
**THE INSTITUTIONAL EXPLANATION OF THE ECONOMIC
PERFORMANCE OF FOOTWEAR APL (LOCAL PRODUCTIVE
ARRANGEMENT) OF FRANCA**

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Abstract

If a productive concentration manages to keep their existence, it is interesting to notice what their specific attributes are, and the nature of their collective efficiency. From this perspective, this article aims to show the inter-institutional relations that take place within the Local Productive Arrangement (APL) of footwear from Franca. Specifically it is intended to show the key players involved in the transactions that happen in this APL and therefore see what the consequences of the actions of these actors to the economic performance of the APL.

Key words: *Institutionalism, Transaction Costs, APL (Local Productive Arrangement) footwear in Franca.*

THE INSTITUTIONAL EXPLANATION OF THE ECONOMIC PERFORMANCE OF FOOTWEAR APL (LOCAL PRODUCTIVE ARRANGEMENT) OF FRANCA

1. Introduction

This work aims to show the inter-institutional relations that happen inside the Local productive arrangement (APL) footwear of Franca, specifically, to show what are the key actors involved in transactions that happen in the APL and thus observe the consequences of the actions of these actors to the economic performance of APL.

From a methodological point of view, the exploratory research which reinforces the present work, was performed in two stages: a collection of information on the websites of the Ministry of Development, Industry and Foreign trade, General office of Development of the State of Sao Paulo, General office of Development of the local authority of Franca, a semi-structured interview, and a semi-structured questionnaire. The first one was ruled in the institutional actions taken after the creation of the Permanent Working Group for the APLs (GTP APL) in August 2004, under the Ministry of which showed the institutions participating in the reality of APLs in Brazil since 2005 until the present day. In the case of Franca, this survey showed that approximately 40 participating institutions support actions that happen in this institutional environment. From these data, it was found that a local collective actor has outstanding performance in existing network: The Trade Union of Footwear Industries of Franca. It was carried through, then, a half-structuralized interview to verify the institutional lines of action of this actor, with the intention of putting to the test the argument of North (1994) that good institutions generate development.

The secondary survey conducted about governmental actions disseminated at the national level, since the creation of a working group created to give greater attention to the theme of productive settlements, is justified by the fact that it is important to know about the repercussions that the theme of agglomerations brought since the theme was incorporated into governmental discussions. From this survey, was done so a clipping with the purpose of observing the actions of agents who have their existence linked to your local performance, considering that this work is a productive agglomeration. The agglomeration is composed of a representative number of undertakings belonging to a single productive sector located in the same region that has companies from various sizes, comprising virtually the entire chain of production of footwear, but with a predominance of micro and small enterprises; its production is of a specific product, the male footwear and has several actors, among them companies, representative entities class, teaching and research institutions, public organizations, among others that somehow work or should act in support of this agglomeration.

In this sense, the survey of secondary data showed a large number of institutions. Fact that allows a cut for a more detailed observation of actors to which fits a more intensive actions with a view to sustaining the territory. These actors may be considered as those who have a greater interest in support of this agglomeration in the sense that their existence is a result of it. They are the entrepreneurs and its representative entity. In view of the survey of the actions of the public authorities that appeared in secondary data, to know what the Government is doing today can bring notions of how much of that is disclosed as governmental action is really done.

Thus, this work is based on the actions of the Trade union of the Industry of footwear of Franca, collective actor, who represents the footwear entrepreneurs.

Additionally, from a structured questionnaire applied to the Economist of the staff of the Secretariat of the development of Franca, it was possible to observe what was in fact done by local public authorities. This survey, particularly with regard to Development Forum, it is important to inquire, dialoguing with the existing information, if there were concrete actions to promote the development in the manner described previously. Obviously, you can see as positive the own initiative promoting a forum like this, however, there is that question also if their conduct was in fact.

So after a background of the subject of this article under the institutionalist perspective, will be made a description of the productive arrangement of shoes from the four factors highlighted by Schmitz (1997) and that allow the analysis of an agglomeration, which are, the size of the companies who compose the agglomeration, the internal and external links (environment), the ability to adapt through joint action, the change in the nature of trust, and soon after a discussion of the composition of this agglomeration in the light of the institutionalist literature.

2. The Economic Institutionalism and the Costs of Transaction

The classical view of the economy explains the economic behavior with reference to the actor. According to the institutionalist view, there is the need to understand the phenomena from different perspectives. This overview explains the economic behavior with reference to the environment in which the actor is inserted. Thus, the trial of change and stability is an institutional analysis.

The focus of the institutionalists produced differences in the way they interpret and analyze some fields of study for example, labour economics, industrial relations and the factors that affect their economic structures and processes and the economics of different sectors and their effects on structures and strategies and business performance. To the institutionalist perspective, the existence of some market is based on institutions that provide its creation and maintenance. Such institutions work in a productive environment composed of several actors who live under an economic, political and social reality, which changes and requires answers to accompany change. North (1994) explains the nature of the changes by transaction costs (Coase, 1980). The crux of the argument lies in the fact that when the existence of institutions favours low-cost transactions, these shall acquire importance and can enable the existence of a productive environment that fosters economic development.

Scott (1995, p. 33) affirms that institutions

consist of regulatory structures and cognitive activities, normative and regulative that provide stability and meaning to the social behavior. Institutions are broadcasted by multiple systems-cultures, structures and routines-and operate on multiple levels of jurisdiction.

Also affirms that although they are built and maintained by individual actors, institutions are impersonal and objective, through various advertising vehicles and operate on multiple levels.

The new institucionalists work in an attempt to provide new answers to old questions about how the social choices are formed, mediated and channeled by institutional arrangements (DiMaggio and Powell, 1991).

For the economic new institutionalists, the institutions arise and remain throughout the time when they confer better benefits than the costs of transaction incurred into its creation and maintenance. These costs would be the costs of negotiation, execution and fulfillment of the existing transactions between the institutions.

The new economic institutionalism takes the transaction as the first unit of analysis. According to organizational economists, institutions reduce uncertainty through reliable and efficient contracts that govern the economic exchanges. (DiMaggio and Powell, 1991)

When writing about transaction costs, Coase showed that any company, when producing, happened beyond the costs of the inputs and products, the costs of the economic transactions, which rule production, for example, the acts of buying and selling.

The assertion that the existence of an organization must be object of questioning, was brought by Coase, to emphasize the very hierarchical structure and subordination of an organization, which exists, according to him, because it brings results acceptable and expected. That is, the support of an organization involves costs that go beyond the resulting production function of inputs and products.

Involves understanding that the costs of going to market, production performed by individual agents are significant, and have consequences for the efficiency of the production process. As well as the boundaries that define the existence of a market that coordinates the price mechanisms also passes by transaction costs. From then on, is inaugurated a theory that studies the conditions under which the transaction costs are a significant element in the decisions of economic actors, and collaborate to determining how resources are allocated in the economy. Is the Transaction cost theory.

3. The productive agglomeration of footwear of Franca

3.1. The size of the companies which constitute the agglomeration

In Franca, the manufacture of footwear dating back to 1850. At that time, the site served as a rest for travelers (drovers) that took advantage of the stay to do repairs on harness, boots, leg warmers and shoes, all leather. Over the decades, the development was so sharp that Franca went on to be known as the Capital of Male Shoes.

