Local productive arrangements: an analysis based on the participation of local organizations for development

Arranjos produtivos locais: uma análise baseada na participação das organizações locais para o desenvolvimento

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Abstract: The approach of the New Sociological Institutionalism emphasizes the importance of culture, myths, and ceremonies in the institutional environment, and argues that institutions influence not only in the strategies of individuals but also in their identities. This approach is used in this study to understand why footwear’s local productive arrangement (LPA) in Franca organizations adopt and diffuse certain practices that bring, as a consequence of the defect in organizational relationships of this arrangement. For this, field research was conducted through semi-structured interviews with companies, professional associations and representatives of local government in footwear’s LPA in Franca.

Keywords: Institutional environment; Local production; Footwear industry; Franca-SP.

1 Introduction

For the concept of Local Productive Arrangements (LPA) it has been established a relationship beyond the presence of enterprises, and also to a range of organizations that impart a capacity to strengthen the competitiveness in a local environment, for example, government bodies and civil society organizations, such as class organizations.

The development of arrangements is attached, in general, to the historical trajectories of construction of identities and the creation of territorial bonds that can be local or regional, from a social, cultural, political and economical common basis (Lastres & Cassiolato, 2005).

Thus, the connections between the organizations are a complex aspect of the environment that characterize a spatial dimension of the productive activities of a LPA. The way and existence of those organizational connections will depend of a range...
of particular characteristics institutionalized by these historical trajectories and creation of bonds. In this regard, one of the contributions of this work is on the addition of a glance about the LPAs that transcends its economical aspects, widely searched (Rodrigues, 2003; Suzigan et al., 2004; Rocha & Bursztyn, 2006; Silva et al., 2009; Vicari, 2009), investigating in a more specific way the institutional relations maintained in the footwear’s LPA in the city of Franca. Therefore, in this work we chose the institutional theory as a theoretical basis to comprehend the organizational environment of this LPA. From itself, we emphasize the approach of the New Sociological Institutionalism.

This approach emphasizes the importance of the culture, of myths and of ceremonies in institutional environment, and sustains that the institutions affect not only the individuals strategies, but also their identities. This approach is used in this work to comprehend why the organizations of the footwear’s LPA in Franca embrace and disseminate certain procedures.

The institutional theory has been increasingly adopted by Brazilian researchers. Empirical studies have been held on several fronts, for example, studies about the contributions of the institutional approach in its three perspectives: the approach within political science, economical and sociological approach (Carvalho & Vieira, 2003); studies about the sociological perspective (Andrade & Mesquita, 2003); studies about the interaction between perspectives (Misoczky, 2003). In addition to these, there are also empirical studies that have been held on the isomorphism phenomenon in organizations (Machado da Silva & Fonseca, 1996; Caldas & Vasconcelos, 2002; Carvalho & Goulart, 2003); studies about the legitimization in organizations of different sectors (Pacheco, 2001); and studies about the institutionalization processes under a organizational perspective (Leão, 2003).

However, other theoretical approaches are important for the comprehension of the context of a LPA. The governance issues, understood as the coordination that certain actors exert in organizational connections of this institutional environment is one of them. The understanding that the governance reflects in collective actions of the actors in this LPA brings in the necessity a review of the theoretical approach about the LPA, small companies and policies designed to them, vision adopted by Brazilian and foreign researchers (Dini et al., 2007; Pietrobeli & Rabellotti, 2005; Teixeira, 2008; Apolinário & Silva, 2010; Garcez et al., 2010a; Mariní et al., 2016; Jacometti et al., 2016).

The footwear’s LPA in Franca is composed by a considerable representative number of enterprises in the same productive sector, located in the same region that has companies of different sizes, including, virtually, all the productive chain of shoes, but with predominance of micro and small enterprises; its production is made on a specific product, the male shoes; furthermore, it has several actors, between them, enterprises, representative class entities, educational and research institutions, public organizations, among others, that, some way, act (or should act) in the sustenance of this agglomeration.

In Brazil, it was created a Standing Working Group for LPA in Ministry of Development, Industry and Trade, in 2004 in order to articulate government actions striving for adoption of an integrated support to LPAs. Despite this, a practical contribution for this work is represented by the search for comprehension of effectiveness and restrictions of the public policies implanted to obtain that support (Lastres & Cassiolato, 2004, 2008; CEPAL, 2006; Dini et al., 2007).

In this regard, this work presents the relations between the government organizations and the civil society in municipal sphere, that act directly in LPA’s environment in Franca. Specifically, it emphasizes the role of small enterprises, that numerically compose the basis of the local productive structure. The central hypothesis is that there is a failure in the network of relations between several local agents, which results in a low level of collective efficiency and a timid exploitation of external economies. Thus, the expansion of the debate aims to comprehend the obstacles and the restrictions that are precluding a greater approximation between the speech and the practice of public policies for this specific context presenting an analysis of the relations between the local governance and the government bodies.

2 The new sociological institutionalism and the isomorphic process

For this work, the starting point to comprehend the relations between the organizations of the footwear’s LPA in Franca passes through the focus of the new sociological institutionalism, that presents the importance of the organizations in the institutional macrostructures. This is, therefore, one of the theoretical lines used in this work to comprehend the pattern of the actions of interaction between the organizations that act in the LPA’s environment.

To obtain legitimacy the organizations tend to adopt previously defined and rationalized actions in society (Meyer & Rowan, 1977). In this regard, we emphasize the ideas of DiMaggio & Powell (1983) when they seek to explain why the organizations arise, become stable or be transformed, and the ways how the action and the culture are structured in organizations, emphasizing the beliefs and values as elements that are socially constructed and affects the process of institutionalization. They argue that organizational behavior is that one considered appropriate in a certain culture. Thus, the organizations are the result of a
streamlining of cultural norms, whom are responsible for the foundations which they are constructed (Meyer & Rowan, 1977).

