



Innovation, vulnerability and regional development: exploring vulnerability 'nodes' in the Portuguese leather-footwear fashion industry

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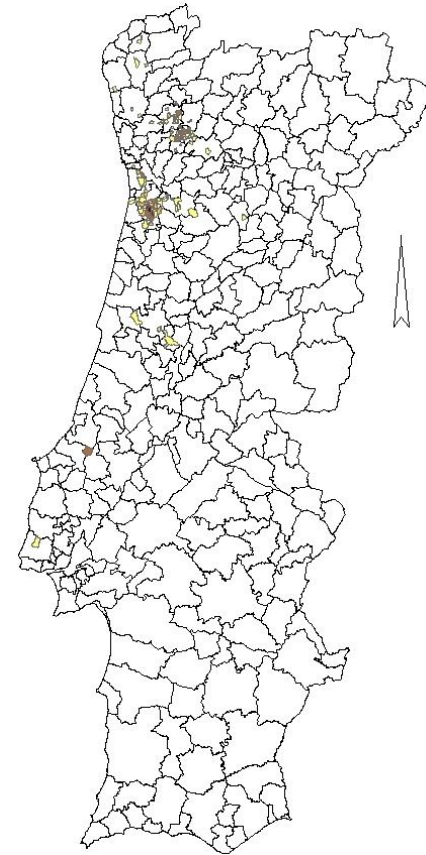
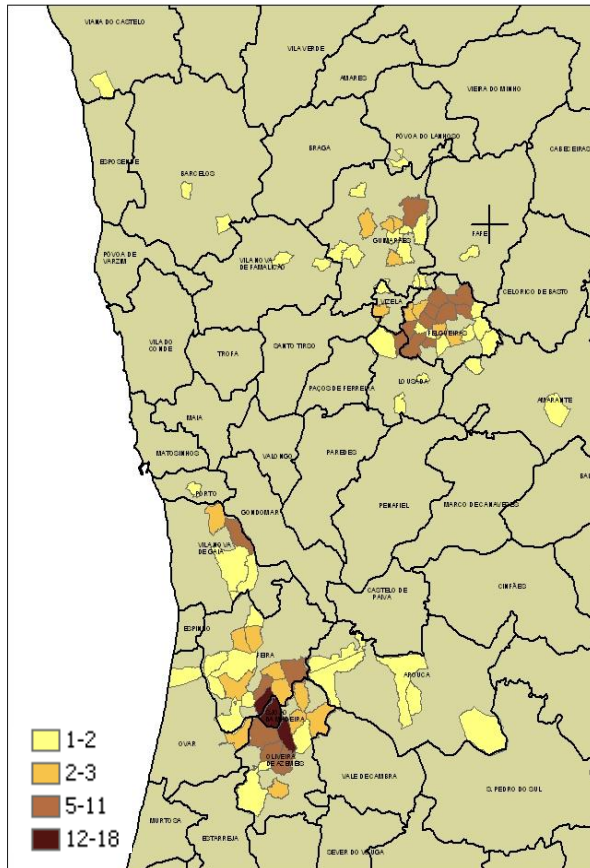


project overview

- The research project aims to discuss the **territorial dynamics** of the Portuguese leather footwear cluster's transformation from 1980 to 2000*. It aims to assess the ***spatial impact*** of policy incentives to professional training and firm modernization on firm development and cluster transformation,
distinguishing policy-driven change from other factors of change

*FATEC / PPS 12.6 – innovative practices in the dynamic transformation of the Portuguese footwear cluster

geographic location of Portuguese leather-footwear



Portuguese leather-footwear firms 1990-2000

size/revenue	1990 firms		firm closures 1991-2000			firm est. b/t 1991-2000			2000 firms	
	no.	tl emp	no	% tl	tl emp lost	no	% tl	tl emp	no (*)	tl emp
0-1.<=2m	32	32	26	2.65	26	73	8.6	73	102 (79)	102
2-9.<=2m	468	2498	346	35.23	1757	36	43.0	1769	603(505)	2989
10-49.<=10m	657	15327	431	43.89	10038	346	41.0	7158	653(572)	14595
50-249.<=50m	233	22316	149	15.17	14347	61	7.2	5067	228(145)	20883
>=250	41	20454	30	3.05	13608	1	0.1	553	15(12)	12165
	1451	60627	982		39776	844		14620	1601(1313)	50734
0-9.<=2m	520	2530	372	37.88		436	51.7		705 (584)	3091

* Discrepancy between the 2000 survey data and the net results between both 1990 and 2000 surveys (represented in parentheses)



preliminary observations of micro-small enterprise firms [1]

- Firms between 1-9 employees accounted for **44%** of all firms in 2000; it is an **8.4%** increase from this category's proportion of all firms in the sector in 1990
- But the total employed in this group only accounted for **6.1%** of total employment in the sector in 2000; nevertheless, it is an increase of **2** percentage points from this category's proportion of all employees in the sector in 1990



preliminary observations of micro-small enterprise firms [2]

- Firms between 10-49 employees accounted for **40.8%** of all firms in 2000 (compared to 37.7% for firms between 1-9 employees); this is an *decrease* of **3.5** percentage points from this category's proportion of all firms in the sector in 1990 (an *increase* 2 percentage points for firms between 1-9 employees)
- The same category of firms accounted for **28.8%** of total employment in the sector in 2000 (6.1% for firms between 1-9 employees); an increase of **3.5** percentage points from this category's proportion of total employment in the sector in 1990



commonly understood throughout the sector [1]

- Buyer-driven shift from large to small series production; increased demand for product differentiation
- New technology product innovation and tech-led production process innovation
- Internal restructuring; new organizational forms (territorially differentiated)?
- Micro-small enterprise firms coincide with periods of peak production; low entry barriers



commonly understood throughout
the sector [2]

