

University of Groningen

Stated locational preferences of entrepreneurs in Italy

Musolino, Dario Antonino

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version

Publisher's PDF, also known as Version of record

Publication date:

2015

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Musolino, D. A. (2015). *Stated locational preferences of entrepreneurs in Italy*. [Thesis fully internal (DIV), University of Groningen]. University of Groningen.

Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

The publication may also be distributed here under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license. More information can be found on the University of Groningen website: <https://www.rug.nl/library/open-access/self-archiving-pure/taverne-amendment>.

Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

Chapter 1

Background and research design

1.1. The theoretical background

The behavioural approach and its criticism of the neoclassical approach to location theory, which was based on the concept of perfectly informed and rational actors, defines the theoretical basis of this research project.

The neoclassical approach, founded by economists such as Von Thunen (1842), Weber (1909), Hoover (1948), and Losch (1940) argues that the best location for a firm is the place where the greatest profit can be made. That is, the place where the lowest total costs (costs of production and transport) and the greatest revenues can be obtained.

The pioneering studies by Weber give particular attention and emphasis to costs, so that we refer to that approach as the least-cost approach, or the cost-minimising school. Hoover introduced the idea that location choice can be driven not only by costs, but also by the objective of obtaining the greatest revenues, so defining what is called the market-oriented approach. Losch synthesised and integrated these two approaches, pointing out that the best place to locate is the place that enables the greatest profits to be obtained, which is the key feature of the profit-maximising school. Other authors recently worked on, and made progress with regard to the form of this approach, developing models and techniques aimed at improving the decision process for choosing the optimal location (Malczewski, 1992; Badri et al., 1995).

According to the neoclassical approach, subjective considerations have no place in the location decisions of entrepreneurs: the ideal location of a firm is just an objective issue, which needs to be approached with rational economic behaviour, exploiting all available information in an optimal way. Being in a free competitive market, entrepreneurs are forced to adopt behaviour aimed at the maximum economic advantage.

On the contrary, the behavioural approach argues that the entrepreneur is driven not only by economic, objective aspects, but also by non-economic (cultural, psychological, etc.) considerations, and subjective aspects (aspirations, attitudes, opinions, etc.). In this approach the entrepreneur is a *satisfier* rather than an *optimiser*, who makes use of imperfect information and bounded rationality (Simon, 1957). Rather than being a perfectly informed actor, he is an information processor acting in a wide and uncontrollable information space; and his rationality is limited by many elements, such as the 'knowledge gap' (Mack, 1971), the fundamental unpredictability of future events and

developments, the tendency to conform to social norms and rules (procedural rationality), and the importance of his/her individual insights (expressive rationality) (Pred, 1969; Hargreaves-Heap, 1989). Furthermore, it is not said that the economic actor exclusively pursues the aim of maximising his profit, as his decisions are frequently led by other motives and goals. Therefore, according to behavioural geography, subjective, non-rational considerations play an important role in the decision process of economic actors, like entrepreneurs: their spatial behaviour is determined not only by the *spatial reality*, but also by the subjective *perception* they have of that reality (Meester, 2004).

Behavioural geography is based on a wide conceptual apparatus, derived not only from economics and geography, but also from other social sciences, such as psychology. In particular, concepts like *perception*, *image* (Pellenbarg, 1985) and *mental map* are some of the most important *conceptual tools* that greatly help to better illustrate and explain the spatial patterns of entrepreneurs' locational preferences. The concept of mental map, first used by Gould and White (1974), in the field of behavioural geography can assume several meanings. Besides the mental maps in a narrow sense ('the map image as it exists in someone's mind'¹), the concept refers to what are called *sketch maps* (Saarinen, 1995), the maps which represent an image that is sketched on paper drawn by the individual. Another kind of mental maps are those called knowledge maps, which correspond to the 'cartographic representation drawn to scale' of spatial knowledge about "objective" conditions such as the existence of spatial units, spatial conditions, etcetera. A fourth interpretation of the mental map concept is the one when a person's spatial cognition – in other words, one's knowledge of the space – is projected on a map drawn to scale. These are called *preference maps*, namely the 'cartographic representation drawn to scale of spatial preferences and ratings'², that is the representation of the attitudes that people hold about places (Tuan, 1975).

1.2. The empirical background

The *empirical background* of the research project is based on a long line of research, started by Pellenbarg and Meester in 1983 and aimed at surveying the locational preferences of entrepreneurs in several European countries, such as the Netherlands (Meester, 2004; Meester and Pellenbarg, 2006; Pellenbarg 2012), Germany (Meester, 2004), Hungary (Kozma, 2000), and the Czech Republic (Spilkova, 2007).

