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Abstract

The purpose of our study was to explore multi-faceted connections between corporate welfare strategies (CWs) and local development.

Although there are a large number of studies on the topic of CSR and CW, to this day, the plausible connection between CWs and local development has been largely overlooked from an academic viewpoint.

Our original hypotheses assumed that there is a plausible relationship between CWs implementation and socio-economic development. In particular, CWs are likely to foster local economic diversification in related and unrelated sectors through knowledge and entrepreneurship spill-overs, as well as to strengthen local communitarian ties.

Before investigating those plausible relations, we tried to put forth an acceptable, although non-conclusive, definition of *corporate welfare*, mainly relying on the *CSR* academic literature and the *local development* corpus of studies. Moreover, we referred to a multifaceted group of academic contributions and relied on social capital literature, Evolutionary Economic Geography's concept of "related" and "unrelated" variety, as well as on local development studies. The mix of these three academic literatures allowed us to develop an interpretative schema that frames CWs within local development processes.

In chapter 2, our analysis focused on Olivetti's history and Adriano Olivetti's political thought. We were inspired to dwell on this specific case for many reasons: 1) the Olivetti company is widely considered, by Italian academic literature, the *ante litteram* socially responsible enterprise. Therefore, for the sake of our study on CW and CSR, we could not avoid analyzing this paradigmatic case; 2) a more obvious hint came from Becattini's comment on Porter and Kramer's *shared value* (2011). Becattini's reference to Olivetti led us to detect, what were so far, unexplored connections between Olivettian thought and Italian local development literature.

Becattini's reference to Olivetti's case suggested an intellectual line of thought that, sometimes outwardly and often implicitly, connects AO's social and political ideas to the local development literature. Hence, we went down this path of an ideal intellectual line of thought and reviewed Giorgio Fuà's work (one of the few masters that Giacomo Becattini acknowledged), the theoretical cornerstones of Giacomo Becattini up to Porter and Kramer's *shared value*. We then proposed, relying on Olivetti's, Becattini's, Porter's and Kramer's works, a reassessment of the original concept of *shared value*, and called it "communitarian" *shared value*.

We then analysed the implementation of CWs in a specific territorial context. We focused on the effects of CWs implemented by Ferrero and Miroglio, two Albese multinationals in the province of Cuneo. As aforementioned, by investigating the possible "external" effects that stem from larger enterprises' CW policies - such as rising levels of local entrepreneurship, a growth in the number of firms operating in related and unrelated sectors, an increase in the levels of local trust relationships - our goal was to better understand this connection (that had never been fully explored academically) and add an original contribution to the subject of "internal" CSR with external effects. Lacking general research and quantitative data on the subject, we relied mostly on a qualitative/ethnographic approach based on a deep analysis of literary and historical works, on the results of a web-survey that we administered to 28,759 enterprises in the province of Cuneo and on approximately 80 in-depth interviews. The original hypotheses of research have not been confirmed directly. It is instead the "entrepreneurial style" of local multinationals to condition, in a

sort of spurious relation, both the independent CW variable and the dependent variable “local socio-economic development”.

Additionally, empirical research led us to better describe the “Cuneo system”, a macro productive system that encompasses a variety of LPSs and that present hybrid socio-economic features which we have defined as a “polycentric system of local productive systems”.

Keywords: corporate welfare strategies, corporate welfare, Olivetti, shared value, communitarian shared value, Ferrero, Miroglio, Cuneo, Alba, Fenoglio, Becattini, Revelli, shared value, communitarian enterprise, UNESCO

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Introduction:

Main aims of this research concern a deep analysis of the multi-faceted connections between corporate welfare strategies (CWs) and local development: at this purpose, to contextualize our line of thought, we will refer to broader conceptual categories, such as that of *Corporate Social Responsibility* (CSR) and the academic literature on local development. We will consider CW as one of the operative dimensions of CSR.

This research is an exploratory study apt to deepen general knowledge about the possible effects of CWs, especially on a territorial scale. Also, with the help of an empirical study, we try to investigate possible effects of CWs within the enterprise but above all external effects on the local fabric relying on two possible starting hypotheses:

H1: CWs are likely to foster local economic diversification in *related* and *unrelated* sectors through knowledge and entrepreneurship spill-overs;

H2: CWs are likely to strengthen local communitarian ties.

Our starting hypotheses come from a group of academic contributions, entailing different perspectives and preliminary hints from which we have drawn up our argumentations.

In this first chapter, we try to put forth a sharable, even though not conclusive, definition of *corporate welfare* and to propose some theoretical frameworks with the purpose of investigating possible relations between CWs and local development.

In order to answer the question about a possible relationship between CWs and local development from an economic and social viewpoint, we firstly suggest a definition of corporate welfare taking hints from the CSR and local development literatures, without overlooking other important theoretical contributions concerning social capital as well as related and unrelated models of local development. After treating some main issues that connect the CSR's and the local development's corpus of studies, we then propose an interpretative schema to contextualize CWs within local productive systems.

In chapter 2 we deal with the historical, social, political and economic analysis of the "Olivetti case", with the purpose of highlighting the *ante litteram* CSR and CWs of the Olivetti enterprise, particularly making reference to Olivetti's paradigmatic welfare policies, enterprise's mission and the entrepreneurial figure of Adriano Olivetti.

Some main historical facts about the Olivetti enterprise are introduced with the purpose of better contextualizing and describing the entrepreneurial activity of Adriano Olivetti, his innovative and unique thought about what is called today *shared value*, as well as on community, entrepreneur's objectives, institutional reforms, and desirable political assets. We then focus on so far unexplored and hidden connections, linking the Olivettian thought to the local development literature.

In particular, we introduce a variation on the concept of shared value originally proposed by Porter and Kramer (2011). This variation is based on a couple of suggestions provided by Becattini (2011) commenting on that concept: the first concerns the rooting of shared value in processes of local development, as those exemplified by successful industrial districts, where the business sphere and

the local community are strictly integrated within place-based relations. The second suggestion is the mention of the experience of the Olivetti company within the Canavese area (Ivrea, Italy) in the first decades after WWII. Becattini described that experience as an uncommon situation of reconciliation between a corporate function of profit and the function of social utility of a place. Hence, our argumentation focuses on a. the relation between shared value and local development; b. the underlying connection with the Olivettian experience and the theorization of the concept of “community” included in the writings of Adriano Olivetti; c. some implicit relations between the communitarian views of Olivetti and Becattini; and d. the reassessment of the concept of shared value, and in particular the reference to the Olivettian experience seen as a paradigmatic and forerunning case.

Chapter 3 analyses empirically the connection between CWs and local development.

We focus on the local labour system of Alba, where Ferrero and Miroglio, two Piedmontese multinationals operating respectively in the agri-food and in the textile sector, have their main plants since the end of the 1940s. Considering the two multinationals’ long-lasting commitment in the province of Cuneo, it is possible to evaluate their action relying on historical sources as well as on social and economic facts. Furthermore, these companies seem to express possible proximities with some approaches experimented by the Olivetti company that was located not far from the two enterprises.

We have followed a single case study approach (Yin, 2011) and we have taken as unit of analysis the province of Cuneo, and not just Alba’s local labour system (LLS). The larger availability of datasets at the province level makes it possible to compare the area with other local contexts. Secondly, some territorial impacts of the CWs of these local multinationals and their local business networks have a larger radius than that of Alba LLS. The research design has entailed therefore two main methodological steps. 1) We firstly administered a web-survey to the universe of 28,579 enterprises of the province of Cuneo operating in ATECO sectors A01, C10, C11, C13, C14, C15, G46, I55, I56, identified as “related” and “unrelated” varieties (Frenken et al., 2007) of local agri-food and textile productive specializations and defining a “complementary productive multiplicity” at a local level (Bellandi, 1996). 2) We conducted a series of qualitative in-depth interviews with key local actors, with the purpose of analyzing local business and social relationships, and disentangling plausible knowledge and entrepreneurial spill-overs, as well as describing the Cuneo socio-economic system on a deeper level.

Chapter 4, even if it is not directly tied to the original hypotheses that guided our study, is still a product of our path of empirical research and conceptual refinement. The analysis of secondary data, the survey and the interviews allowed us to indirectly detect a second line of investigation that highlighted the peculiar features of the Cuneo area. The main academic contributions describe the area of Cuneo through its “peripheral” economic structure, which would be characterized by its “diffused development”, mainly based on traditional agricultural specializations and encompassing some industrial district features (Scamuzzi, 1987). Other works focus on the local production vocations related to agri-food (Balduzzi et al., 2011; Santagata, 2002), neglecting, perhaps, to keep the spotlight on the local system’s socio-economic peculiarities.

We defined the “Cuneo System” as a polycentric “system of systems”, encompassing different Local Productive Systems (LPSs) that rely on the same historical and productive background. It is a macro productive system that encompasses a variety of LPSs and that present hybrid socio-economic features. By the term “polycentric” we refer therefore to the existence of many productive cores but within the same cultural, institutional, productive local “conscience”.

CHAPTER 1:

Corporate welfare strategies and local development: an analysis of the theoretical relations between CW strategies and Local Systems

1.1 Introduction

In this first chapter we try to put forth a sharable, even though not conclusive, definition of *corporate welfare* and to propose some theoretical frames with the purpose of investigating possible relations between corporate welfare measures and local development.

In order to answer the question about a possible relationship between corporate welfare strategies and local development from an economic and social viewpoint, we firstly suggest a plausible definition of corporate welfare taking hints from the CSR and local development literatures, without overlooking other important theoretical contributions concerning social capital as well as *related* and *unrelated* forms of local development. After treating some main issues related to CSR academic literature and local development corpus of study, we will then propose an interpretative schema to contextualize CWs within local systems.

1.2 How to define corporate welfare policies: hints from the CSR literature review

1.2.1 The origin of the CSR concept

To deal with corporate welfare strategies and their impacts within and outside the enterprise, it would be appropriate first to treat briefly the academic literature about *Corporate Social Responsibility*, as we think this macro-conceptual category would let us contextualize the issue of corporate welfare within a broader academic debate. We argue that CSR could be the most suitable category to mix up two streams of research driving our reasoning: local development academic literature and corporate welfare issue.

From a detailed literature review about CSR, one finds out that Corporate Social Responsibility is a true cross-disciplinary issue treated from very different academic perspectives and disciplines that have struggled for giving a proper and shared academic definition. As some scholars explicitly argue, in both the corporate and the academic world, there is uncertainty as to how CSR should be defined (Dalshrud, 2008). This is mainly due to: 1) a literary abundance of definitions, which are often biased

towards specific interests and that prevent development and the implementation of the concept (Van Marrewijk, 2003) and 2) a lack of empirical methodology that demonstrates how CSR measures are implemented (Dalshrud, 2008). The CSR issue, given its both theoretical and many practical implications, thus appears as a conceptual category intrinsically fuzzy and multifaceted. As a matter of fact, the academic debates on CSR have taken from the very beginning different research paths to fulfill different empirical and theoretical requests, as that of solving the traditional, long-lasting argument about the dichotomies between first-essential and second dispensable welfare (Porter and Kramer, 2011; Kang and Moon, 2012; Scherer and Palazzo, 2011; Tirole, 2001).

From an historical perspective, the academic debate, deriving mainly from the Great Depression of 1930s in the USA, involves two main competing versions about corporations' desirable role within a society. The first one, that can be easily summarized as the *shareholders view*, stated that the first corporation's purpose is to advance the financial interests of the owners (Berle, 1931). A second contemporary contribution (Dodd, 1932) pointed out for the first time how the corporation should be viewed also as a "social institution" that take into consideration the whole of its stakeholders, namely the social community in which it is embedded, workers and consumers. In 1953, the economist Bowen introduced explicitly the issue of corporate social responsibility defined as "the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Carroll, 1999, p.4). Bowen's proposal marked out the beginning of a long-lasting discussion about the desirable role of corporations within the society. During the 1950s and 1960s, philanthropy, or "community service and employee welfare" were the terms used to categorize CSR activities, which were seemingly aimed at serving the well-being of citizens and the community. In reality, it also benefited their own entrepreneurial "enlightened self-interest" as Banerjee (2007, p.7) reflected. Often viewed as duties, these obligations were deemed "desirable in terms of the objectives and values of society": attempts to define CSR began thus, giving society and businesses the impression that CSR was compulsory, or foolish to avoid (Banerjee, 2007; Bowen, 1953). CSR concept evolved despite inevitable academic scepticism as that clearly expressed by Friedman (1962) in his well-known statement: "In a free economy there is one and only one social responsibility of business: to use its resources and engage in activities designed to increase its profits *so long as it stays within the rules of the game*" (Friedman, 2002, p.133).

Throughout the 1970s, most studies attempted to define distinctive features and rules of CSR. Johnson through his "lexicographic utility theory" (1971) suggested that strongly profit-motivated firms should engage in socially responsible strategies, arguing that "once they attain their profit targets, they act as if social responsibility were an important goal, even though it isn't" (Carroll, 1999, p.274). In a way, he underlined explicitly the potential of CSR activities for maximizing profits and gaining new markets. A major debate took place in 1972 when Manne proposed his definition by arguing that any working definition should include at least three elements. "To qualify as socially responsible a corporate action, a business expenditure or activity must be one for which the marginal returns to the corporation are less than the returns available from some alternative expenditure, must be purely voluntary, and must be an actual corporate expenditure rather than a conduit for individual largesse" (Carroll, 1999, p.276). This element of volunteerism, though

implicit from the very first conceptualizations, has been carried forward into many contemporary definitions of CSR. The volunteerism feature was reiterated by his colleague Wallich that defined responsibility as "a condition in which the corporation is at least in some measure a free agent", even though it is hard to distinguish between that which is "purely voluntary" and that which is in response to social norms (Carroll, 1999, p.276).

Beyond the formal differences, all of 70's definitions unanimously agreed that socially responsible companies had to act voluntarily to conform to CSR rules, beyond legal prescriptions (Davis, 1973). Some theories (Ackerman, 1973; Preston and Post, 1975) were more focused on the symbiotic relationship between companies and their social context: when society interacts with business at large, it gives the enterprise legitimacy and prestige. As a result, "detection and scanning of, and response to, the social demands to achieve social legitimacy, greater social acceptance and prestige" (Garriga and Mele, 2004, p.58) became necessary, even though corporations were simultaneously allowed to support their long-term economic operations and creation of value.

The most outstanding theoretical contribution of the 1970s was undoubtedly Carroll's one. In 1979, Carroll proposed a path-breaking four-part definition of CSR, stating that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979, p.500). Carroll's well-known pyramid¹ stated peremptorily that responsibilities of an enterprise extended beyond making a profit and obeying the law, embracing a full range of responsibilities of business to society.

More in general, scientific contributions of the 1970s created the theoretical base for a new, complete definition of the *stakeholders theory*, due to Edward Freeman (1984). In the 1980s the importance of stakeholder management increased as stakeholders were "those groups who can affect or are affected by the achievement of an organization's purpose" (Freeman, 1984, p.49) in a general awareness of the importance that those who claim links to the company become "responsible players". Many authors, especially Drucker (1984), started to highlight possible positive relationships between social responsibility and business opportunities in terms of market opportunities, productivity, human competence and improvement of the competitive context. Following this growing interest and demand of operationalizing CSR and catching its practical implications, many scholars became interested in the question of whether socially responsible firms were also profitable enterprises. A precise example of the growing interest in operationalizing CSR and seeing if it influenced the financial performance was Cochran and Wood's research (1984). The authors analyzed the various ways in which social and financial performance had been operationalized in the past and decided to use a reputation index to measure CSR (Carroll, 1999, p.286). With the same purpose of seeking to understand the relation between CSR and profitability, Aupperle, Carroll, and Hatfield (1985) relied on Carroll's four-part definition of CSR and sought the opinions of a sample of executives. The study confirmed the priorities of the four components in this sequence: economic, legal, ethical, and discretionary (Aupperle et al., 1985, p. 457).

¹Carroll (1979) organized different corporate social responsibilities as a four-layered pyramid model and called it the pyramid of responsibilities. The four different responsibilities - economical, legal, ethical and philanthropic - are the layers of the pyramid.

During the 1990s, the concept of CSR evolved significantly to alternative themes including, along with *stakeholders theory*, also business ethics theory, Corporate Social Performance, and corporate citizenship. Carroll revisited his four-part CSR pyramid (Carroll, 1991) referring to the discretionary component as “philanthropic” and suggesting that it embraced *corporate citizenship*. In other words, Carroll stated that firms should strive “to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carroll, 1991, p.43). Carroll's contributions could represent a theoretical springboard for most recent “composite” definitions and theories descending from traditional works on CSR.

1.2.2 The evolution of CSR concept towards new composite categories

Most recent contributions have indeed revealed the cross-disciplinary nature of the concept that has naturally evolved towards composite concepts derived from the original concept of CSR such as “corporate citizenship” (Scherer and Palazzo, 2008; Matten and Crane, 2003), “CSR policies” (Scherer and Palazzo, 2011) and corporate “shared value” (Porter and Kramer, 2011).

Cross-disciplinary academic and political debate about CSR must be contextualized within an economic context in which, in the last 40 years, countries have faced national passive balances combined to an increasing demand for measures of social protection. In these circumstances, governments have normally triggered private institutions and corporations to supply citizens with welfare services, giving life to new markets and welfare-mix policies. Historically, and especially from the beginning of the most recent historical phase of Welfare State after the Second World War, corporate welfare has normally been intended as a “secondary” welfare going alongside the first welfare of public nature. It would be appropriate to reanalyse this outdated reasoning in the face of a new complex social and economic context that hardly accepts the traditional public-essential/second-dispensable dichotomy. In a new political context that entails more complex social demands and empirical requirements, research on CSR has progressively broadened its conceptual borders getting into new philosophical and research domains. Since then, several authors have tried to solve the conceptual public-private and social-economic dichotomies by emphasizing the role of social and political undertaking by firms. Porter and Kramer (2006, 2011) theorized the corporate *shared value* as an attempt to connect profit and social progress in the enterprise, drawing an unprecedented turning point in the reflection about sustainable capitalism and analysing possible and desirable connection between economic and social concerns (Becattini, 2011). Scherer and Palazzo (2011) used the expression “CSR policy” to indicate the growing involvement of the firm in the public sphere, next to national governments and supranational organizations, by arguing that, under the condition of globalization, the strict division of labour between private business and nation-state governance does not hold any more. That is the reason why many firms have started to assume social and political responsibilities that go beyond legal requirements filling the regulatory *vacuum* in global governance. Moreover, the authors assert that an increasing number of publications from various disciplines started to propose a politicized concept of CSR. In this new evolved field of research, Kang and Moon (2012), in their comparative study about different capitalistic models, argued that CSR assumes different forms and serves different functions in different political contexts. In liberal market economies, CSR is thus largely competitive and oriented to shareholders' value; in coordinated-market economies, firms' motivation for CSR is predominantly socially-cohesive, orientated to stakeholders' value systems; changes are more clearly observable in state-led market economies where firms' motivation for CSR is largely developmental and orientated to public value. They come to identify *corporate governance* as the missing link between the broader institutional arrangements that govern finance and labour and CSR: in their point of view, CSR is a counterpart to corporate governance systems and behaves relying on a logic of similarity and institutional complementarity. As changes occur in broader institutional arrangements and corporate governance, CSR adapts to and facilitates the changes

accordingly. According to Scherer and Palazzo (2008) and Matten and Crane (2003), firms have progressively filled the institutional gap left by national governments, gaining a new political role that they have summarized in the expression "corporate citizenship". Corporate citizenship, in their point of view, concerns primarily the administration of a bundle of individual citizenship rights by the firm that gradually has taken on a "providing role" of social, civil and political rights, traditionally granted and protected by governments.

The recent worldwide academic interest and normative requirements dealing with CSR and corporate welfare strategies implicitly stress the necessity of implementing policies connected with "CSR" issues. In any case, we cannot ignore how the general measures, that nowadays are labelled under the blurring, general and popular category "CRS" represent the re-emersion in new forms of an old phenomenon, that is commonly dated back to the XIX century. XIX century's embryonic capitalism deployed in a world of possibilities (Sabel and Zeitlin, 1997) that was structured in a *continuum* that ranged from mass production systems to flexible specialization forms. With that said, the multidisciplinary literature that deals with *corporate paternalism* (Musso, 1999; Benenati, 1999, Baglioni, 1973; Iankova, 2008; Sabel and Zeitlin, 1997), takes into account some of the most relevant academic contributions on this topic. These contributions traditionally refer to a set of embryonic "protective" measures that occurred during the early stages of capitalism and that were implemented by the corporation owner for the company's employees in order to allegedly "better protect" their employees' interests (Baglioni 1974; Iankova, 2008) or even those of the entire local community. The phenomenon refers therefore, as in the case of CSR initiatives, to a plethora of "voluntaristic" and "liberalistic" actions (Benenati, 1999) that range from a corpus of employees-designed measures (healthcare, social, cultural, accommodation and recreation facilities...) to community-oriented initiatives as in the case of "company towns" (Crawford, 1995). A similarity with nowadays CSR measures can be retrieved also in the "explicit" or "implicit" (Matten and Moon, 2008) as well as "informal-spontaneous" or "deliberate" actions that depict the variety of institutional contexts in which these old and new forms of company practices took and take place.

Following these academic hints and institutional requirements, in management, marketing studies, business ethics and Organizational Behaviour theories, several streams of research have focused on understanding why companies increasingly engage in CSR initiatives (Aguilera et al., 2007; Campbell, 2007; Balmer et al., 2007). As a matter of fact, as some scholars clearly point out, CSR initiatives have become increasingly common as organizations compete for customers and try to meet the growing and dynamic expectations of their stakeholders (Matten and Moon, 2004). Simultaneously other scholars have analysed the prominence of CSR initiatives for gaining employees and stakeholders' trust, fostering a sort of corporate citizenship (Dawkins, 2002) or, as previously mentioned, for increasing corporate performance (Cochran et al., 1984). The importance in stakeholders trust is equally highlighted in corporate marketing and identity literature, which suggest that stakeholder perceptions and attitudes about an organization's ethics play an important role in shaping their attitude with regard to management (Balmer et al., 2002). Other academic works, ascribable mainly to marketing and Organizational Behavioural studies, have advanced the proposition that employees' opinions about the company's social responsibility play a key role in shaping their trust in the organization, which in turn influences their attitude and behaviours

(Fukuhawa et al., 2007; Perrini and Castaldo, 2008; Rupp et al., 2006). Other scholars have then examined the proposition that CSR initiatives help firms develop positive ethical identities with key stakeholders such as customers and investors (Balmer et al., 2007). To witness this widespread and cross-disciplinary interest on CSR, it is worth highlighting how most research on CSR is strictly intertwined with sociological works on social capital (Russo and Perrini, 2010).

After conducting a careful review of the CSR literature, we have found that - despite the cross-disciplinary contributions and the development of derivate concepts, such as those of corporate citizenships, CSR policies, corporate governances, that cover two main areas of research (economics and political science) - most-quoted articles on Google Scholar pertain primarily to three main disciplines: management, marketing and business ethics. As a matter of fact, as Matten and Moon (2004) clearly point out in their study, concerning corporate social responsibility's education in Europe (or rather teaching and research programs), there is a growing trend of CSR research that applies to business relevance. Although the term CSR, its current agenda items and other current business-society items have gained currency, many programs are still grounded in the longer-term orientations of business ethics and environmental responsibility. Moreover, reflecting the fact that CSR now appears to be a blurred cross-disciplinary concept, authors point out that there is a highly diverse understanding, contextualization of CSR teaching programs in European business schools (Cfr. fig.1).

Making reference basically to the main outcomes of Matten and Moon's study (2004), our literature review confirms what they pointed out: a general academic attempt with definitional purposes and an increasing research interest related to the business issue, partly confirmed by the fact that the most quoted articles nowadays are related to the management and marketing's academic spheres. Among the most outstanding contributions, there is also Carroll's contribution which offers a full detailed historical description of the evolution of the concept, from its origins to the 1990s (Carroll, 1991). Carroll highlights how in the 1990s, the CSR concept transitioned significantly to alternative themes such as stakeholder theory and business ethics topics (Carroll, 1999, p.292). His work is again particularly interesting for two main aspects: 1) it points out the relevance CSR was assuming in so far unexplored fields of research treated by political science studies and dealing with a new institutional concern for the relationships between society and businesses; 2) it encompasses the purpose of shedding light on two main dimensions characterizing CSR: an internal dimension dealing with Corporate Social Performance, stakeholders theory and an increasingly important external dimension that concerns new social, political, environmental issues that partly converged in all composite categories formalized in the decade after.

Figure 1. CSR' research topics in European Business Schools.

Research topic	Percentage
Business Ethics	36
Environmental/Ecology Management	21
Corporate Social Responsibility	20
Sustainable development	18
Corporate Governance	17
Accounting and Finance, incl. social/environmental reporting accountability	13
Stakeholder Management	12
Globalisation	11
Strategy	5
Business and Society	4
Leadership	3
Corporate Citizenship	3
Marketing	3
Corporate communication	2.4
Culture	2.4
Corruption/Crime/Racism	1.8
E-commerce	1.8
Ethical Investment	1.8
Management	1.8
Corporate reputation	1
Gender	1
Sociology	1
Spirituality	1
Supply chain	1
Tourism, incl. Ecotourism Sustainable tourism	1
Trust	1

Source: Matten and Moon, 2004

Among the most relevant and quoted contributions that we have analysed and to which we will refer to, we would like to mention:

- 1. McWilliams and Siegel's work (2001) that explicitly addresses the question of how much firms should spend on CSR to maximize profits while also satisfying stakeholders demand for CSR;
- 2. Matten and Moon's work (2008), along with their 2004 article, argue that explicit CSR practices (voluntary programs and communications) have spread over Europe in recent years, where "implicit practices" (which were related to values, norms and rules) prevailed before explicit CRS practices took over and required corporations to address mainly stakeholder issues. The authors provide an approach to answer two main research questions: the first one concerns the historically more explicit CSR attitude in the United States than in Europe. The second concerns the evidence of a recent shift from implicit to more explicit CSR among European corporations.

They assert that the key to interpret those changes are ascribable to the changes in the institutional assets that concern:

- a. coercive isomorphisms: neo-institutionalism assumes that "externally codified rules, norms, or laws assign legitimacy to new management practices". For instance, "the growth of socially responsible investments indexes, and the adoption of CSR-type criteria by more mainstream investment funds, can constitute new drivers for corporations to develop explicit CSR policies in order to access these sources of capital" (Matten and Moon, 2008, p.411-412);
- b. mimetic processes: "in a business climate of growing uncertainty, competition and

increasingly complex technologies, managers tend to consider practices legitimate if they are regarded as using the <best practices> standards of their organizational field (e.g. total quality management)” (Matten and Moon, 2008, p.412);

- c. normative pressures: new laws encouraging CSR attitude, that are due to the reordering of national and supranational European institutions, combined with the increasing financialization of markets and changes in the education and labour system (Matten and Moon, 2008, p.412).

At the same time, concerns about a business’s own legitimacy have urged corporations to implement and communicate explicit CSR practices to stakeholders. Additionally, the authors bring up the issue of how recent explicit CSR practices are adopted among European multinationals and enterprises and how they are related to institutional changes since they provide incentives to adopt corporate-level solutions for managers (*Cfr.* fig.2);

- 3. Van Marrewijk's article (2003) provides a useful distinction between corporate *sustainability* that refers mainly to “value creation, environmental management, environmentally friendly production system, human capital management” and CSR that concerns firstly phenomena such as “transparency, stakeholders dialogue and sustainability reporting” (Van Marrewijk, 2003, p.8) ;
- 4. Dahlsrud 's study (2008) proposes a useful analysis of 37 main definitions based on an extensive review of the literature, which consists of both journal articles and frequency counts on Google. Through an in-depth content analysis, Dahlsrud identifies five main dimensions, namely, in order of importance: the *stakeholder, social, economic, voluntariness and environmental* dimensions, proposing a useful taxonomy to classify CSR;
- 5. The Green Paper of European Community (2001, p.3) encourages companies in that direction and states that: "their social responsibility and voluntarily taking on commitments which go beyond common regulatory and conventional requirements, which they would have to respect in any case [...] companies endeavour to raise the standards of social development, environmental protection and respect of fundamental rights and embrace an open governance, reconciling interests of various stakeholders in an overall approach of quality and sustainability".

In this institutional document, there are five main dimensions (stakeholder, social, economic, voluntariness and environmental) that are detected, as well as an internal dimension of CSR that involves company employees and issues relating to:

- human capital
- health and safety
- managing change

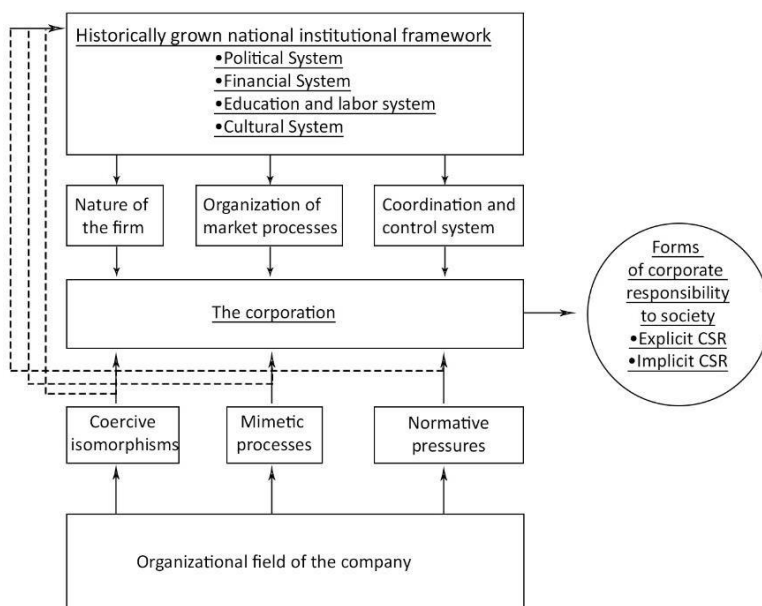
Environmentally responsible practices relate mainly to the management of natural resources used in production and open a path to manage change and reconcile social development with improved competitiveness. Additionally, there is an external dimension concerning:

- local communities

- business partners
- suppliers and consumers
- environmental and social concerns

We have commented upon some main theoretical contributions deriving from the literature review in order to introduce our taxonomic proposal that aims at defining corporate welfare as one of the possible expressions of the internal dimension of CSR. Our purpose is to frame academic and institutional debate on corporate welfare within CSR's broader and generally recognized conceptual category.

Figure 2. An interpretative schema to connect CSR to the institutional context of the firm.



Source: Matten and Moon, 2008

In particular, just as the literature review has already pointed out, at this point there is no relevant academic and literary corpus of studies on a national or international level that deals with the corporate welfare issue. However, recent Italian academic literature has dealt with corporate welfare issues more specifically and more comprehensively than in the past by certifying the emergence of this social phenomenon (Treu, 2013; Ferrera and Maino, 2012; Pavolini et al., 2013; Macchioni and Chinchilla, 2013; Rizza and Bonvicini, 2014; Maino and Ferrera, 2015). It was certainly encouraged by a renewed normative asset that was designed by the recent “Legge di stabilità” (2016) that undoubtedly pushed initiatives to go in that direction. However, there are still many issues and perspectives that emerge and need to be explored: scientific literature has primarily focused on the qualitative analysis by identifying good practices, which leaves substantially unexplored quantitative dimensions of the phenomenon (Pesenti, 2014). This is highlighted by the

lack of aggregate data on corporate welfare (Pavolini and Carrera, 2013) and the lack of analysis of the different types of corporate welfare actions. Moreover, the study of the implementation of corporate welfare policies in SMEs is to date still largely unexplored and the few researches demonstrate the difficulty of interventions in such field (Pesenti, 2009), highlighting a general propensity to unaware and non-structured practices in SMEs (Perrini et al., 2007; Coppa and Sriramesh, 2013).

Due to the scarce amount of research performed on the subject of CW, we argue that CW is a sub-category of CSR, as suggested by the Green Paper (2001) that is so far the main institutional document that addresses the subject. In that sense, corporate welfare, dealing with employees' working life, refers mainly to the internal dimension of CSR. We therefore will take into consideration primarily the internal dimension with the purpose of understanding whether corporate welfare actions implemented by the enterprises considered can have external effects by triggering local socio-economic development. When we deal with corporate welfare, we refer firstly to corporate strategies concerning educational, healthcare, recreational, transport, formation facilities.

This brief excursus on CSR will let us to contextualize better two main issues that will be investigated in the next chapter, namely the peculiar "CSR" implemented from the Second World War by Olivetti, strictly tied to what Adriano Olivetti defined the *communitarian enterprise*. Moreover, we will try to explain why Olivetti could be reasonably considered one of the Italian pioneers in implementing relevant, unique and "paradigmatic" corporate welfare strategies.

1.3 A brief review on possible forms of local development

As major contributions on the subject clearly pointed out, there are a huge variety of socio-economic development paths in Italian local development (Becattini et al., 2001). This multifaceted research stream, that over the time has involved scholars from diverse disciplines (beginning from the late 1960s) has matured and put forth a variety of academic models capable of properly describing its "complexity". So, the mainstream model of the 1960s that historically counter-posed simplistically a developed and industrialized Northern Italy to a South running behind, evolved in more complex frameworks that at least recognized the existence of different "Italies". The well-known model of the "Three Italies" (Bagnasco, 1977) was one of the most path-breaking contribution that overcame the historical dualistic developed North - undeveloped South framework, proposing a model that encompassed a third development path that took into consideration distinctive decentralized forms of economic development. The first Italy's main features (corresponding mainly to North West) concerned centralized productive forms basically made up of large-sized, technologically advanced firms and of a network of small and medium-sized firms linked to the former; on the other hand, the Third Italy proposal acknowledged explicitly the existence of alternative decentralized production systems, mainly concentrated in Italy's centre and north east where small and medium-sized firms predominated. This academic contribution was one of the first to admit in a formal way that the Italian economic growth had been pulled by two types

of “industrial engines”, each one with its own logic, focusing both on big firms and industrial districts characterized by clusters of small specialized firms (Becattini, 1998).

Similarly, during the 1960s, empirical research and academic contributions from economics (Becattini, 1961; 1962) started to highlight the same “complexity” that moved away from the classical mainstream paradigms centred on large firms.

All the academic attempts from 1960-1970s were aimed at achieving a recognized (although initially challenged) definition that contributed to the acknowledgement of the *Marshallian Industrial District* (Becattini, 1978; 1979), which refers to “a socio-territorial entity characterized by the active presence of both a community of people and a population of firms in one naturally and historically bounded area” (Becattini, 1990, p.38). As we know, the founding papers of the industrial district concept are the well-known Becattini's article “From the industrial sector to industrial <district>. Some remarks on the unit of investigation of industrial economics” (Becattini, 1979) that introduced the concept of MID as unit of investigation and the successive “The Marshallian industrial district as a socio-economic notion” (Becattini, 1989). In order to fulfill the complex task of giving a satisfying definition to what is normally meant by MIDs, one can rely on a first acceptation that basically concerns localities characterized by the economic and social prominence of a cluster of small to medium sized enterprises (SMEs) embedded within the social relations of the area (Becattini, 2004; Bellandi, 2009). Following these preliminary hints, one can state that industrial district unique competitive force comes mainly from its *productive chorality* based not only on the geographical, cultural, institutional proximity of the firms, but also, and more, «on the strength of the uniformity and congruity of the culture of the people and families who live there» (Becattini, 2015, p.36). Producers are embedded locally in the sense that, living and working in the district, they give life to a local co-operative nexus that helps economic agents to realize productivity gains in the form of district external economies (Belliandi, 2009). The *co-operative nexus* can thus be conceived as a systemic support for the integration of the local division of labour. By the term Industrial District, one mainly refers to a *community of people* and to a *localized industry*, characterized by a local industrial specialization, where a population of firms cooperate, thanks to trust relationship allowing reduction of transaction costs, through a local *filière*. This peculiar production system takes shape thanks to some relevant idiosyncratic components that concern an identifiable territorial economic *specialization* that entails a specific division of labour. This complex mechanism stands up thanks to a flexible production integration system that is engendered in a quasi-automatic way relying on a continuous and nurturing process of generation of local knowledge that safeguards and feeds a distinctive “Marshallian atmosphere”. This adds to the pivotal role of the remarkable institutional governance which materializes through specific public goods and ensures socio-economic stability for the entire system.

Further empirical research from the late 1970s further expanded theoretical and empirical perspectives in regard to possible forms of decentralized development. Therefore, it highlighted the existence of, in Italy's case, a “mosaic” of development paths. A first theoretical attempt apt to highlight the complexity and the variety of local development's forms was the mapping of Local Labour Systems (Sforzi, 1991) that was helpful in the following framing of a theoretical model entailing a “kaleidoscopic” local-development description (Becattini, 2001).

Starting from two recognized ideal typical forms represented by the marshallian industrial district and the large vertically-integrated enterprise system, Bellandi and Sforzi (2001) sketched out a theoretical framework in order to illustrate the variety of existent paths of local development in not typically district settings, referring mainly to the local organization of production.

Different local development paths including district-like forms were proposed, combining some non-district enterprises within a specific local setting (Bellandi and Sforzi, 2001, pp.41-63).

a) **The place of the large enterprise.** The role of large enterprises can be different according to the context and the types of social and commercial links they establish with local firms. Large firms can, for example, localize in areas with an identity, namely territories shaped by the history of local or regional societies: it characterizes industrial poles or "areas of the large firm" where the role of large enterprise is crucial in directing local economic policies. However, large firms also play in "arenas", that is to say "areas where they have no clearly dominant role, engaging in market actions and innovation processes with other players, private and public, more or less embedded in the area. Examples of such arenas may be the dynamic cities and the strong industrial districts" (Bellandi, 2001, p.191). Considering the linkages with local institutions and the circulation of local knowledge, one can make a distinction between 1. "the located but non-embedded" units of a large firm, in the case of low involvement of the enterprise within the local system, or 2. the "embedded" enterprises, namely those firms that share cognitive and normative rules and codes with local units and institutions.

b) **The place of small and medium-sized non-district enterprises** is where small or individual enterprises, or those that are part of geographical concentrations, localize in urban or rural settings. Among these, IT metropolitan enterprises supplying advanced services; the neighbourhoods of Artistic Crafts Enterprises that characterize peculiarly Italian cultural tradition and production; enterprises embedded in rural settings that share a stock of work-related and social experiences in the local settings; the non-embedded enterprises that normally act as sub-suppliers dependent on vertical control by a large firm. These firms normally provide different types of manufacturing, commercial, financial services.

Combining thus different types of enterprises analysed so far within specific local productive settings, the authors sketched out a model to describe different local development formulae. Their taxonomic proposal aims at highlighting the production system in which the enterprise considered is inserted, even focusing on the type of productive, institutional linkages that characterize the firm's behaviour towards the "territory" of reference. Thus, in addition to ideal typical district forms, characterized by a population of small, specialized, embedded enterprises within the social relations of the area, one can remark the existence of a *continuum* of multiple formulas of local development that range from those more "centralized" and dependent on large enterprise to those purely districtual (Cfr. fig. 3). So, considering different types of enterprises, local systems in which they operate, or they are embedded, we can distinguish among:

a) **industrial poles** characterized mainly by multi-local large enterprises more or less embedded in the local system;

- b) **local rural systems**, principally centred on embedded rural enterprises, endowed rural resources and characterized by historical agricultural know-how and traditions;
- c) **dynamic city** as complex systems encompassing mainly embedded IT and artistic crafts enterprises;
- d) **local systems based on dependent economies** are characterized by non-embedded subcontractor enterprises (Cfr. fig. 4).

Figure 3. Different paths of local development.

Type of Local System	Characterizing Types of Business	Secondary Types of Business
Industrial Pole	a	f,c
Dynamic City	c,d,a	f,b,g
Local Rural System	e	b,d,f,g
Industrial District	b	c,f,a
Dependent agglomeration of SMEs	f,g	e,b

Source: Bellandi and Sforzi, 2001

Figure 4. Types of enterprises.

Multi-local enterprises	Embedded local enterprises	Non-embedded enterprises
a= Large enterprises	b= district	f= subcontractor enterprises
	c= hi-tech enterprises supplying advanced services	
	d= artistic crafts enterprises	g= enterprises linked to local demand for goods and services
	e= enterprises embedded in rural settings	

Source: Bellandi and Sforzi, 2001

Drawing on this main categorization, empirical research will lead us to advance further conclusions on the local systems we will analyse further on.

1.4 Corporate welfare policies and local systems

1.4.1 A brief excursus on the concepts of social capital, *related, unrelated* variety and their connection to the local development literature

In this section, we will quickly introduce some concepts, such as those of social capital and related

and unrelated variety, in order to outline our reasoning. These two concepts seem particularly useful in reference to our original hypotheses. Specifically, we believe that relatedness/unrelatedness concepts will allow us to develop our arguments on local economic development (hypothesis 1); a brief excursus on social capital concept will help us examine the effects of CWs in relation to local socio-economic development (hypothesis 2).

Recently, an increasing number of studies have been focusing on the relevance of social capital and institutions in shaping peculiar local development paths fostering adaptation and diversification processes (Sabatini, 2008; Barrutia and Echebarria 2010; Crescenzi et al. 2013; Boschma and Capone, 2015; Antonietti and Boschma, 2018). The concept of social capital has been extensively applied by economists, geographers and other social scientists to the analysis of a wide range of phenomena: from economic growth and development traps to political participation, institutional performance, the spread of secondary education and innovation processes. Some studies have emphasized the role of bridging and bonding social capital had in shaping or locking innovation processes (Crescenzi et al., 2013). The so-called bridging social capital, namely those weak ties between heterogeneous agents that facilitate the exchange of information and that contribute to building trust among heterogeneous groups in society (Putnam et al., 1993), is normally considered a precondition that could possibly boost innovation processes (Antonietti and Boschma, 2018). On the other hand, bonding social capital, namely dense social structures, “relationships among like-minded people and exclusive networks of homogeneous agents” (Antonietti and Boschma, 2018, p.4), can lead to cognitive lock-ins, as already mentioned by Banfield (1958) during his research on social capital in Southern Italy. This main distinction between bridging and bonding social capital derives mainly from Granovetter's contribution (1973) by which the sociologist formalized the difference between strong and weak ties in social networks and relationships.

Other recent contributions have highlighted the possible connection between social capital and economic growth (Beugelsdijk and Van Schaik, 2005; Hauser et al., 2007; Crescenzi et al., 2013; Forte et al., 2015), while others have concentrated on the relation between social capital and regional diversification (Boschma and Antonietti, 2018). Boschma and Antonietti (2018), studying the effects of social capital on regional diversification and resilience during the prosperity phase before 2008 and the crisis period, show that, generally speaking, social capital can have some positive effects on diversification and resilience processes. In particular, authors argue that in the pre-crisis period bridging social capital positively influences the probability of entry of new industries, especially in industries unrelated to existing activities, enhancing unrelated diversification. On the other hand, during the crisis period, bonding social capital becomes essential because it allows business to overcome hardship, and reduces their chance of exiting the industry, especially in sectors unrelated to existing regional specializations.

The concept of social capital has a long intellectual history in the social sciences literatures but the sense in which it is commonly used today, dates back to Lyda J. Hanifan (Boix and Possner, 1998), a superintendent of schools in West Virginia in 1916. Hanifan, writing on the importance of community participation to enhancing school performance, explained this positive relationship by invoking the concept of social capital, describing it as "those tangible substances that count foremost in the daily lives of people: namely goodwill, fellowship sympathy and social intercourse

among the individuals and families who make up a social unity" (Woolcock and Narajan, 2000, p.228). After Hanifan, the idea of social capital disappeared for several decades until 1961 when Jane Jacobs retrieved it referring to the social capital as to the social networks that were formed within the city (Jacobs, 1961). The modern development of the concept came from three key authors: Bourdieu, Coleman and Putnam that contributed considerably to its current multidisciplinary aspect. The first systematic contemporary analysis of social capital was produced by Pierre Bourdieu, who defined social capital as "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition" (Bourdieu, 1985, p.248). His definition was influential because it focuses on the increased individual benefits due to the participation within groups and on the deliberate construction of sociability for the purpose of creating this resource. Bourdieu's definition makes it abundantly clear that social capital is virtually broken down into two elements: first, the social relationship itself that allows individuals to claim access to resources possessed by their associates, and second, the amount and quality of those resources.

