

# Humanistic place leadership, cultural enhancement, and change in industrial districts

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## ABSTRACT:

Drawing inspiration from the works of Fiorenza Belussi on multiple paths of development in local productive systems, the essay contributes to the ongoing debate on factors facilitating such transformations, focusing primarily on industrial districts (IDs) as open learning systems. With specific reference to the Italian context, this paper recalls the delicate balance between socio-cultural and economic elements within IDs transitioning towards new paths of development, crucial for facing the current technological and societal challenges. The essay proposes to look at the possible diffusion of humanistic management (HM) and cultural enhancement of economic strategies, as new triggering factors against lock-in conditions and tendencies toward degradation during phases of ID transformation. HM prioritizes the well-being of individuals and ethical decision-making, aligning with a broader societal purpose. Cultural enhancement, rooted in a common heritage, supports place identity, and suggests bases for multiple specializations. The convergence of HM and cultural enhancement within IDs may offer to renewed place-leaderships levers for strategies of transition pointing to sustainable paths that align with broader societal goals in an era of disrupting challenges.

**KEYWORDS:** Industrial districts; humanistic management; cultural-based development; place leadership.

**JEL CLASSIFICATION:** L60; O1; P25; Z1.

## Liderazgo humanístico, mejora cultural y cambio en los distritos industriales

### RESUMEN:

Inspirándose en los trabajos de Fiorenza Belussi sobre múltiples vías de desarrollo en los sistemas productivos locales, el ensayo contribuye al debate en curso sobre los factores que facilitan tales transformaciones, centrándose principalmente en los distritos industriales (DI) como sistemas de aprendizaje abierto. Con referencia específica al contexto italiano, este documento recuerda el delicado equilibrio entre los elementos socioculturales y económicos dentro de los DI en transición hacia nuevas vías de desarrollo, cruciales para hacer frente a los actuales desafíos tecnológicos y sociales. El ensayo propone examinar la posible difusión de la gestión humanista (HM) y la mejora cultural de las estrategias económicas, como nuevos factores desencadenantes contra las condiciones de bloqueo y las tendencias hacia la degradación durante las fases de transformación de la DI. HM prioriza el bienestar de los individuos y la toma de decisiones éticas, alineándose con un propósito social más amplio. La valorización cultural, enraizada en un patrimonio común, apoya la identidad del lugar y sugiere bases para múltiples especializaciones. La convergencia de HM y la mejora cultural dentro de los DI puede ofrecer nuevas palancas de liderazgo para estrategias de transición que apunten a caminos sostenibles que se alineen con

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objetivos sociales más amplios en una era de desafíos disruptivos.

**PALABRAS CLAVE:** Distritos industriales; gestión humanista; desarrollo cultural; liderazgo de lugares.

**CLASIFICACIÓN JEL:** L60; O1; P25; Z1.

## 1. INTRODUCTION

Paths of open local development in local productive systems (LPSs) occur over extended periods following an evolving interplay of historical endowments of supportive and triggering factors and cumulative auto-reproductive dynamics within such paths (Becattini, 2004; Belussi and Sedita, 2009; Bellandi and De Propris, 2015). Scholars have investigated evolutionary processes of LPSs, evaluating the role of path dependence (Hassink, 2005; Belussi and Sedita, 2009), knowledge bases (Belussi and Sedita, 2008; Bellandi et al., 2018b), gatekeepers (Giuliani, 2011; Hervás-Oliver et al., 2011; Morrison et al., 2013), place leaders and agency (Belliandi et al., 2021; Sotorauta et al., 2017). In the context of contemporary great technological, environmental, health, societal and geo-political challenges, LPSs need to transform and are transforming as well, following forking dynamics and diverse paths of development (Belussi and De Propris, 2013; Bellandi et al., 2018; Jeannerat and Theurillat, 2021; Hervás-Oliver, 2021).