Before then, there were only a few studies aimed at investigating the spatial preferences of entrepreneurs. The survey of the literature regarding the perception of places shows that most of the studies dealt with other subjects and with other kinds of preferences, such as residential preferences (students), shopping preferences, or recreational preferences (tourists). These kinds of spatial preferences were investigated in several research studies (Gould and White, 1974; Lee and Schmidt, 1985, 1988; Walmsley and Jenkins, 1993; Holvoet, 1981), starting with the pioneering study by Gould (1966) on the residential preferences of students in a number of European countries. They gave the researchers

¹ Meester, 2004, p. 31.

² Meester, 2004, p. 31.

who successively addressed the issue of the mental maps of entrepreneurs several hints about the methodological approach that should be followed in this kind of survey.

The few studies that have been undertaken in the field of entrepreneurs' locational preferences were those carried out in the 1970s and 1980s by Monheim, McDermott and Taylor, Barr, Waters and Fairbairn³. While the two latter studies (respectively carried out in New Zealand and in the Canadian province of Alberta), were only focused on the rating of the location factors by entrepreneurs, the study by Monheim about Germany was about the preference for alternative locations (the respondents were asked to rate a number of locations). Besides experimenting with a few methodological elements⁴, all these studies have the merit of having highlighted some important aspects of the explanation of the entrepreneurs' spatial preferences, such as the role played by the place of the location in the urban hierarchy; the residential environment as a location factor for the firm; and the centre-periphery dichotomy at country level.

Another group of studies from those decades concerns commercially oriented journalistic surveys periodically carried out⁵. They deserve to be mentioned as they shed light on the differences between the perception of space (spatial preferences) and the reality (statistical data on places)⁶; and on how the perception changes according to the group of actors interviewed⁷, and to the method used to ask for the rating of places⁸.

The research approach to the mental maps of entrepreneurs conceived by Pellenbarg and Meester has two main features: on the one hand, it defines a simple methodology to investigate the mental maps of entrepreneurs based on a questionnaire survey; on the other hand, it applies and replicates as much as possible the same methodological approach to all case studies at the country level, in order to get the best comparability of all the findings in space and time.

Therefore, the surveys in all these case studies were set up using the same methodology: a postal survey consisting of a very short questionnaire⁹ (see, in Figure 1.1, the example used by the first survey carried out in the Netherlands), where the key element is a map of the country representing the locations that the respondents have to rate. The respondents (entrepreneurs who manage firms with more than ten employees, belonging to selected branches of manufacturing and services) were asked to rate each of these locations on a five step ordinal scale, always answering the same key question.

Each of the case studies enabled us to illustrate the mental maps of entrepreneurs, and to explain their shape and their main features, thanks also to the use of several different

³ See Meester (2004).

⁴ For instance, in the study by Monheim (1972) the questionnaire contains a list of 57 locations to be rated on a three-point scale, while the study by McDermott and Taylor (1976) experimented with the use of the factor analysis.

⁵ Such as the survey conducted by the magazine *Wirtschaftswoche* on German cities; by Fortune Magazine on US cities; and by Healy and Baker (1995) at the international level.

⁶ This is the case of the survey by Fortune Magazine.

⁷ For instance, the survey by Fortune Magazine highlighted the difference between the perceptions of the employees at the economic development organisations, and those of the local business community.

⁸ See the survey conducted by the magazine *Wirtschaftswoche* in comparison with the survey conducted by Monheim (1972).

⁹ It consisted of just two pages.

statistical techniques, such as the analysis of variance, regression analysis, trend surface analysis, and principal component analysis¹⁰.

Some spatial patterns appear to be rather regular in the different geographical contexts, as in the case of the preference for central locations within any country, and they also turned out to be persistent over time (the surveys were conducted in different periods). Moreover, the influence of both subjective (such as the preference for one's own environment, known as the *self-locational preference*) and objective elements on the entrepreneurs' spatial preference maps was also one more interesting and relevant outcome.



Give a value for each place as a possible location for your company:

- ++ very good
- + good
- +/- neutral
- bad
- very bad

Source: Meester (2004)

Figure 1.1: Map representing spatial units to be rated in the questionnaire of the first survey conducted in the Netherlands (1983)

Until now, there have been no such kind of studies concerning Italy (i.e. regarding the preferences for different locations within Italy). Stated locational preferences have never been explored and investigated in Italy.

¹⁰ See for example Meester (2004, Chapters 6 and 7).

1.3. Why Italy?

The first reason to choose Italy is the country's size. Italy is one of the biggest European countries in terms of population, as well as being one of the most developed in economic terms. Choosing a study area like Italy is specifically relevant for this line of research, as it can be considered the second case study which focuses on a big country after the first on Germany. Therefore, comparing the findings from the two surveys (Germany and Italy), with those from the other surveys, is of particular and specific interest.

