

## **The Role of External Actors on the Development of Territorial Dynamic Capabilities**

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## **Abstract**

Traditionally it is considered that the value of a territory is measured by its tangible assets, whether they are endogenous (landscape, climate, natural resources, etc.) or not (infrastructures, services, industries, etc.). This paper proposes a different vision. It considers that the value of any territory is not only dependent on its tangible resources but also on its internal dynamics, which allow for interactions and its linkage to actors connected to inside and outside networks. This favours the creation of new links, adding new capabilities to the internal territorial network. Each territory has, thus, to manage internal and external relationships.

## **1- Introduction**

The concept of territory has been evolving due to the inclusion of relational elements in its characteristics, originating what is currently known as “relational geography” (Bathelt and Glückler, 2003; Boggs and Rantisi, 2003; Dicken and Malmberg, 2001; Dicken et al., 2001; Storper, 1997a; Yeung, 2005).

It opposes the view of a territory as a mere physical space, capable of being separately scrutinised, separated from its own economic action, in a relational perspective that “economic action and interaction are the central object of knowledge in the analysis” (Bathelt and Glückler, 2003, p. 125). This perspective focuses on the study of strategies, aims and procedures of the economic players wearing “geographical lens” (Bathelt and Glückler, 2003). According to this relational point of view, the geographic scale is inappropriate as a mean of analysing global economy since what really exists is a network of diverse geographic scales. As Amin and Thrift (2005, p.14) state, “places overlap with so many other places that it makes it very difficult to say that they are truly concentrated in one location”.

Under this perspective, the network approach seems particularly appropriate for the understanding of the relational space, indeed “one of the particular strengths of the network methodology is that it transcends these various scales and does not fall into the conceptual trap of privileging any one of them.” In fact, “we should think in terms of networks of agents (such as individuals, institutions or objects) acting across various distances and through diverse intermediaries” (Dicken et al., 2001, p.95).

The purpose of this paper is the presentation and association of three currents of thought from apparently unrelated areas such as relational geography, interorganisational networks (Axelsson and Easton; Hakansson and Snehota, 1995) and the dynamic approach of capabilities, (Araujo, Dubois and Gadde, 2003; Loasby 1998a, 1998b; Richardson, 1972) which see territories in a merely relational and complementary perspective, enabling from such approach new forms of territorial management. It was thus created a model based on a conceptual framework that regards territories from a relational perspective. This model emphasizes the influence and relevance of external actors in the evolution of territorial development, deriving new means of territorial management from it.

The paper is divided in six sections. Firstly, we address territorial studies under the perspective of the relational geography approach. After that, we present the contributions coming from the Industrial Networks analysis concerning the effect of Space. In the third section, we present firms as a bundle of dynamic capabilities. The fourth section is intended to explain the importance of the firm in the development of

regional capabilities. Then we present the analytical model based upon the theoretical approaches previously detailed. The last section presents the conclusions and management recommendations as well as suggestions for further research.

## **2- Relational Geography**

The territory has been traditionally considered as a static entity confined to well-defined administrative borders. This point of view considers territories as mere resources containers filled up with an array of factors that must be managed. However, such approach does not seem appropriate to understand territorial dynamics. In fact territories overflow their administrative boundaries and can be regarded as networks interacting with multiple actors, such as other territories, countries, companies or individuals.

“There is no such thing as the ‘national’ economy that exists on the head of the proverbial pin: the national economy is rather a complex mosaic of geographical spaces with differing economic structures, dynamics and institutional arrangements” (Martin, 2003, p.5).

Under a relational approach, the regional development goes beyond a limited space becoming moulded with other regions or territories. Thus, these acquire between themselves a relational component, which might be critical for their developmental potential. Indeed, the relational approach to space pays particular attention to the behaviour of agents, the relationships they establish and the impact these have on the territory. Under such perspective Storper (1997b, 1997a), points out social interaction as the main focus of geography.

These approaches share the idea that “the fortunes of regions are shaped not only by what is going on within them, but also through wider sets of relations of control and dependency, of competition and markets. These relations may be with other regions within the same national territory, but increasingly occur at the international scale” (Coe et al., 2004, p.469). Hence, the author’s conceptualization of a region “is not as a tightly bounded space, but as a porous territorial formation whose national boundaries are straddled by a broad range of network connections” (Coe et al., 2004, p.469).