Coleman (1988) defines social capital by its functions. Social capital occurs through changes in the relationships among people and facilitate action; it can be considered one of the sources of human capital generation, more specifically skills and capabilities that enable people to act in new ways. "It is not a single entity but a variety of different entities with two elements in common: they all consist of some aspects of social structures, and they facilitate a certain action of actors - whether persons or corporate actors within the structure. As other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible" (Coleman, 1988, p.98). Coleman first used this concept to deal with the formation of human capital issue (Coleman, 1988), but succeeded in comprehensively defining it only in *Foundations of Social Theory* (1990; 1994). Coleman's general aim was "to criticize the individualist bias of classical and neo classical economics, while preserving the rational actor paradigm" (Bagnasco, 2004, p.231). From his perspective "authority relations, the relationship of trust, and the consensual allocation of rights which establish norms arise as the components of the social structure" (Bagnasco, 2004, p.232). However, these elements may be interpreted both as components of the social structure and as individual resources for people pursuing their own goals.

For actors, social capital materializes in the network of relations to which they belong, and through which they are able to activate resources for their own strategies and goals. In his view, there are specific social structures or forms that lead to the creation of social capital: obligations, expectations, trustworthiness of structures, information channels, norms and sanctions.

Putnam's work is another important contribution (1993). His conclusions were different than the aforementioned works because of his macro-relational, collective perspective. According to Robert Putnam, social capital refers to "features of social organizations, such as networks, norms, and trust, that facilitate action and cooperation for mutual benefit" (Putnam et al., 1993, p.35). His macro-relational aspect is evident when Putnam states that "working together is easier in a community blessed with a substantial stock of social capital" (Putnam et al., 1993, pp.35-36). In theory, this "stock" is qualified with how much the community is involved and participates and is

measured by indicators such as newspapers reading, membership numbers in voluntary associations, and what levels of trust there are in political authorities. The most evident aspect of Putnam's study about civic tradition in modern Italy is that institutional performance succeeded well in Northern Italy because it was supported by a flourishing "civic community". This was additionally, according to him, the main reason why Northern Italy was prospering economically much more than Southern regions. In areas where there was a well-functioning local government and a prosperous economy, there was mutual cooperation among citizens, vital social networks, equal political relations and the tradition of citizen participation (Putnam, 1993, pp.6-7).

Social capital entails therefore many dimensions: a **structural** perspective that concerns mainly the social interactions including the participation to formal and informal networks (Coleman, 1988; Bagnasco, 2001; Ramella and Trigilia, 2010) and a **cognitive** dimension that refers to individual and collective expectations towards collective attitude and in relation to social trust and collective social norms. This is the dimension that should trigger individual and socially beneficial attitudes for the whole collectivity (Fukuyama, 1995; Uslaner, 2002).

Its multidimensional and blurry nature was also highlighted by the Italian sociological school of Bagnasco and Trigilia which, in a careful literature review of the concept, shed light on all its facets and fields of action: from political science and sociology to economics (Bagnasco et al., 2001). They warn about the misuse of the concept and define it as a concept that, in order to unveil its immense potential it needs to be handled with care because of its multidimensional (it is both an individual and collective resource), cross-disciplinary nature (Bagnasco et al., 2001, pp.53-64).

The two sociologists develop an in-depth argument on the application fields of the social capital issue in regards to local development studies.

Bagnasco focuses mainly on the applications of social capital within political issues. It starts from the observation that the traditional political economy has often underestimated aspects and issues brought to attention by the theory of social capital, often reducing the analytical field and the research focus to the state-market pair. Some *ante litteram* attempts to integrate sociological themes of social capital into analytical schemes of comparative political economy without reductionist falls are the case of research on industrial districts. The conceptual state-society pair has taken on different meanings over time. Bagnasco argues that one of the ways to use it in today's world is to pinpoint the limits of politics. If politics organizes a society as a whole, civil society expresses the capacity and spaces for social self-organization. The concept of social capital allows one to explore the self-organizing spaces of society. The collapse of communist systems and the difficulties of Keynesian capitalism have made an open invitation to rethink the role of the state and politics.

Bagnasco summarizes the main contributions that connect social capital to political issues by noting how interesting the applications of Putnam and Fukuyama are but ignore this civil state-society connection. Putnam deals with the performance of institutions, but does not consider exploring the fact that some of the regions with a high civic culture were catholic in Italy, other communists, with different styles of local government.

Generally speaking, he doesn't take into consideration how the building process of the modern

state has influenced the shaping or even possible conservation of certain cultural aspects. According to Fukuyama (1995), the space of politics has a definition with a negative connotation: he doesn't specify what politics should do, but suggests that it should intervene as little as possible not to do any damage because when actions are taken there is always a risk of destroying social capital. In his view, national welfare systems have often consumed social capital. Fukuyama therefore draws attention on possible perverse effects of political action and the loss of the community's self-organizational skills.

Putnam evaluates the performance of institutions, but fails "to consider how the process of the building of the modern state has influenced the formation or the preservation of certain cultural traits" (Bagnasco, 2004, p.236).

While Coleman adopts a paradigm of action, Putnam and Fukuyama rely on a deterministic, causal paradigm.

Putnam and Fukuyama develop their explanations exclusively in relation to previous situations and historical conditions: they argue that the historical process intervenes to redirect lines of development at particular moments, but they exclude individual or collective subjects can greatly influence events. Their "hyperfunctionalist" and "hyperculturalist" approach tends to describe actors as "hyper-socialized", "passive agents of economic and cultural structures" (Bagnasco, 2004, p.238).

From Coleman's perspective, social capital is seen as a stock of relations which an individual actor has at a certain moment in time; they are effective because they are based on a specific culture, but also on the form of the network or other factors. It's not coincidental that Coleman refers only to examples of possible different forms of social capital. He attempts to make space for strategic actors by focusing on networks of relations as opposed to cultural determinism.

Carlo Trigilia's analysis of the relationship between social capital and local development highlights once more the vastness and the fuzziness of the concept: it often gets used indistinctly as a synonym of co-operation, trust or civic consciousness (Bagnasco et al., 2001).

Following Coleman's work *Foundations of Social Theory* (1990), we can highlight how the origin of economic sociology at the beginning of the 20th century was influenced by the interest of a part of scholars regarding the role of institutions in conditioning economic relationships.

For example, Max Weber in *The Protestant Ethic and the Spirit of Capitalism* underlines how in the United States the 7 Protestants had notable influence on economic development: according to the sociologist, this voluntary association helped them retain control over its members inculcating ethical qualities that facilitated exchanges that heightened the trust of the general public.

Weber's work contains elements useful to define social capital as 1) a network of personal social relationships of an extra-economic nature (religious, ideological, ethnic, etc.). The functionality of social networks is to circulate information and trust that will have economic consequences for development, as they promote exchanges by limiting opportunistic behaviours but also as 2) cognitive resources that allow people to collaborate in risky innovation processes.

However, Weber especially highlights the positive consequences of social relation networks for economic activities. In reality this is not always the case because, as Coleman, Granovetter and Portes point out, these personal relationships that circulate information and trust can positively

limit opportunism and facilitate economic cooperation, but can negatively circumvent or evade competition, generating forms of collusion and blocking economic innovation. According to Trigilia, social capital issue once again became an important theme especially starting from the 1990s when the Fordist - Keynesian production paradigm began to show the first signs of crisis and where the concept "stability", that guided the great post-war development, was replaced with the dictates of "flexibility".

In this renewed competitive context, vertically-integrated enterprises were increasingly replaced by business networks. These networks are mainly dependent on workers (human capital) and external companies that cooperate effectively in order to obtain flexibility and quality. This increased the value of human capital (of social relation networks) in production and innovation processes. From the local development perspective, it is above all the allocation of social capital resources at the aggregate level in a given territory that is most relevant. The overall availability of networks of social relations spread between individual (e.g. companies and workers) and collective subjects (e.g. trade associations, public institutions) can in fact influence development paths. It is precisely this characteristic that is associated with large stocks of social capital at the aggregate level which also explains why some studies tend to identify social capital with a particular culture that favours cooperation, and highlights its path-dependent character. However, as previously stated, the perspective followed by Putnam and Fukuyama entails two types of risks: 1) it follows a rather generic culturalist perspective, which neglects the role of social and political phenomena in development processes; 2) secondly, the consequences of social capital for local development are not always positive: it is the underestimation of politics that does not allow us to distinguish more precisely under what conditions social capital can have a favourable impact, and on what generates clientelism, political dependence, corruption and criminal economy in the adjustment processes of the local economy.

The idea of social capital has been widely used in research and has been applied in diverse areas of the labour market, such as "children's school careers, professional misconduct, the economic behaviour of immigrants, social mobility and so on" (Bagnasco, 2004, p.239). The concept of social capital appears useful for the analysis of political and social phenomena, but it needs to be perfected. Far from being overburdened with duties, it is "a tool to be handled with care" (Bagnasco, 2004, p.239, Bagnasco et al., 2001).

Just to sum up briefly some concepts borrowed by the New Economic Geography (Frenken et al., 2007; Asheim et al., 2011; Boschma et al., 2017) that we have aforementioned, we would like to focus a little bit on the concept of *related variety* (Frenken et al., 2007) as "Jacobs-type externalities arising from spill-overs between sectors stimulating employment creation" (Frenken et al., 2007, p.23). Operatively, *related variety* refers to those sectors that, at the 5-digit level, share the same 2-digit category in the Standard Classification of Industries. On the other hand, the unrelated variety "is associated with a portfolio of activities that prevents regions from experiencing shocks in unemployment" (Frenken et al., 2007, p.23) and can be operatively defined as the diversification at the 2-digit sector level. This stream of research primarily deals with the effects of these two types of diversification in producing regional economic advantage, arguing that related variety is, inter

alia, likely to enhance employment growth, whereas a presence of enterprises in unrelated sectors can act as a portfolio against unemployment shocks (Frenken et al., 2007).

In another study, Boschma et al. (2017) integrated their previous contributions and tried to concentrate mostly on the effects and different types of regional diversifications by combining insights extracted from Evolutionary Economic Geography and Transition Studies, thus emphasizing the human agency's role.

They developed a new taxonomy of four regional diversification trajectories by cross-tabulating related versus unrelated diversifications with categories taken from Transition studies such as niche creation versus regime adoption. There are two types of related diversification in regions:

- replication (within an existing socio-technical global regime)
- exaptation (creating a niche that can grow out into a new global regime)

The paper also distinguishes between two types of unrelated diversification:

- transplantation, which involves a change in the regional capability base but within the boundaries of the existing socio-technical regime,
- saltation, which stands for the most radical type of regional diversification and requires not only a transformation of regional capabilities, but also a complete regime change.

The excursus on these conceptual categories, that we have examined until now, seems particularly useful for framing theoretical arguments that we will cover in our empirical research (chapter 3).

1.4.2 Some interpretative models on corporate welfare strategies in relation to local development

We will deal more in detail with CW issue in chapter 3 trying to put forth a sharable definition of this conceptual category that now is still vaguely defined. To sum up briefly, we will refer to CW as “a set of corporate measures apt to improve employment and the material and moral life of the workers (Mallone, 2015), defined by its occupational essence (Titmuss, 1958), inspired mainly by principles of voluntariness (Green Paper, 2001) and driven by economic principles of production efficiency (Pesenti, 2016, p.32). CW immediate effects spill over into internal company boundaries but nowadays they are increasingly influenced by claims of social and environmental responsibility that come from institutional, environmental and multilevel communities”. Through a literature review, that we will deal with deeply in chapter 3, we will illustrate the conceptual path that led us to propose this definition.

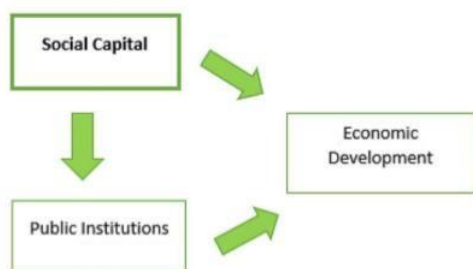
After this foreword on social capital and the emphasis on multiple ways through which social capital can lead to socio-economic development paths, we will now put forth an interpretative schema useful to contextualize possible relations between CWs and local development.

Putnam's macro-relational, culturalist perspective will help us to accomplish this task.

As Pavolini noted (2011), Putnam outlines a positive relationship between the public

administration's performance, high levels of civility, social capital and local development. Pavolini's study on welfare systems and welfare states could be useful in understanding whether those policies can affect the level of local social capital and local development. As some recent contributions indicate (Pavolini, 2011; Morel et al., 2009), increasingly more studies support the idea that welfare systems should not only cope with the market's failures and inefficiencies, which are linked to (for example) social inequalities, but rather take a proactive lead in fostering economic development. Returning back to Putnam, he argues that social capital can affect economic development through a direct and an indirect mechanism. The influence can be direct whether the high levels of social capital are likely to reduce economic inefficiencies and transaction costs, which foster economic efficiency. On the other hand, social capital can have indirect effects since the high amounts of social capital are naturally connected to responsible citizens that could control and alter public authorities' work that, in turn, is highly motivated and efficient in supporting enterprises' activities (*Cfr.* fig. 5). Other works, moreover, have demonstrated that economic development can have in turn effects on social capital structure (Ballarino and Schadee, 2005).

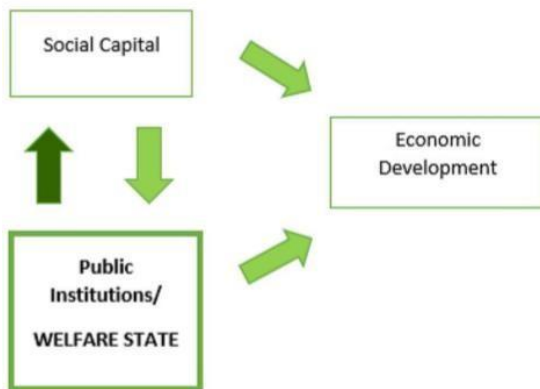
Figure 5. Putnam's culturalist approach.



Source: Pavolini, 2011

Drawing on Putnam's work, Pavolini works out a new interpretative model in which a double causal relationship is proposed: pro-active roles no longer pertain to “society” only, but also to public institutions that can contribute to the development, transformation and strengthening of social capital. In his revised model, Pavolini combines both a “culturalist” and an “institutionalist” view (Rothstein, 2005) and gives rise to a new interpretative schema that suits a bi-directional, dynamic and recursive logic (fig. 6).

Figure 6. Pavolini's culturalist and institutionalist approach.



Source: Pavolini, 2011

When Pavolini refers to institutions, he primarily considers national institutions to be welfare systems. He argues that the welfare state plays an important role in collective identification: in his view, welfare systems are likely to strengthen general trust and social ties. Moreover, he states that (referring back to Rothstein) the more welfare systems are universalistic, the more they can actively contribute to the making, the strengthening, and the transformation of social identity (Rothstein et al., 2003; 2005).

In contrast to Putnam's view (*Cfr.* 1.3.1), Pavolini argues that the idea of exclusively macro-dimensional institutions should be abandoned, and that social capital has a multifaceted consistency that takes on a strictly intertwined micro-individual, a meso-organisational and a macro-institutional dimension.

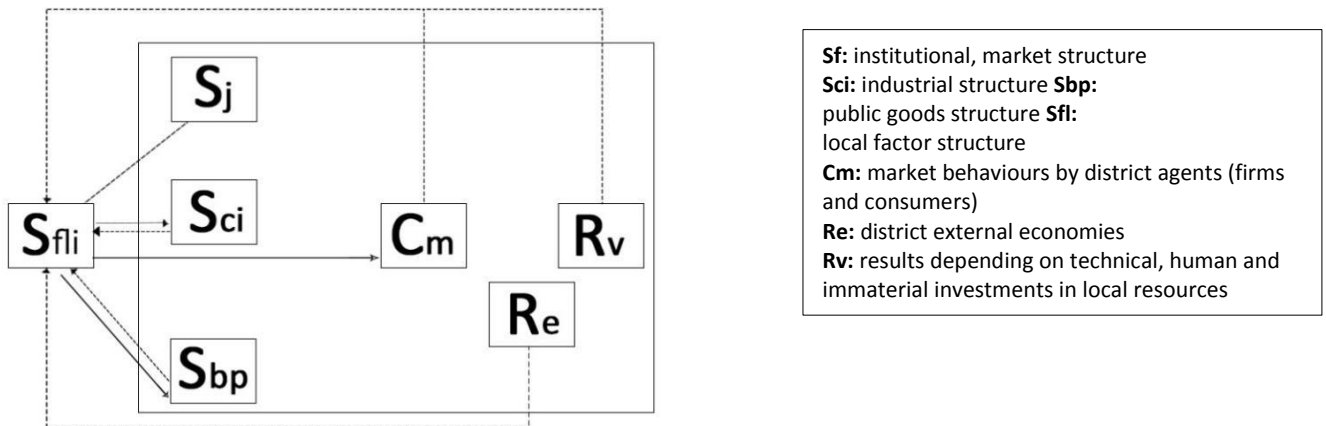
Referring to welfare systems, we can say that welfare state and public social services are the principal items of expenditure in European countries. Almost two-thirds of public expense in European countries (nearly 65%) are allocated to social protection measures, healthcare system, public education. Even though initially welfare state systems were conceived as measures of social protections, to face global social concerns and avoid aching social inequalities, there is a growing body of literature (Giddens, 1998; Morel et al., 2009; Pavolini, 2011) that considers social welfare as an incisive social expenditure that can booster employment, economic growth and efficiency. At this purpose, a growing number of studies in local development deals with the interdependency between local development paths and the pre-existing and dynamic conditions of supply of a certain amount of local public goods (Bellandi, 2001; Trigilia, 2005).

To frame CW within local development contexts, in order to understand whether CWs can affect local socio-economic development, we will rely on an interpretative schema that merges two theoretical approaches. The first one is Structure-Conduct-Performance framework (Bellandi, 2003) (*Cfr.* fig. 7) that has been used to interpret external economics, changes and innovation processes in Marshallian Industrial Districts; the second is a schema that derives from Pavolini's

aforementioned contribution (Pavolini, 2011).

District forces and *equilibria* can be described by the framework SCP in which “results”, at an individual or inter-district level, may influence recursively structural aspects. District equilibrium relies on this delicate and complex mechanism of ongoing, recursive communitarian influences and market exchanges that contribute to structure the evolutionary paths of MIDs.

Figure 7. Structure Conduct Performance framework.



Source: Bellandi, 2003

Drawing on this main framework, we have worked out a new interpretative model (Cfr. fig. 8a, 8b, 8c) that aims at shedding light on possible effects triggered by corporate welfare strategies on the local fabric.

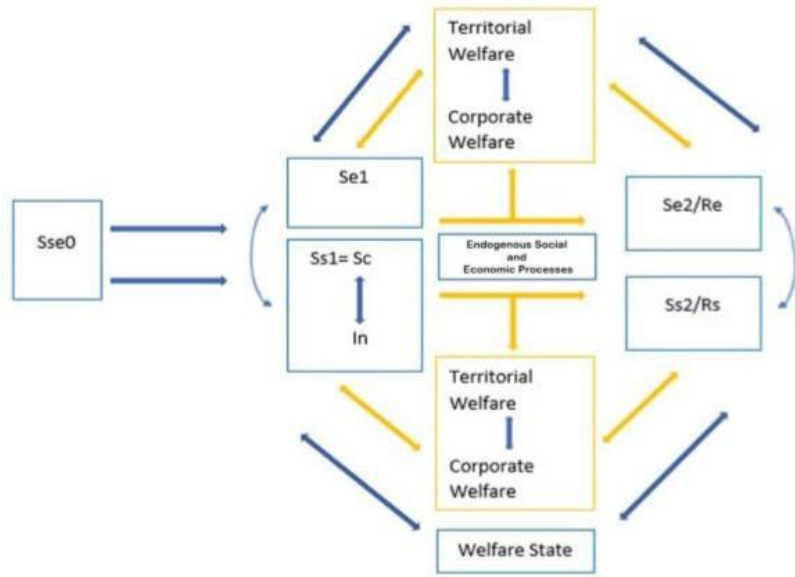
Through the proposed framework, we investigate the evolution of the local socio-economic structure, both before and after the implementation of CWs. Starting from sse0 (socio-economic "traditional" structure) which namely refers to a territory with peculiar social, cultural, historical and economic endowments (e.g. entrepreneurial capital and local technical competencies), we then go on to focus on a second level of economic and social structure (se1, ss1). These structures refer to a peculiar type of local development (e.g. decentralized vs centralized production systems). This is the level where the enterprise operates implementing corporate welfare strategies and is where social capital (sc) and institutions (in) interact (Cfr. fig. 8a, 8b, 8c). Relying on Pavolini's culturalist and institutionalist approach, we assume that CW is affected by multilevel (territorial and national) welfare strategies that can, in turn, affect local welfare systems (figure 8c). Our main goal then becomes to analyse the effects/results of the socio-economic terms (se2-ss2) of those CW actions. It is worth mentioning that we consider CW to be a proxy of the entrepreneurial style of the companies taken into consideration. These interpretative schemas will lead our empirical analysis, with the purpose of disentangling all possible relations among institutional setting, CSR practices, public policies and private strategies that can influence the relationship between corporate welfare strategies and local development.

Figure 8a. An interpretative schema to frame CWs within local systems.¹



Source: our elaboration of Bellandi (2003)

Figure 8b. An interpretative schema to frame CWs within local systems.²

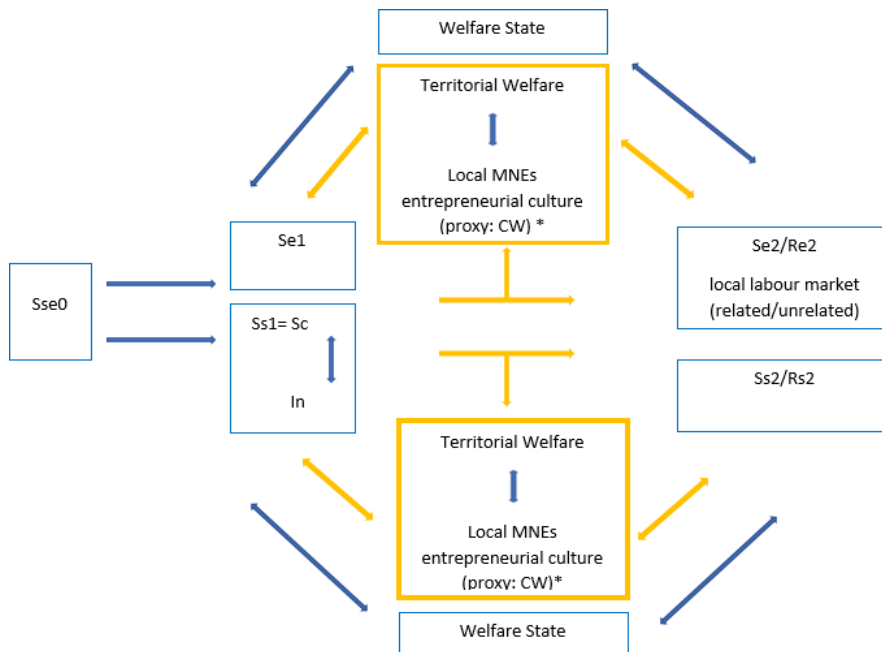


Source: our elaboration of Bellandi (2003) and Pavolini (2011)

¹ This is a simplification of the original Structure-Conduct-Performance (SCP) framework which, without concentrating on dynamic and recursive aspects like the original one, displays in a diachronic key the possible path of local development starting from the deepest historical and social level (sse0).

² Figures 8b and 8c, as explained above, combine the SCP interpretative schema with Pavolini's one. In schema 8c we make it clear that we interpret CW as a proxy for the entrepreneurial style of local multinationals.

Figure 8c. An interpretative schema to frame CWs within local systems.



Source: our elaboration of Bellandi (2003) and Pavolini (2011)

We believe that the basic socio-economic structure (se1-ss1) inevitably influences the entrepreneurial style of local businesses. By relying on this interpretative schema, we assume that CW is affected by multilevel (territorial and national) welfare strategies that can, in turn, affect local welfare systems. In chapter 3, we will start our analysis though the description of the local historical socio-economic structure (sse0), namely the deepest level of embedded structural characteristics at a local level: the purpose is to shed light on local productive specializations and political/institutional assets. Our main goal then becomes to describe the productive and socio-economic structure (se1, ss1) that took form in the local fabric after WWII. Our purpose is to detect whether the entrepreneurial style of local businesses (especially local multinationals), described mainly through the CW proxy, has led to an enrichment of the local socio-productive fabric (se2, ss2) following our initial hypotheses. In this multi-layered schema, we assume that the CWs are to be explained within a wider system that inscribe them within the national regulation (welfare state) and within structures that are related to the local needs (territorial welfare). CWs are in fact described and considered within local development processes (endogenous social and economic processes). We share Pavolini's socio-culturalist and institutionalist approach, assuming that CWs can modify the basic socio-economic structure by producing economic and social results (se2, ss2) and that, in turn, CWs can be influenced by the demands of local actors. Nevertheless, we will only deal with the first causal relationship by investigating the potential effects of CWs on the local fabric, without going through the potential recursive effects.

By sharing Pavolini's approach and assuming that welfare in its multi-level and multi-dimensional form can trigger socio-economic effects, we will investigate the validity of our starting hypotheses.

H1: CWs are likely to foster local economic diversification in *related* and *unrelated* sectors through knowledge and entrepreneurship spill-overs;

H2: CWs are likely to strengthen local communitarian ties

1.5 Conclusions

In this chapter, we put forth some theoretical reasons for placing corporate welfare issue within broader academic conceptual categories. In absence of relevant academic corpus of works on subject, academic works on Corporate Social Responsibility have been particularly useful in shaping our proposed interpretations. Moreover, the literature review on CSR will allow us to better contextualize two main issues that will be further investigated in the next chapter, namely former "CSR" practices implemented by the Olivetti family, which were strictly tied to what Adriano Olivetti defined as a "communitarian enterprise". At this purpose, we will try to explain why Olivetti could be reasonably considered one of the Italian pioneers in implementing relevant corporate welfare measures and to conceive in a unique and paradigmatic way what nowadays we would call CSR measures.

Likewise, local development literature has been considered as a reference literature in two directions: 1) relying on a framework of possible local development formulae, in chapter 3 we will try to describe and contextualize local development in the province of Cuneo drawing on the aforementioned taxonomy. This theoretical step will help us to characterize and describe properly from a socio-economic viewpoint the province of Cuneo where Ferrero and Miroglio operate; 2) relying on the Structure-Conduct-Performance model that is mainly used to encode relational, institutional and production processes within the MIDs, we put forth an interpretative schema to analyse the effects entailed by CWs within local contexts. This framework combines different theoretical issues, intertwining social capital's contributions, local development interpretative models and some theoretical works on institutional settings and welfare state.

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CHAPTER 2:

Olivettian "oeuvre": re-imagining socially responsible enterprise and community. An analysis of Olivetti's historical case

2.1 Introduction

This chapter will focus on the historical, social, political and economic analysis of the "Olivetti case" with the purpose of highlighting the *ante litteram* singularity of Olivetti enterprise from a socio-economic viewpoint, particularly referring to Olivetti's paradigmatic welfare policies, enterprise's mission and the entrepreneurial figure of Adriano Olivetti³.

With this aim, before debating deeply some of the crucial issues at the core of the present research, some main historical steps about Olivetti enterprise will be introduced, in order to better contextualize and present the entrepreneurial activity of Adriano Olivetti, his ground-breaking and unique mind-set about what is now called *shared value*, as well as on *community*, entrepreneur's objectives, institutional reforms, and desirable political assets.

After this historical overview, the analysis will be centred on some main core topics:

- The legacy of Adriano Olivetti's father, that is Camillo, and Camillo's and Adriano's forerunner views about the desirable role of the enterprise within a community;
- Adriano Olivetti's thought about enterprise's obligation to create value for all its stakeholders that forestalls the future so-called *stakeholders theory* (Freeman, 1982);
- Corporate welfare carried out by Adriano Olivetti, trying to disentangle the complexity and the modernity of his action in relation to a corporate welfare that overcame corporate "paternalism".
- Olivetti's innovative political and social ideas on a breakthrough strategy for social and political reform had to be achieved through cutting-edge political and institutional rearrangements from the institution of federal state of communities. Therefore, we will try to shed light on the main features of Olivetti's political program, relating it to some foundations of the local development literature, and in particular by trying to unearth a connection with Giorgio Fuà and Giacomo Becattini's line of thinking.

³ In this chapter we will use Adriano Olivetti and AO interchangeably.

2.2 Some historical hints about the Olivetti enterprise

2.2.1 The origin of Olivetti's entrepreneurial project: the start-up phase and the role of Camillo Olivetti

Most of Adriano Olivetti's entrepreneurial attitude as well as his social, institutional and political thought surrounding the creation of his *communitarian* and *humanistic* firm after the Second World War, comes mainly from his personal early working and studying experience in the United States in 1925-1926, as well as the cultural background of his father Camillo. As we will explain later in details, Adriano will develop his father's entrepreneurial and political project, which partly coincides with Keynesian-inspired reflections about involuntary unemployment and deals with the social role enterprises had to undertake.

Camillo Olivetti was born in Ivrea, a village near Turin in North-western Italy. His family of Jewish origins was committed in entrepreneurial activities tied to the textile and agricultural sectors. In spite of his family background, Olivetti showed his interest and passion in technology and scientific progress starting at a young age: after the High School he decided to enrol at the Polytechnic University of Turin to carry out his studies in electronic engineering. After his graduation, discussed under the supervision of the well-known Professor Galileo Ferraris, from 1893 to 1894 he attended Stanford as an Assistant Professor at the University, close to the area where the Silicon Valley district prospered later on⁴. Camillo started his career after his studies in the US where he established commercial contacts to start up an import activity of the American "Victor" bikes and "Williams" typewriters. Later on, he conceived the idea of setting up a business for producing and selling electrical measuring instruments, mainly for research laboratories: in 1896 he founded "C. Olivetti & C.", that became the first Italian factory of typewriters.

At the end of the nineteenth century, Canavese, the administrative and geographical area where Olivetti founded his first factory, was characterised by a prevailing agricultural and artisanal labour specialization. One of the problems and difficulties that Olivetti had to cope with, since his enterprise got started, concerned the training of employees. For these reasons, the main and first welfare measures carried out by him included the implementation of training courses in engineering and handicraftsmen practices, with the aim of overcoming barriers between manual and intellectual labour, science and technique. One of the most significant example of the cultural and social project that Camillo Olivetti had in mind was well represented by Domenico Burzio's life: an employee of humble origins who became an electrician, later on the head of the service department, and finally a skilled technician committed to the planning of new products and labour systems⁵. Camillo Olivetti did not organize systematically his political and social thought; nevertheless, it can be partly deduced from the collection of letters *Lettere Americane* (1893-1894) describing his life experiences in US and from his articles on newspapers such as *Azione Riformista* (1919-1920) and *Tempi Nuovi* (1922) of socialist orientation⁶.

⁴For a detailed description of Camillo Olivetti's life, cfr. Caizzi, B. (1962). *Gli Olivetti*, pp. 9-128; Olivetti C. (1968), *Lettere Americane*.

⁵Cfr. Lacaita, C.G. (2009), *La misura di un sogno : l'avventura di Camillo Olivetti*, pp. 55-64.

⁶Cfr. Caizzi, B. (1962), *Gli Olivetti*. pp. 84-128, Torino: UTET.

From the very beginning of his entrepreneurial commitment, he implemented decisive and representative actions that would characterize a path-breaking “humanistic” entrepreneurial project, even before the complete drafting of his son Adriano Olivetti’s theoretical writings in the 1940s.

To sum up, in his articles written mainly during the fascism, Camillo continued to emphasize on the importance of being guided by a new responsible ruling class⁷, envisaging the necessity of structuring a labour and political system inspired by the American federal system⁸. Moreover, alike some of his contemporary intellectuals, he stood up for basic workers’ rights supporting explicitly the Socialist Party and expressing his concerns about disproportionate social inequalities. He was hoping that social, technical and scientific advancement would have opened the way to a path of collective socio-economic progress. Camillo argued explicitly that the entrepreneurial activity did not have to be exclusively driven by the achievement of economic profit, but it had to be carried on and conceived considering the historical, social context in which it was embedded. The entrepreneur had to have the moral duty to remunerate fairly all his stakeholders: capital, technical competencies and labour. Moreover, the entrepreneurial activity had to be driven above all by the criteria of production efficiency and beauty and not only by mere financial rules, “being speculators” and “bankers’ entrepreneurs” possible enemies of virtuous capitalists⁹. Camillo Olivetti was the same person who, conceiving the economic and social progress as intertwined, suggested a company structure of people interested and engaged morally and financially in a company growth built on the long-run: in his mind, the enterprise was a social space that was supposed to “produce with high quantity and quality”¹⁰. This reflects on his clear revulsion to a pure “profit only” mindset in the name of a “constructive” entrepreneurial spirit. The mere “capitalistic” accumulation seemed useless to him, as he imagined the entrepreneurial activity as a part of a whole, in which the profit should match the ethic needs, the law, the solidarity, the democracy and other aspects and values of the civilized social co-existence. In this direction, we argue that the Olivettian philosophy holds the seeds of a future *stakeholders theory* and the socially responsible firm model: a forward-thinking democratic body where even a simple employee could be just as involved as a manager or a “higher” stakeholder. This involvement concerned every aspect of factory life: from a productive aspect to an aspect of knowledge sharing¹¹, which characterized all the productive and decision-making processes inside the factory¹².

⁷ Cfr. Olivetti, C. (1919), *Metodi nuovi, Uomini nuovi*, «L'azione Riformista», August 14th 1919.

⁸ Cfr. Olivetti, C. (1919), *Perchè siamo repubblicani*, «L'Azione Riformista», August 28th 1919.

⁹ My translation of Olivetti, C. (1919), *La mentalità del produttore*, «L'azione riformista», August 14th 1919.

¹⁰ My translation of Olivetti, C. (1919), *La mentalità del produttore*, «L'azione riformista», August 14th 1919.

¹¹ Cfr. Bruno Lamborghini’s intervention in Lacaita C.G. and Vitale M. (2014), *La prima impresa industriale di Camillo Olivetti e il paradigma olivettiano*, Piccola Biblioteca d'Impresa Inaz, p. 129.

¹² On this purpose Cfr. Ottorino Beltrami’s witness, ex manager Olivetti, in Lacaita C.G. and Vitale M., *La prima impresa industriale di Camillo Olivetti e il paradigma olivettiano* (2014), pp. 129-130.

As a result, Camillo Olivetti promoted and defended the reduction of working hours and of stressful piecework, adopting measures apt to soften the monotony of repetitive work; furthermore, he boosted the investments in technical-professional training in order to improve the production efficiency and also to enhance the cultural, intellectual and social life of workers¹³. At this purpose, some scholars consider Camillo Olivetti the forerunner of some social, cultural and entrepreneurial initiatives (Lacaita, 2009) that nowadays could be referred to as the vast label of *Corporate Social Responsibility* measures.

In any case, the newness of the entrepreneurial approach that Camillo Olivetti adopted is undeniable if compared to industrial practices of his time, as he understood the importance of the bond between business – scientific culture and university that is likely to lead to innovation. His personal studying and working experience in America in close contact with Galileo Ferraris brought him to grasp the strict tie that must necessarily take place between educational institutes and enterprises¹⁴. Furthermore, the cutting-edge modernity of Olivetti's "welfare" measures, that conceptually and operationally go beyond the traditional industrial *paternalism*, maps out a new path in the development of industry based on modern industrial relationships in which the working relation should be based on a contract between "equal men"¹⁵.

From the end of the twentieth century Camillo Olivetti advocated the birth of an autonomous trade union that safeguarded basic workers' rights and interests within the enterprise. What is worthwhile here is to highlight how Camillo's view about the social mission of the enterprise was considerably in advance if compared to the onward *stakeholder theory*, dating back formally to the work of Freeman (1984). As mentioned in chapter 1, one could retrace its theoretical foundations in the American academic debate of the late 1920s that counterposed two competing views about the desirable role of enterprises within a society. The first one, that can be easily summarized as the *shareholders view*, stated that the first corporation's purpose is to pursue the financial interests of the owners (Berle, 1932); a second perspective pointed out how the corporation should be viewed also as a "social institution" (Dodd, 1933). Among the stakeholders to be considered and embedded in the process of firm value creation, the concept of "community" appears vaguely in Camillo's writings (1893-1894) where he wishes for the creation of an advanced social democracy built on the principles of equality, democracy, ethics and solidarity¹⁶ and explicitly in his son Adriano Olivetti's *L'ordine politico della Comunità* (1946). This theoretical work critically analyses the Italian post-war condition, meanwhile questioning the future of capitalism and proposing a radical redesign of the industrialised work. Adriano Olivetti's analysis unfolds along different paths: after declaring his philosophical strongholds, he accurately analyses the Italian political system, offering an original view about a new desirable political layout, centred on the concept of *community*.

¹³Cfr. Lacaita, C.G.; Vitale, M. (2014), *La prima impresa di Camillo Olivetti e il paradigma olivettiano*; Lacaita, C.G. (2009), *La misura di un sogno: l'avventura di Camillo Olivetti*.

¹⁴On such purpose it is worth reading Camillo Olivetti's collection of letters (1968). *Lettere Americane (1893-1894)*.

¹⁵My personal translation of Camillo Olivetti's words in Lacaita C.G. & Vitale M. (2014). *La prima impresa industriale di Camillo Olivetti e il paradigma olivettiano*, p. 20.

¹⁶Cfr. Interview to Bruno Lamborghini and Enrico Loccioni in Lacaita C. (2009), *La misura di un sogno: l'avventura di Camillo Olivetti*, pp. 40-41.

Camillo's political thought was assumed and organically structured by Adriano Olivetti who advanced emblematically and paradigmatically the institution of a federal state of “communities” as the concrete solution he offered up to the political crisis of the contemporary world.

Adriano Olivetti's scientific contributions and political project will be analysed in the next sections. What is worth mentioning here is that Camillo Olivetti's thought and initiatives marked the beginning of an exceptional managerial philosophy and entrepreneurial culture that will singularize the company history and the Olivetti's identity onward.

We will recall now some of the main steps concerning Olivetti's family and the company history, focusing mainly on the period of Adriano Olivetti's management.

2.2.2 The main evolutionary phases of the Olivetti and Adriano Olivetti's contribution

Olivetti s.a.s. was formally founded in 1908 in Ivrea¹⁷. After a brief entrepreneurial experience begun in 1896, Camillo Olivetti decided to convert his core business from the production of electric devices and import of typewriters to the production of typewriters, setting up his own typewriter manufacturing plant in Ivrea. In 1911 he exhibited the first Italian typewriter, the Olivetti M1, at the Turin Universal Exposition¹⁸. The M1 was not significantly more advanced than the U.S. machines on which it was inspired; however, from then on, Olivetti tried to remark and advertise "the aesthetic side" of his products that were developed within a comprehensive and paradigmatic corporate philosophy in which "beauty" was an essential component¹⁹.

During the first twenty years of company's life, the Italian economy was suffering from the effects of the first World War: uncontrolled inflation, political instability, and finally the crash and the Great Depression of 1929. Olivetti itself, however, enjoyed remarkable and lasting success in the relatively immature Italian industrial economy. The little plant in Ivrea expanded rapidly: yearly machine production shot up tenfold between 1914 and 1929, from 1,300 to 13,000 typewriters. As the company added new models to its line - the M20 model in 1920 and the M40 in 1930 - Olivetti opened sales offices in six foreign countries²⁰, marking the beginning of Olivetti's consistently international approach to business.

In 1928 Adriano Olivetti opened the company's first advertising "marketing" office, which later on employed some of the most quoted European artists and intellectuals. This was one of the most symbolic actions that singularized Olivetti's longstanding commitment to aesthetics as well as efficiency. Adriano Olivetti (1901-1960), after his degree in chemical engineering and a working period in US, gradually took on more of the company's direction, becoming general manager and effectively head of the company in 1933²¹. From the early 1930s, the Olivetti took an active interest in corporate welfare programs, emphasizing the aim of improving the living, social and cultural conditions of its workers. Some of the most relevant corporate welfare measures he adopted were building housing for its workers in 1926 and implementing the ambitious plan of creating a *humanistic* corporate environment. This cultural project was inspired by the principles of beauty, democracy, efficiency and safety for any enterprise's stakeholder, as Adriano Olivetti will point out explicitly in his literary works (Olivetti; 1945, 1946, 1960).

In this line of thought, the establishment of the *Burzio Fund* in 1932, represents the most significant and emblematic operation connecting Camillo and Adriano's management direction, symbolizing common traits in the conception and realization of their *humanistic* and *social* entrepreneurial

¹⁷Castagnoli, A. (2012), *Essere impresa nel mondo. L'espansione internazionale dell'Olivetti dalle origini agli anni Sessanta*, p. 25.

¹⁸Lacaita C.G. and Vitale M. (2014), *La prima impresa industriale di Camillo Olivetti e il paradigma olivettiano*, p.26.

¹⁹For a detailed description of Adriano Olivetti's philosophy inspired by the principles of efficiency, beauty and justice, see A. Olivetti's writings (1945, 1946, 1960).

²⁰Cfr. Castagnoli, A. (2012), *Essere impresa nel mondo*. pp. 42-47; pp. 58-66.

²¹Caizzi B. (1962), *Gli Olivetti*. UTET, p. 183.

project. Burzio Fund was created as a commemorative Fund in honour of Domenico Burzio²², the first technical director that contributed decisively to the company growth. Camillo settled up Domenico Burzio's Fund as a main assistance organism to deal with employees' concerns when they met problems of poverty, health and family care.

As Adriano Olivetti gradually gained control of the business during the 1930s, he embarked on an ambitious plan to restructure and renovate the entire town of Ivrea, that involved building schools, housing, roads, recreation facilities, together with the ever-increasing expansion of the Olivetti factory itself. Olivetti's urban plan of renovation and reorganization of the town was one of the pillars of a multi-level and comprehensive project that Adriano illustrated in detail in *L'ordine politico delle comunità* (1945) and *La città dell'Uomo* (1960).

After the Racial Laws were enacted in 1938 by the Fascist Regime in Italy, Camillo Olivetti left the management of the firm to his family and carried on publishing clandestine pamphlets about essential social, economic, cultural reforms the government and the private actors had to deal with for a general improvement of the society. Given Camillo's declared affinity and cultural proximity to socialist party and his Jewish origins, he sought shelter in the countryside of Biella after September 8th, 1943 Armistice to run away from persecutions of the Salò Republic. Camillo died three months later²³. Because of his family's background and the circumstances of his time, Adriano Olivetti left Italy shortly after his father's death in 1943. By the end of the war, he returned to Italy and he was able quickly pick up the pieces and join the post war economic boom. During his exile in Switzerland, Adriano engaged overwhelmingly to the structuring of his political and economic thought following the meeting with Altiero Spinelli, who is commonly considered one of the most representative and influential figures inspiring and running the process of Post-war European integration. Adriano's project is clearly explained in his writing *L'Ordine politico delle Comunità* (1945) in which Olivetti declared himself in favour of a new "federalist" society inspired by the American political system. In 1948 Adriano founded the *Movimento Comunità*, a social, cultural, meta-political movement, that in the 1950s became a proper political party. He also settled up a newspaper and a publishing house to further his social, political ideals as well as those of the philosophers and other social scientists by whom he was inspired. The Olivetti company enjoyed unprecedented growth in the years following the war. It expanded its export business to include the markets of the entire industrialized world, becoming one of the leaders of the world's mechanical technology industry. Its growing collection of office products embodied and exhibited the aesthetic sensitivity that made Olivetti's items famous in the world for their design, and Olivetti company well-known as an industrial giant responsive to the needs of both consumers and workers. In those years, Olivetti made the first major technological breakthroughs by investing deeply in the electronic technology department. In this perspective, in 1952 AO opened the "New Canaan" in the United States, a research laboratory on electronic computers; in 1955 the electronic laboratory of Pisa was created; in 1957, Olivetti

²²Cfr. Camillo Olivetti's speech (1933) made in occasion of Domenico Burzio's first death anniversary in Lacaita Carlo G. (eds.) (2009), *La misura di un sogno: l'avventura di Camillo Olivetti, Domenico Burzio da operaio a tecnico*, p. 55.

²³Lacaita C.G., Vitale M. (2014). *La prima grande impresa industriale di Camillo Olivetti e il paradigma olivettiano*, pp. 29-36.

founded the “Società Generale Semiconduttori” (General Society of Semiconductors), to independently develop the transistors, devices at the base of the new electronic technologies. In the 1950s the Olivetti products became world widely true symbols of worship and modernity. Among those, the most famous was the portable typewriter *Lettera 22*, which was first presented in Italy in 1954 and then was awarded abroad as the “Best design product of the century”, according to the “Illinois Institute of Technology” in 1959. The entrepreneurial success of Adriano Olivetti was formally consecrated by the “National Management Association” of New York, which in 1957 awarded him a prize for “the avant-garde action in the field of international business management”²⁴.

