



*Ministero dell'Istruzione
dell'Università e Ricerca*



UNIVERSITÀ DEGLI STUDI DI SALERNO

UNIVERSITY OF SALERNO

**DEPARTMENT OF BUSINESS STUDIES
MANAGEMENT & INFORMATION TECHNOLOGY**

(DISTRA - MIT)

Ph. D.

***“Marketing e Communication”
(XIII Ciclo)***

**Contractual agreements and International Marketing:
research on the prevalence of the type of contract in
Italy and reflections on internationalization**

Candidate

Dott. Antonio Siniscalchi

Tutor and Coordinator

Ch.mo Prof. Alfonso Siano

Academyc Year 2015

**Contractual agreements and International Marketing:
research on the prevalence of the type of contract in
Italy and reflections on internationalization**

Actually, in public-private organizations, governance has changed in nature, in intensity, as well as in the variety of different stakeholders expectations.

The work aims to qualify the relationships between strategic actors of a territory useful to develop local network for facilitating internationalization process. In particular, it is analyzed the Institution role as the able to mediate, coordinate promote local service systems on international scenarios. The main constraints to the development of international SMEs are mainly represented from the presence of a gap in relation to cognitive and managerial opportunities in international markets and the lack of economic adequate structure useful to be competitive in global contexts. For this reason, it would be desirable a smart entity for governing the mediation process of different local actors' expectations. According to this coordination role of governance, we analyze Institution, whose al mission is the promotion of SMEs on international markets. Two main lines of action characterize Instituon role: a) the activity of training and information to deepen and support existing know-how; b) the creation of contacts abroad, supporting enterprises at fairs, during commercial missions and business meetings in order to accelerate the achievement of positive economic results deriving from the International action.

This means Istituion as a governance entity able to play a prominent role in international local networks for supporting visibility and recognition of a whole local service system, coordinating economic capabilities, pressures, resources, and socio-technical system and relationships. In this view, it is favored a distinctive identity for a substantial competitiveness on international markets.

From government perspective, structural and systemic change reflects the relevance of synergic relationships between various local s and private actors based on collaborative and cooperative project.

Today, global competitiveness suggests to each organization to share own business with other similar entities to develop business in itself but through the participation to collaborative ventures for value co-creation. This means, actual competitiveness needs resonant interactions in network systems in which, each partner shares informative units, interpretative schemes and category values for developing internationalization processes.

About competitiveness becomes relevant governance role, as multilevel governance, for coordinating strategies and actions and mediating public and private expectations according a bottom-up process of participative planning. In the service era, people and organizations cannot express own competitiveness in business if they are strictly autopoietic, because by themselves they are not able to manage the strong variability of the local and global contexts. This implies that organizations of local services must participate to virtuous processes of promotion and of strategic planning, shared by the local productive and social system and sustainable by the global markets. Multilevel governance refers to the relationship between different local actors and to their economic cohesion or consonance, stressing the relevance of multilevel policies as well as the value co-creation (resonance) for the whole local service system. It seeks to provide a critical understanding of local cohesion as a policy and economic aim for territorial system, interpreting governance dynamics within the frame of the transformation

of the government activities and the emergence of complex and collaborative decision-making processes.

Starting from a review of the literature on the transformation of the business logic with regard to the emergence of a new governance based on collaborative business approach, the work offers an analysis of a local shared governance, stressing the relationship between no-profit governance and territorial consonance according to collective agreements as instruments of local network contracts.

In recent years, the main focus of territorial policy has been on sustaining growth to make local systems more competitive. This is complicated because each territory is different from the others in terms of resources, capacities, competencies, social characteristics which imply specific policy and investment needs. In this perspective, it is necessary to address competitiveness of local economies through a multilevel governance mechanisms on which the implementation of development strategies is based.

Multilevel governance, which can be understood as the exercise of authority and the various dimensions of relations across levels of government, has changed. In particular, decentralization has delegated to local governments more autonomy in decision making and increased their capacity to formulate and deliver local policy of development. Local governments, due to their economies are increasingly exposed to global competition, have to guide - in collaborative manner - strategies useful to give a positive impact on improving the competitiveness of the whole local service systems. In this way, governance has become both more complex and more demanding, involving multiple public and private actors and requiring a rethinking of how to govern participating and

cooperating. The enhancement of the role of regional no-profit organizations such as Institution and the reformulation of international projects is justified by some theories, as Public Governance (PG), Network Theory (NT), Resource Based View (RBV), Service Science Management Engineering+Design (SSME+D) and Viable System Approach (VSA).

