QUALITY CONSORTIA

Parma and San Daniele - Food processing

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1 Introduction

Increased reliance upon **origin certification** is a phenomenon which has characterised the Italian foodstuff industry for much of the post-war period. A growing number of products (wine, cheese, ham, oil, vinegar, etc.) is being sold at a significant price premium with a guarantee concerning its origin, characteristics, and quality. Three elements militate in favour of an increase in the number of such a trend: a) certification is in the interest of the consumer because it guarantees that a price premium is really associated with a product of higher than average quality, b) it is in the interest of the producer because it reduces the scope for free-riding in the industry, and c) it is in the interest of the state because it ensures greater transparency in the foodstuff market and it enhances control upon food quality. The Italian food market is very rich in origin-guaranteed products because of the high propensity to consume foodstuff products of its inhabitants but also because of a very long tradition of its highly diversified and largely SME-based food industry.

Earning the trademark of certified origin is generally not a simple task, nor one within the horizon of *individual* food producers. Such a status is only gained through an explicit endorsement within the national legislation and it therefore requires a significant long-term investment a) to clearly define the peculiarities of a given product, b) to lobby for a legislative initiative, c) to monitor its implementation, d) to signal its breaches, and e) to publicise the status among the consumers. Unless a single firm acquires a monopoly over the entire production of a certified origin product, this long-term endeavour necessarily turns out to be a *collective* task which requires the continued endorsement of a number of often small-scale producers. As such, it appears immediately as the domain for consortile effort.

This paper is an attempt to enquire into the establishment of two such consortia. To facilitate the analysis a single industry (ham-manufacturing) has been enquired upon. Two features of this industry needs to be initially stressed to frame the following institutional analysis. First of all, the supply of ‘raw inputs’ to the ham-manufacturers is inelastic as the Italian pig-breeding industry is based almost exclusively on small-scale farms unable to rapidly respond to changes in ham demand. Secondly, ham seasoning is a relatively long process which requires a considerable amount of sunk investment. The consequence of these two conditions is that **the ham-manufacturer is potentially**

at the mercy of the clients, unless it succeeds in gaining some control upon the market, either through a policy of minimum prices or through a control of aggregate supply.

Details about the present status and about the history of the consortium of San Daniele and that of Parma are spelt out in sections 2 and 3. An attempt is made not only to reflect upon the chronological evolution of the two institutions but also to highlight the path which led them to acquire a central role in the definition of cluster-wide strategies, as emphasised in section 4. Section 5 reflects upon the profound similarities between the two initiatives and extracts some general lessons for SME clusters intending to re-position towards high-quality market niches.

2 The Consorzio del Prosciutto di San Daniele

The Consorzio del Prosciutto di San Daniele (San Daniele ham consortium) is the key institution operating within the ham-manufacturing industrial district of San Daniele. It groups **all** the 26 producers of the cluster which jointly employ over 600 workers, which have a production potential of 3 million ham-legs a year and an annual turnover in excess of Lit 500 billion (over USD 300 million). The consortium was established in June 1961 by 16 associates, among whom some of the leading ham-manufacturers as well as public figures from the village. At that stage, these founders had already identified the creation of a trademark to identify the local ham as the area for common action. After having agreed upon the definition of a "traditional manufacturing procedure", they undertook what was to prove a very long **lobbying initiative** to have it enshrined within the national legislation. In order to strengthen its legitimacy vis-à-vis the national policy-makers, the consortium pressed to enrol all the producers from the cluster. The move proved troublesome: while all the founding members had freely joint the consortium, the rest of the cluster producers displayed much less enthusiasm towards subjecting their output and processing techniques to collective scrutiny. Lacking the power to legally sanction its rules, the Consortium adopted a **mixed strategy** which combined a general complacency (turning a blind eye to the numerous small-scale breaches to its rules) and episodes of rigidity (as when one of the founding members was expelled from the consortium for having sold unmarked ham).