After becoming the mayor of Ivrea in 1956, in 1958 Olivetti presented himself for political elections with the Community Political Party²⁵, obtaining two seats in Parliament. Despite the first corporate over-production crisis in mid-50's, Adriano Olivetti made a counter-current forecast and action: being contrary to layoffs and “involuntary unemployment”²⁶, he focused on the growth of the commercial structure and on the expansion in new foreign markets. Moreover, Olivetti invested extensively in the electronic department that dealt with the design and production of the first electronic calculators, giving life in 1959 to the ELEA 9003, the first computer in history built with solid state components, before the IBM's model 7090. In 1959, Olivetti took over the American *Underwood* in Hartford, a historical company of typewriters that since 1925 captured Olivetti's interest: the acquisition of *Underwood* represented for Olivetti a symbolic and operational launch pad for entering the American market²⁷.

Adriano Olivetti's sudden death, on February 27th, 1960, marked the end of Olivetti family's direct management of the corporation. Despite an impressive list of awards and international acclaim, the company entered a period of falling profits and gradual insolvency, which was mostly due to the acquisition of the Underwood. The company found itself in need of inflows of capital and management. In 1964, it was rescued by a consortium of Italian industrial companies (among which Fiat and Pirelli) orchestrated by Mediobanca, which entered the controlling interest and expressed Bruno Visentini as the the president of the company²⁸.

While Olivetti left the mainframe market during the early 1960s, it kept on investing in R&D being aware that the electronic revolution was just beginning. As a result, the firm began a process of product differentiation which started with the manufacturing of calculators, electronic typewriters,

²⁴Cfr. *Un riconoscimento aziendale al nostro Presidente*, «Rivista aziendale Notizie Olivetti», January 1957, n.43, p.38; *La consegna del premio E.O Seits Memorial all'ingegner Adriano Olivetti* «Rivista aziendale Notizie Olivetti», January 1958, n. 53, p.12.

²⁵The Movimento Comunità was born in Turin in 1947. Before turning into a true political party in the 1950s, it started out and was intended to be a cultural movement.

²⁶Cfr. Adriano Olivetti's speech to former employees " *Alle spille d'oro di Ivrea*" in Gallino L. (2012), *Adriano Olivetti. Ai lavoratori*.

²⁷Cfr. Castagnoli, A. (2012). *Essere impresa nel mondo. L'Espansione internazionale della Olivetti dalle origini agli anni Sessanta*, p. 195.

²⁸Most of academic studies focus on Adriano Olivetti's history and philosophy. A few works deal with the company history after Olivetti's death. For the essential steps of the company history from the 1960s, we refer mainly to Castagnoli, A. (2012). *Essere impresa nel mondo. L'Espansione internazionale della Olivetti dalle origini agli anni Sessanta*; <https://www.referenceforbusiness.com/history2/30/Olivetti-S-p-A.html>

banking terminals, and telecommunications equipment. Olivetti also entered new markets through the production of the *Copia 2000* line of copiers and an increasing array of industrial-automation systems, including robots and precision machine tools. Most significantly, the company continued to produce smaller computers, and from 1965 it started to sell both minicomputers and early versions of desktop computers. Thanks to these differentiation strategies, the company was able to survive in a period of technological change and international competition, but it did not prosper. By the end of the 1970s, the firm employed a peak of nearly 60,000 individuals and got 1,55 trillion Liras in sales in 1978. However, because their corporate debt reached alarming levels, Olivetti's management team turned once again to the financial markets for help. In 1978 Carlo De Benedetti, the Fiat's ex-CEO, became Olivetti's chief executive, and bringing more than a capital infusion to Olivetti, inaugurated a season of corporate rebirth from a project and commercial perspective. During the 1980s De Benedetti's management sanctioned a great symbolic and commercial return of Olivetti, especially in the IT sector, which at the time was rapidly expanding also in the market of Personal Computers. In 1983 the Olivetti started the production of M10, one of the early desktop computers that got the 13% of the European market in the late 1980s, meanwhile overseas Olivetti became the official supplier of telex for the NATO organization.

Despite the late 1980s revamp, Olivetti's fortunes continued to worsen in the first half of the 1990s mainly because of the Asian international competition. During the 1990s, Olivetti was forced to a radical reorganization, given the overall drop in prices and profits in the PC industry, and the general weakness of the European and Italian economies. In 1996, in order to lift the company's prospects, the CEO Roberto Colaninno took on a radical process of rationalization of the firm's activities, implementing a production conversion that mainly shifted to a new core business: telecommunications. On June 19th, 1990, the Olivetti in collaboration with other enterprises operating in the telecommunications and technology sector, founded the "Omnitel", the company's first foray into telecommunications. Specializing in the burgeoning cellular phone market, Omnitel was not operational until late 1995, following its successful bid for a commercial license that same year. Omnitel was led by Olivetti, which held a 36 percent stake, in partnership with U.S. firms AirTouch Communications, Bell Atlantic Corporation, and Cellular Communications International, with Germany's Mannesmann AG, and Sweden's Telia. Although it faced stiff competition from the state-owned Telecom Italia Mobile, Omnitel's subscriber base increased rapidly after its official launch in 1996. Olivetti also ventured into the fixed-lined telephone sector with "Infostrada", which began competing head-on with Telecom Italia in the wake of the deregulation of the Italian telecommunications industry. These were the most relevant actions that indelibly marked the final life cycle of the enterprise. In February 1999 after the acquisition of over 52% of Telecom's stake, Olivetti had to sell most of its Omnitel and Infostrada's shares to Mannesmann, because of the limits imposed by the competition laws. In July 2001 Bell sold its Olivetti's shareholding to the Pirelli and Benetton groups: following this operation, a group of entrepreneurs made up of Pirelli, Benetton Group, Intesa-BCI and Unicredito, became the main shareholders' group in Olivetti owning a stock of around 29%. The company's securities, following the merger with Telecom Italia, came out of Mib30 on 12th March 2003.

2.3 Olivetti's political, social, economic thought.

2.3.1 The "communitarian" enterprise and Olivettian neo-capitalism.

In this section, Adriano Olivetti's theoretical strongholds will be analysed in order to explain in depth his political, social and economic thinking. Among the most relevant contributions, in this chapter we will take into consideration *L'ordine politico della Comunità* (1945) written during Olivetti's exile in Switzerland by the end of 1943, *La Fabbrica e la Comunità* (1956) and *La città dell'Uomo* (1960). In our opinion, they are the works that offer the clearest statements of the philosophy and entrepreneurial project of Adriano Olivetti (AO in what follows), developed across multi-faceted disciplinary pathways, and dwelling on some basic theoretical issues such as that of community and socialized or communitarian enterprise.

The point of departure of AO's reflection was the firm belief that, after the Second World War, the capitalism had to be reconceived and restored.

This should be coupled with the reform of the "irresponsible" and inadequate political system of the time (*L'ordine politico delle Comunità*, 1946). AO thought that a solution could lie in the support to the life of "communities", as the core of a new federal and multi-level political project. Strong and dynamic enterprises could be the true socio-economic engines of such processes, conceived and managed as communitarian entities, namely places "where *justice* dwells, where *progress* reigns, where *beauty* sheds light" (Olivetti, 1952, pp.42-43)²⁹. The communitarian enterprise was thus conceived as a social organism providing not only economic value, but also immaterial, cultural and social prosperity to its stakeholders. Being embedded in, and expressing a particular social, economic and cultural "community", the communitarian enterprise would be both: 1. the centrepiece from which the entrepreneur and other stakeholders build up a shared project of integration and realization of social, economic, political, cultural issues at an individual and collective level; and 2. the clearest expression of a successful and planned process of integration amongst all those shared instances.

These articulated conceptual premises, written mainly in the 1940s and 1950s, could be considered as one of the first organic theoretical attempts to elaborate a breaking-through business program, in which making profit became a collective process of generation of a diffused wealth impinging on the organic relation between communitarian enterprises and multi-scalar communities. It proposed, in an anticipatory way, the salient points of the most recent reflections about the present and the future of world capitalism, that is to say precisely the theoretical and practical necessity of creating a "shared value". We will deal more in details with this forerunning program in the next paragraphs.

On the practical side, the history of the Olivetti company is considered by some Italian scholars (Ferrarotti, 1960, 2001; Gallino, 2001; Berta, 1980, Zagrebelskij, 2014) as exemplifying the "humanistic" enterprise by definition, a nearly unique and paradigmatic model of

²⁹In this and in the following quotations of passages extracted from AO's works, English translation from the Italian has been provided by the authors of this thesis. Emphases have been added on some words by the same authors.

"socially-conscious" enterprise that took on unique and paradigmatic features during AO's life. As aforementioned, the Olivettian enterprise is the point of departure and meanwhile the best expression of the possibility of realization of a holistic, often defined "utopian", socio-political project of "communitarian revolution". The Olivettian experiment entailed substantial transformations in political, social and economic assets: "It was necessary to create a fair and human authority that could reconcile wealth in the interests of all [...] and thus demonstrate that the factory was a *common good* and not a private interest" (Olivetti, 1956, p.11).

It is now useful to consider the main sides of AO's political thought. The alienation of the individual from work was seen as the first problem to overcome, for reaching a private-public, individual-collective "harmonization" of goals and interests. The communitarian enterprise is no longer an organism led autocratically by a single subject, the owner, but it is the essential social core around which the community can prosper in an economic, social and cultural way. As well, it is no longer the organism that generates capitalistic class conflict, being rather the social institution aimed at solving such conflict, thanks to the practical integration between "authentic life" and "working life" (Olivetti, 2014). As Gustavo Zagrebelsky skilfully points out in his foreword introducing a collection of speeches by AO to workers (Olivetti, 2014), he justified the decision by the management of the Olivetti company of partly collaborating with German occupants, with the aim of rescuing the factory and consequently the collective communitarian interests. Moreover, in order to overcome conflicts coming from "alienation", Olivetti stated in his well-known discourse soon after the re-opening of the factory in June 1945³⁰ that, workers, entrepreneurs and the community should be intertwined by a "reciprocal understanding", emphasizing how employees had to know "the effects and the aims of their work, in order to understand where the factory goes and why it goes [...], with the purpose of giving a deeper sense to job and to make workers conscious about individual and collective aims of their work" (Olivetti, 2014, p.64).

AO's reflection switches then from the factory and the problem of its efficient organization, to its surrounding environment, public administration and political fields: "I saw that every problem of the factory ... became an external problem and that only who was able to coordinate internal problems with external ones would have managed to find a correct answer for everything" (Olivetti, 1952, p.11). From his practical personal experience as a chief of industry, AO analysed the political reality around him and proposed a path-breaking political solution that, according to him, could face problems of societal development. The new political-administrative and economic structure should have been based on "communities" in order to achieve administrative efficiency and harmonious development of all productive activities: "If I had been able to show that the factory was a common good and not a private interest, then transfers of ownership would have been justified, as would town plans, bold social experiments for decentralizing work... The way of balancing these things existed, but it was not in my hands: a just and human authority needed to be created which was capable of reconciling all these things, in the interest of everyone. For this authority to be efficient, it had to be invested with great economic powers. It had, in other words, *to do in the interest of everyone what I had done in the interest of a factory*. There was only one solution: to make the

³⁰This speech was published for the first time in Cadeddu (2006).

factory and the surrounding environment economically in tune with each other. Thus, *the idea of a Community was born*" (Olivetti, 1952, p.11) [emphasis added].

Communities had different scales, however the basic natural one had to be "neither too large, nor too small [...] but in proportion to mankind". It should take on interstitial dimensions that naturally coincided with traditional geographical unities (like the neighbourhood, the diocese, the precinct and the constituency) and made possible to create an ideal unity that had "its foundations" in nature and history and in the life experiences of the individuals. It should be consistent with the "the optimal dimension of local auto-government" (Olivetti, 1960, pp.37-51), consisting for example of a consortium of municipalities, in order "to strengthen common bonds of solidarity between farmers and workers" (Olivetti, 1960, p.45). In the Italy of that time (the same as in present-day Italy), the single municipality was often "too small", and the province corresponded "neither to geographical criteria nor to human needs", remaining "an artificial creation". An effective means of self-government needed "natural geographic limits", i.e. a "communitarian province" conceived practically as a consortium of municipalities where history, traditions and institutional affairs could represent a "concrete element of solidarity" (Olivetti, 1960, p.70). Bringing together "common interests", this place would be the fundamental level of public administration, making possible to "establish a tangible human solidarity" and a "moral and material unity". This unity would be expressed in an appropriate town planning, apt to organize the territory and support the collective assimilation of authentic spiritual values (Olivetti, 1960, p.45).

Building on the basic unit represented by natural communities, AO envisioned a federalist project, as a "Federal State of Communities" (Olivetti, 1960, p.70), able to solve inter-classes historical conflicts, relying on a peaceful, widespread and shared convergence of interests, as "it does integrate solidarity and humanistic principles that socialists and Christians share. [...] So, our Christianity and Socialism have taken a new name: Community, and our revolution will be a communitarian revolution" (Olivetti, 1952, p.44)³¹.

The word "spirit", that runs throughout his political writings, refers to a set of "greater human goals" or "supra-individual goals" that converge towards the "common aim" of civilization. We have already met the main essential forces of the "spirit" when introducing the communitarian enterprise: Truth, Justice, Beauty and Love. Spirit, this apparently unsubstantial aspect, is as a matter of fact the feature that mostly characterizes AO's last work, *La città dell'Uomo* (1960), where the emphasis shifts notably from reformist push to the "spiritual values" of society. In this work, AO underlines the necessary conciliation that must occur and that naturally exists between practical principles and spiritual values (Cadeddu, 2012, p.66).

³¹At the basis of AO's works, a complex and motley philosophical culture shapes his thinking, drawing on the works of Saint Augustine, Benedetto Croce, Marx, and more recent contributions such as from French philosophers Jacques Maritain, Emmanuel Mounier and Denis De Rougemont (Olivetti, 1952). AO probably derived his complex "socialism" from those authors, with other theoretical foundations related to French personalism and, more generally, to different Christian religious currents (Berta, 1980).

All the Olivettian “oeuvre” (entrepreneurial and literary) should be read considering this strict interdependency³². Justice is described semantically as the institutional form of charity, Town Planning is conceived as a sort of applied aesthetics or, yet, a community can define itself as a social organism just when there is among its members a deep consciousness about its ultimate goals. This resonates perfectly (as we will deal with later) with the title and contents of the last book of Giacomo Becattini (2015b), “The Conscience of Places”.

³² Scholars have struggled to place AO’s activity and oeuvre within specific paradigms, given his cross-disciplinary cultural project, dealing with philosophic issues, politics, economics and city-planning concerns. This should explain the use of apparent oxymoron, as “Entrepreneur of Ideas” (Ferrarotti, 2015) or the “Concrete Utopian” (Mazzei, 2016), which have been moulded over the years to describe his emblematic and visionary personality and the uniqueness of his concrete work of experimentation and application.

2.3.2 The cultural and “democratic” enterprise.

As previously mentioned, the Olivettian enterprise was the starting point of a holistic, often defined "utopian" socio-political project that had to be implemented through the institution of a federal state of "communities" and that relied on a composite trinomial work-culture-democracy. Many cross-disciplinary academic works have highlighted the multifaceted nature of the term "culture" (Smirchich, 1983; Swidler, 1986) and the strict connection between culture-creativity-innovation (Pratt and Jeffcut, 2009), as well as the creative capacity of culture in triggering processes of wealth and economic development (Lazzeretti, 2009).

We could assert, at this purpose, that the Olivetti moreover being considered the *ante litteram* Socially Responsible Enterprise, could be at the same time considered the “Cultural” and “Creative” Firm *par excellence*²⁶. The enhancement of culture in all its multifaceted forms and following Olivettian composite trinomial work-culture-democracy, was mainly carried out through the educational actions of Comunità editions and by the intellectuals’ work. The entire Olivettian project is firstly a cultural project of global restoring of society before being a socio-economic project: from here AO's long-life commitment in educational initiatives at the service of “communities” through intellectuals' activities, publications by Comunità editions, investments in training activities, the building of schools and other cultural initiatives.

Being culture “a process of disinterested research of beauty and truth”, an “integrative spiritual element of the new society that needs spiritual and cultural elevation”, it allows for political and social reforming (Olivetti, 1945, p.60). The purpose of “culture” was to disclose both a universal, philosophical form and a specific, functional form through technical sciences, the scientific management of resources and town planning (Olivetti; 1945, 1960). To live up to his ideals of an integral humanistic, cross-disciplinary culture, from the beginning of 1950s, AO introduced an unbeatable principle in his selection of managers: the so-called "triads principle"²⁷ meant that for every engineer or technician got hired by Olivetti, the company had to also employ a humanistic intellectual and an expert in legal and economic issues in order to keep a corporate cultural equilibrium. Humanist intellectuals were therefore conceived as essentials within the enterprise,

²⁶ Not being the major scope of this research, we will not go in-depth about the creative and cultural nature of the Olivetti enterprise. Although more research is needed, we argue that there are grounds to believe that the Olivetti can also be considered a paradigmatic model for Cultural and Creative enterprises, *Cfr.* UNACTD (2010), *Creative Economy Report 2010*.

²⁷ http://www.fondazioneadrianolivetti.it/_images/areastampa/072213085957II%20Fatto.pdf

in particular in crucial sectors such as engineering, design, marketing, staff relations, social services: for that reason, from the 1940s Olivetti recruited among the top-managers poets, writers, intellectuals such as Leonardo Sinisgalli, Tiziano Terzani²⁹, Guido Volponi, Geno Pampaloni, Franco Fortini who normally described their experience at Olivetti as “cutting-edge” and a unique period of “humanistic modernity”. For this unprecedented combination of techniques, culture and democracy that operatively turned into a paradigmatic and unbreakable alliance among entrepreneurs, blue-collar workers and intellectuals, Olivetti’s entrepreneurial “oeuvre” is widely considered among the most refined and high-quality entrepreneurial experiences of Italian and western capitalism (Berta 1980; Gallino, 2001). An entrepreneurial experience that had all the distinctive features of what today is academically defined “neo-capitalism” or “capitalism with a human face” (Becattini, 2004).

Intellectuals' role, as already mentioned, was absolutely crucial also in formal cultural institutions that were created with the primary purpose of cultural diffusion. Among those, it is worth mentioning the Comunità movement (whose publishing house was founded in 1946), a cultural (then political) movement where intellectuals and political figures of diverse political and cultural backgrounds adhered to as a concrete alternative among possible socio-political mainstream paradigms, a real alternative between liberalism and communism (Berta, 1980, pp.190-201; pp. 245-264).

Industrial and economic growing was the very first, necessary step to realize AO’s forerunning reformist program. Once again, the communitarian enterprise was the point of departure: it had to provide high levels of economic wealth and technical efficiency and this prosperity was aimed at naturally spilling over the society, the ideal “communities”. Therefore, it was necessary for the factory, in order to achieve the highest levels of production and efficiency, to rely on Taylor’s scientific management principles while adopting modern principles of Human Resource Management that went beyond formal methods (Berta, 1980; pp.270-274). For that reason, the Comunità editions, after publishing a complete translation of Taylor’s works (1952), issued other publications that dealt with new theoretical and empirical approaches of industrial organisation: from Barne’s Motion and Time Study (1951) to Drucker’s The Practice of Management (1954) which marked a turning point in contrast to the traditional precepts of Taylor’s scientific management. Hence the adoption of “sociological” and psychological methods to deal with managing personnel with the aim of overcoming workers’ “alienation” from work. To this purpose, it is worth remembering that some of the intellectuals that worked at the Olivetti especially in the 1950s adopted in a revolutionary way, for the industrial and temporal practice of the time, some sociological and psychological methods³⁰ to better workers’ life.

²⁹ <http://letteramorta.altervista.org/tiziano-terzani-sullolivetti/>

³⁰ In order to take a closer look at the company’s innovative organization, Cfr. Berta, G. (1980). *Le Idee al potere: Adriano Olivetti tra la fabbrica e la comunità* (4), pp. 256-260; 271-272; Butera, F. (2016). *La nascita della sociologia dell’organizzazione alla Olivetti: le Scienze dell’Organizzazione in Italia e il loro futuro*. Studi organizzativi, 2, pp. 10-42.

Among these it is worth mentioning Luciano Gallino and Franco Ferrarotti, Adriano Olivetti's right-hand man in the Community Political Movement, considered to be one of the undisputed protagonists of the academic institutionalization process of "sociology" in Italy and one of the very first professors of sociology in Rome and also at the Trento University. The adoption of a revolutionary method of company organization that relied on sociological and psychological methods was aimed at surpassing Taylor's division of labour. It represented a chance to reorganize company structure, in order to remedy the problem of "the terrible monotony and the weight of repeated gestures in front of a drill and press [...] and to remove men from degrading slavery" (Olivetti, 1956, p.35).

Let us come now to the last characteristic of the Olivettian *cultural* and *communitarian* enterprise: democratic representation. Being the "common good in industry a complex function of: individual and direct interests of the participants in the work, indirect spiritual and social interests of the same, interests of the immediate environment [...], interests of the territory immediately farther away [...]" (Olivetti; 1956, p.34), AO argued that it was necessary "a balance between the forces that represent the interests described". Olivetti's thoughts on the matter were based on the recognition that there was a need for improvement in interpersonal relationships, not only on a psychological and moral level, but also in terms of worker's living conditions. He believed that entrepreneurs had the duty to adhere to solid organizational and moral pillars that prescribed adequate salaries, flexible hours, social services and democratic labour representations (Olivetti, 1945, 1946, 1960; Gallino, 2001; Berta, 1980). This points to the general belief about what function a Management Council was supposed to have, as a key representative body for workers' rights. AO fully supported the body's role in his company, while in other post-war businesses it was becoming extinct.

The Olivetti Management Council, which was institutionalized with a statute in the 1950s, oversaw the orientation and direction of the production program, the improvement of production, the planning of the plants, and dealt specifically with the improvement of company services, staff planning and training. The Council was the representative body of workers, employees, managers and unions and, according to many scholars (Berta, 1980; Musso, 2009), was the clearest expression of the democratic, cultural, "universalistic" program that AO wanted to realize within the company and the society. It was formed by the President of the Company, three advisers appointed by him and eight councillors elected by workers, employees, managers. The Management Council, as stated in the Statute³¹, was born with the purpose of giving voice to the needs of workers, so that they were consciously involved in the general address of the factory, above all through a "participated" management - and no longer "paternalistic", as it was the case for Olivetti's corporate welfare initiatives of the 1920s and 30's (Berta, 1980, pp.125-136; Musso, 2009).

³¹For a deep analysis of Management Council's tasks, see Musso, S. (2009). *La partecipazione nell'impresa responsabile. Storia del Consiglio di gestione Olivetti*, Bologna: Il Mulino.

By using these strategies and far-sighted actions, the communitarian enterprise was supposed to become a concrete and truly democratic synthesis “beyond socialism and capitalism” (Olivetti, 1945, p.48). One of Olivetti’s last proposals was a complete restoration of the company’s property assets: he proposed to overcome the use of shared capital and introduce the option of workers’ shareholding. AO’s further proposal was strongly contested by the Board of Directors in 1958; after that episode and the electoral defeat of the Community Party the same year, Olivetti resigned temporarily from his office of CEO. It is nevertheless undeniable that Olivetti’s proposal about workers’ shareholding is the clearest evidence of the revolutionary project that Olivetti had in mind. His socio-economic project, often thought of as “utopian” (Cadeddu, 2012; Mazzei, 2016; Ferrarotti, 2001), was geared towards the idea that the factory, where virtuous interaction between different social actors or stakeholders were becoming concrete, was a reflection of what should happen in society.

The communitarian enterprise became, in Olivetti’s mind, the starting point of creation for, stating Porter and Kramer’s words (2011), a *shared value*, extended to all company stakeholders. In this sense, the Olivetti enterprise is a remarkable tangible realization, from a philosophical and operational point of view, of scientific theories and paradigms - stakeholder theory, shared value and neo-capitalism - which took shape and reached scientific dignity some decades after the realization of the Olivettian “oeuvre”.

2.3.3 Re-imagining Corporate Social Responsibility

As already mentioned in the previous chapter, the issue of corporate welfare, in today’s world, tends to invade national political debates and agendas: for this matter, in this sub-section we will try to clarify what we mean by corporate welfare, CSR and to contextualize these two issues within the Olivettian case. Referring back to our literature review, as widely discussed in chapter 1, we have decided to consider corporate welfare to be one of CSR’s sphere of expression, relying mainly on the European Commission’s Green Paper (2001):

"Corporate social responsibility is essentially a concept whereby companies decide voluntarily to contribute to better society and to cleaner environment. At a time when the European Union endeavours to identify its common values by adopting a Charter of Fundamental Rights, an increasing number of European companies recognize their social responsibility more and more clearly consider it as part of their identity. This responsibility is expressed towards employees and more towards the stakeholders affected by business and which in turn can influence its success." (Green Paper, 2001; p.5)

In European Community’s definition, two macro-dimensions surface: one “internal,” which mainly refers to employees’ safety and well-being, and the other, which is “externally” related to local communities and business partners.

"Corporate social responsibility extends beyond the company’s doors into the local community and involves a wide range of stakeholders in addition to employees and shareholders: business partners

and suppliers, customers, public authorities and NGOs representing local communities as well as the environment. In a world of multinational investments and global supply chains, corporate social responsibility must extend beyond the borders of Europe." (Green Paper, 2001, p.13).

We would like to recall here some key concepts, useful to contextualize Olivettian CSR within CSR academic literature:

- If CSR concept is unclear (Jackson and Hawker, 2001), it's probably due to the abundance of definitions, which are often tendentious towards specific interests and therefore prevent the development and implementation of the concept (Van Marrewijk, 2003);
- we can trace five fundamental dimensions on which academic definitions try to design an unequivocal CSR concept: voluntariness, stakeholder, environmental, social and economic (Dalshrud, 2008);
- among all definitions put forward by the academic literature, we have decided to refer firstly to Dahlsrud's study (2008) which focuses on the textual and semantic analysis of 37 CSR's definitions, and to the Green Paper's definition (2001);
- interdisciplinary studies dealing with CSR highlight how CSR initiatives are often considered an effective means that tend to improve the alignment of internal goals, gain the trust of employees and stakeholders, or promote a sort of "company citizenship" (Dawkins, 2002; Aguilera et al., 2007; Campbell, 2007; Balmer et al., 2007) with the implicit or explicit goal of increasing corporate performance while promoting corporate branding;
- it seems that the intent of many companies is to declare themselves "socially responsible". This is linked to the ever-increasing dissemination of practices of the explicit CSR (Matten and Moon, 2008), which today seems to respond more to corporate finance, management and marketing principles.

In subject of CSR, we cannot fail to highlight how the Olivetti enterprise of the 1950s presents itself as an ideal-type model and precursor of a "socially responsible" enterprise (Musso, 2009; Gallino, 2001). In this sense, the set of CWs implemented by Olivetti could be partly associated with nowadays' innovative CSR initiatives. Olivettian "Corporate Social Responsibility" in a way suits very well institutional and academic definitions we have decided to address so far if we consider 1. the totality of the objectives taken into consideration and realized by AO (stakeholder, social, economic, environmental-town planning); 2. the voluntaristic basis of Olivetti's CSR practices, apparently not only driven by commercial and managerial aims. On this last point, Olivetti's "CSR" apparently deviates from all the main contributions on the subject that focus also on the economic and practical implications of these actions for enterprises that should consider "corporate social responsibility as a strategic investment in their core business strategy, their management instruments and operations" (Green Paper, 2001, p.4).

Olivetti's "CSR" in fact, while embodying and conveying the democratic, social issues of the main theoretical frameworks on CSR, do not seem to take shape primarily from economic needs. Its idealistic, unique and in some respects "utopian" nature can be inferred by the analysis of AO's writings: the social responsibility of the company was not a "declared" means to increase the

company profit, but rather a means to boost the progress and the moral, social and collective well-being.

As cleverly highlighted by Gallino, the CSR measures that the European Commission recommends in its Green Paper, in addition to social and environmental macro-objectives, concern the "putting certain measures into place in order to attract and retain skilled workers, the non-discriminatory recruiting of employees, invest in employee education and training, introduce stringent health and safety criteria, work towards integrating the company into the local community, support their social, cultural and family life" (Gallino et al., 2001, p.5). All of these measures had already been integrated in Olivetti's company culture since the 1930s.

Therefore, Olivetti's CSR unveiled a corporate philosophy with an extraordinary "culture" that displays great "humanity" (Gallino, 2001, p.123). It was incredibly advanced from a philosophical and operational viewpoint as it contained in a philosophical *unicuum* all the current themes discussed about the future of the capitalism: mission of the enterprise, functions of the social state, the relationship between the enterprise and the territory, labour policies and industrial culture.

In a present time in which a dominant model of neoliberal capitalism is dominated by "irresponsible" enterprises (Gallino, 2005) operating in a whirlwind of economic, financial deregulation, de-industrialization and delocalization processes in Europe and the USA (Gallino, 2005, p.251), institutions are increasingly requesting measures that make companies completely socially-responsible.

This is why Olivetti's CSR deserves special attention: the CSR and CWs implemented by Olivetti didn't get applied during an historical moment of institutional and economic crisis.

While not denying that Olivetti's CSR concealed economic reasons and efficiency-led criteria, linked to the reputation and competitiveness of the company, from the analysis of AO's works seem to prevail motivations of moral, philosophical and political nature. Olivetti's "CSR" cannot therefore be completely associated to CSR's most relevant paradigms and theories as it has to be inscribed in a broader, unique project of social institutional reforming that has its centerpiece in the enterprise, the true springboard for a general reconstruction of a multi-level social and institutional socio-political system.

2.3.4 Factory social services and the overcoming of “paternalism”

Since his entry into the factory, AO promoted a process of modernization and corporate reformism aimed primarily at improving the health of workers and the corporate performance: "until the technical progress [...] was not achieved and the financial success that was the main consequence allowed it, I was not induced to deal with the relations between the workers and the factory" (Olivetti, 1953, p.13).

Olivetti's social services stood out from the beginning of the twentieth century not only for the vastness and differentiation of services offered but above all for the quality of its social services, for the Management Council's role and AO's actions towards the local community (Berta, 1980, pp.128-172). The "Care Card", drawn up between 1949 and 1950 by the Management Council, highlights the social responsibility of the company, and tries to explicitly distances itself from any type of paternalistic intent: "Social services have a function of solidarity. Workers of the Company contribute with their own work to the life of the Company [...] and will therefore, be able to access the welfare institute and request related benefits without the latter being able to take on the appearance of personal concession towards them"³². In the philosophy that inspires this vision, however, the idea that a corporate social assistance system can contribute to improving productivity and workers' involvement is not extraneous: in other words, the creation of a positive social environment was also aimed at reinforcing workers' loyalty and their willingness to cooperate actively in the development of the enterprise.

As some studies rightly point out (Cesari, 2016; Astarita, 2000; Berta, 1980), the CW plan implemented by AO in the 1950s was highly sophisticated compared to other companies' contemporary initiatives and covered various areas of intervention, including:

1) maternity and infancy assistance: in addition to traditional services such as nurseries and summer camps, during the maternity leave Olivetti offered its employees their own health care and an 80% of their salary with 9 ½ month period of absence from the workplace;

2) health care was coordinated by the corporate infirmary and had very good coverage: in addition to factory assistance for injuries, the clinic carried out activities in order to prevent illness;

3) social assistance:

The service intervened in two cases: the first, when it came to individual workers, they took care of hiring new people, they assisted employees with economic-social difficulties, and handled employee integration; the second, on a collective level, by checking on working conditions and helping to improve the overall organization of the factory;

³² My personal translation of an extract from the Management Council Statute, *cfr.* Musso, S. (2009). *La partecipazione nell'impresa responsabile. Storia del Consiglio di gestione Olivetti*, Bologna: Il Mulino, p. 275.

4) professional education: to respond to the need to train specialized personnel, Olivetti managed a professional school, a mechanical training centre, a course for designers, evening classes, a technical Institute;

5) cultural services: managed by Olivetti's Cultural Centre that aimed to provide an organic set of studies, information and recreation tools through the factory library (61,000 volumes and 3,000 periodicals in 1961), cultural events and debates, art exhibitions, film screenings. In the 1950s and 60's conferences, concerts and shows took place near the factory even during lunch break hours;

6) various services: canteen services, free transport for employees, employees' housing service, the granting of loans and bank guarantees, free technical and architectural consultancy. To these activities managed directly by the company, there were also those initiatives carried out independently by the *Spille d'Oro* Association (established in 1946), which grouped employees with more than 25 years of seniority, and the Olivetti Recreational Sports Group (established in 1947).

Briefly reviewing the main steps in terms of CW measures carried out by the Olivetti family, we would like to mention:

1) Years 1900-1930s

The first company loan in 1909, just one year after the foundation of the company; the birth of the *Domenico Burzio Foundation* in 1932, the construction of the first houses for employees in 1926, the factory nurseries in 1934, the canteen service in 1936, social services for workers and free transport service for employees from the surrounding villages to Ivrea in 1937;

- strengthening of the Management Council's decision-making and representative power from 1948 to emphasize Council's role as corporate institutional instrument apt to achieve an optimal and democratic degree of concertation between the company, the trade unions and the workers;

3) Years 1950s

- Between 1952 and 1958 the majority of architectural investments were made due to the contributions of urban planners, architects and sociologists; 2. the work of *INU*, National Institute of Urban Planning, of which Olivetti was President from 1950 until his death in 1959, was aimed at re-thinking the matter of managing the relationship between politics and urban planning in a critical way and how to reorganize Ivrea, Matera and Pozzuoli's urban planning; 3. the I-RUR (Institute of Urban and Rural Renewal) of the Canavese began in 1954 and had two main functions: 3.1 it was an institutional organism responsible for decentralizing urban and economic planning and for promoting responsible integration between industry and agriculture. This institute was conceived by AO as a practical tool whose purpose was to face the main problems that were related to the company's growth, which could lead to potential crisis and contribute to political and economic imbalance if not integrated properly with other agricultural and industrial activities that also existed in the area; 3.2 a credit company with a technical consulting structure for individuals, financed by members' contributions, institutional funds (distribution of profits were not envisaged). It represented a solid basis for the survival and development of an unrelated productive and economic

network to that of Olivetti's, with the ultimate goal of avoiding countryside depopulation and to actively intervene in the Canavese area that had low employment and income levels.

- In 1955, the "Community" Union Trade was created when the lists of *Comunità di Fabbrica - Autonomia Aziendale* were presented at the internal commission elections. This organization, that was not originally meant to represent Olivetti's employees, did not have the objective of becoming hegemonic like other unions, but rather geared towards establishing a complete synchrony of objectives between business decisions promoted by the management and needs of the workers (Berta, 1980, p.137);

- Reduction of working time at equal pay with the introduction of the 5-day work week in 1955;

- From 1956 to 1959 there were the greatest investments in the activities of corporate "welfare": colonies and convalescent homes, infirmaries and libraries, schools, sports equipment, company canteens (Olivetti, 1956).

In the 1950s AO's welfare initiatives were on average labelled under the generic term "paternalism" by some political figures and entrepreneurs (Berta, 1980, pp.171-172).

According to many scholars (Benenati, 1999, p.50), there are two very significant periods of prosperity during the so-called "industrial paternalism". The first phase was due to a rising awareness of the desirable social and political role of the company that, as a matter of fact, began to surface in the second half of XIX century during the first large industrial strikes³³. This awareness was mainly inspired by catholic and socialist principles. Indeed, it was the strikes and the first factory riots to trigger the joint action of the government and the industrial class led by Alessandro Rossi in order to limit the discontent of the labour and boosting the production efficiency by supplying workers with embryonic forms of sanitary assistance, leisure and training activities, schools, working-class neighbourhoods.

These pioneering social actions were then mainly driven by reasons of a practical nature apt to enhance the corporate productivity while mitigating the labour riot climate tied to the first large industrial strikes (Benenati, 1999, p.54).

The second relevant phase dates back to the 1940s when, especially during the second world war, the role of big enterprises was crucial for the daily survival of workers (Benenati, 1999, p.76) in order to bridge the gap between the institutional lacks and the basic needs of the working class. These actions reassessed the role of companies laying the foundations for the industrial policy of the decade after, characterised by the scientific management philosophy, mass production and the first waves of internationalization.

However, we share some of the scholars' view that consider the term "paternalism" to be a timeless category (Berta, 1980) that is aimed at embodying events and corporate reforms that were promoted by the capitalist class; a period that ranged from the nineteenth-century industrial revolution to 21st century neo-capitalism. The intrinsic meaning of the term paternalism takes on

³³For a detailed knowledge of the story of industrial paternalism, Cfr. Benenati, E. (1999). *Cento anni di paternalismo aziendale* in Musso, S. (Ed.) (1999). *Tra fabbrica e società: mondi operai nell'Italia del Novecento* (Vol. 33), Milano: Feltrinelli Editore.

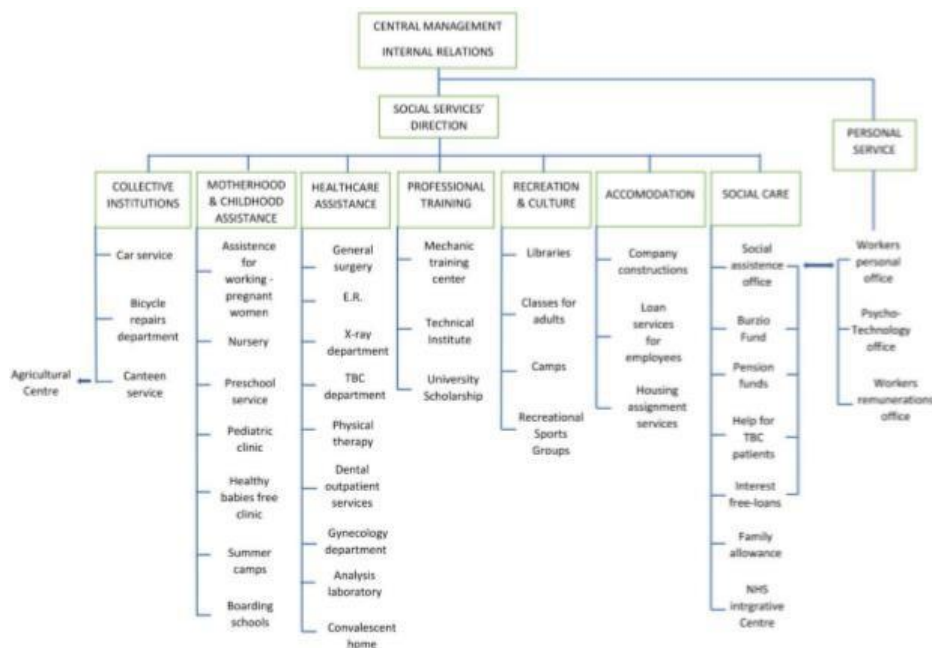
its own and living meaning when it is placed in the background of the entrepreneurial reformist and pioneering experience of Alessandro Rossi's Woolen Mill in Schio and Eugenio Cantoni's Mill.

It seems more appropriate to use it in reference to the first stage of industrial development within a social framework in which a new working class and a capitalist bourgeois class were emerging. It is no coincidence that Rossi's reformist experience is defined as “organic paternalism”, a category that refers to the end of the 19th century pre-capitalist reformist actions where nationalist instances of the nascent Italian bourgeois industrial class joined the ethical values of Christian religious nature (Berta, 1980; Baglioni, 1974). Therefore, it would seem more appropriate to rely on the term paternalism to define those corporate initiatives of social reformism on a voluntary basis prior to the formation of the national Welfare State systems.

This conceptual category is far too narrow when dealing with Olivetti because it fails to provide a full visionary landscape of the cutting-edge program of Olivettian reformism. Nevertheless “Olivettian CSR”, which was inspired by both efficiency criteria and moral, “spiritual” values (which characterize the entire Olivettian “oeuvre”), is likely to be the most suitable “proxy” capable of describing AO's thought and concrete actions.

In the next paragraph, we will focus on analysing the connection between the modernity of AO's thought, local development literature and shared value issue with the goal of redefining the conceptual borders of the Olivettian CSR and reassess the concept of shared value in light of the Olivettian experience.

Figure.1 Olivetti's social services (corporate welfare) in the 1950s.



Source: my elaboration of Olivetti (1953)

2.4 Olivettian thought and Italian local development literature

We were able to trace an intellectual silver thread that, sometimes explicitly and occasionally implicitly, connects AO's social and political thought to more recent contributions in subject of local development. On this matter, before dealing with the connections between the Olivettian thought and Becattini's contribution, we would like to concentrate a little on the figure of Giorgio Fuà. Fuà was a leading Italian economist. His working and life experience was crucial to address and shape his research interests and academically he contributed to shape the debates in the second half of the 20th century on Italian growth and political economy, relying on Keynesian theories³⁴ and his fierce critics of *laissez-faire*, as well as in the last decades on micro-economic aspects connected to the local development research stream.

In his path, the meeting with three charismatic figures was crucial: Adriano Olivetti, who brought him into the company in 1941 as an economic adviser, and then as an intellectual and a journalist at the Comunità Editions until 1949; Gunnar Myrdal with whom Fuà worked at the Economic Commission for Europe (1950-54); and, finally, Enrico Mattei at ENI, where he founded the Research Department in 1954. These three outstanding figures contributed undoubtedly to nurture his research interests and direct his academic works towards specific research paths, that dealt with entrepreneurship and development.

According to Fuà, also drawing on Schumpeterian and Marshallian contributions, an entrepreneur should be a creative innovator and a *natural leader of men*, capable to give meaning and direction to the work of others. Entrepreneur-leaders do not strive only for economic profit: rather, following Olivetti's example, they love their products, they are able to motivate their employees without strict application of authority, and they seek to improve the environment that can nurture them (Fuà, 2000). These entrepreneurs, according to Fuà, trigger the economic, social, political, and cultural development of a nation. On the practical side: *"Fuà understood the need for training, in order to strengthen and broaden the Italian entrepreneurial culture and, in this perspective, he conceived two farsighted projects: the Faculty of Economics of Ancona, which he founded in 1959, and ISTAO (Institute Adriano Olivetti), established in 1967 with the purpose of carrying on research in subject of entrepreneurship and management, and conveying practical managerial education"*³⁵.

Fuà and his disciples brought precisely the view of the importance of an increasing entrepreneurial and managerial culture in *local development* studies.

Fuà referred in particular to the economy of Marche (an Italian centre-east region), and he was one of the first to relate the Marche model of manufacturing development in the 1970s and 1980s to sources non-strictly dependent on the strategies of large firms. In constant interchange with Becattini (1973), Sebastiano Brusco (1982) and other economists and social scientists, like

³⁴ On this issue the articles by Fuà on *Comunità* newspaper, in particular G. Fuà, *Bisogna dar retta agli economisti?*, *Comunità*, a. I., n.6, october 1946.; G. Fuà, *Schemi tradizionali e materie nuove della scienza delle finanze*. *Comunità*, a. I, n.3, June 1946; G. Fuà (Ed.), *"Dove i governi dovrebbero trovare i quattrini?"*. *Bibliografia economica*. *Comunità*, a. IV, n.8, May-June 1950.

³⁵ http://istao.it/old/en/giorgio_fua/.

Arnaldo Bagnasco (1977) with his Third Italy, he generalized the Marche model into the so-called NEC (North-East-Centre area of Italy) model: “based on local firms, mainly small, broadly distributed in a given territory, closely tied with the rural surroundings and with small and medium towns around [...]” (Fuà and Zacchia, 1983). He acknowledged what was also at the basis of the MID model, i.e. the intimate interconnection among those enterprises, their productive specialization, and the territory, defining an “integrate” productive system.

Following his working and life experience, Fuà entitled his school of higher managerial studies to Adriano Olivetti. He surely took inspiration from him. However, we have not been able yet to found signs of explicit linkages between his Olivettian experiences and his studies on local development. On the other side, Fuà was one of the few mentors that Becattini acknowledged (Becattini, 2004, p.151), even if on matters of industrial districts and local development Becattini was not a disciple but a master himself. We know that Becattini, probably helped by Fuà, visited the Olivetti company soon after he graduated³⁶. Becattini did not acknowledge, in his turn, an Olivettian lineage impinging on his main concepts on industrial districts and local development, even if we have seen that he sometimes referred to the Olivettian experience. However, contrary to Fuà, he and his disciples used deeply the concept of community, communitarian ties, communitarian markets, etc. in their works. It is important at this point to go a bit deeper on the relation with AO’s communitarian concepts.

