Concertation and Local Development*

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Preliminary definitions: the issue

For some time, social scientists have sought to define modes of economic regulation, a number of which are based on cooperation between actors.\(^1\) There is a vast literature, including numerous attempts to create theories of economic regulation, that considers situations ranging from 'political exchange' at the national level to community- or association-based cooperation within local economies (Streeck and Schmitter, 1985; Cella, 1997; Le Galès and Voeltzkow, 2001). In focusing on the latter, this article proposes to define ‘concertation’ as formalized agreement (i.e. not just implicit or tacit agreement) on fixed objectives, between actors whose interests are traditionally and/or potentially diverse and/or contrasting. The two most notable and recurrent types of cooperation and concertation are between the public and private sectors and between business and trade union associations.

Although the term 'cooperation' is too generic, the use of the expression ‘local concertation’ (let alone of other broad equivalents like ‘partnership’) is not free of risks and ambiguities. However, it is now being used to designate an increasingly widespread type of ‘pact-based practice’ and ‘partnership’ characterized by a focus on the individual objectives to be reached or on the behaviours to be maintained at certain times, using certain methods and on the basis of targeted resources — all formalized in appropriate public documents (Bennett and Krebs, 1991; Bobbio, 2000).

Economic regulation based on cooperation between local actors is not per se anything new. Where economic development has been successful (industrial districts, strong regions and cities, successful cases of regeneration), the actors have — explicitly or implicitly — recognized the existence of shared values and common interests, and regulation has taken place through forms of governance rather than government. From the organizational point of view, the network of organizations (instead of the single organization) has become the characteristic instrument of structured collective action, both in defining objectives and in implementing them. This means of regulation of the local economy often gives rise to the formation of policy communities. An effective regional industrial policy, for example, can be formulated and implemented by a network of actors that includes sections of regional government and of other local authorities, associations representing special interests, research institutes and individual enterprises (Maraffi, 1997).

\(^*\) Translated from French by Karen George.

\(^1\) For example: ‘The model of associational order is based on organisations founded to promote functionally defined interests (business, workers, professionals, etc.). Its leading principle is negotiation or “concertation” of interests within and between various interests groups (as in wage setting, for example), they offer various club or associational goods in exchange for conformity with their rules’ (Le Galès and Voeltzkow, 2001: 8).
The fundamentally endogenous nature of this type of regulation means that it demonstrates (indeed, it may already have firmly established) a very low level of institutionalization: the actors who use it have no need to conform to values/beliefs/myths from outside the local system in order to obtain the (material or non-material) resources vital for it to function. The model has a high level of cognitive legitimacy (perception and acceptance) on the part of the actors, and a low level of normative legitimacy (the need for explicit rules, especially external rules, is slight).

The use of the term institutionalization (both here and below) refers to processes through which certain behaviours are steadily promoted, required, even made obligatory, by actors — not those putting them into effect — who demand conformity to their values and beliefs in return for making resources available. This means that the local actors directly involved may be able to count on external resources to achieve their goals.

Concepts of ‘institutionalization’ and ‘institution’ are, in principle, value-free: in fact, the result of a process will be ‘good’ or ‘bad’ depending on the values, aspirations and objectives of the observer or the actor involved. In many cases, however, the concept (possibly formulated in different terms) has taken on a largely negative connotation: it is difficult to judge positively an organization (Michels’ trade union or socialist party, Selznick’s Tennessee Valley Authority) that goes so far as to abandon its original purposes, exploiting outside resources in the sole aim of its own survival and reproduction. The recent composite developments known as ‘neo-institutionalist’ take up certain aspects of the classic interpretation, stressing the possible positive effects of the standardization produced by institutionalization (isomorphism) as well as studying its organizational effects. This set of issues arises again when we look at regulation of local economies.

If we take the view that a viable local development process must be founded largely on actors and resources from inside the area concerned, then the risks of institutionalization become especially clear. But we cannot ignore cases where the process would not even have started had it not been for vigorous intervention by external actors: examples include industries or areas in decline where government or European funding and programmes have been decisive in priming revitalization processes (Rodwin and Sazanami, 1991), or certain French regional capitals where an originally top-down technical or organizational facility has turned out to be an indispensable resource for local strategies developed later (Pichierri, 1997; 2000; Le Galès, 2001).

This article focuses on a process, which started in the 1980s and is still in progress, that presents some novel characteristics. It is partly spontaneous and partly the result of conscious strategies: modalities of economic regulation based on cooperation have been extended to contexts — especially local ones — where, up to now, they have been absent or completely secondary. The central theme of the article is the largely institutionalized nature of these modalities and the possible consequences of this. The process in question is particularly visible in European Union countries, and specifically European collective actors play an important role: this means we can interpret the process both as an opportunity to construct a European social model and as an opportunity to defend the features of this model that were subject to rapid erosion during the 1990s.

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2 ‘An institution is a formally defined complex of norms and customs, inspired explicitly by values: in an area of experience of particular societal interest, it governs relations between the subjects involved in the experience’ (Gilli, 2000: 38, emphasis in original).

3 In this sense, an institution is ‘an organized group, an organization, an association that performs socially relevant functions and is valued positively by various sectors of society, which provide it with ideological legitimation, political support and economic resources’ (Gallino, 1993: 387, emphasis in original).

4 Among students of local development, the prevailing opinion is that the expression should be taken to mean ‘an autonomous form of development, capable of sustaining itself in an open market economy. It is, therefore, a phenomenon different from a generic income growth dependent on redistributive policies operated by the state or by international organizations’ (Trigilia, 1999: 420).
Characteristics of local concertation

Formalized cooperation initiatives to regulate local economies were clearly visible in various European countries in the 1970s; they became more numerous and important in the 1980s, and especially the 1990s, through a process of institutionalization that has been particularly evident in the recent proliferation of territorially-based ‘social pacts’. In some regards, it actually seems that local concertation has become the legitimate mode of regulation for local economic systems, and indications of this are starting to appear in the legal and political language: ‘concertation’, ‘partnership’, ‘social dialogue’ recur obsessively in EU regional policy documents; ‘pacts’ between social actors proliferate in various European countries; and a certain number of administrative provinces in Italy have set up departments ‘for territorial concertation’.

