

“Who Governs the Fashion Industry in Milan? Networks of private and public actors”

Marianna d’Ovidio and Valentina Pacetti

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1. Fashion manufacture and design in Milan

Italian competitiveness is still linked to craftsmen skills which have been able to renew their role into both large and medium enterprises (Bagnasco, Trigilia, Beccattini, Bonomi, Micelli). The Milanese fashion industry is not an exception and its success is connected to the co-location of a very long production chain, characterized by very high quality, culture and innovation (d’Ovidio, 2014, 2015).

Fashion industry is therefore characterized by a mix of design and production, creation and manufacture, innovation and crafts tradition: in order to assess its weight in terms of number of enterprises or employees it is necessary to build a definition of fashion industry that keeps into account such a twofold spirit.

Therefore, we define “fashion” the complex of many different manufacture industries, (textiles, clothing, leather and related products) together with specialised design activities for fashion¹.

Defined this way, fashion industry only in the metropolitan area² comprises more than 6,000 active enterprises and 37,500 employees (Source: Chamber of Commerce 2013). Together with the whole commercial chain and the connected catering and accommodation businesses, around one fifth of the whole Milanese wealth is produced (directly and indirectly) by the fashion industry³.

¹ ATECO classification: 13-14-15-74.

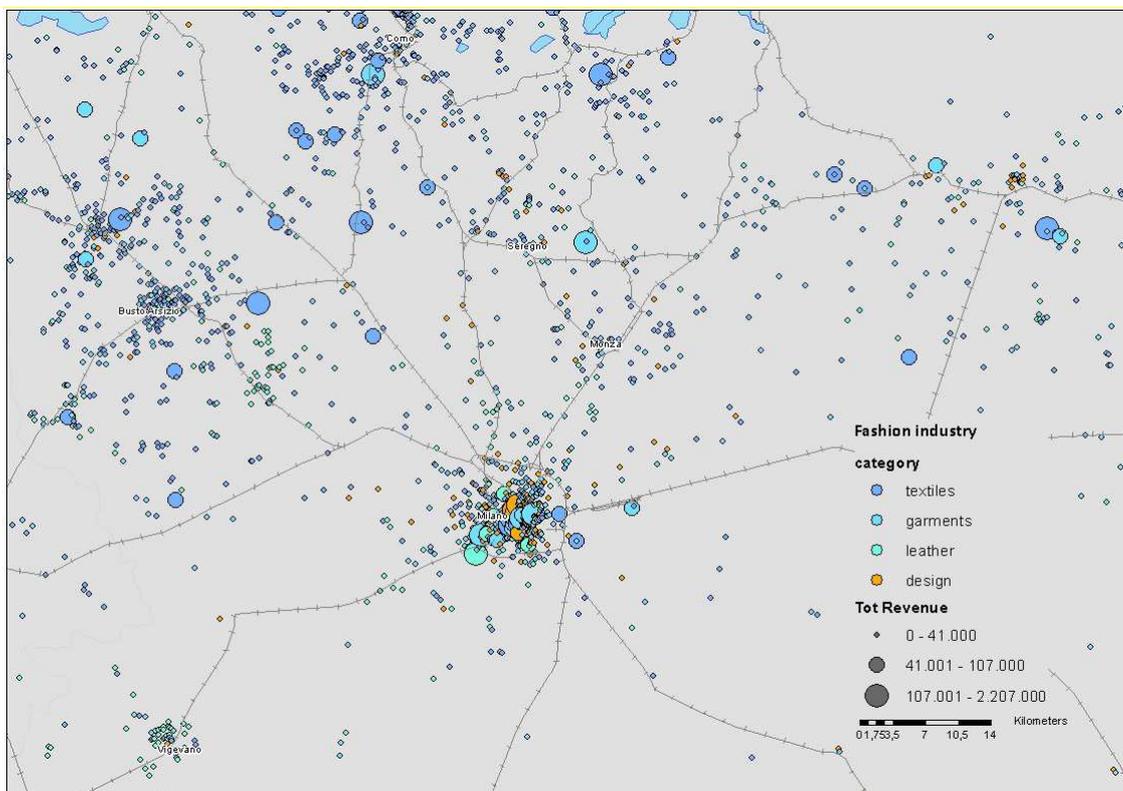
² Until 2014 there was no administrative definition of the Metropolitan Area of Milan and researchers used the administrative boundaries of the Province of Milan. In 2014 the Metropolitan Area of Milan was created over the boundaries of the former province of Milan, but with responsibilities and tools are still unclear.

³ Mario Boselli, president of the Milanese Fashion Council offered such figures at the fashion week in September 2013.

Although these figures can be partially distorted by an unclear classification of activities, they frame the fashion industry in a very complex picture. Not only the big-names of the famous Milanese *maisons* are pictured, but also, and especially, the complex constellation of medium and small manufacturers and craftsmen producing fashion. Fashion-related manufacturing in the Province of Milan represents almost 15 percent of the whole manufacturing in 2013.

The territorial distribution of firms shows that small, medium and (few) large manufacturing firms represent the bare bones of the Milanese fashion industry. Map 1 shows the punctual location of firms in the manufacturing and design fashion, thematised both through industrial sector (Manufacture of textiles; Manufacture of wearing apparel; Manufacture of leather and related products; Specialised design activities linked to fashion), and through revenues⁴.