Secondly, similarly to Germany, Italy is not characterised by an all-encompassing urban agglomeration, such as those in France and the United Kingdom. The presence of such an agglomeration leads to the risk that all kinds of nuances and location factors can be concealed. The urban structure of Italy is characterised by the presence of several size categories of cities, each of them numerous, and spread all over the Italian territory. As far as the main urban areas are concerned¹¹, they can, for instance, be found in Northern (Milan, Turin, Genoa), in Central (Rome) and in Southern Italy (Naples, Palermo). The same applies for smaller size categories of cities. In Italy, you never find wide areas (for instance, administrative regions or provinces) basically deserted, or having an extremely low population density¹².

Thirdly, it would be the first Mediterranean European country (in southern Europe) to be studied within this line of research. European Mediterranean countries have several economic elements in common, which distinguish them from the Central and Northern European countries. For instance, in the economic structure of these countries (Spain, Greece, Portugal and Italy), for instance, some sectors like tourism, agriculture, and textiles are particularly relevant; and, moreover, the average firm size is smaller than the firm size registered in a Central or Northern European country.

Fourthly, we could say the Italian case study is particularly rich in specific 'geographical issues', with regard to the question of firm localization: to mention, but a few, the North-South divide, the local production systems, the urban-rural dichotomy, the internal areas (mountains), and so on. Basically speaking, the Italian physical, socio-economic and cultural geography is so complex, so differentiated, and so particular, that is extremely interesting to try to understand how it relates to the spatial preferences of entrepreneurs. Such a specific Italian geography is likely to provide some specific 'predominant tendencies' in the mental maps of entrepreneurs, and some 'principal components' in the explanation of the variance of the ratings, as has emerged in other studies¹³.

Lastly, it seems relevant to point out that, as seen above, no studies on subjective locational preferences in Italy have ever been undertaken. Therefore, comparative material in any form does not exist. In the recent years, in fact, a great deal of emphasis has been put by certain researchers (such as, economists and geographers) on the image,

¹¹ If we assume 500,000 inhabitants as the minimum population threshold necessary to identify a main urban areas (see 2001 census data by Istat).

¹² We mean, under 10 inhabitants per km².

¹³ See Holvoet (1981), Meester (2004), Meester and Pellenbarg (2006), Pellenbarg (2012), and Spilkova (2007).

on the perception of the Italian economic environment as a whole, rather than on the different Italian locational environments. We can, for example, mention the study edited by Dubini (2004), based on a questionnaire survey focused on the evaluation of the general attractiveness of Italy as an economic, social and cultural environment; and on the rating of the different and several location factors that a firm that was interested in investing in Italy would take into account¹⁴.

This remark illustrates one more reason why studying Italy can be particularly relevant; because, for the first time, it would cast light upon the different and alternative Italian locational environments. In other words, the present research would be the first research to study the ‘splitting’ of the image of Italy: that is, revealing the geographical differences of the perception of the Italian space.

1.4. The research questions

The main research question then of the research project can therefore be defined as follows:

- 1) *How do entrepreneurs rate and rank the different locational environments in Italy? What is the shape of the mental maps of Italian entrepreneurs?*

Further to this basic research question, is the second question which sets out to explore and investigate the differences in the entrepreneurs’ perception of the Italian space, with a breakdown by economic sector, firm size, and the entrepreneurs’ personal characteristics¹⁵:

- 2) *How do the entrepreneurs’ mental map vary according to their different characteristics and those of their firms? Does it vary significantly? And why?*

This additional research question leads to a number of explanatory analyses, and eventually to a third research question focusing more explicitly on explanatory factors:

- 3) *Which explanatory factors can be identified for the subjective valuation of these locational environments? Which of these factors appear to be of a more general nature, and which of them are specific for Italy?*

Subsequently, based on secondary data¹⁶, other research questions, which can enlarge and enrich the evidence related to the basic question, will be tentatively answered:

¹⁴ In this study the respondents were managers taken from a sample of Italian firms and foreign firms operating in Italy. The findings were divided by sector, firm size, place of location of the firm, turnover, export-orientation, and other competitiveness indicators. Correspondence analysis was used to analyze the data and to find the dominant ‘models’ of attractiveness for Italy.

The survey was accompanied by more than 30 verbal interviews with businessmen operating at an international level, selected from the hundred biggest Italian firms. This qualitative side of the research enabled researchers to better single out the positive and negative key elements concerning the image of Italy, also comparing it with the image of other countries; and analysing in-depth how to improve it (which policies should be defined and implemented, and which actors should do that).

