Quality and regional competitiveness

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Full Reference:

Jansson, J. & Waxell, A. (2011) "Quality and regional competitiveness". *Environment & Planning A*. Vol 43, No. 9. pp. 2237-2252.

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Abstract

Recent literature on competitiveness has focused on innovation and industrial dynamics. In this paper it is argued that innovation is not enough when competing on global markets, at least in certain types of industries where performance, standards, and perceptions of the product are at the forefront. In addition to existing theory we focus on the role of 'quality' in creating and sustaining regional competitive advantage. A theoretical framework for identifying and analyzing processes creating and re-recreating understandings, perceptions and experiences of quality, i.e. a *quality promise*, is presented. In the framework, the quality process is divided into three dimensions, labelled *performance*, *projection*, and *protection*. Regional competitiveness is arguably achieved when: a) a good or a service is well represented in one or more of the quality dimensions; b) quality perception and knowledge permeate all actors and their activities and are inherent throughout the value chain; and c) space is an integral part of these processes in that it facilitates i) localized learning/localization economies and ii) place-based branding. It is argued that quality should be viewed as deeply embedded in space and that quality processes have both homogeneous and heterogeneous characteristics.

Keywords: economic geography, regional competitiveness, quality.

Acknowledgements

The authors thank the NOS-HS/NORDCORP for its support of the project "Competitiveness through quality" and the participants in the project: Atle Hauge, Peter Maskell, and Dominic Power. We also thank Anders Malmberg for commenting on earlier versions of the paper.

1. Introduction

[p. 2237] Mainstream research on competitiveness has, during the last two decades, focused on innovation and industrial dynamics (e.g. von Hippel 1988, Porter 1990, Lundvall 1992, Nelson 1993, Nonaka 1994, Grant 1996, Edquist 1997). In this literature, knowledge creation and the ability to innovate is a more important factor than the cost of production when determining the long-term ability of firms and regions to prosper. Especially in the wide strand of literature in economic geography, innovativeness is seen to be more efficient in systems of localized firms, in specialized (Porter 1990, Maskell and Malmberg 1999) or diversified milieus (Jacobs 1969, Florida 2002). In this process, the firm's contacts, networks and knowledge transfer are seen as more important than the flow of goods and monetary resources. Innovation, then, should be seen a result of interaction rather than being the work of isolated agents. This, in turn, has led to the idea that the competitiveness of a nation or a region is less a set of inherited resources than a result of more or less intentional strategies (Porter 2000) and constructed advantages (Cooke and Leydesdorff 2006).

This paper argues that innovation or innovativeness is not enough when competing on global markets, at least in certain types of industries where performance, standards, and perceptions of a product are a primary concern. In addition to mainstream literature on innovation and competitiveness, it is crucial to understand other elements and aspects of creating and sustaining regional advantages and competitiveness. In doing this, we focus on the role of 'quality', understood as processes leading to a *quality promise* – experienced, constructed, mediated, and negotiated by systems of actors in a spatial context. The quality promise is fixed when a product meets its expectations, may they be functional, practical, or aesthetic in character. Thus, some institutions, industries, and regional actors may have found a thriving way to compete on global markets by making and providing quality goods and services, either based on cutting edge technologies and/or locally embedded craft traditions. Although economic **[p. 2238]** research has been aware of various aspects of quality as an important input to industrial competitiveness (e.g. Akerlof 1970, Parasuraman et al. 1985, Evans and Lindsey 2001, Callon et al. 2002), only a few studies have seriously recognized the relation between space and quality (e.g. Ilbery and Kneafsey 1998, Murdoch et al. 2000, Parrot et al. 2002, Mansfield 2003), especially in explaining global and regional competitiveness.

The overall aim of this paper is to discuss the link between space and quality, and to understand quality as an additional aspect of regional competitiveness. This is done by introducing the concept of quality into the literature on regional competitiveness, piecing together elements largely unexplored in

regional development and economic geography. More specifically, the aim is to present a theoretical framework for identifying and analyzing quality processes creating and re-recreating understandings, perceptions and experiences of a quality promise. We argue a) that the quality processes presented in the framework may stimulate regional competitiveness and b) that the quality processes are interlinked between various actors. Thus, the quality promise should be viewed as c) deeply rooted in space, facilitating both localized learning and place-based branding, and that different spatial scales and place-specific assets have the potential to affect and utilize the quality promise differently, thus creating various geographies of quality linking homogeneous and heterogeneous aspects of quality to spatial embeddedness and geographical scales.