Map 1 — Fashion industry (firms by sector and revenues) 2013



Source: elaboration on data AIDA – Bureau Van Dijk

Fashion industry, as many others manufacturing industries, has been facing a deep crisis much earlier than 2008: the number of enterprises has been decreasing in all manufacturing sub-

⁴ Source: elaboration on data AIDA – Bureau Van Dijk.

sectors (textile, garment and leather manufacturing) since 2004, and since 2007 even in the design sub-sector⁵.

This figures must be interpreted keeping into account the impact of past and present global economic context. The textile industry, for instance, has been subjected since the Nineties to the effects of globalization and international division of labour (Prota & Viesti, 2007). Large delocalization fluxes towards those countries with cheap labour cost gave rise both to a deep crisis of traditional industrial districts based on made in Italy, and the rising of new textile districts in emerging Countries as Romania (Baldone, Sdogati, & Tajoli, 2002). In particular, China entrance in WTO in 2005 is usually addressed as the sole cause of such a crisis, which hit especially the low-quality production, as it is more exposed to the competition of foreign Countries with lower labour cost.

The fashion industry reacted to the situation with a shift towards high-quality productions: although this is supported more by “weak signs” rather than by strong empirical evidences, it could be the effect of both a selection process (where the weakest firms are forced to abandon the market) and strategic reorientation (where the strongest firms invest in market niches of high-quality productions). In such a context, the global financial crisis has to be interpreted as an acceleration and expansion of the process.

2. Regulation, Governance, Local Collective Competition Goods

The research is aimed at empirically exploring some of the mechanisms of the governance of Milan, through the analysis of the regulation of the fashion industry: one of the most relevant fields of Lombardy’s economy.

This choice is neither obvious nor free from problems, but is justified by the acknowledgment that the economic structure is one of the distinctive elements of a local system, and that “a local system cannot be restricted to its economic structure, but is hardly conceivable without a strong reference to it” (Pichierri, 2002).

Therefore, we assume that the way in which the economy is organized can shed light on the governance of a complex city. We observe the regulation of a segment of the local economy as an element able to explain the configuration of the local governance. The terms regulation and

⁵ Data source: Chamber of commerce of Milan, 2013. For further discussion on the economy of the Milanese fashion industry see d’Ovidio 2014.

governance need a short digression, not aimed at defining them, but at clarifying the use of the concepts in the following pages.

2.1. Regulation and Governance

Regulation and governance have not a single and universally recognised meaning, nor is this the place for a theoretical discussion: this session aims at giving a pragmatic definition, in order to tune our research tools.

The relation between regulation and governance touches both the territorial scale (national versus local) and the focus (primarily the economic context versus local society as a whole). The term regulation is traditionally applied to a national context. Indeed, authors from the *Ecole Françaises de la Régulation* (as Aglietta, Orléan, Billaudot, Boyer, Coriat) often assume a macro perspective: looking at the institutional differences among Countries, they observe diverse responses to economic changes and crisis; this leads them to open a wider debate on different “models of capitalism” (Albert, 1993; Boyer & Saillard, 2005; Crouch, 2005). A number of scholars, though, use the concept at a different scale, aiming at discussing tools and mechanisms implemented at a local level in order to sustain, orientate or control the local economy (as for instance in Pichierri 2002). In this second sense the term is used also here.

Oppositely, a governance perspective is more frequently adopted to analyse the ways in which a local system, as a whole, is managed. The term is opposed to government as to underline the involvement of different actors and mechanisms in the organization of local (social, cultural, urban, economic, etc.) policies.

The term governance has neither an univocal meaning nor a definite use⁶. In the perspective we are interested in, it suggests management methods and mechanisms of local societies largely based upon concerted practices. The involvement of different actors, not exclusively public (associations, firms, civil society, and so on) who play a role both in the definition of the

⁶ We should distinguish at least five different contexts in which the term “Governance” is used: (1) concerning firms, it refers to the way in which companies and organizations are governed (as “corporate governance”, it is used mainly in business economics); (2) in the Economy of Transaction Costs, it introduces the idea of the company as a “governance structure” aimed at the management of contracts; (3) mainly in political sociology, “governance” is opposed to “government” in order to refer to bottom-up rather than top-down processes, involving a growing number of stakeholders with the possible introduction of elements of deliberative democracy; (4) In urban sociology, namely in the Urban Regimes Theory, it takes into account the role of different actors and interests (urban coalitions) in the definition of the policy agenda; (5) in the definition of different institutional forms of regulation and co-ordination, the economic sociology introduces the idea of “models of governance” of local production systems (as in Crouch *et al.* 2001).

agenda and in the implementation of public policies, distinguishes a governance approach from more traditional top-down government processes⁷.

Some authors use the term governance with a clear reference to Local Production Systems (Crouch et al., 2001). In this perspective, different governance models (state, market, association, organization and community) are conceived as different ways in which a local system can be governed. Using this point of view, our goal is to understand which actors and which mechanisms are involved in the regulation of Milan fashion industry.

Adopting a regulation perspective to study a local specific industry, we intend to explore the role played by different public and private actors in the production of Local Collective Competition Goods (LCCGs): who produces basic services and information for the local enterprises? Who produces education and vocational training? Where does innovation come from? Answering these and related questions, we aim at shading light on the mechanisms through which the local economy is (or is not) governed. Moreover, focussing on LCCGs, we have to deal with the actors involved, both private and public, observing their strategies and tools, describing the circumstances, projects, partnership or conflicts where they operate together. Thereby, governance and regulation perspectives meet: is there a model to which we can connect the different practices? Is there a way in which fashion industry is governed? Are there places, processes or events that request collaboration of public and private players? Are there otherwise practices that tend to keep actors and their responsibilities separated?