¹⁵ We refer to entrepreneurs’ characteristics such as sex, age, and education level.

¹⁶ Such as the empirical evidence coming from other studies and surveys.

- 4) *Are the rating patterns in Italy comparable with the rating patterns emerging from the surveys conducted in other countries, such as the Netherlands and Germany? What are the differences? What are the similarities?*
- 5) *Is the image of the Italian space coherent with the 'real', objective attractiveness of the Italian locational environments?*

The main 'research tools' that have been used to answer these research questions are:

- A web questionnaire survey of a sample of relevant entrepreneurs;
- A set of verbal interviews with key economic actors, such as representatives of associations of manufacturers and of economic development organizations (public or private), and top entrepreneurs/managers .

1.5. The design of the questionnaire survey

The basic goal of the web questionnaire survey was to describe and explain the entrepreneurs' perception of the Italian locational environments, that is to say the entrepreneurs' stated preferences for such locational environments. The key elements of the survey that had to be defined were: the research population; the spatial elements to be rated; the electronic questionnaire; and the means of communication. We will treat each of these elements, in turn, subsequently below.

1.5.1. The research population

Entrepreneurs are the key and only actors involved in the questionnaire survey. In fact, they are the ones who have the power to decide about the location of their firms. They can take decisions about the place where to open a new branch of the firm, or where to move the firm¹⁷. Taking this into account, the survey, like the example projects in the Netherlands and Germany, targets entrepreneurs who manage medium and large-sized firms belonging to productive sectors, whose market area extends at least to the national level¹⁸. The main concern of the research is to interview those who:

- (1) Are capable of making a well-founded judgement on the locational environments in the study area;
- (2) Have an interest, even hypothetical, in evaluating an alternative location;
- (3) Have the authority, the power (have such a role within the firm) to make decisions about the location of their establishment, i.e. they can decide about the location of their firm themselves.

¹⁷ The headquarter and/or its branches.

¹⁸ Or, even if its market area does not cover all of the national territory, it is important that at least it is present in more than one of the three Italian macro-regions (Northern, Central, and Southern Italy).

In order to find entrepreneurs who satisfy condition (1), the survey was limited to entrepreneurs located in Italy (i.e. whose firm is located in Italy)¹⁹. Different from entrepreneurs who work in other countries, they are in fact intuitively supposed to have a more thorough knowledge of the Italian territory than their ‘colleagues’ resident in other countries²⁰. Therefore, they are probably more able to make a careful and thorough comparison of the several areas of the country: that is, to weigh the pros and cons of locating in different places within Italy, thanks to the fact that they are based in Italy.

Within the population of entrepreneurs operating in Italy, based on the relationship which exists between the width of the action space and the width of the information space of a firm²¹, firms which have a local or regional market area have been excluded from the research population. As in Italy we do not have statistics on this kind of information, we have inferred it indirectly, via other firm characteristics. So, the following kinds of firms have *not* been included in the survey:

- Firms belonging to branches of industry of which it is well known that they mostly operate in the direct vicinity of their location. For instance, we refer to retail, catering, specific kinds of business services (accountants, lawyers), etc.
- Based on the relationship between firm size and size of the market area, also firms whose size is particularly small are excluded from the survey. Taking the experience of the other case studies into account²², but considering the highly fragmented structure of the Italian productive system, firms with less than 20 employees has been considered the minimum threshold below which a was not approached.

Furthermore, in order to find entrepreneurs who satisfy condition (2), we excluded certain groups because of the practical limitations that apply to their choice of a location. This is the case for firms which have a strong locational constraint, such as those engaged in activities bound to the land (mining, agriculture...), and which therefore do not have any interest in evaluating alternative and different locations.

Finally, for finding entrepreneurs who satisfy condition (3), we have further restricted the research population, excluding the following kind of firms:

- Branches of multi-plant firms. In fact, the management of a branch usually does not have the formal mandate to decide on the location of the branch by itself. So, the study is focused on single-plant firms and on the headquarters of multi-plant firms.
- Government institutions and semi-government organisations. In these cases, those who are responsible at the political level take the decision about the location of these activities. Moreover, the perspective of the managers of these activities does not take the profit motive into account, and is very different from the perspective of the managers of businesses who decide about the location basically starting from profit-based motivations.

¹⁹ It means that not only Italian entrepreneurs can be included, but also foreign entrepreneurs who live and work in Italy.

²⁰ In some surveys regarding the image of Italy as a locational environment (taken as a whole, not geographically disaggregated), the foreign business community was clearly the main target of the survey (see Dubini, 2004 and 2006). Being external to Italy, they were assumed to be able to rate well the image of Italy as a place in which to invest, in comparison with the image of other countries.