The European Commission and the EEC/EU bureaucracy have had a decisive influence in promoting and generalizing the process of institutionalization. A motivation sometimes put forward, including by mainstream social scientists writing on the subject of local development, has been the generalization of good practices and of the positive results achieved by some successful local experiences, such as industrial districts and more recent cases of regeneration. This influence has combined with the interests of weaker local actors to help them gain legitimacy and material resources. Local governments seeking to strengthen their position in relation to the state (or even to the Regions), like trade unions seeking to strengthen their position in relation to local government and to business, have been ready to profit from the new orthodoxy.

In various European countries and over differing lengths of time, local concertation initiatives have accompanied or followed neo-corporatist-type experiences of concertation on a national basis. Even in the 1990s (despite the novelty represented by the centrality of employment issues and by the looming new presence of the European Union), these experiences preserved their fundamentally ‘tripartite’ nature. Here it is important to draw attention to the ways in which ‘local’ concertation differs significantly from ‘national’ concertation and ‘European’ concertation:

- The territorial scope is local, that is to say, subnational. The geometry of this ‘local’ is variable: it can relate to regions, to cities or to districts of various sizes; it can relate to temporary networks between some of these actors.
- The subject of agreements is broader. In tripartite neo-corporatist agreements, the original subject was typically that of collective bargaining, plus some important macro-economic topics, like incomes policy: many observers have noted and sought to explain the recent broadening of the objects of such agreements (Traxler, 1997; Hassel, 1999; Negrelli, 2001). In local concertation, subjects can be very varied, relating not only to public policy but also to individual local issues or projects (for example, the building of infrastructures). The desired results, although very varied, can generally be classified as local collective competition goods (Le Galès and Voellskow, 2001): technology transfer, vocational training, support for innovation. In a review carried out in the late 1990s within the scope of the European LEDA (Local Employment Development Action) Programme, a picture emerged that was destined not to change for many years afterwards: vocational training, support for business start-up and for SMEs were present in all the initiatives taken into consideration; national and international promotion and information on sources of funding followed; other services like technical promotion, science parks etc. were less widespread (Bennett, 1989).
- Increasing numbers of actors. In the case of national agreements, too, there is a tendency towards this — in Italy there is a clear trend (Negrelli, 2000). In local concertation, however, the actors are becoming not only more numerous (for example, the Piedmont development pact of 1999 has 39 signatories) but also...

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frequently very diverse in nature: alongside associations representing special interests can be found local government, the chamber of commerce, the university or even churches (as in the Bündnis für Arbeit und Ausbildung, also founded in 1999 in the Land of Lower Saxony) and voluntary associations (as in a certain number of Italian territorial pacts).

- Negotiation takes place only in a very broad sense, given that the partners agree from the start on a series of requests or projects (this agreement is often the reason for the pact being promoted): this means that negotiation concerns priorities and the division of the resources to be managed.

Experiences of local concertation

Moving swiftly on, we shall now review a number of recurrent types of local concertation. The treatment of these is neither complete nor systematic (for that, relevant research would be necessary — best of all, this would be parallel research), and the value of the cases cited is largely as examples. So the review should be regarded as illustrative, yet also as contributing fairly significant evidence to support the hypothesis of the growing spread, formalization and institutionalization of concertation as a mode of regulation of local economies.

Public-private and public-public partnership

Forms of local concertation between public actors (local government, civil service), organizations with representative functions recognized by law (Chambers of Commerce) and private-sector actors (enterprises, associations representing business) were already clearly visible in the 1970s — especially through the initiatives of public actors and especially in areas where the problems to be tackled meant that local development had to take the form of strategies to combat industrial decline. Classifying these experiences correctly presents three specific kinds of difficulty:

- Distinguishing between cases of true partnership and cases in which the connection between public sector and private sector consists simply of passing resources from the former to the latter: many experiences in economic life and in local industrial policy (for example, those labelled as Wirtschaftsförderung or as Gewerbepolitik in Germany) are predominantly of this type;
- Distinguishing between ‘public’ and ‘private’ actor, given the presence of public bodies with very different status (local authorities, chambers of commerce, financing companies and public banks) and of bodies organized on private-sector principles yet whose capital is predominantly (but not exclusively) public, such as many development companies and companies set up to attract external investment;
- Defining ‘local’ actor: decentralized state actors, like the Government Office for a given region in the UK, DATAR and even the préfets in France, often play a decisive role in promoting these forms of partnership.

Thus, it is difficult to classify experiences like that of the ‘enterprise agencies’ that grew up in the UK during the 1980s in the aim of providing advice and assistance to SMEs and of promoting business engagement in local development: the actor is entirely private, the funding is substantially public (Bennett and Krebs, 1991). Also in the UK, but during the 1990s, TECs (Training and Enterprise Councils) were a focus for cooperation between public and private actors, active at local level in the area of training: by decision of the government, two-thirds of the Board of Directors are managers from private enterprises, with the remaining third representing trade unions, the voluntary sector and local government (Bennett and Krebs, 1991). Then there is, as already mentioned, the extensive
field of companies founded by a public actor, financed with public capital but with some private participation and organized on private-sector principles, which deal with local development and with attracting investment: the more solid, systematic and widespread experience is that of the German Wirtschaftsförderung, but companies of this type exist in all European countries, as well as in the United States and Canada.