The much needed law was passed in July 1970, albeit lacking the implementation code which was required to effectively protect the trademark. While the lobbying task was not terminated, the consortium could more confidently embarked upon a more **aggressive advertisement policy** (including participation on behalf of its associates to major European food fairs). The move was made possible by the increased revenues generated by the marking of the ham legs. Closer links were forged between the consortium of San Daniele and its counterpart of Parma and a coherent project to **fight frauds** at the national level was launched. Thanks to their joint lobbying efforts, the much needed implementation code was finally promulgated in 1978 when each consortium was awarded the exclusive right to oversee upon the use of the registered trademark. It would be naive to expect that such an expansion in the role of the consortium would not have met any resistance within the cluster. Indeed a **bitter confrontation** between the management of the San Daniele consortium and one of the least complacent producers lasted for much of this phase. As a result of the prolonged litigation, a consensus however emerged within the cluster around the need a) to define more clearly the obligations of the members towards the consortium and b) to back up more visibly the decision collectively taken as a result of the stimulus provided by the management of the consortium.

In the mid-80s, the management of the consortium had therefore gained a sufficient **autonomy** vis-à-vis its associates to embark upon a new and much more challenging project, namely the attempt to subject the production strategies of the individual producers to collective scrutiny and definition. In 1985, the consortium voiced for the first time its concern over production trends which had remained stagnant between 1978 and 1982 (increasing merely by 13% over the period 1978-1982), but which had sky-rocketed in the following five years from 420,000 units to over 1,470,000 in 1987 (with an average growth rate of roughly 26% *a year*). What was becoming clear was that the Italian market had enthusiastically welcomed the strategy selected by the consortium (i.e. specialisation on high-quality production with a significant price premium) but also that the uncoordinated response of the cluster producers to such a boom (i.e. a drastic increase of production capacities) was unsustainable. Knowing of the characteristics of the Italian pig-breeding industry, the managers of the consortium had realised that **the district was not in a position to address the mass production market** unless it had lost its 'exclusive' image among consumers. In conjunction with the Ministry of Industry and with the back-up of the majority of its associates, the managing board of the consortium issued in 1989 a **three-year plan** for the cluster of San Daniele including the maximum amount which could be awarded the trademark and the allocation of the quota across the cluster producers.

While the majority of the cluster producers shared the concern and the vision of the management, the consortium had to fight hard at the implementation level since the total quota allowed for the 1990-1993 period amounted to less than half of the production capacities available. In order to reduce resistance to the plan, the consortium had to carefully time its introduction. For one thing, an overall growth in the quota was approved, to ensure that the producers had some way to re-capture the investment they had undertaken over the previous five years. Secondly, a mechanism was introduced which favoured the producers which bore the highest input prices (used as proxies for input quality) to secure the move by all producers towards the high-quality end of the market. When the growth of demand finally lost its tempo between 1994 and 1996, the policy of production quota had effectively been introduced and endorsed by all the local producers. The cluster was therefore in a position to wage the downturn and to focus even more on the quality of its output.

As production quota finally became well-enshrined in the strategies of the cluster producers, new areas of operation where disclosed to the managers of the consortium. Not only were they were in **a key position to determine the growth of production capacities** but also to influence marketing initiatives. While the individual producers had full freedom to set their strategies within the traditional markets (such as Italy and increasingly the EU), the choice by the consortium management to free export capacities to the promising US and Japanese markets (relaxing the production quota for producers undertaking a move to export towards such areas) and, simultaneously, to press forth an advertisement campaign in the two countries, proved to have the full potential to influence the marketing strategies of the cluster producers. Furthermore, the credit guarantee consortium (established in 1987 within the consortium with the aim of providing capital at reduced rates for the cluster producers) rapidly acquired a key role in the district providing a very high portion of the capital requirements of the local producers.

The late 1990s witnessed a number of developments which did not however challenged the underlying structure of the consortium and its role within the district. In 1995, the Italian Antitrust Authority filed an enquiry in the purchasing policies of the consortium arguing that the latter was exploiting its role as ‘conspicuous consumer’ vis-à-vis the pig breeding industry. At the end of the prolonged litigation, the Authority ruled that the ‘production ceilings’ challenged consumer welfare and therefore banned them. By 1998, however, the legislation sanctioning the trademark had already embodied all the guidelines by the consortium (in terms of input quality, number of authorised producers, production techniques and so on) so that the impact of the antitrust ruling upon the legitimacy of the consortium was limited. The second development was the introduction of the European legislation on guaranteed origin products, which required the consortium to ‘**externalise’ its production control functions**. At the beginning of 1998, a formally independent quality certification agency was set up(the North East Quality Institute) which currently employs 22 people (mainly control technicians and inspectors). The consortium however retains its role as founder of the Institute (together with the representatives of the ham-producers, of the pig-farmers and of the butchers) to the point that the director of the one is the secretary general of the other.