The paper is organized as follows. We begin by reviewing prior research on the concept of quality, arguing that quality should be approached as a process. In the next section we attempt to bridge literature on innovation and regional competitiveness with literature on quality. Also, quality is linked to spatial aspects, conceptualized as homogeneous and heterogeneous quality processes. We then introduce a quality framework analyzing the processes leading to a quality promise. Finally, using the quality framework, quality is discussed in relation to regional competitiveness.

2. Unfolding the concept of quality

Although most of us have a clear idea of what we perceive to be a quality good or service, quality is a complex concept. Some of these perceptions are easier to explain or evaluate, while others are more diffuse and personal. Fundamentally, the concept of quality has positive connotations and is generally related to characteristics such as capacity, property, type of material, durability, functionality, and craftsmanship (Akerlof 1970, Mansfield 2003, Sennett 2008). Historically, a distinction between measurable and non-measureable quality has been made (see Strannegård 2007). Regardless of notions of objectivity and subjectivity, there is an idea that it is possible to adequately measure certain aspects of quality using existing quantitative equipment and measurements (e.g. standards, certificates, rankings, laboratory tests) while other aspects are harder (or impossible) to measure, although perceptible to the human senses. For example, it is easy to understand that a pair of shoes that lasts a 1,000 kilometres is of higher quality than a pair that only lasts a few hundred. On the other hand, the choice between a hand-made or bespoke pair of leather shoes from England or Italy is perhaps not as obvious; it is affected by preference, perception, prejudice, etc.

Quality has been discussed in a wide range of disciplines and is an important topic for firms, consultants, governments, industry organizations and professional journals. Nevertheless, the meaning of quality often varies between products, producers, consumers and according to geographical settings and socio-cultural contexts. For example, in business studies and economics attention is directed toward organizational management, quality planning, and trade of quality goods (see Akerlof 1970, Garvin 1988, Imbriani et al. 2009). Moreover, quality management in manufacturing processes **[p. 2239]** is a well-studied research area in both engineering and business studies (Evans and Lindsay 2001), while quality management and assurance has long been a topic of concern in research on the finance industry (Parasuraman et al. 1985).

Constructing and experiencing quality: quality as a process

Although conceptualized in various ways, recent literature has come to focus on quality as a process, whereby quality is socially embedded and constructed: a socially constructed interplay between users, suppliers, intermediaries, and producers, reflected throughout the entire value chain. According to Ilbery and Kneafsey (2000), quality is in this sense positional: it is above minimal standard and gives a good, service, process, firm or region a competitive edge.

In relation to standards, certificates, and expectations quality is inherited and expressed by the producers and other institutional actors, e.g. governmental organizations and standard setting agencies (Ponte and Gibbon 2005). This quality process is a means by which economic agents position the products they design, produce, distribute or consume, in relation to others. Producers have both an active and reflective role in these processes aiming to "[…] establish a constellation of characteristics, stabilized at least for a while, which are attached to the product and transform it temporarily into a tradable good in the market." (Callon et al. 2002: 199). This is also noted by Chamberlin (1933), stressing that quality is a strategic resource by which a good is positioned in a space of other goods. Quality is thus an assemblage of political, cultural, and natural relations that have emerged from a complex set of socio-material relations of production, trade, and consumption (Mansfield 2003). In relation to the positional characteristics of both products and consumer preferences, Lancaster (1966: 154) argues that: "[…] goods possess, or give rise to, multiple characteristics in fixed proportions and that it is these characteristics, not goods themselves, on which the consumer's preferences are exercised."

