

ORGANIZATIONAL IDENTITY AND IDENTIFICATION PROCESSES: ENRICHING THEORETICAL TOOLS TO STUDY INDUSTRIAL DISTRICTS

Lucio Biggiero and Alessia Sammarra

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1. Introduction: the rationale for dealing with identity and identification

Becattini's (1979, 1989, 1990) "simple" redefinition of the research object from "industry" to "district", that is, from a product/market-based definition to a territory-based one, allowed for an enlargement of the scope of economic analysis which has shown complex interactions between social and economic aspects of regional studies, and specifically of industrial districts, in the realm of industry studies. In order to explain such a complexity and its evolutionary character, many scientific disciplines entered the field, with their theoretical tools and empirical methodologies. In a sort of "snowball effect", sociologists, management scholars, geographers and historians developed researches or suggested ideas and hypotheses concerning IDs, besides heterodox industrial economists. Consequently, specialists in the field had to progressively take into account the new perspectives and studies which were emerging in an unending body of literature.

Therefore it is with caution and understanding possible negative reactions of some readers, that we propose other theoretical tools. They belong to a rather different discipline from the ones "traditionally" employed in these studies, especially when carried on by industrial economists, heterodox or orthodox as they could be. The discipline is social psychology (Jones, 1998), and the theoretical tools are derived from Social Identity Theory (SIT), and partially already developed in the field of management studies under the heading of organisational identity and identification processes.

The rationale for such a further enrichment of an already rich field of research is to explain thoroughly those behavioural factors of competitiveness that scholars traditionally recognise as distinctive features of IDs such as trust, co-operative attitude, and citizenship behaviours. Of course they are not the only sources of district competitiveness. Low wages and low prices are often mentioned as sources of competitiveness of Italian districts (Bagella and Becchetti, 2000), although it seems that these factors were mainly relevant in the early stages of districts' development ('70 and '80), and they were limited to low-tech districts (Brusco, 1986; Brusco and Paba, 1997). Other important sources of district competitiveness are also scale and scope economies (Belussi, 1992), agglomeration economies (Bagella and Becchetti, 2000), technological and organisational innovations (Albertini and Pilotti, 1996; Belussi and Gottardi, 2000; Brioschi and Malerba, 1997), and institutional

settings (Amin and Thrift, 1994; Albertini and Pilotti, 1996; Belussi and Gottardi, 2000; Brioschi and Malerba, 1997). However trust, co-operative attitude, and citizenship behaviours are stimulating a growing interest in recent studies. In particular, trust is viewed as the determinant of low transaction costs within the district (Biggiero, 1999, 2001a; Dei Ottati, 1994). Growth of social capital, of territory value, and processes of collective learning (Keeble and Wilkinson, 1999) are indicated as the engines of district competitiveness (Brusco and Paba, 1997). Solidarity mechanisms (Brusco and Paba, 1997; Brusco and Solinas, 1997), identification and attachment to territory (Bagnasco, 1977; Camagni, 1991; Trigilia, 1989), and some kinds of formal (institutional) and informal (tacit) norms of behaviours (Amin and Thrift, 1994; Goodman and Bamford, 1989; Grabher, 1993; Pyke, Becattini and Sengenberger, 1990; Pyke and Sengenberger, 1992) are also mentioned as distinctive features of IDs.

Although trust is investigated also in industrial organisation approaches (Williamson, 1985, 1993), in sociology (Gambetta, 1988) and in management studies (Lane and Bachmann, 1997; Kramer and Tyler, 1996), and co-operative attitude in game theory (Axelrod, 1984), we believe that a full and thorough understanding of these behavioural factors of competitiveness can be really obtained only putting into play social psychology. Indeed, the emergence of trust, identity and social norms is a central issue in social psychology. The study of IDs can substantially benefit from taking that perspective into account since there is complementarity rather than juxtaposition with the management and economic approaches to trust (Lane and Bachmann, 1997; Kramer and Tyler, 1996), with neoinstitutionalism (DiMaggio and Powell, 1983; Zucker, 1986) and regional systems of innovation (Braczyk *et al.*, 1997; Cooke *et al.*, 1997; Howells, 1999) as concerning the effects of social norms, and with the resource-based approaches to knowledge creation and transfer (Kogut and Zander, 1996).

In recent works we already tried to articulate a theoretical framework which applies social psychology, introducing the concept of district identity and its link with the factors/sources of district competitiveness (Sammorra and Biggiero, 2001a). We also attempted a first operationalisation of this framework in an empirical investigation of the biomedical district localised in Italy (Sammorra and Biggiero, 2001b), whose main results are briefly sketched in the study published in the second part of this volume (Biggiero and Sammarra, 2002). Drawing on these works, the present study is aimed (i) to refine the building blocks of the identity approach to IDs, (ii) to justify the rationale for this theoretical enrichment and (iii) to locate the identity approach into the existing literature on IDs by comparing it with current frameworks rooted in the social, economic and management theoretical approaches.

The work proceeds by identifying two main perspectives which emerge from the large body of literature on IDs, and by locating the identity approach within them. Then, we develop the concept of district identity and we discuss the basic hypotheses and methodological implications necessary to accept and sustain that idea. Finally, we discuss antecedents and consequences of identification

processes with the district, and we outline their relevance for explaining district firms' behaviour and competitiveness.