In the last fiscal year, Consortium of San Daniele had a turnover of Lit. 5,224 million (equivalent to 3,2 million 1996 USD), over 93% of which were derived from the sale of services to its associates. The advertisement and research budget amounts to nearly Lit. 900 million (equivalent to over 500,000 1996 USD). Through its financial branch (the credit guarantee consortium) it is securing over Lit 20 billion (equivalent to 13 million 1996 USD) exclusively to the smallest local producers. Through its independent regulatory capacities, it has managed to introduce a set of product and input testing procedures which are entirely codified and fully standardised. By all accounts this represent a great improvement over its status in the early 1960s, when it had a budget of as little as Lit. 42 million in 1996 real prices (equivalent to 25,000 1996 USD). Over the period, the consortium therefore saw its turnover increase about 125 times with an average growth rate of 16% a year in real terms.

3 The Consorzio del Prosciutto di Parma

Understandably there are **clear similarities** between two consortia a) that operate in the same industry, b) that are regulated by very similar laws and c) that have co-operated actively over much of the last twenty years. A chronological recollection of the history of the Parma consortium would therefore run the risk of replicating much of the indications provided in the previous section. A clear difference however exists between the district of Parma and that of San Daniele this section is an attempt to reflect upon, namely its size. **Ham-manufacturing is a markedly larger industry in Parma than in San Daniele**: the former hosts over 300 manufacturers, it produces more than 17 million ham-legs, and it accounts for nearly 50% of the entire national market (compared to the 15% share held by San Daniele). The Parma district has also traditionally been characterised by much richer financial endowment: up to the late 1980s, ham-seasoning used to be a relatively common form of *financial* investment for the citizens of the province and not only the exclusive domain of ham-manufacturers as in San Daniele.

Within such an analytical framework, the distinguishing feature of the Parma consortium appears to be not so much its remarkable size (215 members and an annual turnover in excess of Lit. 20 billion - equivalent to over USD 11 million) but rather that its **failure to represent the entire cluster population** (only approximately two thirds of the local ham-manufacturers are among its affiliates). Through the last thirty years, the consortium has managed to increase its membership base from the 23 initial founders and it even achieved a peak with 250 affiliates in 1985 but it never managed to enrol the over 300 cluster producers. At a first sight, this feature can be fully explained by the unwillingness of many district entrepreneurs to bet their fate uniquely on the high-quality ham market. Since "guaranteed origin ham" does not constitute a sufficiently large share of their output, the national law prevents them from gaining membership status. At a deeper scrutiny, however, the question remains open as to why the consortium has failed to win over these producers to a "high-quality production" strategy which the overwhelming majority of experts consider as the only way forward in such a mature technology industry.

From an historical point of view, the consortium spent the 1960s and 1970s facing the very same challenges discussed in section 2: a) defining the features of the 'traditional manufacturing techniques', b) lobbying for their inclusion in the national legislation, c) upholding the guaranteed origin trademark, and d) advertising the brand among consumers. What needs however to be remarked is that the national legislation (passed in 1970 and effectively enforced since 1978) would not have been realised without the **'lobbying weight'** placed upon it by the Parma consortium. As candidly admitted by the managers of the San Daniele consortium, the large constituency represented by the Parma institution and the ceaseless commitment of the local policy-makers were the prime causes behind the adoption of the guaranteed origin trademark in the ham-processing industry.

In the early 80s, the consortium was finally in a position to **autonomously identify a project** upon which to invest on behalf of its members, namely the inclusion of Parma ham among the pork-derived products which could be imported into the USA. This potentially large market was lost in 1963 when a severe plague hit the European pig population and all pork-derived imports were banned from the US. Through the Italian embassy in Washington and with the support of the Italian government, the managers of the consortium contacted the US administration arguing that ham could not act as the vehicle for any form of disease. As a further step, the consortium was requested to build a mini-scale ham-seasoning unit in a secluded island off the US coast for the US veterinary personnel to monitor all the phases of ham-manufacturing. Such an initiative required a considerable financial investment which was born primarily by the consortium (fully endorsed by all its members) with the support of the Parma Chamber of Commerce and of the local producers' associations. In the late 80s, such investment paid up: the certified origin trademark issued by the Parma consortium was fully endorsed by the US legislation and seasoned ham could again be imported into this market. All other European ham-manufacturers (including the ones in San Daniele) greatly benefited from such a development towards which they had however not contributed in any way. Because of its importance, the Parma consortium was naturally entrusted with **a leadership role within the industry**.

