Chapter XIV

Solutions to Support Procurement Activities within Industrial Districts

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Abstract

The evolution of information and communication technologies (ICTs) is thought to bring new development opportunities for enterprises by enabling the development of new industrial districts and consolidating existing ones. In fact, small to medium-sized enterprises could largely benefit from this potential innovation, and, specifically, from the improvement of the management of supply chain activities. ICTs, and especially Internet-based technologies, can support the flow of materials with a more efficient way of communicating and sharing information.
In spite of these premises, pioneering organizations providing e-commerce solutions for procurement have experienced many difficulties in sustaining their business. One relevant reason can be identified in the existing misalignment between the characteristics of the available technological solutions and the actual requirements characterizing the industrial district as a whole. The development of these solutions has been mainly based on the specifications of larger companies, which often turn out to be very different from the needs and requirements of SMEs.

This chapter analyzes the characteristics of industrial districts and the features of existing e-procurement solutions, and cross-matches the two dimension in order to verify the adequacy of vendors’ offer to demand’s needs. The deriving assessment represents the basis to propose a set of prescriptive models of e-procurement solutions that should properly cover industrial districts requirements.

**Introduction**

One of the most peculiar organizational structures characterizing the way small to medium-sized enterprises\(^1\) (SMEs) manage their relationships with their partners is the industrial district. A quite largely agreed definition of industrial district states that it is a network of enterprises, placed in a geographically limited area, that share part of their processes, especially production and logistics (Varaldo & Ferrucci, 1997).

The evolution of information and communication technologies (ICTs), and in particular Internet-based technologies, provides these networks with new opportunities to effectively improve the management of supply chain activities, by supporting the flow of materials with a more efficient way of communicating and sharing information.

Current research and system development regarding business-to-business (B2B) electronic commerce are focusing on solutions that enable enterprises to reengineer their structure and that change them into flexible organizations cooperating with their clients, suppliers, and partners. These solutions aim at creating value along the entire supply chain by improving collaboration, work specialization, information sharing, and quickness of response, i.e., improving those characteristics that make SMEs belonging to industrial districts competitive.

Therefore, it is reasonable to assert that ICT solutions can effectively support the processes of companies belonging to industrial districts. This expectation, combined with the high interest of both researchers and practitioners for e-commerce solutions within SMEs, explains the attempts recently carried out to arrange ICT-based solutions to specifically support procurement activities within industrial districts. However, pioneers experienced many difficulties in providing solutions offering a real competitive advantage, mostly because of a misalignment between the characteristics of the available technological solutions and the actual requirements characterizing the industrial district as a whole (Fink, 1998; OECD, 1998; Micelli & Maria, 2000). In fact, the development of these solutions has been largely based on the specifications of larger companies, which often turn out to be very different from SMEs’ (Poon, 1999; Micelli & Maria, 2000).
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