2. District identity: a reconciliation between classic and emerging interpretations

In the growing body of literature on IDs two different theoretical perspectives can be identified. The first is largely attributed to Marshall's idea of 'industrial district' (Marshall, 1919) and to the following re-elaboration and development of his original intuition proposed in the 'flexible specialisation model' (Piore and Sabel, 1984) and in the classic writings of Becattini (1979) and other Italian scholars (Brusco, 1982). In this view, IDs are portrayed as a spatial agglomeration of small-sized firms that springs from a centennial tradition of artisan skills and benefits from a highly homogenous culture and population where overlapping personal relationships and common institutions assure forms of social and economic co-operation (Lazerson and Lorenzoni, 1999b).

This classic view on IDs has been more and more criticised because it provides a stereotypical description according to an ideal model of canonical district that is very far to reflect the structural heterogeneity shown by recent empirical evidence, either at worldwide (Perry, 1999; Pyke and Sengenberger, 1992; Rabellotti, 1997; Unctad, 1994) or at Italian level (Biggiero, 1999; Panicia, 1998; Corò and Grandinetti, 1999; Boari and Lipparini, 1999). Moreover the traditional approach overlooks the importance of the social context, limiting the unit of observation and analysis to the district as a whole and neglecting the strategic role played by focal firms (Lazerson and Lorenzoni, 1999a).

In Italy, during the latest years many scholars in the field of management, strategy and organisational design and theory have been claiming that classic analysis on IDs - what we called 'first perspective' - has become too strongly concerned with an over-socialised approach which overlooks the role of the district as a meso-entity in which the socio-economic conditions for the generation of competitive advantage and value creation are analysed exclusively at the aggregate level (Ferrucci and Varlado, 1993; Lipparini, 1995; Lorenzoni, 1997; Rullani, 1997; Lazerson and Lorenzoni, 1999b). As Rullani maintains "the affirmation of the district as meso unit of observation has, at the same time, led to the disappearance of the firms as autonomous actors" (1997: 57). This criticism has motivated the emergence of a second theoretical perspective that presents contrasting views in relation to the classic one and that is much more focused on the role played by individual firms. This emerging theoretical perspective shifts "the unit of observation from the district as a whole to the network of firms, and - within the network - to the leading firms" viewed as strategic centres (Boari and Lipparini, 1999: 340). In this second perspective, the individual firm is considered to be the ultimate driver of the changing process of the district because it is mostly at the micro level of analysis that we can best

understand meaningful emerging phenomena that can modify and shape the district's structure and evolution such as the moderate hierarchisation of originally destructured inter-firm relationships (Boari and Lipparini, 1999), the entry of external actors by acquisitions of endogenous firms (Biggiero, 2002), the tendency towards geographical relocation, the emergence of IDs specialised in modern and high-tech sectors that are not linked to the artisan traditions of the classic *made in Italy* sectors (Biggiero and Sammarra, 2002), and the formation of large firms that coexist with small and medium sized firms within the district (Belussi, 1992; Biggiero and Sammarra 2002; Lazerson and Lorenzoni, 1999a, 1999b).

The fundamental contribution of this second perspective is the understanding that district firms are not homogeneous and that their individual capabilities and resources are not deterministically forged by the characteristics of the local environment but that they are largely the outcome of each firm's strategic choices, dynamism and entrepreneurship.

However, as the classic perspective came to simplistic and often stereotypical interpretations by neglecting the role of individual firms in favour of considering the district as a macro-entity, a theoretical explanation exclusively centred on the role played by individual firms, mostly presented as leading actors or strategic centres, risks to fall in the opposite reductionism that fails to recognise the existence of the district as something more than just a sum of individual firms or, at most, one of production networks led by few focal firms. When we choose the district as the research object, then that one is the whole, that is the macro-system unity under investigation (Biggiero, 1999). Inside districts can be identifies elementary (micro-)units of analysis, which are the individuals (workers, entrepreneurs, etc.), and also a meso level, which in this case is represented by single organisations (firms, associations, consortia, etc.).

A deeper understanding can only be achieved through a bifocal analysis capable of linking the role of the local context with the behaviours of the single firms which contribute, with their actions, to shape the district environment and to generate the cultural, social and knowledge resource-base of the territory. In this vein, simplistic interpretations risk to appear as both the classic perspective, exclusively centred on the analysis of the district as a whole and forgetting the individual firms that actually form and foster the district, and the one centred on the examination of focal firms and their ability to manage exchange relationships, which neglects the role of the district as repository of the intangible resources generated from the idiosyncratic interaction between economic actors and their local environment.

In order to reconcile the duality of these interpretations, we need to further explore the behavioural and cognitive dimensions of agglomeration processes that lead to both the formation and maintenance of IDs and to other forms of local production networks. In this perspective, some authors claim that the existence of localised production networks lies on the potentiality to reduce inter-firm

co-ordination costs, and to enhance co-operation, knowledge transfer, and innovation based on identity creation and participation at the local level (Storper 1993; Rullani, 1997). Sammarra and Biggiero (2001a) developed this suggestion introducing the concept of *district identity as the missing link between the classic perspective, based on the macro-level analysis focused on the district as a whole, and a meso-founded approach which takes the single firms as units of observation*. We argue that district effectiveness in enhancing co-operation, co-ordination, knowledge transfer and innovation depends mostly on how firms perceive and evaluate their space and how they evaluate their belonging to the local territory. Furthermore, we claim that identification with the district involves qualitative changes in the way firms interact that contribute to enhance the reservoir of social knowledge available within the network.