If the broad membership base provided the consortium with a great deal of political legitimacy and a significant budget (as emphasised in the two previous paragraphs), it also posed significant problems. The introduction of "production ceilings" was one such case. By the late 1980s, the managers of the Parma consortium (well supported by their equivalents in San Daniele) realised that excessive production capacities had been accumulated within the district in the earlier part of the decade. Not only was it estimated that a) the absorption capacity for high-quality ham in the traditional markets was roughly half of the annual ham supply from the district, but also that b) the supply of high-quality pork legs was increasingly lagging behind the demands of the cluster manufacturers. The consortium therefore put forward a plan to limit aggregate supply. The move was endorsed by a majority of the its associates but, unlike in San Daniele, it met the **resistance of a very determined minority** among them. About 20 firms challenged the legitimacy of the plan in the courts for the following four years (effectively delaying its introduction to 1991) and the consortium was even taken to the Antitrust Authority in 1994. There is no doubt that the plan originally envisaged (denying the opportunity for the intra-cluster trade of quota and reducing the total number of ham legs which could be issued the trademark) was particularly ill-suited to those producers that had just expanded their production capacities. Two further factors however weakened the bargaining power of the management vis-à-vis its members namely a) the traditionally high dynamism of the local entrepreneurs (resulting in frequent acquisitions and changes in the ownership profile of the local enterprises), and b) the large pool of local producers who did not take part to the consortium. In spite of these problems, however, the production ceilings plan was fully realised by 1997.

The problems posed to the consortium by its large and relatively highly differentiated membership base did not always prove easy to tackle. Such has indeed been the case of the export consortium which was set up in the early 1990s in an attempt to increase the coordination among the exporters to the newly-opened US market. While the managers of the Parma consortium played a key role in the establishment of such a cooperative initiative (sensitising the cluster entrepreneurs, provided them with a meeting place, allowing them to interact with he large network of experts and consultants established in the late 1980s to break into the US market, etc), it decided to spin it off at the earliest possible occasion to the local entrepreneurs. Required to provide an explanation for such a move, a senior member of the Parma consortium hinted at the pressing **need to maintain a 'third-party status'** vis-à-vis its members and therefore not to be perceived as being endorsing more enthusiastically any sub-group among them. While a causality nexus can clearly not be established, it needs to be mentioned that soon after the dis-engagement of the Parma consortium, the export consortium saw its membership base greatly eroded to a handful of producers. Such a development is in strong contrast with the experience of the credit guarantee consortium of San Daniele. The very same line of reasoning explains the lack in Parma of a pro-active orientation regarding the allocation of the production quota to favour, for example, the more export-oriented cluster producers.

4 Towards a theory of governance institutions

Section 3 made it clear that obvious similarities exist between the consortium of Parma and that of San Daniele, in spite of the difference related to the much larger “mass” which characterises the first cluster in comparison to the second. The purpose of this section is therefore to highlight the most significant nodes of the path which led an agency which was originally envisaged as a lobbying unit to play an increasingly strategic role within its district. In other words, the purpose of this section is to discuss the **evolution of a governance institution** which gains the capacity to play a managerial role within a district not on the basis of its “hierarchical authority” over the producers but rather of its ability to cooperate with them. While reference will have to be made to the specific mission of the two consortia, emphasis will be put on the general features of their intervention within their clusters.

The distinguishing feature of a governance institution appears to be its **leadership with a SME cluster** which in turns is a consequence of the ability of its managers to autonomously take decisions with a significant impact upon the way the cluster entrepreneurs conduct their businesses (i.e. on key aspects such as the definition of product prices, the identification of production technology, the purchase of inputs, the selection of target markets, and so on). There is no doubt that both consortia had achieved significant governance capacities by the early 1990s, so much so that they became the target of an Antitrust enquiry. In the foreseeable future such capacities should be maintained, even if the production targets will have to be relaxed. In other words, the cluster producers will remain largely unable to autonomously select a) their production technologies, b) the characteristics of their production inputs, but also c) to autonomously use the certified origin trademark. Largely because of its greater internal cohesion, the San Daniele consortium has been able to use such governance capacities in a much more dynamic way than its Parma equivalent over much of the 1990s (as in the case of the re-allocation of production quota to favour the exporters towards new markets).

