



**11th Annual Conference of the
EuroMed Academy of Business**

**Research Advancements in National and Global Business
Theory and Practice**

Edited by: Demetris Vrontis,
Yaakov Weber,
Evangelos Tsoukatos

Published by: EuroMed Press

11th Annual Conference of the EuroMed Academy of Business

CONFERENCE READINGS

BOOK PROCEEDINGS

September 12-14 2018

Valletta, Malta

Research Advancements in National and Global Business Theory and Practice

Copyright ©

The materials published in this Readings Book may be reproduced for instructional and non-commercial use. Any use for commercial purposes must have the prior approval of the Executive Board of the EuroMed Research Business Institute (EMRBI).

All full papers and abstracts submitted to the EMRBI Conference are subject to a peer reviewing process, using subject specialists selected because of their expert knowledge in the specific areas.

ISBN: 978-9963-711-67-3

Published by: EuroMed Press

THE PURSUIT OF THE COMPETITIVE DIMENSION OF CREDIT COOPERATIVE BANKS

Bruno, Elena¹; Cavallini, Iacopo¹; Iacoviello, Giuseppina¹; Lazzini, Arianna²

¹Department of Economics and Management, University of Pisa, Italy

²University of Modena and Reggio Emilia, Italy

ABSTRACT

The aim of this paper is to investigate the competitive capacities of cooperative lending banks that are attributable essentially to the human capital dimension. Emphasizing the importance of human capital in the economies of businesses, local or global, as "suppliers" of knowledge and of the ability to use process and product technologies, means, in our opinion, offering a new perspective from which to observe the dimension of the company. The study starts from these observation; the reinterpretation of the size concept, in the face of both profound changes in reality and new concepts of globalization, complexity and turbulence, is dealt with in our research according to a new analytical perspective, that of the "subjective" path in the study of the corporate-size phenomenon. The present work can be considered a position paper of a wider research project aimed at assessing whether the competitive advantages of the Credit Cooperative Banks (CCBs) - in an increasingly global market, regulated and subject to strong competitive pressures - can be sought in intangible advantages and, again, if they can find some justification in the pursuit of increases in production capacity.

Keywords. Cooperative Credit Banks – Size – Knowledge - Human Capital

1. INTRODUCTION

The competitive and environmental context, the theater of decisions and complex corporate behavior, lends itself to analysis of undoubted interest. The dynamics that are progressively characterizing the markets and the continuous pursuance by companies of behaviors that achieve, maintain, restore or improve their economic, financial and balance conditions require careful evaluation (Artis and

Hoffmann, 2008; Calomiris and Neal, 2013). The increased environmental turbulence and the greater internal complexity echoes, in fact, a variety of strategic choices that lend themselves to a not simple or univocal interpretation. On the basis of these premises, our objective is to investigate the competitive capabilities of credit cooperative banks (CCBs) that can essentially be traced back to the human capital dimension. It is obvious that the interest of economic-business studies on this issue is not new; there are, however, few studies referring to the banking sector.

Moreover, the choice of investigating cooperative credit banks arises from the awareness of the enormous weight that these hold in the Italian, French and German banking markets (EACB 2016). The size indicates the weight of each company on the market; consequently, we pose the question of whether knowledge, as a strategic resource for any company to be present on the market, can influence its dynamics and future development. The emphasis on human capital, which generates business knowledge, has led to the identification of the distinctive element of each company in this resource. The company dimension can, then, according to our hypothesis, be adequately interpreted if it refers to the individuals that produce knowledge at every level in the company. The reinterpretation of the size concept, in the face of profound changes in reality and in the new concepts of globalization, complexity or turbulence that have occupied considerable space in the literature, has necessarily been perceived and dealt with in a new analytical perspective.

First of all, it seemed to us that the theme of size is still important, which has assumed quite specific characteristics, accentuating aspects already present and highlighted in the past in the literature (Cavaliere, 1990; Marchini, 1995; Donckels and Miettinen, 1997; Paolini and Cerruti, 2009; Coad, 2010). The study of the company size can no longer be exempted, in fact, from the consideration of elements that are both important and delicate when the company is trying to position itself in a global market or to strengthen its position in the local area by exploiting intangible advantages, including cognitive advantage, which give rise to broad spectrum of competitive advantages (Hartley and Lauster, 2010). Starting from these observations, our aim was to find the most opportune perspective for observing CCB size, that referring to human capital. Few studies have adopted an observation perspective centred on the "individuals" that produce and acquire information and the effects of the knowledge thus generated on the size development traits.

Hence our research idea: to investigate the contribution of human capital to the process of size growth, recommended by the Supervisory Authorities; a role, that of human capital, made even more meaningful by the current trend towards "market de-territoriality". (Chomsky and Dieterich, 1997). In according to Grandinetti and Rullani (Grandinetti and Rullani, 1996), human capital can not only be

considered the lever for the competition of local and global markets but can itself also become the main reason for globalization (Caselli, 1997).