3. The concept of district identity

SIT (Tajfel, 1978, 1981; Tajfel and Turner, 1979; Turner, 1982, 1985; Turner *et al.*, 1987; Abrams and Hogg, 1988) and its recent applications in the field of management and organisations (Albert and Whetten, 1985; Ashforth and Mael, 1989, 1996; Dutton *et al.*, 1994; Peteraf and Shanley, 1997) provide a fundamental contribution which allows to extend the concept of identity and identification to the study of IDs (Sammarra and Biggiero, 2001a).

Paralleling Albert and Whetten's definition (1985), *district identity* represents a cognitive construction of what the firms perceive as *the set of central, distinctive, and enduring characteristics of the district* (Sammarra and Biggiero, 2001a). *Central attributes* refer to common features among district members in terms of formal and structural aspects, such as the firms' size and ownership structure; in terms of relational features, such as overlapping social networks and communication patterns; and in terms of informal and symbolic features, such as institutional and historical background and social habits. *Distinctive attributes* refer to those features that emphasise similarities among district members and differences in relation to outsiders. For instance, geographical localisation may become a salient component of district identity, making it possible to distinguish district members from similar organisations, such as other small and medium firms specialised in the same economic sector but located in a different territory. Finally, *enduring attributes* refer to those features that characterise the district with some degree of temporal stability and continuity. The emergence of a district identity presupposes a cognitive effect, the recognition that the district exists as a by-product of the actors' attempt to scan and make sense of their competitive and social environment. It also provides an evaluative effect based on the appreciation of the district's attributes, upon which a collective identity may be built.

As it follows from the above definition, two main theoretical implications are involved in the concept of district identity. The first concerns the consideration of the firms as cognitive actors; the

second refers to the eventual qualification of the firms' cognitive abilities in terms of categorisation processes (Sammarrà, 2000).

With respect to the first implication, two approaches can be taken, both based on the idea that organisations are cognitive systems, and that they can be considered as collective minds expressing intentions and looking for identities. The two approaches differentiate essentially –but not only– on the methodological side, because of the difficulty to carry on empirical researches which treat and investigate organisations as collective minds. The first one holds that it is possible, although difficult, to understand and describe organisational identity searching among formal and informal communication flows, artefacts and symbols. Ashfort and Mael (1996) argue the existence of organisational identity as the “character” or the stylised narratives about the “soul” or essence of the organisation, advanced by stakeholders as claims about meaning (p. 21). The notion of “character” is necessarily inclusive and fuzzy, encompassing aspects of mission, values, ideology and beliefs, norms, competencies, and customary ways of doing things” (p. 23). “Thus, in a real sense, organisational identities exist because they *must*” (p.21). Authors looking at organisations as cognitive systems and sensemakers share the same perspective (Gioia and Sims, 1986; Weick and Bougon, 1986; Weick and Roberts, 1993; Weick, 1995; Biggiero, 2000). There are many ways to carry on such investigations, they are very time consuming, and usually involve ethnographic methodologies. In any case, these kind of researches are just at an early stage in the field of organisation studies.

The second approach tries to be more efficient by simplifying the investigation. This means that, under some assumptions and circumstances based on the low size and low complexity of the organisation, its mind can be equalised to that of its representative. According to this simplified approach, whenever we refer to organisations as cognitive systems, we actually consider cognition by a firm to mean cognition by entrepreneurs, individual top managers or by top management teams. Indeed, in the latter two cases, the issue of how “merge” individual identities in a single one is posed again, and leads to the same problem and assumption of a collective mind and identity. This is, for instance, the line followed by Peteraf and Shanley (1997) in applying SIT to strategic groups.

Both approaches are juxtaposed to methodological individualism and its application in sociology and economics, even though the former is more radical and explicit in sustaining the existence of collective minds and cognitive systems others than individuals. Since we also adopted the simplified approach in our empirical research (Sammarrà and Biggiero 2001b; Biggiero and Sammarra, 2002), in the rest of this essay we stick to it, while in next section we discuss some implications of the former (more radical) one for current economics and management theories.

As concerning the hypothesis of firms' cognitive abilities in terms of categorisation processes, several studies in the strategic field show that the managers' mental models of their relevant competitive environment are built through processes of cognitive categorisation (Rosch, 1978; Porac

et al., 1989; Porac and Thomas, 1990, 1994; Porac *et al.*, 1995; Borroi *et al.*, 1998). Cognitive categorisation means that to make sense of their external environment, managers code the similarities and differences between organisations in a summary fashion, by clustering attributes that co-occur across an organisational field into general categories. Firms differ in how well they represent a category ideal, leading to a core-and-periphery structure. Core firms are those which are closer to the category ideal, and they are used as referents in similarity judgements to clarify ambiguity and define category boundaries (Porac *et al.*, 1995; Reger and Huff, 1993). The empirical studies on the Scottish knitwear industry (Porac *et al.*, 1995), then replicated in the Carpi textile-clothing ID (Borroi *et al.*, 1998), have confirmed that managers and entrepreneurs form their own vision of their relevant competitive environment in terms of cognitive categories in order to simplify it.

