361) criticise the view of neo-marshallian districts as “functionalistic forms of social and economic cooperation”, highlighting the risk of over emphasis of social embeddedness at the expenses of other economic or organizational dimensions. They focus particularly on the second point, which is the underestimation of the role of individual firms, pointing out that organizational structures are not homogeneous in IDs and that the role of the entrepreneur himself is minimized in favour of the role of local institutions in fostering a general entrepreneurial culture. In addition, they notice that more and more, large firms are part of IDs, bringing external investments, skills and knowledge in the local community. Focal firms in particular, that have a central role in the ID due to the intensity of relationships with both customers and suppliers, are those that more than others have also links outside the district proceeding to vertical integration and creating solid relationships with distribution in foreign markets. They conclude by saying that “the more dynamic the industrial district, the less likely it conforms to the traditional community of homogeneous values and rules described by Becattini” (1999: 373). The ID depicted by Lazerson and Lorenzoni looks very similar to the hub and spoke type proposed by Markusen (see table 1 for differences between neo-marshallian and hub and spoke types).

Other researchers acknowledge that the ID model distinguished by systemic competitive advantage, is rapidly transforming towards a structure where individual firms’ strategies are more and more influential (Guelpa e Micelli, 2007).

## Hypothesized Features of New Industrial District Types

### Marshallian industrial districts

- Business structure dominated by small, locally owned firms
- Scale economies relatively low
- Substantial intradistrict trade among buyers and suppliers
- Key investment decisions made locally
- Long-term contracts and commitments between local buyers and suppliers
- Low degrees of cooperation or linkage with firms external to the district
- Labor market internal to the district, highly flexible
- Workers committed to district, rather than to firms
- High rates of labor in-migration, lower levels of out-migration
- Evolution of unique local cultural identity, bonds
- Specialized sources of finance, technical expertise, business services available in district outside of firms
- Existence of “patient capital” within district
- Turmoil, but good long-term prospects for growth and employment

### Italianate variant (in addition to the above)

- High incidence of exchanges of personnel between customers and suppliers
- High degree of cooperation among competitor firms to share risk, stabilize market, share innovation
- Disproportionate shares of workers engaged in design, innovation
- Strong trade associations that provide shared infrastructure—management, training, marketing, technical or financial help, i.e., mechanisms for risk sharing and stabilization
- Strong local government role in regulating and promoting core industries

### Hub-and-spoke districts

- Business structure dominated by one or several large, vertically integrated firms surrounded by suppliers
- Core firms embedded nonlocally, with substantial links to suppliers and competitors outside of the district
- Scale economies relatively high
- Low rates of turnover of local business except in third tier
- Substantial intradistrict trade among dominant firms and suppliers
- Key investment decisions made locally, but spread out globally
- Long-term contracts and commitments between dominant firms and suppliers
- High degrees of cooperation, linkages with external firms both locally and externally
- Moderate incidence of exchanges of personnel between customers and suppliers
- Low degree of cooperation among large competitor firms to share risk, stabilize market, share innovation
- Labor market internal to the district, less flexible
- Disproportionate shares of blue-collar workers
- Workers committed to large firms first, then to district, then to small firms
- High rates of labor in-migration, but less out-migration
- Evolution of unique local cultural identity, bonds
- Specialized sources of finance, technical expertise, business services dominated by large firms
- Little “patient capital” within district outside of large firms
- Absence of trade associations that provide shared infrastructure—management, training, marketing, technical or financial help, i.e., mechanisms for risk sharing and stabilization
- Strong local government role in regulating and promoting core industries in local and provincial and national government
- High degree of public involvement in providing infrastructure
- Long-term prospects for growth dependent upon prospects for the industry and strategies of dominant firms

Table 1: features of Marshallian/Italianate districts and Hub and spoke districts (Markusen, 1996: 298)

According to Belussi (1999: 731) “during the 1990’s, an evolutionary shift towards hierarchically organised ‘districts’, with dominant core/ring structures centred on one or more leading firms, appears to have been a structural feature”. In delineating four evolutionary patterns (see table 2) for industrial districts, she addresses also the third main point of criticism to the neo-marshallian model, which is the evolution of ID structures due to globalization processes. In fact, one of the evolutionary patterns concerns the partial de-localisation of production, which means strong relationships beyond the district’s boundaries.