From a methodological point of view, the analysis of intangible assets is well suited to favouring a "subjective" approach to the study of the phenomenon investigated. (Finkelstein *et al.*, 2009; Helfat and Peteraf, 2014). The CCBs size must significantly express the features of the time phenomenon which is the company; this concept must therefore be extended to the causes of the life manifestations of companies and the effects of the recovery of intangible economies.

Some Authors (Emery *et al.*, 1994; Feng *et al.*, 2009) have shown how companies can be different even if the production capacity is identical; the conscious role of the cognitive knowledge asset therefore needs to be carefully observed.

The practical addresses and guidelines presented in the paper are the result of theoretical studies, empirical research and field surveys. The scientific contribution thus becomes an instrument able to provide useful food for thought to the scientific community and to the world of companies and banks, with reference to the competitive dimension of the CCBs, decoupled by the purely quantitative aspect.

2. RESEARCH QUESTIONS, SOURCES AND STRUCTURE

The present work can be considered a position paper of a wider research project aimed at assessing whether the competitive advantages of the CCBs - in an increasingly global market, regulated and subject to strong competitive pressures - can be sought in intangible advantages and, again, if they can find some justification in the pursuit of increases in production capacity

The research focuses on the main effects that a redefinition of the (local or global) size of the markets implies on the interpretation of the company dimension. Training and the availability of human capital is the most important and essential specific resource for the development of local banks in that it can enable them to take advantage of globalization and for global companies to immerse themselves in socio-cultural contexts that are profoundly different from those of the country of origin (Vaccà, 1997). Hence the consideration of the profound meaning of the human resource that is translated into the analysis of what makes this resource central for both local and global businesses, and therefore a new perspective from which to observe the company dimension. (Vaccà, 1997).

The paper can be within the body of financial strategy studies and of resources intangible (Emery *et al.*, 1994; Feng *et al.*, 2009; Caselli, 1997). According to Caselli (1997), every change determine a significant impact on the information flows required and consequently on the structure of data base informative. The interpretation of data and the transmission of information within the business unit thus contributes, in the last step, to strengthening customer relationships which, in one way or another, leads to an increase in the bank's production capacity (Stefancic, 2011).

By information, we have seen, was meant the face of knowledge referring to concrete facts which have therefore a "local" and contingent nature: the dimension of the information assets available to companies is linked, as can easy be understood, as a first approximation, to company organization and to the specific characteristics of the markets (Chari and Henry, 2008); the information in the different phases of the evolution of the markets has been the means available to the organization to deal with the complexity manifested by them. The problem of information, a producible resource, and that of dimension, therefore, find their natural intersection at the point where environmental complexity is emphasised. In particular, the recovery of important economies (of information) through dimensional changes leads to the prioritising of "greater size" so that the production and use of this resource can be more efficient.

Local banks, in the sense of intermediaries with an operating dimension limited to a given area, turn to their advantage, with respect to large size, their roots in a given area and their considerable knowledge of the clientele. However, the need for them to combine dynamically the "efficiency - localism" duality in maintaining competitive positions in the market system, needs to be reinterpreted in the light of changes in the markets. The predictable complexity of a global market cannot be fought against or faced by changes in size in the sense of a simple quantitative variable (Arrighi and Silver, 2003; Helpman, 2011). Rather, local banks aware of their privileged position with regard to information should be responsive to banks by exploiting, among other things, even size changes, that is, uncompetitive relationships with other local banks (Stefancic, 2010; 2011; Perulli, 2009).

The research questions that the study will try to answer are the following:

1. Can information be understood as the side of knowledge referred to concrete facts therefore with local and contingent nature?
2. Can "knowledge" influence the dynamics and dimensional development of a territorial vocation banks?
3. Can human capital then be considered a lever for the competition of CCBs in the local markets?

The sources used are of a both primary and secondary type. The primary sources used are the principle and the documents released by the European Association of Co-operative Banks (EACB

2016) the European Banking Authority (EBA, 2016) and Bank of Italy (Banca d'Italia, 2016, 2017). The secondary sources are the main national and international literature.

Based on these premises, the work is structured as follows. Paragraph 3 provides a review of the existing literature regarding the topic of the human capital in the research of optimal bank size into the competitive market; Paragraph 4 identifies the main changes that will be determined by the research of competitive size of CCBs in local market, while the concluding remarks, and future developments will be presented in the final Paragraph.

3 . LITERATURE REVIEW AND BACKGROUND

Size represents one global and complex characteristic of business management, while its regulatory content could be found significantly in the local characteristics of banking management. Limited banking size, identifiable as a circumscribed local phenomenon, initially constitutes the prerequisite for a closer link to the area of operation and enhances the "local" vocation of local banks, redefining the link between the banking and operating dimensions, that is, between the small bank and the local bank. The link between the local bank and the local business area tends to focus on the needs of the development of small businesses and the financial maturity of families, thus significantly representing the needs of a privileged interlocutor. The structure of the financing of companies is evidently closely linked to that of investments and therefore to the capacity for economic growth. Support for company investment and, even more important, the careful evaluation of the new and ever-changing needs mean that the dynamism of local banks, the result of a cultural leap in "the approach to banking", is indispensable (Perulli, 2009; Stefancic, 2011; Barbagallo, 2015).