In this vein, we define the *perceived* district identity as a cognitive category that managers and entrepreneurs in the district form through categorisation processes aimed to define the district's boundaries and features on the basis of a set of central, distinctive and enduring attributes which co-occur among the firms in the district. District identity is in this sense a prototype, that is, a subjective representation of the defining attributes of a social category - the district in our case - that capture the context-dependent features of group membership, often in form of representation of exemplary members (Hogg *et al.*, 1995). The cognitive construction of the perceived district identity in the managers' and entrepreneurs' minds has important consequences for the firms' behaviour and strategic choices. First, the district's boundaries are defined so that it is possible to classify other organisations as in-group and out-group members, that is, to distinguish firms that belong to the district (the in-group) from the external firms (the out-group). Second, the behaviour of organisations perceived as group-members become more predictable as a consequence of the categorisation process. However the focus on a selected set of central and distinctive attributes suggests that there will neither be unanimity among observers regarding the groups membership, nor unanimity of expectations about the members' behaviours.

A further clarification is necessary to refine the concept of district identity. District identity can be analysed at firm and collective levels. At firm level, we use the term of *perceived* district identity in order to underline its subjective dimension. The perceived district identity represents a sort of cognitive map that each firm in the district forms to make sense of its relevant environment. The set of attributes chosen to define the district identity is not objectively given: each firm select its own set according to the subjective categorisation processes followed by the entrepreneur or management team. This means that the selected set of attributes can differ among firms and, consequently, that different firms can hold different perceived district identities, that is, different views about what is central, distinctive, and enduring about the district they belong to. Building from this definition of perceived district identity, we posit that, at collective level, it is possible to have multiple district identities when different

conceptualisation exist regarding what is central, distinctive and enduring about the district. As Albert and Whetten (1985) pointed out even within a single organisation, it is possible that multiple identities coexist. If all the members and units in the organisation share a common view about what is central, distinctive and enduring about the organisation then, at collective level, the organisation has a mono identity. If the members conceptualise differently the organisation they belong to, or stated in another words, if they have different perceived organisational identities, then, at collective level, the organisation has a multiple identity. By the same token, we state that the *collective* identity of the district derives from and is composed of the perceived district identities held by the single firms, and that, at collective level, there can be a mono identity or multiple identities of the district. The first case occurs when the perceived district identities held by the single firms are consistent and coalesce, at collective level, into a unique and shared district identity. The second case happens when the beliefs embedded in the perceived district identities are many and different, and form a multiple and differentiated district identity at the collective level. At first sight, this seems the case of IDs, where trade associations, trade unions, public institutions, small firms and large companies are likely to attain and perceive (partially) different identities. In the long run, a reciprocal feed-back mechanism is likely to emerge between district identity at firm and collective level according to a circular process of influence: the collective identity of the district is forged by the process of convergence or divergence among the perceived district identities held by the single firms and, in their turn, the perceived district identities held by the single firms evolve and change under the influence of the collective district identity.

In a dynamic process, considering the peculiar structural features of IDs, it might reasonably be argued that the perceived district identities held by the single firms are likely to converge into a widespread and uniform collective identity. The reason is that physical proximity and a high degree of network density, due to the division of labour among district firms and also to the existence of overlapping social ties outside of the firms, facilitate the enactment of social influence based on formal and informal communication within the district. Moreover, other mechanisms of social contagion are related to work flows which are usually contained within the districts' borders: both entrepreneurs and workers normally live in the same community where they work; frequently also where they have grown and it is likely that they have been trained in the same schools and that they have gone through common previous work experiences in the same firms. Even the specialisation in the same economic sector can contribute, in addition to the other factors so far discussed to promote the convergence of the perceived district identities held by the single firms towards the formation of a shared and consistent district identity at collective level.

However, it is also possible that the perceived district identities held by the single firms evolve overtime according to a differentiating process under the pressure of divergent forces such as the

entry of new actors within the district coming from different sectors or regions which may hold very different cognitive maps concerning how to compete in the district. Also the diversification into new economic specialisation or the evolution towards *pluricultural districts*, that are districts specialised in more than one economic sector, can prevent the process of convergence towards a unique and shared district identity at the collective level because the presence of different entrepreneurial and cognitive maps reduces the potentiality to construct cognitive categories based on a similar conceptualisation of the district.

4. Can districts have identities?

The concept of district identity introduced in the previous section implies the following hypotheses:

1. district and its members hold their own specific identities;
2. the attributes of such identities are comparable;
3. the subjective perceptions of single district members do really matter.

The first hypothesis, which is also the most complex, reminds to an old dispute within social sciences. It could be synthesised this way: are cognitive traits like intentions, decisions, preferences, and thus identities, attributes limited to individuals or can they be extended to groups of individuals, like organisations and, consequently, to groups of organisations like networks and districts? Following methodological individualism (Donzelli, 1986; Hayek, 1976; Rothbard, 1979), neo-classical economic theory (Schmalensee and Willig, 1989) and partly also sociology (Coleman, 1990) answer negatively. Therefore they deny that identity can be assigned to an organisation and, thus, to an inter-organisational entity as a district. According to this perspective firms have only one “intention”: profit maximisation. In the more extensive (because comprehending also non profit organisation) and recent version of that paradigm –the agency cost theory- the intention is to maximise expected subjective utility of the principal and the agents (Jensen and Meckling, 1976; Fama, 1980). Identity and other attributes are just factors which contribute to the maximisation of the utility function (Akerlof and Kranton, 2000). Identity-related behaviours are motivated by the payoffs people can derive from their own actions and from others’ actions. In a more or less explicit way, identity and identification processes are variables in the utility or production function, reflecting the well known –and also extensively criticised (Simon, 1983; Biggiero and Laise, 1998)- framework of neo-classical economics.