Consider industrial districts (IDs), a particular type of LPS. IDs are characterized by the spatial concentration of interconnected businesses within a specific region or locality. Often specializing in particular industries, IDs boast a close-knit network of firms, suppliers, and supporting institutions collaborating to drive economic activities (Becattini, 2004; Boix et al., 2015). The endogenous mechanisms for cultivating innovative capabilities follow a non-linear model of innovation (Lombardi, 2003). Emergent structures involve spontaneous and non-deliberate forms of social interaction, such as social networks and communities of practice. This involves the reuse of existing knowledge blocks or the recombination of dispersed knowledge fragments, leading to the emergence of novelties. Applying an endogenous perspective, knowledge, both new and existing, circulates continuously, creating a perpetual process (Belliandi et al., 2018b). Combining an exogenous perspective to the endogenous ones, IDs may be seen as open learning systems (Belussi and Sedita, 2012), where the development paths rely on the interplay between local and non-local triggering factors. Business networks and communities of civic practice fuel the interweaved evolution of the industrial organization and the socio-cultural structure, bringing about the formation of new knowledge structures and depending on the related support put in place by local leaders (Beers et al., 2019). Therefore, the district's openness to different possible evolutions arises from a delicate balance between socio-cultural and economic components within the internal structure of the district and its relations with the external environment (Becattini and Rullani, 1996; Giuliani and Rabellotti, 2017). This balance is difficult to maintain, especially in changing and turbulent environments where sociocultural, technical, productive and market conditions change (Ramazzotti, 2010; Dei Ottati, 2017; Sedita and Blasi, 2021).

Path transformation is crucial for LPSs facing contemporary disruptive challenges, but the debate on conditions that support such transitions is still quite open, for example for mature IDs, where degradation in the endowments of local capitals of development may bring about lock-in and fragmentation (Belliandi et al., 2018; Lazzarretti et al., 2019). This short essay tries to delve into such debate that, as the previous references suggested, has one source of inspiration in the works of Fiorenza Belussi. We propose an original view of strengthening in triggering factors that may help to mobilize more-or-less degraded endowments of local capitals for thriving and transitioning towards new paths of development.

In the following sections, we will recall a set of triggering factors for path transformation that may help to counteract contemporary conditions of degradation and open to new path of sustainable development. Specifically, we will point out the role that can be played by different types of place-leaderships and the combination of progressive types of PL with an emergent awareness of the role and possibilities of 'humanistic management' and 'cultural enhancement' of local development. We will refer our discussion mainly to Italian industrial districts.

## **2. TRIGGERING AND HINDERING FACTORS IN LOCAL DEVELOPMENT AND ID TRANSFORMATION**

In Italian IDs, historical endowments of supportive conditions that have helped take-off in the first decades after WW2 have transformed along the paths of development in the next decades (Trigilia and Burrioni, 2009). Let us think of conditions such as traditions of crafts skills and attitudes to diffused entrepreneurship and non-local trading in the old cities of Renaissance, as well as ethic of hard work and attention to natural resources and commons from nearby rural areas, together with political sub-cultures oriented to provision of public goods specific to local needs of social and economic progress (Becattini, 2004). These conditions emerged in some Italian regions at the beginning of the 20<sup>th</sup> century and revamped at the end of WW2 (Belussi, 2009; Trigilia, 2001). This local 'primitive' accumulation of pools of composite technical, human, and social capital is consistent with ignition of the auto-reproductive dynamics of open learning systems (Becattini and Rullani, 1996; Belussi and Sedita, 2012). Triggering factors of take-offs, which both established and built upon such primitive accumulations, were, in various compositions (Belussi, 2009):

- local larger firms promoting or giving way to an articulation of spinouts and independent suppliers;
- entry of non-predatory large external companies or traders;
- joint entrepreneurial action with various forms of cooperative initiatives in manufacture, agriculture, banking etc.

Development not only increased local capital but also altered its original composition. Factors of weakness in this evolution remained obscured until the onset of disruptive challenges necessitated transformative changes in the local ID structure. The delayed recognition of these weaknesses underlines the critical need for ongoing adaptive strategies to sustain growth and resilience in the face of emerging disruptions.