Decline in the industrial structure because of a loss of competitiveness.	Vigevano (footwear)
	Casarano (footwear)
	Carpi (clothes)
	Lumezzane (cutlery)
	Busto Arsizio (textile mobilisation)
Partial de-localisation of activities towards lower labour-cost areas.	Prato (textile)
	Barletta (footwear)
	Benetton system (clothes)
Increase in production re-centralisation with the expansion of the role of medium-sized firms. More hierarchisation of the industrial structure.	Riviera del Brenta (footwear)
	Mirandola (bio-medical)
	Langhirano (food)
	Castel Goffredo (hosiery)
	Pesaro (furniture)
	Arzignano (tanning)
	Cittadella (area mechanics)
	Murano (glass)
	Cadore (spectacles)
	Sassuolo (ceramics)
	Biella (textile)
	Como (silk)
	Vigevano (machinery for footwear)
	Marche (footwear)
	Montebelluna (footwear)
Bologna (packaging machinery)	
Varese (anti-theft alarms)	
Production diversification.	Cantù (furniture)
	Reggio Emilia (machinery for agriculture)
	Milanese hinterland (logistics)

Sources: Censis (1995), Onida, Viesti, Falzoni (1992), Crestanello (1995), Camagni and Rabellotti (1994), Franchi (1994), Bozzi and Bramanti (1994), Creti (1994), Cento Bull (1992), Da Canal (1993), Belussi (1994 and 1995).

Table 2: “Map of the evolution of Italian local production systems” (Belussi, 1999: 732)

Camuffo and Grandinetti (2005) address both the issue of leading firms and globalisation, introducing the label of district-global firms: these firms, despite being central and well performing in the district, delocalize production, manage directly distribution channels, acquire resources also from external suppliers and cooperate with external partners of the same industry.

According to Paniccia (2002) globalisation poses two other threats to the ID neo-marshalian model, that concern directly their socio-cultural resources. First immigration flows are favouring a transformation in the labour force inside IDs. Also exemplar cases, like the textile district of Prato, show an increasing number of immigrant employees that although integrated, do not bring with them the historical and traditional values of the local community. Second, the family, a social institution deeply rooted in the district culture so far and at the basis of many family businesses, is rapidly transforming. Considering the globalization forces both at the economic and social level, Paniccia poses a challenging question for future research: are IDs changing, yet preserving their local identity, or are they definitely evolving toward different forms?

Some recent empirical research conducted on the data gathered by the TeDIS observatory and Intesa Sanpaolo tries to give a picture of the contemporary district landscape in Italy, observing their structure, strategies and performances on a comparative basis, and confronting them with non ID firms in the same industries.

According to Foresti and Trenti (2007) the model of IDs is objectively changing, due to some internationalization of production, to the average growth of firms' size and to the emergence of ID leaders. The research on 648 firms in 41 districts of typical made in Italy industries analysed internationalization processes, investments in innovation and R&D, investments in commercial policies and brand, and adoption of ICT (Chiarvesio and Micelli 2007). Results show that, according to the dimensions investigated, only 48,8% of the sample resembles the *local traditional* model. The other half of the sample shows a commercial opening toward distribution (27, 9%), opening to extra ID strategic suppliers (11,3%), and finally an open network with both external suppliers and customers (12,4%). The last model comprises those firms which are best performing and district leaders and that show consistent strategies of research for innovation, communication and ICT. An econometric analysis on the same sample tried to correlate the dimensions analysed in the first study with measures of performance (Foresti, Guelpa e Trenti 2007). Results confirm that investments in innovation, ICT and brand are positively correlated with performance measures like income and profitability.

At first sight it looks like the local intangible resources given by being part of a district are no more relevant for this kind of firms. However, the comparative analysis of different IDs in the same industries, and facing the same market challenges, shows that the territory and agglomeration economies still play an important role in the results achieved by IDs. (Foresti and Trenti 2007). Where the local community is able to adapt and to attend the district by offering knowledge, social capital and advanced services, firms find a fertile ground to evolve with success. On the contrary where the territory is not able to offer support, firms act individually, but success cases are isolated and the overall ID performance poor.

Considering the picture given by the data collected in 2004, Corò and Micelli (2007) state that even if the ID model is changing, and marshallian territorial logics lost part of their interpretive strength, the ID model *per se* should not be abandoned in favour of the adoption of a managerial capitalist model. In fact, data show that the opening to international cooperation does not exclude cooperation in the territory, probably with a reduction of partners that in turn are more strategic and selected. Globalization challenges can be better faced by an ID model that is characterized by entrepreneurial culture (risk oriented),

territorial relationships (reducing risk), and specialized workforce (more committed to a job that usually means also personal development). Finally Corò and Micelli reaffirm the value of the local territory in favouring innovation thanks to spatial concentration and sharing of mistakes, relationships with research institutions and positive externalities given by collective research. However, differently from the neo-marshallian view, they remark that this value is not the heritage of a given local milieu, but it is the result of conscious institutional efforts in the ID territory.

