

BUSINESS ORGANIZATION AND ITALIAN CULTURE: AN HISTORICAL PERSPECTIVE*

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Abstract

The relationship between culture and business organization in Italy is complex. The main reason is Italian culture's diversity in terms of local traditions, resources, languages, attitudes, values. In many ways, Italy looks more like a "community of communities" than a homogeneous culture. In this contribution we try to identify some of those social and cultural elements that, more than others, seem to have significantly influenced the way Italian companies are organized and managed. Specifically, we focus on three important aspects: the role of the central State in the historical development of the Italian economy, the wide diffusion of family-owned and family-managed enterprises, and the economic relevance of the "territory", that is, the geographical proximity of firms and their reference to local communities.

Keywords

Italian culture, Business organization, Family business, Economic history, Organizational change.

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Business organization and Italian culture: An historical perspective

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Introduction

Is there a unique “Italian way” to business organization and management? Is it possible to identify specific modalities by which the national culture influences how Italian companies are organized and managed?

A detailed and complete answer to these questions would imply an effort of remarkable range and magnitude. This is particularly true for the Italian case. Indeed, the Italian economic scenario appears particularly complex and articulated, as a wide variety of aspects (including historical and social ones) should be taken into consideration in order to provide a comprehensive account of the “Italian way(s)” to business organization and management. Thus, the goal of this contribution is not to provide an extensive picture on the subject, but to offer some interpretative keys and a few examples as starting points for those interested in studying such a context. While we will provide some concepts and interpretative criteria, our focus will remain on actual organizational practices and case studies, since we believe that an intricate and multifaceted milieu such as the Italian business context is better understood through the description of actual organizational stories and experiences.

This contribution is structured in the following way. In the first section, we will summarize some of the main aspects of the Italian industry’s history. While there is no room here for a detailed chronicle, we believe that, in order to understand the present, it is very important to know the main historical reference points. It is crucial to grasp a sense of continuity, and to develop an understanding about how events and facts are connected and related to each other in time. We will see how the Italian economy has been characterized for many years (and still

is, in many cases) by a sort “family capitalism”, where the State, together with a small number of “key” entrepreneurs and families, played a major role. This does not concern just small and medium companies, but also large ones, and this is a peculiar trait of the Italian economy. Another major feature of the Italian economic scenario is represented by the evolution and the success of the “industrial districts”, where small and medium enterprises have a foremost relevance, and where social and cultural elements are deeply and inextricably connected with the history of business and industry.

In the second and third sections we will describe and comment a case study where a relevant organizational change process generated a completely new industrial situation, involving not just a single company, but also a network of other economic actors, as well as the whole local community. We believe that this case study is particularly useful because it can be interpreted and utilized in different ways. First, it can be seen as a description of some of the most typical dynamics characterizing a local community-based economy, such as the Italian industrial districts. Also, it represents an example of how some of the industrial districts’ weaknesses, now becoming more relevant vis-à-vis the new globalized economy, could be worked out through organizational arrangements that “re-interpret” the social and cultural assets of local communities. Finally, the case study shows how the relationship between culture and organizational choices is better conceived as a bi-directional one. Indeed, we will see that not only the “external” culture (the culture of the social and economic environment) can influence the company’s inner culture and its organizational choices, but also the firm’s choices can contribute to “create” a certain kind of cultural setting in the local environment, an influence that extends well beyond its formal boundaries and the span of its direct relationships.

In the remaining sections we will describe and comment another case study concerning a large company, where the focus will be on the issue of

internationalization and growth through mergers, acquisitions, and alliances, which is a very “hot” topic in the current Italian scenario. As we will see, the issue of integrating different organizational cultures is very relevant, not just because the integration between companies requires, to some extent, the homogenization of values, attitudes and behaviors, but also because relevant organizational choices need to be made: coordination and control arrangements, work procedures, information systems and so forth. Sometimes the resulting organization is a “combination” of the two merging companies, other times a certain organizational “model” is considered superior, and then “imposed” on the merged company. As we will see, when these choices are made without careful consideration of their coherence with the underlying national culture, mergers and acquisitions’ success chances tend to decrease.

Both case studies are the outcome of research projects carried out within the Research Program “The Organization Workshop” in the late 90’s and the early 00’s. All the information reported here about the companies refers to that time period. While both companies evolved significantly since then, we chose to use these cases as they are still useful today in order to illustrate, from an historical perspective, some of the most significant traits of the relationship between Italian culture and business organization.

In the last section, we will offer some final reflections that attempt to summarize and generalize the concepts and the interpretative keys that seem to emerge from the description of the case studies, and from a more general reflection on the issue of business and culture.

The Italian industry: a little history

In the second half of the 19th century, while other European countries were already experiencing the industrial revolution, the Italian industry was still significantly sparse and immature. Italy, before its political unification, was

fragmented into several small regional states, and the economy was deeply affected by many trading fees and tariffs as well as numerous commercial barriers between the local governments. The internal markets of the regional states, on the other side, were not large enough to sustain the growth of the existing small companies. However, some new general patterns were already emerging. In some regions of the north (mostly Lombardia and Veneto) the economy was already more active and livelier than in others, especially the southern regions.

The situation of the Italian industry did not change in a significant way until the end of the century. The political unification (in 1861) did not provide any relevant momentum to the economic and the industrial development. On the contrary, many of the biggest Italian banks failed during the 1887 - 1894 recession, increasing the economic gap between Italy and other European countries. In the following years, however, the Italian industry finally began to take off. The crisis served as an opportunity to reform the whole banking and financial system. These reforms created the right context for an industrial renaissance. The “Banca d’Italia” (the Italian central bank) was founded in 1894, and the rapid growth of the international economy in the following years favored the industrial development of “newcomer” countries such as Italy (Bianchi, 2002).

The beginning of large-scale production of electric power is one of the most important factors in order to explain the rapid growth of the Italian industry in the early years of the 20th century. Several of the most significant technology-oriented firms were founded: Fiat in 1899, Olivetti in 1896, Sip in 1899. Several dynamic, innovative entrepreneurs and families started to establish themselves as the Italian industry’s leading group. Italian capitalism was already taking shape as a sort of “family capitalism”, where a relatively small number of family-owned and family-managed enterprises had a major, vital role for the whole economy, and where the fate of such enterprises was inextricably connected to the choices of a few families and single, relevant individuals.