It is undeniable that the spread of financial innovations is also linked to the stimuli provided by small and medium-sized companies, and therefore from the knowledge and culture that distinguish them; the removal of these barriers is also the responsibility of local banks, whose role, no longer restricted to adapting with traditional tools to the needs of local companies, must also be reflected in the provision of services and information to its customers, benefiting from their existing links with them. In this way, local banks, in carrying out the typical banking functions will perform the role of vehicle for the development of the economy in which they operate, as primary links in financing chain. The "localness" under discussion is not, therefore, necessarily linked to smaller size, but rather to the strong relationship of dependence between the bank itself and the economic system in which it is established. This link, it was said, is immediately perceptible from the composition of balance sheet assets characterized by loans to local manufacturing companies and by financial investments to the advantage of intermediaries operating in the same area; in addition, it is strengthened by local management placed at the helm of the bank as well as by the composition of the staff and by the

ownership structures characterized by a high degree of local representation (Perulli, 2009; Stefancic, 2011; Barbagallo, 2015).

The data provided by the EACB give us an extremely interesting and objective overview of the presence and competitive dimension of the BCC. The importance of this banking institution, referring to 2016 data, is particularly marked in France, with *Crédit Agricole*, *Crédit Mutuel*, and subsequently in Germany with BVR (*Bundesverband der Deutschen Volksbanken und Raiffeisenbanken*), which hold deposits of 991,935 million for France and 739,218 million for Germany. Followed by Holland with Rabobank, with 593 million euro, England with the Building Societies Association (335,386million), Austria with *Österreichische Raiffeisenbanken* (182,316 million) and *Österreichischer Volksbanken* (22.342 million) totalling 204.658 million euro of customerdeposits. Italy, has sixth place in this classification with Federcasse (161.800 million), followed by Spain with *Unión Nacional de Cooperativas de Crédito* (70,469 million) and *Banco de Crédito Cooperativo* (31,895 million). In relation to the level of debt in the world of European cooperative credit, the country that operates prevalently with capital that is not its own is Spain with a total of 14.1%, of which 8.1% of *Unión Nacional de Cooperativas de Crédito* and 6.0% belonging to *Banco de Crédito Cooperativo* (BCC). Followed by France with a total leverage ratio¹⁷⁸ of 11.9%, Italy with 11.7% and the countries of North-Eastern Europe, Poland (9.7%), Lithuania and Bulgaria (8.20%). With reference to cost/income ratio values. The European country that has the highest value is Denmark with 41.9% by the Danish *Nykredit*, followed by Cyprus (43.9%), Finland (53.0%), the English Building Societies Association (57%), Lithuania (57.5%) and the Italian Federcasse (59.2%), with a value on average lower than the rest of Europe. In relation to the total capital ratio, among the most solid BCC in Europe there is France (36.6%), then Austria with the *Österreichische Raiffeisenbanken* where a tier 1 ratio of 9.3% is considered in the analysis and the Austrian *Österreichischer Volksbanken* with 15.4%. Among the cooperative banking institutions then, the countries of Northern Europe: Denmark with 23%, Holland with 23.2% and Finland with 22.9%.

The unquestionable centrality in the peripheral financial circuits (King and Levine, 1993; Carlin and Mayer, 2003; Rousseau and Sylla, 2003; Beck and Levine, 2004; Berger *et al.*, 2004), which allows local banks to provide the maximum impulse to entrepreneurial initiatives operating in the area of establishment through the mediation of local resources, is founded on and is consolidated thanks to the knowledge acquired over the years, to the awareness of the level of integration existing between businesses and the local area and, last but not least, to the close relationship with their local markets.

This last consideration, however, requires reflection, since the processes of globalization, financial innovation and market integration could lead to a reappraisal of the concept of the local market (Flores, 2005; Beck, 2005; Sennet, 2006). The global market has very precise characteristics that need to

be interpreted and is not, therefore, the product of the peculiarities of national markets, but rather, given the evidence for its peculiarities, the complex expression of the competition in which all national markets participate or to which they are subject (Cavaliere, 1990; Giaccardi and Magatti, 2002). In the global economy there are national, local, company and individual differences which cannot be reduced to uniformity; in the debate, however, we can not overlook the position of those who see in the processes of globalization the generalization of a dominant cultural and economic model, with the consequent standardization of local economies. The socio-cultural and industrial political values internalized in the production processes differentiate the corporate functions even when the goods and services are equivalent for each area of the global economy. The existence of these differences, as we will see in the continuation of this paper, cannot be overlooked either by local companies or by global companies. The current economic context has directed attention onto the genesis of global competition, that is, onto the effects of globalization on "local" competition.