²¹ Taylor (1975).

²² See Meester (2004).

Taking together all these aspects of the selection of the relevant groups, the target group of the survey were entrepreneurs leading private firms with more than 20 employees located in Italy, belonging to a selected range of branches within the manufacturing and tertiary sectors, and serving national or international markets. The population was extracted from the database Bureau van Dijk – AIDA, which consist of the official balance sheets of about 700.000 Italian companies kept in the archives of the Italian Chambers of Commerce. The database Bureau van Dijk – AIDA, besides providing the balance sheets, is rich in other relevant information about the firms and their performance, including the names of the top managers. It has a good coverage of the universe of small, medium and large enterprises. There was no sampling, all firms in the selected categories that were present in the database, given the availability of the contacts, were asked to participate to the survey.

1.5.2. Spatial units to be rated

Regarding the choice of the spatial elements of the Italian territory that had to be presented to the entrepreneurs for rating, we followed the rule of thumb used in the earlier case studies, meaning that they had to be homogeneous, representative and recognisable to the respondent. Moreover, again following the approach of the other surveys, it was considered that their number should be neither too low, in order to be able to derive a sufficiently detailed image of the locational preferences of entrepreneurs, and at the same time, nor too high, in order to prevent the respondents from taking too much time to fill in the questionnaire; and in order not to put too much pressure on their capability to rate the Italian space. Moreover, for the choice of the spatial elements to be rated, it was also important to minimise the subjective judgment of the researcher when identifying them.

The spatial units, which, on a first evaluation fit, better than others, these conditions in Italy, are the 110 provinces (the Italian NUTS 3 level). Basically speaking, at least they were considered the best ‘starting point’, from which a process of refinement could lead to the final set of spatial elements to be rated.

In fact, cities, towns, municipalities, and other possible punctiform categories of spatial elements do not seem consistent with the rather diffuse, balanced model of territorial development in Italy (neither too much polarised nor too much dispersed) where both urban and extra-urban development seems to be important²³. Provinces, on the other hand, which are areas and not points, apart from corresponding to the administrative division of the Italian territory²⁴, appear to be the locational environments which most reflect the several different and overlapping images of the Italian territory (industrial districts, metropolitan areas, rural areas)²⁵. The image they offer is rather coherent with the map of cultural and historical differences and identities on the Italian territory.

We can say that probably provinces, together with the administrative borders of regions, the Italian NUTS2 level (that anyway are too few: only 20, and then taken by themselves

²³ Industrial districts are a typical example of extra-urban, or, more precisely, rural-urban economic development.

²⁴ So, in this respect, they might be very relevant for the local policy makers.

²⁵ As one of the most remarkable examples, the Metropolitan Area of Milan roughly corresponds to the area covered by the province of Milan.

do not offer a sufficiently refined, disaggregated image of the Italian space) determine the most popular geographical map of the Italian space in the mind of the Italian population. In fact, it so happens that they are the territorial units typically targeted by other surveys carried out with respect to territorial attractiveness, territorial competitiveness²⁶, and quality of life in the different areas of the country²⁷.

A unique, but important, problem concerned the large number of Italian provinces (110), which is much higher than the number of places identified in the case studies of the Netherlands and Germany (70).

In order to solve this problem, we had two options. The first was to reduce the number of provinces by aggregating some of them that are contiguous and fall within the same administrative region²⁸. The fact that in recent decades the number of provinces has been augmented through a process of growing fragmentation of previously existing entire provinces, could help to decide how to aggregate some of the existing provinces (that is, just by reuniting provinces that once were together, and for this reason being supposed to have a sufficient degree of homogeneity)²⁹. This procedure could contribute to minimizing the risk of losing relevant information, and diverting from what is in our opinion the prevailing perception of the micro-geographical division of the Italian space. However, thanks to this criterion (taking into account the institution of new provinces in the last two decades), the number of geographical units could be brought down from 110 to 95. But this could be done only by introducing the subjective judgment of the researcher, that is analysing and deciding on a case by case basis (evaluating the similarities and the differences, in various geographical, economic, social and cultural terms, of contiguous provinces), could we arrive at the ideal final number of provinces.

In order to avoid that, we preferred to adopt a second option, which consisted in keeping the number of provinces unchanged, but to choose as spatial units both regions (NUTS2) and provinces (NUTS3), making use of a stepwise mechanism, facilitated by the use of an electronic questionnaire. To do that, as we will see, we asked the respondents to evaluate all regions and, optionally, the provinces. That is to say, they had to evaluate all 20 regions, but were given the opportunity to choose, for each region, the possibility of evaluating all the provinces within that region. The respondents were then free to go faster

²⁶ Such as, for instance, 'Atlante della competitività delle province italiane' (<http://www.unioncamere.it/atlante>).