At that time the crucial role of the State was already emerging as another key characteristic of the Italian economy, a trait that became very important for many decades to come. The State's role in the Italian's industrial history can be viewed as the combination of three different aspects of the Governments' economic policies: tight protectionism, high public spending, and direct ownership and control of major companies. Also, the State engaged several times in major rescue operations of troubled enterprises, especially in the heavy industries and in the banking sector. Again, this is a pattern that will continue for several decades. In difficult times especially, like the period immediately after World War I, the 1929-1933 crisis, and after World War II as well, the State acquired a central, multi-faceted role in the Italian economic scenario.

Thus, in the years right after World War II, the Italian industrial scenario can be described, according to Bianchi (2002), by the following elements: a fast and growing aperture of the Italian economy to other western countries' economies; a very strong presence of the State, especially in the banking sector and in the heavy industry; a low degree of technical and organizational efficiency in comparison to other European countries' industries; a very low cost of labor, and widespread unemployment, especially in the south of the country.

In the 50's, however, Italy experienced a period of exceptional expansion. The mechanic industry (with firms like Fiat, Alfa Romeo, Olivetti, etc.) developed very quickly, and its growth had a strong positive influence on the whole economy. In particular, the production of automobiles had a major impact. Fiat was the main player in what we could call a "mass motorization" phenomenon. Also, the mechanization of agriculture and the production of home appliances had a relevant influence on the mechanic sector's expansion. At the same time, however, the electronic industry struggled, because it could not keep up with the competition of foreign multinational companies, which were in much better shape in terms of research investments and technological innovation. Thus, the so called

“economic miracle” that Italy experienced in those years was mostly based on the success of some industries (especially, but not only, the mechanic industry; the chemical, the food, and the textile sectors as well) that were characterized by relatively simple technologies, thanks to an internal demand that literally boomed, and to the labor cost advantage that Italian enterprises enjoyed over foreign competitors.

In the mid-60’s, the so-called Italian “economic miracle” quickly faded away. Just a few years later, the international oil crises of the 70’s and their consequences shed light on the structural weaknesses of the Italian industry. Especially the lack of high tech and research specialization, and the excessive centralization of control in the hands of a small number of interlocking directorates composed by private actors and public institutions, delayed innovation and severely limited the degree of competition in the national market.

However, during the same years, a very interesting and extremely important process started to take shape. In many regions, mostly in the north of the country, a phenomenon that now we call “industrial districts” began to establish and develop. Many small and medium enterprises originated both from outsourcing strategies increasingly adopted by large companies, and from spontaneous initiatives by single entrepreneurs. A widespread variety of local industrial specializations emerged, where a mix of social, cultural, technical, and economic elements interacted in a very unusual way. This interaction eventually generated a milieu where entrepreneurship blossomed and where the relevance of the “territory” and the “community” – and all the cultural and social aspects that are inextricably connected with the geographical proximity – was crucial. It was the beginning of what Piore and Sabel (1984) called the “second industrial divide”, that is, the transition from a long, old era of mass production and “rigid”, Fordist firms, to a new “Post-Fordist” era characterized by the accelerating quest for flexibility and innovation. While one may disagree about the widespread, over-

used distinction between Fordism and Post-Fordism as different (or even opposite) approaches to business organization, it is important to recognize that, in the 80's, some important transformations started to happen, particularly in Italy.

With the birth and development of industrial districts, the whole Italian economic system started to rely more and more on the ability of local clusters of small and medium enterprises to meet the challenges of modernity, and less on large companies' capability to effectively adapt and change. As Poma (2003) noticed, industrial districts coped with the problem of uncertainty in a way that differs significantly from the traditional Fordist solution, typically adopted in large, mass production companies. Through standardization, internalization, and mechanization, the Fordist hierarchies reduced organizational complexity by controlling, in a strict, formal and direct way, all the processes that could generate a relevant degree of uncertainty: the supply chain, the production process, and the industrial relations. Large companies and oligopolies exercised control over the demand side of the market as well (Galbraith, 1952), for example by "creating" and imposing "needs" on the consumers through sophisticated marketing techniques. Thus, the reduction of uncertainty was obtained by means of a strong organizational focus on direct control activities, exercised on both the internal and the external relevant processes.

On the other side, industrial districts reduce uncertainty by focusing mainly on "internal" processes - that is, internal to the district (Poma, 2003). On one side, both the existence of shared, common values, and the established and enduring social relationships between local actors, provide a cultural, stable foundation for all the economic transactions and initiatives within the local community (Becattini, 1998). On the other side, the technological dynamics are mostly characterized by incremental innovation and changes; the new technical knowledge is spread and shared through the social medium, stimulating new ideas and improvements, and becoming a context-specific intellectual asset, embedded in the local culture. Such

a process of knowledge creation and sharing becomes a crucial competitive advantage: it's the district's ability to react promptly, and to respond ingeniously, to the market's demand for flexibility, quality, and continuous improvement.

The industrial districts - and, more generally, the success of innovative small and medium enterprises - have deeply characterized the Italian economy, while most large industrial companies never fully succeeded in adapting to the new internationalized, increasingly competitive, global scenario. However, several commentators observed that elements like the rapidly increasing degree of economic and technological complexity, as well as the further opening of the international markets, could lead the traditional "industrial district approach" to become obsolete and ineffective. Two different factors seem to work, at the same time, against the traditional industrial districts model. First, the incremental innovation process, typical of the industrial districts, could become too slow to keep up with the rate of change required by the new kind of high-speed, innovation-based competition. Second, new international competitors, home based on very low wages countries, are quickly gaining ground in those mature industries characterized by cost-based competition. Thus, the Italian economy is now facing a very critical period. While it is obviously beyond the scope of this work to further explore this issue, the debate about what kind of path could (or should) take the Italian capitalism is quite interesting, and the connection between organizational (and strategic) choices and culture lies at its very heart. Bonomi and Rullani (2005), for example, suggested that Italy's best bet for the future is to encourage the development of what the authors call "personal capitalism", where small and medium enterprises should still have a major role, although within cultural, economic, and organizational arrangements that should be significantly different from the present ones. A key point of the authors' argument for a new kind of Italian capitalism is the increasing relevance of individuals - their

creativity, their entrepreneurship spirit, their willingness to invest, to take chances, to supply ingenuity.