### **2.3 Intangible resources in industrial districts under a cognitive perspective**

The role of intangible resources has been largely investigated by researchers using an organizational approach to the study of IDs. In particular a whole stream of studies adopting a cognitive perspective focused on knowledge, learning and identity inside districts, drawing on socio-psychological studies already acknowledged at the organizational level.

Following the studies on organizational knowledge sharing (Nonaka 1994), IDs are often defined under a cognitive perspective as self-organized systems where knowledge evolves following the spiral pattern of tacit knowledge, that is shared and then expressed in explicit knowledge, which is used by combination and internalized (Paniccia 2002). According to Belussi (1999: 734) tacit knowledge and collective learning “by using, by doing, by interacting, by searching” are at the basis of the development and innovativeness of successful IDs. She affirms that “this knowledge, which characterises the specific competences or even specific and latent resources (Colletis-Wahl 1995) of the enterprises that are part of a given local context, is embodied in individuals and in the collective learning of organisations, and is freely socialised and spread only among citizens/workers within that specific context, remaining fairly inaccessible to people coming from outside. This type of knowledge is in some sense territorially embedded, characterising the productive culture of each local production system and growing cumulatively over time”. Following these assumptions, also the role of local institutions is suggested to be the facilitation of collective learning by the creation of new knowledge, coordination and distribution of information, reinforcing of local identities and culture by the production of shared languages, and storage of accumulated specific knowledge.

Collective learning and knowledge sharing remain a resource also for those IDs facing globalization processes. According to Camuffo and Grandinetti (2005) IDs are places of high cognitive proximity and cognitive interaction; technological and productive homogeneity leads to cognitive proximity because of the high level of prior related knowledge that

interactants possess, while socio-cultural homogeneity facilitates antecedents of cognitive interaction like frequent relationships and inter-firm labor mobility. These elements taken together characterize the high absorptive capacity in ID contexts, where access to information is a transparent process. Cognitive proximity makes the process of knowledge transfer efficient; however, only a certain degree of cognitive distance can bring new knowledge in the process, making it also effective and useful. Traditionally the same structural characteristics of member firms make the ID a place of high creation of new knowledge: firms are small and individuals inside organizations have on average a wide spectrum of experience, informal organizational contexts lead to collective solution of problems and behaviours of innovative imitation take place between firms. The evolutionary landscape of the ID model in Italy brought a new dimension of knowledge creation that crosses the boundaries of the local community. In fact some dynamic firms (district-global firms), create increasingly cognitive links with the external environment through acquisition of external human resources, relationships with strategic external suppliers and customers, receiving external investments (e.g. by multinationals), and also through extra district experiences of entrepreneurs that leave the district to acquire experience and come back. These firms, rather than being a threat to ID survival, are able to enrich its intangible resources; they gather new knowledge in the global environment and bring it to the local context, where it creates innovation by combination with local knowledge.

This perspective is also supported by Belussi, Pilotti and Sedita (2006), who remark how it is not just the marshallian industrial atmosphere to be considered an intangible resource, but also the process of collective learning at the boundaries of IDs and the multiple identities of ID members. In fact ID members belong to a community of practice (CoP), defined as “an organism constituted by a group of professionals, informally bound together, who guided by a common purpose, share their distinctive capabilities to solve organizational problems.”(Belussi et al. 2006: 13). The CoP is the environment of social learning where engagement, imagination and alignment take place. Citing Wenger (2000), Belussi et al. remark how identity is a fundamental structuring element of the knowledge process, being knowing itself an act of belonging; therefore “the strength of a community of practice is also determined by the members’ sense of belonging to a unifying identity”. However, one of the characteristics of identity is that individuals often have multiple identities given by their belongingness to different communities at the same time. This “multi-membership” of ID members in different CoPs is an advantage if it favours the flow of external knowledge into the collective learning practices of the ID, a process that Belussi et al. call “learning at the

boundaries”. This is possible only in those districts that are able to cross the borders of their local knowledge and capabilities and to explore links with global partners. The empirical research conducted by Belussi et al. shows that those IDs who have been able to access external sources of knowledge through “internal/external switchers” like ID leaders, meta-managers, institutions and networks of communities, increased their competitiveness in the global market. They conclude that the Marshallian traditional industrial atmosphere, where local learning played a fundamental role, needs to be complemented “by adding a new focus on ID global learning” (2006: 38).