Currently, the industrial park footwear of Franca-SP is responsible for about 40% of the employment in the city and, therefore, by the local economy. In addition to influencing the regional economy since footwear industrial plants are found in the vicinity, in neighboring towns. Constitute the industrial pole of Franca all other links in the chain of footwear, such as tanning, manufacturers of machinery for footwear, soles, glues and adhesives, molds, insoles, cutting knives, apparel & metal accessories, among the most important, being an exemplary case of cluster practically perfect as few in Brazil and in the world. The cluster is characterized when companies producing final products, suppliers, service providers, trade associations and Government institutions are concentrated in one place to save a regional vocation in the production of certain goods.

This industrial inputs and components complex meets not only the needs of the local industry as well as from other regions of the country specializing in the production of footwear.

According to data from the Annual Social information of the Ministry of labor and employment (RAIS/MTE), the number of workers employed in the footwear industry of Franca declined about 25% between 1985 and 2010, from 26,000 to 20,000. During a period of fifteen years, from 1990 to 2005, happened in Franca the multiplication of small industrial enterprises and the decline in the number of medium and large enterprises.

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Table 1: Evolution of the number of establishments in the footwear industry of Franca-SP (for port)-1990 to 2005:

Port	1990	1991	1992	1993	1994	1995	1996	1997
Micro	449	407	419	448	525	412	421	574
Small	71	73	91	103	94	76	104	88
Medium	49	40	50	56	56	25	21	15
Large	9	7	11	8	5	4	6	5
Total	578	527	571	615	680	517	552	682
Port	1998	1999	2000	2001	2002	2003	2004	2005
Micro	623	671	739	813	909	998	1337	1457
Small	85	100	116	132	129	139	182	183
Medium	18	20	26	22	23	30	34	28
Large	3	4	4	4	4	4	4	5
Total	729	795	885	971	1065	1171	1557	1673

Source: BARBOSA (2008). Based on data from RAIS/MTE.

Such a reality is due also to the impact of the changes arising from the opening of the Brazilian economy in the same period, which incited competition with the rise of the participation of Chinese and South Asians in the international market, coupled with the significant drop of public stimulus to the footwear industry.

In the year 1984, for example, the industrial footwear of Franca exported more than half of the 32 million pairs of shoes that manufactured (equivalent to 11.6% of the national production) and the total invoicing with sales abroad reached the milestone of \$ 164.5 million, which represented 15% of the total Brazilian exports of footwear that year. The global recession triggered by the end of 2008 contributed to a dramatic scenery in Franca, the third city of the country that most dismissed in December 2008. With negative balance of 11,101 jobs, Franca was behind only São Paulo (-37,286) and Manaus (11,938), being that these two are metropolis with respectively 10, 9 million and 1.7 million inhabitants. In late 2010 and early 2011, the problem repeated itself: the municipality of Franca held in January 2011 the 8th rank among the cities that have generated more jobs in the country, having been in December 2010 the 2nd city in the state of Sao Paulo (and one of the country's 10) that more dismissed (data from the General Register of employment and unemployment-CAGED/MTE).

Currently Franca is still the largest manufacturer of men's shoes in the country, with annual production of 25.9 million pairs in 2010 (about 3.2% of total national production) and export values reached \$ 95,74 million in the same year – about 6.4% of total invoicing of Brazilian footwear exports in the year in question. However, seven years ago the numbers of productive arrangement of Franca were considerably more expressive. In 2005 the annual production was around 27.9 million pairs of shoes (about 4 of the national production), with 8.5 million went to export (4.5 of the national total). The amounts invoiced with the export reached \$ 163,4 million - 8.7 of Brazilian total revenue exports of footwear in the year in question. Similarly, the workforce employed in manufacturing segment of Franca represented 9.4 of the national total. This in a sector in which production still predominates in semi-artesanal character, in which the technological transformation marked by expansion of automation and introduction of microelectronics have not had great influence.

It is interesting to note, that currently, according to Statistical Review, Sindifranca may 2011, in Franca are recorded 467 shoe industries, of which it is estimated that around 212

are micro-enterprises, 195 are small, 54 are of medium size and 6 are major manufacturers. And 26,763 thousand workers are employed. The response of industrial agglomeration of footwear to the requirements of the new dynamic Free productive capitalism of recent decades was represented by a dramatic fragmentation, evidenced by the fact that there was an enlargement of the number of manufacturing units, mainly the proliferation microenterprises, which reach more than thousand establishments and employ about 2/3 of industrial workers (RAIS/MTE, 2010).

In this productive environment, according to the document of Mapping production Leather Footwear Chain of Franca/SP and region, available on the site Sindifranca, there are 234 providers microcompanies for the footwear industries, 27 small and 4 medium-sized companies. The performance of these companies is the following: 74% providing lockstitch, 14.5% cutting services, 8.5% finishing services and 6% modeling. Of these service providers companies, 95% offer their services exclusively for footwear companies installed on the pole of Franca, remaining only 5 companies that have footwear industry clients from other regions.

To a large extent, the new industrial enterprises are a result of the creation of new business on the part of the off workers of large and medium-sized enterprises that are disappearing – these, as a whole, did not arrive to 50 establishments today. Parallel to this dynamic, the fragility of economic structure explains, without a doubt, the fact that in 2007 the average income of the worker in Franca was 34.5% lower than the paulista's workers average and 23.2% below the average income of brazilians (RAIS/MTE, 2007), slightly modified nowadays: research of IBGE and Getúlio Vargas Foundation, shows that the city has monthly average income of R \$ 871,11, which puts it in the 103rd ranking of the State and 396^a in the country in terms of purchasing power of the population. In comparative terms, the neighboring city of Ribeirão Preto possesses average income 55% superior: R\$ 1,361, 38. Harvey (2006, p. 149) cites the changes that have been taking place in the capitalist system over the past 30 years as promoters of a new economy. This new globalized economy, is marked by the globalization of financial capital, by the development and diffusion of information technologies and the reduction of the role of the State in social obligations. From the crisis of Keynesian policies initiated in late 1960, the Fordist paradigm of production will gradually giving way to relaxation of production and work. The productive flexibility and the phenomenon of the exclusion of millions of people from productive processes brought significant spatial transformations, which allowed demonstrations on this new economy that were the deterritorializing role of globalization for the reterritorializing role that globalization can bring. With repercussions in the productive processes, in the role of the State and, therefore, in all civil society, this reality, says Markusen (2005, p. 62) highlights the resurgence of subjective issues such as local loyalty, solidarity, reciprocity, cooperation, tolerance, which only make sense when one considers the consequences of spatial transformations.

The current economic development, then, is based on the reduction of the workforce, with the movement of the outsourcing and subcontracting, increased productivity through increased investments. So, with the change of the need for resources and the social context, management skills and technical skills become more complex and require more than those related to knowledge of small workshops. The business relationships have changed with the diversification of interests. In this sense, Corò (1999, p. 153) says that this new business reality causes changes in workforce that, to adapt to the flexibility, incorporate the ability of carrying out several types of tasks, such as operating machinery, maintain, develop and disseminate information, quality control, among others. Thus, the increase of informality,

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occurred in the decades of 1980 and 1990, from the restructuring process of productive capitalism that had course at that time, brought with them the multiplication of small businesses that have sprung up with microentrepreneurs old employees. Small companies have accelerated growth this season. There is also, the sectoral and geographical concentration of small businesses. Thus, there is a need for adjustment of small businesses in this new economic context, since there is an intensification of the process of emergence of micro and small enterprises on the grounds of lack of alternative of workers who are laid off. There is that question too, with a view to the expressiveness of the referring numbers to the reality of the footwear agglomeration of Franca nowadays, if the continuity of the development of these small enterprises that share among themselves the local productive vocation also depends on the intersection between economics and politics. In this sense, the elaboration of policies development that contemplate this situation would be important for the maintenance of this located productive vocation.