Technology parks, improvement areas and similar places are a typical terrain for partnership between the public and the private. The cases of Munich, Lyon, Birmingham and Turin have been described elsewhere (Pichierri, 1997), and many others could be added: public sector intervention consistently makes financial resources, buildings and scientific resources (from the University or other research institutes) available, and these regularly prove fundamental at the initial stage. In certain cases, however (for example, in some English science parks), businesses are something more than simple recipients or objects of public intervention, and they conduct themselves as active actors from the point of view of strategy and operational management.

Experiences of cooperation between property developers and local authorities have been peculiarly English, indeed London-based: in major developments at Canary Wharf and the Royal Docks, the companies heading the operations (Rosehaugh-Stanhope and Olympia & York) undertook to engage in training and to hire fixed quotas of residents from the area, in exchange for public concessions (Bennett and Krebs, 1991).

Experiences of ‘negotiated planning’ may prefigure a form of public/private cooperation, such as when a major enterprise negotiates advantages relating to setting up on a greenfield site. But, very often, ‘negotiated planning’ relates to an entirely new type of cooperation, aimed at local development, between public actors at various levels. The French experience is particularly rich in such goal-directed negotiations: with its contrats de plan between state and region, and then its chartes d’objectifs and contrats de ville between state and city, it configures forms of ‘partnership in the public sector between state bodies, outside services and local authorities’ (Le Galès, 1997: 57). In Italy, a 1996 law defines ‘negotiated planning’ as ‘regulations agreed between public subjects, or between the relevant public subject and a public or private party or parties, in order to carry out various operations relating to a single development aim, and which require a comprehensive evaluation of relevant activities’.

Regionalizing industrial relations

As the 1980s turned into the 1990s, more attentive scholars noted, alongside the decline of ‘macro-concertation’ at the national level, the emergence of new kinds of ‘micro-concertation’ at the level of the firm and at the territorial level, frequently taking the form of ‘industrial adjustment concertation’ (Regini, 1991: 144, 159). The expression ‘secluded micro-concertation’ was used in reference to Italian experiences in the 1980s, simply to emphasize their local character and their territorial combining power, with the possible intervention of actors other than those traditionally involved in industrial relations (Regini and Sabel, 1989). The factors that led to this shift towards local micro-concertation can be traced especially in the growing diversification of business and trade union industrial relations strategies, which in its turn arose from growing diversification of the structure of production and of the labour market; its roots can also be found in the emerging issue of flexibility, which can be more easily obtained under local forms of regulation than under centralized regulation at the political level (Regini, 1991). In Italy, the trend towards extending industrial relations, originally

5 A recent classification, somewhat different from the one proposed in this article, suggests that negotiated planning is being put into effect in Italy through ‘territorial operative instruments’ — territorial pacts, area contracts, programme contracts, programme agreements (Bolocan Goldstein et al., 2000).
conducted at the level of the firm, to the territorial level has recently given rise to some interesting experiences: for example, the agreement in the Melfi area extends the FIAT-SATA rules to vehicle components businesses (Negrelli, 2000).

In local concertation, the trade union is an actor with variable (generally modest) influence, but is no longer (merely) a negotiating actor in the ‘industrial relations’ sense. Its influence in regional policy-making is not linked to collective bargaining, but to its participation in commissions, committees and consultative bodies, which also include representatives of special interests (Maraffi, 1997). In the case of Lombardy, Maraffi’s study found that the trade union plays a role — although a secondary one compared to other actors — in the policy community that determines industrial policy, and at the policy-formation stage rather than in the implementation phase. One terrain where the presence of the trade union is fundamentally less marginal is the area of training policies: cases such as that of Baden-Württemberg — a region where the trade unions, especially the metal workers and mechanics, are a major presence (Bovier, 1997) — or Rhône-Alpes — where vocational training is one of the few fields in which a weakened trade union is able to exercise any influence whatsoever (Baglioni, 1997) — demonstrate this with particular clarity. Recently, in various regions of Italy, the founding of ‘bilateral bodies’ has strengthened the role of the trade union in some policy communities, in particular those relating to vocational training and workforce development. Bilateral bodies have arisen from bargaining interaction between the social partners, where ‘rather than a normal bargaining relationship, a mechanism has been put in place that is sustained by the amounts given by firms (dependent on enterprise and on workers) to finance bilaterally managed funds, which has in its turn created a strategy of offering insurance-type services’ (Perulli, 1997: 132). This mechanism, directed towards the production of ‘club goods’ that may also be seen as local collective competition goods, has been developed in potentially innovative directions.

**Second-generation industrial districts**

Over time, ‘Marshallian industrial districts’ (starting from the ‘Third Italy’) have come to be seen, both in the literature and in the practice of local policies, as an inexhaustible source of good practices to be imitated. The cooperation characteristic of district governance is, as we have said, predominantly endogenous and is barely formalized: the actors, even when they act through formal structures and organizations, have no need to proclaim or to put in writing an agreement that exists through the fact they are working together and in their style of work.

Within consolidated districts and within districts discussed later on, institutionalization and formalization have taken place side by side. In Italy, the original homeland of the industrial district, the ‘industrial atmosphere’ invoked by Marshall and Becattini is now defined by law: in fact, a national law requires the Regions to define them individually. The Regions themselves, under Law No. 317 of 1991, can fund — within an industrial district selected by the Region itself using precise quantitative parameters — innovative projects presented by business consortia, on the basis of a programme contract. Law No. 662 of 1996 defines the latter as a contract drawn up between the state administration and ‘enterprises, consortia of SMEs and representatives of industrial districts, to carry out operations that form the object of negotiated planning’.

Something of the kind took place in France from the 1960s. Bernard Ganne, who has followed the case of the Oyonnax ‘Plastics Valley’ district, gives a substantially positive evaluation of the transition from a ‘relatively informal system of local integration’ — that is, based on a set of implicit values drawn from real life experiences — to an ‘integrated system of organization’, progressively structuring the area and opening it up to the outside’ (Ganne et al., 1996: 36, emphasis in original). In this case, the search for external resources (for example, from the Region through a ‘comprehensive development...
contract’) also seems to have been an important factor for change — on the basis, however, of solid integration between local actors.