Management, organisation science and social psychology hold the opposite viewpoint: beyond the rejection of profit (or utility) maximisation as the sole goal, organisations are seen as cognitive systems (Tenbrunsel *et al.*, 1996), which have an identity (Albert and Whetten, 1985; Ashforth and Mael, 1989, 1996; Kogut and Zander, 1996; Whetten and Godfrey, 1998). In this view, Kogut and Zander state that “what makes a firm’s boundaries distinctive is that the rules of co-ordination and the

process of learning are situated not only physically in locality, but also mentally in an identity ” (1996: 515).

Cybernetics (Biggiero, 1999, 2001b; Foerster, 1982; Maturana and Varela, 1980, 1987), theories of complexity (Biggiero, 2000, 2001a; Casti, 1994), and the developments of sociology (Eve *et al.*, 1997; Luhmann, 1984, 1990) and of management and organisation sciences, which explicitly apply complexity theories to human organisations (Biggiero, 2000; Organization, 1998; Organization Science, 1998), share this second perspective. They redefine the concept of emergent properties of complex systems, which is inherently incompatible with methodological individualism. Indeed, if there were no emergent properties, that is, if a system (an organisation) was simply a sum of single parts (individuals and things), there would not be any reason to consider it as a unity, as a whole system (Flood and Carson, 1988; Klir, 1991). Besides complexity deriving from computational problems, its behaviour would be predictable and understandable by knowing that of its parts. It would not exist any need for holistic (systemic) view, and thus, any stance for collective mind or system’s cognition. Even if we cannot deeply address this issue here, we want to mention briefly three new arguments in favour of emergent properties: 1) largely unpredictable effects of interactions between the parts (individuals, groups and things) of a system (Biggiero 1997); 2) impossibility to perfectly (or sufficiently) know the initial state and the dynamics of a system and of its parts (Biggiero 2001b; Peitgen *et al.*, 1992); 3) feedback effects between the system and its parts (Flood and Carson, 1988; Klir, 1991; Lange, 1965).

With our explicit reference to organisational identity and to social psychology, we argue that it is meaningful to assign identity and intentions to an organisation or a district, hence considering them as cognitive systems (Gioia and Sims, 1986; Luhmann, 1984, 1990; Teubrunsel *et al.*, 1996) and sensemakers (Weick, 1995). The view of organisations as neural networks allows to merge the social networks approach and the constructivist approach: organisations are at the same time computing and cognitive systems (Biggiero, 2000). In fact, organisations can be seen as cognitive maps, that is, as cognitive networks. Further and consistently, according to a social constructivist perspective, ‘if we treat interrelations as a variable and interrelating as a process, this suggests a way to conceptualise collective mind. Dispositions toward heed are expressed in actions that construct interrelating. Contributing, representing, and subordinating, actions that form a distinct pattern external to any given individual, become the medium through which collective mind is manifest’ (Weick and Roberts, 1993: p. 364). ‘The collective mind is “located” in the process of interrelating..., and is manifest when individuals construct mutually shared fields’ (Weick and Roberts, 1993: 365).

In this perspective, the most interesting issue becomes a pure empirical one: how can we define and measure inter-organisational (or district) identity and identification? In the case of a self-employer the solution is obvious. In the case of a small artisan organisation, one can reasonably argue that -given the dominant role of the entrepreneur as decision maker and, thus, sense maker-

the identity and the perceptions of the entrepreneur well represent those of his/her organisation. However, in the case of a larger organisation, more complex analytical and methodological tools should be built. Especially for large organisations we suggest two other solutions, supposedly more effective but also more complex and time consuming, and thus, more problematic to use for extensive empirical research. They consist in deriving organisational identity from the analysis of external and internal communication, which take place through written documents and public sentences, and through artefacts and symbols (Gagliardi, 1990; Monge and Contractor, 2000). Of course such an analysis should take into account formal and informal (emergent) communication, as well as intentional and unintentional meanings and messages. Studies in the field of organisational ethnography, narratives, symbolic interactionism have developed many methodologies in this direction. The challenge is to apply them to the study of identity and identification processes between (group of) organisations, although it is clear that this kind of approaches would require longitudinal studies and are more difficult to adapt to extensive researches. However, being this field at an early stage of development and having our case study fortunately faced almost exclusively with small firms, we have neglected these methodological problems, leaving them for a future agenda.

The third hypothesis argues that what matters is the subjective perception that each organisation has regarding its own and district identity, and its subjective comparison in terms of similarity, attractiveness, etc., regardless of the realism of such perceptions to the eyes of external observers (e.g.: researchers). In this regard Ashforth and Mael (1996) state that 'Identity is socially constructed –and as an intersubjective phenomenon, the perceived organisational identity may bear little relation to the “objective” or impartially measured organisational identity' (p. 23). For instance, a district member can erroneously perceive that one of the salient attributes of the district identity is a high level of social solidarity in comparison to other communities or/and districts. Let suppose that this perception of a higher level of social solidarity is not supported by a careful analysis carried on by an external observer on the basis of some indicators (parameters) of the level of social solidarity within that district. This result would not change the fact that the district member will continue to avoid opportunistic behaviour towards other members as long as his/her positive perception of the district identity will be maintained. Furthermore, it could be argued that, if this perception of the district persists overtime in its members' minds, the effect of self-fulfilling prophecies could generate the “real” phenomenon, that is, could stimulate the growth of social solidarity within the district.