Exploring the regulation of the fashion industry means, to us, looking at the local economy picturing actors and mechanisms that shape it, assuming that the market, as predominant it can be, is not the only option nor the most effective overall. On the contrary, exploring the governance model of a local society means looking at politics assuming that non-political actors (as to say the ones usually acting in a market or in a community model) may play a role in defining the political agenda as well as in implementing local policies⁸.

The regulation of the fashion industry can therefore bring insights in the understanding of some mechanisms of urban governance.

⁷ We should underline that the involvement of different actors leads towards the idea of a mix of regulations principle, also taken into account by the regulation theory.

⁸ To a certain extent, we are arguing that the distinction between “regulation” and “governance” can be read as the difference between two point of view on the same object (one looking at the economic aspects considering “external” influences, while the other looking at political aspects taking into account “external” influences...). This perspective seems to be consistent with the Weberian concept of “legitimate orders” as proposed and discussed by Pichierri (2013).

2.2. Local Collective Competition Goods

Crouch *et al.* (2001; 2004) observed local production system analysing the way in which Local Collective Competition Goods are produced and made available for enterprises. This analysis leads to the description of five “models” of governance: state, market, community, organization, association.

In order to empirically explore LCCGs, they will be organized into three classes: innovation, training and internationalisation (Crouch *et al.*, 2001; Pacetti, 2008; Pichierri, 2003). We agree that most of locally supplied goods and services for firms’ competitiveness can be gathered into these classes. The meaning of innovation, training and internationalisation is to be specified within the branch of any given economic activity. What do LCCGs mean to the fashion industry? What kind of innovation, training or internationalisation does the fashion industry need?

Innovation and technology transfer

In this perspective, innovation mainly designates technology transfer operations, namely procedures aimed at making innovations available to local firms which are not able to invest in R&D. As far as the fashion industry is concerned, innovation can assume two main connotations. On the one hand, the most traditional one concerns the introduction of new machinery, technologies, productive processes as well as products with new features, concerning for example yarns or fabrics with innovative properties. This kind of innovation does not differentiate fashion industry from other industries. On the other hand, fashion industry is also based on a second, more specific and constitutive meaning of innovation: the one related to designing and thinking about new shapes, styles, and so on (Pratt, Borrione, Lavanga, & d’Ovidio, 2012).

Education and training

Education and vocational training can enhance firms’ competitiveness as they are specific and useful for their activities. We will therefore observe modalities in which a local system (institutions, organizations, practices) provides the enterprises with skilled workforce. Public, private schools and various training courses have to be taken into account, as well as less formal processes of circulation of knowledge through face to face relationships, dense supply alliances, career paths, etc.

Internationalisation

The peculiarity of the fashion industry is very clear when internationalisation is taken into account (the most similar is maybe the media sector in Cologne, studied by Arne Baumann and Helmut Voelzkow (2004). Usually, internationalization mainly means import-export relationship, and the possibility of extending sales and production networks abroad. Relocation and delocalisation processes are considered as crucial, and deeply experienced by textile companies. Nevertheless, these aspects do not represent completely the issue: for the fashion industry, internationalization mainly means international visibility. Milan is a node of a global fashion system and being in the city means for firms to be visible, recognised and insert in transnational fluxes. Such visibility is surely a local collective competition good, provided by the local context and used exclusively by local players. For this reason, internationalization, as a LCCG for the fashion industry, includes services for small and medium sized enterprises (information on new markets, meeting with foreign customers and suppliers, etc.), but also the availability of communication services, the presence of specialized magazines and media, and above all the organization of trade fairs and events for the industry, as the Milan Fashion Weeks.

3. Regulation of the fashion industry in Milan

Our fieldwork⁹ draws a complex picture, where a sort of division of labour between the city and the surrounding areas, in terms of provision of LCCGs emerges clearly. Some of them are produced, provided or managed into the urban boundaries by urban players, while others seem to be assigned to extra-urban players and places. Overlapping between the urban and the extra-urban level occurs seldom, nevertheless the separation of responsibilities has been recognized not only by the survey of LCCGs, but it has also been acknowledged by our key informants, whose interpretations seem to be remarkably consistent with each other.

⁹ Between 2014 and 2015, interviews have been collected with key informants in the fashion industry of the Milanese Metropolitan Area: officials from the Department of Fashion, Design and Innovation of the Municipality of Milan; delegates from the Chamber of Commerce of Milan, and from fashion producers associations; directors of R&D centres and of fashion schools. Moreover, authors have been engaged in the analysis of the fashion industry in Milan for many years and interviews and life histories have been collected with fashion designers and fashion entrepreneurs.

3.1. Innovation in a creative industry

The production of LCCGs for innovation aligns with a clear distinction in the productive structure, as shown in map 1: large design firms and fashion houses tend to agglomerate within the urban borders, while systems of medium and small manufactures tend to occupy the surrounding regions.

Two elements are therefore to be kept in mind when LCCGs production is addressed: the dimension of the firms (clearly large firms have more resources and can provide for competition goods internally) and the kind of activities (design activities have different needs from manufacturing ones). Innovation within a local productive system reminds immediately to productive technologies and processes, new materials and new techniques; nevertheless, innovation, in the fashion industry, has to do also with creativity and design.

We will focus firstly on the productive side, and on the more traditional elements of industrial innovation; secondly, we will address the creativity side of the industry and explore how and to what extent innovation is collectively produced in the design segment of fashion.