3.2. The internal and external links (environment)

Local development can be associated with the activities of local leaders and the interaction of these leaders with local government bodies. From the survey of secondary data, based on institutional actions occurring after the creation of the Permanent Working Group for the APLs within the Ministry of development was possible highlight institutions that participate in the reality of APLs in Brazil since 2005 until the present day. Nationally, after a survey conducted in 2005 by the Ministry of development, industry and trade (MDIC), in which productive arrangements were detected in the Brazilian territory 957, noted the need for mechanisms involving institutions at the State level to encourage the leaders of the local arrangements for the preparation of development plans in which the joints between the institutions would be needed. This is the integrated strategy proposed by the permanent working group for the APL (GTP APL), created in 2004 within the ministry. The proposed support by GTP is based on the idea that the actors of a given APL can mobilize and act jointly in identifying their collective demands, whether willingly or by induction of supporting entities (MDIC, 2010). So, it would be required an agreement between the local actors with a view to the development of the APL, drawing up a development plan, as well as a commitment to such a plan. In this way, the GTP methodology is based on recognition and in the valorization of local initiative.

At the State level, the development of the State of São Paulo runs a program to incentive APLs, established in 2009. The features of this program may be applied to the purchase of equipment and machinery, training programs, training and technology transfer, in minor adjustments of infrastructure and adaptation, technical and economic feasibility studies. Can join the program the municipalities of São Paulo State, public entities, nonprofit private entities that are representative of class or business support, universities, research institutes, institutions of development, innovation and technological education centers, incubators, standalone social services and entities formally constituted that collaborate to the development of APLs. The Secretariat is also responsible for the network of local productive arrangements, composed also by SEBRAE-SP, by FIESP, and by the Department of planning and Regional development. The projects developed within the network are aimed at the improvement of the management, support, encourage innovation, capacity building, sustainability, access to markets. At the local level, the Secretariat of the development of the city of Franca-SP along with SEBRAE, created the Permanent Forum with the purpose of

involving society in the themes of the development of the city, as well as identify and define actions that promote the economic development of the city.

According to information from the municipal Secretary of development, available on the website of the Secretariat of the development of Franca, the Forum believes that the economic development 'assumes that institutional, fiscal and legal adjustments are required, incentives for innovation and investment, so as to provide conditions for an efficient system of production and distribution of goods and services to the population, without compromising natural resources'.

The proposals in this forum, as well as the activities and actions to be developed were delivered in June 2010. In this context, in February 2010, technical meetings were held by the organizing team work of the Forum, which is the Secretary for development and SEBRAE-SP, for the definition of the next actions Forum.

156 proposals were analyzed to leverage sustainable economic development in the city of Franca, of 6 thematic axes. Were disclosed the names of proposals, but no document reporting the actions for implementation of these proposals. It was decided then to group proposals on large projects and the formation of a working group for each of them. In 2012 was published on the website of the municipality of Franca-SP a document that deals with the results of 2011 actions of the 156 proposed. Right at the beginning of the body of the document there is the recognition that it is the public power role to steer and to signal paths to achieve economic development, getting to the society the responsibility of necessary changes to achieve development.

Among the justifications for this forum, is registered in the document that it is important that the Government entities of the municipality set projects that promote 'sustainable economic development of the municipality', being thus prepared to receive investments and strengthen companies installed in the city. However, concrete actions are needed to promote development.

In the questionnaire applied to a representative of the Secretariat for development, was asked what actions geared to the footwear industry the development Secretariat of Franca currently develops. In response, three actions were cited, namely, the Franca Fashion Space, project in partnership with SEBRAE-SP and Sindifranca, in which subsidizes the investment value of the entrepreneur to attend industry fairs as Francal and Couromoda, a business incubator, and the project 'Entrepreneurship to Professionalism,' which offers free business management courses in several areas such as, finance, people management, leadership, marketing, sales, and inventory. The actions raised are actions that have already happened before the creation of the Permanent Working Group to the APL. As new actions, appears in the questionnaire that

there is great cooperation from City Hall to maintain partnerships with the Union by supporting projects such as NICC-Nucleus of Intelligence of Leather Footwear Industry, which has been developing a strategic plan for the sector in the municipality, as well as liaison with the State Government to tax cuts in the industry as ICMS (GST). We still have the support of the project of Geographical Indication of Franca's FOOTWEAR with the seal, SHOES OF FRANCA. That facilitates the identification of quality of the products of this segment of the city.

However, there is a contradiction between this response from a member of the Secretariat of the development of Franca and the speech of the President of the Sindifranca, because this says that this partnership does not exist, that the NICC is controlled by the Sindifranca, and that the articulation with the State Government for tax reduction is made by Sindifranca. Furthermore, in the speech of the President of the Sindifranca about the members

that participate in support and steer the project of Geographical Indication Seal is not quoted the Secretary of development of Franca, nor the city in General.

The current President of Sindifranca was elected in single party and its former President makes up the current Board of Directors of the syndicate. The election happened with the votes of only 55% of the 136 associated. (GROUP ABICALÇADOS, 2012). With an APL composed of about 732 companies at the time, according to data from the 2009 supply chain mapping, the representativeness of the votes for the election of the last President of Sindifranca was close to little more than 10%. That is, a data relevant enough to think of the real role of Sindifranca as a collective entity of APL representation that became known as 'footwear capital male first' in Brazil. Part of the justification of this reality that the last election showed is in the composition of the Board of this Union over the years. In the last election, held in 2008, for example, there wasn't an opposition party. For a long time, the Presidency of the Union was considered a 'burden' for whom exercised. According to the current President of the Sindifranca,

to find out a President to devote three years, which is the mandate, it is difficult to ... So, what happens between devote to the syndicate or devote to his company, it is better to devote more time to his company, because his mind has to be for that. Otherwise, the company will go out of business. Here he gets nothing. He will be serving his competitor. He has to have this mentality, and has to understand that together they are the best. (Interview).

3.3. Adaptability through joint action

The survey of the current reality of actions between the actors forming the footwear industry of Franca-SP, the focus of this article, refers to the need to think about the social actions and their consequences for the territory and economic performance. In an interview in March 2012, the President of Sindifranca, when asked about the relations between the Sindifranca and the other actors present in the territory, mentions that:

there is the Secretariat of development. The connection had to be periodic, and we were not visited here yet by the Secretary of State development. The Secretariat for development of Franca, has no information about what is this Secretariat, so they could be the two together in this pole, in APL. So the State should give greater attention in that direction. If you start a Local productive arrangement, it is logical that everything is done geared to this. But, I do not know ... And entities of the pole must be organized to be able to ask for help to the Government, as well as the Government has to provide be near the poles. (Interview).

On the same subject, the Secretary of State development member says that

maintain a close relationship with the entities related to the industry to understand the main needs and deploy support programmes and strengthening of the sector, as is the case of project Space Fashion Franca; the reform of the Local airport to facilitate the business tourism and the creation of a Convention Center for major events in the municipality with the focus on generating business (as already existed in the past).