In organizational theory the consumer's perception of the characteristics or the quality of a product is affected by the information available (or lack thereof). This is manifested in three dimensions or 'qualities of a good': search, experience and credence. According to Nelson (1970), the search qualities of a good are those that the consumer has the possibility to gather and obtain information about before it is purchased, while experience qualities are those related to characteristics learned about or perceived after the product is used. Darby and Karni (1973) add a third dimension, credence, which states that the quality of the product cannot be evaluated prior to or after purchase by search or experience. The quality of a good or service is in this case too costly or too complex to evaluate and the consumer is forced to trust the salesperson and the product and is therefore exposed to the risk of fraud. From a users' point of view, quality is contextualised as a link between the producer and user made in order to reduce uncertainty. Accordingly, quality is interlinked and dependent on trust. This issue is also raised by Akerlof (1970), who states that informal and unwritten guarantees are preconditions for trade and production, specifically in situations where consumers have difficulty evaluating the quality of a product prior to purchase.

Related to the discussion of quality as a process and socially constructed is the idea that quality, both measured and non-measured, varies over time and space. For example, it may vary in different historical settings, locations and between different industries and individuals. On the one hand, goods and services once associated with quality may change their position when new laws, standards, and norms are introduced on the market. On the other hand, time may in itself become a quality trademark if a **[p. 2240]** good or a service stands the test of time, since craftsmanship and traditional methods are often associated with quality.

In summary, quality has been and should be understood as a complex concept: a continuous and socially embedded and constructed process, and, as argued later in the paper, leading to a experienced and constructed quality promise, dependent on and contextualized in time and space. Although there is a vast literature on the subject of quality, only a few works focus on the geographical and spatial aspects of quality. Perhaps the only notable exception to this theoretical and empirical lacuna is the literature on quality food production and consumption (Ilbery and Kneafsey 1998, 2000, Ilbery et al. 2000, Murdoch et al. 2000, Parrott et al. 2002, Mansfield 2003). Still, we argue that previous literature has not fully recognized the potential of quality as a means of understanding industrial and regional competitiveness in various industries and spatial settings.

3. Regional competitiveness: from innovations to spatial quality processes

As stated in the introduction, the regional competiveness literature has focused on innovation and industrial dynamics. In mainstream economic geography the way innovation and learning require the assemblage of certain qualities by economic actors and institutions (e.g. in economic networks, regional agglomerations/clusters, and urban milieus) has been studied. Still, we argue that there has been little in-depth analysis of 'quality' itself (see also Parrott et al. 2002), especially in how this notion is linked with the spatial distribution of quality-creating processes.

The contribution made in regional development and economic geography has shown that these processes are not space-less, nor are they ubiquitous global phenomena. Instead, these processes are situated in space and are socially and culturally embedded: they do not happen anywhere and to anyone. While mainstream literature on innovation has focused on the nation state (Lundvall 1992), recent theoretical developments emphasize the regional and local embeddedness of these systems, e.g. clusters, localized agglomerations, and regional innovation systems (Porter 1990, Camagni 1991, Maillat 1995, Cooke et al. 1997, Morgan 1997, Porter 2000, Malmberg and Maskell 2002).

In an industrial system it is argued that spatial proximity and specialized local capacities encourage particular types of knowledge, innovation processes and localized learning leading to regional competitiveness (Maskell and Malmberg 1999, Malmberg and Power 2005). Also, these systems create scale economies for sharing infrastructure, lowering transport and transaction costs, creating (local and specialized) labour markets (Marshall 1920/1960), and facilitating traded and untraded interdependencies (Storper 1995). Furthermore, they promote face-to-face interaction and buzz which, in turn, stimulate trust, cognitive proximity, knowledge-sharing, tacit knowledge, cross-fertilization of ideas, easy observation and immediate comparison (Gertler 2003, Storper and Venables 2004) in locally embedded or informal social structures (Granovetter 1985, Storper 1995). It should be noted, however, that clusters and industrial systems of various kinds are viewed as somewhat 'fuzzy' or 'elusive' and that the positive connotations of localized activities seem to be hard to empirically verify (Markusen 1999, Malmberg and Maskell 2002, Gordon and McCann 2005). This critique is also evident considering the ambiguous use of geographical scales and limitations of agglomerations, districts and regions (Phelps 2004). In line with this, regional competitiveness has encountered massive critique as a complex and contentious concept (Kitson et al. 2004) and "chaotic and ill-defined discourse based on a relatively narrow conception of

how regions compete, prosper and grow" fuelling policy-makers and practitioners (Bristow 2005: 285).