Innovation along the production chain

As already said, fashion manufacture (textile, garment and leather) is strongly territorially embedded in productive districts around the Metropolitan Area of Milan. Within such districts a number of research centres have been created, aiming mainly at developing technologies within the textile industry. Such centres originate from partnerships among local administrations, chambers of commerce, unions and private companies, and provide services to firms¹⁰. Among the numerous results or products that emerged from such research centres, the most common are: labs providing tests for companies (flame and water resistance of yarns and fabrics, quality test and so on); new machines (as, for example, a machine able to test the quality of the silk yarn); labelling systems (for instance, certifying social or environmental sustainability of local products). Tracing the process of innovation within the productive system is not an easy task, as innovation does not follow a single path: sometimes it originates from the needs of the fashion designer, sometimes it springs from a new machine, sometimes, again, is created within a research centre and so on.

Most of the distinctive characteristic of the industrial district are clearly visible also in the fashion industry, where, as an interviewee claims, “it’s impossible for a firm to keep an

¹⁰ The empirical evidence we refer to has been built mainly through interviews with key informants in two of the most important research centres of the Region: the Centro Tessile Cotoniero in the textile industrial district of Gallarate, and the Centro Tessile Serico in the Silk district of Como.

innovation secret: everyone will find out about it!". The geographical concentration of the productive chain is undoubtedly a strong asset for innovation and this must be underlined in a period characterised by a strong push towards delocalisation. A good example is that of the creation of certificates of environmental quality¹¹, that, in order to be effective, has to certify every single step of the production chain. Indeed, a system of labelling has been planned, able to certify the quality of the product within the whole production chain, from the yarn to the textile, to the tailoring. Such a system of certificates is only possible if the production chain is totally (or mainly) clustered.

Feedback between creativity and production

Innovation in the production chain is undoubtedly an important aspect of innovation in the fashion industry, but not the only one. Here we address the issue of creativity and inventiveness in the design side: these elements are linked to immaterial urban factors such as the creative atmosphere, tailoring traditions, the fashion schools and so on. An element that seems crucial to the nourishment of the specific innovation-needs of the fashion industry is named by a vast literature as local creative atmosphere (Santagata, Momaas, Rantisi). It comprises styles and aesthetics of the local culture as well as the local tradition in know-how, tacit knowledge and so on; the historical accumulation of know-how and knowledge, of artistic styles and creative traditions; the existence of many different artistic trends, both mainstream and alternative cultural productions. Tacit knowledge, craft-based and creative traditions are the result of the melting between local creative networks and the place itself (Molotch, 2003). Such an atmosphere is nourished by schools, educational institutions and practices (in workshops and/or in the creative offices of the fashion *maisons* for instance) and it is bolstered by the endless interplay between mainstream and alternative cultural production (Scott, 2000).

Both the local productive tradition and the knowledge accumulation have been described as crucial for the birth and development of many local creative industries based on material and immaterial production such as design, architecture, fashion, food, pottery, or biotech, information and communication technology (Bertacchini & Santagata, 2012). Not only industries, as the video game one in Tokyo (Aoyama & Izushi, 2004), or cities, as New York (Currid, 2007), own their creativity to the accumulation of many different activities, also

¹¹ Between 2013 and 2014 a series of scandals jeopardized a number of fashion houses that supposedly were not sustainable in environmental and social terms. Within a system dominated by immaterial value, such scandals can have very deep consequences; therefore the reaction has been very fast.

individual enterprises developed successfully thanks to the combination of diverse skills and cultural capitals (Leslie & Rantisi, 2011). Such accumulation is at the base of the attractiveness of other cultural activities; and contexts are conducive to cultural production thanks to their growth in creative- and culture- led production and for their scene as it was Manchester in the '80s (Bottà, 2009) or Turin in the '60s (Santagata, 1998).

Addressing at the creative atmosphere as a local collective competition good and analysing the role of actors who create it, producing and reproducing would require a dedicated research: here we are going to concentrate on two aspects linked to the fashion designer's need of inspiration that most frequently emerged in our investigations.

From the literature linked to fashion study and fashion cultures (Breward, 2003; Polhemus, 2010) we know the importance of the city as a stimulus for fashion designers' creative work: art galleries, museums and exhibitions, but in particular the mix and diversity of people in the streets, and open-air markets, all of this provides inspiration, new ideas and novel innovative directions to explore. Precisely because on the one hand the Milanese fashion maisons value those urban stimuli as sources of inspiration, and, on the other, they perceive the city as lacking in such a kind of inspiration, Milanese designers mention their frequent travels abroad, mainly to other fashion capitals, as the means through which they fulfil the need to nourish their creativity (d'Ovidio, 2010). This need to go elsewhere for inputs is recognised by the Milanese fashion houses which are keen to assign travel allowances and to facilitate the acquisition of inputs, for example, by recruiting fashion students to do research on urban-wear in other cities.

Therefore, the lack of creative stimuli in the city of Milan is faced thanks to bridging ties and networking, internal and external resources. The embeddedness of the fashion industry in Milan is, thus, to be searched in other domains. As we said above, the city is also an important hub in the clothing manufactory, allowing the development of strong relations among designers and manufacturers.