Case-studies have highlighted various degrees and compositions of conditions leading to degradation (Schamp, 2005; Hassink, 2010; Isaksen, 2014; Dei Ottati, 2017; Iammarino et al., 2019; Bellandi and Storai, 2022). For examples, excessive offshoring has deprived some areas of crucial technical capital. The success of DUI modes of learning (by doing, using, and interacting) and innovation within traditional productive specializations has often hindered the urgency for local investments in STI (science and technology) modes, knowledge intensive services, and new high growth productive specializations. Additionally, challenges in entrepreneurial successions coupled with a lack of renewal in the practice and image of working conditions in factories have diminished new human capital investments in the local industries by the younger generations. Immigration flows, while aiding the renewal of workforce in lower qualifications, have strained local social relations and decreased local business investments in new good high productive jobs. The accumulation of private financial and real-estate ownership among many families of small entrepreneurs and skilled workers has risked tilting work and trust ethics towards rent-seeking and rent-protection attitudes. Similarly, old political subcultures, which once generated robust local institutional fabrics, have been threatened and sometimes replaced by political practices oriented towards rent-seeking and rent protection. The control over predatory or monopolizing strategies promoted or helped by external financial capital has weakened; the exploitation of local natural resources and land was halted only in extreme cases while going on in softer ways for the short-run benefit of local public budgets and private profits.

These factors collectively underscore the complex interplay between local development dynamics and broader economic and social challenges (Sammarra and Biggiero, 2001; Giuliani et al., 2005; Bellini, 2006; Belussi and Sedita, 2008; Lazzeretti et al., 2019; Sedita and Blasi, 2021).

The long list of degradation conditions provides of course plenty of interpretative keys to understand negative path dependency in depressed areas as well as look-in, decline and fragmentation in IDs that have thrived along the wave of industrial development in the second half of the 20<sup>th</sup> century. However, local productive systems in general, and IDs in particular, are still important engines of development in old and

new industrialized countries (Bettiol et al., 2020; Hervás-Oliver, 2021). They need a revamping of leadership and triggering factors.

### 3. PLACE-LEADERSHIP FOR THE ID TRANSFORMATION

Local development can either be vicious or virtuous depending on how challenges are addressed. It emphasizes the need for legitimizing actions and leveraging adequate strategies to ensure positive outcomes. Regional studies have been recently expressing a growing interest in the role of the so-called 'place leadership' (PL). This body of literature characterizes PL as sets of key actors at the core of territorial governance processes. These actors not only drive but also wield crucial influence over the reproduction and variation of collective resources, such as commons and public goods, specific to territorial development (Stimson et al., 2005; Sotorauta et al., 2017). Specific embedded actors, either organizations or single individuals, have the ability and legitimization to mobilize both collective and private resources, establish shared visions and initiatives, and drive strategic functions within governance structures and practices. These functions are designed to address the economic and social performance of the place, as outlined by researchers such as Sotorauta and Pulkkinen (2011) and Beer et al., (2019). They are particularly relevant today in relation to the transformation asked to IDs that face disruptive global challenges related to social polarization, technological revolutions, climate change, etc.

In studies dealing with the exploration of local development paths, the functions of PL have been mainly explored in relation to features of strength and openness. However, a PL may be weak or dominated by either civic oligarchic or monopolistic corporate interests, in each of these cases expressing barriers that hinder positive path transformation (Bellandi et al., 2022). What type of place-leadership dominates depends both on the features of the local business and social configurations and on the cultures of policy and governance to which public and private joint action rests in the place.

For example, the presence, within the local business and social structure, of nodes of potential monopolistic power and capitalist-dominated social relations, as well as the presence, within the governance culture, of approaches pointing either to separation from place-based specificities or to capture by private interests, make easier the prevalence of dark-sides in PL; more positive prospects are related instead to a broad local multiplicity of nuclei of productive know-how, the permanence of rules of chorality and mobility among local players, and attitudes of inclusive governance (Becattini, 2015; Bellandi et al., 2022). There are, evidently, circular relations, either vicious or virtuous, between these variables. Nonetheless, some new triggering factors, operating at multi-level, local and non-local, scales, may be identified.