However, when asked about the existence of concrete partnerships between the Sindifranca and the other institutions that consist the territory, the President of Sindifranca said:

No, and do you know why? The FATEC was brought to Franca and we weren't heard at any moment! The representative responsible and the foundation that takes care of FATEC, at no time has arrived and showed the curriculum, which will be taught, this and that. But we stay close. We have a relationship. There is an agreement between the entities. But, for example, we will build here the Institute of business management. We can call them, how is it, you are able to offer? But there

is a formal partnership. They can cooperate with us, FATEC, universities, any one, want to cooperate?, look at our plan is that here, you'll help? ... There is not only the formal work in here, there is a relationship of consultation, we exchange ideas, for example, geographical indication they will be in the middle of this. I have, look here, in the Steering Committee group Abicalçados, Assintecal, Acif, IPT, Unesp, Unifran, Uni-Facef, FATEC, CIESP FIESP, Prefeitura municipal de Franca, SENAC, SENAI and SEBRAE. All of these entities here, we use information from them, we talked, so I can do ... Could be more intensive? Could. (Interview).

When asked about the deliberation and the direction of the local policies on the footwear industry, the President of Sindifranca says:

the State has to give the resources needed for investment. The sector know their problems, as it is here ... We trace the course of the thing ... Each one has its role. So we know what we want for Franca, for the footwear industry. The City Hall has to make its strategic plan master plan, make your planning ... For example, simple thing, and that is within our strategic planning, but that is a function of the Town Hall. Franca does not have an exhibition pavilion ... I want to make a technological exhibition per month. I don't have to wait for the FAMEC that happens once a year and today is happening in Rio Grande do Sul today. There is only Famec in Brazil, once a year. Why can't it be monthly? Because it does not have the pavillion ... And then we'll let go, to bring technology to the industry? So, what are we doing? We are looking for a shed, a shed to rent and be able to make these exhibitions ... the exhibition pavilion is fundamental to make a fair here. Jaú, Birigui has, Nova Serrana has, and Franca that is the largest footwear park in São Paulo State does not have an exhibition Pavilion (interview).

On this issue, a member of Secretary of Franca development asserts that the intervention of the local public authorities that could help in the achievement of concrete results go through:

adequacy and availability of physical space with specific structure to receive new structures of companies that are growing as a result of the development of this and other industrial sectors of the city such as the creation of a new Industrial District to receive these new investments. Offer courses and free guidance in business management, both to beginners and experienced entrepreneurs to according to the demand of local needs. The constant training and qualification of workmanship which meets the demand of local industry, maintaining supply of skilled labor. Maintain program conscious and sustainable of water supply and energy to support the expected economic growth and development.

Although flagging in his speech a change in attitude on the part of the Union, the President does not verbalize on the role of the entity in the cooperation between companies and between the institutions that constitute the APL of Franca. Considered the key institution in the governance of the APL, the Sindifranca serves as a node which represents the companies producing shoes, concentrates the reviews, differences and convergences between associated enterprises. With this key role of industrial representation, its importance is evident along the other institutions that comprise the territory examined, since the interests of local business may give rise to actions in various institutions. An example cited by the President of the Union, is a formation of Institute of business management. This demand led to a dialogue between the Sindifranca and the Secretariat for the development of the State of São Paulo in Brazil. Similarly, the demand for an exhibition pavilion, also cited by the President, generated a dialogue. However, this dialogue is so mistaken when thinking on the issue of governance, since the contact proposed by President is to receive resources for the Union to manage the demands that are of a whole territory. By failing to involve other institutions in the territory's demands, there is any change in the relations between this entity and the Government, which positions itself as an entity that historically highlights their needs as being the interest of a

majority, which seems to have recognized the change that happened in the territory recently, given that today, most of the associated companies does not represent the reality of companies that constitute the territory. This is visible when looking at the increase in the number of micro and small businesses in the last 15 years, according to the table in item 2.1 of this text.

When he speaks of the relationship between the Union and the teaching and research institutions, the President keeps this positioning. When he says: 'our plan is that here, you're going to help,' the President ends up with the idea of shared dialogue, interaction between actors, decisions discussed, shared, which is what transcends the concept of governance. The decisive factor for a dynamic collective efficiency is cooperation. And, without dialogue, cooperation is not possible. Such cooperation can facilitate the sustainability of APL, i.e. the continuity of economic activities.

3.4 The change in the nature of trust

3.4.1. Element

The singularities socio-cultural, geographical and historical that pervades the environment of local development, can generate forms of cooperation between the actors that constitute this territory, to the extent that the site, time and form of work suffer changes that incorporate different characteristics of the organization of production of Fordism, the large industry. Recognizing these changes helps in the understanding of socio-cultural and economic diversities that each region maintains along the transformations that productive activities come incorporating. Understand the elements that reflect the productive dynamic of industrial agglomerations is necessary to understand the interaction relationships that occur between actors that constitute these agglomerations. Spraying of production in this public environment, before concentrated in large manufacturing companies, can give rise new attitudes in actors who live of the production of goods in these new productive territories. In an interview held with the President of the Union of shoes industry of Franca, one can recognize elements indicative of the current reality of productive agglomeration footwear of Franca.

The first element is economic change that went on to productive agglomeration:

as the things change, the entrepreneur has no time to be in the industry and be here inside ... I say the following: is the last trump card. The recognition of the footwear industry of Franca. Why does it have to be recognized? Because it's been years that it manufactures shoes. Franca exported and exports today to 56 countries, already exported in great quantity. It has mastery of technology of a high quality shoes. So why not turn official this technology, these achievements? And show it to the world, the Brazilian: 'do you want a shoe? We have a footwear there in Franca' . (Interview).

The second element is the detection of management failures that contributed to the deaths of many companies:

there is a mortality of companies, you will see here, in this survey here. Why is closed? What were the causes? What were the problems? Then we can detect that it was management, management failures. We know how to manufacture shoes ... Because when you close the industry is a tsunami of negative problems. Employees lose their jobs, there are a series of problems inside the house because he was unemployed, the product, the market loses the State ceases to raise, you create a social problem, the city as a whole loses, anyway is a total disaster. So we want to consolidate, taking care of partly industrial, giving all support it (interview).

The Sindifranca funded a study called 'mapping of the productive chain of Leather Footwear/Franca/SP', finalized in February 2011, with resources from the State program of

Promoting Regional development, the Secretariat of the development of the State of São Paulo, established in 2010 with the purpose of supporting the development of studies and projects aimed at the promotion of regional development in the State of São Paulo. On occasion, these resources have been devoted to NICC, also created in the context of the State Program for Promoting Regional Development. THE NICC began working at the offices of Sindifranca in December 2010 and aims provide strategic information to the competitiveness of APL, as well as form a network of cooperation between local actors. However, what if checks through given information available on the site of the Sindifranca and in the interview granted by its Chairman, is that since its formation, this core never held any proposals or actions that target the participation of other actors that comprise the productive agglomeration footwear of Franca, restricting itself to just give statistical information about the footwear industry. It should be remembered that these information are only replications of which is available in the Statistical Review of Sindifranca. The existence of this core represents the formalization of a partnership and cooperation in pursuit of the interests of the agglomeration, production and is being underutilized. The use of this nucleus to the knowledge of the agglomeration as a whole is important. The analysis of the relationships that this core has with the other actors reveals the weakness of collective learning and efficiency (Humphrey and Schmitz, 1996). The centralization of resources and information on the part of Sindifranca, as well as the vertical integration of these relationships, a fact evident in the speech of the President of the Sindifranca: 'Our project is that, you want to help' - highlights the lack of horizontal relationships between the actors of the agglomeration. Despite being registered the participation of a Steering Committee in document 'mapping of the productive chain of Leather Footwear/Franca/SP and region, there is no effective participation of any actor in a search for a cooperative relationship. It is interesting to note that there is a wealth of knowledge about the dynamics of local universities agglomeration production, which is also underused. When talking about the project of management Institute, the President of Sindifranca does not recognize the importance of a scientific analysis to the drafting of the proposal that he intends to bring to the State Government.