Such a concentration of manufacturing can be understood as a strong competitive advantage for the fashion industry in the city, not only as it activates the traditional positive dynamics of the industrial district (informal circulation of information, diffusion of innovation and so on), but also as it allows the designer to control the whole productive process and to intervene in every stage of the production. Moreover, in particular for the emerging fashion entrepreneurs, interaction with small local manufactures represents a very important source of specific know-how. The deep integration between production and creation shows, undeniably, that local

producers and craftsmen have a role in the education and skills of designers, and the factory becomes an important place for knowledge sharing and learning, for creativity and innovation. Indeed, the proximity with producers is very well acknowledged as an asset allowing both to learn about mechanisms of production and to control over the production. The chance to visit the production sites is not only related to the quality of the production, but it is also an important stimulus for emerging designers who can experiment new techniques together with expert artisans. Thus, innovation and knowledge circulate not only within manual workers and within the small firms in the districts: they circulate among designers and creative workers outside the borders of the industrial district arriving further until the centre of Milan, where designers learn how to transform their ideas into objects, often having new inspirations exactly from the factory. Moreover, in the factories, designers can learn productive techniques and put them in practices, but they also acquire knowledge on how to choose the raw material, where to find it, and so on.

The presence of a wide range of specialised producers is therefore an extremely important element for the competitiveness of the Milanese fashion industry; it represents a vital asset both for consolidated fashion houses that find producers and craftsmen able to satisfy their high-quality demands, and for emerging fashion designers that can work together with the producers in a very synergic environment. The complex twist of material and immaterial, of production and designing, of creativity and making is literally territorialized around the region, forging the very Milanese fashion industry (Ricchetti & Cietta, 2006). It is therefore clear that the co-location of the entire productive chain constitutes one of the most peculiar competitive advantages of the Milanese fashion industry; this concerns both the traditional dimension of product and process innovation, and the creativity and inspiration of the design elements.

3.2. Education and vocational training: international designers and local textile workers?

Education and professional training represent a second crucial field for the production of LCCGs: indeed, although a qualified labour is a key element for the territorial competitiveness as firms strongly rely on skilled workforce, investment in education and training is one of the most risky within a market logic (Pacetti, 2009).

Advanced professional training is undoubtedly an important element for the urban competitiveness of Milan and a strong asset for its internalization, as schools attract many foreign students (Mingione et al., 2009). Fashion schools in Milan focus primarily on design and

fashion design, most of them are private, with a high international reputation, as for instance IED or Marangoni Institute.

As we described above, fashion industry shows a strong territorial specialization between manufacture and design, located respectively into the Metropolitan region and in the city; similarly education and vocational training follow such a spatial organization. Therefore, design fashion schools aggregate within the urban borders, and they provide university- or master-level courses for fashion designers, while professional and training schools tend to be located at the core of industrial districts, instructing manual workers into textile, leather production or clothing tailoring. We will deal with the educational offer in the two contexts separately.

Breeding fashion designers in Milan

Within the borders of Milan, universities and university-level schools focus on the education of creative professionals. In a previous work on emerging fashion entrepreneurs in Milan (d'Ovidio, 2015), we described such educational system in the city as characterized by “technical” schools and “design” schools, depending on the different focus that the educational path assigns to the designing of the final product or the collection, versus the making-techniques of the clothing.

Following this classification we can say that, out of the 10 main fashion schools in Milan, four of them focus on the techniques side, while six schools are oriented on the design side, including a university of design with a specialization in fashion.

The public actor plays therefore a limited role in the provision of LCCGs concerning education, nonetheless it has an important role as coordinator of fashion schools, even, and especially, when they are private. In 2008 in Milan a network of Italian fashion schools (mainly, but not only, Milan-based ones) gave rise to an association (Piattaforma Sistema Formativo Moda¹²) aimed at representing fashion schools in Italy. The association brings together Italian institutes, academies and universities that provide full or partial education in the fashion field.

Members of the platform are both fashion schools and fashion associations (as for instance Camera Nazionale della Moda Italiana, SMI – Sistema Moda Italia, Unione Artigiani della Provincia di Milano), so that the platform acts as a coordinating actor with a number of functions. Firstly it serves as a bridge between the education side and the working sphere, by supporting students' orientation and placement thanks to the contacts that the platform can develop with Italian companies.

¹² Platform for Fashion Education. Website: <http://www.piattaformamoda.it/> accessed 8 June 2015.

Secondly, it represents the direct and privileged spokesperson of the Milan Municipality that can build a direct relation with fashion schools and can act as a coordinator actor. An example clarifies this: a dealers association in an important commercial street in Milan, c.so Garibaldi, wanted to organise an open-air catwalk as a promotional event. Their first idea was to involve one or two famous Milanese fashion *maisons*, but the Municipality pushed the association towards a more feasible involvement of the fashion-schools-platform instead. The catwalk was organized so that valuable fashion students could have a window to show their creations. Eventually, the show succeeded as it attracted a large number of Italian and foreign visitors to the city and the commercial neighbourhood, and gave visibility to young, new, emerging, fashion designers.

Professional training in the industrial districts

Professional schools and training courses tend to agglomerate within the industrial districts, close to firms that later will employ the educated workforce. A prime example is that of the silk district localized around the town of Como, 50 km North of Milan, where the whole silk production chain is located together with the entire educational chain that should respond to the production needs.

All educational levels are here represented: training schools with three- or five-years courses, five-years professional and technical high-schools and even an art school at university level (Accademia di Belle Arti Aldo Galli, decentralized branch of IED, which however seems to be a sort of exception, compared to the widespread distribution of technical and vocational institutes). Apart from the Academy of Fine Arts Aldo Galli, all schools mentioned are public.

Associations and local governments also pay special attention to vocational training, training on the job and skill upgrading. In Como, a Polo Tecnico Professionale¹³ was constituted in 2012, following a regional project: the PTP, called ARTEXTYLE COMO, involves the local technical and professional institutes and the local training organization (ENFAPI) together with some local companies.