Indeed, the history of local development provides evidence of types of structures and strategies that might expand in present-day conditions and assume the role of such new triggering factors. Let us consider, specifically, three hints from the Italian thought on local development:

- In the 1950s, Adriano Olivetti introduced the concept of a communitarian enterprise as a driving force for local development. He envisioned these enterprises, along with networks of local stakeholders, as places "where justice dwells, where progress reigns, where beauty sheds light" (Olivetti, 1952, pp. 42-43). Olivetti's communitarian enterprise model emphasized the integration of economic activities with social and cultural development, creating a synergistic relationship that fostered holistic local development. His ideas remain influential, demonstrating how businesses can play a central role in cultivating just, progressive, and beautiful communities.
- In the 1980s, Sebastiano Brusco highlighted the importance of local 'real services' extending from the direct support to innovation and marketing strategies of local small firms to social services that played a crucial role in facilitating workers' family organization. According to Brusco, these services reduced the costs associated with family life and enhanced overall well-being. These services favoured or strengthened attitudes towards the active contribution of workers to the good performance of the company, a necessary ingredient when SMEs try to position themselves in market segments with growing

differentiation and variability, as was (and is) a competitive necessity in many IDs (Brusco, 1982 and 2008).

- According to Giacomo Becattini, all along the literature on IDs the “most important trait of the local community is its relatively homogeneous system of values and views, which is an expression of an ethic of work and activity, of the family, of reciprocity, and of change” (Becattini, 2004, p. 20).

Those hints from history, among others, combine strategic perspectives and resources of ethics and culture. They seem to inspire or at least anticipate a broad blossoming of contemporary theories, initiatives, and debates within and without IDs, on the importance of drivers like corporate social responsibility and cultural capital in sustainable development (Paolazzi et al., 2018; Coda, 2023; Mosconi and D’Ingiullo, 2023; more in general Porter and Kramer, 2011; Cohen, 2021). In what follows, building on the above historical hints, we propose a codification of such blossoming. The codification points out the key role of concepts of ‘humanistic management’ and ‘cultural enhancement’ of industries and places. Referring to them, we try to offer an original perspective on the possibilities and features of new progressive triggering factors for the transformation of IDs.

#### 4. HUMANISTIC MANAGEMENT

Over the past 50 years, concepts like corporate social responsibility (CSR), conscious and cooperative capitalism, social business and entrepreneurship, benefit corporations, business citizenship, and business ethics have emerged and strengthened, paving the way for practical and conceptual improvements in the value creation processes of our economy (Elkington, 1997).

More than 10 years ago Porter and Kramer (2011, p. 4) underlined that “creating economic value in a way that also creates value for society by addressing its needs and challenges” is something that needs to be addressed by our production systems. By introducing the concept of Creating Shared Value (CSV) (*ibidem*), the authors stressed the need of a transition towards a paradigm of sustainability where business and social concerns are re-integrated within both private and public, individual, and collective strategies.

The Humanistic Management (HM) literature, also ignited by the urgency for the business world to face the looming Twin Transitions and the related new political agenda (Bianchini et al., 2023), integrates all the streams of contributions just recalled within the idea that the unconditional support to the dignity of every human being becomes a core organisational goal (Spitzeck, 2011). It represents a novel paradigm where individuals engage in long-term relationships and materialize their freedom through values-based social interactions instead of maximising their immediate utility (Melé 2016; Pirson, 2017). Key elements of HM are dignity, ethics, and legitimacy (Pirson and Amann, 2010).

Therefore, HM is a paradigm that places a profound emphasis on the well-being of individuals, ethical decision-making, and the overall flourishing of both employees and the broader community within the organizational context. It seeks to balance economic goals with social and environmental considerations. Beyond shareholders and profit-centric models, HM aligns with ethical principles, fostering a workplace culture that values collaboration, inclusivity, and the personal development of employees. By prioritizing human welfare, HM aims to create sustainable organizations that contribute positively to society. It is crucial to emphasize that these sustainable entities are distinct, in principle, from non-profit organizations. Leaders, entrepreneurs, and managers adopting a humanistic approach can effectively lead for-profit organizations as well (Rosanas, 2008). HM has become a promising alternative business and development approach to research, practice, policy, teaching, and education (Della Lucia et al., 2021). Approaching business change from this perspective opens questions about leadership, change management, and impact on the business ecosystem (Lawrence and Pirson, 2015).

Despite HM was born with a strong individual-level emphasis within the business context, it has evolved to embed the multi-level nature of responsible managerial actions (Pirson, 2020; Laasch et al., 2020), as in corporate social responsibility and CSV approaches. At the individual level, responsible leaders are oriented to the development of human virtue to its fullest extent, grounding here leaders’ legitimacy

for corporate activities. At the business level, the values-based business management shapes the organizational structure, and business decisions and activities are crucial for assuming and sharing responsibility (Hall and Soskice, 2001). At the system level, responsible practices and routines foster trust, company image and reputation, but also political legitimacy (Pirson, 2017). Therefore, the entrepreneurial priorities combine with the local society's needs, community vocations, and know-hows, enhancing collective goods and shared values.