The third element is the recognition of the importance of micro and small enterprises to the territory:

our vision is that by 2013, the micro and small enterprise recognise our work. And we're moving towards it. This is our mission here, the professionalization of entity (interview).

In this sense, the Development Bureau member stated that:

as well as the projects that have been created, the focus of attention is on micro and small producer, so that it can strengthen and grow, creating more jobs and income in the local economy. This business of companies represent more than 90% openings of enterprises in the sector and must have a differential treatment by the local Executive, so as to enable its consolidation in the current market, reducing the mortality of local businesses.

The fourth element is the verification of the need for differentiation of the territory that produces footwear of Franca, a fact that had been evidenced in the past, but not perpetuated:

has been tried several times to deploy this seal, it came to work, and stopped by several factors. Even the ethics, respect for peers, companies that are together in this work (self respect)... create their own productive personality, launching ... Now the geographical indication is bolstered from the legal point of view. It is institutionalized in the world, and it is achieved by the National Institute of patents and trademarks, which is subordinate to the Ministry of development. So there is a law, the conditions that have to be done there. There are our own law, that we'll put

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this concept to be created complementary. This law is generic, in the entire Brazil, can any product. But for the footwear we have to adapt, add (interview).

About the need for differentiation, a member of the Secretariat of development cites:

we believe that this officialization (officialization of APL de Franca by the State Government) came to give more visibility to local footwear and aroused the interest of businessmen and related entities to further enhance the brand FRANCA in their products and implement other projects of actions that have come to contribute to the strengthening of local businessmen as the projects mentioned in the previous question (NICC and seal of geographical indication).

The fifth element is the need for partnerships with other institutions to find solutions that meet the demands of production agglomeration:

the deployment project (Geographical Indication seal) we'll deploy ... This team will bring information and will decide what the need in other Poles which have geographical indication, to gather more subsidies ... The project of the Institute is the same thing, we'll assemble the project, it could be in the recycling, we reach a point that we may be requesting public expenditure for this. It may be that happens because there are State, federal resources, for that. We don't know if we will need to use them. For now to avoid the bureaucracy, to avoid a lot of stuff we're paying on our own because otherwise we get very tied to things. With respect to the geographical indication is also the same way. I've contacted the SEBRAE paulista to participate, and SEBRAE is going to Bento Gonçalves, Rio Grande do Sul, being part of the team of the geographical indication. So I already talked with the President of SEBRAE paulista in the sense that they are participating in this work ... I had an audience with the Governor, I put it to the Governor and asked for support to the Secretariat for the development of the State of São Paulo in Brazil. The Secretariat can rather be investing because it has an interest. Is the Secretary of development. (Interview).

The Institute of business management has a purpose of, according to the speech of the President of the Sindifranca, recycles and trains entrepreneurs. Because the President's vision the mortality of companies is linked to a lack of qualification on the part of entrepreneurs, which he calls management failures. The importance of this qualification work is justified in accordance to him because this Institute would offer technical support, production, management, and would help in the preparation of enterprises for the geographical indication.

The sixth element is the awareness of the need for collective action, since this is a production characterized as belonging to a territory that is collective:

who is here, first, will not stay alone manufacturing shoes in Franca. He will always have dozens of colleagues here who manufacture the same product, equal to his, or even better than his. In addition in Brazil and in the world. We're not taking the Chinese problem, the Chinese invasion there? So if acting together, and not only in disgrace, has to be at the time of bonanza as well. ... So, that's it, we have to have awareness ... The main objective is the perpetuation of the footwear industry ... So we have to show the importance of it and the social responsibility that it has (interview).

On this, the Development Bureau Member states:

to strengthen and encourage the formalization and legalization of new businesses in the municipality following and contributing directly to the main local industrial activity which is the footwear. In addition, foster greater permanence of these companies on the market with the completion of courses and trainings in management (reduction of closures), provide access to new markets with the supply of large space allowances enabling trade fair presence of small businessmen at trade fairs, and generate business with other countries and the strengthening of national and international recognition of the quality of products of APL Franca with the partnership and encouragement for the creation of geographical indication label of Franca's shoes.

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The concept of collective action introduces a thought of action that involves more than one actor working together in a given activity or reality. When this happens, this relationship is based on cooperation. The term cooperation between undertakings defines a partnership between two or more institutions, through a joint effort or union of forces in favour of seeking improvements to the partners.

In literature we find various concepts on the subject of cooperation between enterprises. This variety can be associated with the heterogeneity of relationships between companies and the circumstances through which negotiations happen.

The productive cooperation and/or technology is fairly cited in works dealing with the theme of industrial districts. This vision is well linked to the association between cooperation and success in industrial districts, observable when it investigates the relationships that curtail companies from a given district, whether between companies or with other institutions that work in your environment.

Cooperation in corporate networks occurs through alliances involving formal or informal agreements and that allow the exchange of information. Thus, the environment of industrial districts is structured from the idea of density of relationships. That is, the 'social dimension of relations between companies and their possible consequences on the institutional and economic environment conformation about the standard of conduct for agents (BRITO, 2002)'.

To express the need to raise awareness for the purpose of perpetuating the industry of Franca, the President of the Sindifranca recognizes a responsibility to show, as an actor, entrepreneurs associated with the syndicate the importance of social role that they have in a whole region. However, the centralization of resources and information for part of this same actor, while talking about the Business Management Institute above in this text, shows that the notions of cooperation of this syndicate depict the reality of a local industry that sees in the centralization of information and decisions a protection.

The lack of a concrete goal for cooperation, outlining a little more this need for a industry perpetuity time, to a level of concrete action with a view to a concrete goal, can be a limiting factor for the opening of this business cooperation. There is a need for reciprocity and reputation among the actors that relate.

On the concept of external economies, is built on the understanding that joint actions result in economic gains that would be difficult to be achieved at the same level if the same actions were carried out by actors acting individually. These actions may be incidental or intentional. In the vision of Mishan (1971, p. 2) the essentiality of external effect is in no intentionality of its creation. But authors such as Piore and Sabel (1984), Trigilia (1989), Brusco (1990), agree that there are joint actions performed consciously, for example, the existing cooperation between firms of an industrial district that share equipment, or the creation of consortia of producers within the framework of these districts. Schmitz (1997) argues that a conscious and planned cooperation between private and public agents operating in a territory will allow the 'collective efficiency' of the territory. Thus, the competitiveness of companies that form an agglomeration would be linked to the interactions between their agents, which can result in advantages such as, for example, product enhancement or reduction of transaction costs.