In Becattini’s article commenting on Porter and Kramer’s shared value (Becattini, 2011, p.5), he merges masterly the proposal by Porter and Kramer with the example of the Olivetti company. Let us come back more extensively to this quote:

“Let’s examine a case, which fits reasonably well, I believe, in Porter’s current studies. What may mean: reconciling the Company’s profit function with the function of social utility of a place, proposed by P.K.? It can mean, for example, weighing the various plans of production of Olivetti with the supposed peculiarities and preferences of Canavese people. And vice versa, to collocate possible development plans of the Canavesians within the operative strategy of Olivetti. This constitutes an unusual situation for economic studies in which, ex ante, the needs of Olivetti are introjected by the population of the Canavese and/or the recognized needs of Canavesians are incorporated in the Olivetti strategies. This does not mean (notice!) allocating the profits of the Olivetti, whatever their origin, to meet certain needs of the Canavese, but to discuss the long run needs of, and possibilities for the simultaneous progress of Olivetti and of the Canavese in advance, around a table, simultaneously and constructively”.

Although Becattini, apart from this explicit mention, did not make a more explicit reference to Olivetti throughout his academic work, semantic and theoretical proximity between Olivettian thought and Becattini’s work, though concealed or simply not explicitly declared, runs throughout his academic contributions. Indeed, this conceptual and semantic nearness, sometimes theoretical overlapping, is particularly unmistakable in the use of the concept *community*, that seems to be the true core of the two authors’ works. Obviously, their perspectives are different: on the one hand, Olivetti, as entrepreneur, in analysing the surrounding reality, considered the (big) communitarian enterprise the first lever for communitarian “local” development; on the other hand, the economist

³⁶ Bellanca N. and Dardi, M. (2018), pp. 83-84.

Becattini, dealing mainly with decentralized models of economic development, struggled for understanding why and how a community of people opted for a peculiar, small-enterprise centred development path. In other words, despite their different starting points, their thought converged on the awareness that the (local) community could give social, shared sense to the economic production, emphasizing the true consistency of a peculiar, historical *spiritus loci* and productive know-hows that the economic production was able to unveil.

The community was furthermore considered the optimal solution for local auto-government by Olivetti (1946): the local community, one of the first in his multilevel political “communitarian” layout, was required to reveal local “expressions of life” (Olivetti, 1960, p.60) in order to strengthen local “communitarian ties between workers and farmers”.

Similarly, according to Becattini, the community was apt to give a sense to the local production being the community the social and productive core of the local industry. The same definition of sector/industry proposed by Becattini, overlooking the technological proximity, relied mainly on a sociological approach that centred into the local sense of belonging (Becattini, 1979, p.12).

We do not know for sure from which sources Becattini got the concept of community, but we can hypothesize this concept, characterizing his cross-disciplinary approach, was probably a credit of exchanges with sociologists, the interaction with the legacy of his master at the Faculty of Economics of Florence, Alberto Bertolino, and the reflections on Marshall socio-political view of economy in which the “social nature” of men was a central feature (Becattini, 2010, p.49).

In particular, the concept of community in Becattini is related to that of “communitarian culture”, an expression that gradually replaced the original formulation coming from Alberto Bertolino’s “social culture” (1961). Bertolino’s emphasis on the need to consider local institutional and cultural asset and, obviously, the interconnections among social and economic spheres when analysing economic development/underdevelopment of an area, certainly influenced Becattini’s thought.

There is no clear evidence connecting Becattini’s to AO’s “community” even though we can remark a semantic and slightly conceptual overlapping linking these two views of “community”. Given that societal value and productive experiences are strictly intertwined in their viewpoints, this interconnection is likely to express through the local sense of belonging, the true engine of endogenous productive experiences. But, whereas for AO, the big communitarian enterprise is the social organism apt to boost local socioeconomic endogenous dynamics, for Becattini this task is up to the local society organised, productively, in a population of small-medium specialized enterprises. Furthermore, we can trace in AO’s thought, specifically in his last work *La città dell’Uomo* (1960), some other intersection with crucial points characterizing the local development literature. One is the deep attention of AO to the problems of territorial planning in relation to community. This can be matched with the definition of “territory” as outlined by geographers, urbanists or economists contributing to that literature (Becattini, 2015). Becattini had appositely a line of reflections on the importance of territorial planning, again with relations to some Marshallian suggestions on the life in the cities and the “garden city movement” but also with place-based approaches to the problems of environmental sustainability (Becattini, 2009; Trullen and Boix, 2017). In his latest contributions, this was linked to the vision of the reproduction of the “conscience of the place” - through an indissoluble alliance between “critical economists” and “critical city planners” (Becattini, 2015, pp. 115-140; Magnaghi, 2000).

Another point that links AO's theorization to Becattini's works concerns the pivotal role of the family, seen as a crucial societal unit that can rebalance strict market rules (Becattini and Bellanca, 1986); similarly, AO considers the family the first and essential unit of communitarian relations out-of-work (Olivetti, 1946).

Becattini's and Olivetti's beliefs are therefore apparently connected, even if they follow different perspectives and life experiences: after recognizing the centrality of the local society, or the community of people, of the "territory" as the real expression of a particular history and embedded society, their reflections shift towards inevitably different directions but conveying similar philosophies:

1. Economics for Becattini is a discipline whose duty is the understanding of the means that can move people towards a better life, retrieving their natural *joie de vivre*; this can be ideally associated with the significance and social value of the communitarian enterprise and the role of the responsible entrepreneur who strives for dealing with all the stakeholders.
2. The importance of a coordinated, multi-level planning dealing with social, political, economic and cultural issues shared by the communities is clearly expressed through AO's multilevel communitarian project; but, in the same way, can be synthesized by the explicit use of a *multilevel governance* formula, expressed in some relevant contributions within the local development literature (Pichierri, 2001; Trigilia, 2005; Bellandi, 2011).
3. The peremptory critics to an "apolitical economy", to use Becattini's words or, simply, the common critics to purely liberal, *laissez-faire* economic assumptions, with the reference to Keynes' principles, is explicit in Olivetti, Fuà and Becattini's works.

These are the most evident points of intersection between Olivettian thought and Becattini's work which allows us, in the next section, to further develop this topic by introducing the concept of "communitarian" shared value.

2.5 A communitarian definition of "shared value" rooted in the local development studies and in the Olivettian experience

2.5.1 Porter and Kramer's shared value: an in-depth analysis of the "big idea" relying on the relations between "district" and "cluster" concepts

In 2011 Michael Porter and Mark Kramer put forward explicitly the concept of *shared value* as a new socio-economic frontier proposed explicitly in face of the pressing requirement of restoring a capitalism "under siege" in which economic activities need to review their basic aims and actions (Porter and Kramer, 2011, p.4). The issue of shared value entails "creating economic value in a way that also creates value for society by addressing its needs and challenges" (*ibid*). It is an attempt to connect profit and social progress in the enterprise, where social value encompasses all the company's stakeholders. It draws a radical turning point in the reflection about sustainable capitalism and analyses possible and desirable connections between economic and social concerns. Shared value brings to recognize that the competitiveness of a company and the health of related communities are closely intertwined. As a matter of fact, it turns out to be a recommended, broader

conception of capitalism and value chain creation, which harnesses its full potential to meet societal new needs, environmental challenges and innovation policies and processes. The new formula "creating *shared value*" moves away from the traditional "creating profit" prescription, namely companies' commitment to maximize profit from their participation to value chains. There would be three distinct and spiralling ways to generate shared value: by re-conceiving products and markets aligned with new societal needs; through a redefinition of the value chain by a more efficient use of scarce natural resources; and by building sustainable business clusters at the company's locations. In this way, environmental and social issues would be automatically introduced into the core of management strategies and corporate missions.

Even though directly connected to the concept of Corporate Social Responsibility, shared value is not "social responsibility" *ex-post*, nor a separate business unit of external diplomacy and philanthropy, as it turns out to be an *ex-ante* strategy of conceiving business and gaining economic advantage (Porter and Kramer, 2011, p.16). It implies a radical reorientation in the mind-set of businessmen, economists, politicians and legislators, blurring existing frontiers between public and private spheres.

It is not a case that the proposal of shared value raised the immediate interest of Giacomo Becattini. *Per se*, according to Becattini (2011, p.1), the proposal of Porter and Kramer, coming from "one of the true scientific-ideological hearts of capitalism", is first of all an important and explicit sign of the spreading alarm on its destiny, and the pressure to find solutions. For Becattini the proposal hosts a "fragment of a very interesting theoretical downturn" (*ibid.*), whereby the true meaning of shared value would reside in private and public concerns that are (at least partially) reconciled *ex-ante*, thanks to a coordinated interchange between business strategies and societal needs. However, in the view of Becattini, an effective and systematic reciprocal recognition asks finding the appropriate stage where to play it, and a natural one would be the "place". That is, a place-based organization of daily social and economic interchanges within the flows of global resources, like in many industrial districts, would help provide a true shared value, beyond the usual price-value architecture. In that sense, Marshallian Industrial Districts (MIDs), being social and economic entities characterized by the active presence of both a community of people and a population of firms in one naturally and historically bounded area" (Becattini, 1990, p.38) that share the same knowledge and values' system, seem to be the places where the *shared value* formula can veritably harnesses its potential. Coming back to Porter and Kramer (2011, p.12), they refer explicitly to cluster concepts (Marsé et al., 2015). Shared value can thus be generated only through the joint action of diverse stakeholders that co-operate to shape a new way of conceiving business. Being "no company self-contained" and being its success influenced by the action of an array of interconnected companies and infrastructures around it, the joint commitment of a wide range of actors, such as firms in related businesses, suppliers, service providers, and logistical infrastructure, is crucial. Furthermore, as Porter and Kramer state, relying on a previous institutional argumentation (e.g. Porter and Ketels, 2009), even the role of institutions and public and collective bodies is crucial. Academic programs, trade associations, the surrounding community, schools and universities, fair competition laws, quality standards, and market transparency, etc. can play a crucial role in driving shared value. At this purpose, recent contributions within the stream of Porterian studies have emphasized the

necessity of bringing a stronger institutional perspective into cluster policy practices. Konstantynova and Wilson (2017) for instance suggest, developing concepts included in Porter and Ketels (2009), and leaning on transaction costs theories and institutional frameworks (Williamson, 2000), that it would be useful to rely more on the linkages between cluster firms and other actors within the territory's community of people and their social institutions when dealing with cluster policies. Formal and informal institutions could be layered onto four main levels: informal institutions (Level 1), institutional environment (Level 2), governance (Level 3), resources allocation and employment levels (Level 4) (Williamson, 2000). Drawing on this theoretical layout, Kostantinova and Wilson put forward a socially embedded approach to cluster development.

In particular, the relevance of embedded institutions and communities would lie in their capacity to influence transaction costs and favour relations between actors in the market economy, as well as to support cluster policy design and implementation, in order to generate coherent territorial strategy-making processes (Valdaliso and Wilson, 2015). In this perspective, thanks to the theoretical and empirical acknowledgement of the communitarian and institutional core of business clusters, Porter's definition could overlap with that of the MID (Konstantynova and Wilson, 2017, p. 79). From here to a place-based view of shared value could be not a long journey; but a bridge is needed, i.e. some real-world experiences giving substance to the relation between constructs built on different theoretical premises, i.e. business strategy and local development.

Giacomo Becattini (2011) offers then a clue, when recalling the Olivetti's experience, at a certain point of his reflection about the crisis of capitalism: a real-world experience that realized the theoretical connection between business strategies and local development processes.

2.5.2 “Communitarian” shared value: a reassessment of the original concept in light of local development studies and the Olivettian experience

Let's come back now to Becattini's mention of Olivetti in his article commenting on Porter and Kramer's “shared value” (Becattini, 2011, p.5).

“Let's examine a case, which fits reasonably well, I believe, in Porter's current studies. What may mean: reconciling the Company's profit function with the function of social utility of a place, proposed by P.K.? It can mean, for example, weighing the various plans of production of Olivetti with the supposed peculiarities and preferences of Canavese people. And vice versa, to collocate possible development plans of the Canavesians within the operative strategy of Olivetti. This constitutes an unusual situation for economic studies in which, ex ante, the needs of Olivetti are introjected by the population of the Canavese and/or the recognized needs of Canavesians are incorporated in the Olivetti strategies. This does not mean (notice!) allocating the profits of the Olivetti, whatever their origin, to meet certain needs of the Canavese, but to discuss the long run needs of, and possibilities for the simultaneous progress of Olivetti and of the Canavese in advance, around a table, simultaneously and constructively”.

Our variation of Porter and Kramer's original concept is based on a couple of suggestions provided by the same Becattini (2011). As explained in the last paragraph, the first concerns the rooting of shared value in processes of local development, as those exemplified by successful industrial districts, where the business sphere and the local community are strictly integrated within place-based relations. The second suggestions are the mention of the experience of the Olivetti company and the Canavese area (Ivrea, Italy) in the first decades after WWII. Becattini described that experience as an uncommon situation of reconciliation between a corporate function of profit and the function of social utility of a place.

As aforementioned, we know that for Porter and Kramer (2011) "shared value" represents a last-ditch effort to face a crisis of legitimacy that capitalistic firm has to deal with. It is true, on the other side, that their more or less implicit context is represented by clusters, which provide a list of practical means (logistics, suppliers, distribution channels, training, market organization, and educational institutions) to enhance virtuous circles of shared value among local and supra-local actors. Indeed, they also suggest a "positive cycle of company and community prosperity" (Porter and Kramer, 2011, p.15). We have seen how those implicit relations may be made more explicit, thanks to Kostantinova and Wilson (2017) and their emphasis on an institutional perspective related to district concepts in policies of cluster development.

Becattini argues that "value is defined as benefits relative to costs, not just benefits alone" and that "businesses have rarely approached societal issues from a value perspective but have treated them as peripheral matters". This would have "obscured the connections between economic and social concerns" (Becattini, 2011, p.2). The true "value" consists of "reconciling the Company's profit function with the function of social utility of a place", to be conceived as a "group of people located in stable, self-reproducing communities" (Becattini, 2011, pp.3-5).

Having done this premise, we argue that shared value should be intrinsically "communitarian", as the only viable solution to reach shared value is to embed it in a place-based process, as the Olivettian experience clearly demonstrates.

Therefore, relying on Olivetti, Becattini and Porter and Kramer's argumentations, "communitarian shared value" represents a process of symbiotic and concerted dialogue and territorial planning, involving the enterprises, the community of people and the institutional bodies. It does not involve only the consideration of the societal needs of the community by the business sector, but also a joint effort engaging interrelated local communities and productive systems under a perspective of true local development, within a multi-scalar "value" chain.

2.6 Conclusions

In this chapter, we have tried to describe the uniqueness of the Olivettian "oeuvre" in subject of corporate welfare, CSR and political thought on local development, through the analysis of Adriano Olivetti's main writings. It has been a first effort aimed at drawing attention on the modernity of Olivetti's thought, laying the foundations for a cutting-edge reflection about the desirable role of enterprise within the society. In this direction, we argue that the Olivettian thought can hold the seeds of the future stakeholders' theory and the recent shared value issue. As a matter of fact, what is worth highlighting is Olivetti's original and forerunner theorization that dealt with issues that

decades later will characterize academic CSR literature, stakeholder's theory and local development studies. The originality of his contribution lies on having merged all these topics in a unique socio-political paradigm that features his political thought. We have also tried to explain how Olivetti's writings and thought somehow influenced the academic work of Giorgio Fuà and, indirectly, Becattini's concept of community and sustainable capitalism. Moreover, AO's reflection is easily linkable to Becattini's thought who explicitly argues, in his comment on Porter and Kramer (2011), that the true nature of shared value is by definition communitarian and place-based, as the Olivetti's history teaches. Making reference mainly to Becattini, Porter and Kramer and Olivetti's contributions we have sketched out our definition of *communitarian shared value* as a multi-scalar "value" chain that has its deep origins in local geographic concentrations and that, to harness its full potential, must rely on a full understanding of social, territorial and economic dynamics and must be embedded in place-based processes.

This is a first attempt to shed light on academic so far "invisible" ties between Olivetti's works, Italian literature on local development and more recent issues, such as Porter and Kramer's shared value, dealing with dynamics and business strategies of a capitalism "under siege".

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CHAPTER 3:

Corporate welfare and local development: an Italian case, the province of Cuneo

3.1 Introduction

The main goal of our study is to shed light on possible socio-economic effects triggered by corporate welfare strategies (CWs) on the local socio-economic fabric of the province of Cuneo.

This is an exploratory study that aims at deepening the general knowledge about the possible effects of CWs, especially their external effects in terms of socio-economic development. As mentioned in chapter 1, we consider corporate welfare to be one of the operative dimensions of Corporate Social Responsibility (CSR). In this section, we will try to investigate the possible effects of these measures within the enterprise but, above all, the external effects on the local fabric.

Our research questions came from a group of suggestions within a set of literatures, entailing different perspectives and preliminary hints from which we have drawn up our argumentations.³⁷

Many different studies (Gatti, 2014; Rizza and Bonvicini, 2014) have strived to come up with a complete and satisfying definition of CW that still appears to be an undefined conceptual category, with an almost clear operative dimension and yet undefined conceptual essence. Nevertheless, the ever-growing number of studies dealing with CSR and CW witnesses the concrete need of boosting this kind of private corporate initiatives.

The challenges posed by an economic scenery changed since the 1970s in Western countries, in which the increase and the diversification of social needs have gone together with the end of the almost steady paths of economic growth experienced after WW2, have shown the precariousness and the limits of a welfare state no longer able to deal with old and new social needs. As the public welfare system continues to regress (Gatti, 2014), scholars and policy makers have worked towards giving innovative responses to new social demands through the implicit potential of contractual and corporate welfare measures.

Another strand of investigation concerns literature on local development. We have decided to focus on the Langhe local system where Ferrero and Miroglio, two Piedmontese multinationals operating in the agri-food and textile sectors have their main plants since the end of the 1940s, for two main reasons. Firstly, considering their long-lasting commitment in the province of Cuneo, it is possible to evaluate their action relying on a historical, social and economic description level. Secondly, these companies show features suitable to explore strategic proximities with the Olivetti company, that was located not far from the two considered enterprises.

³⁷In this chapter, we will briefly go over some topics already discussed in the previous two chapters.

Therefore, with the purpose of analysing in detail Langhe's, and more specifically the province of Cuneo's socio-economic system, we primarily referred to historical sources and contributions such as Revelli's (1962, 1977) and Castronovo's (1977) historical reports and Santagata's contribution on cultural districts (Santagata, 2002). In the absence of other relevant academic contributions on the subject, we also took into consideration studies performed by the Cassa di Risparmio di Cuneo, Istat Reports and IRES works, in order to gather information about the main socio-economic features of the province.

The preliminary analysis of historical sources hinted at the pivotal role that the two local multinationals had in implementing embryonic, sometimes unaware, but decisive actions of corporate services since the 1950s.

Among the most remarkable actions in relation with corporate welfare devised by Ferrero and Miroglio, one can remember:

1. The workforce recruitment of the late 1940s from the local Langhe countryside rather than from the Southern and North-Eastern Italy (as it was happening simultaneously in other industrial contexts of the Industrial Triangle in North-Western Italy) led to social and economic circumstances that tied company employees (that were also farmers and artisans) to their territory. In the case considered, incomes earned from the work in the factory were normally reinvested by Ferrero and Miroglio's employees to improve their agricultural activity.
2. The establishment of a flexible production system that foresaw the seasonality of a part of recruitment and that allowed absenteeism in times when workers had to dedicate more to farm work; health care, training (Ferrero family started up agrarian schools that offered employees the agrarian technical advice), education and recreation (schools, nursery schools, colonies); free transport from the countryside to the factory for employees. By all these measures, Ferrero and Miroglio implemented a decisive action that prevented the depopulation of the Langhe countryside (Lavarini and Scramaglia, 2003; Soggia, 2013).

Although never scientifically investigated thoroughly, as shown by the lack of academic studies on the subject, we would assume that welfare strategies implemented by Ferrero and Miroglio since the 1950s, have engendered an overlapping between the company and the employees' objectives, strengthening stakeholders' sense of belonging towards the corporation and to a given common entrepreneurial project. We argue that Ferrero and Miroglio's entrepreneurial attitudes and CW measures have boosted internal trust within the enterprise. This is suggested by a first-sight investigation of journal articles or corporation historical sources or, even, simply considering the long-lasting involvement of former employees in cultural, educational and philanthropic initiatives promoted by the *Fondazione Ferrero* in the last thirty years. On this basis, we will try to give a more rigorous foundation to the general propositions about positive internal and social dynamics engendered by CWs, focusing on the province of Cuneo and on "external effects" of "internal" CWs on a local level.

Having done these premises, the starting hypotheses on which we have relied on are the following:

H1: CWs tend to foster local economic development in *related* and *unrelated* sectors through knowledge and entrepreneurship spill-overs;

H2: CWs tend to boost local levels of social cohesion, strengthening local communitarian ties

We found it particularly interesting to focus on the relationship between CWs and socio-economic development because the secondary data analysis suggested that they are indeed related. Additionally, to this day, scientific literature has not fully explored and expanded upon the relationship between CSR, CWs and local development processes.

The research design follows a case study methodology (Yin, 2001), relying on both quantitative and qualitative methods, and is structured as follows:

1) We firstly administered a web-survey to the universe of **28,579 enterprises** of the province of Cuneo operating in ATECO sectors A01, C10, C11, C13, C14, C15, G46, I55, I56, identified as “related” and “unrelated” varieties (Frenken et al., 2007) of local agri-food and textile productive specializations and defining a “complementary productive multiplicity” at a local level (Bellandi, 1996). The analysis of reports by Chamber of Commerce of Cuneo and CRC (Cassa di Risparmio di Cuneo) points out a strong specialization in agriculture and agri-food industry in the whole province particularly in the local labour system of Alba where the Ferrero company still has its headquarter and historical plant. Relying on a preliminary secondary data analysis, we have decided to include all the agricultural companies of the primary sector, agri-food industry, tertiary activities connected to the selling of the food products as well as the food and accommodation industries. In order to analyse possible knowledge and entrepreneurial spill-overs coming from Miroglio’s activity, we have decided to encompass enterprises tied to the textile industry and the trade of products of this industry. We have focused on the entire province of Cuneo and not only on the local system of Alba for two main reasons: firstly, because of the higher availability of datasets on the province level that enable us to compare the Province with other local contexts; secondly, with the purpose of understanding the true level of embeddedness of local multinationals and their business networks in a larger area than that of Alba. There were **1,254** respondents, which equals nearly 4.3% of the entire sample.

2) A series of qualitative in-depth interviews with key local actors. This further step of qualitative research is addressed to three different groups of interviewees. Referring to the results of the survey, a first selected group of interviewees (group 1), namely people and entrepreneurs that had previous working experience in Ferrero and/or Miroglio, allows us dig deeper into possible working ties and relationships, and disentangle plausible knowledge and entrepreneurship spill-overs. A second “counter-factual” group of interviewees (group 2) includes managers or heads of companies that manage businesses that are of similar dimension and from the same productive sector as the companies of the first group, with the difference that they lack a past working experience in Ferrero or Miroglio. The third group of interviewees includes key entrepreneurial and institutional subjects and has helped us describe the socio-economic system of the province through an in-depth analysis of various productive specializations of different local systems characterising the Province.

3.2 Project aims

In chapter 1, we tried to give a theoretical outline to CW, referring back to the international literature on CSR. In chapter 2, we focused on the Olivettian CSR's paradigmatic case. In this chapter, we will take a closer look at the implementation of CWs on a national level and, more specifically, at their implementation in the province of Cuneo.

As several studies show (Gatti, 2014; Rizza and Bonvicini, 2014), the implementation of complex CWs in Italy affects not only the traditional areas of social security and health care, but has also been carried out in some large entrepreneurial companies operating in sectors and specific markets such as engineering, construction, handcrafts, chemicals and food processing (Pesenti, 2009, 2014). As it has been turned out by the scientific research and confirmed by the majority of the analysed case studies, it is easier for large companies to implement efficient private CWs. The availability of more resources and the need of more structured organizational systems enable and drive the larger companies to do more investments in CW, intended as a 1. *political tool* designed to emphasize and achieve corporate social responsibility (Dore, 2001; Porter e Kramer, 2006, 2011) but also like a 2. *strategy of legitimacy* (Lombardo and Viganò, 2014) to be implemented through a *psychological contract* (Rousseau, 1990) between the company and his labour, by triggering psychological mechanisms that lead workers to operate in the interest of the organization (Bergami, 1996; Treu, 2013). On the contrary, scientific research has remarked how for smaller enterprises is structurally harder to implement decisive CWs: the organization of more flexible work hours and personalized workloads are normally the only measures introduced in some Italian SMEs (Lombardo and Viganò, 2014).

The recent sociological and economic literature has dealt with more interest, and more comprehensively than in the past, the issue of corporate welfare certifying the emergence of this phenomenon (Treu, 2013; Ferrera and Maino, 2012; Pavolini et al., 2013; Macchioni and Chinchilla, 2013; Rizza and Bonvicini, 2014). However, the scientific literature has focused primarily on the analysis of qualitative aims to identify good practices, leaving substantially unexplored quantitative dimensions of the phenomenon (Pesenti, 2014), as evidenced by the lack of aggregate data on CW actions (Pavolini and Carrera, 2013) and the lack of analysis about the different types of CWs implemented. Among other issues, there is a general lack of investigation on the impact measurements (Prandini et al., 2014), positive or potentially negative. In fact, the gradual replacement of the private welfare with public one could lead to increased social inequalities if there were to be economic instability and widespread unemployment (Gatti and Iannotta, 2014).

In recent years, scientific findings have highlighted how a larger number of Italian SMEs, despite cultural but also objective limitations in their organizational and financial structure (Belletti and Rebuzzini, 2005), have found a good compromise between small size and CWs (Russo and Perrini, 2010; Perrini et al., 2007), and initiatives such as the Welfare Index PMI³⁸ witness a growing engagement of Italian SMEs in corporate welfare activities despite dimensional and organizational limits. As most studies point out, the size of the firm could explain the differences in firms' willingness to define and implement specific CW strategies, since formal CW approaches still seem to be a prerogative of large firms, unlike in smaller corporations that normally embed unconscious, even "hidden" CWs³⁹.

Although, to the present day, the political discourse emphasizes the necessity of boosting CW actions to compensate the lack of structural welfare state, the category of CW is still vague, extensive and "fuzzy". We sustain that, to this day, only the conceptual macro-category of CSR could be of aid and truly work for what is intended to be CW. In the next paragraph, we will try to propose an operative definition of CW, referring to internal and external dimensions of CSR and to the main contributions on the subject.

³⁸Welfare Index PMI is a report and institutional index drawn up by Confindustria, Generali Italia, Confagricoltura, Confartigianato and Confprofessioni in 2015 apt to describe the level of engagement in corporate welfare activities by Italian SMEs. Cfr. <https://www.welfareindexpmi.it/rapporto-2019/>

³⁹Cfr. Perrini, F. (2006). *SMEs and CSR theory: Evidence and implications from an Italian perspective*. Journal of Business Ethics, 67 (3), pp. 305-316; Perrini, F., Russo, A., & Tencati, A. (2007). *CSR strategies of SMEs and large firms. Evidence from Italy*. Journal of Business Ethics, 74 (3), pp. 285-300.

3.2.1 An operative definition of CW: between internal, external CSR, welfare state and *secondo welfare*

From our literary review on CSR (chapter 1) and CW, we found a common semantic that overlaps the two CSR and CW concepts, which is particularly evident in Italian studies (Maino and Ferrera, 2015; ISTAT, 2015).

In a 2015 ISTAT report, *Pratiche di welfare aziendale and CSR* proposed a more detailed definition of CW, making the list of operational measures to be considered as CW measures: safety on workplace, professional training, internal communication, work-life balance, social reporting, sanitary assistance, leisure services, employees' involvement on workplace. Most of the listed measures by ISTAT, aside from the environmental issue related to the management of natural resources, correspond roughly to CSR's internal dimension as defined by European Commission in Green Paper (2001).

As aforementioned (*Cfr.* chapter 1), in order to define and deal with CW, most academic works and institutional reports draw on the broader conceptual category of CSR, which is mainly considered as a whole business strategy that aims at guaranteeing business prosperity, encompassing both management and voluntaristic issues (Molteni et al., 2007). In any case, there is general awareness shared by researchers and practitioners that they are still far from identifying a generally accepted and reliable definition and theoretical framework on the subject of CW and CSR (Russo and Perrini, 2010).

On a more operative level, in Italy the broad expression *secondo welfare* has been recently coined to define a corpus of measures encompassing social institutional issues, corporate initiatives, territorial multilevel programs (Maino and Ferrera, 2015) that go along with the so-called *primo welfare* of a universal nature. By the expression *secondo welfare* authors identify all the initiatives at a corporate, inter-company and territorial level that go beyond the traditional corporation's borders.

The conceptual fuzziness concerning CSR and CW issues is normally acknowledged by most academics that state that the concept of CSR has evolved in recent years from two parallel developments. The first one consists of the efforts of policy makers and organizations to spread the idea of Socially Responsible Behaviours and CSR practices at every level, by means of numerous initiatives, formal definitions and so on (Tencati et al., 2004). The second path is more strictly intertwined with the academic literature and evolving from an initial, vague awareness of the

relationship between companies and social-environmental areas into an explicit definition of rules of conduct and management tools (Perrini, 2006).

The European Union's definition of CSR (2001) is one of the broadest and most complete. Corporate Social Responsibility affects employees, and more specifically, all of the stakeholders under the corporate umbrella, which encompasses both social and environmental issues and is normally used as a reference point for developing both the academic and institutional discourse. It also provides practical prescriptions to implement socially responsible practices at a corporation level. Therefore, CSR has to be considered as a strategic tool for corporations, which are capable of implementing socially responsible behaviours while pursuing their entrepreneurial mission, in addition to corporation's ethical codes.

Starting from the analysis of CSR activities and tools (Perrini, 2006), Perrini classified the behaviour of a group of 400 Italian SMEs that used CSR practices for identifying "sceptical", "stationary", "cohesive", "aware" and "multicertificate" attitudes. Once more, this perspective would allow us to consider CW as a set of measures that concern behaviours and actions related to "internal" CSR, namely those measures within the company involving employees and "relating to issues such as investing in: human capital, health and safety, and managing change" (Green Paper, 2001, p. 9).

The same recent definition of CW proposed by Mallone (2015) confirms this perspective, referring to CW as a gathering of benefits and services provided by the company to the employees in order to improve private and working life of workers in different areas, from supports to family income and parenthood, to healthcare and working-life balance or benefits of commercial nature.

This premise allows us to support the view that CW's semantic and operative borders could easily go alongside that of internal dimension of CSR even though Italian CW tradition stems from different historical premises which date back to the so-called "industrial paternalism" of the 1950s in which CW was a fundamental social-aid tool in the embryonic phase of the post WW2's welfare state.

We could trace preliminary cues of this evolution in some voluntaristic actions and policies implemented by some enlightened entrepreneurs of the XIX century: for instance, we refer to the strategies carried out by Alessandro Rossi and his "social city" in Schio, Cristoforo Crespi and Gaetano Marzotto (Benenati, 1999, pp.43-56), whose far-sighted social actions distinguished the first phase of Italian industrialization⁴⁰.

We can distinguish three main evolutionary steps of CWs in Italy: 1) the "avant-garde" welfare of the 1950s with its finest expression in the "Olivettian oeuvre" (Cfr. chapter 2); 2) the "fragmented experimentalism" of the 1980s⁴¹ characterised by a motley group of CWs implemented in many Italian big companies; 3) the "advanced" welfare system featuring collective bargaining, national regulation, relevance of intermediary role of corporations, territorial clusters of firms, local public institutions.

The third period, marked by a recent territorial and network welfare, is mainly characterised by corporate welfare initiatives intertwined with territorial policies (Pesenti, 2016, pp.40-47).

⁴⁰Cfr. chapter 2.3.4.

⁴¹Our personal translation of "sperimentalismo frammentato" in Pesenti, L. (2016), *Il welfare in azienda. Imprese "smart" e benessere dei lavoratori*, Milano: Vita e Pensiero, p. 42.

Today as in the past CW is characterised primarily by a practical dimension facing the wealth and the prosperity of workers and its voluntaristic nature is partially moulded by and intertwined with managerial goals of economic growth. This has lead us to define CW, impinging on the main contributions on the subject, as “a set of corporate measures apt to improve employment and the material and moral life of the workers (Mallone, 2015), defined by its occupational essence (Titmuss, 1958), inspired mainly by principles of voluntariness (Green Paper, 2001) and driven by economic principles of production efficiency (Pesenti, 2016, p.32). CW immediate effects spill over into internal company boundaries but nowadays they are increasingly influenced by claims of social and environmental responsibility that come from the institutional environment and multilevel communities”.

3.3 The province of Cuneo: socio-demographic features and CWs

3.3.1 Socio-economic features of the province of Cuneo and historical analysis of the development of the province

“The province of Cuneo has been one of the poles that has given the greatest contribution to the development of the Italian System but nowadays, as any local systems in the peninsula, has trouble keeping pace with the rhythm of the wealthier European regions”⁴². The main indicators used by the CCIAA report reveal the province’s dynamism and competitiveness compared to the national context. The added value per capita in the Cuneo province on the 31st December 2018 was 28,894 euros, significantly greater than the Piedmontese average (euros 27,750) and if compared to all the other Piedmontese provinces with the exception of the Province of Torino (euros 29,342). In percentage terms, the per capita wealth generated in Cuneo province is greater by almost 20 points (119.7) if compared to the Italian average and by 15 points considering the regional average value (115).

The businesses registered were 82,317. In 2018 the business registry of Cuneo’s Chamber of Commerce recorded 3,261 new entrepreneurial initiatives, 186 less than the preceding year, and 3,664 cessations. Despite the decrease in the number of companies, Cuneo’s province in 2018 recorded a high number of female businesses that amounted for 15,462 units and young businesses (6,226 units) confirming its position as one of the regional provinces with the highest rate of female and young entrepreneurs. On the contrary, the number of foreign enterprises in 2018 was 4,079, counting for 6% of the overall recorded businesses, that operated predominantly in the construction sector (31.2% of total). Despite a continuous raising number of activities led by foreigners, they have a lesser weight in Cuneo economic system, comparing to the average regional value (10.1%)⁴³.

The estimations submitted by ISTAT dealing with the local workforce, carried out throughout 2018, show an overall positive situation from an employment viewpoint: a slight increase in employment

⁴² CCIAA Cuneo (2019). *Rapporto Cuneo 2019. L’economia reale dal punto di vista della Camera di Commercio*, p. 3.

⁴³ CCIAA Cuneo (2019). *Rapporto Cuneo 2019. L’economia reale dal punto di vista della Camera di Commercio*, pp. 84-109.

is witnessed (+1,000 units), accompanied by a strong decrease in the number of people in search of employment (-5,000 units). The employment rate (15-64 years) is equal to 68.6% and remains substantially unchanged compared to the previous year (68.4%). The unemployment rate shows a reasonable decrease from 6.1% to 4.3%, which is almost half of the regional mean (8.2%): Cuneo is the third province on a national level after Bolzano and Reggio Emilia with the lowest levels of unemployment; furthermore, the young unemployment rate up to 24 years of age decreased from 23.1% to 19.8% in 2018⁴⁴.

The most encouraging performance refers to the overall value of export. In 2018, the global value of export is 8,1 billion euros, marking a 5.2% increase comparing to 2017. With a 33.5% share, food products, beverages and tobacco are the main areas of sale abroad, with a 9.5% increase comparing to 2017. The positive variations also involved rubber and plastic items (+5.7%) as well as the agricultural, forestry and fishery products⁴⁵.

Despite the high levels of prosperity reached to this date, from the analysis of historical and literary sources we cannot help but highlight a certain degree of social and economic backwardness that characterized the province in the first 50 years of the 1900s.

For example, the Census data from 1911 shows that Cuneo's industry was slow compared to Piedmont and the rest of Italy. Surprisingly, these data highlight an industrial backwardness also in Alba, the most dynamic area of the Cuneo province, where Ferrero and Miroglio⁴⁶ installed in the 1940s their first productive plants still active to this day. Prior to the second world war, Alba was "behind" as evidenced by the civic chronicles that describe it as a depressed area in which before the war "the pivotal agricultural economy was suffocated. Few industries, about two or three wineries, few streets, few industries [...]. There was a lack of everything: there was neither sewage system nor aqueduct network that could meet population's basic needs; the school situation was a disaster [...]"⁴⁷. The consequences of the war did nothing but exacerbate the already terrible and precarious situation: from April 1944, Alba underwent fourteen bombings and suffered a high loss of human lives. As local registers reported, "no other city of the province or of the Region has suffered as much as Alba"⁴⁸ in terms of loss of human life and post-war economic prostration. This status was also determined by the total commercial isolation that the city suffered as a consequence of the Tanaro bridge falling caused by an air-force bombing. In the 1950s, nobody could predict the large industrial evolution that Alba and the entire province of Cuneo would experience from then on.

⁴⁴ CCIAA Cuneo (2019). *Rapporto Cuneo 2019. L'economia reale dal punto di vista della Camera di Commercio*, p. 4.

⁴⁵ CCIAA Cuneo (2019). *Rapporto Cuneo 2019. L'economia reale dal punto di vista della Camera di Commercio*, p. 5.

⁴⁶ CCIAA Cuneo (1963). *1862-1962. Un secolo di vita economica* (1), Cuneo.

⁴⁷ AEDA (1967), *Storia di un successo. Ferrero la più grande industria dolciaria del MEC*, Torino, p. 13.

⁴⁸ Speech by Prefectorial Commissioner Pietro Bianco on April 25th, 1945, «Registro delle Deliberazioni Comunali», Archivio Storico del Comune di Alba, Delibera n.121 del 1945, p. 107.

In order to provide the theoretical framework which would contextualise the history of the province's development, we refer back to the interpretative schemas (Cfr. Chapter 1, fig. 8a-8b-8c) proposed in chapter 1 with the purpose of investigating and explaining possible spill-overs, in terms of knowledge and entrepreneurship, that derived from corporate attitudes of the two companies.

From the analysis of the historical, literary sources and Census data we discovered that the first proto-industrial initiatives dating back to XVIII and XIX centuries - that we call social and economic "traditional" structure sse0, historically embedded in the province - include silk industry, one of the leading sectors in the local economy from mid-XVII century, along with cotton and linen industry⁴⁹. The historical tradition of wine-producing and oenological vocation of the area surrounding Alba in which "there are important vineyards from which renowned wines are obtained, the ones that are imported to all of Italy and also abroad"⁵⁰are highlighted in the reports of late XIX century. Additionally, the Albese oenological tradition had its focal point in the initiatives promoted by Vittorio Emanuele II in the royal vineyard of Fontanafredda⁵¹. Added to that, the historical documents emphasize also the avant-garde oenological production of the Cinzano family, local Vermouth producers involved in a variety of social initiatives among which the well-known Cinzano village.

The outbreak of the first world war caused Italy large economic damages. In Cuneo, the biggest consequence of the conflict was the depopulation of the countryside: approximately 70% of the men from the province fighting in the battleground were workers in the agricultural sector. As a means to meet the demands of agricultural production, female workforce from North-East Italy was hired and a further help from the soldiers with an agricultural license turned to be essential during the harvest season. As aforementioned, the local economy was based on traditional agriculture and Cuneo's thriving commercial activities were centred mainly on sell-purchase of agricultural and farming products: as a consequence of the conflict and the decrease in the number of local workforces, local markets underwent a noticeable crisis. Only the silkworm cocoon market, the most prestigious Alba's production, experienced constant increasing results for at least two reasons: 1) its production was carried out traditionally by women, so it did not undergo a decline during the war period; 2) not being food goods, they were exempt from war-time distribution restrictions. On the contrary of what happened to agri-food industry, the decrease in workforce hit the textile sector much less, especially the silk production⁵².The war did not bring only negative consequences for the local industry: some sectors such as mechanics, chemistry and tannery prospered a lot because of the military needs.

⁴⁹Bermond, C. (Ed.) (2007). *Dal Cuneese verso il mondo. L'industria della Granda in prospettiva storica*, Confindustria Cuneo, pp. 15-24. Until the 1980s, the textile industry was a core production with Miroglio company as the leading firm. Today the textile manufacturing is extremely shrunk.

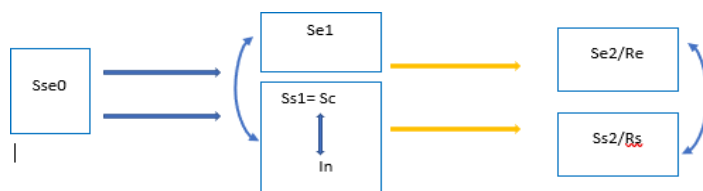
⁵⁰Bermond, C. (Ed.) (2007). *Dal Cuneese verso il mondo. L'industria della Granda in prospettiva storica*, Confindustria Cuneo, p. 29.

⁵¹*Ibid.*, pp. 29-34.

⁵²Bermond, C. (Ed.) (2007). *Dal Cuneese verso il mondo. L'industria della Granda in prospettiva storica*, Confindustria Cuneo, pp. 55-56.

In 1920s, the local economy continued to evolve with the slow pace of the local productive tradition, also because of a progressive reduction in population due to large amounts of military deaths and an increase of the depopulation phenomenon from higher mountain top cities and the Langarole hills. The industrial and commercial Census of 1927 pointed out the structure of the local economy built up of four main sectors: the food industry with 2,059 businesses recorded and an overall of 6,335 workers, the textile industry with 9,477 workers and 121 activities, the mechanical industry with 4,410 employees and 1,224 businesses, the wood industry that counted for 1,973 businesses and 4,797 workers. Furthermore, the report highlighted the dominance in almost all sectors of entrepreneurial realities with less than 50 workers⁵³.