**Strategic urban planning**

Strategic urban planning represents ‘a new frontier for proactive policies’ for the city (Ciciotti *et al.*, 1997: 10). This is when action is undertaken by different subjects, in the aim of drawing up a document — the plan. The plan itself, however, is a partial act, representing the result of a complex process of interactions, whose central, more or less explicit objective is the creation of consensus on given strategic issues (*ibid.*).

From the 1980s, especially in cities with major industrial adjustment problems, initiatives have been taken in the intention of mobilizing the main local actors around a shared vision of the future. In 1987, for example, the Sheffield Economic Regeneration Committee was founded in that city, with the participation of the decentralized government authority, local government, businesses, education authorities and voluntary associations. The Committee has taken some active initiatives, but its Chairman claims that ‘the most significant contribution was to set up a vision for the city of Sheffield 2000’ (Bennett and Krebs, 1991: 161). We find a more sophisticated version of this type of action some years later in the city of Barcelona’s ‘strategic planning’, which has recently been imitated by Turin with its ‘Torino Internazionale’ project: the process, initiated by local government, starts with a ‘diagnostic phase’, in which issue-based working groups — with the help of experts — compile the basic information available on the state of the city. It then continues with an objective-setting phase, looking at shared scenarios for the city over the next ten years.

In the more proactive and optimistic version, strategic urban planning is ‘a model of multilateral interorganizational coordination which does not simply manage the network of actors, but also creates it, develops it and tries to maintain it’ (Ciciotti *et al.*, 1997: 19). In empirical analysis of available experiences, it is not always easy to distinguish between cases where there has been effective coordination and effective promotion of action by the different components of the urban network, and those in which the promoters of strategic planning have adapted results that have already been achieved without any action on their part, in order to fit the image.

**Projects funded by European programmes**

In official European Community/Union documents, concertation (or partnership) is regularly claimed (alongside subsidiarity) to be the chief fundamental inspiration, as well as a precondition for the funding and realization of projects, while the economic and social actors are regularly mentioned as partners. In the first instance, partnership means close cooperation not only with the state, but also with local authorities in the Member State. Where European Union intervention consists of direct financial contributions, as in the case of Structural Funds, it is specifically stated that ‘if it is to realize its potential, the partnership needs to involve the economic and social parties adequately in the planning’. Therefore, fundable local projects must be constructed on the basis of a partnership of which the Union is, by definition, a member; the — at least initially — top-down nature of this process is then underlined by the fact that the economic and social parties are included among ‘the competent authorities and bodies … designated by the Member State at the national, regional, local or other level’. ‘Cooperation and exchange of experiences between actors in regional and local development’ is actually becoming the primary objective of a certain number of ‘innovative actions’. Finally, in an absolutely coherent development, the European Union has recently started to use the ‘territorial pacts’ formula in allocating Structural Funds.
Territorial pacts

There are various versions of the territorially-based social pact. The expression was first used in Italy, relatively spontaneously, in the early 1990s, and received decisive technical and ideological support from the intellectuals of a typically neo-corporatist institution like the Consiglio Nazionale dell’Economia e del Lavoro (National Economic and Labour Council). In these territorial pacts, a number of municipalities presented joint projects, seeking additional resources and at the same time mobilizing local actors and resources. Later on, in the words of one of the leading players, territorial pacts were perverted ‘by the combined provisions of “Bulgarian” top-down planning, the bureaucracy of lowly despots and a repositioned version of the old “Christian Democrat” interlacing of central power and local politics’ (De Riti, 1998: 11). Since 1995, territorial pacts have been subject to uniform regulation through legislation. According to a typical formulation ‘the Territorial Pact can be promoted by: local authorities; other public subjects working at local level; local representatives of the business class and the working class; private subjects’, while other, different subjects may also subscribe to them. Individual subscribers either select a subject to take charge or constitute a suitable joint venture, and present a plan containing ‘the specific and primary objective of local development; the pact is then finalized and brought within the overall lines of regional planning’, and a financial and action plan is drawn up (Province of Turin, 2000). On this basis, and following a — sometimes dilatory — investigation, the pact may gain access to financial grants made by a government body, the Comitato Interministeriale per la Programmazione Economica.

The European Union has recently decided to use ‘territorial employment pacts’ as its favoured instrument for local development, and about a hundred have been launched in various European countries. This is an upshot of the European Employment Pact, approved by the Commission in 1996:

a proposal for territorial employment pacts designed to increase the impact of the Structural Funds on regional and local employment... The pact is the outcome of discussions leading to an agreement between the local partners, published in a strategic document and accompanied by practical and financial commitments on their part.

A territorial employment pact may cover a town, a rural area or a local labour market. The area should generally be larger than a municipality but smaller than a region (Inforegio Website: europa.eu.int/comm/regional_policy/index_en.htm).

Another variant again is that of ‘regional development and employment pacts’. In Italy, at least, it is fairly clear that the process leading to these being drawn up is a top-down one. The ‘Development and Employment Pact’ drawn up at national level in fact contains a section dedicated to ‘the concertation method’, which lays down that:

concertation must be extended to involve Regions, Provinces and municipalities more directly... Consequently, the Government undertakes to promote an appropriate Protocol, subscribed to by authorities representative of the Regions, Provinces and municipalities and by the social partners, in which shall be agreed the forms and modes of participation of regional and local institutions in national concertation and in carrying out, at local level, the pact’s objectives and the undertakings made at the centre of national concertation, as well as the principles and the substance of territorial concertation, as far as these fall within the competence of local governments.