In a more general sense, CSV and HM approaches at the system level should not be conceived as the sole responsibility of enlightened managers, but rather as a communitarian endeavour (Grimbert et al., 2024), following also an Olivettian inspiration (Camoletto and Bellandi, 2021, p. 34), which takes to consider what could be the impact of HM to place-leadership in transformation and new local development paths.

Before discussing the point, it is necessary however to also consider another variable, which is the possible role of beauty and cultural heritage in new paths of development. Indeed, the reference to this variable allows to complete the trilogy advocated by the same Adriano Olivetti when drawing the nature of strong dynamic enterprises investing in corporate welfare and communitarian development. Indeed, it could be also suggested that some current reflections on aesthetic approaches, beauty, and 'artification' in organizations (Ratiu, 2017) naturally intersect those on HM.

## **5. CULTURAL ENHANCEMENT OF INDUSTRIES AND PLACES**

Reference to a common cultural heritage, especially when strengthened by material relics of symbolic/artistic content left in the urban and rural fabric by previous history, attributes identity to a place. Inherited identity is vital if it is expressed in a higher relational congruence within locally based educational, productive and innovation projects, which Becattini (2015, p. 59) called "productive chorality". The accumulation of relationships and intersections in the fields of activity of families, businesses, local government, cultural, religious, recreational and social assistance bodies, together with the apparatus of traditions of productive know-how, commercial rules, and care of the common goods, related jargons, symbols, rituals, norms, and values constitute the "cultural background (in the anthropological sense) on which individual decisions, including economic ones, depend and are projected" (idem, pp. 59-60).

The same chorality is the basis for the creation of new cultural objects that are included and give support to the reproduction of the contemporary social and economic life of the place (Kebir and Crevoisier, 2008). These objects help broaden the set of artistic and/or cultural activities proper to a place, as well as to bring out auxiliary activities for the typical products of the production system. Cultural opportunities for renewed local development paths arise from the exchange of experiences and ideas in an area where production activities intersect with cultural heritage, including artworks, performing arts, festivals, etc. Artistic and cultural activities become drivers for the development of the place through tourism, residential, logistics and communication services (de-Miguel-Molina et al., 2012). Furthermore, an easy and continuous access to cultural opportunities facilitates "innovative thinking and social cooperation" (Sacco et al., 2013, p. 560). Such phenomena are emblematic in those places where material cultural and landscape heritage is incorporated into an economic specialization, as in many LPSs with tourism specialization (see Lazzarretti and Capone, 2015). Or, as suggested by Santagata (2002), advanced cultural functions can be found in many contemporary Italian industrial districts, strengthening the value and image of typical products and their competitiveness in global markets, as well as the capabilities of transition to sustainable development paths. More recently, Innocenti and Lazzarretti (2019) emphasized the role of cultural and creative industries in bolstering local and regional development trajectories.

## **6. HUMANISTIC PLACE-LEADERSHIP AND NEW IDS DEVELOPMENT PATHS**

Drivers alike HM and cultural enhancement have been present along paths of local development in the past, though usually quite implicitly.

As recalled by Becattini (2004 and 2015) and Brusco (1982 and 2008), the functioning of both labour markets and social services in successful Italian IDs in the second half of the 20<sup>st</sup> century exemplified the combination of the competitive advantage of their population of SMEs with broad local opportunities for workers' mobility to stable job positions, professional growth, relatively high remuneration, some transitions to the entrepreneurial ranks, and territorial welfare. The Olivetti's case in the local system of Ivrea presented similar features, though centred on the leading role of a large 'communitarian' enterprise.

Similarly, the intersection of development of LPSs with endowments of cultural heritage can be traced in various cases, according for examples the four models assessed by Bellandi and Santini (2017).