Figure 8a. An interpretative schema to frame CWs within local systems



Source: my elaboration of Bellandi (2003)

sse0: local factor (eg. entrepreneurial capital, technical competencies)

se1: economic structure (eg. employees by sector, local public goods)

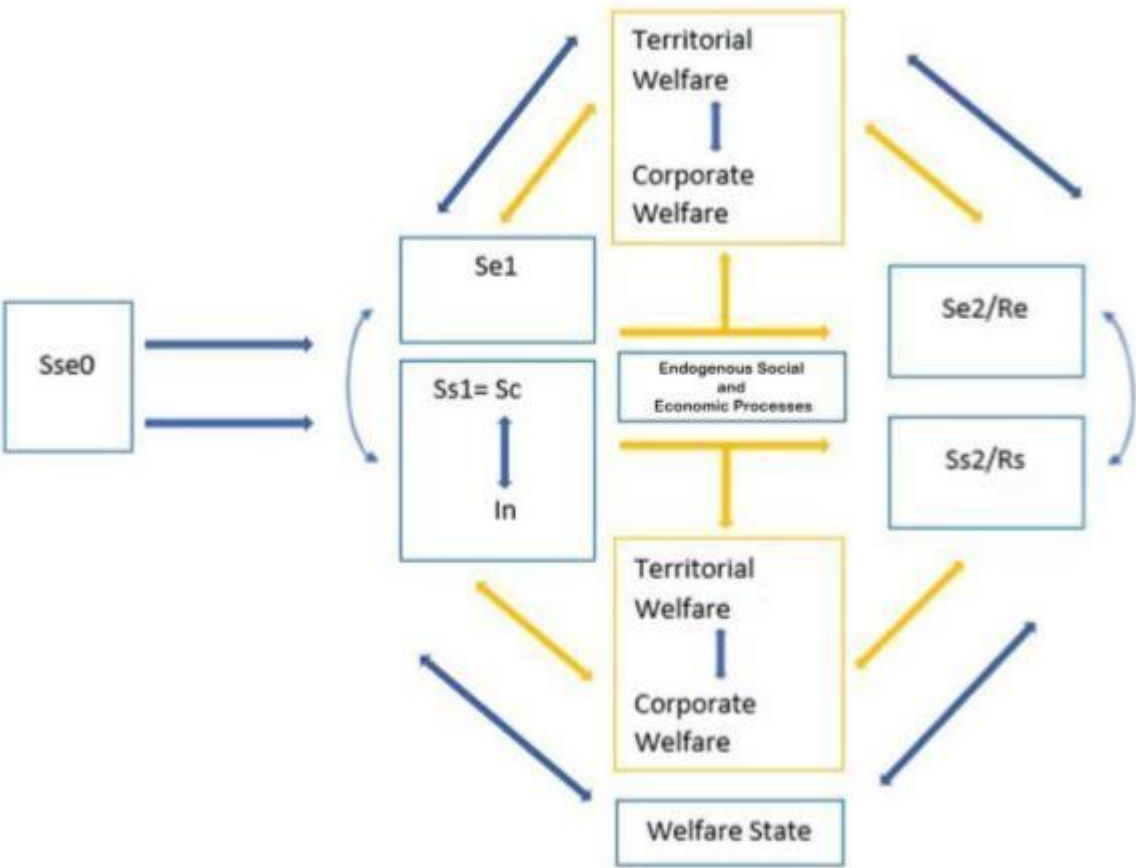
ss1: derived social structure (eg. social classes, political asset)

re: economic results after the implementation of CWs

rs: social results after the implementation of CWs

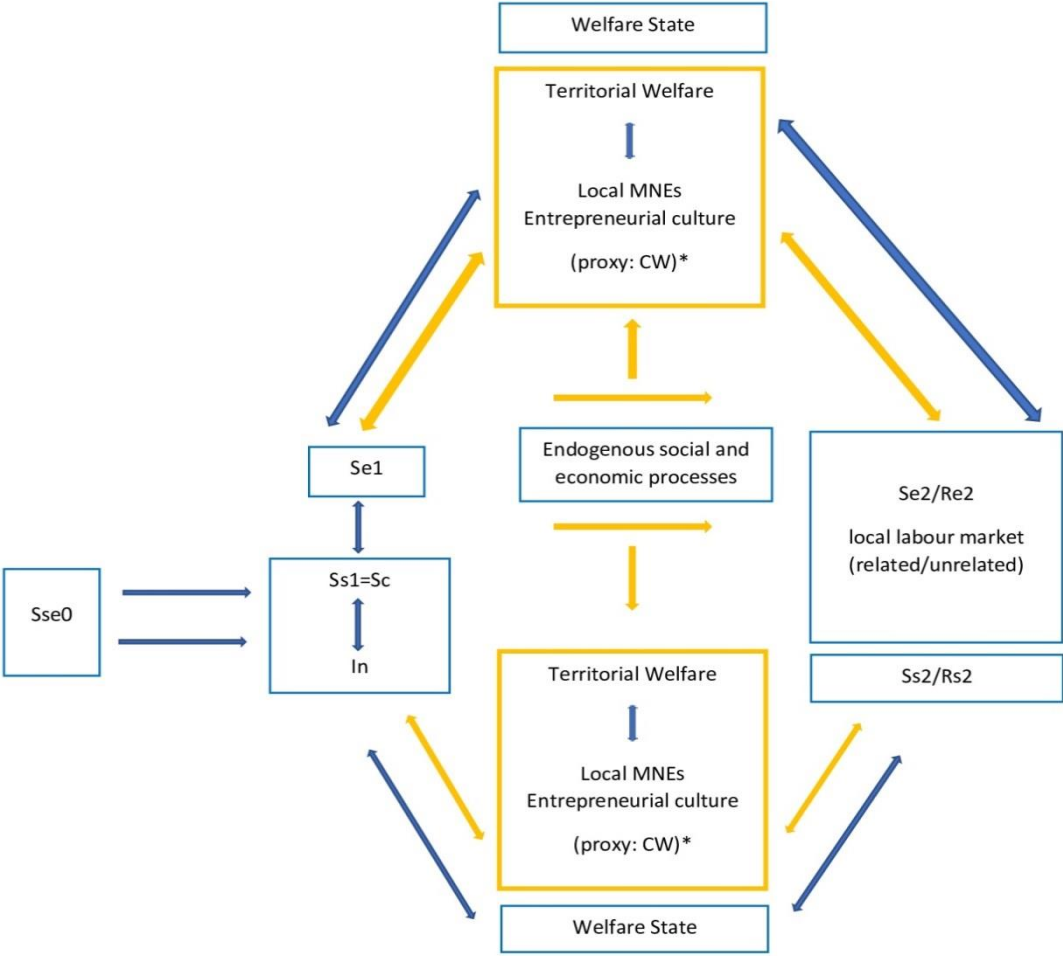
⁵³ *Censimento industriale e commerciale al 15 ottobre 1927. Esercizi industriali e commerciali nei comuni del Regno.* (1928), Roma, pp. 252-253; pp. 23-28.

Figure 8b. An interpretative schema to frame CWs within local systems



Source: my elaboration of Bellandi (2003) and Pavolini (2011)

Figure 8c. An interpretative schema to frame CWs within local systems.



Source: my elaboration of Bellandi (2003) and Pavolini (2011)

The 1930s brought along the trails of 29's Great Depression. The silk industry was particularly hit by the crisis: just like other areas of the country, the shut-down of the international markets followed by the downfall of the prices of raw and yarn silk contributed to the gradual abandonment of the local silkworm farming. This event came along with a noticeable fall in the number of workers in province's textile factories that, according to a national report from 1936 counted for 4,500 workers, almost half comparing to 9,500 workers recorded in 1927. Companies characterized as having a higher degree of resilience were the ones who were involved in the transformation of agricultural products and the wood industry. For instance, the agri-food sector had a noticeable growth in the dairy production, also thanks to the investments made by local enterprises or firms such as Locatelli that by the end of the 1920s installed production plants of cheese and cured meat in Moretta. As in the past, one of the main pillars of the agri-food compartment was the oenological industry.

The economic recovery of the second half of the 1930s was interrupted by the entrance of Italy in the second world war. As previously mentioned, the war's consequences did nothing but damaging the already fragile local economy that mainly relied on local agricultural production and on the industrial transformation of agricultural goods in the fields of dairy products, tannery, sericulture and winemaking. Meanwhile other companies in secondary activities, such as Verzuolo and Cuneo's paper mills, Piasco's cotton mill, Saluzzo's wool mill, Santa Vittoria d'Alba's oenological complex and the metal-mechanical complex in Fossano and Mondovì started thriving. Local economic structure was once again the object of another 1951 local workforce survey: the percentage of active people involved in agriculture was 59.4%; 20.75% of the population was active in the industrial sectors and 19.9% in the tertiary sector. Although from a quantitative viewpoint the most important manufacturing production was that of the mechanical mills employing 6,219 workers, a big number of industrial workers were still engaged in manufacturing processes in tight contact with the primary sector⁵⁴.

Looking back at our interpretative schemas (*Cfr.* fig.8a-8b-8c), we can identify an ideal turning point in the local economic fabric (se1, ss1) in the late 1940s as a result of the birth of the Albese factories Ferrero and Miroglio, whose production was tied to the agricultural and textile traditions that characterised the local economy since the XVII century (sse0). In a certain way, these were the first big local enterprises to help thrive and enhance the local agricultural vocations on an industrial level.

⁵⁴Bermond, C. (Ed.) (2007). *Dal Cuneese verso il mondo. L'industria della Granda in prospettiva storica*, Confindustria Cuneo, pp. 90-121.

Referring to the Census outcomes of 1961, it is worth highlighting that Alba that by the beginning of the 1950s was the least industrialized city of the province with 1,617 workers in the secondary sector, in the following decade experienced a worth-mentioning industrial take-off by employing 5,303 workers. Mainly as a result of the entrepreneurial policies of Ferrero and Miroglio, in the 1960s Alba became the most industrialized town of the province. At the beginning of the 1950s, Albese industrial fabric was made up of five main types of production - food and agriculture (34%), textile (14%), clothing (10%), mechanic mill (13%), design and wood industry (12%) - and in ten years the food industry alone became definitely the leading sector in the local labour market. The agri-food sector was the most affected by industrial development between the years 1951-1961: it had grown 469%⁵⁵.

More generally, in the 1960s, the local industry experienced a veritable take-off. A report by the Chamber of Commerce of Cuneo from 1974⁵⁶ pointed out some of the key features of the local economy: while maintaining a traditional vocation towards agriculture, the industrial tissue that took form during the post-war period stood out because of its multi-specialisation which characterized a productive tissue made up of small to medium sized producers. Furthermore, the study highlighted the attractiveness of the province for possible future investments, under the condition that the infrastructural needs and the lack of connecting streets and railways with Liguria and France would be filled.

Between 1961 and 1971 the active part of the population in industry reached 39.2% increasing from 52,988 to 72,177 workers in 1971. The most relevant changes were in terms of size, which progressively developed from medium to a large sized corporate dimension and from a sectoral viewpoint: the textile industry underwent a slow downsizing (from 8.5% to 5.5% of the secondary sector) in favour of clothing industry (from 10.8% to 12.9%) and the mechanical one that in the 1970s built up the 22.9% of the industrial manufacturing. While in the textile sector the leading company was Piasco's Wild cotton mill, in the clothing industry Miroglio had a continuous slow expansion in Alba, Bra, Saluzzo and Cortemilia; other remarkable initiatives were carried on by Faber in Bra; Riorda in Fossano and Mabitex in Roreto di Cherasco.

The food industry, along with the dairy and oenological production, prospered thanks to the confectionary production of Gazzola in Mondovì, Albadoro in Guarene, Allione, Fattorie Osella and Ferrero. In the mechanical sector, the company paths were different and articulated. Almost all the companies seized the possibility offered by the market expansion of the 1970s and reached new levels of growth and expansion mostly by engaging in processes of productive specialization. As an example, Rolfo in Bra was progressively specializing in industrial vehicle sector, carrying on the production of equipping tools and vehicles for special transport; Merlo in 1964 started the production of concrete mixing trucks, forklift trucks and tow trucks.

⁵⁵CCIAA Cuneo (1963). *Cuneo, 1862-1962. Un secolo di vita economica*. (1), Cuneo, pp. 37-40.

⁵⁶Cavallo, A. (Ed.) (1974). *Situazione e prospettiva dell'economia in provincia di Cuneo*, CCIAA, pp. 8-25.

Other remarkable activities that thrived in this time period were Bottero in Cuneo, Fontauto and Industrie Cometto in Borgo San Dalmazzo.

In paper industry, Burgo paper mill at the beginning of 1970s made a deal with the American Scott group, settling a new establishment in Villanovetta, the “Burgo Scott”. In the 1950s rubber became one of the leading industries in the local market. Mondo company based in Alba was one of the most significant companies in that field. Founded in 1928 and engaged mainly in the production of elastic toy balls famous in Langhe, from 1958 the firm carried on the production of rubber tiles for gyms and toys. Alongside the growth and the development of companies managed by local entrepreneurs, a number of entrepreneurial initiatives run by both multinational and external companies revealed fundamental for the industrial take-off of the province. In the rubber industry, the localization in Cuneo of French Michelin in 1963 was fundamental. In clothing, Facis localized in 1967 a new establishment in Racconigi; in textile industry, the Olcese Veneziano cotton mill installed a productive unit in Clavesana. In mechanical sector, the steel and iron mills “del Tanaro” established in Mondovì; by the mid-60s Ferodo and Valeo group established a production unit in Mondovì. In chemical industry, the Lepetit group, belonging to the American Dow Chemical, became the owner of the plant in Garessio.

The true industrial take-off occurred mainly between 1970-1985 and had as leading sectors the mechanical, food and clothing industries. As far as it concerns the strictly dimensional aspect, the strengthening effect of the two local groups Ferrero and Miroglio and the establishment of a new industrial reality in rubber, cotton and plastic sectors triggered significant corporate growth of local productive units.

The economic diversification and the multi-specialization of the province, hinging on a multiplicity of fields and corporate dimensions that was far away from the industrial monoculture characterizing other regional contexts such as Turin, allowed to limit the unemployment rate that until the 1990s was at much lower levels than the regional average.

The current economic structure (se2), that mainly took shape in the 1990s with its two productive cores, which are agri-food and mechanical “clusters” (Cfr. chapter 4), that are accompanied by logistics, the wood industry, service companies and metal production “networks”⁵⁷. The historical textile specialization that was one of the local leading industry led by the incumbent Miroglio has undergone a remarkable downsizing from the 1990s⁵⁸.

⁵⁷Cfr. Garavaglia L. (Ed.) (2009). *Cluster produttivi e traiettorie di sviluppo nel territorio del Cuneese*, I quaderni della Fondazione CRC (5), Fondazione CRC.

⁵⁸We will deal with the textile industry more in details in paragraph 3.2.3.

In the tertiary sector, the increase of activities relating to tourism have enriched remarkably the local economy (tab. 1). In the last decade, tourism has been a continuously evolving sector especially in Langhe and Roero territory, area which has recorded the highest number of presences in the whole province. This happened above all in the 2001-2011 decade with an outstanding growth in number of arrivals and tripled tourist presences: from 235,780 in 2001 to 620,581 in 2011. Furthermore, in the previous mentioned decade, there was a strong increase in the presence of Italian tourists that shifted from 39.8% in 2001 to 43.2% in 2011, compared to 60% of foreigners that historically have been interested in the Langhe territory. Among the foreign tourists, the Swiss (100,496) had the highest number, followed by Germans (83,452), then Scandinavians (57,165), Benelux (49,849) and finally North Americans (22,619)⁵⁹.

In the last 15 years, the tourist offer has been constantly expanding from a qualitative and quantitative point of view: tourist flows are no longer limited, as they once were, in the Autumn period but more prolonged throughout the year⁶⁰. In regard to this topic, Langhe and Roero tourism increased by almost +482% between 2001-2011, which was higher than the province of Torino (+474%), that was certainly advantaged by the tourist promotion connected to the Olympic event⁶¹. It has to be said that tourism in Langhe has been historically strictly tied to the oenological and agricultural vocation of the area. In that sense, events such as the *Alba Truffle Festival* or *Bra Cheese Festival* are the clearest expressions of this symbolic and operational bond with the local agri-food production and the “Creative City of Gastronomy” award that Alba received on October 31st, 2017 is yet a further recognition of this historical vocation.

⁵⁹ Cfr. Relazione Assemblea Soci Ente Turismo Langhe, Monferrato e Roero, 28 giugno 2019, pp. 28-30.

⁶⁰ *Ibid.*, p. 30.

⁶¹ Cfr. Relazione annuale ATL Langhe e Roero 2014, p. 12.

Table 1. Industry and services Census data for sectors considered, Cuneo, 1961-2011.

	1961		1971		1981		1991		2001		2011		2017
ATECO 2007	Local units	Employees	Local units	Employees	Local units	Employees	Local units	Employees	Local units	Employees	Local units	Employees	Local units
AGRICULTURE (A01), SILVICULTURE (A02) AND FISHING (A03)	1,344	2,544	737	1,576	945	2,595	1,299	2,752	1,219	1,982	393	779	375
FOOD (C10) AND BEVERAGE (C11) INDUSTRY	752	7,965	591	9,688	1,049	5,276	1,237	12,831	2,318	11,180	1,047	11,946	1,001
MANUFACTURE OF OPERATING MACHINES FOR AGRICULTURE (C28.3)	24	224	70	712	99	887	268	1,110	793	3,957	523	1,996	587
WHOLESALE OF AGRICULTURAL (G46.2) AND FOOD PRODUCTS (G46.3)	1,668	3,532	1,013	2,826	960	3,127	1,119	3,705	4,385	11,363	4,720	13,341	4,502
TRADE IN FOOD PRODUCTS (G47.2)	4,359	8,593	4,813	9,126	4,200	7,768	2,177	6,766	7,796	17,462	7,091	19,614	6,477
HOTEL (I55) AND RESTAURANTS (I56)	2,274	5,279	2,116	4,881	1,231	3,789	2,274	6,087	5,320	15,374	6,830	23,506	4,076

Source: my elaboration of Census and CCIAA data (2018)

3.3.2 Ferrero's history and company's "CSR" practices

Ferrero was founded in Alba in 1946 by Pietro Ferrero, a confectioner and local pastry chef who laid the groundwork for the well-known Nutella and other renowned confectionary products such as "Giandujot" or "Pasta Gianduja". "Pasta Gianduja" was the very first confectionary product in the second post-war period that met the needs, the economic possibilities and public's taste: Pietro Ferrero meant to create a high-quality confectionary product which was also affordable for everyone. For that matter, in Ferrero's recipe, the hazelnut quantity was higher than what traditional chocolate contained as the cacao was mixed with a substantial quantity of cocoa butter, vegetable oil, and other available products which were less expensive than cacao itself.

Even the other lines of products, characterized by their high quality at a low price, fell into the approval and the appreciation of the public: among them was the "Supercrema" from 1949,

progenitor or the future popular “Nutella”.

Within a few years the company made its marks on the national confectionary market, laying out the basis for what later, under the management of Michele Ferrero, son of Pietro, turned into a leading company in European and international markets. “If we aren’t anyone in Europe, we wouldn’t be anyone in Italy”⁶², Michele Ferrero used to say, who, along with his uncle Giovanni, had recently started overseeing the company. The first step in this direction was taken in Germany, one of the major European countries in production quality and consume of confectionary products, where in 1956 Ferrero launched the production of “Mon Chéri”. It was a product specially studied for the German market: “There was the chocolate, the cherry and the liquor that warmed up in that cold time period with scarce heat”, told Michele Ferrero in an interview, “when we arrived there, it was post war, and Germany was a country still filled with wreckage and signs of conflict, [...] a country in which Italians had a bad reputation. We were considered traitors, delinquents and treacherous: convincing them to buy something from us was an impossible mission”⁶³. Nevertheless, this ambitious project turned out not to be so utopic: France, Belgium, Great Britain, Holland and all of Scandinavia were the first European countries to form the foreign market of “Ferrero International” with a branch in Luxemburg.

The revenue of the foreign group back in 1977 was 75 billion Liras, the company’s total revenue was 248 billion. In 1962, Ferrero became “P. Ferrero & C. S.p.a.” with its registered office in Alba - 90% was managed by the Ferrero family. They had over 6,000 employees nationally by the mid-70s: especially at the Alba plant, it grew from 2,700 employees in 1961 to 3,165, with a seasonal staff of more than 700 employees that were hired during the 1973 holidays⁶⁴.

In the following decade Ferrero became a global multinational, expanding with new companies, production plants also in north and south America, South-east Asia, Eastern Europe, Africa, Australia and more recently in Turkey, Mexico and China⁶⁵. Today, Ferrero is one of the Italian companies that continues to increase in revenue and that actively participates in 170 nations, is distributed in 5 continents with a permanent global staff of about 35,146 employees as of August 31st, 2017.

Despite global economic uncertainty, the company was able to consolidate and confirm its performance during 2017/2018. The Ferrero group continued to sustain the investments in its iconic brands, maintaining a high level of operative profit and constantly reinforcing the internal activities of R&D. The group, with Giovanni Ferrero as executive president and Lapo Civiletti as CEO, closed the fiscal year with 10,7 billion Euros in revenue, which was an increase of + 2.1% compared to the previous year, when the fiscal year closed at 10,5 billion euros⁶⁶.

⁶²Lavarini R. & Scramaglia R. (2001). *Lavorare, creare e donare. I vent’anni della Fondazione Ferrero*, p. 28.

⁶³Calabresi M. (2015). *Il segreto del successo? Pensare diverso dagli altri e non tradire mai il cliente*. La Stampa, 15th February 2015.

⁶⁴«Nuovo Problema», n.16, July 1975, p. 2.

⁶⁵<https://www.ferrero.it>

⁶⁶<https://www.ferrero.it>

The selling of the finished products has also had an increase by 3.5% (6.8% constant rates) with a leading performance in German, French, Italian, Polish, British and American markets. Although the company went through a great globalization of its production and selling soon after WW2, it is worth highlighting how Ferrero has always stood out because of its deep cultural and operative loyalty to the Langhe area. As a matter of fact, the company, instead of encouraging the arrival of the workforce from the Centre, South or Northern Italy, which back then, were areas of strong emigration, employed mainly local Langhe working forces. This far-sighted corporate decision in time helped obtain a double effect: aside from being able to avoid countryside depopulation, it allowed Ferrero employees to keep their traditional agricultural roles while supplementing the meagre earnings they received from working in fields with what they earned from working in the factory (Lavarini and Scramaglia, 2001, p.17).

The rooting of the employees in their territory was also eased in the 1950s by the institution of a company-provided transportation service on daily basis, thanks to couriers and buses which are still active to this day, aimed at carrying workers from the factory to their rural housings in the langarole hills. This choice was also inspired by cultural reasons and aimed at boosting local workforce recruitment: the recruiting of female employees was not easy because the city, and even more the factory were considered “places of perdition” and the free transportation service was meant to guarantee the security and, above all, corporate protection of the employees. In order to convince local families of the seriousness of corporate strategies, it became necessary also the intervention of local Curia that backed up the company’s demands acting as a guarantor of Ferrero’s continuously growing business project. The local diocese guaranteed, therefore, its support under the condition that on the Sunday shifts, Ferrero allowed the permission to the employees to follow the Holy mass in the establishment’s yards (Lavarini and Scramaglia, 2001, p.17).

In a certain way, it was this tacit and operative worth wise pact between local institutions, church and local people to strengthen the company’s presence on the territory and the society’s overall sense of belonging. This rootedness was also partly warranted by Ferrero’s confectionary production which did a broad use of local agricultural products, especially at the early stages. As aforementioned, Pietro Ferrero’s great breakthrough was to make chocolate more affordable,

decreasing the amount of cacao by adding huger quantities of hazelnut. But when in the 1950s and 60's the company came across the first boom in business, which was associated with the first wave of internationalization, the Langhe farmers stopped cultivating hazelnuts because it was a difficult and unprofitable task. Pietro Ferrero, foreseeing the importance of this cultivation for the future of both the company and the territory, convinced a number of farmers to re-begin taking care of abandoned hazel trees, by actively promoting the retrieval of local hazel cultivation through the institution of technical and professional courses and by implanting "pilot" hazel trees in Farigliano. The company's initiatives for promotion and recovery of local agriculture soon had its pay offs: in 1938, the production of hazelnuts in the entire Piedmont region was 10,000 tons, in 1953 it increased up to 24,000 tons and in 1961 up to 53,700 tons, of which 33,500 was from the province of Cuneo alone. In spite of reaching great quantities in local production, from the 1960s the local cultivation of hazelnuts was no longer sufficient to meet the needs of Ferrero so that they began to turn to foreign markets to supply their raw material (Lavarini and Scramaglia, 2001, p.24).

Through this broad range of concrete actions, from second post-war Ferrero became one of the main actors of economical, agricultural and socio-cultural rebirth of Langhe, a region of which the economic-productive state was undeniably backwards and was masterfully witnessed by notable works of literature such as *La Malora* by Beppe Fenoglio. The connection and "the pact" Ferrero made with the local community, which distinguished Ferrero as being an incumbent multinational extremely embedded in the local socio-economic fabric from the very beginning, was reflected in its entrepreneurial style and its genuine "corporate welfare" measures that affected Langhe's local development. As a matter of fact, the many "CSR" macro-measures that the company implemented from the very first years such as the free transportation for the employees, the establishment of a flexible production system that allowed recruitment to be seasonal in times when workers had to dedicate more to farm work, contributed to the territorial and social rooting of their employees. Furthermore, doubtlessly Ferrero's strategies put a stop to the depopulation of the countryside and, on the contrary, actively nurtured from a quantitative and qualitative viewpoint the local agricultural tradition.

Beyond these "external" CSR measures, which evidently affected the local community's *modus vivendi*, it is worth also mentioning a wide set of "internal" CW actions implemented by Ferrero from the late 1940s. In 1952 Giovanni Ferrero financed the construction of a workers' village with a sum of 214 accommodations in order to provide housing for the employees not originating from Alba. In 1957, he introduced a permanent social assistance service in Alba's factory, bringing corporate health benefits and social services. Along with Don Gianolio, he co-founded the technical school in Alba for training professional male figures of mechanics, electricians, draftsmen and female models and garment makers. In doing so, he contributed to the training of the specialized workers for both Ferrero and Miroglio, another local multinational operating in textile and garment making fields⁶⁷.

In the past century, these "paternalistic" welfare measures, which were related to social health, ludic-recreational, educational initiatives, were shared by many other businesses, and in time, took

⁶⁷AEDA (1967). *Storia di un successo. Ferrero. La più grande industria dolciaria del MEC*, Torino, pp. 42-43.

on a more structured and conscious form. The so-declared “Christian ethic”⁶⁸ of the Ferrero family intertwined to principles of economic efficiency inspired both the corporate philosophy and later initiatives of a better shaped corporate welfare. In the first convention of Ferrero’s Center of Social Studies, an explicit speech about spirituality and love revealed some fundamental principles inspiring their corporate mission: “The sciences and the technology in workplace are forces for the liberation of the worker from fatigue and psychological weariness, only when they are strictly used in harmony with all the values of the mankind and aligned to the supreme aims of his life. [...] It should not happen that in the effort to better the world, the man demeans himself spiritually”⁶⁹. “The company has to cooperate in order to elevate all the mankind values [...], furthermore it is important to understand that the company has to turn into an important actor in helping the development of the society, promoting all the values of freedom, justice, moral integrity, dignity [...]” (Lavarini and Scramaglia, 2001, p.36).

Although we have not been able to find explicit reference to economic or philosophical models which inspired Ferrero’s entrepreneurial philosophy, we argue that there is an obvious similarity and semantic, theoretical overlapping with the Olivettian philosophy. The geographical and chronological proximity – Olivetti’s apogee was in 1950 -1960 decade, years in which Ferrero was experiencing the first great expansion and wave of internationalization - among the two enterprises enable us to trace similarities between the two “communitarian” and “humanistic” philosophies that inspired their entrepreneurial “oeuvre”.

The values conveyed by Michele Ferrero, namely his declared Christian values, his sense of territorial belonging and the pivotal role of the family in the society and in the management of the business⁷⁰ inspired Ferrero’s entire entrepreneurial idea and contributed to the birth of the “Opera Sociale” in 1983, an initiative born to ennoble and facilitate the third age of Ferrero’s ex-employees. The entire social assistance project was conceived by a group of intellectuals and physicians among which the well-known Dottor Scarzella, inventor of the “Elderly Health Therapy”⁷¹. The Opera Sociale promoted a complex project of social assistance encompassing a plethora of socio-assistential, cultural, recreational initiatives for ex-employees that had at least 25 years of work experience in Ferrero. It was born as a means to convey the idea that the work and personal growth would not terminate with retirement; in 1991 it was recognized by the ministry of interior firstly as a foundation and nowadays as a non-profit organization for social benefits (O.n.l.u.s.). The foundation’s motto is “Work-Create-Donate” and reveals its goals: 1) to foster and offer health, social, cultural and recreational assistance in favour of ex-employees and their families; 2) to provide, in special circumstances, assistance for third parties; 3) to promote the development of studies, to boost scientific research, to organize conferences, or other manifestations in social, health, cultural fields in order to contribute to the improving of the life quality of loyal employees. (Lavarini and Scramaglia, 2001, p.117).

⁶⁸Lavarini R. & Scramaglia R. (2001). *Lavorare, creare e donare. I vent’anni della Fondazione Ferrero*, p. 35.

⁶⁹*Ibid.*, p. 36.

⁷⁰*Idem.*

⁷¹*Ibid.*, pp. 107-109.

Ferrero company has always stood out for its socially responsible nature since the embryonic initiatives implemented by the company since the WW2. Such corporate actions later on assumed a more conscious and structured form with the institution in the 1980s of the Foundation⁷² and, more recently, by the introduction of a specific welfare card dedicated to Ferrero employees. The CW service implemented today in Ferrero is one of the most articulated on the national territory, as it is finely pointed out by the national report on “Secondo Welfare”⁷³.

3.3.3 Miroglio’s history and company’s engagement in “CSR” practices

Miroglio’s business enterprise was founded in 1934 when the Miroglio family began their textile business, which was based on a cottage industry organization. The Miroglio company has an important role for the aims of this study alongside Ferrero, due to its unbreakable bond with Langhe local community. The favourable conjuncture that bonds also the birth of this company to the area of Alba is hard to ignore. The 1930s represent the peak of the local agricultural crisis especially in the sericulture sector. The start-up of Miroglio’s business was facilitated by the purchase of large consignment of silkworms at derisory prices by one of the components of the Miroglio family: acquiring large amounts of stock made the beginning of textile production possible. In 1947, Giuseppe Miroglio made the decision to industrialize the formerly domestic production method by activating a small number of looms in Alba’s factories: doing so, he became one of the indisputable protagonists in the reconstruction of the city signed by the war. Shortly after, his project began thriving and within a few years 250 automatic looms substituted the older ones; Miroglio became the second largest company in the province both in terms of size and number of employees in the province.

The year 1953 marked the turning point of the company’s evolution: the textile plant was doubled, and the company made its way into the cotton sector engaging in the production of inexpensive merchandise, well-known as “Grazia” fabric: the great success of this core product consecrated Miroglio as one of the leading cotton manufacturers of its time.

In that moment, stated Franco Miroglio, «we [had the intuition] that the success was not only in fine products, [...] and that it was necessary to focus on widely consumed, lower items, that back in the days were mainly manufactured by cotton producers» (Soggia, 2013, p.43).

Unlike the food industry, the textile sector could not rely on the use of local agricultural products. In the 1950s sericulture was already in crisis in the Alba countryside. And to avoid the complete disappearance of sericulture, the Miroglio family became the main supporter and almost the unique purchaser of silkworm cocoons in Cuneo province. This is well witnessed in a copy of Gazzetta d'Alba of 1951 containing an exhortation towards the Albese population: «Farmers! Giuseppe Miroglio would like to communicate to Albese and Langhe farmers that [...] the price of the silkworm cocoon will reach 6.800 liras per mg. [...] He advised farmers, his loyal clients, to breed silkworms [...],

⁷²Fondazione Piera, Pietro e Giovanni Ferrero, <https://www.fondazioneferrero.it/>

⁷³<https://www.secondowelfare.it/privati/aziende/dallasilo-alla-materna-cosi-ferrero-aiuta-le-famiglie-dei-dipendenti.html>; <https://www.secondowelfare.it/privati/aziende/ferrero-oltre-il-welfare-aziendale-un-premio-di-2000-euro-per-i-dipendenti-nel-2019.html>

informing them that the textile factory will directly purchase and collect the amount of silkworm cocoons produced by the next season»⁷⁴.

The growth and the rapid expansion of the firm in the following years was a result of a defined plan with a well-thought-out marketing strategy founded on monetary optimisation: «the competitors had to be beaten on the price, increasing the selling and reducing the unit-gain to a minimum, to obtain the overall maximum»⁷⁵.

As a matter of fact, Miroglio's production was, and to this day still is, characterized by low-cost and an acceptable quality for the mass consumers.

The project on which the "Commander" Giuseppe Miroglio was working on and that surely represented the flywheel for the greatest results achieved in the following decade was the creation of a garment factory for the selling of female clothing items: the "Vestebene". This company, also based in Alba, was meant to complement the pre-existing textile manufacture becoming the garment brand of "Miroglio" fabric. The first line of assembly contained 21 seamstresses, producing 240 items a day of the only model called "Lido": a clothing item made with "Grazia" fabric. Along with the production, also the selling network was organized through a young group of travellers that proposed the item with a very tempting launching price to flabbergast the competition: with only 1.000 liras one could buy a «stylish and good quality»⁷⁶ dress. The idea of garment making, which was still rather new and unknown in Italy, turned out to be very convincing and profitable: in the first years of activity, the overall profit increased up to 45 million liras. It made the construction of a new production plant necessary in 1957. The birth of the dyeing and printing establishment dates back to 1958. This completed the cycle of textile production for the enterprise⁷⁷. With the creation of these new units, by the end of the 1950s Miroglio reached the dimensions and the *savoir-faire* of a big company: in 1958 the weavers reached up to 320 employees; the Vestebene employed 230 workers and the overall revenue surpassed 3 billion liras, one third of which ascribable to the garment. The following year, an even more positive trend was registered and in 1959 the two companies employed more than 600 workers, ending their annual balance sheet with a 3,5 billion liras bill. Since the 1960s, the establishment of a remarkable selling and distribution network in textile and garment making sectors, together with the constantly renewing technology of the machinery, made Miroglio an avant-guard company of the sector. These remarkable results inspired numerous globally recognised textile companies to partner up with the Miroglio family. Despite numerous proposals for mergers and company acquisition by foreign companies, the sons Carlo and Franco, at the head of the company, declined every proposal as a way to respect the paternal philosophy regarding the corporation autonomy: «better to be small, and at the same time, the master at our home» (Soggia, 2013, p.58).

Like Ferrero, Miroglio relied almost exclusively on local resources and competences. For the workforce, they hired residents from the surrounding farming area, ensuring to more than 40 per

⁷⁴Our translation of Giuseppe Miroglio's announcement. *Gazzetta d'Alba*, 20 marzo 1951, p. 9.

⁷⁵Cortevasio V., *Alba e l'albese dalla ricostruzione al boom*, tesi di laurea, Università di Torino, 1981, p. 60. The reference was obtained from the Alba library.

⁷⁶Cit. Soggia A., *La stoffa del ragioniere: l'avventura imprenditoriale di Franco Miroglio*, Roma, Laterza, 2013, p. 50.

⁷⁷Cortevasio V. (1981), *Alba e l'albese dalla ricostruzione al boom*, tesi di laurea, Università di Torino, p. 61. The reference was obtained from the Alba library.

cent of the employees the free transportation to the factory and from the factory to the town. Among many other initiatives, their CW consisted of housing for the workers, social and recreational activities, transportation service, healthcare and social assistance, beach and mountain side camps for the employees' children. From the very beginning those were the main corporate instruments adopted by both companies in order to sustain the workforce. A sort of "hidden pact"⁷⁸ among Miroglio, Ferrero and Mondo, an incumbent of locally produced plastics, ensured that the three local companies would not "steal" each other's workforce, which consequently led to occupational wage levelling. Like Ferrero, Miroglio had a special relationship with its employees because the company allowed its workers to combine their factory work with their own personal farming activities.

The "part-time farming"⁷⁹ revealed to be both the most effective means to limit the wage increases and a means to conserve the traditional social balance between the city and countryside «within the horizons of the parish and the belt-tower»⁸⁰. Another major event was the 1970s productive decentralisation in the province of Cuneo: a peculiar "vocation" for the Langhe territory led Miroglio to localize numerous small-dimension production units (15 factories with almost 150 workers) directly in the Albese towns, strengthening the local economy and their bonding to the local communities.

In 1970 Miroglio faced an important corporate change with the fusion of Vestebene s.p.a. to Miroglio weaving s.p.a: this gave rise to GTM (Gruppo Tessile Miroglio), a core turning point in the company's evolution. The birth of GTM also marked the exit of Giuseppe Miroglio from the scene in favour of the two sons Carlo and Franco, as president and CEO of the company.

The decision to create a genuine European-style company was brought up by Franco Miroglio, with the purpose of successfully competing at an international level: it meant creating a direct sales network in different European countries, through the establishment of foreign trading companies, and by delocalizing a part of the manufacturing in countries with low-cost workforce. The "Piano MEC" was a bold decision in those days, considering the great crisis for the textile sector defined as «mature and without future»⁸¹. In the international textile manufacturing panorama, the company achieved brilliant results, especially in Germany where, by the year 1973, the revenue had a 95% increase; furthermore, the business volume of the company grew exponentially, from 37 billion in 1972 to 184 billion liras in 1978. The company's growth in the international market went alongside with delocalization and out-sourcing processes, that relocated a big portion of supply of raw materials and some stages of production process in countries such as Tunisia, Marocco, Egypt and Turkey to the detriment of traditional plants in Piedmont territory. The second energy crisis, which occurred between '78-'79, marked a radical change in the corporation which caused some of the Piedmontese factories to shut down.

⁷⁸Cortevesio V. (1981), *Alba e l'albese dalla ricostruzione al boom*, tesi di laurea, Università di Torino, p. 81, reference obtained from the Alba library.

⁷⁹We use the expression "part-time farming" to describe the flexible production system characterising local labour system of Alba. Cfr. Castronovo V. (1977), *Il Piemonte. Storia delle regioni italiane dall'unità a oggi*, Torino: Einaudi, p. 653.

⁸⁰*Idem*.

⁸¹Cfr. Soggia A. (2013), *La stoffa del ragioniere: l'avventura imprenditoriale di Franco Miroglio*, Roma: Laterza, p. 119.

The 1980-1990 decade was characterized by large-scale international growth for the company, which mainly occurred through a strategy that consisted of the purchase of foreign companies for both the textile and garment making divisions. The delocalization of the production in Tunisia and Bulgaria and the relocation of a portion of the weaving, garment making and printing to China, was considered by the “Accountant”⁸² «the only path to the future»⁸³.

These foreign initiatives were not well-received by the employees of national establishments especially from the Albese territory that saw the Bulgarian and Tunisian production as a real threat for the local employment. However, this process of delocalization did not stop the development of Italian and Piedmont’s factories. As a matter of fact, the internationalization strategy also consisted of a dense industrial investment program in Italy that, in three years, had exceeded 200 billion liras and was able to substantiate the unification of Govone print houses, their expansion, technological renovation and the construction of new factories in southern Italy. This climate of refurbishment brought decisive changes in Albese industrial assets: the Ceretto Langhe factory shut down and Alba’s “Vestebene” workforce decreased from 950 to 700 employees during 1987-1991.

A new industrial investment plan tied to a cost reduction program marked the life of the company in the 1990s. The company was willing to become, to quote Franco Miroglio’s words, «the most “Japanese” company in Europe»⁸⁴. Among the most important innovations was the decision to enter the field of direct sales of clothing items with directly managed retailers: in 1992 their “Motivi” line came out, with the mission to sell ready-to-wear items. *Motivi* immediately placed itself in direct competition with Zara, the well-known Spanish chain that Franco Miroglio tried to *joint venture* with, without success. Simultaneously they developed franchises and affiliated retailers selling the “Elena Mirò” brand and by creating a chain for distribution that by the end of 1993 counted for 80 stores of which 23 where abroad.

Even after his retirement at the end of the 1990s, Franco Miroglio insisted on the importance of delocalizing as a competitive strategy for the company survival. In more than one occasion in front of the critics for his entrepreneurial choices, he insisted on his position: «you end up for considering them (*foreign investments*) a threat for the employment and not an opportunity for the development of the company. This “self-pity” is useless because it is the market that lays down the laws»⁸⁵.

From the 2000s the firm was involved in a spiral of changes that invested the global market, determined above all by the euro to dollar exchange rate and the increase of importation of Chinese products in western markets: in 2002 the importation of garments made in China in Italy increased by 57% and Miroglio counted for 2 million *made in China* items. The interest of GTM permanently shifted to Asia which, according to Edoardo Miroglio was the only path to the future. There was nothing left to do but «to go and play the match where the championship was: in the far East»⁸⁶. Although during the following decade the production and selling of the yarn and fabric decreased,

⁸²Soggia A.(2013), *La stoffa del ragioniere: l'avventura imprenditoriale di Franco Miroglio*, Roma: Laterza, cfr. Introduzione. We refer to Franco Miroglio.

⁸³*Ibid.*, cit. p. 240.

⁸⁴*Ibid.*, cit. p. 252.

⁸⁵F. Miroglio, *Editoriale per «GTM Notizie»*, 20th November 1998, AFM, faldone Azienda 2.2.

⁸⁶E. Miroglio, *Un 2003 a due facce*, cit., p. 9.

the garment making division in 2009 covered 77% of the revenue of the group. The increase in profit was mainly due to the opening of mono-brand shops which were around 1,400 in each part of the world, along with 8,500 multi-brand clients and 90 outlets. The ready-to-wear items distributed in “Motivi”, “Oltre” and “Fiorella Rubino” shops, that in 2000 did not surpass 10% of the overall company profit, in 2010 reached 500 million euros in revenue, corresponding to more than 40% of Miroglio’s income. The production investments in China, Bulgaria and Turkey came along with further financing and renovation of the textile establishment division in Italy: in 2005 the last printing house, the one in Alba, was shut down and a part of the production was relocated to Govone plant that in the following decade became the target for further expansion and investments by the company.

Today the Miroglio Group operates in 22 countries, with 37 partnerships, 11 fashion brands and three divisions: Miroglio Fashion, Miroglio Textile and M2Log⁸⁷, one of the biggest European enterprises of printed fabrics and yarns, papers and film transfers.

In regard to CSR politics, Miroglio implemented measures that were similar to those of Ferrero’s: since the 1940s they have provided cultural, recreational, training, housing and free transportation to the employees and local residents. Starting in 1973 the “Elena and Gabriella Miroglio foundation” has constantly promoted various types of social assistance, healthcare, cultural activities for the employees, their children and the retired staff. The initiatives of the foundation cover three main aspects: a very articulated plan regarding maternity and childcare, a broad cultural project aimed at the educational and cultural growth of employees and their families; an assistance and recreational program dedicated to the ex-employees. Specifically, the “Commander Giuseppe Miroglio” senior group, born in 1978, involves all the employees and pensioners who worked for the company at least for 25 years⁸⁸. Another crown jewel of Miroglio’s corporate welfare system is the “Elena and Gabriella Miroglio House for Children”. Today this school benefits from a well-known and high-quality educational program that follows a strong montessorian approach. 116 kids from the ages of 1 to 6 attend two years of kinder garden and three of pre-school: “We are pursuing the excellence with a continuous quality research in each sector: from pedagogic to nutrition education, from educational labs to field trips, to theatrical performances. The kinder garden is not only exclusive to children of the employees, but it is open to the public, so that all the local community can benefit from it”⁸⁹.

Miroglio’s CWs are to this day the most obvious expression of a very tight bond between the company and the reference local community, even though, unlike Ferrero, from the late 1980s Miroglio’s entrepreneurial strategies progressively shifted towards a more “anchored” and less “embedded” multinational attitude.

⁸⁷<https://www.mirogliogroup.com/>

⁸⁸<https://www.fondazionemiroglio.it/il-gruppo-senior-la-storia>

⁸⁹<http://www.targatocn.it/2018/12/20/leggi-notizia/argomenti/eventi/articolo/casa-dei-bambini-elena-e-gabriella-miroglio-una-mostra-ad-alba-per-i-60-anni.html>

3.3.4 Welfare strategies and policies in the province of Cuneo

In 2018 Cassa di Risparmio di Cuneo (Maino et al., 2018) carried out a study meant to describe the diffusion and the type of CWs implemented in the province of Cuneo. This research has been particularly useful in order to refine our definition of CW on a more operative level and to understand the scale of the true spreading of corporate and territorial welfare policies in the province.

Authors put forth a more restricted definition of CW defined as «the set of measures (monetary or in-kind benefits) aimed at responding to basic needs of the family, childhood, housing, with the purpose of protecting citizens from poverty and from the risks associated with the lack of income, sickness, maternity, accident, disability, unemployment, old age. In this definition educational and health benefits are included as well» (Massagli and Spattini, 2017). They exclude from this set of measures flexible hours, part-time work and meal vouchers (tab. 2).

Alongside this research, a previous study performed by Regione Piemonte and Unioncamere Piemonte⁹⁰ focused on revealing the diffusion of CSR practices on a regional scale, understand the perception of CSR among business owners and, at the same time, through the study, spread the CSR culture (Unioncamere, 2017, p.3).

They relied on a panel research design dealing with 35,000 regional enterprises employing at least 5 workers. The first observations in 2010 concerned a sample encompassing 7,000 firms with at least 20 employees. Later on, researchers relied on a more representative sample of 35,000 small and micro enterprises that better describes the regional economic fabric. Results highlight that a company over two has engaged in CSR practices in order to improve internal corporate climate and workers' productivity and to boost the corporate image (Unioncamere, 2017, p.31). The research conducted mainly through a web-survey consisted of two main surveys: the first one in 2013 and a second one in 2016 when the number of respondents increased five-fold, namely from 550 to 2,646. Researchers argue that, following this initiative, the sensitivity and concern on corporation's responsibilities have increased, leading to a more widespread consciousness about the need of engaging in social innovation and CSR activities (Unioncamere, 2017, p.4).

The goals of the aforementioned study were to evaluate if and how CSR practices were incorporated in the region's companies; later on, the Fondazione CRC carried out the same study on the provincial area, in order to describe the local entrepreneurial attitudes towards CSR and CW issues in-depth. Authors' research design relied on a web-survey addressed to a representative and stratified sample of 189 enterprises (Maino et al., 2018, p.48) of the Province operating in 4 main sectors: manufacturing, construction sector, trade and services. Most enterprises are of small dimensions and are active in Cuneo (40%) and in Alba (17.8%) and belong to the manufacturing (42%) and service (26%) sectors (Maino et al., 2018, p.50).

⁹⁰ Unioncamere (Ed.) (2017). *Terzo Report sul monitoraggio delle imprese responsabili in Piemonte*, Torino.

Web-survey and in-depth interviews' results reveal that: 1) despite the managers' interest in the topic of CW and their awareness about the necessity of implementing measures in that area (Maino et al., 2018, p.53), only 40.1% of the interviewees was able to define CW as a general idea of "any supporting measures for the well-being of the employees" (Maino et al., 2018, p. 54), opposed to 36.9% that was not able to define CW concept properly. CW main measures consist of four main areas of intervention, pointed out by the literature on the subject⁹¹: most enterprises have engaged in work-life balance, income support, integrative pension, integrative health care measures. Most enterprises and interviewees believe that the active engagement in CW initiatives are mainly useful for 1) enhancing corporate branding; 2) optimizing the internal corporate climate; 3) increasing employees' satisfaction by 4) reducing turn-over intentions; 5) improving business performance (Maino et al., 2018, p.52).