In particular, the drive towards globalization has opened up the field to interpretive models of global companies that include the strategic approach dating back to Ohmae (1990) and Porter (1991) for whom a global company or one that aspires to become such is obliged to take into account the complexity and intensity of global competition. The strategic approach shared by the two scholars, regardless of the conclusions they reach, has raised widespread interest and brought about a heated debate about the forces that must be contemplated in the context of global competition.

In a global competition regime, according to Porter and Kramer (2011), the strategic actions of a company in a national market are not independent of those undertaken in the other markets in which the company operates. Unlike Ohmae (1990), for whom the customer is central to the strategy of the global enterprise and supply capacity has to be adapted his/her needs, Porter and Kramer (2011) assert that a global strategy is successful when the competitive advantage created within the market home is effectively and efficiently integrated into an international dimension: the competitive positions of companies can be determined, ultimately, by the local conditions of competition or by the interrelation of international competitive situations. The forces that drive globalization do not in any way cancel out the values that can be developed at the local level; on the contrary, local values projected into a global dimension can provide important elements of differentiation for companies in which a correct matching is achieved between the variously distributed needs and their managerial, financial, technological and commercial skills (Guatri, 1990). It is obvious that the transition towards globalization has effects both on companies oriented towards a dynamic international competition, but also on traditionally domestic companies (Ghedini, 1991).

The problem is particularly delicate for those companies that operate or intend to operate on a global market: for them, in fact, the excessively widespread exercise of government lead to tardive and

incisive actions (Perulli, 2009). However, in the face of the changes that are taking place, the qualities of corporate governance are essential for successfully managing changes: the qualities are, of course, rooted in broad and different cultural models: cultural pluralism and the specifics of local values must be recognized and exploited in such a way as to consolidate local production processes or allow progressive penetration into the areas of the global economy (Kumar *et al.*, 1999; Sull, 2009; Rigby and Vishwanath, 2006; Barbagallo, 2016).

4. ON THE COMPETITIVE DIMENSION OF CREDIT COOPERATIVE BANKS (CCBS)

Environmental changes require a review of the way in which the bank pursues its objective of integration within the socio-economic context in which it operates, still benefiting from consolidated relationships with customers (Raggetti, 1983; Barbagallo, 2015). The widespread diffusion over a local area and the consolidated patrimony of relationships with customers are, undoubtedly, strong points, but no longer sufficient to guarantee adequate advantages within the reference markets: the new products and business areas must be complemented by the search for appropriate organizational solutions that make it possible to pursue the desired productive changes. The systematic evaluation of internal resources and the monitoring of environmental variables, by means of adequate information supports, are indispensable for the pursuit of corporate goals even in a smaller "local" market.

Local banks, even in the presence of imperfections associated with the so-called informational asymmetries for which the acquisition of soft information becomes difficult (Sabani, 1993; Galassi and Di Salvo, 1997), still manage to have privileged access to this type of information compared to non-local banks (Zou and Xiao, 2008); this because they can take advantage of the central position in the market, the continuous and constant presence on the market place, the lack of mobility of the staff and the strong bond with the local area, that is, by taking advantage of a set of factors from which is derived the favourable nature of customer relationships that they succeed in establishing (Cavaliere, 1987; Corigliano, 1991). Having roots in the territory, together with the characteristics assumed by the customer relationships (continuity and trust, exclusiveness of the relationship), allows them to acquire a considerable wealth of soft information and knowledge which places them in a privileged position with respect to large banks and favors them in the implementation of successful strategies (Castelli *et al.*, 1995; Quintiliani, 2016; Gibilaro and Piatti, 2012; Caselli, 2014). These resources, in the sense of knowledge of local affairs and variables over time, in order to be used at different times or in different places need to be developed in such a way as to enhance significantly their validity. The information available to local banks, then, could be abstracted through a language that summarizes the experience accumulated in the local context in a given period.

If, as we shall see later, the processes of globalization will lead to the coexistence of a generally global market and of generally local markets, local banks are destined to become stable and competent partners for small and medium-sized businesses, ensuring the link with the local economy and acting as a support for development. The needs of the global market and those of the local markets require, however, a review of the organizational and production structures of the banks in question to be pursued in multiple ways and choosing from them the one that best enhances and operational flexibility and makes it possible to offer the products that exist on the global market (Barbagallo, 2015; 2016).

The irrelevance of national boundaries has reduced the sense of the concept of dimension traditionally accepted in the literature referring to objective elements (downsizing); the new technologies, as well as favoring the reduction of the company size in the specified meaning, lead to a greater recourse to external resources (outsourcing), the attribution of powers to collaborators (empowerment), automation and organization of distance work (networking) (Brandolini, 1996). In this complex dialectic between company and market (Local or global) "management is the crossroads of company activity and decision-making" (Lepak *et al.*, 2007): the importance of decisions and strategic choices leads to considering all the stakeholders who have weight in carrying out the activity of governance (Parbonetti, 2006; Galeotti and Garzella, 2013; Filatotchev and Nakajima, 2014).