None of the two agencies appears to have been established with the purpose of acting as governance institutions within its own cluster. As a matter of fact, both of them were **initially envisaged as political lobbying institutions**, representing the interests of the producers vis-à-vis the national government. It is certainly true that this task was enthusiastically endorsed by a *qualified majority* of cluster producers who had already gained awareness about the need to “preserve” a collective good (such as the cluster brand) from free-riders located within the district but also outside of it. Apparently, the definition of the ‘certified origin’ law (granting each consortium significant enforcement powers) catalysed the evolution of the institutional mission of both institutions. At a deeper scrutiny, however, matters appear more complicated. First of all, the legal enforcement of the 1970 law only became feasible about a decade later. Over this period, both consortia had to operate in a no-man’s land where the decisions of their managers had no hope to be legally imposed upon the members. Unsurprisingly, this appears to have been a time of bitter confrontation between the managers of the consortium (backed by the majority of its members) and a handful of recalcitrant ham-manufacturers. When the law became legally binding in 1979, the two consortia had in other words already managed to rally an adequate consensus behind the vision of their managers thus making legal enforcement a ‘last resort’ measure rather than its daily *modus operandi*.

The introduction of production quota appears as the **watershed** in the history of both consortia. Even though much of the ‘political’ authority in the cluster and the necessary legal status vis-à-vis the Italian institutions had been fully acquired prior to the late 1980s, the move implied a radical break in the relationships between the management of the consortium and the individual producers. The latter were in other words for the first time legitimised to scrutinise not only what the local entrepreneurs were doing but also, and most importantly, what plans they were holding concerning their future. In so doing the consortia were backed up not only by a credible entrepreneurial vision endorsed by the majority of the cluster producers (targeting the high-quality market) but also by the legitimacy they had gained (in the 1980s when they had effectively striven to prevent misuses of the trademark) as the only *super partes* agencies within their districts.

Needless to say, the governance potential of both consortia was constantly placed under severe **constraints**. The strongest among such constraints was the internal and it resulted from the understandable reluctance of the individual members a) to give up a greater and greater portion of their autonomy to the management of the consortium and b) to subject their individual strategies to collective scrutiny. With regard to this theme, it appears that the past success of the consortile projects is a necessary but not sufficient condition to adopt new policies (and thus to accept new forms of collective “intrusion”). External constraints (posed by players such as the courts, the district policy makers, the producers' associations, the Antitrust Authority) often become binding upon the governance institutions only as a result of a conflict within the cluster. Indeed such institutions are often 'called in' to settle on-going disputes between the management and the members. The market, which should ultimately work as the prime control mechanism in a capitalist economy, does not seem to operate along entirely different principles vis-à-vis for the governance institutions than vis-à-vis its members. Indeed the market seems to have consistently favoured greater coordination among the SMEs. In the last analysis, the successful evolution of a governance institution seems to be determined primarily by the degree of consensus (at times even unanimity) which underscores the policies identified and implemented by its management, i.e. by a largely political variable.

5 Conclusion

This paper has attempted to reflect upon the history of largely successful governance institutions such as the Consorzio del Prosciutto di San Daniele (section 2) and its Parma counterpart (section 3). Since section 4 has already identified some of the more general features of such institutions (defining the concept of governance capacities and enquiring about its determinants), this last section will be used to reflect upon the policies implemented by the two consortia, with a special emphasis on the notion of **product quality** and on its achievement in an SME cluster. As a matter of fact, both consortia were established to enable a significant minority in their clusters to secure the benefits of a strategy based on addressing high-quality market niches. What has been described in the previous section as the successful development of a lobbying agency into a governance institution was largely the result of its remarkable success in facilitating the implementation of such a strategy in the cluster as a whole. Such success was not however without its problems.

In their tasks, the consortia were surely helped by two elements that need to be emphasised. On the one hand, the importance of such a quality-based strategy had been realised by some senior cluster producers *prior* to the establishment of the two agencies. While the consortia surely had to work hard to win over the support of the *entire* district (an objective which was not realised in Parma for the reasons emphasised in section 3), their managers could certainly build upon an invaluable

‘demonstration effect’. Secondly, the producers in both clusters could already count upon an image of **‘exclusivity’** that their products had gained (often through centuries) among the public: while such an image could not be enforced in the courts (and it was therefore open to the challenge of free-riders), it was certainly an important starting point and the catalyst for any further action.