The fieldwork shows some convergence between strategies of companies, business associations and schools, and a certain ability for interaction: according to local players, "the Setificio Foundation, the Gruppo Filiera Tessile of the Unione Industriali (the main Italian

¹³ PTP are Professional Technical Pole constituted by local governments, business associations, schools and firms. Though they do not provide money, they allow local players to act as a collective actor, negotiating with other subjects in the regional arena.

business association) and the textile industry carry out a commendable activity to support the education system in order to maintain what is there."

The industrial structure of the sector also plays a role in innovation and training on the job: in the fashion industry training is often provided by suppliers selling new machineries and introducing new technologies. An example can be offered by the introduction of ink-jet print machineries that "required a change of skills, a transition from old to new printers. The transition was accompanied by training", and the local business association "organised several training courses. Of course we cannot anticipate or solve all the firms' problems, but we are able to work in parallel with the firms. Training is made also together with the machinery's supplier: the supplier has to do it".

However, despite these interactions with companies, the variety of schools on the territory, and the virtuous dynamics still existing in the industrial districts, our key informants argue that there is a big gap between the needs expressed by companies and the workforce availability, both from a quantitative and from a qualitative point of view: firms are reporting a lack of technicians and of young people interested in manufacturing employment opportunities, as in occupations as textile workers. The problem is shared by the different regional players, and explained by the general loss of attractiveness of manual professions and by the widespread belief that the Italian manufacturing industry is destined to an inexorable decline.

To conclude, we can say that in the industrial district the intervention of the public actor is primarily focused to the attempt of bringing together demand and supply of labour, even trying to steer vocational training towards the kind of skills more explicitly required by firms. The results of these activities are difficult to assess, and they are often perceived by companies as insufficient, as they have to face the widespread lack of interest of young people towards manufacture. Local companies feel forced to invest in internal training because the school system does not provide the workforce they need, neither from a numerical point of view (e.g., the Technical Institute of Higher Education Paolo Carcano, one of the most important training schools of Como, counts in 2014/2015 no more than a hundred students enrolled in courses directly or indirectly related to textile industry) nor from a qualitative point of view (the skills acquired are considered still too general and requiring further training on the job). Although these are quite common complaints by firms, the gap between training demand and supply suggests a reflection on the ability of the education system to support any competitive reorientation of the sector towards top range productions: if professional schools and

institutes are obsolete and unattractive for new generations, the relationship between manufacture and design described in the previous paragraph may lose its role of support for the competitiveness and the embeddedness of the fashion industry.

As far as the advanced education based in the city is concerned, the role of private actors seems far more evident, especially the one played by international fashion schools, which, despite the high fees, attract a large number of students from all over the world. In this case, the role of the public actor seems even more explicitly expressed in coordinating other subjects, mostly private ones, well-established and acknowledged within and outside the local system. The latter requires no direct action by the Region and the City, but may instead benefit from tighter relationships with other public and private subjects, as the case of the events organized by the Garibaldi dealers association previously mentioned. In this case, the constitution of a schools' association as the Piattaforma Sistema Moda, coordinated by the City of Milan, which also manages to put into the network business associations, can be an effective tool for building bridges between public and private stakeholders. The network may assist the schools in enhancing visibility and acknowledgment, and the public administration in promoting and orientating the impact on the area in terms of events accessible by citizens, and, above all, in enhancing the work of young designers.

3.3 Internationalisation of industries, products and brands

As we mentioned above, the issue of internationalisation requires some clarification as far as the fashion industry is concerned. The textile industry have been prematurely affected by the globalization, which took mainly the form of extensive delocalisation processes, with negative consequences primarily but not exclusively in terms of closure of a large number of firms and the consequent loss of employment. In this paper, however, we focus on internationalisation with reference to LCCGs, such as on those initiatives that are locally available to promote the internationalisation of companies. SMEs typically need to be guided and promoted into international markets; in the fashion industry, though, internationalisation also means international relationships and visibility. A company located in Milan has the chance to play into an international arena, and thus to benefit of goods and services provided "locally" and able to improve their internationalisation.

Traditional initiatives for the internationalization of SMEs must be observed together with those that make Milan a Fashion City in the eyes of international operators. Trade Fairs, and primarily the Fashion Weeks, play here a central role (Jansson & Power, 2010).

Again we are witnessing a polarization between services for small (manufacturing) enterprises, mainly but not exclusively located outside the city boundaries, and services for larger companies and fashion houses, which are provided and used within the city.

Internationalization of SMEs

Services for the internationalisation of SMEs in the fashion industry are not so different from those provided for companies in other sectors. Locally, Chambers of Commerce provides services to SMEs committed to territorial marketing and international accompaniment services, ranging from information about new markets, to the search for new costumers, the bonding of strategic alliances, and the assistance in abroad business trip or trade fairs. In Milan, too, the Chamber of Commerce, though a special agency, offers such services to companies, including those within the fashion industry. However, despite the recurrent strong belief that fashion constituted one of the most important branch of the Milanese and Lombard economy, there are no employees or initiatives clearly dedicated to the fashion industry. This can be interpreted as both an indicator of inadequate consideration given to the sector, and the effective fact that the sector does not need such services at all¹⁴.

An initiative that was specifically thought for the fashion industry of the city was launched in 2009: the project named “Milano Fashion City” was aimed at connecting different local players, in order to define a joint schedule of the initiatives taking place during the Fashion Week. This coordinated calendar would be able, in the mind of the organisers, to keep stakeholders in the city for a longer period. The Chamber of Commerce was thus presenting itself as a mediator subject, able to coordinate different private actors and their own goals. The project seemed interesting and important, especially in order to convey the image of a harmonized territory, through an activity of “network building”. However, for reasons that they were not able to explain, the initiative lasted only few years and a new edition is not expected.