A redefinition of the (local or global) dimension of the markets ultimately implies an impact on the interpretation of the company dimension. Training and the availability of human capital is the most important and essential specific resource for the development of local businesses as it can take advantage of globalization and for global companies to immerse themselves in socio-cultural contexts that are profoundly different from those of the country of origin (Vaccà, 1997). Hence the consideration of the profound meaning of the human resource that is translated into the analysis of what makes this resource central for both local and global businesses, and therefore a new perspective from which to observe the company dimension. Ultimately, the only significant factor that can be used by companies of whatever type in their development and survival strategies, is "knowledge", which however can only be used through the intellectual and professional abilities in human work.

4.1. The cognitive approach in the globalization of markets

Knowledge, referring to an abstract and rarefied (virtual) context through an appropriate codification process, acquires a meaning that is comprehensible not only to those who have shared the experience, but to anyone who understands the code or language (semantic knowledge). However, the practical effectiveness of a branch of knowledge, i.e. the traceability of the information encoded in different contexts at different times, is only one, though fundamental, part of the construction of competitive advantage. For the remaining part, the ability to operate successfully in a market depends on an

unconscious process of adaptive learning that contains within it formal information stratified and developed by individual companies or business individuals, identifiable in the relationships that organize the context, the systems or social groups according to the services to be supplied to the outside (Ferraris Franceschi and Cavalieri, 2000). The importance of knowledge within the company has been amply highlighted by the doctrine (Teece, 1987; Quagli, 1995): the knowledge generated by a system of information relating to the company and to its relations with the players of the market and the environment is filtered by the personality of the individuals operating in the company and learned and sedimented by the organizational structure. The analysis of the meaning and role of the business factor "knowledge" can, then, be effectively carried out by observing its objective and subjective dimensions, the first in terms of the quantitatively and qualitatively available information and the second by considering the individuals working in the company and their ability to "incorporate" information and knowledge.

In this sense Quagli's definition (1995, p.15) seems particularly appropriate and exhaustive. According to it knowledge can be considered "a system of information, learned and distributed in the company in different ways and related to each other by functional links, such as to allow operators to interpret the various environmental and internal situations in a manner appropriate to the economic conditions of the production combination and consequently to orient their own judgments of convenience ". The centrality of knowledge within the system of intangible assets has been variously discussed by the doctrine in the literature and investigated by other scholars who have preceded us (Itami and Roehl, 1987; Vicars, 1989; Parr, 1992; Nonaka 1994; Corno, 1996; Ferrando *et al.*, 1998): the technical-industrial, commercial, managerial, financial and social assets are founded and interpreted, above all all, on the basis of the knowledge possessed by individuals. The management conditions capture and accentuate the essence of the company in a global market, in our opinion so that, if they essentially revolve around knowledge, it is our belief that the characterization of the company today revolves around the individuals in the company.

The problem of knowledge management transcends the aims of this work. However, the analysis of this resource, considered also in its subjective aspect requires clarification. Studies with an emphasis on individuals such as owners and managers of resources are carried out in the knowledge that tacit and codified knowledge is first and foremost business knowledge: there exists individual knowledge which is the subject of economic-business analysis provided it is instrumental to the pursuit of the corporate purpose and characterizes individuals' criteria for choice. The individual knowledge explicated and used generically by the recipient-company can usefully lead to the orientation of the studies on aspects that are also subjective. Therefore, the link between information and knowledge, between objective and subjective approaches in the study of the intangible resource leads us to a new

reading of the aggregative behavior favored by many companies in a context directly or indirectly revolutionized by global trade. The development of formal knowledge by various individuals becomes the second important stage in the projection of the company in a global market or in the maintenance or strengthening of positions acquired in a local market. The awareness of the role of information and therefore of knowledge for companies is the first goal: the cultural and managerial distance referred to previously represent the first obstacle to competitiveness for companies. The attitude of companies should, in our opinion, be that of confronting and interacting on a global basis with a wide and differentiated range of productive forces in order to exploit opportunities that would otherwise be precluded and, therefore, of using and sedimenting information codified on a worldwide basis in order also to fortify the local circuit.

These considerations lead, in addition, to interpreting the process of globalization from a new perspective. Knowledge can, in fact, project the company and strengthen its position in a global market, or it can strengthen the positions acquired in a local market. The resource under discussion can be seen as the lever for the competition of local or global markets, but can itself become the main reason for globalization (Grandinetti and Rullani, 1996; Caselli, 1997). Only the process of globalization can guarantee the maximum range of information, that is, provide the maximum benefits deriving from the replication of information.

5. CONCLUSION REMARKS AND FUTURE DEVELOPMENTS

This work contributes to the debate over the research of competitive sizes in the banking industry, essentially related to human capital. However, the choice to investigate cooperative banks arises from the awareness of the enormous weight that these have in the Italian, French and German banking markets. The emphasis of work in progress paper is on the novelty of the work, not completeness.