- The first concerns the possibility of cultural heritage acting as a historical anchor for the typical products of an LPS. This anchoring allows traditional manufacturing sectors to increase the competitiveness of their goods thanks to the combination of specialized production knowledge and the style and aesthetic attitudes of the local community. The ceramics of Caltagirone are an example of this. Here, the cultural heritage in production processes is a source of authenticity and quality, which through product differentiation mechanisms produces higher added value.
- The second model reflects the possibility of a more direct transformation of the production system. Local manufacturing specialization can intersect with cultural heritage and give rise to new tertiary-based specializations that complement or even partially replace manufacturing specializations. An interesting case is shown by the "Slow Food movement" born in Bra, a city of Langhe and Roero in Piedmont (Italy).
- In the third development model, the relationship between the cultural heritage and the production base points to the recovery of traditional artisanal productions and therefore exploits the sedimentation of cultural heritage around the traditional manufacturing industry of a LPS (Sacco et al., 2013). An emblematic example is the Swiss Watch Valley, where the system reacted to the challenges posed by Japanese electronic watches, between the 1970s and 1980s, rediscovering traditional mechanical watches capable of leading to a new positioning in luxury goods markets (Kebir and Crevoisier, 2008).
- The three models can also act together in places characterized by a strong cultural heritage that interpenetrates a plurality of productive specializations, for example manufacturing and tourism, and is renewed through systems of cultural activities, for example museum clusters (Lazzeretti, 2012). This is itself a fourth development model of multi-specialized development where a variety of specializations is integrated, directly and indirectly, thanks to the reference to the common cultural heritage.

We have recalled in section 2 above, on one side, that various conditions of degradations have hindered the reproduction of such and other typical ID processes in the last decades; and, on the other side, that the great contemporary challenges bring about the necessity of transformation in IDs following sustainability and twin transitions (Bianchini et al., 2023).

Triggering factors for new IDs development paths are needed. Of course, as in the past, we can suppose that local anchor firms, non-predatory multinational companies, and joint entrepreneurial action should be still fundamental (Belussi, 2009; Belussi and Sedita, 2012). However, the supportive conditions to which such factors applied in the past, i.e., the 'primitive' accumulation of technical, human, and social capital, has largely disappeared. And the new accumulated composite capital, even if stronger in many respects, can be non-aligned with the need of transformation, if not degraded in some crucial respects.

We propose here that a key to strengthened triggering factors is to make explicit the relation between the traditional IDs practices and HM and cultural enhancement approaches. The idea is that local anchor firms, non-predatory multinational companies, and joint entrepreneurial action should be driven, explicitly and systematically, by place-leadership (PL) initiatives that incorporate such approaches. We would call such hybridization a 'Humanistic PL'. It extends both to business strategies and to joint private and public action where it intersects the idea of creating 'communitarian shared value' (Camoletto and

Bellandi, 2021) or of ‘collective shared value’ (Grimbert et al., 2024). This PL approach may be exemplified referring to two levels of application.

- At a grassroots, operative level, humanistic PL could play a pivotal role in fostering a stronger organizational culture within IDs. Leaders in these contexts would prioritize open communication, employees’ professional development, and participative decision-making. They would help a renewal of the local awareness and understanding that, by nurturing the well-being of individuals and fostering a sense of belonging, firms could contribute to the overall success and resilience of both the same firms and the community where they embed. Therefore, this approach not only would enhance the satisfaction and engagement of employees and SMEs’ entrepreneurs, but also contribute to the innovative capacity and adaptability of the entire local system, together with the strengthening of the community wellbeing and better quality of life expectations.
- At a direct agentic systemic level, humanistic place leadership is collaborative and responsive to the needs of the community and would enter in the local governance dynamics, favouring the supersession of oligarchic or monopolistic positions. Humanistic leaders would recognize the unique strengths and potential of the different constituencies of the district, promoting a culture of empowerment and shared responsibility. They would also liaise with those members of the civic society that carry experiences and competencies deeply related to the local cultural and artistic heritage, in order both to infuse the IDs transformation with renewed senses of local identity, and to explore and exploit the possibilities of transitions and multi-specialized development with a relation to the local levers of cultural enhancement and identity.

Literature presents some cases of enterprises and multinationals that have been increasingly adopting shared value perspectives (Blasi and Sedita, 2022). In Italy, this trend is visible at the grass-root level as well. There has been an explicit expansion in references to Olivettian sources (Zattoni, 2023). Additionally, some contributions explicitly address the local/district context, providing a direct application of the ‘grass-root operative level’ concept (Balduzzi and Perugini, 2023; Mosconi and D’Ingiullo, 2023).