5. Identification with the district: concept and antecedents

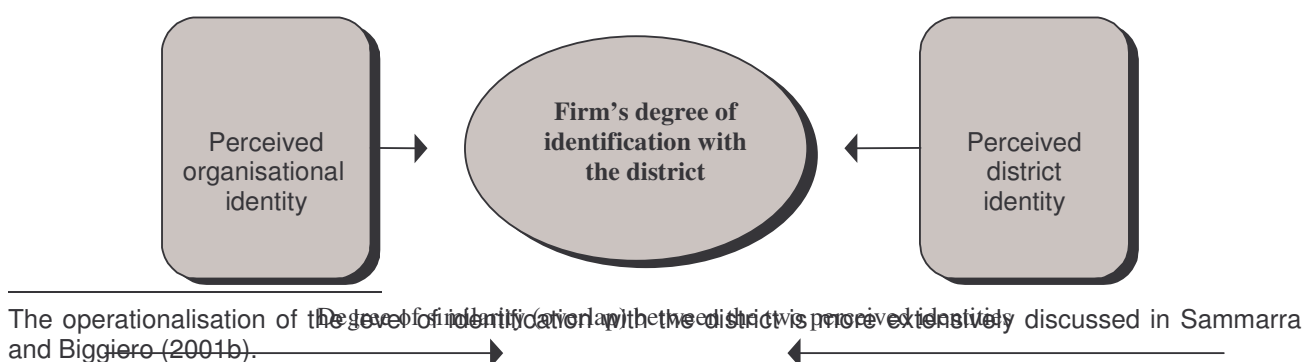
At the individual level, social identification is the perception of oneness with or belonging to some human aggregate (Tajfel, 1982). Identification is an extreme form of relational modelling that allows the individual to define his/her identity in relation to the characteristics of perceived social

groups. This means that the identification with a social group such as a political party, a religious group, or the organisation one works for, is essentially a cognitive process which leads the individual to define and describe himself/herself on the basis of the defining attributes of that social category. The concept of social identification has recently been applied to work organisations (Ashforth and Mael, 1989, 1996) and to inter-organisational groups such as strategic groups (Peteraf and Shanley, 1997).

In their study on organisational identification, Dutton *et al.* (1994) already pointed out that the identification is not a binary variable and that what is important is the degree of identification. The authors define the degree of identification with the organisation in relation to the degree of similarity or overlap between the perceived organisational identity and individual identity. Drawing upon these recent studies, we define social identification with the district as a cognitive process (fig. 1). Namely we posit that an organisation (firm or institution) identifies with the district when it defines its own organisational identity selecting the same attributes that it views as central, distinctive and enduring about the district. The higher is the overlap and correspondence between the perceived district identity and the organisational identity the higher the degree of identification with the district (Sammarrà, 2000).

The possibility to measure the degree of identification is a genuine empirical issue, which has been faced by different authors at various levels of analysis. Therefore, it assumes specific characters when referred to the identification between an individual and a group (), between an individual and an organisation (Ashforth and Mael, 1989, 1996; Bergami and Bagozzi, 2000), between an individual and a social set (Abrahams and Hogg, 1988), between an organisation and a strategic group (Peteraf and Shanley, 1997), and between an organisation and its inter-organisational network or district (Biggiero and Sammarra, 2001b)¹. In the last two cases, the challenge is to apply and extend to the field of management and organisations empirical research methodologies largely developed by social psychology, and to enrich and integrate them with those tested by organisation scientists.

Fig. 1 – Identification with the district



To explain the process of social identification with the district we identify three antecedents: 1) the perceived attractiveness of the district; 2) the degree of perceived similarity among district members; 3) the degree of perceived complementarity/interdependence among district members' (Sammarrà, 2000; Sammarra and Biggiero, 2001a).

The first antecedent operates because, according to SIT, social identification is driven by the psychological need of *self-enhancement*. At individual level, this means that people are more likely to identify with prestigious social groups (Ellemers, 1993) and organisations (Mael and Ashforth, 1992) in order to satisfy the basic need to see themselves in a positive light (Tajfel, 1978). In their study on strategic groups' identity, Peteraf and Shanley (1997) argue that this same mechanism applies also to the inter-organisational level. Specifically, the two authors suggest that the presence of high-status firms within the strategic group affects the perceived prestige of the group, and thus reinforces the adoption of mimetic activity, which facilitates the process of identification with the group based on self-enhancement needs. Applying the same explanation to the case of IDs, it follows that the process of identification with the district is mediated by the perceived attractiveness of the district. Moreover, it might be reasonably expected that *the higher is the perceived attractiveness of the district the higher is the firm's identification with the district*.

The concept of perceived attractiveness is composed of two related conceptual dimensions: the attractiveness of the perceived identity and the attractiveness of the perceived external image (Ashforth and Mael, 1989; Dutton *et al.*, 1994). The first refers to the evaluative judgement that any organisation makes of the district (*how the firm perceives the district*). The perceived attractiveness of the district is higher the more the firm is aware of the existence of unique tangible and intangible resources within the district, such specialised skills, diffused know-how, unique competencies, high status firms. The perceived external image of the district refers to what the firm believes is the evaluative judgement that others make of the district (*how the firm believes that the district is perceived by others*). The perceived external image of the district is higher the more the firm believes that the district is positively evaluated by others, that is, when the firm believes that the district has a good reputation in the national and international markets, or when it feels that the local population and institutions recognise that the district plays an important role for the local development and well-being.