We have focused on three main issues:

- a) the relevance of size that is still prominent in the scientific debate; however, in a global context, the neoclassical theory, aimed at the objective analysis of the company system, is inadequate for interpreting the evolutionary characters of the company;
- b) the role of information, understood the aspect of knowledge that refers to concrete facts and is therefore of a local and contingent nature;
- c) the concept of size in this interpretation refers to the information assets available to companies. In particular, the recovery of important (information) economies by means of size variations leads to the prioritizing of "greater size" in order for the production and use of this resource to be more efficient.

In fact, the explanation of the processes of globalization, dealt with from a cognitive perspective, has led to an emphasis on the evolution of relationships between companies without operational boundaries and stakeholders or to the strengthening of these relationships within circumscribed contexts for companies with a "local" vocation. The circulation of global knowledge also in local areas, thanks to the disruptive effect of the information systems, for example, has led to favouring discrimination between tendentially local companies or those of a markedly global nature, because the evolution towards the global circulation of information or the local specialization of these are not clearly separable. The cognitive approach adopted in the reading of globalization processes has left local spheres in which we see the circulation of the codified experiences of multinational origin and markets without boundaries, where local specificities are important in the process of transforming information into business knowledge.

Emphasizing the importance of human capital in the economies of local or global companies, as "suppliers" of knowledge and of the the ability to use process and product technologies, means, in our opinion, offering a new perspective from which to observe the company size. Human resources, increasingly creative, diffused throughout the organization, able to produce information and able to contextualize the codified knowledge in local situations play a fundamental role in the local or global development of the company. Globally considered human capital gradually generates new business knowledge. This hypothesis has as an obvious consequence the analysis of the meaning and the dimension of human capital for the interpretation of the company dimension.

Finally, we have highlighted how this perspective leaves a problem open: the emphasis on the dimension of knowledge, therefore of intangible assets, opens the way to interpreting the problem of size in qualitative terms. In this sense, we have indicated how quantitative analysis can still play a supporting role in identifying the level of information disseminated in the company, as well as the degree of diffusion of technological innovation. However, the prevalence of qualitative aspects now suggests that the solution to the problem is acceptable provided the research method is scientifically correct. The impossibility of offering a quantitative solution to the interpretation of the size problem, not only does not invalidate the scientific nature of the research, but does not allow us opt for the classical (objective) approach in the study of the size problem, in that it is inadequate in the face of the upheavals that are affecting the internal and external conditions of the company.

We now come to some final reflections. The global scenario is undoubtedly characterized by peculiarities not found in the realities and markets considered singly and not detectable as a synthesis of local qualitative and quantitative traits. The identification and awareness of a completely new market that does not represent the sum of local markets, but in which national borders have lost significance, requires companies to find new ways of seeking competitive advantages. The same

corporate purpose also in a global space requires the formation and formulation of business strategies in view of non-local nature of the market de-territoriality.

We are therefore convinced that knowledge assets and intangible assets in general are not linked to any dimension of productive capacity. The large company like the small one is competitive in a global market regardless of the number of its employees or the amount of turnover. The global or local orientation of the production units imposes a parallel awareness of the competitive advantage that can be recovered in the cognitive advantage. Only when the concept of corporate size becomes a concept that is unrelated to any reference to objective elements can it congruently reflect the weight of companies in the markets.

The appropriate application of this in the delimitation of the field of investigation has emphasized the objective perspective according to normative purposes. However, only when dimension can be related to the human factor, and therefore to the skills and knowledge of individuals, can it be considered relevant for the purpose of achieving economic efficiency. This leads us to conclude that the "de-territoriality" of the market is also the "de-territoriality" of the company, whose size in terms of capacity is only relevant for the purposes of maintaining, restoring or improving the conditions of economic equilibrium.

The problem of the "optimal dimension", if ever a solution to it has been found, today demonstrates its irrelevance. This leaves the road open to some questions: the growth process is not linked to size growth (of capacity); indeed, in the face of global upheavals the only imperative that should affect large and small companies, regardless of the sector in which they operate, is to seek competitive advantages in intangible and no longer traditional advantages. In fact, the human factor can guarantee companies competitive positions in a non-exclusive, but at least significant, manner. What, therefore, is sense of those processes of expansion (of capacity) for the growth and competitiveness of companies? It is not easy to grasp the essence of vertical and horizontal integration processes conducted in the pursuit of economies of scale, but also of scope and variety, and not consciously aimed at consolidating its intangible assets.

On the other hand, quantitative growth, it was said at the beginning of our paper, tends to be coherent with the company's underlying strategic orientation and in tune with current trends and behavior patterns. This leads us to conclude that the phenomenon of transversal relationships (informal, on a contractual or patrimonial basis) can still find justification in the pursuit of increases in production capacity.