For our present goals, it is important to notice that not all the small and medium Italian enterprises can be “categorized” as being strictly the outcome of the traditional “industrial district” approach, environment and culture. An enormous variety of different entrepreneurship experiences and stories could be told. However, a common feature of most Italian firms, especially medium sized ones, seems to be the heavy reliance on processes of externalization and outsourcing (Bonomi, Rullani, 2005). Another common feature is the relevance of the local, economic, and cultural environment, even in contexts where an actual industrial district, in a strict sense, cannot be identified. Also, the relevance of the “family” aspect should be emphasized. Not only because some crucial organizational choices often reflect the personal story of single individuals and their families, but also because Italian small and medium enterprises (and several large ones too) are often confronted with issues like the transition from one entrepreneurial generation to the next one, and with strategic and organizational problems like growth and “managerialization” needs.

In the next sections we will describe two case studies where several of the above-mentioned elements interact in interesting ways.

The Borri case¹

Borri S.p.A. is a medium-sized manufacturing company located in Bibbiena (Tuscany, Italy). Borri designs and manufactures UPS systems (Uninterruptable Power Systems). UPS are electronic devices for power continuity and stability. They come in very different sizes and features. On the lower end, there are very small, standardized UPS for private or small business users – it is becoming more common for private users to purchase small, cheap UPS devices in order to protect

¹ More detailed information on this case study can be found in Masino, Felicori, 2001.

their home computers from power surges and interruptions. On the highest end, there are massive, very powerful UPS systems for corporate users – for example, manufacturing firms that need to ensure power continuity to their machineries and production processes. In this case, the UPS system is usually customized according to the needs of the customer company; the related investment, for the customer, can be quite relevant.

Borri (founded in 1932 by the Borri family) was acquired in 1991 by the American multinational company General Signal (GSX); at the time of our research (1997-1999) Borri was a division of the Best Power Group, located in Necedah (Wisconsin, USA), which was a branch of GSX.

In the 80's Borri was the Italian leader in the market of customized, high power, massive UPS systems. Its customers were important public organizations and large private companies like Enel, Trenitalia, and several Engineering Societies. The company did not manufacture small, low power, consumer UPS devices.

During these years, and until the early 90's, Borri was characterized by an artisan-like profile in many aspects of production and management. Borri was a typical family-owned business, managed mostly through informal relationships at all levels. The workers were highly skilled and qualified, and their skills allowed them to provide relevant contributions in terms of product development. They were well paid, and the company could afford the high cost of skilled labor thanks to the high margins granted by the customized UPS market.

In 1991, the integration of Borri within the GSX group changed dramatically the history of the firm. A strong necessity of a deep cultural and managerial change emerged. GSX had planned to partially reconvert Borri's production to small, low power, standardized UPS devices for the mass market, mostly small businesses and private users. However, as we already mentioned, the commercial and productive structure of Borri had always been focused on large, high power,

customized products for corporate customers, and soon proved to be inadequate for small, standard products. But the problems were not just of technical nature, because a mass market-oriented firm required a more “professional” approach to management, with much more emphasis on marketing, production efficiency, streamlined organization and cost reduction.

At the same time, the public spending of the Italian central and local administrations, and of all the public companies as well, slowed down abruptly, because of a well known, nation wide investigative campaign about corruption in public contracts, which lead to dramatic changes on the national political system. Thus, the UPS market for the public companies and institutions suddenly and severely decelerated. Such a market had always represented a major percentage of Borri’s total sales, so the company, in a very short time, had to face two very serious difficulties. First, the custom UPS market suddenly and radically changed: from a well protected, high margin niche, it became an arena with very few opportunities and many uncertainties for the future. Second, the firm was not technologically, commercially, and organizationally ready to convert to the standard UPS sector.

A new, professional group of Italian managers was appointed in order to deal with all these issues, and to save the company. The new management was challenged to achieve multiple and different goals: to dramatically improve efficiency of production processes; to develop the standard production by taking advantage, wherever possible, of the synergies with the traditional customized production; to create new organizational units and to acquire new competencies in order to support the standard production (production planning, quality control, inventory management, etc.). The goals seemed extremely hard to achieve, especially vis-à-vis their urgency.

The new management found a solution to all these problems by deeply redesigning the firm’s organization.

First, the management strongly encouraged several of the internal, high-skilled workers to leave the company and become entrepreneurs, by creating small spin-off companies dedicated to specific production phases and processes. It is important to consider that Borri, before this transformation, was a highly integrated company since most production process was internally performed. Borri offered to the new spin-off companies significant financial and technical support, as well as some guarantees about minimum levels of sales as Borri's suppliers.

Also, some already existing local small companies (mostly in sectors that nothing had to do with the UPS industry) were involved, as Borri literally convinced them to convert their production, and become Borri's suppliers. For example, a small company producing metal fences decided to completely transform its business and became one the main Borri's suppliers of metallic frames for the UPS devices.

Borri also encouraged some of the workers that were not adaptable to the new jobs to retire; it implemented a plan of internal mobility as well as a training and education programs for employees. For every decrease in personnel, the firm hired graduated employees, especially for the design and R&D area, so that the total number of employees would remain about the same. The local unions agreed with Borri about the organizational change plan.

At the end of the whole process, a very relevant number of activities were completely outsourced, while others were still internally performed. Let's see some examples.

First, it is worth noting that almost all design and engineering activities were not outsourced. The only exception concerns the engineering of simple components like transformers and inductances, but it must be emphasized that the engineers of the supplier companies designed these components according to precise specifications directly provided by Borri's engineers. As we pointed out already, Borri significantly changed the mix of internal competencies by increasing

the number of technicians dedicated to the design activities (the number of technicians quadrupled between 1993 and 1997, and the R&D expenses increased from 0.5% of total sales figures in 1993 to 6% in 1997).

The manufacture and assembly of components, instead, was largely outsourced. An important exception is represented by the wiring of custom UPS systems, which is performed internally by Borri. The quality and precision of wiring is a particularly critical element for custom UPS systems, not only because a bad wiring can compromise the proper functioning of the product, but also for safety reasons. Big, customized UPS machines, in fact, must deal with very high electrical voltages. Any malfunction of the electrical parts represents a major safety hazard, while malfunctions of magnetic, mechanical, or electronic parts are not as critical. The situation appears to be completely different as far as the wiring of standard UPS is concerned: in this case, since the electrical voltage involved is much lower, the necessity to control the wiring can be adequately satisfied through normal, sample-based inspections of the devices wired and assembled by external suppliers.