An example is provided by Camoletto and Bellandi (2021b) in relation to the province of Cuneo. Located in Piedmont, Northwest Italy, this is a prosperous area where a network of interrelated local production systems has seen traditional specializations evolve and integrate with new, robust specializations (Santagata, 2002; Garavaglia, 2009). The region has successfully preserved and renewed its endowment of local capitals, which were originally tied to rural traditions and supported by a Catholic political sub-culture promoting collective goods. This renewal has been significantly aided by a kind of Olivettian entrepreneurial champions, playing a place leadership role with a humanistic approach, able to leverage the cultural enhancement of industries and places. Furthermore, the propensity to support or complement entrepreneurial strategies of corporate welfare with so-called “community corporate welfare” has a tradition in the area that, more recently, is explicitly spelled out and suggest a reflexive action at the systemic level. Consider, for example, the case of the consortium “Talenti Latenti” (*Latent Talents*) started in 2016: “With a minimum cost per employee, this group of SMEs, large enterprises and institutional entities ... provides high-value welfare services to employees and community’, extending to culture, healthcare, social and psychological support to individuals and families.” (Camoletto, Bellandi, 2021b, 407-410).

We argue therefore that the transformation of IDs and their transition to new sustainable paths of development could benefit from opportunities for open, strong, and progressive PLs that the hybridization with HM and culturally enhanced approaches could allow.

## 7. SOME CONCLUSIONS

Scholars underlined that the exploration of open local development in IDs reveals a complex interplay of historical factors, evolving dynamics, and transformative processes (Belussi, 2009). The paths of development within these systems are intricately linked to endowments of supportive elements and triggering factors, as well as to cumulative auto-reproductive dynamics featuring both evolving balances

between local socio-cultural components and economic structures and virtuous interactions with the external environment. In face of both long run tendencies to degradation of original supportive conditions and contemporary disruptive challenges (Dei Ottati, 2017), the factors triggering path transformation need to be revamped and strengthened.

In IDs, the humanistic approach to management finds a fertile ground to flourish. While the alignment between humanistic management (HM) and IDs offers promising synergies, it is not without difficulties. Balancing the economic imperatives of industrial activities with the humanistic goals of employee well-being and social responsibility requires careful navigation. This seems to be particularly relevant today, considering that IDs, as open learning systems, evolve in response to globalization and technological advancements, which might not maintain the human-centric focus of place 'chorality' (Becattini, 2015).

The opportunities provided by HM approaches in IDs are substantial. The inherent logics of IDs, fostered by a strong sense of community and shared values, aligns with the sustainability goals of humanistic management. The collaborative nature of the IDs may allow the pooling of resources, knowledge, and efforts to address societal challenges and contribute positively to the broader community. Here, cultural enhancement, rooted in a common heritage, adds a layer of identity to a place, providing a vital foundation for local development. It opens avenues for new models, combining traditional manufacturing with cultural heritage, resulting in unique multi-specialized development paths. The essay argues that a humanistic place leadership, combining HM and cultural enhancement approaches, can serve as a transformative force for IDs.

IDs are not just economic hubs but thriving communities where the well-being of individuals and the collective good are central to the organizational ethos. The hybridization of place leadership, HM, and cultural enhancement, to which we refer as Humanistic PL, presents an opportunity to redefine success in business, moving beyond mere financial metrics, to encompass the broader impact upon individuals, communities, and the environment. As businesses continue to navigate an ever-changing landscape, the integration of Humanistic PL within IDs offers a compelling model for sustainable and purpose-driven economic development. At the systemic level, Humanistic PL engages in collaborative transformation projects, recognizing and leveraging the unique strengths and potential of the IDs constituencies and driving new sustainable paths of development.

In a world facing unprecedented challenges, the convergence of humanistic management and cultural enhancement within local productive systems, such as IDs, offers a promising model for sustainable and purpose-driven economic development, prioritizing the well-being of individuals, communities, and the environment, and contributing positively to societal progress. This convergence might allow the strengthening of a progressive and open orientation of triggering factors towards new models and paths of development.

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