REFERENCES

- Arrighi, G. and Silver, B.J. (2003), *Caos e governo del mondo*, Bruno Mondadori, Milano.
- Artis, M.J. and Hoffmann, M. (2008), "Financial globalization, international business cycles and consumption risk sharing", *Scandinavian Journal of Economics*, Vol.3 No.110, pp.447-471.
- Banca d'Italia (2016), *Disposizioni di vigilanza in materia di gruppo bancario cooperativo*, Roma.
- Banca d'Italia (2017), "Disposizioni di vigilanza in materia di banche di credito cooperative", Documento di consultazione, Roma.
- Barbagallo, C. (2015), *Le banche locali e il credito cooperativo in prospettiva: vigilanza europea ed evoluzione normativa*, Intervento "Federazione delle Cooperative Raiffesen, Bolzano, 12 febbraio 2015.
- Barbagallo, C. (2016), *Misure urgenti concernenti la riforma delle banche di credito cooperativo e altre misure in materia bancaria*, Roma, Camera dei Deputati- VI Commissione permanente, 1 marzo.
- Beck, T. and Levine, R. (2004), "Stock markets, banks, and growth: Panel evidence", *Journal of Banking & Finance*, Vol. 28, No. 3, pp. 423-442.
- Beck, U. (2005), *Lo sguardo cosmopolita*, Carocci, Roma.
- Berger, A., Hasan, I. and Klapper, L. (2004), "Further Evidence on the Link between Finance and Growth: An International Analysis of Community Banking and Economic Performance", *Journal of Financial Services Research*, Springer, Vol. 25, No. 2, pp. 169-202.
- Brandolini, G. V. (1996), "La globalizzazione dei mercati e la gestione dell'impresa", *Studi economici e sociali*, n. 7-9, Ottobre-Dicembre
- Calomiris, C. and Neal, L. (2013), "History of Financial Globalization," in G. Caprio (ed.), *Handbook of Key Global Financial Markets, Institutions, and Infrastructure*, Elsevier, London.
- Carlin, W. and Mayer, C. (2003), "Finance, investment and growth", *Journal of Finance Economics*, Vol. 69, pp. 191-226.
- Caselli, L. (1997), "Processi di globalizzazione e democrazia economica", *Economia e Politica Industriale*, Vol. 94, pp. 39-46.
- Caselli, S. (2014), *Per forza o per amore. I destini incrociati di banche e imprese*, Egea, Milano.
- Castelli, F., Martiny, M. and Marullo Reedz, P. (1995), "La redditività degli sportelli bancari dopo la liberalizzazione", *Banca d'Italia, Temi di discussione*, Vol. 259.
- Cavalieri, E. (1990), "Variabilità e comportamento strategico: evoluzione dei rapporti tra impresa e ambiente", *Rivista Italiana di Ragioneria e di Economia Aziendale*, maggio-giugno.
- Chari, A., and Henry, P. (2008), "Firm-Specific Information and the Efficiency of Investment," *Journal of Financial Economics*, Vol. 3 No. 87, pp. 636-655.
- Chomsky, N. and Dieterich, H. (1997), *La società globale*, La Piccola Editrice, Roma.
- Coad, A. (2010), "Exploring the processes of firm growth: evidence from a vector auto-regression", *Industrial and Corporate Change*, Vol. 19 No. 6, pp. 1677-1703.
- Corno, F. (1996), *Patrimonio intangibile e governo dell'impresa*, Egea, Milano.
- Donckels, R. and Miettinen, A. (1997), *Entrepreneurship and SME research: on its way to the Next Millennium*, Aldershot, VA: Averbury.
- EBA (2017), *Annual report 2016*, Luxembourg, Publications Office of the European Union.
- Emery, D.R., Iskandar, E. and Rhim, J. (1994), "Capital structure management as a motivation for calling convertible debt", *Journal of Financial research*, Vol.17 No.1, pp. 91-104.
- Feng, M. Li, C. and McVay, S. (2009), "Internal control and management guidance", *Journal of Accounting and Economics*, Vol. 48, pp. 190-209.
- Ferrando, P. M., Fadda, L. and Dameri, R. P. (1998), *Saggi sull'immaterialità nell'economia delle imprese*, Giappichelli, Torino.
- Cavalieri, E. and Ferraris Franceschi, R. (2000), *Economia Aziendale*, Giappichelli, Torino.
- Filatotchev, I. and Nakajima, C. (2014), "Corporate governance, responsible managerial behavior and corporate social responsibility: organizational efficiency versus organizational legitimacy?", *The Academy of Management Perspectives*, Vol. 28 No. 3, pp. 289-306.
- Finkelstein, S., Hambrick, D.C. and Cannella, A. (2009), *Strategic leadership: Theory and research on executives, top management teams, and boards*, Oxford Univ. Press, London.
- Galassi, F.L. and Di Salvo, R. (1997), "Asimmetrie informative e funzione-obiettivo della banca locale cooperativa", *Cooperazione e credito*, Vol. 156/157, pp. 275-314.
- Galeotti, M. and Garzella, S. (2013). *Governo strategico dell'azienda*, Giappichelli, Torino.
- Giaccardi, G. and Magatti, M. (2002), *La globalizzazione non è un destino*, Laterza, Roma.

