Relationship between the Processes of Outsourcing of Italian Textile and Clothing Firms and the Emergence of “Industrial Districts” in Eastern Europe

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Why should we care about small Italian T&C companies going to Eastern Europe?

- Connected with broader processes: EU enlargement and post Socialist transformation of Eastern Europe

- Allow to analyze some features of post Socialist transformation at local level

- Can this phenomenon say something to GVC analysis?
RESEARCH QUESTIONS

1) What are the geographies of Italian entrepreneurship in Eastern Europe?

2) What is the best theoretical framework to analyze Italian economic activities in Eastern Europe?

3) What are the social and economic consequences of Italian outsourcing / FDI on post Socialist transformation of Eastern Europe at local level?
A distinctive feature of Eastern European post Socialist transformation is the imitation of organizational models and structures from Western Europe / North America.

This imitation is mediated and adapted at both national and local levels through traditions and power.

The sources of this imitation are both foreign companies present in the area and the institutional partnerships through EU programmes PHARE and structural funds.

The policies of attraction of foreign companies by Eastern European governments and firms is a market and capital seeking activity.
LITERATURE

- Industrial Districts literature
  - The internationalization of Italian firms is studied with reference to the changes in the industrial districts. Are Industrial districts being exported?
  - Industrial Districts literature influences policy making decisions in Eastern Europe

- Global Value Chain literature
  - Albeit small, Italian firms investing abroad are facing issues of chain governance

- Post Socialist transformation
  - To analyze the broader historical processes following the collapse of the USSR
METHODS

- Comparative case studies in four local areas to cover a wide array of conditions

- Detailed interviews with locally active Italian firms, their local input suppliers and customers, and local institutions

- Archival research to understand the historical processes of post Socialist transformation

- Collection of trade data to contextualize broader economic trends
Nr. of interviews

SLOVAKIA: 25
UKRAINE: 5
ROMANIA: 20
BULGARIA: 30
Professional break down

- COMPANIES (nr. of interviews)
- CONSULTANTS/THINK TANKS
- LOCAL INSTITUTIONS
- ITALIAN INSTITUTIONS/ASSOCIATIONS
- BANKS
From subcontracting to FDI, from production based to service based and market oriented investments

Are districts moving? Firms representatives say ‘no’

Model of Italian investments abroad: firms + services + banks + institutions + associations

Influence of EU based programmes

Struggle for an integrated system: ex Sportello Unico + Unimpresa Romania – still a lot to do (ex: Germany)

One major problem: ‘Italian can’t count themselves’

Eastern Europe is changing (GDPs grow, wages and utilities are more expensive), therefore Italian involvement is changing. Co-effects of 2005 MFA expiration
Towards a local model of East European development?

Transformation of local financial and state institutions through acquisitions and EU sponsored partnerships

Re-working on networks due to foreign (Italian) FDI and subcontracting

National policies and economic trends

Path dependence: post socialist legacies
Conclusion: How can these ‘snapshots’ be interpreted?

- Can a GVC or/and Industrial districts?
- Unit of analysis problem: territory or firms?
- Cost of GVC approach: losses on ‘tacit knowledge’ and institutions
- Possible response (for eastern Europe): Introducing ‘regional institutional chains’
- Tacit knowledge: introducing intra-firm power analysis
- Introduce the category of ‘hybrid entity’ for firms and institutions?
### Import of clothing (61) and export of textile (60) from Italy to Bulgaria

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THANKS!

QUESTIONS?