ARE HAPPY 'FIRMS' ALL ALIKE? A COMPARISON BETWEEN GLOBALLY ENGAGED GERMAN AND ITALIAN MANUFACTURING FIRMS.

Alessandro Arrighetti and Fabio Landini

Department of Economics University of Parma

Abstract

The literature on internationally active firms (Globally Engaged Firms)(GEFs) has shown that a significant presence on foreign markets, an adequate propensity for innovation and R&D investments and a high level of human capital are factors that raise the firm competitive advantage and strategic flexibility. (Aw et al. 2011; Criscuolo, Haskel, and Slaughter, 2005; Ma, Yiu and Zhou, 2014).

In this paper we verify two hypotheses concerning the attempt to accommodate Global Engagement model inside Variety of Capitalism schemes: a) globalization flattens the differences between the institutional contexts in which businesses operate. In other words, neo-liberalism tends to uniform institutional models that once were very different, but that now could be much less (Crouch and Streek, 1997; Dore, 2000). The consequence could be that the constituent variables of the global engagement model are so influential to substantially weaken the differentiating impact of the institutional setting of the single country: firms, regardless of where they are located, are similar in terms of both firm-characteristic variables and variables influenced by the national institutional configuration; otherwise b) a high level of international engagement matches a reduction of the differentiation between firms, but the variety of capitalism continues to influence the evolution of businesses: that is, companies are similar in terms of firm-characteristic variables even though they are localized in different countries, but result to be different as for variables associated with the national institution design.

The analysis, carried out employing information from the Third Efige survey, suggests that (a) the relative weight of the GEFs on the total is not substantially different in the two production systems; b) independently of the country of origin, the firm-characteristic variables show comparable values: it seems therefore that GEFs are similar to each other; c) however, elements of differentiation due to the impact of institutional variables and factors associated with the manufacturing model inherited from the past are highlighted with the consequence that d) global engagement makes similar the firms adopting this strategy, but at the same time it cannot significantly reduce inter-firm differences deriving from institutional and historical factors; e) instead, firms, that have not opted for the Global Engagement model, appear to be heterogeneous both in terms of structural characteristics and of institutionally influenced variables.