The manufacture of all other components was outsourced as well. It is interesting to notice that, for every component, there are inspection procedures that vary, in terms of strictness and severity, depending on how crucial the component is considered for the final quality of the final product. For example, while there are many severe inspection procedures for electronic boards and panels, the procedures concerning inductances and transformers are slightly less stringent, and those concerning the frames are significantly less severe. For some of the most crucial productions, Borri's inspectors periodically visit their suppliers to directly verify the components and the production process.

The assembly activity of standard UPS devices was completely outsourced, including the wiring phase.

In order to better interpret such a “radical” organizational change, from a completely integrated organization to a highly outsourced one, we need to consider four important elements.

First, Borri decided to work with several different external assemblers. This creates a situation of asymmetrical dependence, that is, the dependence of every individual supplier from Borri is much higher than the dependence of Borri from the individual supplier.

Second, assemblers work according to strict procedures designed and formally defined by Borri.

Third, at the time of the research, the company was going to change the way procedures are communicated to the assemblers, by substituting the traditional paper-based procedures with computer-based procedures. The explicit goal was to increase their level of details, formalization, and controllability.

Fourth, Borri transfers routinely some relevant knowledge to the assemblers, thanks to interpersonal, mostly informal relationships. For example, the learning of the procedures of a new UPS device takes place through a period of time in which Borri’s technicians work together with the assemblers’ technicians, so that a rich, informal transfer of knowledge can occur. In this way, the shared knowledge ensures that the assemblers interpret the procedures correctly.

A very important aspect of the production process is the logistics of materials and components (planning, deliveries, etc). Borri decided not to outsource such activities. This allows the company to maintain the direct governance of all the activities performed by external partners (assemblers and other suppliers), in order to precisely define the timing of deliveries, the quality of incoming components, and the overall logistics and production planning.

Overall, the assembly activities of standard UPS are vastly outsourced, so that the emerging organizational arrangement seems to have, in many respects, the characteristics of a network. However, the “organizational glue” that keeps these

relationships together is represented by the capacity to control enacted by the “central” actor (Borri itself). This capacity is exercised through several different organizational solutions, ranging from informal relationships and knowledge transfers, to formalized communications through information technology tools and devices. The “cultural and social glue” is also extremely relevant. Coordination and control could not be so effective without a sense of identity, roots, values and goals that all the actors share (workers, suppliers, managers), as they all belong to the same local community.

The situation is quite different if we consider custom UPS devices instead of standard ones. For such products, Borri’s management decided to adopt a much lower, although significant, degree of outsourcing (the outsourced production of custom UPS lies between 30% and 40% of the total custom production). In this case, it is interesting to notice how different control modalities emerge, depending on different needs and organizational rationales.

Custom UPS are high voltage products, designed for the specific needs of very important customers, like large companies and public institutions. Thus, on one side, the uniqueness of each system makes the assembly activity quite important for the development of new knowledge and skills. Such new knowledge is accessible by the firm only if the manufacture is performed internally. On the other side, elements like quality and timing of delivery to the customer are crucial for Borri’s reputation. In fact, usually the custom orders are outsourced only if they imply a low degree of technical novelty.

From an organizational point of view, it is worth noting that for every customized order, even the outsourced ones, a specific technician (called, in Italian, *capo-commessa*, that is, “chief of the custom order”) is appointed with a wide responsibility over the order itself. In the case of outsourced orders, every “chief” becomes a sort of external “extension” of Borri’s hierarchy, since he works with and by the assemblers and suppliers with several important responsibilities: He

ensures that the predetermined assembling procedures are actually respected by the assemblers, he checks the quality of materials and parts throughout the production processes (both the internal and the outsourced ones), he supervises the whole production process and the various relationships between different actors involved in order to make sure that the time schedule is carried out as planned. So, the “chief” controls, coordinates and facilitates everything that concerns the specific order, both inside and outside the company, by daily interacting with the whole network of local suppliers and assemblers. In other words, he represents the link between the company and the local community of economic actors.

Lessons from the Borri case

The Borri case shows how some of the problems related to a difficult transition, the same kind of transition that many Italian companies are facing nowadays, could be solved through organizational choices that leverage on some relevant characteristics of the local context and culture. The transition concerns two different aspects.

The first aspect is the passage from a traditional family-owned and family-managed business to a company directed by professional managers. In our case, this change was demanded by the American multinational company that acquired Borri, but similar problems arise in many other cases, where the new market conditions (or, more simply, the retirement of the entrepreneur) call for a rethinking of the managerial approach.

The second aspect is the sudden – and unexpected – change between a well protected, high margin, high entry barriers business, to an extremely competitive, lower margin market. In the Borri case, this was due to the national political turmoil that, in the early 90's, deeply affected the public spending in Italy. However, in many other industrial sectors, small and medium Italian enterprises

are facing similar problems because of current global phenomena like the internationalization and intensification of competition, and the increasingly fast technological dynamics.

Borri was able to tackle these difficult challenges by rearranging its organization in a very comprehensive way. The new managers realized that they could count on a number of intangible assets, both internal and external to the firm, that were not fully (or not at all) utilized yet: the specialized, high level skills of many of its workers; the “entrepreneurship” spirit or, in other words, the “desire” for autonomy and initiative that characterized several of its employees and many people in the local community as well; the shared sense of “identity” and “trust” that developed in the local community thanks to a dense web of informal relationships.

Taken together, these intangible assets, quite representative of the local culture, allowed Borri’s managers to implement an organizational solution characterized by a network of autonomous entrepreneurs, each one specialized in a specific production phase, where the people are knowledgeable and skilled enough to guarantee the desired quality and the ability to constantly improve their products. The geographical proximity, the shared culture, as well as the informal social relationships, constituted the “glue” that allowed Borri not only to create and keep the network together, but also to exercise the necessary coordination and control actions.

A careful choice about which activities to outsource, and which ones to keep internally, allowed the company to dramatically reduce costs and to increase flexibility. More specifically, Borri decided to keep performing internally the following activities: research and design activities (for both customized and standard UPS); assembly of customized UPS (but not the assembly of standard UPS); logistics; marketing and commercial operations. On the other hand, the

company outsourced most production phases (of both standard and customized UPS) and all assembly phases of standard products.

How can we interpret these choices? What is their logic? We propose three main reasons that, combined, can help explaining the overall logic behind the radical organizational changes that were implemented in this company.