3.4.2. Processes of change

The six elements above produced as a consequence the initiation of a process of change in relations between the actors who form this clutter. The first process is the

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professionalization of the syndicate, collective actor that represents the footwear industries of Franca:

an entity must be a furtherance entity and not an entity that attends only the rights of the industry. The syndicate, the entity, must experience the sector, see the difficulty of the industry and promote economic actions in all aspects, technological, to supply companies and provide services to businesses, bring information to businesses, bring courses, preparation, management training, to be able to offer to companies ... He is professionalized in this sense ... When it started, in June 2008 we assume, we present an initial design of professionalization, that is this, the entity's strategic planning, our business, our values, ethics, determination, transparency, environmental responsibility, continuous improvement, and our mission is to represent and defend the footwear industry, promoting development and strengthening actions... By the end of the year all processes will be automated, so that our work is an example to its associates (interview.)

The second process is the qualification of industries:

we're taking action, the creation of the Institute of business management ... just to be able to recycle and train entrepreneurs. To prepare the businessman to the geographical indication ... 90% of Franca is micro and small enterprise nowadays, and all 100% of these businessmen were employees of companies and not everyone is prepared from the management point of view but they know how to fabric shoes. So we have to advice in order to perpetuate that culture of the shoes, to be able to improve this culture, we have to recycle. We have to have an Institute that will provide cover, business training. So, no point in achieves geographical indication and leaves companies adrift ... Because, it enters in the geographical indication and after a year it breaks (interview).

From the moment that the President of the Sindifranca began making things and show the entrepreneurs, that the Union's reputation improved, which was evident in the number of companies that joined the Union. In his speech, the President speaks of FATEC, that is not presented to the Union was not seeking information about the needs of the syndicate to serve it. If this is how it works for the President of the Union, if people need to show him what they are doing on their behalf, then this is the spark of reputation for this side of the connection.

The third process is the establishment of geographical indication of origin:

so footwear in Franca, produced in France, it will grow not in view of quantity but quality ... There will be taken into account, management quality, environment, human resources, product, anyway (interview).

To explain the reasons for the search of the deployment of a geographical origin, the President of Sindifranca highlights the importance of product differentiation of productive arrangement with a view to maintaining a competitive advantage of this arrangement to other producers of shoes, both nationally and internationally. Awareness of the need for collective action, sixth element evidenced above, stresses that the maintenance of this seal depends on a set of rules by companies, including the related rules, quality management procedures, environment, product etc, as cited by the President of the Sindifranca in the above excerpt. To meet all the rules that a geographic origin label requires, the President believes that will reach a qualitative dimension equivalent of manufactured product throughout the territory, i.e. the vast majority of companies would follow a standard of quality imposed by the respect to the rules of a geographical indication stamp.

However, a relevant factor permeates all these actions and assumptions, that is the question of cooperation, which is also important in the development of competitive practices, and this is an example.

The fourth is the beginning of a process of cooperation in the territory:

we have a personal assistance of Alta Mogiana (coffee). We'll work together ... why not work together? The goal is the same, however the different products, but the purpose is the same ... So has our team today, this week it went to the Valley of the vineyard in Bento Gonçalves, Rio Grande do Sul with the staff of the coffee to meet there with the staff of the wine ... so that we can now assemble our project (interview).

The scope of the rules that build the basis of a territorial cooperation goes through the participation of actors who have an important role in a productive territory. Business relations, as they gain stability, can generate reciprocity and to form a network of relationships (MASKELL, 2000). It is important to note, however, that this relationship is not a relationship of cause and effect, but yes, a possible intersection of facts, generating a network of relationships based on known elements as promoters of reciprocity.

In his speech about the Institute of business management, saying that needs to have an 'owner', and also in the following excerpt: 'they could be intrinsically linked with us in this Management Institute, but I don't have the courage to let them do not. Is ours. They can cooperate with us, FATEC, universities, any one, wants to cooperate?', look at our plan is that here, you'll help? ', there is a posture of empowerment of the actions proposed.

Following is a table that lists the elements and processes of change in productive agglomeration footwear of Franca.

Table 2. Analysis of Productive Agglomeration footwear of Franca from the perspective of the changing nature of trust, Schmitz (1997)

Elements of change	processes of change
Economic changes	Professionalization of the syndicate
Management failures	Qualification of industries
Recognition of the importance of micro and small businesses Need for differentiation of the territory	Implementation of Geographical indication of origin
Need for partnerships with other institutions Need for a joint action	Beginning of a cooperation process in the territory

Source: Prepared by the authors

4. The institutionalist discussion

Transaction costs are all costs that can compose the operations in an economic system. They define the coordination and operation of an economic system, and will determine the distribution of the benefits, the information and, ultimately, the performance of the agents. Represent qualitative value attributes that will resonate in quantitative values in a given transaction.

What makes transaction costs significant is the recognition that the symmetry of information, classical economics hypothesis that both the buyer and the seller know all the specifics of the exchange object in any transaction, it is replaced by factors that determine costs that cannot be overlooked in an exchange, as for example, limited human rationality,

complex and uncertain environment in which are carried out exchanges, opportunism and asset specificity.

Limited human rationality is related to the limitation of the human capacity to collect and process information, as well as the ability to transmit information, according to H. Simon (1981), who recognizes these limitations and relates to the question of transaction costs, since if the human rationality was unlimited, the contracts that govern the transactions could anticipate any future circumstances.

Associated with limited rationality, complex and uncertain environment, in which there are several possibilities for decisions for the various agents that constitute this system, generate information asymmetries for agents, i.e. information arrives differently for the actors involved in a given transaction.

Another important factor is the fact that there are different interests that pervade the dissemination of information among the actors, opportunism, or the manipulation of information, which are asymmetrical, with the goal of ownership of future profits.

This specific factor is clear in the productive arrangement of Franca, focus of this work, to observe the differences in speech between the President of the Sindifranca and the representative of the Secretariat of the development of the city. On the same subject, each actor responds to serve information serving to their particular interest, when asked about the direction of local policies for the footwear industry of Franca.

Another significant factor for the Transaction cost theory is the asset specificity, which is unique or almost unique relationship between two actors, from an investment in a specific asset. If an actor is the only one to produce a product that meets the specific needs of another actor, both are linked by this specific asset.

This situation can be observed when we think of productive agglomeration concerned. The fragility that exists in the relations between the actors surveyed, the President of Sindifranca and the representative of the Secretariat for development, observable in the speeches divergent and whistle-blowers and protractors of responsibilities can be explained by asset specificity, since the dependency on the part of Sindifranca for public policy actions puts in a position of hostage in relation to local political action at the same time that the Government claims it has partnerships with the Sindifranca, that at no time are recognised by this.

These four factors identified, namely, limited human rationality, the complex and uncertain environment in which are carried out exchanges, opportunism and asset specificity, reflected in transaction costs, which generate difficulty of exchange between the actors involved in a transaction.

The measurement of transaction costs is unpredictable and, thus, there is a need to define the variables to consider when thinking about transaction costs. According to North (1994), these variables are: the high cost of information, the size of the market, compliance with the obligations assumed, and ideological attitudes and perceptions. Thus, the following will be presented a discussion on the institutional environment of productive agglomeration footwear of Franca extends these variables.

4.1. The cost of the quantification of information

The cost of quantification is related to the level of access to information necessary for transactions. Thus, different levels of access to information may explain how some actors manage to benefit compared to others in their trading relations.

