



Becattini's legacy and the globalization of industrial districts

Roberta Rabbellotti
Università di Pavia
RSA SIE, 26 -28 October 2017



Globalization of IDs from two different points of view

- 1. The globalization of the industrial districts concept:** how the ID concept travelled around the world both in the academia and among policy makers;
- 2. The impact of globalization on industrial districts:** how industrial districts, particularly in Italy, are changing because of globalization.

1. The globalization of the ID concept in developing countries

- IDs are a concentration of small firms in traditional industries and these agglomerations are very common in the developing world;
- Firm-level performance in IDs benefit from agglomeration economies;
- In presence of agglomeration economies, the existence of coordination failures justifies the diffusion of cluster development programs, which are an important pillar of public policies aimed at promoting local development around the world;
- Since 2000s cluster initiatives have multiplied under the sponsorship of many international organizations such as UNIDO, WB and IADB as well as many national donors, such the GTZ and national governments, such as for instance Chile and Brazil;
- The impact of Becattini's initial studies on Italian industrial districts has been tremendous in terms of programs being implemented around the world;
- However as in any public policy intervention, the central question is still whether cluster development programs do actually work? Do they effectively produce the expected results?

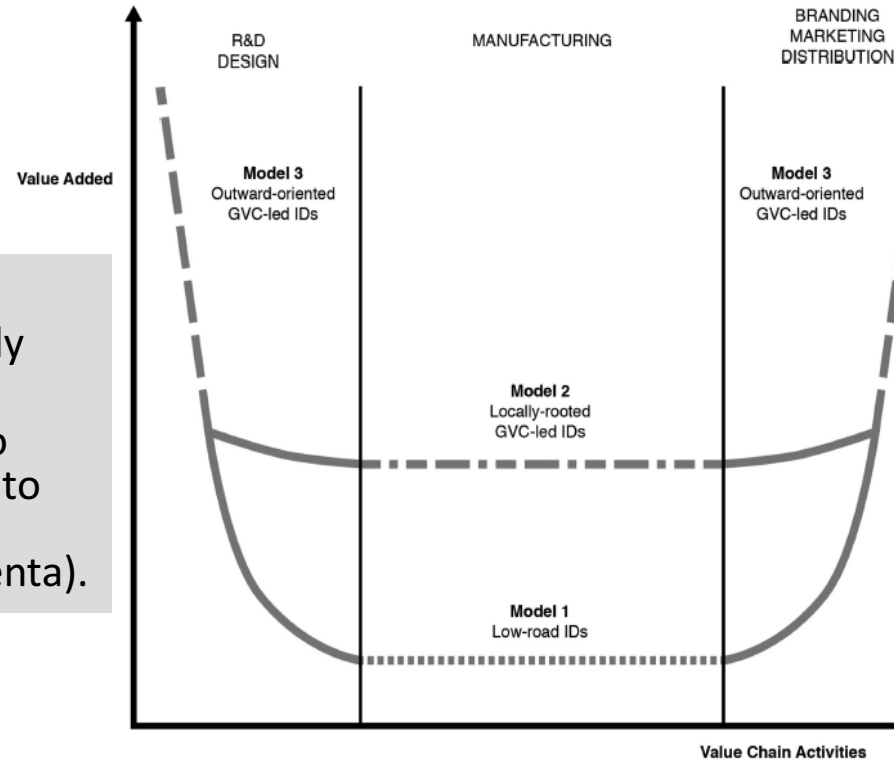
2. The impact of globalization on industrial districts

- The recent dramatic growth of international trade and the increasing fragmentation of economic activities across countries have profoundly affected the basis for positive externalities determined by the location in IDs;
- The so-called district effect is fading (holding only in the case of urban clusters) and there is an increased heterogeneity of performance both within and among industrial districts;
- Emergence of local leading firms, which are larger, more innovative and better able to internationalize and maintain external linkages and entry of foreign MNEs: both are acting as knowledge gatekeepers;
- But the natural tendency of leading firms is acting as external stars rather than gatekeepers of knowledge.

Stylized models of ID-GVC involvement in Italy

2) Locally-rooted GVC-led IDs

- Medium to large-sized firms highly embedded in IDs;
- Some local ID firms have opted to become manufacturing suppliers to larger Italian and/or international luxury brands (e.g. Riviera del Brenta).



- Activities performed in Model 1
- - - - - Activities performed in Model 2
- . - . - . Activities performed in Model 3

3) Outward-oriented GVC led IDs

- Medium to large sized firms, strongly outward-oriented;
- Globally outsource most of their manufacturing activities and keep high value added activities within the district boundary (e.g. Montebelluna ski boots district);
- Risk of disconnection between the largest ID firms and the local ecosystem (e.g. Belluno eyewear district).

1) Low-road IDs

- Small, inefficient firms competing on costs;
- Outsourcing production activities abroad;
- Negative impact of GVCs (e.g. Southern shoe districts).

Thank you

robertarabellotti.it

roberta.rabellotti@unipv.it