First, by performing directly both design and assembly activities of customized UPS, the company could exercise control on the most critical technical knowledge and on the quality aspects of those products (the customized ones) that are more relevant in terms of external reputation.

Second, by performing logistics activities, the company could keep control over the network's main governance aspects (timing, quality, procedures, deliveries, etc.).

Third, by performing marketing and commercial operations, Borri could control the relationships with the customers, which is, of course, the ultimate source of feedback and information about the markets' evolution. This is particularly relevant for custom UPS.

The overall organizational outcome is quite interesting. In just a matter of a few years, Borri outsourced a great deal of its operations, and created a very effective, local territory-based network of suppliers. Started as a fully integrated company, most of Borri's internal activities are now concentrated on a specific selection of tasks. The suppliers' network provides technical as well as cost flexibility, quality, and a certain degree of incremental improvements and innovation. At the same time, the company retains a strong strategic (as well as operational) leadership of the network, since it is able to control (through formal and informal means) all the crucial aspects of the production process.

It is worth noting that Borri had to make significant investments in order to create the new organizational arrangements. The company encouraged skilled workers to "take a chance", to become actual entrepreneurs. Borri helped several

entrepreneurs to start, or to reconvert, their activity by loaning them tools and machinery, by assisting them through knowledge and expertise sharing, and even through financial aids. On the other side, a significant investment was made by all those workers who decided to become entrepreneurs, and by those small enterprises that decided to change completely their existing business activity. In other words, the whole process required a good deal of risk-taking (and risk-sharing) attitude by all the parties involved.

The “Borri network” is not an “industrial district”, in a traditional sense, although it does have some important features of a typical district. Instead, it can be interpreted as an example of an interesting organizational approach to the transition problems that many small-medium enterprises, even the ones that have always operated within industrial districts, are now facing in Italy. It’s the transition towards a more global economy, where the traditional competitive advantages of industrial districts are becoming more and more uncertain. Our case study shows an approach to organizational change characterized by a combination of community identity, local assets, diffused entrepreneurship, shared expertise and knowledge, but also strategic and organizational guidance, and careful exercise of control by a leading actor. While many of these cultural elements are typical of several Italian regions and contributed in a decisive way to the development of the Italian district-based economy, other aspects (like the organizational and strategic guidance by a leading company, or a small group of leading companies), seems to be less related to the local culture, and more contingent to the specific history of individual companies. Borri, in our case, was able to face the problem of the “double” transition (the transition between different entrepreneurial generations within the family, and the transition towards a tougher competition) in a very effective way, leveraging both on important local intangible assets, and on the willingness of the family to recognize the need of a

deep “managerialization” of the company, thus accepting the lead of “external”, non-family managers.

However, the idea that abandoning a family-based managerial approach for a more professionalized one necessarily leads to improvements and better competitiveness should not be generalized without very careful thought. The matter is quite complex indeed, especially when we refer to the Italian scenario. At least two different considerations seem to be conflicting with each other:

On the one hand, the literature shows that the typical family business managerial style can lead, in the long run, to inefficiencies and diseconomies. In fact, a “family rationale” can become sometimes quite contradictory with a “business rationale”. For example, the mechanism of internal succession, while being consistent with a typical goal of family continuity, does not guarantee that the entrepreneur’s children have the necessary skills and motivation to manage the company effectively. Even first-generation entrepreneurs might not possess the right skills to lead the company when faced with the need of radical changes (as in the Borri case, when the UPS market changed suddenly and dramatically). Also, the goal of keeping the company under direct family control sometimes conflicts with growth opportunities; in such cases, the entrepreneur might choose not to take those opportunities, and sacrifice growth, in order to maintain the family’s ability to keep the company under the family’s control. In all these cases, family goals could diverge from business rationality and, in the long run, compromise the firm’s competitiveness. Using Wiersema’s words (1992), family members can become “embedded in organizational inertia”, while needed changes (in terms of managerial rationality) are more likely to happen when external, professional managers take over the lead of the company.

On the other hand, when applied to the Italian context of small and medium enterprises, especially those belonging to a district-like economic environment, the above argument shows some serious weaknesses. In Italian industrial districts, the

internal succession mechanism has a very relevant role in the process of continuous transferring and socializing the tacit knowledge and skills, a process that is crucial for the success of the district model (Corbetta, 1995). Thus, the internal succession itself, and the family nature of most small and medium Italian enterprises, could be considered not a limit, but a key success factor of the Italian industrial district model. As Colli *et al.* (2003) put it, “skill and training become important externalities within industrial districts, while the knowledge embedded within families is an important intangible asset of individual companies”.

The Borri case is also an example about how a “dualistic” approach to organizational culture fails to explain many interesting phenomena. Typically, the literature on organizational culture tends to categorize different “cultural orientations” of firms through simple, though evocative, dichotomies: participation *vs.* centralization, sharing of information *vs.* central control of information, customer orientation *vs.* product orientation, procedures *vs.* goals, cooperation *vs.* competition, innovation *vs.* imitation, and so forth (Gatti, 2004). While these dichotomies might be useful, at best, as general metaphors, we believe that their actual interpretative value is limited. The Borri case provides a good example of this. At first sight, it would seem that the organizational change that occurred in Borri could be easily interpreted as an attempt to completely change its culture. One could argue that we can observe a transformation from a centralization culture to a participative one; from highly centralized management of information to an information and knowledge sharing approach; from a competitive setting to a highly collaborative one; and so forth. Is this really the case? We think that such a view would be an obvious over-simplification, so much to render almost useless the very idea of organizational culture. Let’s explore this argument a little more.

First, it does not seem true that, before the organizational change, the company was characterized by a highly centralized decision-making process. The work force of the company was mostly composed by highly skilled, highly waged

workers. They were like “artisans” working inside the factory, as employees. The availability of those highly skilled workers is the main reason why Borri could achieve high products’ quality, and a remarkable ability to customize its UPS devices. It is obvious that, in order to mobilize those skills, the workers had to be highly involved in (technical) decision making. There was continuous interaction between them and the design office, and the workers had a relevant role in the development of products – by offering suggestions, providing ideas, implementing improvements. So, the fact that Borri was a highly integrated firm does not necessarily imply that there was a “centralization” cultural orientation. The two elements do not necessarily imply each other.