In this way, certain actors can filter the information and organize their trading relationships in order to benefit from the distribution of benefits arising from these relationships. But this institutional structure does not necessarily result in economic development and could result, unlike in structures that obstruct economic development. Factors such as the attributes of the good or service offered in its physical dimensions and in dimensions of intellectual property rights (such as use, potential income, transfer), or the actor's performance in their isolated activities will be the cost of quantification, regarded as the key transaction costs.

These costs, considered unpredictable, are specified as incomplete, showing thus the limited rationality, and potentially leading to opportunism. In the case of productive agglomeration object of this study, this cost materializes in the value attributes that decorate and form the product price that characterises this agglomeration, the male shoe:

If you signed an export contract, you think: 'Do I have security?'. First we don't have security. In this country you don't have no legal security. The Government changes the law according to the convenience of it. Then the dollar is R\$ 1.67. This dollar does not give us conditions to compete out there. Has the violent tax burden. Bureaucracy in this country costs a fortune, the delay for open a company to resolve the problems, the Government does not respond. So, are factors that are adding on the negative, which is not growing the company. Then you think: 'the dollar now is R\$1,82, I'm going back to export'. Then you will invest believing in the country that the dollar will be R \$ 1.82, suddenly this dollar back to r \$ 1.67, then you break. So, you do not have legal certainty. Is created an incentive, for example, the IPI award credit. No country in the world export tax. How is it possible?, they will put more 7 thousand Councillors in Brazil. You think you need Alderman? We need health clinics. They will elect 7 thousand bums, so I speak publicly, the tramp, in our councils, which operate more or less. It goes to Brazil costs, because it will cost in tax. Adding more tax, more expenses on companies, the product becomes more expensive. In the internal market has inflation, the company is not able to sell in foreign markets. Because out there, the countries that wish to export, out there they don't accept these evils. They do not accept the judiciary steal, political steal, they do accept. While France puts 367 thousand positions to be able to nominate, in Brazil has millions. We have to build buildings to put this 'vagabounding' there and messing staff who wants to work. All this is cost. So, you want to export, you cannot cut anything. People do not purchase our product, do not buy because it is expensive. You're wanting the American, the Swiss will pay, buy my product and buy these our evils here? They do not accept it.

4.2. The size of the market

The size of the market determines whether trade between the actors are personal or impersonal. In personal exchange there are factors that set limits to the behaviour of actors, such as contacts, personal loyalty, friendships, bonds of kinship. In an opposite side to these factors are impersonal exchanges, in which there is no impediment between the parties for the performance of the trade, i.e. effective competition is limited.

Analyzing the APL of Franca, i.e. a delimited environment, this fact brings another dimension to the production of goods, which is the notion of territory.

The territory, in this context, can be defined as the delimited place, which usually coincides with the city's perimeter, which encompasses all processes necessary for the production of certain goods. To this definition we can add the fact that intervention and the work of actors who constitute this territory define its characteristics, making the territory a space-dynamic environment. The fact that there is a transfer of the location of the production of a private environment and characterized by typical accumulation scheme of Fordism to a

territorial environment, which is by nature public, integrates the relationships that will allow the construction of social and economic networks embedded in contexts that influence and are influenced by the dynamics of different scales that shape a territorial reality, overall.

These social and economic networks that form inside of a productive territory favoring the emergence of issues before ignored by workers and businessmen accustomed to an environment where competition is the main defining function results.

4.3. The fulfilment of the obligations assumed and ideological attitudes and perceptions

The fulfilment of obligations assumed describes human behavior as actions limited by legal system, this limitation that causes cost for transactions, but which are also guided by logic that allows the realisation of economic transactions, otherwise, these are not feasible, because of the high costs of supervision as are necessary for the performance of these obligations, and that would have implications including in economic development guided by economic specialization. This logic are ideological attitudes and perceptions that the subjects carry and transfer to their everyday actions and work. Are a subjective archetype that 'controls' how individuals see and act in reality. These individual perceptions shape the rules of the game in which individuals are immersed, and have consequences for the execution of contracts. The central point of this discussion is that if the costs of evaluation and execution of contracts were low, little mind the different ideologies that build the attitudes of individuals, because it would be guaranteed the expected result to settle a contract. But, as these costs are relevant enough, the ideology does have importance for the determination of transaction costs.

Thus, asset specificity helps to understand the analysis of maintenance of ties that interconnect the actors of the APL of Franca, when one thinks in networks of relationships that exist in this environment observed.

There are several definitions in the literature to discuss the theme of networks. Networks can be understood as a model of social organization in which there is an interlacing of the various projects that relate in pursuit of their objectives through collective contact that allows the exchange of information and mutual assistance. Are a flexible and dynamic process that maintains itself through certain mechanisms of governance.

In 1990, Powell features a theory called 'networking', as a third form of governance, in comparison with the ways of the market (where governance is in the form of contracts and prices) and hierarchy (where governance is by the employment relationship) treated by classical economics. Powell (1990) characterizes the network theory as an alternative organizational form. In 1994 Powell and Smith-Doerr recognize that the behavior, beliefs, legitimacy are formed through networking between individuals and between organizations, setting network as a set of actors, who may be individuals or organizations, with specific connections with each other. Recognize the networks as a tool with ability to analyze power and autonomy (Powell and Smith-Doerr, 1994). Still according to the same authors, the formal analysis of networks derive from anthropology and sociometry.

The network perspective, therefore, is a way of understanding the behavior of actors, offering an intermediate level of analysis to consider, in addition to the intentionality of the actors, the social structure and the duress of choices (POWELL and SMITH-DOERR, 1994).

In a given network, each actor occupies a position, which allows the analysis of the composition of the network from aspects of economic, social and political life of the actors (POWELL and SMITH-DOER, 1994). Hall (1991) also emphasizes that the networks are dynamic, and are influenced by the change of actors and interests of the actors. The authors

distinguished two approaches of study for the networks. The first is networks as a form of governance and the second, networks as a form of analysis.

In approach as forms of governance networks function as a 'social glue' that keeps individuals united in a coherent system. Are thus characterized the webs of interdependence found in industrial districts and certain practices such as relational engagement, collaboration for production or interfirmas alliances. This approach can generate ideas of how bonds are created, because they are maintained, because the resources flowing through the connections between the actors and what the consequences of that. Thus, the network approach as a form of governance focuses on structures of economic relations between the actors in the network.

In the second approach, networks as a form of analysis, the focus is on the nature of relationships between agents, analyzing how the relationships occurs, and the structure and influence of these relationships in the lives of the actors. Aims to elucidate the relationships that exist. In this approach, the social structure context is understood as a pattern identifiable relations and the position occupied by the actor can be a source of opportunity, or restrictions, that explain the behavior of actors who are part of the network. These relationships, which present themselves as a continuum of fairly casual to formal are essential to explain the isomorphism between organizations (POWELL and SMITH-DOERR, 1994).

The territorial environment influences in the formation of networks, since certain relationships in a given network can happen as a result of alliances that are formed by actors in situations very peculiar of interaction, as for example, the Secretary of development that carries an influential function in the decisions of a social network in an industrial district and that is indicated by the Mayor of the city, which, in turn, is elected by popular vote of the society. The territorial environment, therefore, exerts influence on flowing in social networks. Brito (2002) and Sacomano Neto (2003) have suggested a structure that allows you to detect a network through knots positions, links and streams that form an environment formed by various institutional actors. The interaction between them is given in different ways from actor to actor, which leads to the conclusion that certain links are stronger than others, in the sense that they are more consistent, happen more often. It is also possible to recognize the existence of structural holes, when there are filters on information between actors, what causes low fouling, and low social capital. If there are strongest links between certain actors and also holes in network analysed, suggests that there are key actors in the network responsible for institutional isolation.