[p. 2241] We also suggest that adding quality to the discourse of regional competitiveness has wider implications than the traditional view (criticized for being too narrowly focused on growth as equivalent to regional prosperity). We argue that even if quality may lead to increased firm performance, it also has the potential to contribute to regional, urban and rural resilience/sustainability; spanning economic, cultural, social, and environmental issues. Quality can thus constitute an important element of regional competitiveness and development in both advanced economies as well as developing regions and countries.

Homogeneous and heterogeneous quality processes

The relation between space and quality could be discussed from two distinctive, although interrelated, viewpoints. The first deals with the globalization of goods and services and the expansion of a global marketplace leading to an increased need for and use of standards, compatibleness, and integration in value and production chains/circuits (see Ponte and Gibbon 2005, Angel and Rock 2005). The second is focusing on the spatial embeddedness of production and consumption spurring regional specialization, in which differentiation, branding, environmental and ecological issues are at the centre of attention (Storper 1995, Maskell and Malmberg 1999, Cooke and Leydesdorff 2006, Pike 2009). We argue that the quality process is in this sense both *homogeneous* and *heterogeneous* and distinctly linked to spatial conditions and phenomena. On the one hand, quality is homogeneous in that, for example, standards and regulations are set in order to control and manage quality and quality perceptions. These standards originate in various communities crossing global, national, regional and even local borders. On the other hand, the quality process is heterogeneous in that the perception and construction of quality is spatially and institutionally embedded and may vary between countries and regions. Consequently, the quality process is interrelated to the different geographies shaping the definition, perceptions, and utilization of quality.

Integrating global production networks, consisting, for example, of the automobile, computer or telecom manufacturing industries, demands highly standardized quality certifications. Without such standardization it is impossible to ensure globally dispersed facilities to coordinate their operations. In other words, even if manufacturing *per se* takes place in

regionally situated production sites, it is dependent on, and has to be connected to, globalized production systems reflecting the standardized nature of industrial production. From a producer's perspective, in order to access foreign and global markets, goods and services need to conform to the standards and regulations of the market for which the product is intended (e.g. Chinese manufactured toys for the EU market). Also, increasing awareness of environmental and ecological issues, not least by intermediary actors, has led not only to a number of national and international regulations, but also to an increased use of certifications such as ISO 14000. In relation to space, the concept of quality is highly connected to traceability, i.e. consumer awareness of the origin of the product. Thus, from a consumer/customer perspective there is a tendency to place greater value on products which can be associated with a country, region, or method of production.

As already noted, certain goods and services are spatially embedded and specific regions are associated with specific products and production methods. Molotch (2002) uses the concept of 'place in product' which relates to the place of origin (where it is produced, created or designed) functioning as a brand in itself. This is not least evident when speaking of phenomena such as Parma ham, Swiss watches, German cars, Champagne, and Parisian fashion. Also, related to the idea of 'place in product' is the notion of 'Chamberlainian monopolistic competition', which makes quality products **[p. 2242]** "imperfect substitutes for one another and hence susceptible to niche marketing strategies" (Scott 2007: 1467). The connection between place and product creates a kind of 'monopoly rent' (Molotch 1996) or what Scott (2000) refers to as 'the monopoly powers of place', e.g. Scotch whisky distilled using specific production methods and raw materials from a particular geographical area. The result of monopoly rent is that spatially associated products may be imitated (or even counterfeited) in other locations, but could never reach the same status e.g. sparkling wine produced outside *La région Champagne*. The process of attaching place to a product may be both an informal and organic development or more formally branded and institutionalized (Jansson and Power 2010). In France, for example, place of local origin and quality of agricultural products, such as wine, cheese, olive oil, butter etc., is marked and classified according to the certification *Appellation d'origine contrôlée* (AOC), which is governed by its own state agency, *Institut National des Appellations d'Origine* (see Murdoch et al. 2000). The concept of place and the ability to trace products throughout the commodity chain is thus incorporated into the construction of quality. Consequently, the qualitative differentiation of the goods and services traded in international markets has led to a production polarisation and differentiation; some countries are associated with or characterised by high quality production whereas other countries are specialised in, or at least associated with, the production of lower quality and

cheaper goods (Imbriani et al. 2009). Some actors succeed in attaching strong combinations of regional association, commercial worth and public recognition to products, hence allowing them to circumvent the pressure on prices that is evident in markets dominated by product similarity. For example, economic values may be asserted by harnessing regional ecological features using the above mentioned AOCs (Murdoch et al. 2000).