Pacts of this kind, first drawn up at national level, were then extended to local level, while still depending on financial resources originating from the centre. In Germany, too, alongside the territorial employment pacts recently promoted by the EU, we find local versions of Bündnis für Arbeit that depend on financial resources provided by the Land government. In 1996, when the national Bündnis für Arbeit substantially failed, an ‘employment pact’ between the Land government, trade unions and business associations
was promoted by the Bavarian Government. After being relaunched during the first phase of the Left-Green coalition government, initiatives that referred back to the Bündnis für Arbeit formula then became so numerous as to warrant their own bulletin (Böckler zum Bündnis), published by the Hans Boeckler Foundation working alongside the German Trade Union Confederation. In fact, ‘Bündnis für Arbeit’ is a fairly generic label: thus, alongside regional pacts that use the same definition and structure as the national Bündnis, there are other experiences (including agreements at the level of the firm) that simply have the objectives of maintaining or increasing employment.

A recent development relates to the drawing-up of agreements and pacts in big city districts. This is a possibility provided for by the territorial employment pacts that use Structural Funds (one case is that of the Neucölln district of Berlin); other European programmes, like URBAN, strongly encourage concerted — or at least ‘participatory’ and ‘communicated’ — management of urban regeneration plans; the formula frequently used is that of ‘district contract’, a sort of negotiated planning at micro level.

Concertation and local development

This brief review has highlighted experiences that, although they can be reconciled with the initial definition of local concertation, have turned out to be very disparate. Further work in this area will have to engage not only in the collection of materials, but also in trying to order them into classes and typologies.

It is possible to envisage various criteria on which this could be based. For example, the conclusion of a recent piece of research (Bolocan Goldstein et al., 2000) proposes a classification by dichotomies based on: stimulus (exogenous opportunities versus endogenous promotion); promotion (public body versus private promoter); leadership (already existing or constructed for the purpose); management (concertation boards versus agencies); boundaries (construction of a territorial identity versus recognition of a previously constituted identity); forms of institutionalization (‘narrow’ versus ‘broad’ institutional arrangements); actions (‘project parks’ that already exist versus a new strategic project).

This article adopts a perspective on the relationship between concertation and local development, in which the fundamental dichotomy is between internal and external: the fact that the actors and resources employed in the process are (predominantly) endogenous or exogenous in relation to the area concerned determines potentially very diverse types of development.

Figure 1 highlights pure types that are difficult to find in reality: in fact, it would be difficult for a process of development to take place in the complete absence of external or internal actors, or by mobilizing only internal or external resources. Therefore, the models of development set out here signal, rather, the prevalence of a type of actor or of resource within a variable mix. Endogenous development (for example, of an industrial district) is characterized by the leading role of local actors who, in the first place, use local

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Figure 1  Models of development

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resources. At the opposite extreme, exogenous development (for example, of an underdeveloped region or one radically in decline) is characterized by the action of external actors, who employ external resources because local ones are non-existent or difficult to mobilize. ‘Induced development’ is where one or more external actors mobilize local resources (for example, in a project where the European Union provides technical assistance and financial resources, bringing local resources into action on the basis of the principle of subsidiarity); while ‘accompanied development’ is where internal actors succeed in obtaining the resources they need from outside (for example, in the case of an effective territorial pact).

The figure may also be useful in highlighting pathways from one type to another. Examples might be the virtuous pathway from an exogenous development to an accompanied development and then to an endogenous one, or the pathway by which an endogenous development is transformed into an accompanied one, and so on.

Obstacles to local concertation: the presence of global players, too much institutionalization, too little implementation

Towards the end of the 1990s, the increasing spread of territorially-based social pacts was accompanied by a visible deterioration in their performance. The fact that these are recent — often still ongoing — initiatives naturally counsels caution in evaluating the results: however, by the end of the decade, there was already an abundant record of cases of pacts that either had not taken off or had found themselves in a position of stalemate in relation to the deadlines originally set. Sometimes the pact appears to be a modest substitute for the effective territorially-based governance that is lacking — as in the case of relations between a city and a region, or between a city centre and the outlying municipalities. Sometimes the pact can actually tend to intensify traditional conflicts, as in the case of territorial pacts between small municipalities in a metropolitan area, reaffirming their autonomy from the city centre.

The question of whether local concertation initiatives are effective arises not only where there are formalized pacts. In the case of programmes and projects financed by the EEC/EU, for example, the answer is probably, on balance, in the affirmative — but there is also the risk of contradiction and of perverse effects. There have been positive results in managing decline and industrial crises: at local level, this means a legacy of consolidated, currently functioning agreements between actors who, in the past, were traditionally in conflict. There have also been many documented cases of corruption and collusive behaviour (and many more that could be documented), and this is one of the reasons for the EU’s current insistence on monitoring, surveillance and evaluation activities. In addition, various countries (especially Italy) have, over many years, seen a striking percentage of the funds allocated remain unused: that is, national and local actors either have not been able or have not wanted to put forward projects that meet the EEC’s required standards.

Local concertation initiatives that have been formalized and written down — as is typical of territorially-based pacts — are normally carried out by participant actors, using whatever resources seem to be available, more or less according to the models highlighted at the end of the previous section. On this terrain, absolutely or relatively unsuccessful cases provide evidence of three main kinds of hindering factors: the presence of global players in the area concerned (though not in the concertation mechanism); an excess of institutionalization; and inadequate structures of implementation.
Global players

In areas, especially metropolitan ones, characterized by the presence of one or more ‘strategic policy-makers’ or global players — typically big multinational enterprises — the latter do not usually have a major presence in concertation initiatives, which confirms their low level of practical interest in local games. Some recent developments, however, may open up entirely new possibilities for involvement. Typical global players like the big vehicle manufacturing groups are, in fact, much less monolithic than they used to be, and local resources and relations with local actors may be indispensable for important components of their network organization. Moreover, the production of local collective competition goods may become a market niche of interest to some of them: it is not the goodness of the butcher’s heart that gives us steak, but his self-interest — and it is not the goodness of businesses that induces them to participate in local events.