The study also sheds light on CW measures carried out by the best-practice companies such as Ferrero, Michelin, Bottero and Unifarma (Maino et al., 2018, pp.79-83). Alongside these corporate initiatives, other forms of "extended" or "hybrid" welfare measures regard, *inter alia*, actions by Ferrero and Miroglio companies that have recently broadened to the entire territorial community nursery services, once only reserved to their employees.

Another recent and "advanced" experience of local welfare usually defined as *territorial welfare* regards two main local projects: "Talenti Latenti" and "Welfare comunitario integrativo"⁹² (Maino et.al., 2018, p.98). It consists of an unprecedented form of multilevel and multi-stakeholders action including private companies, institutional bodies, voluntary associations, insurance firms, trade associations (Maino et al., 2018, p.96). In particular, *Talenti Latenti* aims at promoting initiatives dealing with social concerns, such as reinsertion into the company at the conclusion of the maternity leave, disease prevention, healthy lifestyles, nutritional education and training for parenthood. Intervention areas have been properly defined after the administration of a questionnaire to Dimar spa, Sebaste Golosità, Slow Food and Pollenzo Food Lab's employees.

Talenti latenti is widely considered one of the most refined among the contemporary welfare projects in Italy, mainly because it relies on multiple stakeholders consisting of: four private companies, ASL and many local authorities. Moreover, its multi-level, "bottom-up approach" (for example, the workers were surveyed and asked what company benefits they wanted to see implemented by their employers) inspired the original corporate and social welfare programs.

⁹¹Cfr. Pavolini E., Ascoli U. & Mirabile M.L. (2013). *Tempi moderni. Il welfare nelle aziende in Italia*, Bologna: Il Mulino.

⁹²Cfr. Maino F., Razetti F., Santoni V. & Pesenti L. (Eds.) (2018). *Impresa possibile. Welfare aziendale in provincia di Cuneo*, Fondazione CRC, p. 98. This project sponsored by CRC Foundation aims at analysing the supply of CW initiatives at a territorial, communitarian level in the Albesse territory. The analysis provided by the Ouverture association has highlighted the virtuous activity of Fondazione Ferrero, Fondazione Miroglio, Banca d'Alba and Banca Alpi Marittime. "Welfare comunitario integrativo" promotes the cooperation among private and public actors within Alcotra project.

Table 2. CW dimensions in Italy: a definition of beneficiaries and areas of intervention⁹³

BENEFICIARIES	EMPLOYEES	HEALTH	OLD AGE AND DISABILITY	SOCIAL ASSISTANCE AREA	INCOME AND OCCUPATIONAL SUPPORT	WORK-LIFE BALANCE	LIFESTYLE AND FREE TIME
		Supplementary health funds also extended to employees' family members	Supplementary pension funds	Contributions to support private care givers in family with disabled	Agreements with commercial structures, reimbursements for public transport passes	Discounts for schools / nursery schools	Gym, massages, entertainment and culture (concerts, exhibitions, cinema, etc.), theatre performances, spas, wellness centres, holidays, cruises. company car, mobile phone
		Prevention and screening programs	Extra contributions for supplementary pension schemes	Activities for the physical and psychological well-being of employees; recreational clubs	Scholarships for stays abroad of employees and family members	Company nurseries, smart working, agile work, reimbursements or vouchers, etc.	
		Raising awareness about lifestyles	Long Term Care Policies	Psychological support for employees with serious family problems	Subsidised rates for mortgages, loans	Concession of part time and flexible hours	
					Housing, rents at controlled prices	Concierge services	
					Professional training for employees		
					Company can / tickets restaurant/ agreements with restaurants and cafes		
	MANAGEMENT	Additional insurance policies	Individual insurance plans		Production incentives / bonuses for personnel	Enhancement of equal opportunities (female employment)	

Source: Cassa di Risparmio di Cuneo, 2018

⁹³The definition of CW is proposed by Maino et al. (2018). *Cfr.* Maino F., Razetti F., Santoni V. & Pesenti L. (Eds.) (2018). *Impresa possibile. Welfare aziendale in provincia di Cuneo*, Cuneo: Fondazione CRC, pp. 22-23.

3.4 Empirical research

Here we analyse the main effects of CWs implemented by Ferrero and Miroglio in the socio-economic fabric of the Province of Cuneo in order to validate or to reject the two initial hypotheses:

H1: CWs are likely to foster local economic diversification in related and unrelated sectors through knowledge and entrepreneurship spill-overs

H2: CWs are likely to boost local levels of social cohesion

Considering the exploratory nature of the research (Stebbins, 2011), we have followed a single case study approach (Yin, 2012, p.56) that “can permit researchers to address more complicated research questions and collect a richer and stronger array of evidence” (Yin, 2012, pp.65-66). We relied on this methodology as the most suitable solution to disentangle aspects of a complex “diachronic” phenomenon extending to the present days (Yin, 2012, p.14).

The research design was structured as follows: we performed preliminary research that relied upon multiple sources of evidence (newspaper articles, archival records and history books⁹⁴); then we conducted a web-survey and a series of in-depth qualitative interviews. This preliminary research confirmed that the direction of our research questions was indeed correct because they followed what the literary hints and “sketched” theoretical propositions made and suggested about the roles of the 2 local multinationals in Alba.

We focused on the effects of CWs implemented by Ferrero and Miroglio, which we intended to use as a proxy of their managerial and entrepreneurial style towards the local community. We considered the entire province of Cuneo as a unit of analysis.

⁹⁴ As explained, all through the chapter and particularly in paragraph 3.3.1 historical, archival and literary works have often described the condition of Langhe peasants before WW2 as dramatic. The local enterprises made a decisive contribution to the local economic miracle.

More specifically, in order to describe the plausible effects which derived from CWs by the 2 local multinationals, and

- 1) to detect the effects of internal CSR policies (which were and are addressed to Miroglio and Ferrero's employees) towards the local fabric and the community of reference;
- 2) to describe the local industrial atmosphere and the local levels of trust, we have proceeded as follows:

We began by administering a web-survey to the universe of 28,579 enterprises of the province of Cuneo operating in ATECO sectors A01, C10, C11, C13, C14, C15, G46, I55, I56⁹⁵, identified as "related" and "unrelated" varieties (Frenken et al., 2007) of local agri-food and textile production specializations that brought "complementary productive multiplicity" to life at a local level, meaning "the local availability of a multiplicity of specialized capacities" connected with the main local industry (Bellandi, 1996, p.15).

As we mentioned before, the province became highly specialized in agriculture and the agri-food industry, especially in the local labour system of Alba, where the Ferrero company still has its headquarters and historical plant.

With that premise in mind, we decided to administer the survey to all of the agricultural firms in the primary sector, agri-food industry and tertiary activities connected to the selling of the food products as well as the food and accommodation services.

In order to detect possible knowledge and entrepreneurial spill-overs that came from Miroglio's business activity, we decided to encompass enterprises tied to the textile industry and the trade of products of that industry.

We focused on the entire province of Cuneo and not just on Alba's LLS for two main reasons: firstly, because of the higher availability of datasets on the province level that would make it possible to compare the Province with other local contexts; secondly, in order to understand the true level of embeddedness of local multinationals and their business networks in a larger area than that of Alba LLS.

The survey results were enriched with a series of qualitative in-depth interviews with key local actors. This further step of qualitative research has been addressed to three different groups of interviewees. By being able to refer to the results of the survey, a first selected group of interviewees (group 1), namely local entrepreneurs that had previous working experience in Ferrero and/or Miroglio, allowed us to dig deeper into possible working ties and relationships, and to disentangle plausible knowledge and entrepreneurial spill-overs.

⁹⁵ ATECO sectors: A01: agriculture; C10: food industry; C11: beverage industry; C13: textile industry; C14: manufacture of clothing; C15: manufacture of leather and similar articles; G46: wholesale of foodstuffs, beverages; I55: hotels; I56: restaurants.

A second “counter-factual” group of interviewees (group 2) includes managers or heads of companies that manage businesses that are of similar dimension and from the same productive sector as the companies of the first group, with the difference that they lack past working experience at Ferrero or Miroglio. The last interviews helped us understand the results of the first group of interviews on a deeper level.

Within this macro-group of “treated” and “control” subjects, we have included a micro-group of interviewees that to this day are working two jobs: weekly at Ferrero and occasionally at their family agricultural business.

The third group of interviewees (group 3) include key entrepreneurial and institutional subjects and helped us describe the Cuneo socio-economic system on a deeper level.

3.4.1 Self-administered web-survey

Considering the explorative nature of this study, as a result of the lack of investigation on the argument, we have chosen to refer to the CCIAA Cuneo registered businesses’ universe operating in the sectors aforementioned, while including each and every unit, regardless of their juridical form and company size. We have been able to take into consideration the universe of enterprises operating in those sectors relying on the full cooperation of Cuneo’s Chamber of Commerce (CCIAA) that freely provided a list of 28,579 enterprises operating in ATECO sectors A01, C10, C11, C13, C14, C15, G46, I55, I56 and other information such as company name, legal form, number of employees, registered office, headquarters, turnover and PEC e-mail addresses. In particular, our population was made up of 19,484 enterprises (68.17%) that belong to the A01 ATECO sector, 908 companies (3.17%) that belong to the C10 ATECO sector, 119 enterprises (0.41%) to the C11 ATECO sector, 66 companies (0.23%) to the C13 ATECO sector, 198 businesses (0.69%) that belong to C14 ATECO sector, 19 enterprises (0.06%) to C15 ATECO sector, 4,262 businesses (14.91%) to G46, 526 firms (1.84%) to I55 ATECO sector, 2,997 firms (10.48%) to I56 ATECO sector. As aforementioned, due to the unavailability of data and previous studies that dealt with territorial externalities of CWs, we considered it more appropriate to refer to the universe of enterprises instead to rely on a representative sample.

Both CCIAA Cuneo and Turin IRES institute contributed to the drafting of the questionnaire, whose questions were created following our research and the two Research Institutes’ requirements.

The questionnaire was created with *SurveyMonkey* administration software and contains a total of 13 questions (Appendix 2). It was then sent out with *SendBlaster4* with the University’s PEC email surveyacademiae@documentipec.com to PEC email addresses belonging to each of the 28,579 businesses that were included in the survey. The filling of the questionnaire, as pointed out in question 13, was assigned to a company manager in charge of providing general information about the company.

The survey was sent twice: the first time on March 3rd, 2019; the second time, was after the CCIAA and other trade associations intervened and sent out a reminder on March 21st, 2019 with a March 31st, 2019 deadline. Out of 28,579 enterprises that were asked to fill out the

questionnaire, 1,254 companies answered it, which equates to nearly 4.3% of the total sample. Partly due to our partnership with the institutional bodies, the decision of administering a survey to our universe instead of a stratified sample did not lead to a statistically representative sample. Nevertheless, the sample resulted adequate enough to analyze territorial spill-overs of CWs. Only 1,152 respondents of our sample indicated the ATECO sector to which they belong. The following table provides the frequency distributions of the population and of the sample.

Table 3. Frequency distributions in the universe and in the sample.

ATECO sector	POPULATION	SAMPLE
A01	68.17% (19,484 units)	52.43% (604 units)
C10	3.17% (908)	7.72% (89)
C11	0.41% (119)	1.12% (13)
C13	0.23% (66)	0.69% (8)
C14	0.69% (198)	0.52% (6)
C15	0.06% (19)	0%
G46	14.91% (4,262)	19.70% (227)
I55	1.84% (526)	3.64% (42)
I56	10.48% (2,997)	14.14% (163)

As we can see from the comparison between the sample and the population, some ATECO sectors are over-represented while others are under-represented.

- ATECO sector A01 refers to 52.43% of the respondents. This means that it is under-represented compared to the same section of the population (68.17%)
- ATECO sector C10 represents 7.72% of the sample: it is over-represented in comparison with the same group of the population (3.17%)
- ATECO sector G46 represents nearly 19.70% of the sample compared to 14.91% of the population.

Below we illustrate, through a descriptive analysis, the results of the 12 items of the survey while excluding the 13th question about general information on the enterprise and on the company manager that filled the questionnaire.

In order to analyze data and define frequency distributions of the considered variables, we used *R* software for computing statistics.

Qn.1 In which productive sector is your company involved?

The majority of responding companies belong to sector **A01** (agricultural cultivation and production of animal products, hunting and related services), followed by an undifferentiated sector of respondents that placed themselves in the “other” category (26.84%) because they didn’t recognize themselves as being part of any of the ATECO sectors mentioned above.

Qn.2 Does your company, to this day, have a working relationship with Ferrero and/or Miroglio?

83.73% of the respondents (equal to 1,050 enterprises) have no working relationship with Ferrero and Miroglio to this day.

Qn.3 - Qn.4 Have you ever worked at Ferrero and/or Miroglio as an employee? If you answered yes to question number 3, in which decade did you collaborate with Ferrero/Miroglio?

Only 44 company managers (3.51% of the ones that answered the question), worked at Ferrero and/or Miroglio and their working relationship occurred mostly between 1992-2001 and 2012-March 2019. This question was obligatory⁹⁶ and the respondents that answered “yes” proceeded to answer all the remaining questions; while the ones who answered “no” jumped to question 10.

Considering the provenance of respondents who answered “yes”, only 16 of them revealed where their companies are located: 12 companies are in Alba’s LLS, 3 of them are in Cuneo’s LLS and 1 is in Fossano/Savigliano’s LLS.

⁹⁶ To proceed with the survey the respondents should have answered the question.

Qn.5

While collaborating with one of the two mentioned companies, did you ever benefit from any of the corporate services?

Question number 5 is aimed at describing the quality and diversification of the welfare measures implemented by both Ferrero and Miroglio, alongside the percentage of fruition of different services provided by ex-employees that are now the company managers of the enterprises taken into consideration.

The interviewees were asked to evaluate their level of fruition of the seven micro-categories of corporate welfare through a Likert scale. The two categories that show the highest level of satisfaction are “health-care assistance and consulting for the employees and their families” and “social and integrated insurance service”.

Qn.6-7

Did the management, work policies or CW measures adopted by Ferrero help the development of your business (or the business of your family) in agriculture or other sectors?

Did the management, work policies or CW measures adopted by Miroglio help the development of your business (or the business of your family) in agriculture or other sectors?

Only **31.82%** of the company managers with previous personal experience at Ferrero believe that the work and management strategies adopted by the company contributed a lot or enough to the development of their entrepreneurial businesses, while the corresponding percentage for Miroglio is **13.64%**.

Qn.8

Did the company policies help the development of your independent start-up business? In which sector?

Figure 8 demonstrates the potential entrepreneurship spill-overs in corresponding sectors favoured by work policies of the two companies. The most affected is the agricultural sector A01 (5 respondents out of 16) alongside a mix of activities tied to the tertiary sector defined as “other”.

Qn.9

Indicate to what level Ferrero/Miroglio helped you achieve the following competences mentioned, that you transferred over to your company?

The areas of competence that the respondents consider to be the most precious that came from their past work experience is in management (22.73% responded very much or enough) followed by the technical/productive (19.05%).

Qn.10-11

Do you believe that company services provided by Ferrero have contributed to province of Cuneo's socio-economic development, such as in determining economic prosperity and social cohesion?

Do you believe that company services provided by Miroglio have contributed to province of Cuneo's socio-economic development, such as in determining economic prosperity and social cohesion?

In order to evaluate the impact that Ferrero and Miroglio's CWs had on the socio-economic development in the Province of Cuneo, the respondents, regardless of having previous work experience in both companies, gave Ferrero a very positive evaluation (59.88%) and Miroglio a quite positive evaluation (51.16%). 559 subjects (nearly 45% of the initial respondents) did not answer Q11, in relation to Miroglio. We underline that the distribution is oriented towards the middle of the Likert scale both for ex-employees (39%) and non-employees (57%). 47.1% did not answer neither Q10 nor Q11.

Below is the statistical data that breaks down information provided above.

Table 3. Frequency distribution of Q10.

	Counts	Freq
Very Much	416	0.331738
Enough	205	0.163477
A little bit	32	0.025518
Not answered	601	0.479266
Tot	1254	1

Table 4. Two-way contingency table conditioned by row with variables of Q3 (by row) and variables of Q10 (by column) [percentage values]

Q3\Q10	Very Much	Enough	A little bit	Tot
Yes	0.761904762	0.190476	0.047619	1
No	0.632911392	0.318038	0.049051	1

These tables refer to Ferrero. 416 respondents answered "very much" when it came to Ferrero, both for ex-employees (76.1%) and non-employees (63.2%)⁹⁶. 601 subjects (47.9%) out of 1,254 respondents did not answer this question.

⁹⁶ In order to assess that there was no significant difference in mean between the group of ex-employees (44) and the others (1,212) who had no previous working experience, we repeated a t-test 500 times for Q10, Q11 and Q12. The test was always non-significant.

Table 5. Two-way contingency table conditioned by row with variables of Q3 (by row) and variables of Q11 (by column) [percentage values]

Q3\Q11	Very Much	Enough	A little bit	Tot
Yes	0.304347826	0.391304	0.304348	1
No	0.242524917	0.571429	0.186047	1

For Miroglio, there was no longer a strong orientation towards “very much”. This time, the respondents tended more towards the “enough” value.

Table 6. Two-way contingency table with variables of Q10 (by row) and variables of Q11 (by column) [absolute frequencies]

		Q11			p-value < 0.01
		Very Much	Enough	A little	TOT
Q10	Very Much	147	203	43	393
	Enough	4	142	49	195
	A little bit	0	3	24	27
TOT		151	348	116	615

Performing the χ -square⁹⁷ test of this table, we can see there is a strong relation between these 2 variables.

That means that respondents giving a certain answer in Q10 were likely to answer in a similar manner as in Q11.

⁹⁷ χ -square: 181.24; p-value < 0.01.

Table 7. Two-way contingency table conditioned by column (Q11), Q10 by row [percentage values]

	Q11		
	Very Much	Enough	A little bit
Very Much	0.973509934	0.583333333	0.370689655
Enough	0.026490066	0.408045977	0.422413793
A little bit	0	0.00862069	0.206896552
TOT	1	1	1

Table 8. Two-way contingency table conditioned by row (Q10), Q11 by column [percentage values]

	Q11			TOT
	Very Much	Enough	A little bit	
Very Much	0.374045802	0.51653944	0.109414758	1
Enough	0.020512821	0.728205128	0.251282051	1
A little bit	0	0.111111111	0.888888889	1

Taking a deeper look at the analysis of the respondents' answers and looking at the conditional distribution in tables 7-8, we note that:

- the percentage of respondents who answered "very much" to Q11 (97.35%) in regard to Miroglio, also answered that way for Ferrero (table 8);
- Respondents answering "a little bit" for Miroglio's policies in Q11 (20.68%) showed generally a more positive attitude towards Ferrero (37.06 % very much; 42.24% enough, 20.68% a little bit);

- Respondents that answered “very much” in Q10 in relation to Ferrero, generally speaking, did not answer in the same manner when it came to Miroglio. In the second case, their answers were distributed among “very much” (37.40%), “enough” (51.65%) and a “little bit” (10.94%).

We conclude that these responses unearth an undisputable, widespread positive view of Ferrero and a rather positive view of Miroglio’s entrepreneurial attitude. In fact, as we have already remarked, the processes of delocalisation and outsourcing implemented by Miroglio that began in the 1990s have partly eroded its image as a local “embedded” multinational corporation.

Qn.12

In your opinion, how true is the statement “The social and economic strength of the Langhe has contributed to Ferrero and Miroglio's success”?

In conclusion, approximately 50% of all of the 1,254 respondents (excluding the non-respondents that were 606 and accounted for 48.3% of the 1,254 total respondents) agree that: “The social and economic strength of the Langhe has contributed to the success of Ferrero and Miroglio”. In particular the distribution, both for employees and non-employees, is oriented towards the highest values of the Likert Scale.

Table 9. Frequency distribution of Q12 with absolute frequencies.

	Counts	Freq
A lot	185	0.147528
Enough	341	0.27193
A little bit	122	0.097289
NA ⁹⁸	606	0.483254
Tot	1254	1

⁹⁸NA means “not answered question”.

Table 10. Two-way contingency table conditioned by row (Q12) (Q3 by column) [absolute frequencies]

Q3\Q12	A lot	Enough	A little bit	TOT
Yes	8	10	3	21
No	177	331	119	627
Tot	185	341	122	648

Table 11. Two-way contingency table conditioned by row (Q12) (Q3 by column) [percentage values]

Q3\Q12	A lot	Enough	A little bit	TOT
Yes	0.380952381	0.47619	0.142857	1
No	0.282296651	0.527911	0.189793	1

In general, both Ferrero's and/or Miroglio's ex-employees and non-employees agree "enough" with the statement "The social and economic strength of the Langhe has contributed to the success of Ferrero and Miroglio".

In order to check there is no considerable difference between the 2 groups (ex-employees and non-employees), we made 500 t-test replications.⁹⁹No relevant difference came out.

The two-way contingency tables could bring us to ignore possible effects when we have all the variables Q10, Q11, Q12. To prevent misleading conclusions, we decided to apply to our data a log-linear model for contingency tables.

Since our data are count data, we use a GLM (generalized linear model) linked to a Poisson random variable (Poisson regression).

To verify the absence of possible hidden patterns in data we focused on models with the interaction terms.

In order to simplify interpretation of results, we excluded all the non-respondent subjects. This selection let us apply our models to 594 observations.

The following table provides the description of the parameters with the related p-values.

We can say that the parameters are related to dummy variables, where the reference category is "enough" for Q10, Q11 and Q12. The model estimated here is the model taking into account the three variables but without interaction terms (Counts ~ Q10 + Q11 + Q12).

⁹⁹ For t-test, we decided to rely on a random sampling with replacement.

	Estimate	Std. Error	z value	p-value
<i>Intercept</i>	4.0399	0.0885	45.6431	0
Q10: very much	0.6008	0.0894	6.7239	0
Q10: a little bit	-1.5629	0.2183	-7.1602	0
Q11: very much	-0.6716	0.1005	-6.6855	0
Q11: a little bit	-1.1119	0.1088	-10.2151	0
Q12: very much	-0.457	0.096	-4.758	0
Q12: a little bit	-1.0213	0.1102	-9.2677	0

As expected, the model gives us results that match perfectly with the outcomes of the contingency tables presented before. The distributions are generally centered towards the category ‘enough’, with the exclusion of Q10 that is centered towards ‘very much’. The tests related to parameters are all significant.

Once the stability and the results of the simplest model we can fit were assessed, we proceeded with the addition of the interaction terms.¹⁰⁰

The following table provides all the models we decided to apply to our data, from the most simple (model 1) to the most complicated and unstable (model 8).

	Model	AIC
1	Counts ~ Q10 + Q11 + Q12	310.97
2	Counts ~ Q10 * Q11 + Q12	201.7
3	Counts ~ Q10 + Q11 * Q12	225.72
4	Counts ~ Q10 * Q12 + Q11	289.7
5	Counts ~ Q10 * Q12 + Q11 * Q12	219.64
6	Counts ~ Q10 * Q11 + Q10 * Q12	162.44
7	Counts ~ Q10 * Q11 + Q11 * Q12	143.37
8	Counts ~ Q10 * Q12 * Q11	141.69

It is important to remark that models 2, 3 and 4 are the models with just one interaction term. Models 5, 6, and 7 have 2 interaction terms.

The previous table with AICs suggest we should focus on models 2, 6, 7, 8 as they are models with the lowest AICs.

Model 8 is the full model with the maximum level of interaction (number of interaction terms and the highest number of parameters). This model is the best one in term of AIC but it is the most complex. Being its data structure so sparse it is computationally heavy to obtain numerical estimates: the high number of parameters provide results hard to interpret.

¹⁰⁰ We used the Akaike Information Criteria (AIC) as indicator of goodness of fit. It is an indicator that penalizes the least parsimonious model.

The following table show the results for model 2.

	Estimate	Std. Error	z value	p-value
<i>Intercept</i>	4.2681	0.0941	45.3667	0
Q10: very much	0.3581	0.1114	3.216	0.0013
Q10: a little bit	-3.477	0.5842	-5.9514	0
Q11: very much	-3.1893	0.5079	-6.279	0
Q11: a little bit	-1.0282	0.1665	-6.1768	0
Q12: very much	-0.5814	0.0954	-6.0941	0
Q12: a little bit	-1.0213	0.1102	-9.2677	0
Q10: very much - Q11: very much	2.86	0.5198	5.5021	0
Q10: very much - Q11: very much	-0.4888	0.2368	-2.0642	0.039
Q10: a little bit - Q11: very much	-	-	-	-
Q10: a little bit - Q11: a little bit	2.6297	0.6398	4.1102	0

As first thing to notice, we can remark the presence of an empty line related to the parameter of people who answer ‘a little bit’ to Q10 and ‘very much’ to Q11. The empty line means that anyone answered in that way.

A positive parameter means that the expected value increases, a negative one decreases the expected value. The positive values in the interaction terms are related to subjects who answered in a similar way.

Moreover, no respondents have been found answering “a little bit” in Q10 (Ferrero) and “very much” in Q11 (Miroglio). These outcomes confirm what the previous contingency tables unearthed: a general more positive attitude towards Ferrero compared to Miroglio.

All those details explain that there is alignment between the results of the two-way contingency tables and the log-linear models.

Focusing on model 6 we obtain the following table.

	Estimate	Std. Error	z value	P-value
<i>Intercept</i>	4.4057	0.1042	42.3017	0
Q10: very much	0.1579	0.1367	1.1552	0.248
Q10: a little bit	-3.9538	0.6225	-6.3517	0
Q12: very much	-1.4534	0.2177	-6.6767	0
Q12: a little bit	-0.8242	0.1696	-4.8589	0
Q11: very much	-3.3831	0.5081	-6.6583	0
Q11: a little bit	-1.0282	0.1665	-6.1768	0
Q10: very much - Q12: very much	1.1835	0.2445	4.8395	0
Q10: a little bit - Q12: very much	0.3083	0.6925	0.4452	0.6562
Q10 very much - Q12: a little bit	-0.4503	0.231	-1.9492	0.0513
Q10: a little bit - Q12: a little bit	0.7289	0.4687	1.5551	0.1199
Q10: very much - Q11: very much	3.0538	0.52	5.873	0
Q10: very much - Q11: a little bit	-0.4888	0.2368	-2.0642	0.039
Q10: a little bit - Q11: very much	-	-	-	-
Q10: a little bit - Q11: a little bit	2.8199	0.6454	4.369	0

The outcomes provided by this model are almost the same of the previous one. But if we look at the parameters related to Q10-Q12 interaction (red), we can remark that just the 'very much' parameter is significant ($p\text{-value} < 0.5$). In general, $p\text{-values}$ related to Q10-Q12 interaction suggests that there is no strict relation between the two questions. This means that:

- the additional parameters related to Q10-Q12 interaction do not affect estimates of the other parameters (table 2). The interpretation related to the Q10-Q11 interaction remains the same compared to the one discussed above as regarding the contingency tables. This additionally confirms that people answered in a similar way to Q10, Q11, Q12.
- the 3 parameters related to Q10-Q12 interaction are not significant ($p\text{-value} > 0.05$). This means that there is no so close relationship between Q10-Q12 variables.

In conclusion, this further analysis confirms our previous interpretation related to data provided by the two-way contingency tables: a general more positive attitude towards Ferrero than Miroglio and the fact that, according to the interviewees, the local community contributed quite a lot to the local development of the area (Q12).

3.4.2 Qualitative research: in-depth interviews

3.4.2.1 Qualitative interviews: methodology and sample choice

The survey outcomes further confirmed the necessity to explore and describe dynamics, relationships and insights that stemmed from the respondents' answers from a qualitative point of view (Patton, 1990).

As a matter of fact, we were able to reach and interview only 9 out of the 44 ex-employees that filled out the survey. It is worth pointing out that only 12 individuals from the 44 ex-employees responded to Q13, which asked to provide their personal data and that of the company (company name, name of the person filling out the survey, address, headquarters, registered office and other contact information).

Considering the time and the availability of the possible interviewees, we created 3 separate groups of people to interview.

Inspired by a "counter-factual" approach, we tried to compare a sample group, i.e. the "treated" group with previous working experience in Ferrero and Miroglio and a "control" group that did not benefit from working there previously. The group of 9 ex-employees (referred to as the "treated" group) were selected from the survey by referring to those who responded to Q13. Furthermore, we extracted a "control" group that identified 9 similar subjects that, however, had no previous working experience at Ferrero/Miroglio. The two groups show similar or identical characteristics with regards to 1) company size, 2) ATECO sector, 3) "to date" work experience with the two multinationals (Q2), 4) having a sense of gratitude towards the two companies' entrepreneurial style (Q10-Q11).

More specifically, the interviewees belonging to group 1 and 2 consisted of:

Table 12. Group 1: "Treated" Group (ex-employees)

Enterprise dimension	ATECO sector	Working relationship with Ferrero and/or Miroglio to this day	Opinion about local entrepreneurial style
Micro	C10	Yes	Very positive towards Ferrero
Individual	G47	Yes	Very positive towards Ferrero and Miroglio
Micro	K64	No	Very positive towards Ferrero and Miroglio
Micro	G46	No	Very positive towards Ferrero and Miroglio
Micro	N82.92	No	Very positive towards Ferrero
Micro	G46.45	No	Very positive towards Ferrero
Micro	A01	No	Very positive towards Ferrero
Small	I55	No	Very positive towards Ferrero
Individual	G47	No	Very positive towards Ferrero

Source: results from our web-survey

Table 13. Group 2: “Control” Group (no previous work experience)

Enterprise dimension	ATECO sector	Working relationship with Ferrero and/or Miroglio to this day	Opinion about local entrepreneurial style
Micro	C10	Yes	Very positive towards Ferrero
Individual	G47	Yes	Very positive towards Ferrero and Miroglio
Micro	K64	No	Very positive towards Ferrero and Miroglio
Micro	G46	No	Very positive towards Ferrero and Miroglio
Micro	N82.92	No	Very positive towards Ferrero
Micro	G46.45	No	Very positive towards Ferrero
Micro	A01	No	Very positive towards Ferrero
Small	I55	No	Very positive towards Ferrero
Individual	G47	No	Very positive towards Ferrero

Source: results from our web-survey

The in-depth interviews performed with group 1 (“treated” subjects) were aimed at further understanding:

-how their previous work experience at Ferrero/Miroglio influenced the foundation of their enterprises, so that we could investigate possible entrepreneurship spill-overs (Acs et al., 2008);

-the type of competences acquired during their previous work experience, so that we could further investigate plausible knowledge spill-overs (Jaffe et al., 1993);

-eventual innovations in manufacturing processes or product innovations as a result of the information exchange with the clients or suppliers;

-commercial or industrial ties with local or external¹⁰¹ enterprises;

-their views on CWs, their level of fruition of Ferrero/Miroglio’s CW measures and the impact those CWs had on the territory;

-their views on the entrepreneurial attitude of the two above mentioned companies, in order to understand if, according to their opinion and experience, Ferrero and Miroglio favoured or prevented the development of specific local industries, particularly the agricultural sector;

-their view on the social repercussions of the above-mentioned companies’ corporate policies¹⁰²;

-their work experience at Ferrero/Miroglio as a means to better understand the corporate culture of the two given multinationals.

¹⁰¹ By “external” we mean enterprises that are outside the province of Cuneo.

¹⁰² For the creation of the interview template, we considered some of the most common sociological indexes such as the family composition index (Sabatini); volunteering organizations index (Sabatini); civic consciousness index (Sabatini); civic traditions index (Sessa).

The respondents of the first group are divided as such: 5 with previous work experience at Ferrero and 4 with previous experience in Miroglio.

Most of them (7 subjects), to this day, have no work ties with Ferrero and Miroglio.

The work experience at Ferrero mainly took place during the 1961-1971 decade (2 subjects); between 1982-1991 (1 subject); after 2012 (1 subject).

The subjects with previous experiences with Miroglio are divided as such: one subject worked at Miroglio from 1992-2001 and 3 subjects from 2002-2011.

3.4.2.2 Interviews' results

In the first case, the two subgroups of the treated subjects (ex-Ferrero and ex-Miroglio employees), point out, in their qualitative interviews, the main difference between the two groups.

Respondents with previous work experience at Ferrero (aside from one exception that had a negative view of Ferrero's actions in the social and economic field) have a great memory of their previous work experience, even though their experience was brief (almost 1 year and a half on average). This group expresses a sense of gratitude and "fascination" with Ferrero's organizational structure, along with a positive viewpoint when it came to the social and economic effects that derived from their corporate policies.

The majority of the interviewees did not benefit greatly from the company's CWs, mainly because their work experience at Ferrero was brief. However, they unanimously agree that the free public transport, that Ferrero has been providing since the 1950s, had a very positive effect on the local community. The interviewees further emphasize that the Ferrero's free public transportation service was, and still is, perceived by almost all the local inhabitants as a distinctive sign of the fact that the company is strongly committed to the local community. All of the subjects, aside from one of the interviewees, confirm what is described in most literary works and local sources: the company's "protective" and "paternalistic" behaviour (terms they often used in interviews) along with giving permission to the majority of the workers to comfortably switch between factory work and the secondary work in their family agricultural company, has reinforced the workers' territorial anchoring to the Langhe countryside. This helped avoid depopulation in the countryside the post-war era.

These affirmations show that Ferrero's strategies have had a direct impact on the local agricultural world. Ferrero's entrepreneurial attitude motivated hazelnut, cereal farmers and local winemakers to once again reboot their production (*Cfr.* 3.3.1 for historical analysis). Although there is no specific data to this day that formally shows that the majority of Ferrero employees worked on their own farming businesses, the interviewees confirm that almost all of the Ferrero workers did their own farming part-time while working for Ferrero, especially between the years 1951-1971.

As we mentioned before, the interviewees of this sub-group currently manage small businesses on their own in the agri-food sector: two agricultural companies, two catering companies and a plastic packaging company for food. Everyone shows an appreciation for Ferrero's corporate initiatives also in terms of social impact: their corporate policies have reinforced the Langhe socio-cultural identity

that they often described with “pride”.

It is worth reminding that the interviewees of this sub-group manage small enterprises in the agri-food sector today: two agricultural companies, two catering companies, a plastic food packaging company.

One of the most interesting descriptions is provided by one of the interviewees who refers to Ferrero’s corporate policies as a “reflection of an inner tradition of industrial democracy and agricultural democracy which was founded on mutual respect that has always characterized social and productive relationships between the Royal House of Savoia, the Piedmontese farmers and the industrial classes”. According to this interviewee, this “democratic” approach had its apogee in Giolitti’s era in the first twenty years of the XX century. The interviewee reaffirms that Ferrero’s corporate strategies unearthed hidden productive democratic and, for the most part, balanced relationships which characterized also the pre-industrial dynamics of the area.

From the analysis of the interviews, we detected special knowledge spill-overs that derived from the parent company: all interviewees declare that their work experience at Ferrero was definitely useful; most stated that they were able to apply productive, technical, commercial and financial knowledge to their own companies after their experience in Ferrero. According to these responses, we can state with certainty that their view of Ferrero is that it is an “unbeatable” industrial giant that stands in a category of its own.

In the second sub-group (once again referring to as group 1) we have Miroglio ex-employees that have a slightly different attitude. This sub-group is mainly made up of subjects (3) which can be defined as “regretful expelled”. In fact, three out of four of the interviewees were negatively affected by Miroglio’s company restructuring that took place in the 2000s, and voluntarily (1 subject) or involuntarily abandoned the company as a result of company dismissal. Despite the voluntary leaving or being dismissed, they normally nurture a sense of respect and gratitude for all the knowledge gained while working in Miroglio: ironically, these same three subjects emphasize the knowledge they gained in technical, commercial and financial fields during the time they worked at Miroglio.

Generally, it is believed that Miroglio too had a role in determining the socio-economic rebirth of the Langhe thanks to the corporate style and social services that began in the 1950s but, implicitly or explicitly, almost everyone disapproves the decentralization and outsourcing actions that have been carried out by the company over the past 25 years.

Interviewees tend to describe the Miroglio to have a “hierarchical” and not very collaborative environment. This “verticalization” of the relationships and detachment between managers and workers happened mostly in the 1990s and aggravated in the 2000s.

This change of managing attitude is further confirmed by two subjects belonging to the third group of interviewees: these two ex-managers of Miroglio group abandoned the company because of the shift in corporate choices at the beginning of 2000s, that resulted in less “equal”, “trusting” relationships and based on a “fraternal collaboration” that characterized thirty years of Franco and Carlo Miroglio’s entrepreneurial activity. These two subjects, on the contrary of the three “expelled”

that did not benefit from special CW, praised and described all the CW measures put into action by Miroglio: free public transportation, summer camps, recreational services, scholarships, kindergarten and above all the “paternalistic” presence of Franco and Carlo Miroglio who used to help employees and the local community with a variety of initiatives. The interviewees further highlight how the public transport system was less used by Miroglio’s employees comparing to Ferrero’s which recruited workers coming from the entire Langhe area.

The 2 interviewees confirm that also in Miroglio the *part-time farming* activity was largely diffused. To dig deeper into the productive and entrepreneurial dynamics between the two local multinationals and the local agricultural sector, we have further referred to another group of four interviewees which are currently workers and managers in Ferrero: these subjects, although practicing ancillary farming activities, normally on their family farms, once again confirm the Ferrero family’s desire to support local agriculture, which they did by encouraging their employees to nourish their own side businesses by providing them free transportation and flexible shifts.

Regarding the “control” interviews of group 2, we have to acknowledge that:

- they were less willing to cooperate and to talk about their corporate story, resulting in interviews of a very synthetic narrative character and straightforward responses without any thematic digression (unlike the previous group of interviewees);
- they showed a mainly approving and admiring attitude to the entrepreneurial work of the mentioned multinationals (with a widely positive attitude towards Ferrero and somewhat positive towards Miroglio).

It is usually made up of enterprises that mostly have local business partners, on the contrary to the previous group which seems to have a larger commercial network that stretches beyond local territories despite their smaller size. To sum up, we can argue that the interviewees of the first group show their gratitude to the corporate work of Ferrero and Miroglio in a more explicit way than the second group. Their sincere statements derive from their positive work experience in the two multinationals. Previous work experience has generally provided them with knowledge and skills that they currently use in their own businesses and has renewed their obviously feelings of trust and belonging to the local territory.

To conclude the descriptive framework and our in-depth analysis of the local productive system, we decided to include a third group of interviewees (group 3) consisting of key local actors, namely local entrepreneurs (30), mayors (2), institutional subjects (5), trade union workers (3), ex-employees and managers of Ferrero foundation (3), ex-employees and collaborators of Miroglio foundation (3), selected by an exponential non-discriminative snowball sampling technique. The subject x1 (a local journalist) provided multiple referrals. Each new referral suggested additional significant subjects via chain referral. Despite the essentially random selection pattern, the interviewees appear to be highly representative of the corporate context of the province, including entrepreneurs operating in the agricultural, industry sector, mechanical, tertiary industries dealing with the transportation, energy and waste disposal, textile-clothing and local winemaking. This group of interviews (group 3) have clarified our ideas about the local productive structure, suggesting what we will develop in

chapter 4: the Cuneo province is a polyhedral “system of systems” resembling a Marshallian industrial region (Bellandi, 2011; Becattini, 2009), and encompassing a set of contiguous and related local systems, with different manufacturing specializations but sharing the same business, cultural, institutional traditions.

The second sub-group mainly consists of political and institutional subjects: mayors, representatives of Coldiretti and Confindustria, trade union workers, public entity employees.

The interviews of this second group, and especially the local businessmen, highlighted the following:

- an approval of Ferrero’s attitude, known as the pioneering industry and local champion, a true promoter of local economic miracle;

- a good evaluation for corporate measures of Miroglio;

- a propensity to implement, although less structured and mindful, similar CWs of those of Miroglio and Ferrero’s;

- a general acknowledgment of the essential contribution of the hardworking local workforce to the local economic miracle;

- to be inspired by and acknowledge the uniqueness of the Olivettian philosophy (*Cfr.* Chapter 2) that they consider as a source of inspiration and an ideal corporate model. At this purpose we detected a certain level of “entrepreneurial isomorphism” that distinguishes the attitudes and corporate styles of the local businessmen that show similar characteristics and are inspired by Ferrero and Olivetti’s forerunning models. We have chosen to introduce this conceptual category which we have drawn on Di Maggio and Powell’s *institutional isomorphism* (1983). We share their definition, which is based on three types of isomorphism (coercive, mimetic and normative), even though we argue that in the case of the Cuneo Province’s entrepreneurial fabric, especially in regard to larger enterprises and multinational companies, we have detected a peculiar type of institutional mimetic processes, namely an emulative attitude towards Ferrero’s entrepreneurial style that we called “entrepreneurial” isomorphism. This could be tied to the existence of an “entrepreneurial ecosystem” which shares the same cultural, material, relational assets (Spigel, 2017). The definition of “entrepreneurial ecosystem” is vast and complex. We rely mainly on Dubini’s definition (1989) according to which ecosystems are characterized by “the presence of family businesses and role models, a strong business infrastructure, available investment capital, a supportive entrepreneurial culture, and public policies that incentivize venture creation” (Spigel, 2017, p.50). Also, Kenney and Patton’s contribution (2005), that highlight features such as skilled workers, lawyers, large local firms or universities to act as talent attractors and spinoff generators, may support our statement.

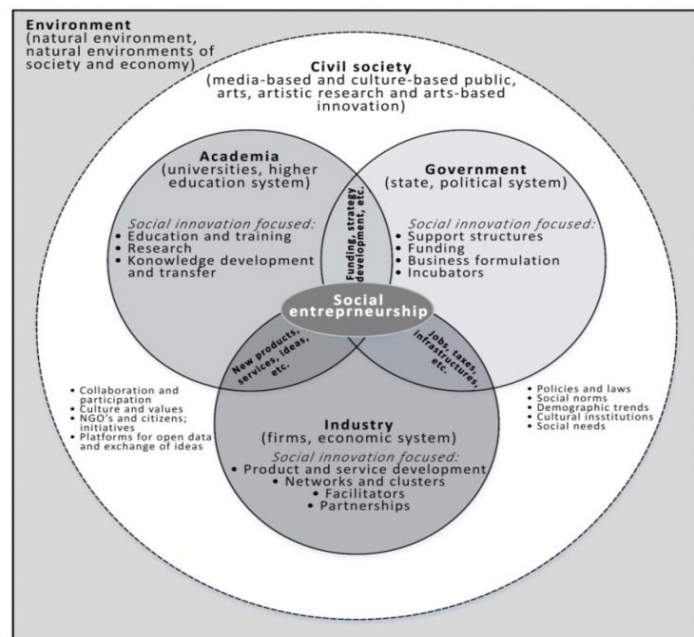
Furthermore, the interviews with the subjects of the third group have confirmed what the studies mentioned in this chapter suggested: 1) a strong local propensity to entrepreneurship 2) a good level of productive multi-specialization, 3) the fundamental role of embedded multinationals in different manufacturing sectors in reinforcement and moulding of the local productive tissue, relying on the local dynamics and resources, 4) a certain level of “entrepreneurial isomorphism” that defines 5) a peculiar “entrepreneurial ecosystem”.

The results of the interviews do not confirm that there is a strict relationship between the implementation of CWs by the 2 local multinationals and the external effects in terms of increased levels of local propensity to entrepreneurship or the heightened levels of local social cohesion or trusting relationships, in fact, the conclusion is another: the outcomes lead us to propose that it is rather the “entrepreneurial style” of local multinationals to condition both the independent variable CW and the dependent variable “local socio-economic development”.

3.5 Final remarks and new interpretative schemas to frame CWs within local development paths.

In the three cases considered (Olivetti, Ferrero and Miroglio), these communitarian enterprises depended on the solid cooperation of the local community acting as the main “stakeholder” that took part in productive processes and in the creation of a communitarian shared value. Therefore, the two Cuneese enterprises can be considered good practical examples and executors of a sort of Olivettian “entrepreneurship” in which the entrepreneurial style was combined masterfully with the needs, historical vocations and know-hows of the local society (*Cfr.* chap. 2). We conclude that, the Olivettian oeuvre, which cannot be considered just a simple “historical” model of enlightened capitalism, can represent a concrete model of local development. The implementation of development models inspired by “communitarian” strategies are easily associated with the quadruple-helix model of social innovation (Carayannis et al., 2019) in which the economic, political and educational systems are strictly intertwined and encompassed within the needs and norms of society (fig. 9).

Fig.9 Quadruple-helix model of social innovation.



Source: Carayannis et al., 2019

Civil society (media based and culture-based public), constituting the wider environment where the the helices of government, industry, and academia intertwine, can facilitate social innovation by collaborating and participating to new ways of thinking, trying to find solutions to social problems. The civil society is influenced by culture and values and covers several stakeholders or initiatives trying to face social challenges (Carayannis et al., 2019, p.10). Social innovation (as Porter and Kramer's shared value) is a recent issue that concerns the "development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations [...] They are innovations that are not only good for society but also enhance individuals' capacity to act" (Carayannis et al., 2019, p.2).