- Gibilaro, L. and Piatti, D. (2012), "Il Ruolo delle Variabili Hard Finanziarie e non Finanziarie nella Business Failure Prediction", *Sinergie Rapporti di Ricerca*, n. 36, Nov., pp. 135-184.
- Grandinetti, R. and Rullani, E. (1996), *Impresa transnazionale ed economia globale*, La Nuova Italia Scientifica, Roma.
- Hartley, E. and Lauster, S. M. (2010), *Does size matter? Rethinking the importance of scale in consumer goods companies*, Booz & Company, September 16.
- Helfat, C.E. and Peteraf, M.A. (2014), "Managerial cognitive capabilities and the microfoundations of dynamic capabilities", *Strategic Management Journal*, 1 APR, DOI: 10.1002/smj.2247.
- Helpman, E. (2011), *Understanding Global Trade*, Harvard University Press, London,
- Itami, H. and Roehl, T. W. (1987), *Mobilizing Invisible Assets*, Cambridge, Massachusetts and Harvard University Press London, England.
- King, R. G. and Levine, R. (1993), "Finance and growth: Schumpeter might be right", *Quarterly Journal of Economics*, Vol. 108, No. 3, pp. 717-737.
- Kumar, K. B., Rajan, R. G. and Zingales, L. (1999), "What Determines Firm Size? NBER", Working Paper, N. 7208, July.
- Lepak, D.P., Smith, K.G. and Taylor M.S. (2007), "Value creation and value capture: a multilevel perspective", *Academy of management review*, Vol. 32 No. 1, pp. 180-194
- Marchini, I. (1995), *Il governo della piccola impresa*. Vol. I, ASPI/INS-EDIT, Urbino.
- Nonaka, I. (1994), "Come un'organizzazione crea conoscenza", *Economia & Management*, No. 3, pp. 31-48.
- Ohmae, K. (1990), *The Borderless World*, Harper, New York.
- Paolini, A., and Cerruti, C. (Ed.) (2009), *L'internazionalizzazione della piccola e media impresa italiana*. Giappichelli, Torino.
- Parbonetti, A. (2006), *Corporate Governance. Problemi di configurazione dell'organo di governo e riflessi sugli andamenti aziendali*, Giuffrè, Milano.
- Parr, R. L. (1992), *Le risorse intangibili*, Etas, Milano.
- Perulli, A. (2009), "Finanza globale e banca locale: un caso di credito cooperativo", *Stato e mercato*, No. 3, pp.451-483.
- Porter, M. (1991), *Il vantaggio competitivo delle nazioni*, Mondadori, Milano.
- Porter, M.E. and Kramer, M.R. (2011), "Creating shared value: how to reinvent capitalism and unleash a wave of innovation and growth", *Harvard Business Review*, January-february, pp.62-77.
- Quagli, A. (1995), *Introduzione allo studio della conoscenza in economia aziendale*, Giuffrè, Milano.
- Quintiliani A., (2016), *Internal rating systems and soft information*, Milano, FrancoAngeli.
- Raggetti, G. (1983), *Evoluzione di un comparto periferico del sistema bancario italiano*, Giuffrè, Milano.
- Rigby, D. K. and Vishwanath, V. (2006), "Localization: The Revolution in Consumer Markets", *Harvard Business Review*, Vol. 84, No. 4, pp. 82-92.
- Rousseau, P. L. and Sylla, R. (2003), "Financial system, Economic growth, globalization", in Bordo, M.D., Taylor, A.M. and Williamson J.G. (eds.), *Globalization in Historical Perspective*, National Bureau of Economic Research, pp. 373-416.
- Sabani, L. (1993), "Asimmetrie informative e teoria dell'intermediazione finanziaria: una rassegna", *Note economiche*, Vol. 3 No. 1, pp. 10-25
- Sennet, R. (2006), *La cultura del nuovo capitalismo*, Il Mulino, Bologna.
- Stefancic, M. (2010), "Competitive advantages and challenges in Italian Cooperative System", *Studi economici*, Vol. 102, pp.89-106.
- Stefancic, M. (2011), "Cooperative Credit Network: Advantages And Challenges In Italian Cooperative Credit Banks", *Euricse Working Papers*, N.16.
- Sull, D. (2009), "How to Thrive in Turbulent Markets", *Harvard Business Review*, Vol. 87, No. 2, pp.78-88.
- Vaccà, S. (1997), "Le differenze socio-culturali ed istituzionali nello sviluppo delle imprese: il ruolo del capitale immateriale e del capitale umano", *Economia e Politica Industriale*, n. 94, giugno.
- Zou, Y. and Xiao Z, (2008), "Data analysis approaches of soft sets under incomplete information", *Knowledge-Based Systems*, Vol. 21, No. 8, pp. 941-945.