From this point of view, some aspects of the Piedmont experience are worthy of note. In particular, during the preparation of the regional development pact and in some territorial pacts between municipalities in the Province of Turin, there were some interesting attempts to involve businesses from the FIAT system.

It is notable that a growing proportion of vehicle components nowadays are not manufactured by the final assembler, but by external businesses which are less able to be defined as ‘suppliers’ in the traditional sense. In fact, ‘first-level suppliers’ tend more to be internationalized enterprises, increasingly capable of technological innovation — and decreasingly dependent on FIAT. Lower level subcontractors still encounter significant difficulty in reaching the required quality standards: for this type of business, a consortium promoted by FIAT has developed an interesting programme of ‘guided growth suppliers’, where technology transfer and training are offered through the group’s structures or enterprises (the FIAT Research Centre, ISVOR).

It was in these two fields — technology transfer and training — rather than in the field of internationalization, that the Pact was proposing to offer vehicle components producers new local collective competition goods (with trade union representatives playing an important role). One of the innovative proposals consisted of an attempt to use existing agencies for these tasks, from the University to companies in the FIAT group that were already developing activities of this kind: this would enable others to use know-how acquired over a long period in the context of the ‘guided growth suppliers’ project. The proposal was criticized by those who saw it as yet another transfer of public funds to big business: however, it would be difficult to imagine a form of concertation relating to vehicle manufacture that did not directly involve (that is, without the mediation of representative associations) the main actor in the sector.

This proposal has not — up to now — had any practical results worth highlighting, even though there are quite a few cautious signals of interest on the part of FIAT. At the time of writing, the idea of using concertation to promote a vehicle ‘technology district’ seems to be subject to the process of institutionalization already mentioned many times (and similar proposals for pacts in other sectors are being formulated). A working group made up of technical experts suggested — or, at least, accepted — by the signatories to the pact is, in fact, drafting a regional law intended to formalize yet another ‘industrial district’, a specific vehicle manufacturing district, as a condition for obtaining the facilities provided for by the existing law on districts.

Despite the fact that it cannot be referred to as a success, the Turin experience represents one of the very few cases in which an attempt has consciously been made to involve a global player in local concertation. Some analogies can be found in a very interesting experience in the American Midwest. Some years ago, six large engineering enterprises located in Wisconsin (the best known in Europe are probably John Deere and Harley Davidson) set up a consortium (the Supplier Training Consortium, or STC) in order to develop functions for their suppliers very similar to those of the above-mentioned
‘guided growth’ programme in Piedmont. Today, the programme is managed in collaboration with a public/private body, the Wisconsin Manufacturing Extension Partnership (WMEP), thus increasing the territorial relevance of a programme originally conceived solely in firm-based terms (Rickert et al., 2000).

Institutionalization

The second group of factors that may help to explain instances where concertation has been unsuccessful can be traced to the ambivalent effects of the process of institutionalization. An institutionalized organization must respond to the apparently rational requirements of its environment, to demands that often derive from myths or beliefs that cannot be verified empirically. In the case of the European Commission and the European Union bureaucracy, for example, typical beliefs of this kind concern the relationships between development and partnership, between development and transnational cooperation and between development and training.

Naturally, it is possible for the values and objectives of local actors to be coherent and to coincide with those of the external actors who control the necessary resources. However, it is also possible that conformity to the values of the external actors who count is superficial and opportunistic. In that case, conformity is accompanied by two types of behaviour:

1 Cynical or realistic behaviour. The local actor has his own objectives and strategies, but conforms externally and showily to the orthodox beliefs, so as to obtain the necessary funding. Examples of this type of behaviour are more numerous than one might think. Infrastructures that have been needed for some time are funded on the basis of a territorial pact, a development pact or an INTERREG programme. Research projects whose training value is not particularly relevant are presented as crucial, because a stylish clause relating to training and human capital always goes down well with Europe. For the same reason, a foreign partner is sought or a trade union drawn in, even when it is widely known that their effective input is minimal. This type of behaviour has become so widespread in some areas as to be rationalized to the point of altering their nature: for example, certain particularly dynamic administrations have set up ‘project parks’, for which they will seek the necessary funding only at a later date. Organization studies have analysed behaviour consistent with purely ritual adaptation to institutional requirements imposed by the environment, and findings show that such behaviour can have good results in a period of abundant resources, becoming less effective when a reduction in available resources leads the actors who provide them to check true conformity more rigorously (Hannan and Freeman, 1989).

2 Corrupt or collusive behaviour, possibly rationalized by local brokers (Triglia, 1999). Among many possible examples, a good number are to be found in the field of training programmes (in particular, vocational training). We have already mentioned the widespread belief, embodied in official local, national and supranational government policies, that training is indispensable to development; consequently, projects relating to vocational training, continuing training etc. are regularly presented as components of projects for which funding is being sought. This happens even when those presenting the projects and those subscribing to social pacts do not in any way view training as a priority — or, worse still, when they have already shown their inability in this field. Borderline cases are those of cheating in the technical sense, where funded courses do not actually take place or take place in minimal form.

Cases like the latter are frequently an example of institutionalization as definitive of a ‘displacement of goals’: the original aims of the organization are forgotten and the only relevant goal becomes the survival of the organization itself.
This possibility is not (yet) particularly relevant in many of the experiences cited here, because of their recent origin; however, it is an inherent risk — as the actors concerned are well aware. In the case of European funding of territorial pacts, the risk must be at least partially reduced by the complementary nature of funding: all external funding must actually be matched by some mobilization of local resources.

**Implementation**

A third group of factors that needs to be explored if we are to understand cases where territorial concertation has performed poorly relates to organizational implementation structures.  