According to Hall & Taylor (1996), to the formal rules, procedures and norms are included the system of symbols, cognitive characteristics and moral structures, that guide the human action. To the individuals that institutionalize themselves in an organization there is the incorporation of their norms, customs and rites, that will affect their social behavior.

The new sociological institutionalism is used to explain, therefore, why the organizations adopt and disseminate certain procedures. The specific practices, the ceremonials, procedures and symbols are used to explain the similarities of the organizational practices as a social construction of the collective actors.

An important contribution of the new sociological institutionalism is on the understanding of the process that leads companies in a certain sector to bounce the same behaviors and structures off others whom sharing the same environmental conditions, called of isomorphism (DiMaggio & Powell, 1983). The approach of isomorphism refers to the reasons that would lead the organizations to become homogenous.

For authors, the isomorphic process takes place due to the uncertainties of the environment in which the organization is inserted. That way, the processes whom the institutional effects are disseminate, emphasizing the structural isomorphism (similarity). Those authors define three isomorphic processes: normative, coercive and mimetic.

The coercive isomorphism is arise from formal and informal pressures exerted by an organization on each other that is in a dependency condition. The mimetic isomorphism represents the adoption by a certain part of a particular organization, of procedures and structural arrangements implemented by other organizations, with the purpose to reduce the uncertain occasioned by technological problems, conflicting aims and institutional requirements (DiMaggio & Powell, 1983, p. 5).

The normative isomorphism derives from its professionalization, on which takes place the sharing of a set of norms and work routines by the members of a certain occupation.

The isomorphism implies, therefore, that the organizations will act in a similar way to other organizations that compose the same organizational environment.

According to the approach of organizational isomorphism, the environment, constituted by symbolic and normative elements authenticators of the organizational practices, would be the responsible for certain determinism, observable in institutionalized regulators and normative elements.

The appearance and the modification of certain institutional practices are related to the reasons that increase its social legitimacy and for their individuals. In other words, the organizations use institutional specific practices because they provide a recognized value in a wider cultural environment (Hall & Taylor, 1996). This line of action is closely connected to the social legitimacy disseminated in LPA. In other words, to the institutional specific practices that provide a recognized value in this wider environment.

This view helps to comprehend why some practices in organizations that compose the environment of the footwear’s LPA in Franca seem to be disconnected from its official aims. What seems to happen is that the process which the organizational practices are constructed is more open to the interpretation of the cultural authority institutionalized in the mentioned LPA.

2.1 Networks

The study of the role of the institutions on life in society can be restricted to a universe determined by a network of relationships which we intend to study. In the case of this work it will be used the concept of network as perspective of the analysis of the bonds that interconnect the actors in the footwear’s LPA in Franca.

There are different definitions in literature to discuss the issue of networks, which can be understood as a model of social organization, in which exist an interlacing of several enterprises, that relate in the search of its aims through the collective contact that enables the exchange of information and the mutual assistance. They are a dynamic and flexible process which maintain through particular governance arrangements.

Powell (1990) characterizes the theory of networks as a alternative organizational form in comparison with the forms of market (where the governance is given by the price) and the hierarchy (where the governance is given by the employment relationship) treated by classical economy. Powell & Smith-Dor (1994) recognized that the behavior, the beliefs, the legitimacy are shaped through the networks among individuals and among organizations, defining network as a set of actors, that can be individuals or organizations, with specific connections from each to other. In addition, they recognized the networks as a tool with the capacity to analyze power and autonomy.

In a given network, each actor occupies a position, that allows the analysis of the composition of the network stem from aspects of economic, social and political conviviality of the actors (Powell & Smith-Dor, 1994). Hall (1991) emphasizes that the networks are dynamic and can be influenced by the change of the actors and their interests. Powell &
Smith-Dor (1994) even distinguish two approaches of study for the networks. The first is the networks as a form of governance and the second, is the networks as a form of analysis.

In the approach as forms of governance the networks operate as a “social glue” that maintain the individuals united by a coherent system. This characterizes the nets of interdependence found in the industrial districts and certain practices as the relational hiring, the collaboration for production, or partnerships between companies.

In the second approach, the networks as form of analysis, the focus is on the nature of relationships between agents, analyzing how these relations occur, and in the structure and influence of these relations in the actors’ lives.

Grandori & Soda (1995) suggest a typology of classification of networks using coordination mechanisms, such as, the degree of formalization and the centralization of inter-firms networks. Therefore, they emphasize three different types of networks: social networks, bureaucratic networks and proprietary networks.

In the social networks, the relations regulate the economic exchange. There are not, consequently, formal agreements. The approach of social networks enables a broad overview about the relations that happen in an organizational environment. With the concept of social networks, we analyze the economic structures considering the relations between individuals and organizations involved in organizational environment.

The social networks is characterized by having actors connected by specific social relations, constituted, consequently, from two central elements: the actors and their social relations. The actors’ interests can be political, financial, legal, technological, and to achieve their purposes, they use available resources. The context characterizes the social relations of the actors, and these relations can be shaped by norms and institutional rules.

According to Brito (2002) and Sacomano (2003) a network is composed by four elements: knots, positions, connections and steams. The knots are the focal points that compose the network structure. They can be a ranger of agents, objects or events. The positions indicate the location of the points in the network structure. They depend on the connections and the work division of each agent. The connections define the degree of diffusion or densities of the agents. Throughout the connections flow resources, that are streams, that can be tangible (goods, services, products) or intangible (information, contacts).