Following is a table that lists the factors that generate transaction costs and the variables that help define these factors.

Table 3. Relationship between the factors generate transaction costs, Coase (1937), and the variables of North (1994) that help define these factors

Factors generate transaction costs	Variables that help define these factors
Opportunism Limited human rationality	High cost of information
Complex and uncertain environment in which are carried out exchanges	Market size
Asset specificity	Fulfilment of the obligations assumed and ideological attitudes and perceptions

Source: Prepared by the authors

The success of productive settlements, indicated by its permanence in time, would be in the collective efficiency encrusted in the formation of networks between private and public actors that compose a productive agglomeration.

The network perspective, understood as a model of social organization in which there is an interlacing of institutional relationships in the pursuit of your goals, suggests that the social structure and the duress of choices should be considered when you want to understand the relationships and behavior of actors in a particular environment (Wasserman and Faust, 1994).

Using this perspective along with the asset specificity comes to the formation of an institutional setting in which there are present the actors that constitute it, and their levels of interaction. If there are stronger connections and the possibility of holes on the network, you can reach the suggestion that there are key actors in a network that can be responsible for institutional isolation, which argues in this work exists in Franca.

Final Considerations

The analysis of institutions that theoretically have the strongest links with industry can be a little simplistic. The survey of secondary data showed that approximately 40 institutions operate in a footwear industrial environment of Franca.

Combining this fact with the statements by the President of the Sindifranca when he says that the geographical indication is the 'last gasp' for the industry, it can be considered that the explanation for the footwear industry performance in focus passes through appreciation of the concept of territory.

This cut features a different scale to think about the development, which is the location. The observation of the relations between the actors who constitute this location has a lot to say about how to articulate the different spaces of development and on the economic performance of a given locale. In this sense, the economic performance can be associated with the performance of the actors occupying and producing in a given location. Thus, all actors interfere in economic performance: public actors, private actors, actors collectives. Our survey of secondary data showed that, in addition to the entrepreneurs, leaders of associations and political representatives at all levels stimulate actions of institutions such as banks, development agencies, policy dependent, are nonetheless influenced by the interactions of local agents. When are considered the views of socio-economic, political and cultural of a locality, such as when we make when talking about the social capital, the territory becomes important, because it is the appropriate space for production.

The structure of relationships between organizations and institutions that operate in APL of Franca could be observed from the key actors and their contacts, being these key actors collective actors, such as the Sindifranca and the Secretary of development of Franca.

Sectoral and geographical concentration of small firms, that characterizes APL in question are a growth process that allows efficiency gains that small companies acting alone rarely manage to get.

The continuity of the development of these small enterprises that share among themselves the local productive vocation, by this way, it also depends on the intersection between economics and politics. The elaboration of development policies that address this situation is very important for the maintenance of this local productive.

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In this sense, Schmitz (1997, p. 173) defines collective efficiency as 'competitive advantage derived from local external economies and joint action'. The same author also states that the concept of external economies of Marshall is insufficient for the competitive advantage of some recent industrial districts (Schmitz, 1997, p. 171). Marshall does not associate the concept of external economies with the geographic proximity. However, states that the external economies are significant when there is industrial specialization in a given location.

A well-structured cluster presents specifics that can be better understood when it differentiates the clusters. It is known, also, according to Becattini (1990), that there are determinants integrators elements for the analysis of a cluster, such as the flexible frontier between firms, their relations of competition and cooperation, and the concepts of trust and reciprocity that permeate the cluster, all important to the understanding of density of transactions and of joint actions.

According to Schmitz (1997, p. 170),

the collective efficiency is the product of an internal process, in which some companies grow and others decline. In order to understand this process, it is useful to distinguish the horizontal from vertical relations between the firms. As regards vertical, firms buy products and services through market or by subcontracting agreements. The nature of the relationship can go from exploration to strategic collaboration. The chances of conflict are larger on the horizontal level, because producers often compete for orders. However competition does not exclude joint action for the resolution of specific problems, particularly in pre-competitives areas such as the provision of infrastructure, services or training. Thus, the notion of collective efficiency does not exclude the existence of conflict or competition between the companies in the cluster. On the contrary, the formation of clusters makes the market more transparent and induces local rivalry. Equally important, the formation of clusters, facilitates collective action in tackling common problems, either directly, through self-help institutions, whether indirectly, through local governments.

Schmitz (1997, p. 179) argues that 'our understanding of how social networks work effectively and influence economic relations within the clusters continues, still quite inadequate.'

The same author also states that comparative studies are needed to work the operationalization of collective efficiency, so that study the dynamics of agglomerations can show a way to better understand the reality, the training and the consequences of the changes of this reality.

Crocco (2004, p. 33) states that the emergence of external economies and diseconomies outweigh the practice area and jurisdiction of local authority, and realizes the need of an articulation of macro to the micro level, and vice versa, getting the concept of endogenous development closely articulated with the dynamic actions that permeate the institutional environment of a productive agglomeration, because according to Crocco (2004) there are indications that there are different skills between the regions of Italy to propose projects based on their endogenous capacities.

... In fact, the economic system is extremely complicated. You have large companies and small businesses, firms and companies closely specialized differentiated, vertically integrated companies and single-stage companies, you have in addition to non-profit organizations and Government entities-and all united, all the work to form the total system. But as one part focuses on the other, how they are interrelated, as it really works-which is not the study of people. What is wrong is the inability to look at the system as an object of study ... I think the key to developing a sensible

analysis is the comparison of additional production resulting from the reorganization of the activities and the cost of transactions required to bring about rearrangement. If you can get extra production, a high standard of living by rearranging, you will do this if transaction costs are less than the value that is gained. Therefore, it is concluded that if you can reduce transaction costs, there will be more rearrangements, and the economic system will become more productive.' (COASE, 2002).

So, understand the elements that reflect the productive dynamic of industrial agglomerations is necessary to understand the interaction relationships that occur between actors that constitute these agglomerations.

It is noticeable that the relationships between the actors who constitute the industrial district of Franca-SP are still incipient and mis-matched. But, it is interesting to note the actions of these actors can be seen today.

Relations that configure the differentiation between the Organization of production characteristic of Fordism, the major industry, and among the new modes of production are present in the territory which houses the production, and generate forms of cooperation between people as the location, time and form of work suffer changes. Recognize these changes help in understanding the socio-cultural and economic diversities that each country or region maintains in front of the transformations that productive activities come incorporating, and can be one step to the achievement of the sustainable development of these territories.

Coase and Wang (2012) claim that were actually the revolutions and the marginal competition which announced the economic rise of China. As provinces, cities and counties, all competed for economic development, China has become a giant laboratory of regional competition.

According to the authors, 'the entrance of China to capitalism was forged by two movements. One of them was orchestrated by Beijing, and its goal of being self-proclaimed to transform China into a modern, powerful socialist country'. The other, more important, was the gross national product of what we like to call 'marginal' revolutions. It was a concatenation of popular movements and local initiatives.' (COASE, 2012, p. A15.)

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