Consequently, regions must be analysed regarding their relational connectivity because a “rise of compositional forces which are transforming cities and regions into sites immersed in global networks of organisation and routinely implicated in distant connections and influences” (Amin, 2004, p. 33). A region can thus be claimed by others distant regions and must develop a capacity to connect with other places based upon its complementarity and interaction.

Under this point of view, regional borders shall no longer be defined by administrative rules, but instead, by the sharing of common norms for complementary understanding. Indeed, any region creates inter and intraorganisational relationships which connect and link it with other distant regions. Some regions will only consolidate their rank in a global network after abolishing the diverse administrative barriers through joint relationships. The regional administrative borders become bleak once these overlap as far as actors, resources and activities are concerned. Indeed regions “with a similar set of elements and similar relations between them are close to one another, and those with different elements or relations are far apart” (Mol and Law, 1994, p.650).

The concept of physical distance loses its sense and value, under such perspective, being replaced by the notions of relational and organisational distance (Torre and Rallet, 2005; Yeung, 2005b) capable of being moulded, rising or abating in accordance with the relational dimension of the territory. These concepts lose their physical character and embody a relational one dependent on internal capacities and knowledge flows.

Sheppard (2005) counterbalances the notion of distance with the concept of position to evaluate the relational localisation between economic agents, herein considered as territories in a global network. This concept of position acquires its justified notoriety in the regional relational study since all regions which depend directly from their relationships with their counterparts and, indirectly from such relationships with other regions, shall occupy a position (Nazeem and Maria, 1992). A position occupied by a region will help to clarify and understand its current situation and since it qualifies its current relationships, it shall also condition its future evolution (Mattsson, 1985).

The concept of position highlights that the chances for regional prosperity are not only dependent on local initiatives as suggested by the theory of industrial districts but also on their interdependence with other regions (Sheppard, 2005). Putting it simple, using a definition from interorganisational networks, the position of a region can be considered as "...a location of power to create and/or influence business relationships..." (Low, 1997, p.191). This is because the position a region occupies depends upon the relative importance it can attract from the remaining global interorganisational actors and "this entails matching its resources and activities to the requirements of the other firms in the network" (Low, 1997, p.191).

One region's position shall always be evolutive throughout time and may be altered with new developments or changes in the existing relationships. Accordingly, the positions are "continually being redefined and reshaped by the process of action and interaction" (Wilkinson and Young, 2002, p.125) prevalent in the region

This relational approach of space is also characterised by the interlink between business management and economic geography (Yeung, 2005b). Space should no longer be seen as a passive resource but as an active element, since businesses and regions have a reciprocal influence (Amin, 2002). From this point of view, it is not enough to wonder the impact of firms on the territory but also the impact of territory in the firms (Schoenberger, 1999). Indeed, Dicken and Malmberg, (2001) criticise the current geographical analyses since they are too compartmentalised, taking into consideration individual variables (economic systems and territories).

Under the relational approach, space is not only seen as a variable dependent but also as independent, influencing the whole social process (Baraldi, 2003). Therefore, social and institutional relationships developed and originated in a territorial context are somewhat unique, inimitable and influence the potential and attractiveness of the region where they develop. However, "firms do not just act according to spatial attributes but they themselves create such spatial attributes" (Bathelt and Glückler, 2003, p. 122) on how they train workers, how they add knowledge acquired in other regional branches and according to the partnerships they have established.

Dicken and Malmberg, (2001, p.346) introduce the concept of "distinctive firm ecology" to capture differentiate territorial characteristics and dynamics. Each territory has a "distinctive firm ecology" capable of affecting and being affected by the businesses acts. Company relationships within a territory and that territory itself show how companies' particularities mingle with territories particularities, "while networks are

embedded within territories, territories are, at the same time, embedded into networks” (Dicken et al., 2001, p.97). These authors see firms as “networks within networks”.

According to these approaches, business companies are territorial since many of their characteristics derive from the characteristics of the territories where they are located, whilst they also influence them. In such a line of thought Schoenberger (1999) is paramount when arguing that the big firm taken as multinational is internally regionalised. Space and business resources interact, a large part of the diversity and value of the business resources is intrinsically linked to its location, which, on the other hand is influenced by the resources of the companies, which operate there.