Mello & Paulillo (2005) affirm that the interactions between actors and between organizations happen in the network environment, and they depend on organizational, financial, technological, political, legal and constitutional resources.

Certain relations in a particular network can happen due to alliances that are formed by actors in very peculiar situations of interaction. Thus, the approach of social networks permits an investigation about the patterns of relation between actors enabling a deeper relational understanding, as far as enables a description of dynamic reality that characterizes the social networks. This wider perspective increases a ranger of elements for the analysis of the reality of the environment that characterizes the footwear’s LPA in Franca. In this regard, it helps to explain the specificities of the governance structure of the footwear’s LPA in Franca, taking into account its social organization.

3 Local productive arrangements, cooperation and share capital

The productive dynamics of the agglomeration of industries of a LPA permits to understand the relations of interaction that occur between the actors that compose these agglomerations. The identification of the patterns and the dynamics of the LPA under study is a deepening that can permit the planning and the management of this territory by its actors, and contribute for the development and consolidation of this LPA.

The origin of the discussion about LPA in Brazil dates back to the studies about sectorial agglomeration of companies, phenomenon recognized by Marshall in 1890 and that comes out, once again, with the dissemination of the concept of Industrial Districts performed by Becattini, on behalf of the good socioeconomic indicators of the Italian economy in the decades of 1950 and 1960.

The LPAs can be defined as an agglomeration of companies that presents trade specialization located in a defined area, and that maintains some kind of interaction with other local actors, as class associations, for example. The LPA is a territory constituted by economic actions, but that cannot be reduced only to them. In other words, social relations also can be projected in this space that called itself LPA, since that it constitutes a geographical space that presents a collective identity, that can be historical, cultural, political, economic, social, environmental (SEBRAE, 2006).

The territory, in this context, can be established as a defined location, which generally corresponds with the boundaries of the town, which, in turn, embraces all the processes needed to the production of certain goods. There is, then, a relocation of the production of a private environment to a territorial environment, which is public by nature and integrates the relations that will permit the construction of social and economic relationship networks.
In this sphere, the organizations are the *locus* of the social-economic relations. Throughout them, it can be formed an economic culture that characterizes the activities, the values, the norms, the behaviors and the rules that direct them.

The territorial agglomeration of companies of the same field of economic activity produces a dynamics of economic development with advantages such as physical proximity of supplies, specialized workforce, suppliers, production of knowledge and technology. The result of this dynamics is called of “external trades”.

The own structure of a LPA stimulates a process of local interaction of actors that compose an arrangement and that in turn would facilitate a better exploitation of the external trades (Amorim et al., 2004; Schmitz & Nadvi, 1999). Then the collective efficiency would be the result of the local external trades and of the joint action (Schmitz, 1997, p. 173).

The experiences of the Italian industrial districts showed alternative ways of growing for countries and developing regions, when, then, revaluated the importance of the small companies in the capacity of generation of economic dynamism, as long as they are agglomerated in the same geographical area. Then, it has begun the dissemination of the term share capital, which gained larger dimensions since 1980, when it started to be used by sociologists, anthropologists, economists and political scientists in the debates about the paths to achieve prosperity and elevate the standard of living of populations after the diffusion of the crisis of the Fordist model of industrial organization, from mid-seventies, in the main industrialized economies. Some of the main theorists spreaders of the term share capital are Bourdieu (1980), Coleman (1990) and Putnam (1993).

Bourdieu presents his view about share capital as a tool used for achievement of benefits by individuals in their social relations, and shows also the negative side of the existence of the share capital when associate it to power, inequality and exclusion issues. The concept of conflict is present in Bourdieu’s arguments about the term share capital. The author assumes that the social structure is constituted by struggle for power fields and, in this way, the share capital is understood as an asset that permits to actors of certain locality obtain social and economic benefits. Thus, the author defends that there are advantages of belonging to a particular communities. From this point of view, the actors interact with each other in a various ways, aiming to obtain gains and access to scarce resources.

According to Coleman (1990, p. 302), the share capital is a rational choice in the sense that social relations are an asset for the individuals that would ensure the optimization of other assets (physicists, for example), facilitating the individual actions. The author makes clear the conception of share capital like a resource that can be deliberate to generate benefits. In his conception, there is a merger of a perspective of the individual’s rational action, brought by neoclassical economists, and also by perspective of social norms, rules and obligations, that conducts the society, brought by sociological perspective. In other words, for the author there is a guide, a reason, for norms that conduct the social relations in a group.

Putnam (1993, p. 167) drew a conclusion that the good performance found in the North of Italy is related to the existence what he called “civic community”. The civic community is characterized, according to author, by an active participation of the society in public good, the political representation, the solidarity, the trust, and the tolerance of the citizens with each other. The trust would permit to society to overcome the opportunism, even taking into account that relations based on trust reduce the uncertainty as far as possible to predict the mutual behavior, and also they allow individuals acting collectively. The shared norms that ensure trust, and that can be found in family relationship, ethnicity, religious values, ideological values, standards of professional perfomance, behavioral codes, reduce costs of transaction, facilitating cooperation.

The trust can be interpreted also as a outcome of an interest of a long-term that some individuals maintain, and can be fell that it can be advantageous cooperating with other individuals. Regular interactions, information about past perfomance and a reduced number of actors are variables that Axelrod (1984) found to present the cooperative behavior that existed between enemies during the First World War.