International visibility of products and brands

Milan hosts a number of well-known exhibitions and fairs, both for textile industry (for instance Milano UNICA) and for fashion industry (the women and men Milan Fashion Week, WHITE-show fair, and many more). Among them, the most important is undoubtedly the Woman Fashion Week, presenting fashion shows from the most important Italian and

¹⁴ The companies in the fashion industry are included in the macro area: “Fashion, luxury, cosmetics”.

international designers, and positioning Milan among the main Fashion Cities in the world, together with Paris and New York (Breward & Gilbert, 2006).

The regulation model implemented in the management of Milan Fashion Week may therefore constitute an interesting example of the relationship between public and private actors and of the mechanisms involved in a complex situation that catches many, even potentially conflicting, interests.

Milan fashion shows are, on the one hand, a driving force for the local economy, and an important vehicle of the city visibility and attractiveness. On the other hand, they are often perceived as a problem for citizens, since they generate traffic-jam, increase hotel and restaurants' prices, and do not represent an opportunity for citizens, being an "exclusive" rather than "inclusive" event.

The organization of the fashion show, and in particular, the location itself of the show, represented a conflictual occasion between CNMI¹⁵ and Milan City Council. Until 2010 the City Council used to grant the use of public land to the CNMI, in return for a simple monetary compensation.

The mechanism jams in 2011, when a series of events make the usual place unavailable. The local government was committed to find a solution, negotiating with the involved players (different associations, shopping centres, fashion houses, even church representatives...), to solve the crisis in a few months.

Once the emergency was calmed down, Milan Municipality and CNMI have been opening a discussion and negotiations about respective obligations and responsibilities.

In 2012, a three-year agreement was approved, according to which some of the most prestigious municipal locations are granted to the CNMI for both fashion shows and public events or press conferences. In return, CNMI cooperates with the Municipality offering the City initiatives in the same location. During the fashion week, when not used, the CNMI staff keeps the structure open to the public (free of charge, subject to availability) to host debates and cultural events, like previews of musicals, ballets and theatrical performances from Milan's theatre season. Between the end of 2014 and the beginning of 2015, the agreement was discussed again and signed for a further three years.

In our opinion, the position adopted by the Municipality has to be highlighted as it shows its will of both coordinating a public event and of asking a private actor for contributing for citizens' benefit. Indeed, the agreement is expressly defined as an opportunity to transform

¹⁵ Camera Nazionale della Moda (CNMI, the business association representing the major fashion houses).

the Fashion Week from an international but exclusive event, devoted only to the operators, into a happening open to the citizens, who often conceive fashion weeks as a problem and a merely invasion of public spaces.

Including free events, open to the public, in the fashion week scheduling is thus an attempt to make some of the benefits also available to citizens, to transform an economic important event in a cultural opportunity for the city ("this was also a way to involve the public, to make the fashion week more visible and open... something that is more *inclusive* and less *exclusive*"). The private players (through their association, CNMI) are asked to take on more responsibilities towards the city, acknowledging how many inconveniences and costs the city has to bear.

Another very interesting example, both from a substantive and from a symbolic point of view, is the request from the municipality that CNMI covers some of the extra costs to be sustained during the fashion weeks, namely those needed to enhance the presence of Municipal Police so as to keep law and order as well as to regulate road traffic, since this is an issue of great importance, not only to ensure citizen safety, but also to maintain a positive and attractive image of the city.

These dynamics suggest that the internationalization of Milan fashion industry represents a case of LCCG produced mainly by private actors, such as big fashion houses (and their brands), in collaboration with an environment able to play a role because of its image, traditionally linked to culture, luxury and *made in Italy*.

The actions of the Municipality in the last few years seem to mark a turnaround in the relationship with fashion global players. The constant bargaining with CNMI is a clear sign of a different attitude: according to the Municipality, the "circus" of fashion, still an opportunity for urban visibility and development, also entails costs, that private actors must be willing to bear.

4. Conclusions: towards Milan model of governance

a) Economic crisis, industry's response, local collective competition goods

Data analysis and empirical research suggest that the deepest crisis has hit the sector before 2008. The crisis depends on globalization processes that affected the textile industry early. In 2005 the protectionist boundaries definitely collapsed, as foreign Countries, like China, entered the WTO.

Our hypothesis, suggested and shared by different key informants, is that Milan fashion industry faced the crisis by moving towards higher quality productions. The effect of this trend were then intensified by the latest economic crisis, pushing out of the market weaker firms with lower quality productions, highly exposed to the competition from lower labour costs countries.

The main question to be answered is, for us is: **will the local system be able to accompany this competitive reorientation by providing the suitable LCCGs?** Are schools and training activities moving in the same direction? Or are they likely to emphasize, as we noted, the separation between demand and supply of labor and skills?

b) Division of responsibilities between the City and its surroundings: relationship among institutional levels

The division of labour we described above shows a good integration between the tasks assigned to the City and those assigned to the industrial districts. However, the relationship between these two levels seems to be mainly informal (young designers' collaboration with local manufacture, fluidity of innovation paths, response to fashion houses' need by the textile supply chain) rather than sustained by institutional tools (formal collaborations, partnership, projects).

Our fieldwork shows that direct support to companies in terms of services for innovation and vocational training offered by public actors or by alliances between public and private actors (business associations) can be seen mainly, if not exclusively, on the territories of industrial districts. As we described the informal but close link between manufacturing and design, we can argue that the public support to SMEs leads to an indirect support to design activities and fashion companies. The local system supports SMEs and industrial districts providing "traditional" LCCGs. However, the **industrial districts constitute in themselves a competitive advantage and even an element of deep embeddedness for fashion houses, and for the fashion industry as a whole**. Therefore, an indirect support is also offered to fashion *maisons*.