The businesses, which interact in a network, may establish close or distant relationships connecting a region with other businesses and resources that might be located in different regions. Actually, firms organise “social relations in different places and at different spatial scales. Its very constitution is made up of socio-spatial relations” (Yeung, 2005a, p.311). World production is organised according to chains and complementarities crossing various countries, which places them inside business networks, whose control and management may be located outside them (Dicken et al., 2001; Yeung, 2005a).

Companies organise their production in space in accordance with complex bargaining and concessions, more or less lasting, between businesses and other institutions with differentiated levels of power (Bathelt and Glückler, 2003). Inter and intraorganisational relationships develop throughout geographic spaces linking not only organisations but also diverse territories. Territorial economies reflect how they are positioned in the businesses organisational space. “Global production networks ‘cut through’ national and regional boundaries in highly differentiated ways, influenced in part by regulatory and non-regulatory barriers and local socio-cultural conditions, to create structures that are ‘discontinuously territorial’”(Coe et al., 2004, p.471).

It is thus imperative that regions accept the business investment in a relational and complementary manner and this will imply changes in their management policies, which have to be in accordance with this procedure.

### **3- Industrial Networks and Space**

This relational view of the territory is compatible with the characteristics of interorganisational networks studied by the IMP group. However, IMP studies aimed at understanding the territorial component and relational dynamics are still scarce. Håkansson, Tunisini, and Waluszewski (2003) and Johnston and Araújo (2002) have presented works which we deem as the most important studies within IMP to take on space as an element equivalent to an organisation and thus adjusted to be analysed as an interorganisational network.

In a well-defined relational approach, Johnston and Araújo (2002) suggest, “space itself is inseparable from individuals, institution and organisations. (...) Spatial locations, whether they are called cities, agglomerations or regions, as abstract conceptualizations, are not of much use. The relevance of a spatial perspective lies in the associations and functions of factors that interact within and across a given space” (Johnston and Araújo, 2002, p.5).

Therefore, each region must be assessed according to its relationships, how it attracts others. One region may have huge physical resources but due to its lack of interaction

and coordination, these may not create enough significance in order to attract valuable activities.

According to Håkansson, Tunisini, and Waluszewski (2003), a territory's value depends on how a certain number of resources is combined and used jointly with other resources. In this case, a territory can be seen as an organisation, comparable to any enterprise, and its value depends on how all its resources are combined and used within it. The relationship network in a region is also essential for its perception and the conditioning of all actors who act in such a territory. Such network becomes in itself a resource for the region where it is located.

The authors (2003) also use the concept of 'position' to characterise territorial dynamics. A territory's position is dependent on the inner resources' activation as well as on the relationships they keep. Resources may be interlinked by compatible territories giving way to a broader and more powerful territory. Accordingly, territories are, to some extent, equivalent to any organisation as typified in the ARA model. As a dynamic entity, territories will see an increase in their value and position in regards to other territories. Such mobilisation is due to resources' activation and interaction of actors and activities. Indeed, the territory may create dynamics or obstacles for the actors who operate there and the networks they belong to.

If territories are regarded as organisations, each company or enterprise is considered as a special combination of resources. A resource becomes a value, which can be seen as a part of a huge constellation of resources. Thus, the character of social and institutional relationships that develop and originate in a territorial context is unique, inimitable, affecting the potential and attractiveness of the region where they are located. According to these authors, space can be a heterogeneous factor, something simultaneously created and differently used by organisations with a large dynamic component changing with time. Accordingly, space will be considered "as something that not only affects the individual company, but also the way the individual company interacts with other companies" also considering that "the companies' interaction creates the place" (Håkansson, Tunisini, and Waluszewski, 2003, pp. 8-9).

Under an IMP approach (as well as in relational geography) firms become one of the most important actors in a territory due to its interactions. Next chapter appropriately shows how to understand firms as a dynamic set of capabilities, stressing out businesses interaction regarding their development.