Second, it seems questionable that, after the organizational change, the company became characterized by a totally different culture, describable in terms of “participation”, “decentralization”, “collaboration”, and so forth. In many respects, our study shows that, in Borri, the outsourcing and network-building process is not to be interpreted in terms of a “weakening” of the control capacity of the firm. Instead, it can be interpreted as a change of the ways the company controls the crucial processes, not as a reduction of its control capacity. Before these changes, the company used to control its processes mostly through supervision and hierarchy, but after the suppliers’ network creation those traditional means were not available anymore. Thus, the company’s managers decided to act at two different levels.

At the organizational design level, they decided to choose carefully which activities to outsource, and which activities to keep internally. The most critical processes and phases, in fact, were not outsourced. But, at another level, even the outsourced processes were kept under the control capacity of the firm – just through different means, like strategic guidance, informal relationships, and market power. In fact, most of the suppliers in the network could not stay in business without Borri as a customer.

Also, the company clearly used knowledge and information sharing as a way to control the network. This could seem odd because knowledge sharing is rarely seen as a control device. But, in this case (and, one could argue, in most cases), knowledge sharing serves not only the obvious, although relevant, purpose of improving quality and technical skills throughout the network, but also the goal of creating a common understanding, a shared way to interpret problems, procedures and solutions – in other words, a shared “culture” about technical issues. And, as long as the leading actor (Borri, in our case) remains the main “provider” and “distributor” of such shared knowledge, then the inter-organizational culture can be considered as a way to influence, to guide and, ultimately, to control, the network of suppliers and the whole local business community involved in the production of UPS devices.

Finally, the fact that the company directly performs all networks’ logistics activities (scheduling, transport and deliveries, quality controls, etc.) can also be seen as a way to maintain a high capacity to control the network, even though there’s no formal, hierarchical authority anymore.

So, overall, it appears that simple dichotomies, like the ones we mentioned above, are not fine-grained enough to interpret organizational changes in a satisfactory way, even when confronted with radical transformations, like in the Borri case. The company changed the coordination choices, the articulated set of modalities through which the processes are controlled (Masino, 2005). But that does not mean that the organizational culture simply shifted from a centralized, proceduralized, competitive culture, to a participative, cooperative, goal-oriented one.

A further point to be noted concerns another typical dichotomy, commonly found in the organizational culture literature, between “internal” culture and “external” culture. This distinction usually refers to the fact that some cultural elements should be understood as “external” factors (social, economic,

institutional, etc.) influencing the firm's behavior and performance, while others should be understood as "internally" originated factors that, through repetition of successful actions, become "taken-for-granted" behavior and, ultimately, characterize the organizational culture and its performance.

Again, it's not difficult to see how such a dichotomy is not fine grained enough in order to interpret the complexity of most organizational contexts. First, because even if we consider that external cultural factors influence the internal organizational culture of a firm, it is also true the opposite, that is, that firms can influence, in cultural terms, their local environments. There are many examples that could be made. Indeed, the birth and evolution of many industrial districts, in Italy, can be seen just as that: the influence of a few successful companies that, by imitation or other means, had a strong influence on the local community about how to become entrepreneurs and run businesses. In Puglia and Basilicata (Italian regions located in the south of the country) the "couch district" was born just as a diffused, imitative process enacted by the success of Natuzzi, a leading couch producer based in the same area. The success and the specific initiatives of a large company like ST Microelectronics, generated in the Etna Valley (in Sicily) a number of successful high tech small companies. Even the Borri case can be seen as an example of how a single company can have a strong influence on the local business environment, by encouraging entrepreneurship and by spreading technical knowledge - or simply by triggering imitative processes.

On the other side, it is difficult to detect where and how "internal" organizational culture ends, and where "external" culture begins. While it is true that Borri deeply influenced the local business community through its initiative, it is also true that the company leveraged significantly on several intangible, cultural assets that were already a specific feature of the local community. The boundaries between internal and external culture become even more blurry when, just like in the Borri case, the organizational arrangements imply frequent, dense interactions

between different economic actors. While the organizational boundaries become blurred, the same happens to the cultural boundaries. This does not mean, of course, that culture does not matter. As we have seen, it matters a lot, and in many Italian contexts, it probably matters even more than in other countries. However, it does not seem that a simplified, dichotomic approach can really explain in a satisfactory way the complex relationships between organizational changes and cultural influence.

The problem of culture in large Italian companies

Just like most small and medium companies, many Italian large companies are facing transition problems as well. Some of them, in the last decades, had to deal with the challenge of a newly liberalized, competitive market. Telecom Italia, for example, for a long time has been the only player in the protected Italian telecommunication sector, so it is obvious that an open market competition implies a completely different approach not just to the market but also to the internal processes, both in strategic and in organizational terms.

Other companies, rather than dealing with new kinds of market regulations, are dealing with the increased complexity of existing markets, for example in terms of internationalization of competition, as well as technological and social dynamics. In most cases, interactions with international actors (both partners and competitors) are increasingly vital. Many companies must take crucial decisions about whether, and how, to internationalize their business, for example by means of partnership agreements, by acquisitions or mergers. At the same time, foreign companies try to expand their business by penetrating the Italian market.

In many cases, the complexity of these managerial and organizational phenomena is even higher because, as we already stated in the previous paragraphs, for many years (and still today, in several cases) Italian capitalism could be described as a “family capitalism”. This means that the companies have

been, sometimes for decades, a family property, not just formally but also from a substantial, managerial point of view. The companies' stories, the choices, the managerial changes, have reflected the personal stories of the entrepreneurs, which are, in turn, embedded in the stories of their families. So, for example, aspects like the strategic and organizational decisions concerning the continuity of the firm, the investments to be made, the risks to be taken, the identity of the firm, can be hardly understood unless we consider the company as a family asset. And while today this element is, in some cases, not as relevant as it was not so many years ago, it still represents something that left a significant mark in the Italian business culture.

Especially in the case of mergers and acquisitions, or alliances, between companies coming from different countries, the problem of cultural differences between management styles and approaches becomes more relevant, explicit and interesting. That is the reason why, in the following paragraph, we will focus mainly on a significant acquisition and alliance case – between an Italian and a French company.

The alliance between Rinascente and Auchan²

With about 3600 million euros in revenues, 21000 employees, several brand names (Rinascente, Upim, SMA, Citta' Mercato, Bricocenter), Rinascente Group was, in 1997, a major player in the Italian retail sector, both in the food and non-food segment. Auchan, on the other side, was one the world leaders in the retail sector, mostly in the food segment. Founded in 1961 by Gerard Mulliez in Roubaix (France), in the 80's the company started its international expansion throughout Europe: Spain, Italy, Portugal and several other European countries. In the 90's the company continued its expansion strategy in Africa and Asia.