- Continued informal economic activity
- Emergent outsourcing and own-brand manufacturing strategies; predominantly subcontractors and family-owned, despite increased specialization
- Good entrepreneur/bad entrepreneur
- Incapacitating funding delays; uncertain application process
- Critically strategic role of technology center and national and sectoral trade associations



project-guiding question

How do we distinguish between policy driven change and other factors of change and characterize this transformation?



outline

- project overview
- research objective
- research questions
- ‘spaces and scales of innovation’
- ‘place’ and ‘space’, and ‘vulnerability’
- why vulnerability?
- research hypotheses
- research methodology



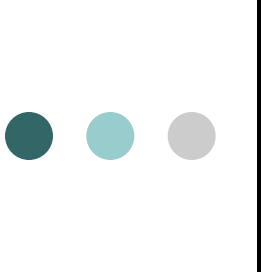
research objective

- Identify the *way* and *extent* to which firm, industry, national and trans-national effects have determined or influenced industry sector organizations' involvement through various ***governance forms*** as well as their ability to monitor firm and local and regional needs.



primary research question: old friends, new parties?

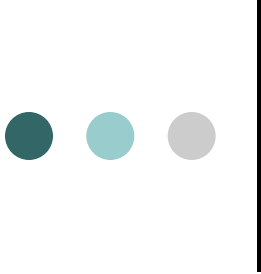
- To what extent are the linkages between individual and collective actors the connections between previously weak or unlinked relationships?
- Or is it the reinforcement of previously established relationships



secondary research questions

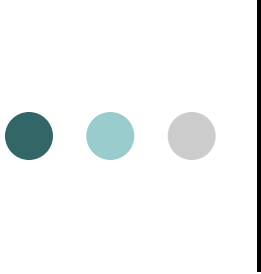
[1]: 'proximity' effects

- Is a firm's ability to capitalize on financial incentives and vocational training associated with its physical proximity to the providers of these resources?
- In what way and to what extent are other proximity effects driving the observed forward and backward linkages of knowledge creation, diffusion and access (i.e., governance forms)?



secondary research questions [2]: co-evolutionary change?

- Has institutional change accompanied changes in sector and individual firm needs? If so, how are sector-oriented development strategies defined?
- Is there a correlation between these approaches and the criteria used for inviting firms to participate in project collaboration?
- And to what extent are these governance forms EU-driven *or* buyer-driven through customer-supplier relations?



spaces and scales of innovation: what do we know? (Bunnel and Coe, 2001)

- Global, national and subnational scale
 - Global: the importance of intra/extra TNC networking; strategic alliances, state role, and corporate geographies
 - National: out with the 'container' of success notion; continuing purchase of state scale; rise in the importance of cultural factors
 - Subnational: resurgence of regional scale as the most appropriate scale for understanding interaction/innovation (new regional science + evolutionary econ theory)

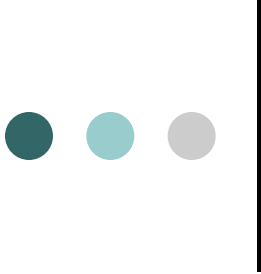


spaces and scales of innovation: a 'cross-scalar' approach (Bunnel and Coe, 2001)

- Innovation 'spatialization':
 - *Innovation across time/space must be understood as the complex interaction of socio-economic, political-institutional and socio-cultural process*

But what about actor roles?

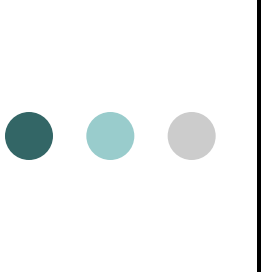
- Cross-scalar approach: complex interaction between physical and institutional/regulatory jurisdictions, and the shifting levels at which innovation actors organize themselves from the firm to the national level



‘place’ and ‘space’, and ‘vulnerability’: what about it?

(Hudson, 2001; Cardon, 2003)

- How do we conceive ‘place’ within ‘space’?
 - drivers or systems controllers?
 - Place is not a coherent ‘whole’; but complex
 - It is not bounded; but spatially discontinuous
 - It is both a material and social construction rather than natural and pre-given; the same goes for scale
 - Capitalist systems work themselves out in places
 - Production occurs in and through the workplace of the factory, home or office w/in the workplaces of cities, regions and national territories (ie., ‘socialization of production’)
 - Capital needs workers and workers need capital



‘place’ and ‘space’, and ‘vulnerability’: what about it?

(Hudson, 2001; Cardon, 2003)

- How do we conceive ‘vulnerability’?
 - Interdisciplinary
 - natural, applied and **social sciences**
 - *“vulnerability cannot be defined or measured without reference to the capacity of a population to absorb, respond and recover from the impact of an event”*



why vulnerability?

- “vulnerability is socially constructed; [...] it is the degree to which different social classes are differentially at risk”
- BUT vulnerability must be viewed as a ‘characteristic’ or as a ‘feature’ and not as a ‘condition’, ‘circumstance’, or predisposition’ to danger; one’s vulnerability is not the fact that they are poor, for example
- Vulnerability is a ‘cross-scalar’ result of economic, social and political processes



research hypotheses

- [H1] Economic and social risk for different individual and collective actors is lower when firm restructuring is the subject of innovative *forms of governance*
- [H2] These innovative *forms of governance* are contingent on the collective absorptive ['learning'] capacity of both individual and collective actors



research methodology

Geographic distribution

- Develop new project data set from state and private sources, characterizing firms with relationship to financial incentives and vocational training

Governance forms

- Qualitative deduction from with firms other sector and regional organizations and institutions operating at different levels, from policy implementation to sector consortia