Gibbons (2001) uses this approach and complements that the reputation can explains the existence of “relations contracts” inter-firms of the same industrial sector. This reputation comes up in accordance with the repetition of situations between actors generate positive results.

The trust can provide the interaction. The business relations, while gain stability, can generate reciprocity and form a network of relationships. Thus, it is possible to establish a relation between share capital and trust. This relation, however, is not a cause and effect relationship, but a possible intersection of facts, generating a network of business relationships guided by elements known as promoters of reciprocity.

Locke (2001, p. 6), supporting this argument, affirms this construction that encompass elements of “[…] encapsulated self interest, government intervention and the development of mechanisms for self-governance and monitoring by own actors”.

After research made in twelve productive agglomerations in four countries in Latin America (Brazil, Chile, Mexico and Nicaragua), Pietrobeli & Rabellotti (2005) called the attention for the
differences between agglomerations of companies regarding to learning and to innovation. According to authors, theses differences are related to the characteristics of the industrial organization of each sector. The collective performance is also, different taking into account the sector and these differences would have a degree of association with quantity and variety of actions of cooperation.

These authors help in the interpretation of existing relations between the concepts of share capital, trust and cooperation used for the comprehension of how is given the relations between actors that compose the LPA in analysis. In this regard, they indicate how much the success dynamics of a LPA involves mobilization in the space of social local networks, through actions of your constituent actors, that involve elements of territorial identity, development path, tactical knowledge, infrastructure and governmental dynamics such as, for example, public policies in order to provide local improvement.

4 The footwear’s LPA in Franca and its environment

This section aims to characterize the footwear’s LPA in Franca. For this purpose it is performed a brief historical contextualization of the LPA, presenting indications of its production, important for the comprehension of the characteristics that influence its governance.

The particular factors that characterize the emergence and growing of the footwear’s LPA in Franca are the cattle raising and the coffee capital (Barbosa, 2006). The cattle raising provided the abundance of leather in region, what stimulates the emergence of tanneries in Franca since 1880s.

The coffee-growing, although always restricted to the predominance of small properties, contributes to the expansion of the local consumer market through the growing of the population, what leads to the expansion of the enterprises related to the leather and shoe (Tosi, 1998). In addition, the coffee capital provided infrastructure improvements, such as power grid and water supply and drainage, important for the emergence and evolution of the factories (Follis, 1998). The footwear business community arose from the small capital of garage owners and small businessmen, that counted as fundamental element of their enterprise in their own workforce (Barbosa, 2006), they have not present origin bonds with the coffee industry bourgeoisie.

According to IBGE (2008), the demographic estimation for the city of Franca in August 2015 was 342,112 inhabitants. The Gross Domestic Product (GDP) of the city, in 2013 was R$ 7,342,433 million. In the State of São Paulo, Franca presents one of the lowest rates between municipalities with more than 200 thousand inhabitants, standing behind of smaller municipalities, such as, for example, Matão, Buritizal, Jeriquara, Ribeirão Corrente.

This reality, according to Braga is the result of little industrial diversification and of an industry with low technology and low added value, besides informality and tax evasion (Comércio da Franca, 2012).

Currently, the industrial park in Franca is responsible for nearly 40% of the employment in the city. The footwear industry represents around 70% of establishments and industrial workers in Franca, and responds for nearly 80% of the tax added value of the local industry (TAV), which involves wealth generation in the local level. This information comprehends, in addition to the shoe production, the leather production, once the detail and upgrade level needed (by sector of activity of IBGE) is not available in the State Treasury Office (São Paulo, 2012).

From 1990 to 2011 there was a propagation on the number of micro and small companies, around 61%, and, at the same time, an increase of the number of shoe production, about 37%, while the number of employees presented a reduction of 8,44% in the same time interval. A factor that could explain this small number of employments, compared to the increase of establishments, is the changing of productive structure of the LPA, with the departure of some large companies.

In a study on mortality in footwear micro-enterprises in the period from 1992 to 1996, Martinelli & Curci (2001) point out that the decisions of economic policy of the Federal government were responsible for two marks on the closure of the activities of micro-enterprises in the footwear industry in Franca. One of these decisions was the opening of the market to the international trade in 1990, with the deployment of the Collor Plan, which impacted in the closure of activities of 116 micro-enterprises in 1992. The other decision was the suspension of the credit lines for the working capital, in the deployment of Real Plan, such as the imposition of prices by major suppliers and major clients, and bad payers, characteristics of the business community at the time of this research.

The global recession started at the end of 2008 competed for one more scenario of unemployment in Franca, the third city of the country which more unemployed in December, 2008. With negative balance of 11,101 employments, Franca stay behind from São Paulo (-37.286) and Manaus (-11,938), two major cities with respectively 10, 9 million and e 1,7 millions of inhabitants. At the end of 2010 and beginning of 2011, the problem of unemployment be repeated: the city of Franca occupied in January, 2011, the eighth position that most generated unemployment of the country, and in December, 2010, the second city in the State of São Paulo (and one of the 10 in the country) that most unemployed.
Currently, Franca is still the largest pole of manufacture of male footwear in the country. In 2013, this industry employed 30.3 workers and presented a production of 39.5 million of pairs. In December, 2015, it happened a dramatic decline of these numbers: 17.7 workers and 33 millions of pairs. It was 12.6 thousand workplaces closed and 39.4 millions of pairs that were not produced, equivalent to R$ 1.9 billion (CAGED/MTE). In comparative terms, in 2010 it presented a annual production of 25.9 millions of pairs and export values that arrived at US$ 95.74 millions in the same year. In 2005 the annual production stays around of 27.9 millions of pairs being 8.5 millions destined to exportation. The invoiced amounts with the exportation arrived at US$ 163.4 millions. In the year of 1984, for example, the local footwear’s local arrangement exported more than a half of 32 millions of pairs of shoes that fabricated (equivalent to 11.6% of national production) and the invoicing with the sales for the foreign achieved the brand of US$ 164.5 millions.