² More detailed information on this case study can be found in Gubitta, Nessi, 2001, and Masino *et al.*, 2004. Other information about Rinascente's organizational choices and history can be found in Manaresi, Nessi, 1998, and Masino, Nessi, 2001.

In 1996, though, Auchan's presence in Italy was still quite limited: only 4 hypermarkets, 2500 employees and 400 million euros of total sales. The strategic complementarity between the two companies (Auchan and Rinascente) seemed clear. Both companies looked for a rapid solution to their growth needs. Rinascente was trying to increase the scale of its operations in order to defend its market share from the threats of much larger, foreign competitors. Also, the Italian company needed resources and competences in order to expand the hypermarket formula. Auchan, on the other side, wanted to increase its presence in southern Europe, leveraging on its specialized skills and competences about the management of large, food-oriented hypermarkets. Also, the French company wanted to develop its presence and increase its abilities in the management of middle-sized supermarkets, where Rinascente's abilities were highly regarded. Thus, in strategic, financial, and economic terms, it seemed like a perfect "marriage".

After detailed analysis, a 42 month plan was defined in order to integrate the two companies. The main goal was to implement the very successful Auchan's hypermarket management model to all Rinascente's stores in Italy. The plan identified 4 major steps:

- preparation to change: training of human resources, integration of operative systems
- implementation of Auchan's model on a small number of hypermarkets as a test, and verification of the performance
- implementation of Auchan's model on all remaining hypermarkets
- implementation of Auchan's model on all remaining stores, both middle sized and small sized ones.

It is important to notice that the two companies were characterized by very relevant organizational and cultural differences. Auchan was a very customer-oriented and service-oriented company. Decision making was highly decentralized. Local stores, in fact, were widely responsible for their performance;

they were pushed to act almost as actual, independent entrepreneurs. At the same time, powerful and sophisticated analysis tools were widely available to local stores' managers in order to help them to make their business decisions.

Rinascente, on the contrary, was a much more centralized company. Most of crucial decision making and responsibility was a prerogative of the headquarter. Local stores' managers, in this respect, could be considered almost as mere executors. While Auchan's business model was characterized by food hypermarkets, Rinascente included a wider variety of formulas: not only large hypermarkets, but also – if not mostly – middle-sized supermarkets, and small-sized neighborhood stores; not only the food segment, but also the non-food segment. So, Rinascente had a deeper knowledge of the Italian market, the customers' needs and habits: not only for the obvious reason of its geographical location, but also because of its commercial structure.

After 18 months, the main milestone goals could not be reached as expected, so the original plan was completely revised. The problem, of course, was not strategic, but organizational. By adopting a top-down approach – that is, by imposing the Auchan's model over a context that was completely unprepared to such a radical transformation – the original plan neglected the relevance of the cultural differences. With the new plan, instead, the management tried to put into practice the lessons learned from the initial difficulties. A new approach to this change management problem was used.

First, several specific key processes were identified as the ones that should be changed within a limited amount of time. Second, a set of different priorities was evaluated, according to criteria like the complexity of the required changes, and their impact on other existing processes. Consequently, the information system was identified as the most complex and most influential process. Thus, transforming the information system (and managing with care and caution such a transformation) was seen by the company as a crucial step, something that should

be prioritized. The new information system would provide a new, shared and more solid “foundation”, for implementing further changes later.

Moreover, a new “progressive”, step by step approach to the whole change process was used. Instead of just one, large scale plan, imposed to the whole company, the management decided to adopt a project-based method for implementing the Auchan’s business model. Over 110 different sets or groups of activities were identified as “areas” subject to change, but every single change project took into careful consideration the geographical specificities, such as the socio-economic characteristics of the local market, as well as the internal resources (especially the personnel) of each hypermarket. So, for example, the timing and the operational modalities of every project could vary, to some extent, depending on the local context. More in detail, the whole change process can be summarized in the following way:

- every Rinascente hypermarket (mostly “Citta’ Mercato”) was assigned to specific activities that would be subject to a change project
- every hypermarket was associated with an Auchan’s store in order to define with their support a change plan
- specific project managers, for every hypermarket, were identified
- every project manager was supported by the headquarter with methodological assistance
- formalization and approval of the project plans
- identification of minimum standards for “certification” purposes.

Thus, the idea that inspired the new plan was not to replace Rinascente’s knowledge, culture and style with Auchan’s, but to create an interesting “hybrid”, something that could help retaining the best of both worlds. Two different needs had to be combined. On one side, there was the need to transfer Auchan’s successful business experience into the Italian context. On the other side, there was the need to leverage on Rinascente’s contextual, specific knowledge, both in

organizational and in socio-economic terms. Ignoring the latter necessity implied significant difficulties and disappointments; combining the two, instead, generated satisfactory outcomes. In this respect, this case is a clear example about problems happening frequently in merger and acquisitions situations.

Lessons from the Auchan-Rinascente case

It often happens that successful organizational solutions, with all their complexities, subtleties, all its intangible and informal aspects, are considered (by the business community but also by many academics) as “models”; that is, as codified “recipes” or “schemes” that can be precisely described in detail and then successfully transferred to other contexts and companies. The assumption that organizational processes can be “modeled” leads very often to unexpected difficulties and consequences. This becomes particularly explicit when mergers, acquisitions and alliances concern companies coming from different cultures. The effectiveness of organizational arrangements is never independent from its context or, to put it in another way, from the people that are involved: their attitudes, values, habits, priorities, abilities, goals. Any change management process that does not carefully consider those aspects is bound to difficulties and, in the worst cases, failure.

In the Rinascente-Auchan alliance case, the management, after the initial setbacks, found that a more progressive, project-based, bottom-up approach would lead to much better results. This seems to be particularly true in cases involving Italian enterprises that operate in sectors, like retail, in which the direct contact with consumers and, more generally, to the local culture, is crucial. In fact, the remarkable variety of the Italian territory, in social and cultural terms, demands attention to the local specificities, and that should be reflected in the organizational choices.