To this day, social innovation issue seems to be the proposal that best fits and combines all the issues treated so far: within endogenous processes of economic development, 1) the supportive role of institutions in a multi-level strategy, 2) the pivotal role of a wise entrepreneurial action that defines a peculiar entrepreneurial style, 3) the essential contribution of civil society in the form of local community supports and boosts this peculiar socio-economic process inspired to social innovation's four helices framework (fig.9).

It is the combination of these 3 variables to characterize *specific* local development processes inspired to *communitarian shared value* principles. In a certain way, Ferrero's entrepreneurial action can be considered one of the wisest interpretation and concrete implementation of the Olivettian lesson: leveraging processes of local development built through the joint action of a wise entrepreneurial strategy and the concrete contribution of a docile and hardworking workforce, Ferrero carried on a process of internationalization from WWII that has kept a certain level of social, institutional and economic embeddedness within the local fabric. Hence, Ferrero's

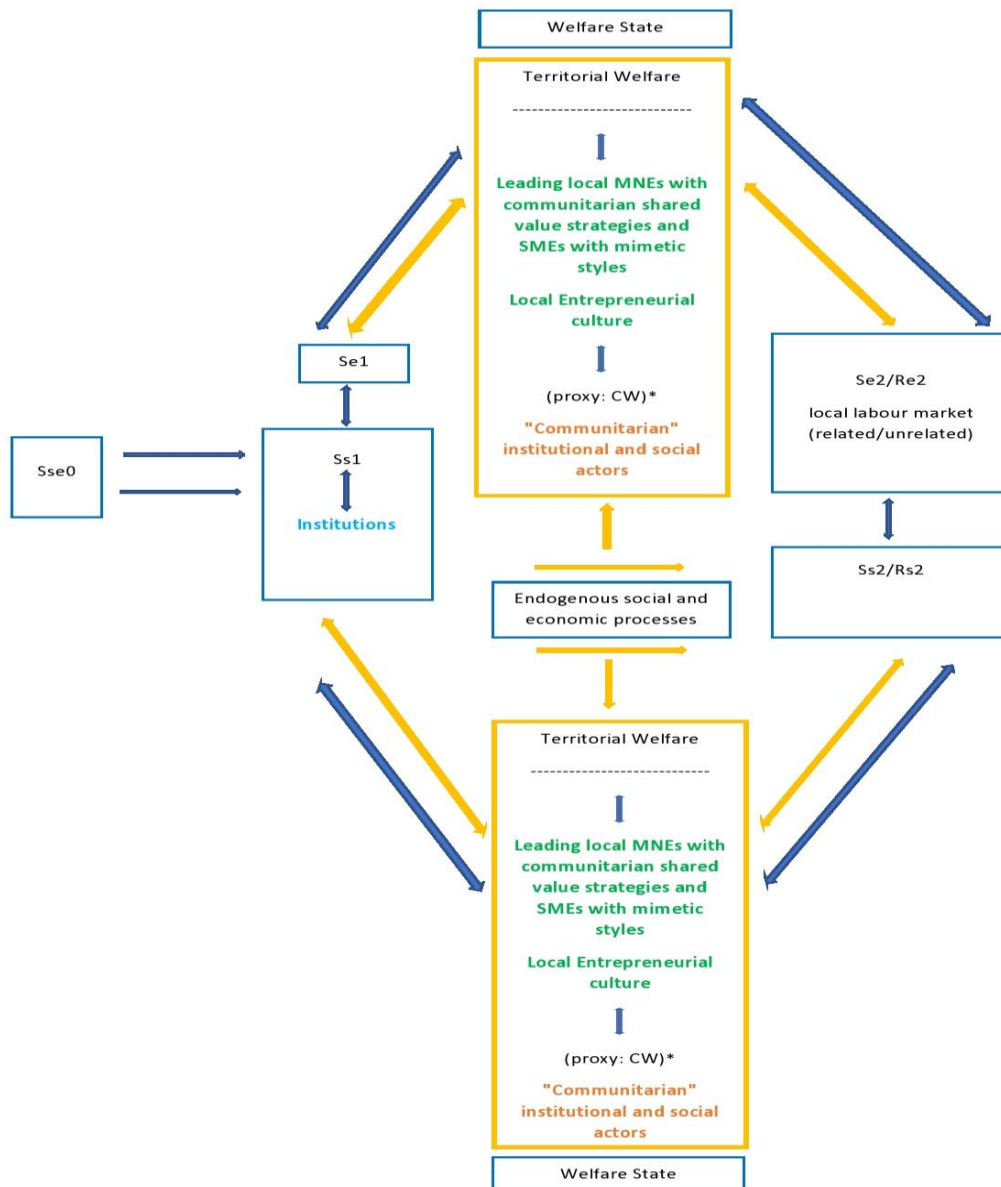
institutional and cultural embeddedness within the Cuneese and Albese local productive systems have been so impactful that it inspired a distinctive local entrepreneurial style. The same applies to Miroglio who, alongside Ferrero, shaped the local entrepreneurial style from the 1950s onwards.

Although it is not possible to make any proper comparison between the Olivettian model of the 1950s and the Ferrero model, we can certainly say that the Olivetti model did not benefit from real institutional, local political and supra-local support as it happened for Ferrero.

Maintaining and enriching our original model (fig. 8c, chapter 1), we believe that the basic socio-economic structure (se1-ss1) inevitably influences the entrepreneurial style of local businesses. The local entrepreneurial style that we have indicated as *entrepreneurial isomorphism* is likely to impact CWs. To date, expanded and pioneering forms of welfare, known as territorial welfare, which include the joint action of many public and private stakeholders, have been implemented in the province (Cfr. chap. 3.3.4). If the empirical analysis has shown that the entrepreneurial action of local entrepreneurs intertwined with local community's action and political/institutional support engenders socio-economic effects on the local fabric, to date we cannot make any inference on the effects of these new forms of "hybrid" territorial welfare.

Nevertheless, the updated interpretative model (fig.10) allows us to highlight the elements necessary to implement a long-term local development path such as the one theorized and realized by Olivetti, partly realized by Miroglio and the one achieved by Ferrero. In comparison with our original schema (fig.8c) that ascribed socio-economic results (se2/ss2) mainly to the entrepreneurial action/style of local economic actors, assuming CWs as a proxy of their entrepreneurial style, now a further emphasis is given to institutions, the entrepreneurial ecosystem and the civil society in determining new socio-economic assets. Being communitarian shared value a multi-scalar "value" chain that has its deep origins in local geographic concentrations and that, to harness its full potential, must be embedded in place-based processes, we argue that to follow local development paths inspired by the principles of communitarian shared value we must rely on a wise and far-sighted entrepreneurial action shared by the local entrepreneurial ecosystem and supported by local and supra-local educational and institutional actors and, not least, by the local community.

Fig.10 An interpretative schema to contextualize local development paths inspired by communitarian shared value principles.



Source: my elaboration of Bellandi (2003), Pavolini (2011) and Carayannis (2019)

3.6 Conclusions

This study aims to be an exploratory research about the plausible socio-economic effects that derive from CWs towards internal and external stakeholders. By investigating the possible “external” effects that stem from larger enterprises’ CWs, such as:

- the rising levels of local entrepreneurship
- a growth in the number of firms operating in related and unrelated sectors
- an increase in local levels of trust relationships

our goal was to better understand the connection (that had never been fully explored) and add an original contribution to the subject of “internal” CSR with external effects.

Lacking general research and quantitative data on the subject, we had to rely mostly on a qualitative/ethnographic approach based on a deep analysis of literary and historical works and on approximately 80 in-depth interviews that completed our previously conducted web-survey.

Research results did not confirm a relationship between the implementation of CWs and the supposed socio-economic external effects that were underlined in our original hypotheses, rather, the outcome was different. Our results have led us to propose that it is rather the “entrepreneurial style” of local multinationals to condition, both the independent variable CW and the dependent variable “local socio-economic development”. This plausible relationship is hinted upon more than once and confirmed by the three main groups of interviewees: especially entrepreneurs from group 3, who more than once stated that they drew inspiration from, through a sort of mimetic process, the entrepreneurial style of the local giant “Ferrero.” We have called, referring back to Di Maggio and Powell’s contribution (1983), this peculiar type of mimetic attitude “entrepreneurial isomorphism”.

Even though we cannot entirely confirm the original hypotheses

H1: CWs tend to foster local economic development in *related* and *unrelated* sectors through knowledge and entrepreneurship spill-overs

H2: CWs tend to boost local levels of social cohesion, strengthening local communitarian ties

the survey results, along with our qualitative research show that original thoughts were not totally erroneous: prior entrepreneurial actions taken by Ferrero and Miroglio have undoubtedly contributed to the Langhe’s economic success (which can be considered a miracle by some standards), and directly and indirectly promoted the development of a high-quality agri-food “cluster” with its core points in the agricultural sector, agri-food industry and high-quality tourism.

This wave of socio-economic rebirth, that in 50 years transformed the land of Fenoglio’s Malora into a UNESCO World Heritage site, took shape beginning in the 1950s particularly due to the strategies of the two local multinationals. In regard to this matter, all of the subjects that were interviewed highlighted the relevance that Ferrero had in fostering, through his corporate philosophy, the local agricultural system and the strengthening of the local Langarole identity.

We can conclude stating that both Ferrero and Miroglio acted almost all through their company history as veritable Olivettian *communitarian enterprises* (chapter 2), maybe truly inspired, thanks also to a relation of geographic proximity, by the Olivettian philosophy. As a matter of fact, their CW actions, historically being a wise combination of internal CSR and external measures, can be undoubtedly compared to Porter’s shared value (2011) or, better, to the Olivettian *communitarian shared value*.

Starting from the historical analysis of the Olivettian case (chap.2), the empirical research about Ferrero and Miroglio let us shed light on so-far unexplored cases of local development centered on big enterprise in which, as in the case of Olivetti, the *communitarian shared value* took shape above all thanks to a wise entrepreneurial action that moulded a peculiar “Ferrero-Olivettian”

entrepreneurial style.

In the three cases considered (Olivetti, Ferrero and Miroglio), these *communitarian enterprises* leant on the concrete cooperation of the local community as main “stakeholder” taking part in the productive process and in the creation of a communitarian shared value. The two Cuneese enterprises can therefore be considered good prosecutors of the Olivettian philosophy in which the entrepreneurial style has combined masterfully with the needs, historical vocations and know-hows of the local society.

Our new interpretative schema (fig.10) derived from our original one and the quadruple-helix model of social innovation (Carayannis et al., 2019) highlights essential features needed to implement local development models matching with communitarian shared value principles.

To this day, social innovation proposal seems to be the model that best fits and combines all the issues that have been dealt with so far: within endogenous processes of economic development, 1) the supportive role of institutions in a multi-level strategy, 2) the pivotal role of a wise entrepreneurial action that defines a peculiar entrepreneurial style, 3) the essential contribution of civil society in the form of local community can support and boost this peculiar socio-economic process inspired to social innovation’s four helices framework (fig.9).

It is the combination of these 3 variables to characterize local development processes inspired to “communitarian” principles. In a certain way, Ferrero’s entrepreneurial action can be considered one of the wisest interpretation and concrete implementation of the Olivettian lesson: leveraging processes of local development built through the joint action of a wise entrepreneurial strategy and the concrete contribution of a docile and hardworking workforce, Ferrero carried on a process of internationalization from WWII that has kept a certain level of social, institutional and economic embeddedness within the reference fabric. Hence, Ferrero’s institutional and cultural embeddedness within the Cuneo province and Albese LPSs has been so striking to inspire a distinctive local entrepreneurial style shared by most entrepreneurial subjects.

Although there is no way of properly making a direct comparison between the Olivettian model of the 1950s and Ferrero's model, we can say with certainty that Olivetti's model did not benefit from real institutional, local political and supra-local support the way that Ferrero did. In the case of Ferrero, it was the combination of a wise entrepreneurial action, along with the community's and institutions’ support that allowed the Olivettian *ante litteram* model to be completely realized.

Our final interpretative model allows us to highlight the elements necessary to implement a long-term communitarian local development path such as the one theorized and realized by Olivetti, partly realized by Miroglio and the one achieved by Ferrero. In order to follow local development paths inspired by the principles of the *csv* we must rely on a wise and far-sighted entrepreneurial action shared by the local entrepreneurial ecosystem and supported by local and supra-local educational and institutional actors and, not least, by the local community.

Appendix 1:

Table 14a. 2017 agricultural production. Data in thousands of Euro

Province of Piedmont	Agriculture and Forestry
Torino	671,744.68
Vercelli	220,970.06
Novara	197,638.00
Cuneo	1,597,997.08
Asti	290,289.95
Alessandria	464,831.28
Biella	55,519.64
Verbano-Cusio-Ossola	21,481.89
PIEMONTE	3,520,472.57
ITALY	52,922,237.59

Source: Tagliacarne Institute, 2019

Table 14b. 2017 Italian agricultural regions. Data in thousands of Euro

Regions	Agriculture and Forestry
LOMBARDY	7,071,150.35
EMILIA ROMAGNA	6,213,293.41
VENETO	5,616,259.07
SICILIA	4,481,008.82
APULIA	4,471,642.96
PIEDMONT	3,520,472.57
CAMPANIA	3,391,261.62
LATIUM	2,840,428.90
TUSCANY	2,610,681.58
CALABRIA	2,585,292.20

Source: Tagliacarne Institute, 2019

Table 14c. 2017 Italian agricultural provinces. Data in thousands of Euro

Provinces	Agriculture and Forestry
Verona	1,914,765.49
Brescia	1,864,303.87
Cuneo	1,597,997.08
Mantova	1,534,741.27
Foggia	1,268,372.51
Salerno	1,129,506.86
Cremona	1,070,922.55
Latina	1,058,883.10
Caserta	1,048,363.54
Bari	997,739.27

Source: Tagliacarne Institute, 2019

Table 15. Key economic indicators of the province of Cuneo.

Economy	Employed, percentage over total (2017)	GDP, percentage over total (2017)	GDP per capita 2017 (2007=100)	Unemployment (2016)	Gini Index (2015)	Families in difficulty (2017)
Alessandria	9.5	9.0	87.3	10.8	0.371	29.1
Asti	5.0	4.2	91.2	7.3	0.380	31.9
Biella	4.0	3.6	91.5	7.9	0.358	27.2
Cuneo	14.3	13.8	88.9	6.3	0.382	18.7
Novara	8.3	8.0	84.3	9.4	0.377	25.3
Torino	51.2	54.8	92.7	10.4	0.392	21.3
Verbano C.O.	3.7	3.0	90.6	6.3	0.383	23.9
Vercelli	3.9	3.6	84.7	9.0	0.351	25.3
Piemonte	100.0	100.0	90.6	9.9	0.385	23.1

Source: ISTAT, 2018

Table 16. Main socio-economic features of the province of Cuneo

	Total rate of employment 15-64 years (Istat 2008)	GDP per capita (Tagliacarne Institute 2007)	Disposable income per capita (Tagliacarne Institute 2007)	Synthetic index of economic performance
CUNEO	68.90	30,578	20,890	1.02
Piemonte	65.20	28,664	20,317	0.65
Nord-Ovest	66.20	31,549	20,855	0.71
Nord	66.91	31,302	20,700	0.81
Italia	58.70	26,020	17,623	0.00

Source: Balduzzi et al., 2011

Table 17. Key indicators of economic dynamism of the Province

	Entrepreneurial density per 100 inhabitants (Elaboration on Infocamere data 2008)	Birth/mortality balance per 100 enterprises (Elaboration on Infocamere data 2008)	Propensity to export (Elaboration on Istat data 2008)	Rate of market opening (Elaboration on Istat data 2008)
CUNEO	12.9	0.46	38.25	60.92
Piemonte	9.52	0.47	33.17	59.20
Nord-Ovest	8.84	-0.04	32.22	68.70
Nord	9.14	-0.19	34.15	66.22

Source: Balduzzi et al., 2011

Appendix 2:

Qn 1

In which productive sector is your company involved?

Answer Choices

A01: agricultural cultivation, animal products and related services

C10: food industry

C11: beverage industry

C13: textile industry

C14: packaging of clothing items; packaging of leather and fur items

C15: production of leather and other similar items

G46: retail of agri-food and textile items

I55: accomodation services

I56: food services

Other (specify)

Qn 2

Does your company, to this day, have a working relationship with Ferrero and/or Miroglio?

Answer Choices

Responses

As clients

5.99% 73

As suppliers

4.76% 58

As professionals/consultants

0.25% 3

No working relationship with the considered companies listed above

86.21% 1050

Other (specify)

2.79% 34

Answered 1218

Skipped 29

Qn 3

Have you ever worked at Ferrero or/and Miroglio as an employee?		
Answer Choices	Responses	
Yes	3.51%	44
No	96.49%	1208
	Answered	1252
	Skipped	0

Qn 4

If you answered yes to question number 3, in which decade did you collaborate with Miroglio/Ferrero?		
Answer Choices	Responses	
1961-1971	15.38%	4
1972-1981	7.69%	2
1982-1991	3.85%	1
1992-2001	30.77%	8
2002-2011	11.54%	3
2012 to present	30.77%	8
	Answered	26
	Skipped	1221

Qn 5

While collaborating with one of the two mentioned companies, did you ever benefit from any of the corporate services? (Indicate all the services and measures that you benefited from)

	Very much		A lot		Quite		A little bit		Not at all		Total
Healthcare assistance and consultancy for the employees and their families	9.09%	2	22.73%	5	4.55%	1	13.64%	3	50.00%	11	22
Recreational services for the employees and their children (e.g. summer camps, after-school activities, labs, courses, sport activities...)	9.52%	2	19.05%	4	0.00%	0	4.76%	1	66.67%	14	21
Training services for the employees and their children (e.g. scholarship, nursery, training courses...)	4.76%	1	19.05%	4	0.00%	0	9.52%	2	66.67%	14	21
Assistance and entertainment activities for ex-employees	10.00%	2	5.00%	1	0.00%	0	15.00%	3	70.00%	14	20
Company transport service for the employees	14.29%	3	9.52%	2	4.76%	1	4.76%	1	66.67%	14	21
Flexibility in work shifts and other life and work reconciliations (e.g. concierge service, sport centers, help desk for everyday problem solving...)	4.55%	1	9.09%	2	13.64%	3	22.73%	5	50.00%	11	22
Providence and integrated insurance service	13.64%	3	18.18%	4	0.00%	0	9.09%	2	59.09%	13	22
									Answered	22	
									Skipped	1225	

Qn 6

Did the management, work policies or corporate welfare measures adopted by Ferrero help the development of your business (or the business of your family) in agriculture or other sectors?

Answer Choices	Responses	
A lot	9.09%	2
Quite	22.73%	5
A little bit	22.73%	5
Not at all (prevented)	31.82%	7
Other (specify)	13.64%	3
	Answered	22
	Skipped	1225

Qn 7

Did the management, work policies or corporate welfare measures adopted by Miroglio help the development of your business (or the business of your family) in agriculture or other sectors?		
Answer Choices	Responses	
A Lot	4.55%	1
Quite	9.09%	2
A little bit	36.36%	8
Not at all (prevented)	50.00%	11
Other (Specify)	0.00%	0
	Answered	22
	Skipped	1225

Qn 8

Did the company policies help the development of your independent start-up business? In which sector?		
Answer Choices	Responses	
Agriculture	31.25%	5
Agri-food industry	6.25%	1
Textile industry	18.75%	3
Other (specify)	43.75%	7
	Answered	16
	Skipped	1231

Qn 9

Indicate to what level Ferrero/Miroglio helped you achieve the following competences mentioned, that you transferred over to your company?											
	Very Much		Quite		Somewhat		A little		Not at all		Total
Technical/production (e.g. use of the machinery, production processes and knowledge related to agri-food and textile)	0.00%	0	19.05%	4	14.29%	3	23.81%	5	42.86%	9	21
Management	9.09%	2	13.64%	3	9.09%	2	18.18%	4	50.00%	11	22
Commercial	9.09%	2	9.09%	2	18.18%	4	18.18%	4	45.45%	10	22
Finance	4.55%	1	13.64%	3	13.64%	3	13.64%	3	54.55%	12	22
									Answered		23
									Skipped		1224

Qn 10

Do you believe that company services provided by Ferrero have contributed to province of Cuneo's socio-economic development, such as in determining economic prosperity and social cohesion? (By "A lot" we mean the company policies put in action by the enterprise, according to your opinion and experiences, contributed to the development of Cuneo's socio-economic fabric; by "a little" we mean that, in your opinion and experience, such company policies did not contribute to the development of Cuneo's socio-economic tissue)

Answer Choices	Responses	
A lot	59.88%	412
Enough	29.94%	206
A little bit	4.51%	31
Other (specify)	5.67%	39
	Answered	688
	Skipped	559

Qn 11

Do you believe that company services provided by Miroglio have contributed to province of Cuneo's socio-economic development, such as in determining economic prosperity and social cohesion?

Answer Choices	Responses	
A lot	21.80%	150
Enough	51.16%	352
A little bit	17.15%	118
Other (specify)	9.88%	68
	Answered	688
	Skipped	559

Qn 12

In your opinion, how true is the statement "The social and economic strength of the Langhe has contributed to Ferrero and Miroglio's success"?

Answer Choices	Responses	
A lot	26.71%	184
Enough	49.20%	339
A little bit	17.56%	121
Not at all	2.18%	15
Other (specify)	4.35%	30
	Answered	688
	Skipped	559



Q1

1. In quale **settore produttivo** si colloca la sua azienda?

- A01: coltivazioni agricole e produzioni di prodotti animali, caccia e servizi connessi
- C10: industrie alimentari
- C11: industrie delle bevande
- C13: industrie tessili
- C14: confezione di articoli di abbigliamento; confezione di articoli in pelle e pelliccia
- C15: fabbricazione di articoli in pelle e simili (*0%)
- G46: commercio all'ingrosso per agroalimentare e tessile
- I55: attività di servizi di alloggio
- I56: attività di servizi di ristorazione
- Altro (specificare)



Q2

2. La sua azienda intrattiene ad oggi **rapporti lavorativi** con Ferrero e/o Miroglio?

- In qualità di cliente
- In qualità di fornitore di merci
- In qualità di professionista/consulente
- Non intrattiene rapporti lavorativi con le imprese considerate
- Altro (specificare)



Q3 – Q4

*3. Ha mai lavorato per Ferrero e/o Miroglio in qualità **di dipendente dell'azienda**?

- Sì
- No
-

4. Se ha risposto sì alla domanda numero 3, **in quale decennio ha lavorato per Ferrero e/o Miroglio?**

- 1961-1971
- 1972-1981
- 1982-1991
- 1992-2001
- 2002-2011
- 2012-adesso



Q5

5. Nel periodo in cui è stato dipendente di una o di entrambe le imprese considerate, ha mai **beneficiato** di alcuni **servizi** aziendali? (Indicare tutti i servizi di cui ha usufruito e in quale misura):

- Assistenza e consulenza sociosanitaria per i dipendenti e i membri del nucleo familiare
- Servizi ricreativi per i dipendenti e i figli dei dipendenti (e.g. colonie estive, doposcuola, laboratori, estate ragazzi, corsi e attività sportive...)
- Servizi formativi per i dipendenti e i figli dei dipendenti (e.g. borse studio, asili nido, scuole/corsi formativi...)
- Servizi assistenziali e ludico-ricreativi per i dipendenti
- Servizi di trasporto aziendali per i dipendenti
- Flessibilità dei turni di lavoro e altre misure di conciliazione vita-lavoro (e. g. servizi di concierge, impianti sportivi nell'azienda, risoluzione di piccole problematiche quotidiane e di pratiche amministrative a carico dell'azienda per agevolare il dipendente, help desk per risoluzione di problematiche quotidiane...)

MOLTISSIMO – MOLTO – ABBASTANZA – POCO – PER NIENTE



Q6

6. Le **politiche gestionali e del lavoro** adottate da Ferrero hanno favorito lo sviluppo di **sue attività imprenditoriali (o della sua famiglia)** in campo agricolo o in altri settori?

- Molto
- Abbastanza
- Poco
- Per nulla (hanno impedito)
- Altro (specificare)



Q7

7. Le **politiche gestionali e del lavoro** adottate da Miroglio hanno favorito lo sviluppo di **sue attività imprenditoriali (o della sua famiglia)** in campo agricolo o in altri settori?

- Molto
- Abbastanza
- Poco
- Per nulla (hanno impedito)
- Altro (specificare)



Q8

8. Se le politiche aziendali hanno favorito lo sviluppo di sue attività imprenditoriali autonome, può indicarci in che settore?

- Agricoltura Industria agroalimentare
- Industria tessile
- Altro (specificare)



Q9

9. Può indicarci a che livello ha acquisito il tipo di competenze sottoelencate in Ferrero e/o Miroglio, trasferendole e utilizzandole successivamente nella sua impresa?

- Tecnico/produttiva (e.g. uso di macchinari, processo produttivo e conoscenze legate all'agroalimentare e al tessile)
- Manageriale
- Commerciale
- Finanziaria

MOLTISSIMO – MOLTO – ABBASTANZA – POCO – PER NIENTE



Q10

10. Ritiene che i servizi aziendali forniti dalla Ferrero abbiano contribuito allo sviluppo socioeconomico del Cuneese, determinando ad esempio prosperità economica e coesione sociale?

(per "molto" si intende che le politiche aziendali messe in atto dall'impresa, secondo la sua opinione ed esperienza, hanno contribuito in maniera rilevante alla nascita e allo sviluppo del tessuto socio-economico del Cuneese; per "poco" si intende che, secondo la sua opinione ed esperienza, tali politiche aziendali non siano collegate alla nascita e allo sviluppo del tessuto socio-economico del Cuneese)

- Molto
- Abbastanza
- Poco
- Altro (specificare)



Q11

11. Ritieni che i servizi aziendali forniti dalla Miroglio abbiano contribuito allo sviluppo socioeconomico del Cuneese, determinando ad esempio prosperità economica e coesione sociale?

- Molto
- Abbastanza
- Poco
- Altro (specificare)



Q12

12. Quanto, secondo la sua opinione, è vera la seguente asserzione:

"La forza sociale ed economica delle Langhe ha contribuito al successo economico di Ferrero e Miroglio"

- Molto
- Abbastanza
- Poco
- Per nulla



Q13

***13. Compilare i seguenti campi aziendali**

- Ragione sociale aziendale
- Nome del responsabile che compila il questionario (o eventuale delegato)
- Indirizzo sede legale aziendale (indirizzo completo con città)
- Indirizzo sede operativa aziendale (indirizzo completo con città)
- CAP/Codice postale sede legale aziendale
- Numero di dipendenti (anche approssimativo se non si conosce il numero esatto)
- Forma giuridica
- Indirizzo e-mail di riferimento
- Partita IVA
- Altro (specificare)

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CHAPTER 4:

The Cuneo province as “system of systems” encompassing different local systems and productive specializations

4.1 Introduction

As pointed out in the previous chapter, the industrialization of the province of Cuneo from post-WWII has always stood out because of a cross-sectoral diversification that distinguished Cuneo from other contexts on a regional scale¹⁰³. Processes of economic diversification took form in a decisive way from the 1950s shaping a socio-economic structure that was able to react well to all recession phases¹⁰⁴. As a result, nowadays' Cuneo productive fabric shows good levels of local multi-specialisation, even though it relies mainly on the agri-food and mechanical industrial sectors. The outstanding results in the agri-food industry are also the consequence of a wise combination of local capabilities¹⁰⁵ and endowments concerning natural resources, institutional support, tacit knowledge and professional skills in the agri-food industry. As highlighted by most theories on variety and diversification on regional growth¹⁰⁶ (Cfr. chapter 1.4.1), because the province of Cuneo has a good variety of industries and has followed diverse regional growth paths, the local market has always been protected from external shocks in demand (Frenken et al., 2007, p.3). Moreover, its “portfolio” structure has been shielding the local society from unemployment shocks.

Other areas of strength can be attributed to a rather diversified business organization fabric that mostly leans on micro and small-sized businesses, along with the presence of big embedded enterprises, often multinationals, local leaders in innovation, R&D and export fields. Among them are the local giants such as Ferrero and Miroglio, as we have seen in chapter 3, but also Balocco, Maina, Invernizzi/Inalpi, Biraghi, Valgrana, Merlo, Bottero, Rolfo, Cometto, Michelin, Valeo, Alston ferroviaria, MTM-BRC, Saint Gobain, AGC, Satispay, Sanifrutta, Asprofrut¹⁰⁷ (Cfr. tab.13-14-15-16-17, Appendix).

¹⁰³Bermond, C. (Ed.) (2007). *Dal Cuneese verso il mondo. L'industria della Granda in prospettiva storica*. Confindustria Cuneo, pp. 150-155.

¹⁰⁴*Ibidem*.

¹⁰⁵Cfr. Boschma, R. (2017). *Relatedness as driver of regional diversification: A research agenda*, *Regional Studies*, 51(3), pp. 351-364; Gertler, M. S. (2003). *Tacit knowledge and the economic geography of context, or the undefinable tacitness of being (there)*, *Journal of economic geography*, 3(1), pp.75-99; Rigby, D. L. (2015). *Technological relatedness and knowledge space: entry and exit of US cities from patent classes*, *Regional Studies*, 49(11), pp. 1922-1937.

¹⁰⁶Cfr. Frenken, K., Oort, F. & Verburg, T. (2007), *Related Variety, Unrelated Variety and Regional Economic Growth*, *Regional Studies*, 41, 5, pp. 685-697; Boschma, R., Coenen, L., Frenken, K., & Truffer, B. (2017). *Towards a theory of regional diversification: combining insights from Evolutionary Economic Geography and Transition Studies*, *Regional studies*, 51(1), pp. 31-45.

¹⁰⁷Cfr. Results of qualitative interviews in Avato M.T., Lella L., Maggi M., Piperno S., Rota F.S. (Eds.) (2018). *Progetto Antenne. Rapporto di Quadrante sud-ovest*. Torino: IRES, p. 44.

In this chapter, also building on concepts of local development met in the previous chapters 1 and 2, and on study of the impacts of Ferrero and Miroglio, we propose an interpretation according to which the area corresponding to the province of Cuneo can be understood as a “system of systems” encompassing different but related local productive systems.

4.2 A conceptual framework on regions comprising related local productive systems

Until now, there have been few academic studies dealing with the local productive system that evolved after WWII in the province of Cuneo, that has been able to successfully disentangle its distinctive socio-economic features. Following a literature review, we have found that the few academic contributions on the subject have sometimes highlighted specific peculiarities but failed to highlight that the area corresponding to the Cuneo province is a complex and composite socio-economic ecosystem encompassing different productive specializations and local productive systems (LPSs).

An LPS can be defined as a “model” encompassing a “productive”, “spatial” and “social” dimension: “the three dimensions (economic, territorial and social) are not separable because of the strict interlacing of the variables and of their mutual interdependence” (Garofoli, 2002, p.232). The term refers therefore to a plethora of heterogeneous local development paths and settings in Europe: from Italian industrial districts, to French *milieux innovateurs*. The vitality of an LPS is based on the realization of external economies that are sourced by not easily transferable local factors, such as the specific resources referred by Colletis and Pecqueur (1995), the contextual knowledge referred by Becattini and Rullani (1993), and the specific forms of regulation referred by Garofoli (2002, p.231). An LPS may correspond to a variety of paths of local development, not only those typically found in industrial district settings (Bellandi and Sforzi, 2001). As described in chapter 1, in addition to ideal typical district forms, characterized by a population of small, specialized, embedded enterprises within the social relations of the area, there is a *continuum* of multiple formulas of local development that range from those more “centralized” and dependent on large enterprise to agglomeration of very small firms in urban or rural settings. Therefore, by taking into consideration the different types of enterprises, local systems in which they operate or they are embedded in, Bellandi and Sforzi (2001) make a distinction between: a) industrial poles characterized mainly by multi-local large enterprises that are more or less embedded in the local system; b) local rural systems that are mainly centered on embedded rural enterprises, endowed rural resources and characterized by historical agricultural know-how and traditions; c) dynamic cities as complex systems encompassing mainly embedded IT and artistic crafts enterprises; d) local systems based on independent economy characterized by non-embedded subcontractor enterprises (Cfr. tab. 1 and 2).

Table 1. Different paths of local development.

Type of Local System	Characterizing Types of Business	Secondary Types of Business
Industrial Pole	a	f,c
Dynamic City	c,d,a	f,b,g
Local Rural System	e	b,d,f,g
Industrial District	b	c,f,a
Dependent Agglomeration of SMEs	f,g	e,b

Source: Bellandi and Sforzi, 2001

Table 2. Types of enterprises.

Multi-local enterprises	Embedded local enterprises	Non-embedded enterprises
a= Large enterprises	b= district	f= subcontractor enterprises
	c= hi-tech enterprises supplying advanced services	
	d= artistic crafts enterprises	g= enterprises linked to local demand for goods and services
	e= enterprises embedded in rural settings	

Source: Bellandi and Sforzi, 2001

A second line of concepts refers to polycentric systems and their application to the area of Cuneo is suggested by Balduzzi et al. (2011). More precisely they think the local agri-food cluster as based in different LPSs of the area. However, it is possible also to think of the area as composed by different LPSs that are featured by sets of overlapping productive specializations.

The idea of polycentricity has become quite common both on an academic level and in the political discourse as a key policy goal to promote balanced development both on a social, morphological and functional perspective. At an institutional level, the concept was issued by the European Union in 1999 with regard to the “concept of polycentric development” that the creation of several dynamic zones of global economic integration, well distributed throughout the EU territory and comprising a network of internationally accessible metropolitan regions and their linked hinterland (towns, cities and rural areas) would play a key role in improving spatial balance in Europe (Green, 2007, p.2077). Also, the report “An Agenda for a Reformed Cohesion Policy” better known as the “Barca Report”, that is considered a guiding document for new European cohesion policies hints to the role of networked polycentric regions in order to promote balanced territorial development and overcome the disadvantages that stem from large urban agglomerations (Barca, 2009, p.18).

To sum up briefly without analyzing in-depth the multifaceted concept of polycentricity, that has been borrowed by lots of disciplines and used for a vast number of academic and institutional purposes, we simply summarize its inner features by stating that the academic literature on the subject has both analyzed it from a morphological perspective (Meijer's, 2008), and a functional perspective (Van der Lana, 1998; Limtanakool et al., 2007). Furthermore, it has been commonly considered a key tool for promoting 1) social cohesion (Meijers and Sandberg, 2008), 2) economic competitiveness (Hague and Kirk, 2003) and 3) environmental sustainability (CSD, 1999).

We propose here a related concept that could be useful for describing the relation between polycentricity and local economic diversification as well as polycentricity and local economic specialization. In order to deeply explore this double connection, we refer to Becattini (2009, pp. 204-207) when analyzing a peculiar type of MID, the Marshallian "polycentric" district, that shares most of the cultural and productive features characterising the typical form of "monocentric", "specialized" district. His underlying assumption relies on the existence of a "place" moulded by a peculiar, shared historical, institutional, normative background, able to connect diverse productive nuclei (in related and unrelated industries) that belong to the same productive process or the same "complementary" productive "multiplicity" (Bellandi, 1996). This process of further decomposition of the productive phases on a territorial, institutional and productive level broaden the sematic and geographical borders of traditional MIDs into larger territorial unities but within the same "social" productive process.

4.3 The province of Cuneo as an area of robust economic vitality

The last report by the Chamber of Commerce of Cuneo¹⁰⁸ highlights how Cuneo province's socio-economic scenery stands out from the rest of the country. This privileged position is confirmed by at least three indicators. The province has the lowest unemployment and the lowest youth unemployment rate compared to the average rate of the rest of the region, along with the highest rate of employment on a regional scale. Moreover, the GDP per capita value is the highest in Piedmont (*Cfr.* tab. 3).

The increase in GDP per capita, that occurred between the years from 2001 to 2005, brought Cuneo from the 33rd to 23rd place in the national ranking, surpassing the province of Torino, with Alba's local system being the most thriving in Piedmont (since 2004) and among the twenty-five richest in Italy¹⁰⁹.

¹⁰⁸CCIAA Cuneo (2019). *Rapporto Cuneo 2019. L'economia reale dal punto di vista della Camera di Commercio*, Cuneo.

¹⁰⁹Ferreri V. (Ed.) (2005), *Piemonte economico sociale 2004. I dati e i commenti sulla regione. Relazione annuale sulla situazione economica, sociale e territoriale del Piemonte nel 2004*, IRES Piemonte.

The aforementioned dynamism and vitality of the Cuneese economy, which is similarly pointed out by the 2018 IRES¹¹⁰ report (Cfr. tab. 7) and by previous scientific research¹¹¹, highlights the peculiarity of some socio-economic features of the province compared to the rest of the region.

Balduzzi *et al.* (2011) emphasize that Cuneo's "prosperity" relies mostly on traditional sectors such as agriculture and the agri-food industry where the level of productivity and exportation is 4 times that of the regional average. The local agri-food cluster has been the "historical" and path-dependent result of a local specialization in agriculture since the XVII century. In regard to this subject, it is worth noting that even to this day Cuneo has the largest number of workers in the agriculture sector in all of Piedmont and it is among the 10 most agricultural provinces in Italy (Cfr. table 8c, Appendix).

Despite the high levels of employment and widespread wealth, a variety of studies insist on the limited local innovation potential that could lead in the near future to cognitive and technological lock-ins, mainly as a result of low education levels (Balduzzi *et al.*, 2011, p.23). On this aspect, the CRC study¹¹² dealing with the early dropping out of school in Cuneo, shows how the education level, calculated by reference to the attendance of secondary school, is the lowest (104.9) comparing to the regional average (Luciano and Santi, 2014, p.57). The school drop-out rate is 20.9 per cent, which is 4 points higher than the regional average (Luciano and Santi, 2014, p.51) and until now, the province has the lowest number of university graduates in the region (IRES, 2018, p.12), (Cfr. tab. 7). The good results achieved in some of the traditional sectors, such as the agri-food field, are therefore certainly related to a diffused industrial work culture, made up of local "declared" values of dedication and ongoing commitment (Balduzzi *et al.* 2011, p. 58). Such characteristics are the proud features of the local social identity that relies mainly on a tacit knowledge base, professional training system and on semi-automatic processes of transmission of local know-how (IRES, 2018, p. 9) as main features of a socio-economic "systemic" fabric that characterize the whole Province.

Nevertheless, in the last decade and comparing to the 2008 IRES data¹¹³, there have been signs of improvement in the education field, mostly converging and enhancing local specialized knowledge in the agri-food compartment. The establishment of the Pollenzo Gastronomic Sciences University Campus in 2004, that enrolled a vast number of foreign students attracted by the high-quality academic program¹¹⁴, is a step further in that direction along with the *Tecnogrande* project which includes an agri-food park and a technology campus¹¹⁵.

¹¹⁰IRES PIEMONTE is a Piedmont regional research entity governed by the 43/91 regional law. It publishes an annual report of the regional and territorial socio-economic trends and performs analysis of the main Piedmontese territorial and socio-economic phenomena. Cfr. Avato M.T., Lella L., Maggi M., Piperno S., Rota F.S. (Eds.) (2018). *Progetto Antenne. Rapporto di Quadrante sud-ovest*, IRES Piemonte.

¹¹¹Balduzzi G., Busso S., Ceravolo F., Garavaglia L., Storti L. (Eds.) (2012). *Cuneo e il Nord. Una ricerca sulle reti imprenditoriali*, Consiglio Italiano per le scienze sociali.

¹¹²Cfr. Luciano A. & Santi R. (Eds.) (2014). *Quelli che lasciano. La dispersione scolastica in provincia di Cuneo*, Fondazione CRC, (18).

¹¹³IRES (2009). *Relazione annuale sulla situazione economica sociale e territoriale del Piemonte nel 2008*, Torino.

¹¹⁴Fondazione CRC (2014). *Langhe e Roero. Tradizione e innovazione*. (22), Cuneo, p. 113.

¹¹⁵<http://www.tecnogrande.it/site/>

Despite the educational and infrastructural gap that mostly affects the mountain ranges surrounding Ceva, but also Alba's and Mondovì's hillsides, with a road, telematics and environmental-energetic infrastructure mainly concentrated in low land territories, the local economy has kept on prospering even in 2010s recession phase.

To sum up, the weaknesses of Cuneo's area highlighted by most studies are mainly because of: 1) the lack of conversion to a knowledge-based economy that is likely to lead to a potential cognitive lock-in, and that results in a scarce number of technological start-ups; 2) the ageing of the entrepreneurial basis and non-existent organizational culture in most small-sized businesses; 3) negative demographic dynamics partly compensated by reliance on immigration; 4) lacks in the infrastructural system; 5) "localistic" widespread attitude that results in a scarce propensity to create social and economic networks and in a strong diffused inclination to individualism¹¹⁶.

On the contrary, the environmental and socio-demographic indicators shed light on a broadly positive socio-economic framework, with high levels of perceived and real security, institutional trust with a 0.88% safety index¹¹⁷, higher than the regional average (Avato et al., 2018, pp.14-15). Furthermore, the Cuneo province stands out for being the 3rd largest attraction basin for the tourist flows, right after Torino and Alessandria (Avato et al., 2018, p.10).

The local manufacturing structure appears therefore to be very solid, with twenty-four enterprises surpassing a 124 million euros' turn-over in 2015 with a total value of 9,1 billion euros, of which Ferrero has a 2,5 billion euro turn-over. Moreover, the renowned reputation of the province's industry continues to overlap with the image of a developing agricultural reality that relies on a pre-existent and ongoing cross-fertilization between the two sectors and that has given birth to a dynamic agri-food cluster from the 1950s. Needless to say that in the province the agri-food industry accounts for 5.5 per cent of the GDP (three times the regional average). Likewise, the food industry specialization index is more than double comparing to the rest of the region¹¹⁸.

¹¹⁶Avato M.T., Lella L., Maggi M., Piperno S., Rota F.S. (Eds.) (2018). *Progetto Antenne. Rapporto di Quadrante sud-ovest*. IRES, pp. 42-48.

¹¹⁷The safety index is a composite index made up of the following dimensions: theft, threatening events, faith in others and faith in the justice system. *Cfr.* Avato et al. (2018), p. 14.

¹¹⁸Avato M.T., Lella L., Maggi M., Piperno S., Rota F.S. (Eds.) (2018). *Progetto Antenne. Rapporto di Quadrante sud-ovest*. IRES, p. 42.

Table 3. Key socio-economic features of the province of Cuneo.

Indicators	Cuneo	Piemonte
Capital DGP (euros)	28,387	27,037 (25,405)
Enterprise survival rate (3 years)	66.8%	66.7%
Unemployment rate	6.1%	9.1%
Youth unemployment rate (15-24 years)	23.1%	32.9%
Employment rate (15-64 years)	68.4%	65.2%
Foreign population	10.3%	9.7%
Old-age index	175.1	197.6 (167)

Source: CCIAA Cuneo, 2018

4.4 The local labour systems of the Cuneo province and their identification as local productive systems

To dig deeper into the analysis of the “Cuneo System” structure, we have firstly referred to a CRC study¹¹⁹ that identifies five local manufacturing specializations or “clusters”¹²⁰ related to agri-food, logistic, wood chain, business services and mechanics areas (*Cfr.* tab. 9,10,11,12, Appendix).

Later on, we will compare the results of this study with the geography of ISTAT local labour systems (*Cfr.* tab. 4).

The agri-food cluster consists of agricultural and industrial companies for the transformation of agricultural products, companies producing agricultural machinery, tertiary activities tied to the agri-food and other related services. In absolute figures, the major concentration of such businesses is in Alba-Bra-Langhe-Roero and in the local system of Cuneo (*Cfr.* tab. 5).

¹¹⁹Garavaglia L. (Ed.) (2009). *Cluster produttivi e traiettorie di sviluppo nei territori del Cuneese*, Quaderno n. 5, Fondazione Cassa di risparmio di Cuneo.

¹²⁰The study by Fondazione CRC makes use of the term “cluster” to indicate a group of businesses connected by related and complementary manufacturing specialisations. Nevertheless, we argue that according to the classic definition by Porter (1998), not all manufacturing specialties examined can be considered as productive “clusters”.

The agri-food cluster (Ceravolo and Garavaglia, 2013) represents one of the leading productive engines of the local economy which is attributed to its profound involvement in a global value chain in which local incumbents regularly act as technological and knowledge gatekeepers¹²¹. Local multinationals really act as pivotal agents in structuring and triggering new mechanisms of transmission of knowledge in cross-territorial productive networks that in the last decade have certainly contributed to the dynamism and prosperity of the local fabric. The business dimension of the agri-food industry varies from micro and small to industrial giants that are mainly locally embedded multinationals characterized by family management and family-owned assets.