In the productive environment, according to the document of Map of Footwear’s Leather Production Chain in Franca/SP and region, available in the site of Sindifranca, there are in Franca 234 service providers micro-enterprises for the footwear industry, 27 small and 4 medium-sized enterprises. The action of these enterprises is the following: 74% provides topstitching services, 14.5% cut services, 8.5% finishing services and 6% of modeling. From these service providers enterprises, 95% offer their services exclusively for footwear’s industries installed in the pole of Franca, remaining only 5% of enterprises that have clients in the footwear’s industry of other regions. The production of shoes in Franca is distributed in the following way: 76% male shoes, 21% female shoes and 3% children’s shoes.

Concerning to education, Franca presented the third worst rate of literacy of the State of São Paulo in the high and elementary school in 2012. Concerning to business community’s education, according to the research performed by Barbosa (2006, p. 10), 70% of the businessmen declared that they do not attend college education, but only attended the junior high school. In addition to that, 60% of the businessmen interviewed declared that they were labors before becoming industrialists; and the average time of the professional practice was about 9 years. From these, 83% performed some kind of activity related to the production in the company’s inception and 42% still perform these functions.

These data constitute an indication of the way of managing these businessmen, several times with some disabilities when it concerns to administrative issues. According to Pitarangu (2008), the origin of these businessmen on manufacturing floor, and the low education, suggests that, for them, the know-how is more important than the management of the business. Several times, the focus in the product is the apparent characteristic in the management of these enterprises. In the small enterprises, particularly, the low production scale, the low added value of the products and the low profitability are factors that compete to the close bond between the businessmen and the manufacturing floor.

The entrepreneurship of necessity, visible when we observe the fragmentation and multiplication of the industrial entrepreneurialships in the footwear’s industry searched, it is possible thanks to low barriers to the entrance that the footwear’s industry presents.

According to the SEADE foundation (São Paulo, 2012), between the years of 2005 and 2010, the investments in the administrative region of Franca in the industrial sector were directed to the food industry and biofuels. According to the Investment Research of State of São Paulo (IRSP), in 2008 the administrative region of Franca occupied the thirtieth position in the state ranking in investments in industry, in services and in trade; in 2009, the eleventh position; and in the first semester of 2010 the research did not identify any announcement of investment. Note to emphasize that the State of São Paulo has 14 administrative regions. Franca has 17 municipalities in its administrative region.

There is an intensification of the emergence process of micro and small enterprises due to the lack of alternative of workers that are fired, but the continuity of the development of these small enterprises, that share with each other the local productive vocation, it depends also of the intersection between economy and politics. In this regard, the elaboration of the development policies that contemplates this situation can be important for the maintaining of this located productive vocation.

5 Research methodology

This work is a descriptive study, that has as research universe the footwear’s LPA in Franca. The field research is characterized by a case study in the referred LPA. The technical procedure used for the research was data collection, pointed by Gil (2008) as the possibility for the understanding of the organizational phenomenon, through the secondary data research and the direct questioning of the actors whose behavior we wish to know. The technique used in the questioning was semi structured interview, applied among actors that have an important role in this environment, with the intention to comprehend the organizational actions of these actors and its consequences for the status operandi of this agglomeration.

The choose of the LPA in Franca is due to several factors: it has an elevated number of same sector’s enterprises in the same region, comprehending virtually all the productive chain of shoes, since the tannery
to the retail market; presents an specific production, focused on male shoes, which places the LPA in a outstanding interest position on strategies, competition, governance; it has several actors: enterprises, class entities, public power, etc.

The secondary data were extracted from different records (newspapers, magazines, law, historical archives) guided on actions occurred after the creation of the Permanent Working Group for the LPAs in the sphere of Ministry of Development. This data collection emphasized the organizations that participate of the LPAs’ reality in Brazil since 2005 until nowadays.

For this work, we searched information of secondary data about the actions of organizations with local insertion and recognized performance in LPA, according to the document of Managing Committee of the LPA. This document is Map of Footwear’s Leather Production Chain in Franca/SP and region, it was published in 2011, and cites as integrants of managing committee of the footwear’s LPA in Franca 16 organizations: Union of Footwear’s Industry of Franca (SINDIFRANCA in Portuguese); Office of Development for the State of São Paulo (SDE-SP in Portuguese); Brazilian service of support for micro and small Enterprises (SEBRAE-SP in Portuguese); National Service for Industrial Training (SENAI-SP in Portuguese); National Service of Commercial Training (SENAI-SP in Portuguese); Franca Department of Development; Federation of Industries of the State of São Paulo (FIESP in Portuguese); Center of Industries of São Paulo State (CIESP in Portuguese); Faculty of Technology of Franca (FATEC/Franca in Portuguese); Franca University Centre (Uni-FACEF in Portuguese); University of Franca (UNIFRAN in Portuguese); São Paulo State University “Júlio de Mesquita Filho” (UNESP/Franca in Portuguese); Brazilian Association of Synthetic Compounds for Shoes (ASSINTECAL in Portuguese); Brazilian Association of Footwear Industry (ABICALÇADOS in Portuguese); Technological Research Institute (IPT in Portuguese); Trade Association and Industry of Franca (ACIF’ in Portuguese); Support Group to Strategic Plan of Union of Footwear’s Industry of Franca - Sindifranca (GAPE in Portuguese).