#### **4- Firms as bundles of capabilities**

Firms are the key element in a relational space (Bathelt and Glückler, 2003). "Regions are not real actors. They are socially constructed entities, dependent on the particular economic, social, cultural and political settings and realities under which people in firms and other organizations act and interact. Sometimes, even one large dominant firm might cause regional growth or decline simply through its linkages with other regional agents" (Bathelt and Glückler, 2003, pp.121-122).

The seminal work of Edith Penrose considers firms as "a collection of productive resources the disposal of which between different uses and over time is determined by administrative decision" (Penrose, 1959, p.24). According to this point of view, the "bundle of resources" that firms have may originate diverse "productive services" and since businesses have heterogeneous human and material resources that makes them unique.

According to Penrose one also finds the concept of path dependence since “the administrative structure of the firm provides not only the platform for deciding how the existing stock of knowledge is to be mobilized but also constitutes a framework for the creation of new knowledge (Penrose, 1995, p.xiv). To Penrose “history matters” and company growth is a result of a cumulative process.

Penrose’s concepts of productive resources and productive services are later replaced by Richardson’s (1972) capabilities and activities. According to this author firms avail themselves of various capabilities which, in turn, may generate various activities but firms “will tend to specialise in activities for which their capabilities offer some comparative advantage” Richardson (1972, p.888).

Richardson calls “complementary activities” to those which require similar capabilities since they represent different phases of a process “and require in some way or another to be co-ordinated”, Richardson (1972, p.889).

Richardson justifies the existence of “complex networks of co-operation and association” Richardson (1972, p.892) due to the need that businesses have of coordinating these complementary activities. Due to this pressing need for cooperation, “firms are not islands but are linked together in patterns of co-operation and affiliation. Planned co-ordination does not stop at the frontiers of the individual firm but can be effected through co-operation between firms” Richardson (1972, p.895).

Capabilities may reside in other businesses but they are considered as a part of the focal firm due to its relationships. Richardson also notes that cooperation between companies demands some overlying of capabilities.

In order to cooperate companies must transfer some of their capabilities to their counterparts. However, those counterparts may see their capabilities evolve since “the licensee of today may become (as the Americans have found in Japan) the competitor of tomorrow. Firms form partners for the dance but, when the music stops, they can change them” (Richardson, 1972, p. 896).

Loasby (1998a, 1998b) developed Penrose and Richardson concepts, defining capabilities as the “knowledge-how” needed to create productive activities. Loasby also differentiates between direct and indirect “know-how”. The former corresponds to the capabilities needed to create productive activities, the latter concerns “capabilities the firm requires to interact with its customers, suppliers and other external actors” (Araújo, Dubois and Gadde, 2003, p.1256).

Granstrand, Patel, and Pavitt, (1997) and Patel and Pavitt (1997, 2000) indicate in their studies that firms frequently need to know more than the strictly necessary for their productive activities. A relevant part of their actions is the combination of complementary capabilities with direct ones. The access to these external capabilities demands its own set of competences and may influence the development of counterpart capabilities in a certain manner (Araújo, Dubois and Gadde, 2003). According to this perspective “indirect capabilities allows us to understand how firms 'know more than they do' and why boundary decisions at the product level do not match the boundaries drawn from a capabilities perspective” (Araújo, Dubois and Gadde, 2003, p.1268).

Araújo, Dubois and Gadde, (2003) state that these direct and indirect capabilities determine the companies’ boundaries. According to these authors, “Boundaries provide buffering as well as bridging functions; they separate as well as join the firm to its environment” (Araújo, Dubois and Gadde, 2003, p.1257).

## 5- Firms as regional capabilities activators

Companies do not confine their activities to their physical borders and have difficulties defining their own borders (Badaracco, 1991). They are the means, *par excellence*, of linking competences and resources from the territory with the outside. Indeed, “every company interplays constantly with various places, even without being fully conscious of this in every moment. Places affect companies’ lives, but companies, alone or in interaction with others, also affect places” (Baraldi, 2003, p.1)

When interacting, organisations do not take the surrounding environment in a given and unchangeable manner but instead interact in a specific manner (Hakansson and Snehota, 1989). In such interaction, they influence and are influenced by that environment, but irrespective of their influence they cannot control it. Companies far from acting in an atomistic manner have an identity (Huemer, Becerra, and Lunnan, 2004) and belong to a specific socioeconomic environment. When connection occurs, it is due to a dynamic relational investment whose return derives from the manner in which they exploit the relationships created. The capacity of a business to develop and manage its relationships with other entities is of tantamount relevance and should be considered as a competitive advantage (Løwendahl and Revang, 1998; Ritter, Wilkinson and Johnston, 2004).