In the early 1960s, a seminal book by Alfred D. Chandler, *Strategy and structure*, codified — on the basis of a vast body of research into American industrial enterprises — what has now become a sort of postulate: that no serious change of strategy can take place without change in the corresponding organizational structure. From then on, it has become a commonly accepted idea that both change in existing organizational structures and the creation of new structures are fundamental indicators of level of seriousness. From this point of view, the creation of a new agency to put new policies into effect is a good indication that a strategy has been taken seriously. If the agency goes on to be really effective and efficient, that provides material for investigation and evaluation.

From the 1970s, especially in the United States and Germany, organizational studies saw a flowering of research on *implementation* (a jargon term that subsequently became fairly commonly used) of public policies. The point of departure for this was an acknowledgement that the causes of failure to reach objectives very often occur at a later stage than the strategy formulation phase. Public administrations, as well as actors more generally concerned in public policies, became aware of this fact only later, and to a limited and contradictory extent.

There are various complex reasons why this awareness is absent or delayed and why the necessary organizational measures are absent or their adoption delayed — reasons that can partly be ascribed to differing national cultures. The Italian legal culture has probably helped to exalt the moment of legislation (when aims are set down) over the moment of accomplishment and, therefore, to encourage the belief that the problems of implementation can be solved normatively (this is a civil code and that is a code of civil procedure; this is a law and that is its regulation). The French administrative culture, characterized by centralism and by trust in the functioning of the bureaucratic apparatus, has long tackled the problems of policy implementation in the manner summed up by De Gaulle in his splendid phrase: *l’intendance suivra* (‘Supply Corps to follow’ — start the ball rolling, and practical support will turn up).

More generally, it is possible that, for some decades at least, the bureaucratic culture, in which *practice* follows its course in an obligatory, inevitable and foreseeable way, has combined with the Taylorist-Fordist industrial culture, where the final product is achieved by unswervingly following operating procedures predetermined by departments that have the monopoly of technical knowledge.

Many years ago, a classic of organizational studies by James D. Thompson (1967), defined this manner of proceeding towards the objective as *long-linked technology*. This type of technology ‘involves serial interdependence in the sense that act Z can be performed only after successful completion of act Y, which in turn rests on act X, and so on’ (*ibid.*: 15–16). The technology in question is characteristic of the *technical core* of mass production; but its predictability and the fact that it is closed to the external environment make it very similar to the activities of traditional bureaucracy, where

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6 These conclusions have already been drawn in the appendix to Ceccarelli (2000).
implementation — when it is an issue — is not conceived as a problem, but as a necessary sequence of acts.

A technology of this kind does not function in what scholars of organizations have defined as ‘implementation structures’ (Hjern and Porter, 1981). This is for various reasons, of which the most important is that these structures are not constituted by a single organization, but require — almost by definition — action by a plurality, a network of organizations. Networked organizations require other types of technology, and other types of skills. Interfacing, communication, integration and coordination activities demand attitudes and competencies different from those needed to work inside an organization. The problem has been clearly set out in the literature of organizations for decades, but is far from being resolved (Mulford and Rogers, 1982).

Difficulties of this kind emerge clearly when local concertation moves from the formulation of objectives and strategies to their implementation. Many of the territorially-based social pacts drawn up in recent years have not provided for any specific structures of implementation. The assumption, generally implicit, is that putting them into effect is the task of the administrative apparatus of the signatory actors; but these apparatuses, not always effective when taken singly, are even less likely to constitute the components of a network.

More recently, there has been an increase in the number of cases where pact documents explicitly provide for structures (coordination agencies, technical secretariats etc.) deputed to manage implementation or, more frequently, to coordinate the organizational structures that will carry it out. At the same time, there is growing awareness of the fact that the external actor who promotes concertation must aim to create competition between the territories likely to put forward the best projects (Trigilia, 1999) and must provide organizational support to help the local actors ‘plan development’. In allocating Structural Funds to projects formulated through concertation, the European Commission now also provides resources specifically devoted to ‘technical assistance’ in the preliminary phases and to monitoring and evaluation in later phases: 200,000 ECU per pact are provided for territorial employment pacts, as joint funding towards technical assistance costs.

Even just a glance at the dozens of ‘territorial employment pacts’ in the course of implementation (as presented, for example, on the Inforegio website) clearly shows that the regions which manage best from this point of view are those already equipped with a ‘rich, congenial organizational ecology’ (Streeck, 1991: 24). Which brings us to the final main point of this article.

A new organizational population: local development organizations

In a seminal essay in 1965, Stinchcombe took as his object of analysis not a single organization, but a population of organizations that are homogeneous with regard to certain criteria, observing that new organizational populations arise in a society with ‘high organizational capacity’, that their appearance occurs in ‘spurts’ (short, dense periods) and that such organizations retain, for very long periods, an organizational imprinting that makes them significantly different from others and which also characterizes organizations of the same type founded later than during the initial spurt.

The idea of an organizational population was taken up again subsequently by Hannan and Freeman (1977; 1989), in an audacious use of evolutionist models. An organizational population is made up of relatively homogeneous individuals who are competing for survival: success in competition requires distinctive traits, which become characteristic of the organizations that survive this competition. Another strand within organizational studies has also arrived at the idea of an isomorphic tendency between organizations belonging to the same population. While Hannan and Freeman discern a competitive
isomorphism, more recent neo-institutionalist developments (Di Maggio and Powell, 1983) highlight an institutional isomorphism deriving from the pressure towards conformity, to which organizations are subject within the scope of their own ‘organizational field’. In addition, it has been noted that ‘in empirical observation it is not always possible to distinguish the two types of isomorphism, given that the trend to conform to external pressures can easily be confused with the struggle to capture scarce resources’ (Bonazzi, 1995: 452).

