

## S68: Entrepreneurship and the Learning Region

### **From Deindustrialization to Transition 4.0: a Case Study on the reindustrialization of former 'Indesit' plants.**

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This work is part of a wider research project - PRIN2017 "Regional Policies, Institutions and Cohesion in Southern Italy" - which inserts into the studies dedicated to interpreting the causes and consequences of the socioeconomic gaps existing among the European regions. In a perspective that combines micro, meso, and macro dimensions, the theoretical framework considers both the literature on Regional Development of 'Mezzogiorno' (Southern Italy) (De Vivo, 2021; Trigilia and Burroni, 2009; Viesti, 2021;) and that relating to the implications of Deindustrialization (Clark, 1957; Caincross, 1982; Lever, 1991; Stafford, 1989) and Transition 4.0 (Meyer et al., 2019; Nocenzi, 2023; Ramella, 2021; Viesti 2023).

This research is an empirical contribution regarding the influential role of entrepreneurship in facing the new phase of Transition 4.0, in a less developed context. In literature, such a phase is also defined as the 'Fourth Industrial Revolution'. Indeed, more than the preceding phases, it represents a significant change (Nocenzi, 2023) in the way in which societies produce and consume goods and services; it affects the capitalist system, the organizational structure of companies, employment, and unemployment, governance and reformulates entire production systems, political frames, and crystallized practices. The risk is that, in a divergent context such as the European Union, this rapid transformation could further exacerbate the persistent level of inequality and envisage an uneven trend with some companies and regions benefiting greatly, while others will be left behind.

To contribute to this complex debate, this work intends to examine in detail the determining factors behind the change, which mechanisms enter play in a less developed context. At this scope, the analysis offers the analysis of a Case Study regarding the evolution of the former 'Indesit Company' plants in the Industrial Area of Aversa Nord, a disadvantaged area of the region Campania of the 'Mezzogiorno'. The 'Indesit' was one of the industrial leaders of the manufacturing sector in Italy until '90. Its transformation covers a period from the 1970s until nowadays and involves the analysis of other two companies: Whirlpool Corporation and Seri Industrial Group. The total of three companies represents three different phases which represent the changes in the European Industrial system: (1) Industrialization (Mendels, 1972), (2) Deindustrialization (Clark, 1957; Caincross, 1982; Lever, 1991; Stafford, 1989) and (3) Transition 4.0 (Schwab, 2016). Particular importance is given to the second phase of deindustrialization, widely documented by Rodrik (2015) as it has caused delocalization phenomena and decline in the share of the manufacturing sector in the GDPs of EU countries (the backbone of European economies), transforming traditional industrial economies into service economies, namely, in post-industrial societies, where the portion of the service

(tertiary) sector has far exceeded that of the manufacturing sector in national GDPs (Rodrik, 2020; Torpey, 2014). To date, this process underlies the current one of Transition 4.0 which, on the contrary, seems to reverse the deindustrializing course and lead to opposite phenomena (e.g. reshoring or deglobalization) (Lo Re et al., 2016; Meyer, 2019).

In this line, the scientific hypothesis suggests that despite the phenomenon of deindustrialization, the manufacturing sector in less developed regions resists, and, with the new phase of Transition 4.0, a reconfiguration is underway and there is the possibility of reinvigorating market mechanisms. As new firms continue to emerge, what factors play a pivotal role in influencing innovation and learning, and what measures are indispensable for ensuring the enduring and sustainable viability of these reindustrialization processes?

To verify this hypothesis, the research questions the actual changes achieved and underway: how did the industry react to the change among phases? What are the underlying factors that motivate change in response to industrial transformation? How do the various actors involved, such as policymakers, businesses, and individuals, behave and what interests do they have? Furthermore, how do these factors and behaviors combine to shape the adoption of targeted policy instruments, such as regulations and incentives, in response to the different phases of industrial transformation?

The methodology adopted is qualitative: from January to April 2023, excluding the previous exploratory interviews, 32 semi-structured interviews were carried out balanced between the types of subjects analyzed, and divided into two macro-categories: unions and managers. The main aspects analyzed are the following: historical events and salient moments of change; purchase of factories and reindustrialization plans; management and application of policies; profile of the interviewed subject; structural and organizational profile of the company; responses to production transformations; strategies and investments of the new management; innovations in production, organization, and human resources; public incentives and competitiveness; role of trade unions; role of university or other institutional entities; company structure and key roles; typology of pre-existing and adopted technologies; rehiring and conversion of personnel; reformulation of organizational models and production processes; opinions regarding the transformations and the latest 4.0 conversion process. The profiles of the trade union category also involve former Indesit and Whirlpool workers, and some of the Seri operators, able to provide an overall vision of the transformation that took place between the phases, while the Managers' profiles involve both CEOs and department heads (e.g. engineers and technicians).

The work is structured into three sections: [1] Industrialization: Indesit and IS: 1970 - 1990; [2] Deindustrialization: from Indesit to Whirlpool: 1990-2017; [3] Transition 4.0: from Whirlpool to Seri: 2017 - 2022. The first section [1] provides an introduction to the case study, as it examines the implementation of development policies between the 1970s and 1990s in the area analyzed. The central role of the government in the management of the pre-industrialization program aimed at the area and, subsequently, the factors determining the establishment of the large industrial groups of Northern Italy concerning the approval of

industrial policy laws and state incentives. The section concludes with the transition to the neoliberal policy model (Martinelli, 2020) and the advent of Cohesion policy cycles. The following section [2], which mainly deals with the deindustrialization, occurred with the sale of Indesit to Whirlpool, in the post-financial crisis. The managerial strategy is here analyzed as it predetermined the start of the closure of some factories as well as the definitive purchase. The succeeding section [3] concerns the Transition 4.0 phase, started by the investment in 2017 of a new economic player: the Seri Industrial Group (or Seri). This latest industrialization plan proposes a new production model that reflects the new trends in European industrial policy and involves other actors such as the University. New objectives driven by the Transition are pursued and the analysis focuses on the adoption of the new European policy instruments, fundamental for understanding the new dynamics of interaction between private and public actors and how the relationship is reconfigured with the new transformations. The final section [4] provides an analysis and reflection on the results that emerged, a recap of the phases, and the different underlying factors (macro, meso e micro) considered to determine the change, such as the role played by local conditions and territorial preexisting resources, the private and/or public actors' involved and their actions, innovative behaviors, new industrial policy tools, as well as organizational, social and institutional capital.