Concerning the relationships among different institutional levels, a few aspects seem to deserve further attention:

- Milan and the small or medium sized towns of its surroundings seem to maintain different kinds of international relations: while the production of LCCGs in the industrial districts often involves EU (even in terms of funding or sharing international research projects), Milan seems to move on the international scene autonomously,

entertaining relationships with other fashion cities all over the world without intermediaries (neither international nor national).

- Although the City seems to play also an integration role towards its surrounding, this happens only through big companies and fashion houses, that organise the supply chain, stimulate innovation and foster competitiveness. This important function is the same often identified in second generation industrial districts and localised clusters where a large or medium-sized firm can play a key role for internationalization and innovation. Forms of cooperation between public and private actors exist, but they always involve players belonging to the same territorial level (local schools, government, firms and associations on the one side; urban government, international schools based in the city, business association on the other side).

We should underline that **actors at different institutional levels build international networks without a linear pattern**. They find different interlocutors on different trajectories: local research centres and local institutions with European ones; the City with other global cities in the world; Milan designers with their global community and with global fashion houses and local firms. The national level is absent, as neither the city nor the industrial district need any kind of mediation. The “assemblage” (Sassen, 2006) of different levels appears irregular and shows gaps and empty spaces.

c) Global players in a local system; industrial vs. creative atmosphere

Big fashion houses play a key role in Milan fashion industry's competitiveness in terms of internationalization and innovation. They are global players acting on global markets and arenas and some of their actions can be definitively interpreted as *exit* strategies towards the local system: they can delocalize their headquarters abroad in order to avoid national fiscal/tax pressure, relocate part of the manufacturing activities, present their collections on fairs abroad, etc.

However, fashion houses' visibility is growing in the city, mainly at a cultural level, as in the case of Fondazione Prada or Armani Silos museums. These initiatives can be read in different ways, more or less distant from the market logic: are they “patronage” examples (in a *loyalty* strategy)? Or, on the contrary, are they investment, either in the brand's image or in artworks, simply explicable in term of economic benefits?

Anyway, as far as the local system is concerned, the presence of players such as Armani or Prada and their Foundations produces externalities in terms of cultural resources, available for

citizens, tourists and professionals, and contributes to the image of Milan as an international metropolis and as one of the main fashion cities. Thus, it can be argued that such a creative atmosphere is more an externality than a prerequisite for the success of the fashion industry. Designers can look for inspiration almost everywhere, and they often travel. They constitute a small and highly mobile community, loosely embedded. As we saw above, it is not the creative atmosphere to attract them in Milan, but the prestigious fashion houses, as well as the international schools; moreover is the presence of the whole production chain that increase their chances of success. Almost paradoxically, **the embeddedness of such a creative industry depends primarily above on the industrial rather than on the creative atmosphere.**

d) A model of governance?

The idea of a “market” model of governance is based on the assumption that, being the “invisible hand” of market the most effective regulatory mechanism, the state (or local public actor) is asked to intervene only in situations of crisis, or particular economic conjunctures.

Since the fashion industry is one of the most successful branches of local economy, in a region already showing better results than the national average, the hypothesis of a tendency to laissez-faire seemed largely realistic, and it was also supported by two preliminary empirical evidences.

Firstly, both through national and international press a general (and surprisingly monotone) rhetoric is brought forward claiming that since fashion industry is an extremely important asset for Milan, it is sustained at a local level by a complex and compact system¹⁶ involving stakeholders, economic players, associations and so on, where the City Government is called to intervene merely at a formal/representative/symbolic level.

Secondly, a preliminary conversation with the Head of Urban Economics (councillor responsible for productive activities) of Milan municipality confirmed a non-interventionist attitude towards a sector “that works”. The councillor claims that the urban government should mainly coordinate private actors and represent the Milanese fashion industry in formal contexts, as solicited by fashion stakeholders.

However, the fieldwork showed a more complex situation, with different regulation mechanisms at work, having different ranges of action and different levels of success and institutionalisation. The City of Milan is progressively shifting from a subordinate to a more

¹⁶ Literally the rhetoric emphasise that “the city of Milan builds networks”. Key informants and public discourse make a wide use of the expression “fare sistema” that underlines, in our opinion, the belief that the role of public government is to coordinate private actors providing LCCGs, rather than provide them directly.

equal position towards private global players: the bargaining with the Camera Nazionale della Moda is carried on with increasing levels of mutual recognition and the acknowledgment of their respective roles and responsibilities. The involvement of the fashion houses' association in the negotiation, and even in bearing the expenses incurred by the municipality during the fashion week, seems to be an element, although symbolic, of great interest.

Within this framework, a further element has to be mentioned: in March 2013 the Municipality office in charge of fashion industry has been moved from Culture to Economics Department, with different tasks and aims. While in the former department, fashion was considered as an element for the city culture and above all as a tool for urban marketing, in the current situation it is considered as an industry, and therefore as a target of industrial policies. This organizational change implies a shift in the attitude towards the governance of the fashion industry, noticeable soon after the new, Municipal Council installed in 2012.

Our interpretative hypothesis (that we intend to test with further investigation in the future) is that, in a city governed by the conservatives at least for the last 20 years, the installation of a council led by left wing parties could have marked **a turnaround in the relationship between politics and economics.**

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