The idea of a ‘spurt’ in founding large numbers of organizations and of their isomorphic tendency represents a useful key to reading the developments outlined above. Local development strategies formulated through concertation are sometimes implemented by new agencies and sometimes by pre-existing agencies. The major successes involve dedicated agencies, i.e. those which specialize in some aspect of local development: attracting investment, promotion, services to business and technology transfer are recurring activities. The date of founding of this kind of agency varies depending on its mission and on the country or region. On the basis of the literature and of reviews that can now be carried out with ease on the Internet, we can hypothesize that the spurt or spurts took place between the 1960s and the 1990s, and that the decisive incentive to found local development organizations was provided by two processes already mentioned in the first section of the article — industrial decline and district-type development.

From the beginning, these agencies had some recurrent structural characteristics: based on a predominantly public initiative; funding predominantly but not exclusively public, with minority — or even symbolic — participation from private actors and representative associations; organizations set up under private law in the aim of demonstrating detachment from the common practices of public administration. These characteristics are part of the imprinting of the organizational population and are also typical of agencies founded later, right up to the present day.

The hypothesis of the ‘spurt’ in the founding of new organizations, like that of their common imprinting and isomorphic tendency, may be confirmed by transatlantic comparison. Contrary to the widespread stereotype of regulation entrusted exclusively to the market, a look at the USA (and even more, at Canada) reveals the existence of a host of local development organizations: development agencies, agencies to attract investment, territorial training consortia etc. In the USA, many of these were founded from the 1960s onwards to tackle the problems of deindustrialization; later, rather than tackling unemployment, some were effectively converted to tackle problems of workforce development and the reconstruction of sensible careers in an increasingly fragmented and insecure world of work. These organizations became so varied and numerous as to encourage the founding of second-level organizations offering services, representation and lobbying capacities to a host of member organizations: these include the CUED (Council for Urban Economic Development) founded in 1967; the Association of University Related Research Parks; the National Association of Installation Developers; or much older associations that have partly amended and updated their missions, like the AEDC (American Economic Development Council).

7 Bennett and Krebs’ book ends at the start of the 1990s, and contains a useful bibliography. Their comparative investigation of German and British development agencies shows a proliferation of agencies being founded after periods of economic recession (late 1960s, mid-1970s, early 1980s).
8 For example, by using a good search engine to gather information on the German, Swiss and Austrian Wirtschaftsförderungsgesellschaften or on the French agences de développement. However, this very useful approach has some drawbacks: sites set up for the potential customer/investor stress the advantages of the region and the services its agency offers, and do not always provide adequate information on the characteristics of organizational evolution that interest us here.
9 However, there is no lack of cases where the ‘mission’ we have been discussing has been carried out by sectors of public administration: in some German cities, like Munich, the competencies of the Wirtschaftsförderungsgesellschaft have been incorporated into city administration.
The evolution of these agencies clearly shows their isomorphic tendency, both in competition and institutionally. ‘Benchmarking’ and imitation of ‘good’ or ‘best practice’ are expressions that recur obsessively in the language of their directors and consultants, and above all in the European Union documents on territorial policies and local development that indicate belief in a sort of organizational ‘one best way’.

The pressures towards uniformity, deriving from competitive imitation of other agencies and from more or less constraining directives from local, national and supranational political actors, are expressed in a trend towards uniformity of objectives, of the relevant market, of services offered and therefore to some extent of organizational modalities of functioning.

The literature of organizations has recorded that the codification of knowledge about how a new organization of a certain type can function helps to increase the founding rate of organizations that, nevertheless, taken singly, tend to be weak and ephemeral; while the birth of more powerful and more enduring organizations is a more difficult process and relates to a small number (Hannan and Freeman, 1989). Indeed, cases of infant mortality and of narrow survival seem particularly widespread in Italy (i.e. in Europe) among organizations whose founding and functioning have been in some way codified, like business centres, innovation centres and business innovation centres (Bobbio, 1995).

Such trends seem to shape more clearly the belief that an organizational ‘one best way’ does exist — a belief that seemed to be outdated, at least since criticisms of scientific management have become widely accepted. Trends towards standardization — visible, for example, in the actions of the European Union, which have already been referred to frequently — have a certain valid basis: administrative rationalization, waste reduction, opportunities to monitor and evaluate. But, given local environments that are by definition varied and variable, it seems difficult to imagine that the formulation and implementation of policies will always unfold in the most effective way just because similar instruments are being used.10

The same also goes for the organizational population of development agencies, if we look at them in terms of an ‘organizational field’, rather than in terms of population. The organizational field (Powell and Di Maggio, 1991) is:

a reconstituted arena of institutional life that carries on uninterrupted action in creating norms and in controlling the activities of other bodies ... The organizational field is not limited, as in the ecology of organizational populations, to all competing individuals who form a homogeneous population, but also includes institutionally different bodies such as consortia, courts, schools, government agencies, etc. (Bonazzi, 1995: 450–2).

The evolution of local concertation involves the formation of an ‘organizational field’: here too, as we have seen, isomorphism tends to assert itself through powerful institutionalization processes. The political problem that arises at this point is to reconcile the indispensable administrative and procedural rationalization with the diversification of intervention instruments that is necessitated by their proximity to the local. Diversification involves some slack and superabundance: a fact that has led one Austrian scholar, in polemic with the belief in the generalizability and wonder-working value of ‘lean production’, to write ‘in praise of waste’ (Grabher, 1994).

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10 ‘From an ecological perspective, the search for the one best organizational form is misguided. Whether a given form is superior to another depends upon the structure of the relevant environments. Just because some form has been successful in one country or in one industry at some time does not mean that it would be useful the next year under other conditions. In fact, ecological-evolutionary theory suggests that uncertain, volatile environments will support diverse organizational forms and that the apparent winners will fluctuate from time to time as conditions change’ (Hannan and Freeman, 1989: 27).
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