²⁷ Such as the survey carried out by Il Sole 24ore.

²⁸ Provinces could be amalgamated only within administrative regions. In other words, territorial units that are made up of provinces belonging to different regions would not be taken into account. This is due not only to the objective of producing a map coherent with the regional identities, which are considered extremely important in Italy; but also to the objective of eventually determining outcomes relevant at the regional administrative level (therefore, also relevant for the regional government policy makers).

²⁹ For instance, in Calabria, one of the southern regions, till 1992 there were only three provinces (Catanzaro, Cosenza and Reggio Calabria). Afterwards, by law two new provinces were identified and created: Vibo Valentia (entirely created from the territory of the province of Catanzaro); and Crotona (created taking a part of the territory of the province of Cosenza; and a part of the territory of the province of Catanzaro). Taking a more recent example, in 2001 in Sardinia four new provinces (Carbonia-Iglesias, Medio Campidano, Ogliastra, Olbia-Tempio) were created in addition to the four provinces already existing (Cagliari, Nuoro, Oristano, Sassari). Two of them were created entirely from the territory of the province of Cagliari (Carbonia-Iglesias, and Medio Campidano); and another one from the territory of province of Nuoro (Ogliastra). Therefore, currently Sardinia has eight provinces.

The process of increasing the administrative fragmentation of the Italian territory (as concerns provinces) is creating a lot of criticism and a heated debate (for instance, around its consequences in terms of impact on the total public expenditure). This is why the opinion according to which this process should be stopped is growing more and more.

and save time, if they decided that limiting their ratings to a less detailed geographical scale (regional scale) was enough.

From the explanation above, it is clear that in the Italian case, although we followed the methodological guidelines defined in the international line of research, we made a significant change from the option usually chosen in the earlier surveys by Pellenbarg and Meester, where cities (punctiform category) were the spatial elements to be rated, and where only one geographical level was taken into account.

1.5.3. The electronic questionnaire

The questionnaire was essentially based on the same methodological principles and points applied in the other surveys of entrepreneurs' mental maps undertaken in Europe. But here also some changes have been introduced (see Annex 1).

First of all, the number of closed questions was quite limited, in order to make the questionnaire simple and quick to complete, and then allow enough time for the respondent to evaluate all the spatial elements identified³⁰. Therefore, priority was given to the objective of attaining a maximum response rate, rather than gathering as much information as possible from the individual respondents³¹. The questions were focused on some basic firm characteristics and on only a few respondent characteristics, such as sex, age, and education level.

Secondly, we used a map on which to depict the spatial units, that is the regions and their provinces. As demonstrated by the success of the other surveys, a map represents the preferred form on which all places to be rated are presented to the respondents. In fact, a map, in comparison with a simple list of territorial units, seems to have the following advantages:

- It has a more inviting appeal to the respondent; that is, it is something completely new, definitely original compared with the questionnaires that they usually have to answer³². In other words, a map can more easily arouse the respondents' curiosity and interest, increasing the probability that they answer all questions completely and exhaustively;
- It can give the impression that it takes a shorter time to answer the questions (assigning a rate), compared with the task of working through a list of dozens of places;
- It enables the respondent to avoid problems with trying to locate the places.

In the map, we used the same accompanying question always used in the previous surveys when asking the respondents to evaluate the locations. Literally, in Italian: *'Supponga che, per qualsiasi ragione, debba cambiare localizzazione alla sua impresa (o a una unità locale della Sua impresa) all'interno del territorio del nostro paese. Sulla base di questa ipotesi, che valutazione da', come possibile localizzazione, ad ognuna delle aree indicate*

³⁰ This was a key methodological step in order to try to raise the rate of complete and usable responses. In fact, one of the features of this line of research has always been the ability to get high response rates. In the surveys conducted in the Netherlands in 1983 and 1993, for example, usable responses were, respectively, 22% and 21%; and in the one conducted in Germany they were 11% (Meester, 2004).

³¹ This is a common dilemma that has to be faced when designing a questionnaire for a survey.

³² Just a list of closed questions!

nella mappa allegata?'. In English: 'Suppose that, for any possible reason, you have to change the location of your firm (or of one the units) within the Italian territory. Given this hypothesis, how do you evaluate each of the areas indicated on the map as possible new locations of your firm?'