The issue of identity and belonging in IDs had already been addressed in the ID literature by Sammarra and Biggiero (2001), using a socio-psychological perspective. They propose the concept of district identity as the “missing link” (2001: 63) between the neo-marshallian view and more recent studies, introducing a micro behavioral and cognitive view integrated with macro historical and institutional forces. They draw upon literatures that deal with individual, organizational and inter-organizational identity. In particular they borrow from social identity theory (Tajfel and Turner 1979, Abrams and Hogg 1988), organizational identity theory (Albert and Whetten 1985, Ashforth and Mael 1989, Dutton et al. 1994) and strategic group identity (Peteraf and Shanley 1997). Rephrasing Albert and Whetten’s definition of organizational identity, they define district identity as “the set of central, distinctive, and enduring characteristics of the district” (Sammarra and Biggiero 2001: 69). Central characteristics include formal and structural aspects, but also relational and informal/symbolic features like social habits and historical background. Distinctive characteristics refer to those elements that make district participants similar to each other and different from organizations that are outside the district, e.g. geographical proximity and belongingness to the same industrial sector. Enduringness refers to all those features characterizing a district and showing temporal continuity and stability. This set of characteristics allows members to categorize the district group and to recognize their belongingness to it. Paralleling individual identification processes stated by social identity theory, district members identify with the group through cognitive perceived similarities between organizational identity and district identity. They also identify with the district pursuing self-enhancement through the exploitation of the market reputation of the network. Sammarra and Biggiero propose an additional mechanism of identification, underestimated by the SIT model. In their view also perceived interdependencies among district members are a fundamental identification mechanism. In fact, stated the importance of strong cooperative vertical and horizontal relationships among members within a district, a theoretical model

conceptualizing the emergence of district identity must include the influence of social mechanisms based on perceived interdependences, beyond cognitive mechanisms based on perceived similarities and psychological mechanisms based on the perceived prestige of the district. The conceptual limitation to cognitive and psychological mechanisms “can be acceptable when the model is applied to the case of horizontal networks, but not in the case of the complex socio-economic system based also on vertical relationships, such as industrial districts. Direct social interaction plays a primary role among district members and cannot be considered a secondary or marginal factor in explaining the emergence of group phenomena as in the case of strategic groups” (Sammarrà and Biggiero 2001: 72).

Biggiero and Sammarrà (2003b) empirically test their model of district identity and identification on the biomedical district of Mirandola (Bologna, Italy) investigating mental categorizations and perceptions of managers and entrepreneurs; an approach that follows the cognitive methodological tradition used in strategic studies on identity.

## **Some final considerations**

The marshallian “industrial atmosphere” revisited by Italian economists has long been considered a valuable intangible resource for district competitiveness (Becattini 1979, 1991, 2000; Dei Ottati 1991). The consideration of alternative models of district, challenges the interpretive function of intangible resources at the collective district level, at least as conceptualized by the neo-marshallian view.

However, the cognitive stream studying industrial districts (Belussi 1999; Belussi et al. 2006; Camuffo and Grandinetti 2005), the socio-psychological view of district identity (Sammarrà and Biggiero 2001; Biggiero and Sammarrà 2003a and b), and also recent empirical results on ID performance (Guelpa and Micelli 2007), still give a role to the invisible collective resources generated by territorial belonging and interactions.

The role of intangible resources for cluster and strategic group competitiveness has been widely addressed by the cognitive stream of the strategy literature (Huff 1982; Porac et al. 1989; Reger and Huff 1993; Porac et al. 1995; Peteraf and Shanley 1997). Contextual knowledge, shared values, implicit rules of behavior and sense of belonging are all dimensions that are associated to the concept of collective identity. Several empirical cases showed that identity is a resource for competitive advantage insofar it acts as a lens to scan the environment, identify issues, interpret them and select among alternative actions (Dutton and Dukerich 1991; Gioia and Thomas 1996; Brunninge, 2007 a and b; Sarason and van Rekom, 2007). Furthermore they showed also that identity impresses an external image and forms a reputation (Hall 1992; Rindova and Fombrun 1999; Fombrun 1996) that for clusters is a public good (Ferguson et al. 2000; Zyglidopoulos et al. 2006).

Therefore, considering the findings of the strategy literature on identity and the recent debate on the evolution of industrial district, the following questions emerge:

1. Do district firms identify with an overall district identity?
2. Is district identity a strategic resource to build district competitive advantage?

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