For the surveying of the primary data of this work it was made a cut between the organizations that appear as constituents of the organizational environment of the footwear’s LPA in Franca, following selection criteria: 1. Awareness of the characteristics and particularities of the footwear’s LPA in Franca; 2. Organizations apparently most influents in the LPA in local level. This cut leads to Sindifranca and to Development Department of Franca, local organizations address the role in the search of improvements of the economic development in the LPA. The choice of the Institutions and state bodies was given by the fact that the Sindifranca is the institution that represents the sector; and the Development Department is the municipal government agency responsible for the development of the policies that has as result a good economic performance for the city. Furthermore, when the Development Department of the State of São Paulo installs the LPA in Franca, the Sindifranca and the Development Department of the city of Franca were liable for the Development Department of São Paulo as representative institutions of the LPA.

This cut permitted a more detailed observation of the actors whom fit a more intensive role of actions in order to sustain the LPA. The former president and the current director of the ABICALÇADOS, and a member of GAPE were interviewed, with the intention of contextualize the contradictions in the speeches of the president of Sindifranca and the Development Secretary.

6 In search of governance?

The analysis of the organizations searched is based on the role of the historical construction of the LPA in Franca and on the institutionalization of the organizational characteristics observed. In this regard, they have as broader context the institutional theory, that dedicates to comprehend why a certain range of beliefs, values, practices and actions were realized. The legitimacy of these elements should be understood as a guide of what is found in reality.

As complement, aiming more clearly for the comprehension of the study realized, the public policies for the LPAs were considered as part of the institutional environment. On other side, there are some factors of what effectively occur in local level, as well there are some limits and restrictions. This kind of analysis has received increasingly attention in the institutional studies that favored the cross-organizational in complex environments, including the actors that are recognized and have some influential capacity.

Therefore, this microanalysis is the interaction of the place of action, influenced by the institutional logics communities. This institutional logic can takes public policies as a phenomenon that, through actors of the environment, intend to the compliance and, such as the central issue, the local actors react to them.

About the coercive constituent, the characteristics recognized as rules consist in necessary regiments to the performance of the activities that compose the nature of each organization. They are regulated structures that can confer trust in the relations between actors by offering security and credibility. The influence of the Sindifranca resides mainly in the sense that throughout its history while representative entity of the interests of a sector it appears as a collective actor that concentrates a lots of organizational actions that happen in the footwear’s LPA in Franca. In this way, it is an actor that has as role searching for some regulated structures, in the form of laws, regiments
and inspections by the regulated structure arising from the State, through very clear mechanisms, expressed in maintaining of contracts.

In this regard, the practice of the Sindifranca while representative entity of the interests of the business community of the footwear’s LPA in Franca represents the hold of aimed actions to the LPA on the part of state’s government and local government and, at the same time, presents the centralized action of the demands of the LPA. When questioned about the relations between the Sindifranca and others actors present in the territory, the president of Sindifranca express the empowerment posture of the proposed actions. And, at the same time, it was evident that others organizations don’t be seen by Sindifranca as competent for the participation in a management joint project.

When questioned about the existence of concrete partnerships between organizations that form the territory, the development secretary affirms that there are partnerships between the Development Department of Franca and the Sindifranca in two projects: the Intelligence Center of Footwear-leather Industry (ICFI), and the deployment of the Geographical Indication of footwear in Franca, as well the articulation with the State government for tax reduction of the industry such as ICMS – tax on sales and services.

Although, there is a contradiction between the response of the development secretary and the speech of the president of Sindifranca, this one affirms that such partnership does not exist, and that the ICFI is controlled by Sindifranca, and that the articulation with the State government for tax reduction is made by Sindifranca. Furthermore, in the speech of the president of Sindifranca about the members whom participate in the support of the conduction of the installation project of the Seal of geographical indication, it is not mentioned the Development Department of Franca, neither the Municipality in general.

The normative component assigns “[...] emphasis about the normative structures that introduce a prescriptive, evaluative and compulsory dimension inside the social life” (Scott, 1995, p. 37). In this regard, the environment can reflects the values of the leading actors. In addition, it is possible that recognition by the actors with regard to the roles that they execute, and the values that compose these roles, as well of their perception with regard to the roles performed by other actors. The speeches identified in the interviews and the secondary data collection point to the a reality of low confidence by Sindifranca, which help to understand the difficulty in the existing relations in the environment observed. The low confidence existent in the footwear’s LPA in Franca results in the non existence of collective actions, understood in this work as governance, in other words, the action of the local leaders and the interaction with these leaders with local government bodies in order to pursue a common objective. According to the interview performed with one of the members of GAPE, the group realized a few meetings in 2008 and 2009 in which were debated ideas that result subsequently in the achievement of the Map of Footwear Industry, published in 2010 with resources of the Development Department of the State of São Paulo, and in the search of the acquisition of the Indication of the Geographical Origin beside INPI. Since 2010 the meetings of GAPE do not occur anymore. Currently the group only exists “in the paper”.

Other point associated to the normative structures pertains to the roles recognized by the actors about themselves and about the others. When the actors were questioned about their roles, it was evident the lack of construction of shared actions by Sindifranca. The recognition by Sindifranca of the awareness of the members of GAPE about the problems in footwear industry in Franca could contribute for the reach of the improvements searched by own Sindifranca. Thus, the potential of the group is not used for the development of actions that compete for the strengthening of the footwear industry in Franca neither inside the Sindifranca. This potential could be used for the discussion between Sindifranca and the Development Department of the municipality, in a possible deliberation about the paths of local policies.