Thirdly, we chose a 5-point ordinal scale ('*very unfavourable*'; '*unfavourable*'; '*neutral*'; '*favourable*'; '*very favourable*'), in order to rate the locations depicted on the map. We have to point out that an absolute rating is preferable to a relative rating, as it does not force the respondent to arrange all the elements in order of preference, but just asks him to assign to each place one of the values suggested in the scale provided by the researcher. This remark is valid in particular when there is a high number of spatial units to be rated. Moreover, we have to remark that although the choice of a 3-points scale rather than a five-point scale also looks consistent with the aim of dealing more easily with a high number of spatial elements, we nevertheless preferred to use a 5-point scale in order to keep the findings as much as possible comparable with the outcomes of the other case studies.

Last but not least, in order to increase the explanatory power of the questionnaire, we introduced an innovative element represented by two open questions where the respondents had to comment on the best and the worst rating given to four provinces (two provinces with the best ratings; and two provinces with the worst ratings), randomly extracted by the software from all the best-marked provinces.

1.5.4. Means of communication: the web survey

As a means of communication, we chose to carry out a web survey implemented by means of an electronic questionnaire, introducing in this case a considerable innovation in the research method, which until now had always used postal surveys³³. Significant savings in terms of costs, time, and the work needed to contact interviewees and to collect data were obtained by doing so³⁴. The implementation of the map in the electronic questionnaire was the most challenging task. An interactive map was developed, and a stepwise mechanism for rating was adopted in order to enable the respondents to rate, first, regions and then, eventually/optionally, provinces:

- 1) The respondent visualizes the interactive map (Figure 1.2);
- 2) By moving the pointer on the map he/she can highlight the regions (Figure 1.3);

³³ From the beginning, we also excluded verbal interviews (except for the set of verbal interviews that were separately conducted) and surveys by phone, considering that:

- The questionnaire was designed as a map of Italy showing all the territorial units which the respondents are invited to rate; this does not allow an effective telephone interaction between the questioner and the respondent;
- A telephone interview is typically something that is very difficult to arrange and practically carry out. In fact, even though it is possible to arrange it (bearing in mind the time the respondent can dedicate to these kind of activities is usually extremely limited, in particular, when firms, as we say, are 'overcrowded' with several kinds of surveys), the person interviewed by phone is not likely to be very attentive and is easily distracted, especially when this respondent is a top manager.

³⁴ The use of the electronic questionnaire clearly makes the completion of the survey much quicker, for instance by saving time in communicating with the respondent. And it makes it less expensive, enabling the financial resources dedicated to the realisation of the postal survey to be saved, considering that the costs of building and managing the website was relatively low. The interviewees were contacted by e-mail; they were invited to connect to the website purpose-built for the research project, and to gain access, by clicking on a weblink, to the electronic questionnaire.



Figure 1.2: Visualisation of the interactive map of Italy showing the administrative Regions and Provinces

- 3) The respondent chooses the first region that he/she will rate and, by clicking on it, he opens a pop-up where he/she can visualise the key question seen above³⁵ and the 5-point ordinal scale (Figure 4);
- 4) After rating the region, in the same pop-up a second question (Figure 1.4) asks him/her to rate each of the provinces that are part of the region, or to assign them by default the same mark given to the region (by doing so, the respondent can proceed more quickly). In the first case, he/she assigns the rate to the provinces by opening another pop-up similar to the previous one; in the second case, he/she passes directly to the evaluation of the next region and so on.

³⁵ See Section 1.5.3.



Figure 1.3: The highlighting of the Regions (in the example, Emilia-Romagna)