The PG through the composition of formal and informal relationships, vertical and horizontal, integrates the perspective of a single organization with the networks. This change of perspective suggests the widespread adoption of the NT logic useful to verify the weights and the proper definition of the strategic roles of different actors in a territorial perspective of appropriate services to enterprises (i.e. Intertrade activities) for internationalization. Obviously, it is important maximize collaborative synergies implemented by the prominence role in governance networking.

This means that local networks are suitable to realize the collaborative competitiveness, relating to the propositions of the SSME+D within service systems. In fact, the SSME+D considers performance and competitiveness depending on service systems, that are dynamic configurations of resources.

The proper functioning of the local network for internationalization is connected to the sharing of knowledge (RBV) as a source of competitive advantage-sustainable and difficult to replicate because based on the structured knowledge and the peculiarities and needs of involved actors of whole local system.

In VSA view the interpretation of the entrepreneurial tissue as an organized cohesive entity (evolving system) suggests a smart governance to address and

coordinate in a manner consistent the expectations of stakeholders involved and the expectations of the market.

In this perspective, Institution, represents a both responsive and proactive system of governance able to define the cognitive approach to support SMEs in the internationalization process, but also to coordinate participative structures suitable for the emergence of a competitive whole territorial system. The shared governance action, in the systems approach, aims to qualify firstly a collective identity in order to ensure even for every individual node equifinality and competitiveness in the internationalization process of territorial systems.

According to our integrated methodology, Institution looks like a strategic component of local government oriented to promote internationalization processes, in an evolutionary perspective. This means, however, Institution has to acquire a more central role and an identity like a pro-active governance for supporting and promote the productive system of Salerno on the global markets.

The Smes, among which there are also best practices, do not possess the vocation to deepen in an organized and collaborative manner the challenges of globalization. For this managerial lack, Institution supports Smes to approach to the foreign markets but this promoting activities appear not consonant with the real enterprises needs. According to this gap, Institution has changed its planning, focusing on two main objectives: 1) international promotion of whole local service system; 2) international supporting and promotion of local service sectors of the whole territorial system.

The previous objectives have been defined according to the bottom-up logic; in other words, starting from the sectorial best practices, Institution tends to

generate a virtuous circle of syntropy among local capacities for developing a smart whole local service system, highly integrated in global scenarios thanks to the political relationships with foreign actors, as figure 1 shows.

In SSME+D&VSA perspective, this means Institution is a strategic node of the multilevel governance to establish consonance conditions (drivers) to coagulate the stakeholders different viewpoints about a shared process of the entire internationalization system, defining a series of actions to improve the local service system reputation on global markets. These actions of supporting and promotion find answers within Institution, which is the prominent actor for the coordination of internationalization strategies.

Institution is an entity that we qualify as a territorial “star” node for local service system internationalization. Such role combines: i) an identity as organizer as much as co-ordinator of international processes, but with lack identity as proposer that can establish guidelines/planning in terms of participation in politics; ii) a time of concerted action to promote specific timely international cooperation programs. Indeed, participatory/collaborative/communicative planning local governance is built on the search for collaborative synergies that can generate virtuous circuits of co-creation value in the whole local service system.

The focus on Institution governance is certainly that to intercept and to consolidate the approval of a structure broadened of relationships between local stakeholders with a “variable geometry” logic in which the local, national and international intertwine and create a series of coordinated actions necessary to ensure effectiveness and efficiency in the processes of internationalization. This

implies an improvement of the role of Institution within a contemporary reinterpretation of the territory as a whole system to promote and whose competitiveness is the result of collaborative synergies co-directed between public and private actors. The adoption of such a systemic view of the territory implies, therefore, the promotion of local networks whose international competitiveness derives not only from the endowment but also by the structural dynamic behavior.

From SSME+D view, international service systems are dynamic configurations of resources able to create and deliver value for stakeholders. In such perspective, Institution is classified as a strategic hub of governance, as generator of professional network services that support and urge for internationalization. This is the result of an internal process of value co-creation that seeks to establish a destination brand consistent with local conditions; but also through an external process that tends to improve the brand reputation (territorial and productive brand) mediating the satisfaction of the interacting entities. The definition of a brand destination implies the design and implementation of a service structure, that ensures the sharing of resources able to produce greater benefits for all actors interacting according to a win-win logic.

The territory may be represented by the lower, and/or greater degree of cohesion and cooperation among actors by local multilevel governance.

If the territory is considered as a “set of resources”, the competitive advantage is based on the personality of companies involved in the international market; network components interact without a common evolutionary planning, their purposes are independent, the connections are dotted and it is not possible to identify a shared governance able to provide guidelines and rules. In an integrated

SSME+D&VSA perspective, local network is an in embryo system that has no clear and shared identity within and outside the territory.