It is important to consider in the perspective of the normative structures and the normative isomorphism, the role developed by educational organizations, in this case the universities. They do not consist in a decisive agent in the normative structures. The mentioned universities do not achieve joint actions inside the LPA. The normative isomorphism is evidenced, in the referred LPA, with the fact that the Sindifranca directs the decisions of the most of actors that form the organizational environment. It organizes and directs in a legitimate way, once most of actors share the values of the organization, accepting and legitimating them. Thus, it occurs a centrality of actions of this actor by appropriation of responsibilities.

About the mimetic component it can observed that the perceptions about the environment are quite associated to the competition, inside and outside the LPA. The attentions are aimed as much for the organizations in own environment as for the organizations outside the environment. The imitation, in this regard, assumes the characteristics of achieve a recognized success, the imitation tends to match returns. The mimetic isomorphism would be associated, then, to the expansion of the spread patterns stem from normative and regulatory pressures. The actors also can resemble themselves to patterns and procedures that walk towards older patterns, institutionalizing different types of organizational
structures, by legitimating new values and concepts. The conflicts also serve as a strength that pushes the internal discussions of the field, in order to provide new institutional constructions. In the LPA under study, there are some conflicts originated from the dissonance between the local expansionist speech and the practices that almost do not express such project.

According to the GAPE’s member interviewed lots of essential ideas for the accomplishment of a rigorous diagnosis of the pole were not incorporated in the mapping performed, like the census of the industries assisted by georeferencing. Actually, over time the GAPE became just a species of “fictitious advisory body”, that brings from itself a disguise of credibility for being composed by academics and effective successfull businessmen in the market. Its maintenance “in the paper” contributes for legitimacy, in the face of State government, in the face of community, to the unilateral actions of Sindifranca.

The current reality of the footwear’s LPA in Franca is unfavorable to any kind of local governance. According to Suzigan et al. (2007) one of the inequalities that leads to fail of initiatives of creation of local governance structure until 2007 was the existence of a segment of domineering big enterprises of political power in Sindifranca, fact observed in the research that originated this work when we pointed the composition of the management of the trade union, composed always by the same businessmen, that control or controlled large companies.

This reality is distant from the representation of a large majority of small and medium-sized enterprises that compose the LPA. It has to consider, however, the speech of the former president of Sindifranca and Abicalçados when he speaks about the lack of political representation by small businessmen.

Other unfavorable aspect for the creation of a governance structure in the footwear’s LPA in Franca, according to authors, it is the inefficiency of local institutions, as much as the associative character as the Sindifranca, as much as the provision services character to enterprises, as the IPT. The Sindifranca does not have an active role in the productive sector, neither in the interaction with other local or external institutions. It confines itself to provide some general services, such as: legal assistance, business information, and provision of data and information about footwear industry. About the IPT, state government body created to provide services to enterprises in the test area, quality certification, training and laboratory tests, it is remarkable that it presents large idleness, in the face of the heavy price charged for its services. The role of SENAI while service provider of training and technical professional educator, according to authors, it is rather limited to the support of the technological activities in enterprises.

According to Barbosa (2012) the SEBRAE actions do not achieve a significant number of enterprises, and they are occasional, like fair attendance, courses, lectures, consultancies. In addition to that, the lack of participation from the business community, indicates that it is necessary to take some alternatives for the overcoming isolated actions, in order to aim specific targets, by SEBRAE-SP regional office in Franca.

The attitude of denying to the research that originated this work observed in the FATEC, as well as the testimony of its director that affirms that the partnership between FATEC, IPT and SENAI no longer exists for the use of the machinery indispensable for the practical activities of the professional disciplines of the curriculum of the course of Industrial Production Management, confirms the fragility of the relations between organizations of local acting. Other interest fact is that this course changed its name, because when it is created it was called Industrial Footwear Production Management, but in the face of the non establishment of teaching practice in this industry, the school chose increase the scope of the operation of the course. A paradox, as long as it was installed in a Footwear’s LPA.

These facts are a sign that there is a lack of relations between the organizations that compose the Footwear’s LPA in Franca. There is no minutes of meetings between the Sindifranca and the local teaching organizations, according to the president of Sindifranca. The boards of these institutions, for example, FATEC, SENAI and FIESP, ignore the particularities of the sector, according to the testimony of a member of GAPE. In Franca does not have high technology applied in the shoe production, and the center of technology of SENAI does not reach the small businessman, he does not take benefits from this institution. This is another indication of the sometimes “crooked” acting by local organizations, in other words, the role that fit to each organization has to consider the specificities of the place where it acts.

The Labor Union is not the organization considered as integral part of the Managing Committee of the LPA. With regard to the Labor Union, currently, it is noticed in the Footwear’s LPA in Franca a lack of interlocution between the two trade unions. The Labor Union is facing in the last 7 years a judicial process for the legitimacy of the representation of the workers from the footwear industry. Thus, one of them, or the Footwear Industry Labor Union of Franca or the Footwear Industry Labor Union of the Municipality of Franca, wins in justice this right to represents the working class.

It was verified, therefore, based on the established connections and in the information extracted of secondary data that the IPT works for big enterprises; the technological center of SENAI does not reach the small businessman. He does not take benefits; the
FATEC is not recognized neither by businessmen nor by Sindifranca as interested actor in the dynamics of the LPA; FIESP representative was excused from the activities after the testimony given to a researcher colleague.