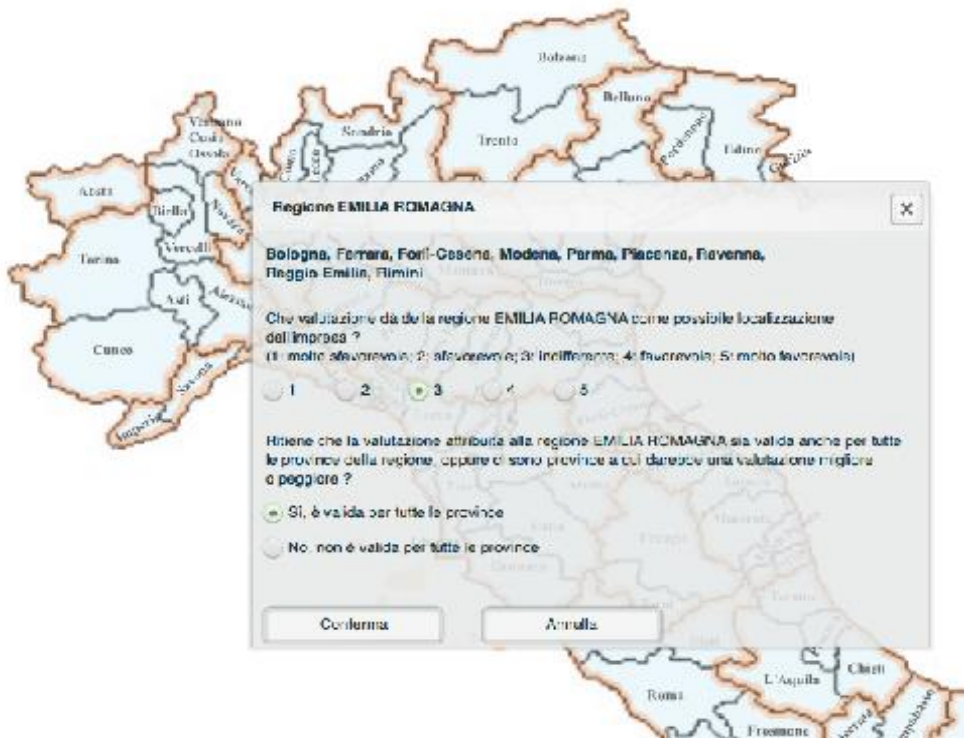


Figure 1.4: Visualisation of the pop-up containing the key question seen above (a shorter version), the 5-points ordinal scale, and the question concerning the optional rating of the provinces (in the example, Emilia-Romagna and its provinces)

Ultimately, 10,000 entrepreneurs were involved and contacted to participate in the survey. Survey took more than one and an half years to be completed (19 months). There were 645 respondents, of whom 225 filled out the questionnaires properly. The response rate was therefore 2.25%. In Chapter 3, the results of the survey will be presented more extensively.

1.6. The design of the verbal interviews

After the questionnaire survey, 9 verbal semi-structured interviews were conducted with key economic actors, such as the representatives of associations of manufacturers or of economic development organisations (public or private), top entrepreneurs/managers, the aim being to provide an in-depth explanation of the mental maps of entrepreneurs.

The verbal interviews helped to:

- Describe better the *dominant tendencies*;
- Find out the different and specific underlying motives that explain the spatial preferences of the entrepreneurs: for instance, examining the relevance of the contextual factors (efficiency of local government, political stability, social and cultural environment, trust, and relations with local entrepreneurs);
- Validate the findings of the questionnaire survey.
- Discuss the possible future scenarios and policies as regards the image and perception of regions and provinces.

The interviews were recorded, with the agreement of the interviewees, and transcribed. They were analysed making use of a qualitative technique, thematic analysis, which is discussed in-depth in chapter 5.

1.7. Outline of the thesis

After this extensive presentation of the theoretical and empirical background, and of the methodology applied to this research, the following chapters, apart from Chapter 2, present and discuss the results of the several analyses made using the data obtained from the questionnaire survey, and from the direct verbal interviews. Chapter 2 introduces and discusses in-depth the two predominant patterns of spatial economic development in Italy: the North-South divide, and the industrial districts. In fact, it is widely recognised that they are some of the most important spatial patterns in Italian economic geography, and therefore they are considered to be very useful for the descriptive and explanatory analyses which follow.

Chapter 3 presents the main results of the questionnaire survey, using in particular the maps to represent the results (the average ratings) for regions and provinces, and trying to identify the main patterns as they emerge from the visual analysis. It then answers the first, main, research question. It also briefly discusses the coherence of the mental maps

with the images emerging from the real economic indicators (Research question 5), presents the analysis of the variance of the ratings at the regional level, and reflects and discusses the implications.

Chapter 4 is dedicated to the outcomes of the statistical analyses (multivariate variance analysis and principal component analysis), and therefore is devoted to the analysis by groups of entrepreneurs, and to the in-depth explanation of the results. The first kind of analysis explores the breakdown by kind of firms and kind of entrepreneurs, in order to answer the second research question (Research question 2). The second statistical technique investigates the unrevealed patterns that pervade the respondents' mental maps. These patterns could be the clue to particular, underlying social, economic, cultural, political, location factors, which otherwise would have remained unknown (Research question 3).

Chapter 5 is also focused on the explanation of the results (Research question 3), but now presents the results of the qualitative analyses: 1) the results of the content analysis of the answers to the two open questions that were part of the electronic questionnaire (where the respondents had to illustrate the reasons for their choice of two of the worst-marked provinces, and two of the best ones); and 2) the outcomes of the thematic analysis of the direct verbal interviews.

Chapter 6 focuses on the comparative analyses of the results of the Italian survey and those from the Dutch and the German survey (Research question 4). It allows us to consider whether the Italian case not only has something in common with the mental maps of entrepreneurs from other countries, but also whether it has some peculiarities, and why. It also discusses, from a comparative point of view, the point addressed by the Research question 5. Lastly, Chapter 7 briefly draws some concluding remarks, reflecting again on the consistency between perception and reality, and discusses the broad policy implications.