Firms attempt to manage territories in a complementary manner, as a set of resources and competences including efforts to establish ways of evaluating the attraction of different territorial features in order to accomplish an advantageous territorial package (understood as a set of offers, facilities for intervention, absorption of information) (Dicken, 1992).

The relational component is an essential part of any territorial package. As a matter of fact, Malecki (2000, p.341) states that “some places are able to create, attract, and keep economic activity, ..., because people in those places make connections with other places” and the existence of actors capable of interconnecting with distant networks is relevant for its attractiveness (Burt, 1992). The relational wealth of territories helps to determine where and how multinational companies will settle (Storper, 1997b).

According to this perspective, regions have relational advantages or assets that may be appropriate to the needs of the companies. One region may benefit a business with various sources of income and some regions may be adept at creating specific types of income (Coe et al., 2004). However, regions do not have to be specialised in offering all types of income but only some.

The relational insertion of a company in a territory is also time dynamic. Generally, during the decision phase it may have few local perquisites enabling it to do arbitration (Storper and Walker, 1989). Once it is set-up and with the maturing of its relationship, the company develops a set of relationships and interactions in that space. These might not be enough to warrant its continuation since other companies set up there and develop those competences in other spaces, however it will act in that way.

Regions should, thus, facilitate, support and dynamise a local buzz (Bathelt, Malmberg, and Maskell, 2004) towards Dicken’s firm ecology (Dicken and Malmberg, 2001) which makes them appealing since they bring advantages to the organisations. This buzz will be restrictive if it is only confined to knowledge networks, other influence networks or private resources may also be included. Simultaneously, such buzz should be dynamised with external links, or Pipelines according to Owen-Smith and Powell (2002)

terminology. This expression implies the arrival of knowledge from the outside through a prolonged relationship. This outside knowledge must reinforce and be reinforced by the internal knowledge, and its value depends on the dynamics of its Buzz.

Internal contingencies allow a linkage with the outside and there must be a very strong and distinctive internal environment in order to get a profitable linkage. From the outside, it is required to get flows, which make the inside more attractive. Furthermore, apart from the capacity to attract, territories similarly to firms shall have to develop a capacity to absorb (Cohen and Levinthal, 1990). In fact, some local actors may not capture some of the existing value. It is not only necessary to capture investment but to be able to benefit from it and use their reproductive capacities (Bathelt, Malmberg, and Maskel, 2004).

Under this perspective it is imperious to attract companies, which may bring linking resources and the regions have to understand the path of such companies from a complementary point of view. Indeed, in case the company is overly focused in tangible resources, the territory's position and value will not increase. On the contrary, it will be diminished when those tangible resources are being used. It is imperative that local companies develop their local relevance, adding significative value to the networks they belong to, and benefit from the relational wealth of the territory. Once, a company becomes more important and visible within the external chain value it will bring more links to the region where it is located. Therefore, the region may benefit if the subsidiary company has a major role in the global network.

Territorial policies must aim to achieve a privileged position within the global networks. As a matter of fact "the rise of a network of regional economies with distinct and complementary specializations has the potential to change the nature of global competition, creating opportunities for sustained growth through reciprocal upgrading" (Saxenian, 2006, p.10).

However, some territories still manage their relationship with companies in a particular manner, as if the territory was unique or if the company evaluated it irrespective of the global economy. Regions may have to get more "into the life of the firm (...) the region has to make its business to know how things are on the inside and where the most interesting changes are occurring". (Schoenberger, 1999, p.222), becoming aware of their needs and solving them, whilst simultaneously benefiting from it. Policies and decision-making entities shall have to put into context the territorial scale since there is no "defined geographical territory out there over which local actors can have effective control" (Amin, 2004, p.36) and it is not appropriate to "separate out functions between discrete entities" (Amin, 1998, p.155) because all institutions shall be in a hybrid environment and management must rely in more negotiations and interscale complementarities.