The second antecedent is based on the fact that, according to the SIT, social identification occurs through self-categorisation. This means that in order to identify with a social group it is first necessary to recognise the existence of the group as a social category, that is, to put together into the

same category elements that have the same characteristics/attributes selected to define the category. This does not imply that all the members of the category must be perceived to be identical, because categorisation and depersonalisation occur only with attributes selected to define the social category (Ashforth and Mael, 1996; Brewer, 1993). However it might be argued that the higher the similarity among members the higher the possibility to categorise them, including oneself, into the same social group. On the basis of this logical consideration it is reasonable to expect that the more a firm views itself to be similar to other firms, the easier is to classify them, including oneself, into the same social category. Consequently, it is likely to expect that *the perceived similarity with other firms of the district positively influences the firm's identification with the district.*

Moving beyond the SIT model, we argue that the self-categorisation and self-enhancement mechanisms are not the only drivers for social identification because personal interaction and interpersonal influence are also important factors (Biggiero and Sammarra, 2001). Social interaction affects the process of social identification in two different ways. First, as already acknowledged within the SIT framework, constant social interaction facilitates mutual observation and comparison, and consequently it facilitates the perception of existing similarities among group members. Second, social interaction may extend the basis for self-categorisation, highlighting social attributes that are not perceivable in the absence of direct and constant interaction. This second effect shifts the cognitive basis of categorisation from attributes that are easy to observe, such as race in the case of individuals and size in the case of firms, to attributes deriving from social interdependency and similarity, such as shared goals and mutual needs. Further, we argue that people are motivated to form social groups and eventually to identify with them, not only when they perceive to be similar to others, but also when they feel to have common objectives and goals with others and when they need to rely on them in order to accomplish salient objectives or activities. This third drive for social identification occurs not only within social organisations but also within IDs. One of the structural features of IDs is the high level of vertical specialisation and inter-firm division of labour, which implies the existence of strong vertical interdependencies among the district members. Moreover, direct social interaction plays a primary role among district members and cannot be considered as a secondary or marginal factor when explaining the emergence of group phenomena. According to these considerations it is reasonable to expect that *the higher is the perception of existing complementarities and interdependencies with other firms of the district the higher is the firm's identification with the district.*

Figure 2. Factors facilitating firms' identification with the district

FACTORS ENHANCING FIRMS' IDENTIFICATION WITH THE DISTRICT	
Attractiveness of the district	Attractiveness of the perceived district identity <ul style="list-style-type: none"> ▪ Presence of high status firms ▪ Presence of unique tangible and intangible resources (infrastructures, natural resources, specialised skills, competencies, know-how)
	Attractiveness of the district image <ul style="list-style-type: none"> ▪ Market reputation ▪ external legitimisation (administrative and governmental policies)
Similarity among district members	<ul style="list-style-type: none"> ▪ Firms' structural characteristics ▪ Adopted technologies ▪ Entrepreneurial background
Interdependence among district members	<ul style="list-style-type: none"> ▪ Division of labour and specialisation ▪ Shared goals and needs

6. Identification with the district: consequences for the firms' behaviour and the district's competitiveness

According to the SIT, social identification leads the individual to adopt pro-social attitudes towards other group members as an affirmation of the common social identity. In the SIT framework many group phenomena such as internal cohesion, co-operation, solidarity and positive evaluation are explained as a consequences of identification with a social group. Therefore, the link between identification and organisational behaviour is not new in organisation theory. March and Simon already acknowledged that when the individual identifies with the organisation "he acquires an attachment or loyalty to the organisation that automatically -i.e. without the necessity for external stimuli- guarantees that his decisions will be consistent with the organisation objectives" (1958: 278). The SIT explains this behavioural effect as a consequence of the self-categorisation and stereotyping mechanism implied in social identification which enhances the perceived similarities with other group members and the individual's attitude to conform to the norms and values of the group. This means that, as a consequence of the psychological need for consistency, organisational identification motivates individuals to align and conform their own behaviours and beliefs to the organisation's norms.

Kogut and Zander (1996) remark that the development of a shared identity among organisational members lowers the costs of communication and learning because it establishes explicit and tacit rules of co-ordination and influences the direction of search and learning. According to the authors, an important finding in experimental psychology is that learning through identifying is more powerful than attempts to "teach" individuals via incentives and propaganda' (1996: 510). Shared identities facilitate what Lave and Wenger (1991) call "situated learning" because identity

implies an adherence to a symbolic coding of values and rules and the formation of convergent expectations. As Kogut and Zander notice, this effect of identity on learning have important implications for understanding the transfer of knowledge within firms' boundaries but also to explain 'why geographic proximity, such as Silicon Valley, appears to be associated with rich contextual environments for the spawning of new innovations' (1996: 508).

Ashforth and Mael (1996) move further the analysis of the consequences of social identification. The two authors maintain that organisational identification have a positive influence on commitment because the greater the members' identification, the tighter the perceived association between personal success and organisational success. Furthermore, identification facilitates the adoption of pro-social behaviours towards the other organisational members, enhancing internal cohesion, co-operative attitude, solidarity (Ashforth and Mael, 1989; Dutton *et al.*, 1994) and positive evaluation (Turner, 1982; 1984). Among all the forms of pro-social behaviours, Ashforth and Mael (1996) emphasise the concept of *depersonalised trust*. According to the two authors, when the individual identifies with the organisation he is likely to engage in trusting behaviours towards other organisational members as a result of their common social identity, independently of prior interaction with each other or previous direct knowledge: the process of categorisation in in-group and out-group members by itself provides valid and reliable information about other members' behaviour.