This is probably the most important lesson to be learned from this case, at least if we focus on the relationship between management and national culture. Italy, in this respect, is characterized by an amazing variety of local “cultures”. While this is probably true for many countries, in Italy such a phenomenon is much more relevant, and it has much deeper consequences than other countries. In Italy, each region (and sometimes each province) is characterized by its own history, with very different influences from foreign cultures and dominations, its own traditions, its own language - not just “dialects”, as mere variations from a common root, but actual different “tongues”, to the point that people coming from different regions, speaking their own dialects, can hardly understand each other. As we have shown in the first section, even the more recent economic history is characterized by significant differences between regions in the economic development process - not just between the north and the south of the country, which is the most obvious and large-scale example of such differentiation, but also between local areas and communities.

The process leading to the “explosion” of industrial districts can be seen as the most successful expression of such variety. Industrial districts leveraged on both diversity and “enclosedness” of local communities for their own success.

However, at the same time, cultural diversity can lead to difficulties and problems, as we have seen in the Auchan-Rinascente case. Certainly, many relevant processes of cultural homogenization have been reducing variety in the last century (national television is the most obvious one). However, the case study shows how Auchan, in order to perform a successful merger with Rinascente, was obliged to adopt an approach where Rinascente’s specific knowledge of the Italian context, with its multiplicity in terms of consumer habits and attitudes, had to be taken into very careful consideration. The consequences, in managerial terms, were very significant: the company had to completely redesign the whole managerial “model” - a model that, in other countries where Auchan is present, proved to be

very successful, and didn't need to be adjusted as deeply as it was for the Italian market.

Conclusions: key issues and new challenges for Italian management

Three elements seem to represent the most relevant interpretive keys in order to understand the relationship between national culture and management in Italy.

First, the relevance that the State had, for many decades, not only in terms of protectionist economic policies, but also as an actor directly involved in several industrial sectors, especially in capital-intensive ones. Consequently, the "protected" environment in which most large companies evolved over time kept them away from actual competition with international companies, and also from growing as much as similar companies did in other countries. Also, this favored (together with other legal, financial, and cultural elements) the diffusion and the persistence of family companies, both small and large ones. In the last few years, the new globalized scenario of the international markets caught many Italian companies not well prepared to new and more intense forms of competition. This totally new situation is shedding light on the weaknesses of many Italian enterprises, forcing them to some relevant changes, both strategic and organizational ones.

The second crucial element of the Italian business scenario is the "family" character of many enterprises. This is true not only for small and medium firms, but also for several large ones. It is crucial to consider the wide diffusion of the family business approach in order to interpret and understand the peculiar traits of Italian management. It is not uncommon that there is a tight the connection between the entrepreneur's persona, his/her values and attitudes, and the organizational arrangements of the company. It often happens that when the entrepreneur decides to leave the corporate governance, the whole organizational

culture needs to be re-discussed, analyzed, changed, and adapted to the new situation. In more general terms, the family character of many Italian companies is relevant since it allows to better understand the structural features of the Italian economy, as well as the specific strategic and organizational choices of individual companies: the peculiar traits of the organizational culture of many companies, the priority given to continuity over change and growth, the focus on incremental innovation versus radical innovation processes, the problems related to transition phases from one entrepreneurial generation to the next, as well as the difficulties related to the globalization of competition.

The third important aspect of the Italian economic scenario is the relevance of the “territory”. In other words, we refer to all those social and cultural elements that characterize Italy as a “community of communities”, the aggregation of many different specific local (and very diverse) environments, each with its own context-specific history, traditions, social arrangements, languages. It is such “closedness”, such specificity and proximity, that provided the necessary social and cultural background for the birth and development of the industrial districts phenomenon. Elements like sharing of information and knowledge, trust and informal ties, mutual learning and imitation, diffused entrepreneurship, served as fundamental coordination devices but also as the “propeller” for the development of a strongly “territorialized” economy. In such a context, the culture of an entire territory becomes (embedded in) the culture of the enterprises. At the same time, as we have seen in the Borri case, the leading role of individual firms can trigger a socialization process of entrepreneurship and technical knowledge. The leading company, while using the local cultural assets in order to re-invent its organization, contributes to change, or at least to influence, the local culture. It’s a process of cross-fertilization, of mutual enrichment. It is, in many ways, a social process, where the business actors (or the district) could not be the same (or even

exist) without the “territory”, and the “territory” could not be the same without the business actors.

These three elements – the State’s influence, the family nature and origin of companies, and the relevance of the local communities – interact with each other in different ways. For example, the transition problem of a family-owned company like Borri could be solved thanks to a deep involvement of the local community. In most cases, the family structure of the companies’ governance has a major role in the diffusion of knowledge and in the strengthening of informal ties in the local communities. In the past, the State’s intervention allowed in several cases the continuity of troubled family enterprises.

However, the interaction of these elements can also create difficulties and problems. Italian managers must deal, in the present and, most likely, in the future, with important challenges, requiring a careful consideration of the possible benefits, but also the constraints associated with the three elements of the Italian scenario that we just outlined above.

On one side, the transition to a highly competitive and internationalized market requires the companies’ organizational culture to be adjusted accordingly: a culture oriented towards innovation, competition, efficiency. On the other side, growth and competitiveness can also be achieved through mergers, acquisitions, and alliances with international partners. However, these strategic moves generate other, relevant problems in terms of organizational culture as well: mergers of companies that originate from different countries require integration not only in strategic and financial terms, but also in organizational terms, as we have seen in the Auchan-Rinascente case.

Thus, for different reasons, the problem of culture seems to be a major issue for most Italian companies. Of course, this does not mean that the cultural heritage of Italian companies is useless or should be completely abandoned. For example, in the Rinascente/Auchan case, the merger became successful only when a more

“balanced” approach to organizational integration was adopted, instead of simply “imposing” the Auchan model on the Italian market. In the Borri case, a managerialization process as well as a radical organizational change of a traditional, middle-sized family firm, successfully leveraged on several community-based, cultural, and social assets. However, in other family businesses, the need for a cultural change towards a more “mainstream” managerial approach may lead to waste relevant assets related to the very peculiar organizational arrangements that characterized the company in the early years, assets like people attitudes, creativity, openness, initiative.

Thus, Italian companies are certainly confronted with a problem of internationalization, modernization and managerialization, but at the same time they need to be careful in order to avoid wasting an important heritage, a legacy of entrepreneurship, creativity, and cultural and social values. More generally, all the crucial relationships that characterize the Italian economy need to be carefully reinterpreted, at different levels: the relationship between internationalization and territoriality, the relationship between State and private initiatives, the relationship between family business and professional management. These are some of the key issues that the Italian economy needs to urgently solve.

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