By far the most visible obstacle to the sustainable implementation of a high-quality strategy by an SME is a financial one. Re-targeting production to a market niche is a hard task when one lacks solid **financial resources**: production technology needs to be revamped, procurement and marketing policies need to be re-thought, new sales outlets must be identified while traditional ones often need to be abandoned (as the firm proves unable to remain geared to the mass market as well as to the niches). Above all, a **brand** needs to be made visible among customers and some form of consumer loyalty needs to sustained. Such tasks are always expensive and they often provide little collateral to secure bank loans. In a district, such risk is further enhanced because the fruits of such investments can be easily appropriated by the local competitors and profit margins can be rapidly eroded. In other words, the all-pervasive risk of free-riding creates a further obstacle to the implementation of a high-quality strategy within SME clusters.

Both **consortia significantly helped their associates** with respect to all these problems. For a start, the endorsement of the certified origin trademark by the national legislation significantly reduced the scope for free-riding, thus securing the profitability of the overall investment. Further actions were taken with respect to the publicisation of the collective brand, rescuing the individual producers from the need to venture in largely unexplored fields. The two institutions also invested heavily on behalf of its members for the identification of new production technologies and they were also very active with respect to the diffusion of ‘best practices’. The establishment of the credit consortium in San Daniele should also be interpreted within this broader framework.

The success of the two consortia needs to be related not only to the type of initiatives they implemented but also to **the way they were timed**. The introduction of production ceilings during an expansionary phase of the business cycle led to initial resistance in both clusters but it certainly insulated the local producers from a rapid downturn in the mass market. The prospects for such a strategy would certainly have been much slimmer it they had been introduced *as a response to* (rather than in the expectation of) such a downturn.

Finally, it needs to be stressed that both the consortia had to undergo a great deal of **'learning by doing'** before seeing their overall strategy embodied in the decisions of their members. Once again, the introduction of production quota appears as a good case study: the point has been already stressed that the project, as initially envisaged, did not immediately win over the support of the cluster producers. The most immediate obstacle which had to be tackled was related to the **amount of quota** allowed: as freely admitted by the former director of the Parma consortium, a collective agreement of this kind has no chance to be endorsed if it envisages an absolute reduction of total supply during an economic upturn. The only sustainable instrument to implement a high-quality strategy therefore appears to be the control upon the growth rate of total supply whereby the aim is to reduce it with respect to its historical trend. The **allocation** of such quota also poses significant problems but it can also become an instrument to strengthen the consensus within the cluster. Both consortia had to devise sophisticated mechanisms to reward a) those producers that had invested to upgrade their production capacities and b) those who had already chosen to undertake a high-quality strategy for their own businesses. The **tradability** of the quota is also an issue that needs to be taken into full account to provide the least enthusiastic cluster producers with an adequate incentive to 'exit'. Furthermore, the opportunity to relax production quota in favour of those producers who follow the consortium in its attempts to break into new markets also appears as a policy instrument whose importance was not clear to either consortia in the early 1990s.

The general lessons identified in this section as well as in the previous one helps identifying valuable **guidelines** for the implementation of quality-based strategies for SME clusters in developing countries. Important determinants for the success of such initiatives is, needless to say, the determination of the cluster producers or, at least, of a significant and motivated minority among them. From a legislative point of view, the existence of a 'conducive' legislation that sanctions certified origin trademarks is also of uttermost importance to reduce the scope for free-riding, both within the cluster and outside of it. Entrusting a dedicated institution (such as a consortium) with the task of overseeing the 'implementation' of the policy at the local level (quality certification, control upon inputs, definition of production targets) and, above all, with exclusive rights with respect to the promotion of the trademark should also be considered as a key component of one such policy. A relative autonomy of the managers of such an institution should be considered as an asset, especially when well-established production routines need to be broken or when long-term strategies for local development should be envisaged. Such autonomy should however be framed within a cooperative relationship between the management and the membership base of the institution: the two case studies provide little evidence concerning the opportunity of the former to impose any decision upon the latter nor concerning the effectiveness of such an arrangement. A cooperative partnership, on the other hand, appears to have a good prospect for broadening its role within the cluster and to establish itself as the centre of district-wide governance.