The notion of depersonalised trust is very interesting when it is applied to the analysis of inter-organisational relationships because it explains the emergence of trust even before and/or in the absence of prior direct interactions as a consequence of the process of identification. This means that the emergence of trust is based on the belonging to the same group: the common social membership replaces the need of direct inter-personal relationships and/or reputation to reduce uncertainty. In this vein, we can say that the process of de-personalisation implied by social identification turns trust from a source of personal capital into a source of social capital. Personal capital means that trust is based on personal contacts and that inter-organisational relationships are founded on direct knowledge and personal trust among managers and/or entrepreneurs. Through the enactment of identification processes trust is based on the perception to belong to the same social group, transforming the very concept of trust in social capital of the group. Applying Ashforth and Mael's (1996) concept of depersonalised trust, we argue that the identification with the district allows the firm to perceive the other members of the district as reliable on the basis of group membership, even in the absence of previous direct relationships and/or reputation. According to these considerations it is reasonable to expect that *the identification with the district will have a positive effect on the firm's attitude to trust other district members*.

According to the SIT, social identification leads to the adoption of co-operative behaviours towards other group members. In their study on strategic group, Peteraf and Shanley (1997) applies

this same explanation at the inter-organisational level, maintaining that the identification with the group facilitates the adoption of co-operative strategies with other organisations of the group. According to this argument, we posit that *the identification with the district enhances the firm's co-operative attitudes towards the other district members*. It is important to notice that this hypothesis does not assume that co-operation is context-dependent and that all the firms of the district automatically adopt a co-operative attitudes as a consequence of a shared and homogeneous culture. Different firms can have a higher or lower co-operative attitudes according to their own processes of identification, that is according to their own way to perceive and evaluate their belong to the district in terms of self-categorisation processes. This is a micro-founded explanation of the emergence of trust and co-operation within IDs which is consistent with the idea that district firms are not necessarily homogeneous and that they can adopt different behavioural pattern according to each firm's way to define and locate itself with respect to the external environment.

To the extent that the firms identify with the district, they becomes more attached to it because they feel to have more at stake in the district, developing a stronger interest in continuing their membership. This means that as a consequence of the identification with the district firms tend to attribute more importance to the district for their own success and are more inclined to undertake collective actions and promote projects aimed at the growth and strengthening of the district as a whole. According to these consideration we expect that *the higher is firm's identification with the district the stronger the firm's attachment to the district*.

According to the SIT, social identification not only modifies the individual's behaviour towards the in-groups, enhancing internal cohesion, co-operation, and collective actions, but also the attitude towards the out-groups, increasing the perceived competition with other groups and favouring a negative and biased evaluation of external members. These negative consequences of social identification on individuals' behaviours and attitudes have been observed in many experimental settings in which it has been proved that the perception of existing social categories and social identification are sufficient motivations to adopt discriminatory behaviours towards the out-group. It is reasonable to expect that firm's identification with the district is also associated with the emergence of discriminatory behaviours towards the out-group because firms outside the district are not are not likely to appear as much reliable and skilled as the other firms of the district. These consideration suggest the following proposition: *identification with the district will increase the firm's attitude to adopt discriminatory behaviours towards external members*.

Figure 2. Behavioural effects of firms' identification with the district

CONSEQUENCES OF IDENTIFICATION WITH THE DISTRICT	
Trustfulness	<ul style="list-style-type: none"> ▪ Depersonalised trust ▪ Convergent expectations
Co-operative attitudes	<ul style="list-style-type: none"> ▪ Pro-social attitudes towards the in-group ▪ Adherence to social norms and values
Situated learning	<ul style="list-style-type: none"> ▪ Adherence to symbolic coding ▪ Shared systems for meaning and knowing
Attachment to the district	<ul style="list-style-type: none"> ▪ Collective actions ▪ Preserving membership

7. Conclusions

This study presents the challenge to introduce a new theoretical perspective to study IDs: social psychology. The motivation for such an enlargement of an already reach field of research is that social psychology provides the theoretical tools to bridge between the micro (individuals), the meso (firms) and the macro (district) level of analysis. The key concepts proposed in this work are those of district identity and identification processes, which derive both from social identity theory, one of the main streams in social psychology.

We claim that an ID, as each sufficiently stable social group, can have its own identity, that is the set of shared perceptions about the central, distinctive, and enduring characteristics of the district. Indeed the existence of a district identity was already more or less explicitly assumed in most of the traditional approaches to IDs, although under theoretical frameworks and languages very far from those of social psychology. However, traditional approaches lack of a systematic and clear definition of district identity and of its interrelations with other key aspects, like district strategies and structures, while social psychology provides the theoretical tools to develop more systematically these concepts.

An analogous lack concerns the analysis of the process of social identification which occurs among members of an inter-organisational group. Building upon theoretical and empirical works on social and organisational identification, this paper explores whereby firms within an ID come to view themselves as members of a particular social entity, and adopt pro-social behaviours towards co-members as a consequence of their identification with the group. The study presents two sets of propositions concerning both antecedents and consequences of social identification at the inter-organisational level. The perceived attractiveness of the district, the degree of perceived similarity among district members, and the degree of perceived complementarity/interdependence among district members' are the antecedents, while firms' attitude to trust and co-operate with other district

firms, their attitude to adopt discriminatory behaviours towards external members, and their attachment to the district are the consequences of identification processes.

Although in an embryo stage, we believe that this theoretical approach can significantly improve current understanding of IDs, although substantial work must be devoted in the future to develop the empirical foundation of the identity approach to IDs.

8. References

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