## **6- The Model**

An analytical model was developed based on relational geography, interorganisational networks and the dynamic approach of capabilities, which characterise the territory as a reality similar to an organisation, involving actors, resources and activities.

Coming with the territory there is a territorial environment (Dicken and Malmberg, 2001) conditioning and being conditioned by the intervention of the actors and their interactions. A territorial relational wealth (Malecki, 2000; Storper, 1997b) mainly relies on this territorial environment. On the other hand, internal dynamics must be sufficiently

connected with the outside, or as Owen-Smith and Powell (2002) call it, with pipelines. Such links must, simultaneously dynamise and be dynamised by the territory's local buzz (Bathelt, Malmberg, and Maskel, 2004).

Not all resources in a territory create valuable services since the actors installed there may not accept or recognise such value if they have capabilities which are not compatible with the territory's resources, or in case those capabilities are not enough for the effective exploitation of those resources. Indeed, any territory's resources are only relevant once they are recognised as such by the actors (Holmen, Gressetvold, and Pedersen, 2002). In order to create productive services those resources have to be adapted to those actors who recognise their value.

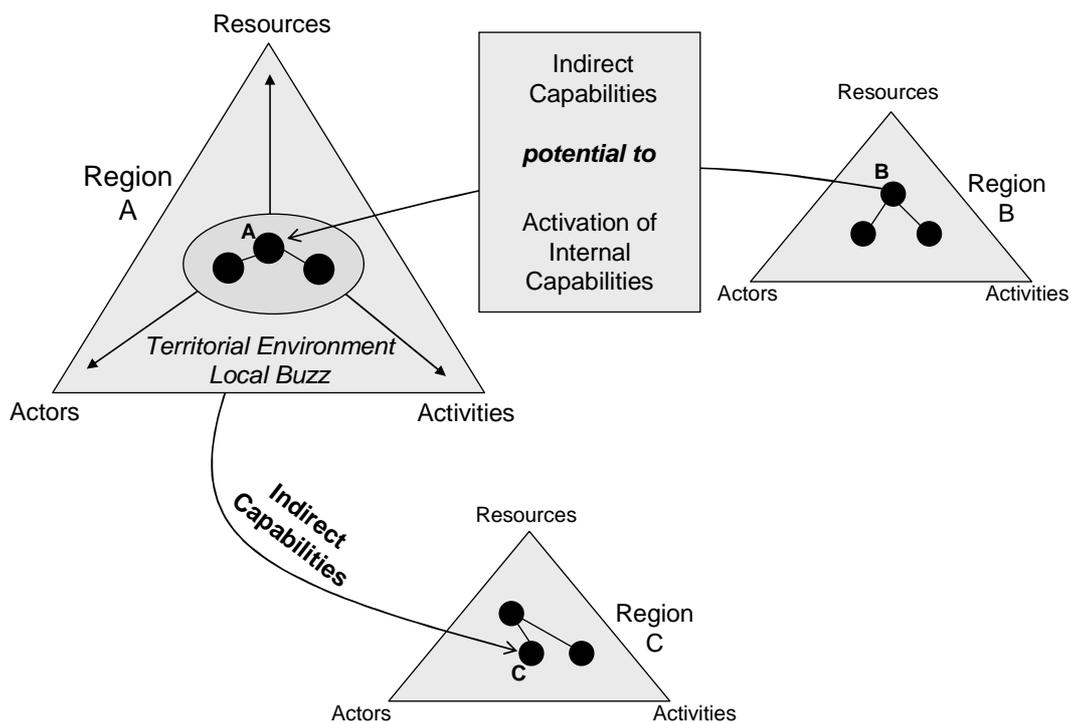


Figure 1 - Theoretical Model

Firms, which are linked with other territories through branches or suppliers, within the scope of their coordination with their counterparts share some capabilities (Richardson, 1972). This allows different territories to become involved inside the boundaries of that company.

The relationship between focal company B (Figure 1) with A provides this company with another direct competence. This means, according to Richardson that company B teaches A “a new dance step”. It is important that A acknowledges the relevance of such step in the context of a “global dance” and be capable of articulating and developing new movements and, subsequently new indirect capabilities. These new movements may imply regional development in region A when the indirect competence transmitted by B significantly affects direct and indirect competences in firm A, and through local buzz in other companies belonging to the network of territorial cooperation.