These LMEs¹²², joined by a peculiar entrepreneurial style that gives a footprint to the entire local *entrepreneurial ecosystem* (Cfr. chapter 3.4.2) are the real propulsive engines of the agri-food network. As some studies point out¹²³, relying on an in-depth analysis of the local cluster structure (taking some factors such as corporate dimensions, export dynamics, return on sales, billing into consideration) the most proactive actors are family-run multinational incumbents that are better performing compared to big management-controlled firms.

Around them, a lively network of mainly micro and small-sized enterprises characterized by an outstanding export activity but relying less on outsourcing processes compared to local big incumbents.

The agri-food cluster stands out for its hybrid nature that combines three main productive nuclei: along with 1) leading multinationals that are completely embedded in local and global production networks as technological leaders at the head of the value chain and mainly engaged in manufacturing and selling final products; there are 2) firms, normally medium-sized, mostly engaged in the manufacturing of semi-finished products; this group of companies seems to be entrenched in a sort of “imperfect localism” (Ceravolo and Garavaglia, 2013, p.312) as they rely on trans-territorial production networks just for some phases of production processes; 3) a third group of companies, mainly micro and small-sized, that, although not thriving as those of the first group, are more dynamic and proactive in R&D activities and also relying on supra-local networks.

¹²¹For the role of cluster gatekeepers Cfr. Giuliani, E. (2013); Albino et al. (1998); Lazerson and Lorenzoni (1999); Malipiero et al. (2005); Morrison (2008); Boschma and Ter Wal (2007).

¹²²Cfr. Bellandi, M. (2001). *Local development and embedded large firms*, Entrepreneurship & Regional Development, 13(3), pp. 189-210.

¹²³Cfr. Ceravolo, F. A., & Garavaglia, L. (2013). *Attori pubblici e imprese nella governance delle filiere transterritoriali: il caso dell'agroalimentare cuneese*. Stato e Mercato, 33 (2), pp. 301-330.

Table 4. Local Labour Systems in the Province of Cuneo.

LLS	Type of area	Local productive spec.	District typology	Productivity levels	Import/export balance	Export dynamics	Empl/Unemployment dynamics	N. Communes
ALBA	S_C3	CB3	Non - district	PROD4	BC_4	PE_Q4	TOTD01	67
BRA	S_B1	CB1	Non - district	PROD3	BC_5	PE_Q4	TOTD01	8
CANELLI	S_C2	CB1	Mechanical industry	PROD3	BC_5	PE_Q4	TOTD05	17
FOSSANO	S_C3	CB3	Non - district	PROD4	BC_4	PE_Q3	TOTD01	7
CUNEO	S_C3	BA2	Non - district	PROD3	BC_4	PE_Q3	TOTD01	53
GARESSIO	S_C4	D4	Non - district	PROD5	BC_1	PE_Q1	TOTD05	4
MONDOVÌ	S_C3	D1	Non - district	PROD3	BC_4	PE_Q3	TOTD01	31
SALUZZO	S_C3	D1	Non - district	PROD4	BC_4	PE_Q4	TOTD01	36
SAVIGLIANO	S_B1	D2	Non - district	PROD3	BC_3	PE_Q4	TOTD01	20
				min: PROD1	min: BC1	min: PEQ1	TOTD01: max employment	

Source: ISTAT, 2011

S_C3: internal areas of Central and Northern Italy

S_B1: urban centre

S_C2: small cities of "Green Italy"

S_C4: Area of "long-lived" Italy

CB3: agri-food local systems

CB1: techno-mechanical systems

BA2: multi-specialized urban local systems

D1: means of transports local systems

D2: metal working local systems

D4: petrochemical and pharmaceutical local systems

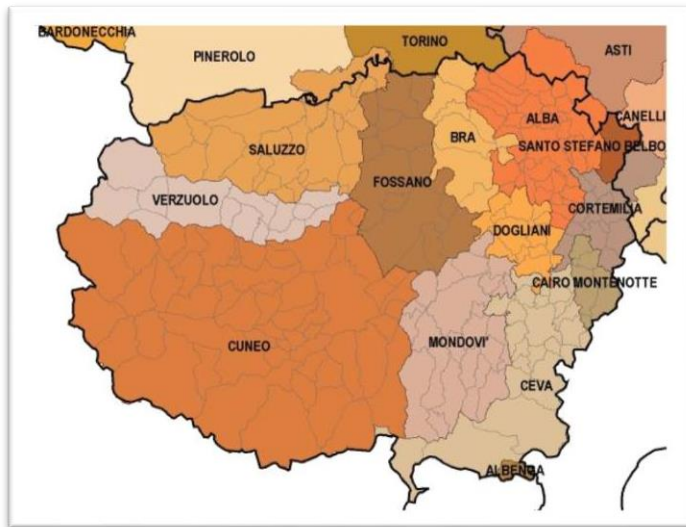
Despite the high number of logistic firms, the nature of the business network as well as their levels of export, these companies do not form a real cluster. A big number of such businesses is in Alba, Bra, Langhe-Roero areas, but the absolute biggest concentration is in the area of Fossano, followed by other regional territories of the “crescent” Cuneo-Mondovì and the Langhe area.

A major concentration of wood-industry companies¹²⁴ is in Saluzzo area and Mondovì area. The forestry industry is located in mountain areas while the furniture manufacturing is mostly concentrated in Saluzzo, with another notable percentage in the area of Fossano. The territorial core of the wood industry is in the surrounding areas of Saluzzo and Mondovì, summing approximately 975 companies, making up 37.6% of all 2,535 wood industry companies of the province. The agglomeration of service providing companies do not reach noticeable dimensions and is mainly mentioned here as a means to give a complete idea of the province economic framework. It consists of professional activities, specialised services, service providing companies, especially in fields such as information technology, management, marketing, advertisement, design, finance etc. Enterprises that belong to service-based networks are tied to the businesses that belong to logistic-based networks: the great number of these firms are concentrated in the Langhe and Cuneo areas. We believe that all productive specializations that characterise the province along with the LLSs structured through a network logic that sometimes (as in the case of agri-food and mechanical specialisations) reflect the form of a true productive cluster.

The mechanical sector, along with the agri-food industry, are the local leading sectors. The mechanical cluster consists of metallurgy activities, manufacturing of the machinery, along with other related services. A significant concentration of industrial companies in the metallurgy sector and semi-finished metallic items is in the area of Fossano. Even though these two groups of companies, namely agri-food and mechanical companies, constitute two different business clusters, we argue that the notable synergies and the ongoing technological and knowledge cross-fertilization processes between the two might form a third hypothetical “agro-mechanical” cluster. As aforementioned, the results of this study partly overlap with the more detailed description of local productive specialisations in the Province as outlined by ISTAT works on Local Labour Systems (table 9). These units of investigation of economic research are to be conceived as “economic and functional regions” within the “political region” where “people share the same interests” and they are composed of groups of municipalities merged together by daily journeys from home to work (Bellandi and Sforzi, 2001, pp.3-4).

¹²⁴ We refer mainly to manufacturing wooden items and furniture.

Figure 1. Local Labour Systems of the Cuneo Province.



Source: Balduzzi et al., 2011

ISTAT¹²⁵ report on LLSs describes a “non-district” multi-specialised area with its core specialisations in the agri-food, techno-mechanical and means of transport sectors. At the core of Alba’s and Fossano’s LLSs is the agri-food industry; the techno-mechanical specialization characterises Bra and Caneelli LLSs; Mondovì and Saluzzo LLSs are mainly specialised in the means of transport industry; Garessio local labour system is characterised by petrochemical and pharma activities.

Table 5. Agri-food cluster in the province of Cuneo

Ateco code	Sectors	Cuneo	Monregalese	Alba-Bra Langhe Roero	Saluzzese	Fossano Savigliano	
A01	AGRICULTURE	5,619	2,725	8,774	4,951	3,259	25,328
DA15	AGRI-FOOD INDUSTRY	391	195	688	244	246	1,764
DG24.15	MANUFACTURE FERTILIZER	2	3	2	1	2	10
DK29.3, 29.53	MANUFACTURE OF AGRICULTURAL AND INDUSTRIAL MACHINES	69	30	71	55	89	314
G51.1, G51.11, G51.17, 51.2, 51.3	WHOLESALE INTERMEDIARIES	615	196	1.060	338	362	2.571
K73	R&D	3	2	7	2	0	14
	TOTAL ENTERPRISES	6,699	3,151	10,502	5,596	4,228	30,176

Source: Fondazione Cassa di Risparmio di Cuneo, 2009

¹²⁵ISTAT (2015). *La nuova Geografia dei sistemi locali*, Roma, Istituto Nazionale di Statistica.

As aforementioned, the local fabric is characterised by high numbers of small-sized family-run enterprises mainly engaged in the mechanical and the agri-food sectors. Nevertheless, we find that each LLS characterised by a prevailing productive specialisation, has developed around bigger historical enterprises that, in most cases, have acted as leading driving forces in terms of investments in R&D, export capacity, turnover and external commercial links. From our cross-sectional analysis relying on historical sources¹²⁶, archival records and a set of qualitative interviews with key local actors and entrepreneurs¹²⁷ we selected from AIDA dataset a sample of big enterprises with at least 35 years of business and a minimum turnover of 100.000€/per year. The enterprises were chosen according to three main criteria: 1) annual economic turnover, 2) date of foundation¹²⁸; 3) institutional and historical importance following the results of our qualitative interviews (Chapter 3). This analysis has been particularly useful for understanding Cuneo's local business networks and the overall socio-economic structure.

As previously mentioned, almost every LLS encompasses a large enterprise that is, in most cases, an embedded multinational company (*Cfr.* tab. 13-14-15-16-17, Appendix) that has prospered locally in areas with an "identity". These local embedded multinationals (as in Ferrero's, Miroglio's, and Merlo's case) could prosper mainly relying on specific "local factors" that define an inner intangible local structure that includes systemic components such as:

- 1) shared attitudes towards reciprocal trust in economic exchanges and social dynamics;
- 2) social prestige attached to economic entrepreneurship, innovation and pro-activity
by workers on the job;
- 3) cultural, organizational and geographical proximity in local physical and human capital;
- 4) a docile manpower with a pre-industrial culture.

Their historical and institutional embeddedness contribute to the uniqueness and the specificity of the productive local system and may constitute a main feature of attractiveness of local and foreign investments¹²⁹ (Bellandi, 2001, p. 196).

On the other hand, the lack of an adequate road network and communication infrastructure could be considered to be a true limit to the development of the Province and, as previously mentioned, it has been commonly pointed out by the literature as a deficiency in the supply of local public goods.

¹²⁶Going further into the description of the development of the secondary sector in the Province of Cuneo, we have mainly relied on historical books and documents from Alba's historical Archive. The two main historical studies we have drawn on are 1) Bermond, C. (Ed.) (2007). *Dal Cuneese verso il mondo. L'industria della Granda in prospettiva storica*, Confindustria Cuneo; 2) Castronovo, V. (1975). *Storia d'Italia. Dall'unità a oggi. Il Piemonte* (4), Torino: Einaudi.

¹²⁷*Cfr.* chapter 3.4.2.

¹²⁸Considered the three variables (turnover, date of foundation, institutional importance), we have selected *in primis* firms with at least 50 years of activity.

¹²⁹More than one of the interviewees told us how many multinationals, including Michelin, installed production plants in Cuneo precisely because they were attracted by the industriousness and low dispute level on behalf of the local workforce.

Going through Bellandi's main contribution, on the subject of large enterprises in district systems and their roles, attitudes and policies carried out towards other local actors (Bellandi, 2001), we describe the aforementioned companies as "embedded local multinational entities" (ELME)¹³⁰ acting in PLSs with quasi-district features.

4.5 The Cuneo province as a polycentric system of local productive systems

Some sociological findings have emphasized Cuneo's quasi-district (not centralized) nature, by underlying the difference between Cuneo and other LPSs based on large, vertically integrated enterprises. Turin and its surrounding areas are examples because they were mainly characterised by an industrial monoculture that was exclusively focused on the automobile industry and which mainly used an immigrant workforce without a previous industrial culture. According to Berta and Musso (1999), the absence of industrial culture in the workforce employed by Fiat, mainly immigrants, would have exacerbated the phenomenon of factory worker mobilization in the decade 1969-1979 (Musso, 1999, pp.651-693).

On the contrary, Cuneo's socio-economic fabric has often been described through its "peripheral" economic structure which is characterized by its "diffused development", mainly based on traditional agricultural specializations and encompassing many traditional district features (Scamuzzi, 1987). Among these typical district components of the so-called Third Italy (Bagnasco, 1977), we can mention: a specific know-how linked to the local agricultural and artisan tradition, knowledge transmission according to mainly "tacit" mechanisms, the presence of a docile local workforce with pre-industrial culture.

A group of historical studies¹³¹ have focused on the diachronic description of the local development processes by emphasizing inner local diversification, which began shaping the local industry in three leading sectors from the late 1940s. A motley group of newspaper articles¹³² and literary works such as Beppe Fenoglio's *La Malora* and Nuto Revelli's¹³³ *Il mondo dei vinti* and *L'anello forte* were essential for shedding light on the inner agricultural vocation and socio-economic backwardness which characterized the Province even after WWII.

¹³⁰In the original contribution, the author used the term LME to refer to main multinational groups of companies (Italian and foreign) in Italian "local systems of small to medium-sized enterprises" called "productive local system" (PLS). Cfr. Bellandi, M. (2001). *Local development and embedded large firms*, «Entrepreneurship & Regional Development», 13(3), pp. 189-210.

¹³¹We refer particularly to 1) Bermond, C. (Ed.) (2007). *Dal Cuneese verso il mondo. L'industria della Granda in prospettiva storica*, Confindustria Cuneo; 2) Castronovo, V. (1975). *Storia d'Italia. Dall'unità a oggi*. Il Piemonte (4), Torino, Einaudi.

¹³²Cfr. Delpiano C. (1950). *Rinnovare la vita albese*, «Gazzetta d'Alba», A.69 (16); Ferraris E. (1949). *Crisi vinicola*. Gazzetta d'Alba, A.68 (38); Ferraris E. (1951). *In difesa dell'uva e del vino*. Gazzetta d'Alba, A.70 (35).

¹³³*Il Mondo dei Vinti* and *L'Anello Forte* are based on long biographic interviews with Cuneo's valleys peasants and represents an important and pioneering contribution to the affirmation and development of Italian oral history. With *Il mondo dei vinti* and *L'anello forte*, based on more than 270 interviews, Revelli gave voice to the "vinti" and, through their stories, he shed light on Cuneo socio-economic and agricultural tradition.

Other outstanding contributions, such as Santagata's work on the cultural district (2002), focused on specific sectors and mainly highlighted the result of a long and complex process of cultural districtualization that led to the institutional acknowledgement of local agricultural know-how, through the assignment of DOP and DOCG distinctive labels to most of Langhe's oenological products. A more recent sociological study¹³⁴ on entrepreneurial networks in the province, after an analysis of local socio-economic features, focuses again on the agri-food specialization.

This report sheds light on the peculiarities of the agri-food system characterised by good levels of intra-sectoral diversification (*Cfr.* table 19). As previously remarked, the agri-food supply chain is characterised by some large entrepreneurial realities, namely local leading multinational corporations, that handle the local and international supply chain from a commercial, productive and technological viewpoint and a group of small-sized enterprises operating, above all, in the first sector. Medium-sized enterprises are numerically inferior and, in comparison to large and small enterprises, normally have had very low growth rates in the period of time that was considered in the study (Balduzzi et al., 2011, p.36)¹³⁵.

Moreover, the aforementioned study highlights that the agri-food cluster discloses some district features, such as the high level of stock of tacit knowledge that characterises agricultural know-how and the high supply of local public goods that are tied to the technical training linked to agri-food production. These peculiar features, traditionally ascribable to MIDs, ensure socio-economic stability and competitiveness for the whole economic system. We therefore argue that we are dealing with an "agri-food cluster" with quasi-district features.

The role of local embedded large enterprises was crucial in shaping the network and multi-scalar productive dynamics, exploiting (such as in Ferrero's case) "district" features and dynamics related to historical productive know-hows, specialised workforce and more generally local public goods. This type of relations are found also in other clusters, where big enterprises and multinationals such as Miroglio, Merlo, Rolfo¹³⁶ have played or still play a crucial role in the nourishment and reinforcement of district-type dynamics, strengthening the local rooting of workers and farmers to their territory and by reinforcing local levels of trust and social cohesion.

According to us, this model, that moves away from the traditional 100 per cent specialized, endogenous and communitarian ideal type, is the most suitable to describe the geographical and productive polycentric structure characterising the Cuneo province. At the same time, the term underlines the existence of many productive cores but within the same cultural, institutional, productive local "conscience".

¹³⁴Balduzzi G., Busso S., Ceravolo F., Garavaglia L., Storti L. (Eds.) (2011). *Cuneo e il Nord. Una ricerca sulle reti imprenditoriali*, Consiglio Italiano per le scienze sociali.

¹³⁵Authors refer to Unioncamere data (2010) that highlight a 23% growth rate for big enterprises compared to 2.1% growth rate of medium enterprises.

¹³⁶ *Cfr.* chap.3.

Therefore, it is possible to talk of a “Cuneo system”, or more precisely of a polycentric system of local productive systems, to describe a macro productive system that encompasses a variety of LPSs and that present hybrid socio-economic features which we ascribe to:

- 1) the “industrial pole” or “area of large enterprise” if we take into consideration that the role of many local large enterprises had a boost in local development dynamics;
- 2) the traditional local rural systems which are centered on embedded rural enterprises that are, to this day, still one of the leading productive cores of the Province and the distinctive feature of some LLSs, such as Alba’s system;
- 3) the purely district forms if we consider the historical, human and technical endowments that triggered the post-war economic miracle; localisation and specialisation economies that were influenced by and influenced the local “industrial atmosphere” and its human, social, entrepreneurial capital.

All of these models of LPSs and local development, that were associated to a local political¹³⁷ and cultural isomorphism, had the effect of strengthening the local level of trust and sense of belonging.

¹³⁷The white political monoculture was a distinction of the Province from the 1950s up to the late 1980s.

4.6 Conclusions

This chapter, even if it is not directly tied to the original hypotheses that guided our study, is still a product of our path of empirical research and conceptual refinement.

Even if considerations presented in the current chapter need additional empirical research, we believe it's opportune to treat them separately in the current chapter for two reasons: 1) the analysis, albeit descriptive, denotes a thematic unity of its own; represents a 2) temporary arrival point which is a prelude to subsequent research.

The analysis of secondary data, the survey and the interviews allowed us to indirectly detect a second line of investigation that highlighted the peculiar features of the Cuneo area.

The main academic contributions describe the area of Cuneo through its “peripheral” economic structure, which would be characterized by its “diffused development”, mainly based on traditional agricultural specializations and encompassing some industrial district features (Scamuzzi, 1987). Other works focus on the local production vocations related to agri-food (Balduzzi et al., 2011; Ceravolo and Garavaglia, 2013; Santagata, 2002), neglecting, perhaps, to keep the spotlight on the local system’s socio-economic peculiarities.

We defined the “Cuneo System” as a polycentric “system of systems”, encompassing different LPSs that rely on the same historical and productive background. In particular, it was above all the qualitative interviews of our empirical investigation that highlight the existence of a place that feeds on the same socio-economic values, a local human and entrepreneurial capital that shares the same historical, anthropological and social values that determine the high value of local production choices.

Systemic components that allow us to identify a territorial *unicuum* can be traced in a common socio-political monoculture, in the intensive use of large stocks of tacit knowledge that characterizes agricultural know-how, the presence of a docile and hard-working local workforce, the high supply of local public goods that are tied to the technical training mainly linked to the agri-food production. These peculiar features, traditionally ascribable to MIDs, ensure socio-economic stability and competitiveness for the whole economic system. Meanwhile, other systemic features such as the local entrepreneurial isomorphism (Cfr. chapter 3), partly outlined in the local proactive familial capitalism, ensure and boost high levels of entrepreneurship as well as processes of knowledge spill-overs and cross-fertilization among complementary sectors, as in the case of the agro-mechanical “cluster”.

The role of local embedded large enterprises was crucial in shaping the network and multi-scalar productive dynamics, exploiting (such as in Ferrero’s case) “district” features and dynamics related to historical productive know-hows, specialised workforce and more generally local public goods. This type of relations are found also in other clusters, where big enterprises and multinationals such as Miroglio, Merlo, Rolfo have played or still play a crucial role in the nourishment and reinforcement of district-type dynamics, strengthening the local rooting of workers and farmers to their territory and by reinforcing local levels of trust and social cohesion.

It is a macro productive system that encompasses a variety of LPSs and that present hybrid socio-economic features which we ascribe to: 1) the “industrial pole” or “area of large enterprise”; 2) the traditional local rural systems which are centred on embedded rural enterprises; 3) the purely district forms if we consider the historical, human and technical endowments that triggered the post-war economic miracle; localisation and specialisation economies that were influenced by and influenced the local “industrial atmosphere” and its human, social, entrepreneurial capital. By the term “polycentric” we refer therefore to the existence of many productive cores but within the same cultural, institutional, productive local “conscience”.

Appendix:

Table 6. SWOT analysis of the territorial system of Cuneo.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ■ Diverse production base ■ Existence of multinationals ■ Growth in the production of high quality agri-food products ■ Diffused work and entrepreneurial culture ■ Product innovation ability ■ Low unemployment rates (also in youth unemployment) comparing to regional and national average ■ An increase in education levels since 2008 ■ Richness in historical-cultural resources of the countryside further enhanced by UNESCO ■ A growing demand for tourism 	<ul style="list-style-type: none"> ■ Lack of organizational culture, especially among small agricultural businesses and artisans ■ Ageing in the business basis ■ Limited number of innovative start-ups in SMEs ■ Low education levels in the workforce and outflow mobility of qualified youngsters ■ Weak bond between knowledge and manufacturing and scarceness in research centres ■ Insufficient infrastructures, the public transportation and the road system needs improvement ■ Poorly controlled building expansion with a rise in soil consumption ■ Scarce propensity to network
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ■ Enhancement of productive chains (e.g. transformation and commercializing of agri-food products) ■ Possible changes in organisation and financing of the businesses, especially in family -owned businesses ■ Strategic geographical position towards European markets as a means to expand the exportation ■ Enhancement of outside connections on a regional level, making use of railway tracks abandoned for a more sustainable transportation ■ Building an integrated tourism chain meant for diverse territorial environments (the mountains, the countryside, Langhe- Roero and Monferrato UNESCO vineyards, cultural networks) ■ Improvement in local institutions' functionality 	<ul style="list-style-type: none"> ■ General ageing of the population, especially among entrepreneurial ■ Monoculture in wine-making with extensive use of the territory ■ Difficulty in maintaining the adequate level of competition ■ The decline of export in the past few years ■ Duplication of complex logistics without a strategic vision ■ Consequences of a lack of expertise ■ Delays in infrastructure policies ■ Excessive use of territorial sources with the consequent loss of environmental sources and an increase in natural risks

Source: our elaboration of IRES, 2018

Table 7. Main indicators on education in the Province of Cuneo and in Piedmont

Education	Education secondary cycle (2016)	High school graduates or more (2016)	Graduations on population 25 -65 years (2016)	High school graduate growth or more (2016/17)	Italian INVALSI (2015)	Math INVALSI (2015)	Foreign/ Italian education (2016)	High school graduates or more (2011)	University/ Graduates (2011)
Alessandria	92.9	62.3	15.2	22.9	198	203	15.2	54.6	15.1
Asti	84.1	55.8	13.9	17.3	207	211	13.9	48.9	13.2
Biella	93.9	59.1	19.1	27.3	205	208	19.1	47.6	13.2
Cuneo	96.9	54.2	12.9	16.4	206	213	12.9	46.3	13.2
Novara	89.7	59.7	16.6	16.8	202	204	16.6	52.7	15.1
Torino	95.3	62.5	18.2	9.0	196	204	18.2	56.7	18.2
Verbano C.O.	112.0	57.9	15.8	23.0	195	202	15.8	47.3	12.5
Vercelli	111.1	58.6	14.1	17.9	196	200	14.1	48.8	13.3
PIEMONTE	95.4	60.3	16.6	13.6	205	208	16.6	53.4	16.1

Source: IRES-Osservatorio Istruzione, 2018 (columns 1-7); ISTAT, 2011 (columns 8 - 9)

Note: graduates are referred to the population according to the Labour Force Survey

Table 8a. 2017 agricultural production. Data in thousands of Euro

Province of Piedmont	Agriculture and Forestry
Torino	671,744.68
Vercelli	220,970.06
Novara	197,638.00
Cuneo	1,597,997.08
Asti	290,289.95
Alessandria	464,831.28
Biella	55,519.64
Verbano-Cusio-Ossola	21,481.89
PIEMONTE	3,520,472.57
ITALY	52,922,237.59

Source: Tagliacarne Institute, 2019

Table 8b. 2017 Italian agricultural regions. Data in thousands of Euro

Regions	Agriculture and Forestry
LOMBARDY	7,071,150.35
EMILIA ROMAGNA	6,213,293.41
VENETO	5,616,259.07
SICILIA	4,481,008.82
APULIA	4,471,642.96
PIEDMONT	3,520,472.57
CAMPANIA	3,391,261.62
LATIUM	2,840,428.90
TUSCANY	2,610,681.58
CALABRIA	2,585,292.20

Source: Tagliacarne Institute, 2019

Table 8c. 2017 Italian “agricultural” provinces. Data in thousands of Euro

Provinces	Agriculture and Forestry
Verona	1,914,765.49
Brescia	1,864,303.87
Cuneo	1,597,997.08
Mantova	1,534,741.27
Foggia	1,268,372.51
Salerno	1,129,506.86
Cremona	1,070,922.55
Latina	1,058,883.10
Caserta	1,048,363.54
Bari	997,739.27

Source: Tagliacarne Institute, 2019

Table 9. Logistic “network” in the province of Cuneo

Ateco Code	Sectors	Fossano Savigliano
DM35.2	CONSTRUCTION OF LOCOMOTIVES AND RAILWAY LINES	1
160.24	TRANSPORT OF GOODS BY ROAD	268
163	AUXILIARY ACTIVITIES OF THE TRAVELS	77
164.12	EXPRESS COURIER SERVICES	3
K71.21, K71.22, K71.23	TRANSPORT RENTAL	1
	TOTAL ENTERPRISES	350

Source: Fondazione Cassa di Risparmio di Cuneo, 2009

Table 10. The wood sector in the province of Cuneo

Ateco Code	Sectors	Monregalese	Saluzzese	TOT
A02 [A02.01 and 2.02]	FORESTRY	100	75	175
DD20	WOOD INDUSTRY	133	149	282
DE21	PAPER INDUSTRY	5	9	14
DE22.1, DE22.11, DE22.12, DE22.13, DE22.2, DE22.22, DE22.23, DE22.24, DE22,5	PUBLISHING AND PRINTING	47	49	96
DK29.55 and 29.56	MACHINES FOR PAPER AND PRINTING INDUSTRY	10	3	13
DN36 and 36.1	FURNITURE MANUFACTURING	83	191	274
51.13, 51.53	WHOLESALE INTERMEDIARIES	37	64	101
	TOTAL ENTERPRISES	520	415	975

Source: Fondazione Cassa di Risparmio di Cuneo, 2009

Table 11. Business services network in the province of Cuneo

Ateco Code	Sectors	Cuneo	TOT
A01.41	AGRICULTURAL SERVICES	109	109
163	SUPPORTING TRANSPORT ACTIVITIES	179	179
164.12	EXPRESS COURIERS	2	2
J65	MONETARY AND FINANCIAL	172	172
J66	INSURANCE	4	4
J67	AUXILIARY FINANCIAL ACTIVITIES	380	380
K71.2, k71.3	VEHICLES AND MACHINERY RENTAL	21	21
K72	INFORMATION TECHNOLOGY	209	209
K73	R&D	5	5
K74	BUSINESS SERVICES	707	707
	TOTAL ENTERPRISES	1.788	1.788

Source: Fondazione Cassa di Risparmio di Cuneo, 2009

Table 12. Mechanics and metal industry cluster in the province of Cuneo

Ateco code	Sectors	Fossano Savigliano	TOT
DI27	METALLURGY	11	11
DJ28	FABRICATED METAL PRODUCTS	306	306
Dk29	INDUSTRIAL MACHINERY	156	156
DL30	PRODUCTION OF COMPUTER MACHINES	5	5
DL31	PRODUCTION OF ELECTRICAL MACHINERY	29	29
DL32	RADIO & COMMUNICATION	13	13
DL33	APPLIANCES AND MECHANICAL PRECISION	48	48
DM34	MANUFACTURE MOTOR VEHICLES TRAILERS AND	10	10
DM35	MANUFACTURE OTHER MEANS OF TRANSPORT	3	3
G51.12, G51.14, G51.43, G51.52, G51.54, G51.57 and 51.8	WHOLESALE INTERMEDIARIES	145	145
	TOTAL ENTERPRISES	723	723

Source: Fondazione Cassa di Risparmio di Cuneo, 2009

Table 13. LLS Alba: agri-food specialization

Enterprise	EMLE	Turn-over (€)	Birth
Ferrero S.P.A.	Yes	10,700,000	1946
Agricola Albese s.r.l.	No	8,456,000	1987
Terre Piemontesi S.r.l.	No	7,842,000	1872
PRUNOTTO S.R.L. SIGLA VI-PRU S.R.L.	No	7,327,000	1904
TARTUFI MORRA - S.R.L.	No	4,363,000	1930

Source: Aida dataset, 2018

Table 14. LLS Bra: techno-mechanical specialization

Enterprise	EMLE	Turn-over (€)	Birth
ABET LAMINATI S.P.A.	Yes	140,954,000	1946
ARPA INDUSTRIALE S.P.A.	Yes	130,046,000	1954
ROLFO S.P.A.	Yes	85,999,000	1885
AUTOFORNITURE BIPA S.R.L.	No	11,729,000	1968
O.M.LER 2000 SRL	No	9,108,000	1974

Source: Aida dataset, 2018

Table 15. LLS Fossano: agri-food specialization

Enterprise	EMLE	Turn-over (€)	Birth
BALOCCO SPA INDUSTRIA DOLCIARIA	No (21,6 million of exports)	166,465,000	1949
MAINA PANETTONI S.P.A.	No (in over 50 countries of the world with exports)	86,653,000	1964
AGRI-BONINO S.R.L.	No	8,564,000	1988
PIEMONTE MIELE SOCIETA' AGRICOLA COOPERATIVA	No	6,005,000	1976
COSTAMAGNA TRACTORS S.R.L.	No	3,800,000	1970

Source: Aida dataset, 2018

Table 16. LLS Cuneo: multi-specialization

Enterprise	EMLE	Turn-over (€)	Birth
MERLO S.P.A.	Yes	367,297,000	1964
BOTTERO S.P.A.	Yes	130,533,000	1957
LANNUTTI S.P.A.	Yes	91,040,000	1963
CAPELLO S.R.L.	Yes	30,393,000	1965
COMETTO S.P.A.	Yes	18,032,000	1954
ERREBI PAPER SRL INDUSTRIA CARTARIA	No (90% of turnover from exports)	17,040,000	1976

Source: Aida dataset, 2018

Table 17. LLS Mondovì and Saluzzo: means of transport specialization

Enterprise	EMLE	Turn-over (€)	Birth
ELLERO S.R.L.	No	51,822,000	1953
FRI.TECH. S.R.L.	Yes	16,101,000	1962
VALAUTO S.P.A.	No	11,573,000	1982
VINAI & FIGLI S.R.L.	No	974,000	1870
MARELLO S.R.L.	No	4,644,000	1982

Source: Aida dataset, 2018

Table 18. Cross-sectoral diversification in the province of Cuneo

	2017								2018
	Agriculture forestry and fishing	Industry			Services			Total	Total
		Industry/ Manufacturing	Construction	Total	Trade, Tourism, Information and communication	Other services	Total		
Torino	335.6	14,249.5	2,578.4	16,827.9	16,194.2	31,542.6	47,736.8	64,900.4	65,962.1
Vercelli	139.7	1,273.5	229.0	1,502.5	723.1	1,853.2	2,576.2	4,218.4	4,308.7
Novara	102.2	2,954.5	491.1	3,445.6	1,920.8	4,280.2	6,201.0	9,748.8	9,914.4
Cuneo	837.9	4,854.1	1,014.6	5,868.7	3,288.4	6,829.1	10,117.5	16,824.1	17,070.9
Asti	192.5	1,167.2	315.6	1,482.8	1,016.7	2,251.7	3,268.4	4,943.8	5,001.7
Alessandria	298.3	2,452.7	643.6	3,096.3	2,440.4	4,840.5	7,280.9	10,675.5	10,856.8
Biella	26.6	1,142.5	213.3	1,355.8	824.6	2,031.4	2,856.0	4,238.4	4,339.3
Verbano-C.O.	10.9	656.1	210.8	866.9	855.8	1,677.8	2,533.5	3,411.3	3,460.7
PIEMONTE	1,943.8	28,750.1	5,696.4	34,446.5	27,264.0	55,306.4	82,570.4	118,960.7	120,914.6

Source: Tagliacarne Institute, 2019

Table 19. Intra-sectoral diversification (agriculture) in the Province of Cuneo

	Animal products				Related services	Forestry products	Agriculture and Forestry Total
	Meat	Milk	Other products	Total			
Torino	222,421.84	73,414.18	30,347.01	326,183.03	83,680.82	212,47	671,744.68
Vercelli	28,435.69	4,169.95	4,396.38	37,002.02	23,250.62	696,50	220,970.06
Novara	40,453.15	34,248.44	9,448.89	84,150.49	14,086.79	0,00	197,638.00
Cuneo	604,247.74	202,095.46	24,827.52	831,170.73	195,663.29	8,876.61	1,597,997.08
Asti	63,840.80	3,786.11	8,845.56	76,472.47	24,689.25	3,780.97	290,289.95
Alessandria	47,884.00	13,266.92	21,442.81	82,593.73	48,062.52	2,448.69	464,831.28
Biella	21,448.69	6,957.08	2,317.47	30,723.23	6,346.75	948.53	55,519.64
Verbano-C.O.	3,446.57	3,416.08	6,041.19	12,903.83	4,382.74	1,605.80	21,481.89
Piedmont	1,032,178.48	341,354.23	107,666.83	1,481,199.54	400,162.79	18,569.58	3,520,472.57

	Herbaceous crops						Herbaceous crops				
	Cereals	Dried vegetables	Potatoes and vegetables	Industrial crops	Other crops	Total	Wine growing	Olive cultivation	Fruit and citrus fruits	Other crops	Total
Torino	116,930.18	858.88	32,516.73	10,976.00	39,036.81	200,318.59	15,388.96	0,00	27,899.23	18,061.58	61,349.77
Vercelli	111,972.46	2,345.15	10,048.75	2,054.93	1,036.65	127,457.94	5,252.61	0,00	13,069.06	14,241.32	32,562.98
Novara	61,771.51	38.88	1,374.67	1,770.12	6,977.87	71,933.06	26,263.17	0,00	663.68	540.81	27,467.66
Cuneo	99,171.28	3,762.65	52,245.08	5,033.88	33,294.42	193,507.31	131,183.38	0,00	227,860.04	9,735.72	368,779.13
Asti	23,073.85	233.77	15,789.00	1,308.77	2,228.41	42,633.81	131,596.16	0,00	7,510.71	3,606.57	142,713.44
Alessandria	97,303.94	862.77	88,803.12	8,359.13	14,737.23	210,066.18	104,600.10	0,00	11,618.53	5,441.53	121,660.16
Biella	6,284.78	22.34	882.27	623.03	1,181.03	8,993.44	2,72559	0,00	2,176.69	3,605.40	8,507.68
Verbano-C.O.	265.46	36.20	278.10	11.73	1,281.24	1,872.73	440.34	0,00	240.40	36.05	716.79
Piedmont	516,77345	8,160.65	201,937.71	30,137.59	99,773.66	856,783.06	417,450.30	0,00	291,038.32	55,268.98	763,757.60

Source: Tagliacarne Institute, 2019

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Conclusions:

The purpose of our research was to explore in depth the multi-faceted connections between corporate welfare strategies (CWs) and local development.

Although there is a large number of studies on the topic of CSR and CW (chapter 1), to this day, the plausible connection between CWs and local development has been largely overlooked by academic studies.

Our starting hypotheses assumed that there is a plausible relationship between CWs implementation and socio-economic development.

H1: CWs are likely to foster local economic diversification in *related* and *unrelated* sectors through knowledge and entrepreneurship spill-overs;

H2: CWs are likely to strengthen local communitarian ties

In chapter one, we tried to put forth a sharable, although non-conclusive, definition of *corporate welfare*, mainly relying on CSR academic literature and *local development* corpus of studies. In order to investigate this possible relation, we referred to a multifaceted group of academic contributions and relied on social capital literature, Evolutionary Economic Geography's concept of "related" and "unrelated" variety, as well as on local development studies. The mix of these three academic literatures allowed us to develop an interpretative schema that frames CWs within local development processes.

In chapter 2, our analysis focused on Olivetti's history and Adriano Olivetti's political thought. We were pushed to dwell on this specific case for many reasons: 1) the Olivetti company is widely considered, by Italian academic literature, the *ante litteram* socially responsible enterprise. Therefore, for the sake of our study on CW and CSR, we could not avoid analyzing this paradigmatic case; 2) a more obvious hint came from Becattini's comment on Porter and Kramer's *shared value* (2011). Becattini's reference to Olivetti led us to detect, what were so far, unexplored connections between Olivettian thought and Italian local development literature.

The semantics and theoretical proximity between Olivettian thought and Becattini's contribution, whether it was concealed or simply not directly stated, runs throughout their contributions.

Indeed, this conceptual and semantical closeness is particularly unmistakable in the use of *community* concepts, which seems to be at the heart of both authors' works. Obviously, their perspectives are different: Olivetti, as entrepreneur, analysed the surrounding environment and considered the (large) communitarian enterprise to be the first lever for communitarian "local" development. Becattini, the economist mastering industrial districts and local development, dealt mainly with decentralized productive and social models and struggled to understand why and how a community of people opted for a peculiar, small-enterprise-centred development path. In other words, despite their different starting points, their thought converged on the awareness that only the (local) community could provide a socially shared sense to the economic production, by emphasising the true consistency of a particular historical *spiritus loci*.

Becattini's reference to Olivetti's case had, therefore, unearthed an intellectual line of thought that, sometimes outwardly and often implicitly, connects AO's social and political ideas to the local development literature. Hence, we went down this path of ideal intellectual line of thought and reviewed Giorgio Fuà's work (one of the few masters that Giacomo Becattini acknowledged), the theoretical cornerstones of Giacomo Becattini up to Porter and Kramer's shared value. We then proposed a reassessment of the original concept of shared value and called it "communitarian" shared value. Relying on Olivetti's, Becattini's, Porter's and Kramer's works, we defined "communitarian shared value" as "a process of symbiotic and concerted dialogue and territorial planning, involving the enterprises, the community of people and the institutional bodies. It does not involve only the consideration of the societal needs of the community by the business sector, but also a joint effort engaging interrelated local communities and productive systems under a perspective of true local development, within a multi-scalar "value" chain."

We then analysed the implementation of CWs in a specific territorial context. We focused on the effects of CWs implemented by Ferrero and Miroglio, two Albesse multinationals in the province of Cuneo. As aforementioned, by investigating the possible "external" effects that stem from larger enterprises' CW policies - such as rising levels of local entrepreneurship, a growth in the number of firms operating in related and unrelated sectors, an increase in the levels of local trust relationships - our goal was to better understand this connection (that had never been fully explored academically) and add an original contribution to the subject of "internal" CSR with external effects. Lacking general research and quantitative data on the subject, we had to rely mostly on a qualitative/ethnographic approach based on a deep analysis of literary and historical works, on the results of a web-survey that we administered to 28,759 enterprises in the province of Cuneo and on approximately 80 in-depth interviews.

Research results did not confirm the relationship between the implementation of CWs and the supposed socio-economic external effects that were underlined in our original hypotheses, rather, the outcome was different. Our results led us to propose that it is instead the "entrepreneurial style" of local multinationals to condition, in a sort of spurious relation, both the independent CW variable and the dependent variable "local socio-economic development". This relation was hinted upon more than once and confirmed by the three main groups of interviewees, especially the entrepreneurs declaring to have drawn inspiration from, through a sort of mimetic process, the entrepreneurial style of the local giant Ferrero. We called, drawing on Di Maggio and Powell's contribution (1983), this particular type of effect an "entrepreneurial isomorphism". This distinctive entrepreneurial style characterises the philosophy and concrete actions of most of the province of Cuneo's entrepreneurs, a composite productive system that encompasses different local productive systems and relies on different productive specializations.

It is a macro productive "polycentric" system that encompasses a variety of LPSs and that present hybrid socio-economic features which we ascribed to: 1) the "industrial pole" or "area of large enterprise" if we take into consideration that the role of many local large enterprises had a boost in local development dynamics; 2) the traditional local rural systems which are centred on embedded

rural enterprises that are, to this day, still one of the leading productive cores of the Province and the distinctive feature of some LLSs, such as Alba's system; 3) the purely district forms if we consider the historical, human and technical endowments that triggered the post-war economic miracle; localisation and specialisation economies that were influenced by and influenced the local "industrial atmosphere" and its human, social, entrepreneurial capital.

Nevertheless, coming back to the hearth of our research, we must say that the stream of entrepreneurial actions taken by Ferrero and Miroglio has contributed to the Langhe's economic success (which can be considered a miracle by some standards), and directly and indirectly promoted the development of a high-quality agri-food "cluster" with its core points in the agricultural sector, agri-food industry and high-quality tourism. This wave of socio-economic rebirth, that in 50 years transformed the land of Fenoglio's Malora into a UNESCO World Heritage site, began to take shape during the 1950s, particularly due to the former strategies of the two Albese multinationals.

The analysis of historical case Olivetti represents a forerunning model in subject of CSR and communitarian shared value that somehow can be referable to the cases Ferrero and Miroglio, primarily for reasons of geographical and cultural proximity. The comparison of these two models let us elaborate a practical framework that can inspire true models of local development in which, next to the entrepreneurial action that inspires a peculiar Ferrero-Olivettian style, institutions and civil society play an equally important role.

This model of local development, recalling the recent quadruple-helix model, relies on 4 main variables: entrepreneurial action, institutional actors/academia and the proactive support of civil society.

The argument developed in this research allowed us to connect 2 research streams which allow to unearth a connection that had been unexplored academically. In particular, the empirical research allowed us to relate the academic literature on CSR, with specific reference to CW, to local development corpus of studies. This is a first attempt to investigate the possible external effects of corporate welfare strategies. However, the research did not reveal causal relationships of that kind and didn't allow us to find external socio-economic effects (ss2 and se2) that derived from CW policies.

The reflection developed in this study has certainly allowed us to explore the plausible connection between 2 research streams (CSR and local development), which has been unexplored until now. This unearthed connection was explicitly revealed in the Olivettian case whose experience, in our opinion, went beyond the traditional boundaries of CSR, and forged a new collective socio-economic paradigm that surpassed the enterprise's boundaries by creating a "communitarian" shared value. The experiences of Ferrero and Miroglio are, in a certain sense, the complete and partial concretization of the Olivettian teachings.

The study of these entrepreneurial experiences has also allowed us to reiterate some observations that the academic literature on CSR and local development had already partially highlighted.

The primarily fact is that it is easier for large companies to implement efficient private CWs. The

greater availability of resources and the need for more structured organizational systems enables and drives larger companies to invest more in CW. Similarly, scientific research has shown how smaller enterprises have a harder time structurally implementing decisive CWs: the organization of more flexible work hours and personalized workloads are normally the only measures introduced in some Italian SMEs (Lombardo and Viganò, 2014).

Secondly, our study reiterated that the scope and interest of the literature on local development must extend beyond the traditional approach that viewed the community of people and the population of small enterprises engaged in decentralized development processes as the main focus. Therefore, Ferrero and Miroglio represent excellent examples of embedded large enterprises capable of triggering "hybrid" and virtuous local development paths in which centralized and vertically integrated forms of production are combined with more decentralized and semi-district production forms. It is this winning combination between large proactive companies that act as knowledge and technological gatekeepers, local community and population of small and medium-sized enterprises that enhance local productive vocations and *spiritu loci*.

We can conclude with stating that both Ferrero and Miroglio acted, throughout most of their company's history, like veritable Olivettian communitarian enterprises, perhaps inspired by (also due to geographic proximity) the Olivettian philosophy. As a matter of fact, their CW actions, historically being a wise combination of internal CSR and external measures, can be undoubtedly associated to the principles of Porter's shared value (2011) or better, to the Olivettian communitarian shared value.