These organizations ignore the sector, its difficulties, the possibility of partnerships. The non acting of these organizations corroborate to the argument that they served just to give support, legitimacy, in the creation of LPA by the state government. The businessmen do not participate in the organizational relations, and this appears as much in the speech of the president of Sindifranca as in their daily routine. The own posture of the president indicates the non existence of a political businessman, but of a trade union manager. There are not businessmen that represent the sector in the public power currently in Franca. It was evident the lack of access to information of the local actions between the key actors of this LPA. This fact complicates the cooperation between the actors, and also a social regulation able to improve the trust. The lack of share capital, consequence of the lack of relationship of trust of the Sindifranca can be one of the causes of the lack of collective action.

The manifestations and verbalizations that occur in the environment of agglomerations are indicative of the existence of collective efficiency, that can come from incidental external economies or from joint deliberated actions. The joint deliberated actions depend on the development of the coordinated actions, and for this, the trust has utmost importance, like the social interactions, the civic engagement and the reciprocity of the actors. Thus, the concept of share capital is associated with a promotion of trust, and consequently of a cooperation in order to provide a collective action.

The lack of relationships of trust observed in this work is one of the causes of the lack of collective action. In some excerpts of the speeches presented it was evident the lack of the access to information of local actions between the actors of this LPA. This fact complicates the cooperation between the actors, and also a social regulation able to reduces the opportunistic behavior.

The low share capital found in Franca arises from the kind of cultural formation of the local business community, considered almost proletarians, came from in overwhelming majority from the manufacturing floor, taking advantage of a productive reality characterized by few barriers to the entry of new competitors. Besides that, it also takes place from the lack of legitimacy recognized by collective actors between organizations of the LPA as competent for the execution of its purposes.

The footwear industry does not require a high level of education, and this can be the cause of the non request by businessmen of organizational relations. They do not see necessity of these organizations. It is a businessman that emerged from the manufacturing floor, and his acting of shoemaker does not see the need of innovation, and the idea that the organization can provide improvements for his problems cannot exists.

In this regard, the policies for the promotion of the LPAs, to be effective, need even to consider the specificities of each LPA. Advance in the strengthening and the expansion of the instruments of interlocution and social control, seeking to line continuous and effectively government actions and society’s aspirations is an important step. The importance of the micro and small business contrasts with a scenario of serious and sensitive bottlenecks as much structural as intrinsic to its own management structure, that limits in large extent its competitiveness and capacity of maintaining and sustaining in the medium and longer term. Among the more important bottlenecks, issues like the poor access to credit, to technology and to innovation, lack of technical and management training, insufficient regulation of the sector, bureaucratic encumbrance and tax, pension and labor distortions. These restrictions reflect themselves mainly in the low competitiveness and in the high index of business mortality in the first years of business’ life (Lastres & Cassiolato, 2008).

Other restriction appears when we observe the implantation of actions oriented to the impetus of Local Productive Arrangements. It is the deficiency of human resources with the necessary training to managing projects, acting as catalysts of cooperation and learning. It is requested professionals with wide theoretical - conceptual and technical training, beyond experience in handling with conflict situations, what requires capacity of distinctive leadership (CEPAL, 2006; Dini et al., 2007).

Marini et al. (2016) in research about the participation of the public spheres in the development of the Apparel LPA in the South East of Paraná revealed that even with the inclusion in political agenda and the explicit link of the support of the productive arrangements in the public policies, in specific, in the respective multiannual plans (PPAs in Portuguese) in federal and state level, as well as in the National Plan of Regional Development (NPRD), the public actions arising from the government instances characterized themselves as low expressive and insufficient in the attendance of local demands.

We must emphasize, finally, that there are not specific social relations in the LPA in Franca, neither the political ones, there are not actions that are conditions for the specialized performance of the LPA, such as technology exchange, or collective provision for the training of workforce. In other words, the results obtained in this research revealed a certain institutional fragility about the capacity of joint efforts of the three public spheres (federal, state, municipal) in the accomplishment of integrated actions, which can facilitate the joint promotion of your development plan.
7 Conclusions

This work permitted recognize that in Franca, the economic policies of stimulation to small companies is restricted to impulses of funding for local studies, that the emergence of new enterprises arises from the lack of job opportunity for the former employees that initiate their activities quite often in their own residence with some personal savings, that the management capacity and technical qualifications are insufficient, fact known by the president of Sindifranca, when he expresses that there is no trust in the relations between organizations.

The testimonies of the interviewed people, in the organizations visited, revealed that, in practice, their bonds are nil, or incipient. This omission would be related, mainly, to the possible difficulty of mobilization of the responsible and, in effect, the lack of a work plan approved and executed, in a participative manner, by the covered organizations.

The lack of relations between the organizations of this LPA impairs the generation of external economies and joint actions between the actors of the Footwear’s LPA in Franca resulting in a low collective efficiency.

We can still observe that there is no efforts for the coordination covering the different organizations present in the Footwear’s LPA in Franca. It was realized in this work the absence of trust between the organizations present in the Footwear’s LPA in Franca. The social interaction, the civic engagement and the reciprocity of the actors also do not exist. The concept of share capital is associated with promotion of trust, and consequently with the cooperation in order to provide a collective action. Thus, there is a low level of share capital in Franca.

The results of this work, reward also from the limitation experienced, point to isolated actions from Sindifranca and from the Development Department. In other words, there is not an interaction between these actors in order to provide improvements of the information management, of the human capital formation, of the land-use planning.

In Franca the external economies dependent from the management of resources that affect the technology innovation and the existing cognitive capital, do not perform themselves in their potential. In other words, the external economies resulting from public action do not maximize themselves.

References


Local productive arrangements...