In order to have regional development there must be an evolutionary capacity in the focal company and a territorial capacity to absorb capabilities transmitted by companies located in different regions.

The evolutionary capacity of the focal company generate by external stimuli shall depend on its wealth of indirect capabilities. The company must have further knowledge well beyond what it already does. The internal development of the region depends on a favourable territorial environment, a dynamic local buzz and on the focal company's links to that buzz. If the company is not well related with regional actors, its impact in regional development will be reduced.

Company A may have to adjust its relationships with third parties (e.g. region C) due to its relationship with company B. It is important that what be transmitted to other regions focus mainly in direct capabilities relevant to territory A. Alternatively, that the capabilities created by A in C represent a lesser value for region C than the capabilities that B generated in A.

If there is no cross knowledge between companies in a region, this may not benefit from the evolution of capabilities of any company locate there. It is crucial that regional policy stimulates internal cooperation between a company and other institutions, enabling local companies with an evolutionary capacity when facing outside stimuli.

Without this evolutionary capacity local companies' capabilities are strongly conditioned by indirect competences from other territories and it will make it much harder to change "the tune that is being danced".

The capacity to articulate local resources within its physical boundaries and add value to them through interlinks becomes a critical competence for any region. Regional policy shall have to know the organisations, their motivations and competences to internally dynamise an internal cooperation network capable of continuously developing the capabilities of business actors located there in order to spread its influence to other regions.

## **7- Conclusions**

Considering regions under a relational perspective enables its understanding as a, multidimensional, heterogeneous and interdependent phenomena. Closed or partial analyses are meaningless and what is relevant is the link between territorial and business management. Space matters for companies for what they can get out of it, but to harvest, the company has to act or interact, sowing with the territory that potential valuable interaction and linking the space with the outside world. Territories and organisations must be understood in interlink and dependence according to this perspective.

Physical distance tends to be undervalued because the company may be located in a network in any space that may affect its path and have the capacity to act, direct or indirectly, over it for its own benefit.

A territory's value depends not only on its tangible resources but also on its integration in a dynamic network, which makes it different and enables value added. It is not an analysis based upon tangible material resources which determines the power, value and attractiveness of a territory, but the capacity to recognise and value existing capabilities within its physical borders and provide them with value added through interlinks.

The model we develop tries to explain the evolution of territorial capabilities according to the relationships established with external networks, establishing the influence of relations with outside actors in the territorial development.

It is shown that a great number of competences from a region originate in the outside and its physical borders must be construed as bridges to new capabilities (Araújo, Dubois and Gadde, 2003). In this context, entrepreneurial entities are the preferred method to connect and broaden territorial capabilities. Indeed, territories may cooperate between themselves due to the relationships established by entities searching for knowledge, physical resources and markets, which carry capabilities and links that must be internally activated. Entrepreneurial resources and regions interact and the value of their resources depends upon their localisation and those venues are, on the other hand, influenced by the resources of the companies therein established.

The relational criterion is the one suggested to analyse territory dynamics. The vital questions to solve are not subjected to any physical limits since they are within a broad network of heterogeneous actors. In such context, the essential questions are: How to establish relationships with companies capable of dynamising and providing value to the territory? How to develop a local buzz capable of generating dynamism, and value to outside knowledge? How to spread the influence and degree of attraction of a territory in a global network it belongs to?

Territorial management classical systems do not provide an accurate image of the mechanisms underlying space's relational and interactive considerations, and it is thus, obvious the need to create knowledge in such a domain in order to answer those questions. The IMP group knowledge complemented by the dynamic approach of capabilities seems to be an excellent contribution to reinforce and expand the territorial relational knowledge that comes from the Relational Geography. Although perfectly suited for territorial dynamics analysis the IMP studies are still scarce in this field.

In a period where the scope of influence of IMP conceptual corpus are tried to broaden and "new perspectives in industrial marketing and purchasing" are debated, a link to geography and to territorial marketing, shall, indeed become a pertinent field of expansion and development. Our further studies shall attempt to provide answers to the various questions of territorial research now raised and, thus, definitely "open the network" to the geography.

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