If the territory is considered as a “product to promote” the competitive advantage is based on territorial identity characterized by all the visual elements through which it represents itself in the context of a global system. In this case, the competitive strength depends on the ability to read the context and from the definition of a proper communication with stakeholders' expectations. The focus is still represented by tangible goods offered by SMEs of Salerno but the service component begins to foresee itself.

If the territory is conceived as a generic “scenario” then the competitive advantage is based on the image defined as a subjective perception not standardized that the stakeholders have about the territory at a given time. It constitutes, thus, a complete system in which a government provides guidelines (constraints), defines roles (rules) and exercises strict control. A limit of this system is the lack of stability resulting from the variability of decision makers that are based on different interpretative patterns and value-categories with the consecutive creation of a reputational gap. In terms of SSME+D, it configures the delivery of valuable services, but this value has a very short life cycle, leaving no sediment in the social structure of the territory.

If the territory is conceived a “system”, the competitive advantage is based on reputation or on socially shared judgment based on the enduring capability to create value for stakeholders. In this context and in SSME+D perspective, territory is described as a viable system or stable service system whose the competitive advantage is based on a whole local service system; in this view,

Institution plays the role of coordinator and proposer that by its action enhances the place reputation and, therefore, increases the distinctiveness of the competitive advantage. So, in the transition from Local Area to Local Stable Service System, territory is no longer the object but the subject able to express, through a clear and smart governance, competitiveness (consonance and reputation) in the international arena. The competitiveness of the LSS depends on the sharing of a global value propositions through a multi-level governance representative of the local components. In this way, Institution must manage, with the other multilevel governance actors, two drivers:

1. the consonance: evaluation of structural conditions necessary to the sharing of value propositions at international level in order to define a brand destination;

2. the reputation: evaluations of the conditions of the system to generate trust capital in order to enhance the place reputation of the whole local system.

For an identification of these drivers, it is necessary to ponder the attribution of specific weights to the each items in order to define the drivers impact on the value co-creation in the international network. This goal will be pursued in further research.

In today's internationalized setting, territories have difficulty in surviving and developing, due to lack of systems and the widespread idea of local area as an object instead a system in competition.

Therefore, local smart governance has to be a suitable multilevel governance to: guide strategic decisions, identify main factors for the competitiveness of a Local Service System (LSS), mediate different interests, co-finalize the effort of different local actors according to shared projects, monitor the adoption and the assimilation of the value co-creation perspective in the whole local service system.

With reference to the Italian experience, improving forms of cooperation to carry out joint projects directed to the international development of the territory as a system, it is reasonable to consider the instrument of network contracts. The network's contract offers the ability to create extended networks – locally and globally –, able to support the international development of the whole local service system. The main limitation of this contractual agreement is the need for a smart multilevel governance for the coordination and dissemination of knowledge and to avoid systemic entropy.

In general, this network contracts have the main objective in the definition of dispositive rules, through which enterprises, while remaining independent, they can participate to common international projects, in particular for increasing the competitiveness of individual SMEs, but even of the whole local service system. The network contract is also an opportunity for companies that do not have a strong weight in local and/or global markets, fail to achieve sufficient protection, especially in supply chain relationships. In particular, this contract is a network tool that allows small companies without sufficient financial resources and expertise, to undertake a participatory form of development and to be guided in the internationalized scenarios. Therefore, the network has need to be constructed

in terms of internal resonance in order to link up and integrate the network into international contexts with a sustainable competitive advantage and stable and strong reputation. By the network contracts, Institution could generate synergies between producers, distributors, suppliers of goods and services, research laboratories, s and other actors for carrying out virtuous processes of internationalization of italian SMEs. From an integrated SSME+D-VSA perspective, Institution may be able to implement a specific structure as a function of the potential expressed by the expanded framework, governing the international network throughout its life cycle.

The value of this work lies in the qualification of the territory as a system that evolves in order to build a reputation for the entire LSS. In fact, by the sharing of information units, interpretive schemes and value-categories a multilevel governance can build a strong local identity and, therefore, a value proposition in the local and international context. LSS can be vital if the territory recovers survival conditions for ensuring the equifinality for each actor. In this scenario, the chance to strengthen the cohesive role of Intertrade for promoting and monitoring local networks for supporting internationalization processes represents the milestone for the smart multilevel governance of the local whole system. In conclusion, the territorial organization of the administrative authority is now increasingly unrelated to the logic of hierarchical power. In this perspective, the government cannot be defined as the set of techniques and procedures to direct the conduct of individuals throughout the course of their lives, subjecting them to the authority of a responsible but powerful leadership. The smart governance

tends to create a sharing between the multitude of local actors, according to a collaborative and cooperative efforts.