Although the global and regional levels of the quality process form distinctive aspects of quality and space, both are interdependent and interrelated. This is in line with the debate questioning the limited focus on local processes in local milieus. Recent research has shown that local or regional milieus should be understood not only as arenas providing access to local networks and knowledge, but also as facilitators of crucial external (global) linkages. Economic geographers have emphasized the need to systematically link explanations of localized systems with understandings of the connections between local and global processes (Bathelt et al. 2004, Power and Jansson 2008, Waxell and Malmberg 2007). In a relational approach to space (Dicken et al. 2001, Dicken and Malmberg 2001, Yeung 2005), the understanding of space is revised and avoids dichotomies such as 'local – global', 'concrete – abstract', 'fixed – mobile', to explore space (Doel and Hubbard 2002).

An interesting example of this interrelatedness is the food industry, which has become more globalized and standardized, both in production and consumption (not least evident in the world-wide distribution of international food chains), while trends pointing to a growing demand for natural and locally produced food are also evident (Murdoch et al. 2000). In food production, quality is a flexible concept entailing a wide variety of factors, including food safety, hygiene, health, experiences, tastes and characteristics, raw materials, and place of origin. This development might seem paradoxical, but it follows a general trend of specialization and clustering of knowledge-intensive industries in local or regional milieus being channelled into global markets and information circuits (Bathelt et al. 2004). Following this, we find that quality is both homogeneous and heterogeneous in that it may be understood as a dynamic process with the potential to streamline perceptions and definitions of quality, while it may also work as a process of specialization and differentiation of products, regions, and labour.

4. The quality framework: promising quality

[p. 2243] A common understanding of processes creating quality is that they lead to a certain kind of quality attachment. In the literature reviewed in this paper, this attachment is explained as the ability to create or mediate a perception of, for example, authenticity, safety, and trust (Akerlof 1970, Ilbery and Kneafsey 2000, Callon et al. 2002, Strannegård 2007). In this paper we propose that this perception is best described as a *promise*. Hence, the quality framework introduced below presents a way to identify and analyze processes creating and re-recreating understandings, perceptions and experiences of quality. The quality promise (fixed, momentarily or long-term, in time and space) is thus constructed by processes involving a varied set of actors, here identified as producers, customers/consumers, and intermediaries.

In short, the *producer* is an economic agent, most often a firm, providing the market with a good or a service. Producers add to the quality process by using certain kinds of inputs (knowledge, material, etc.), management, manufacturing methods, and so on. In their role as producers, they also experience quality during different stages of production as they deal with or, even more importantly, interpret feedback from both users (customers/consumers) and various intermediaries. The *customer/consumer* takes part in the quality process by interpreting and experiencing quality in a good or a service. Although an integral part of these processes, some customers or consumers contribute more than others. Sophisticated customers, and especially lead users, are often characterized by a specialized knowledge set and the interpretive skills needed to differentiate between quality products. In this sense, they contribute to the quality process by raising the level of demand and providing critical and substantial feedback into the system. Primarily, *intermediary* actors have two roles, on the one hand they establish the framework in which quality goods and services are produced and consumed by making laws, setting standards, and issuing certificates. On the other hand, they function as mediators and trendsetters by reviewing, testing, and evaluating products. Hence, there are a variety of intermediary actors performing these roles: the state (governmental bodies, agencies, and institutions); interest organizations (dependent and independent industry, trade and consumer organizations); and media (all kinds of media, from daily news to specialized media channels). Consequently, producers, intermediaries, and customers/consumers are all gatekeepers and a part of locally and regionally embedded systems of actors governing the quality process.

As already noted, quality is about a promise mediated by the above mentioned actors in a quality process. In the quality framework we have divided this quality process into three dimensions, labelled *performance*, *projection*, and

protection. Each dimension constitutes, in itself, a process or a set of processes which, individually or collectively, creates a quality promise.

[p. 2244]

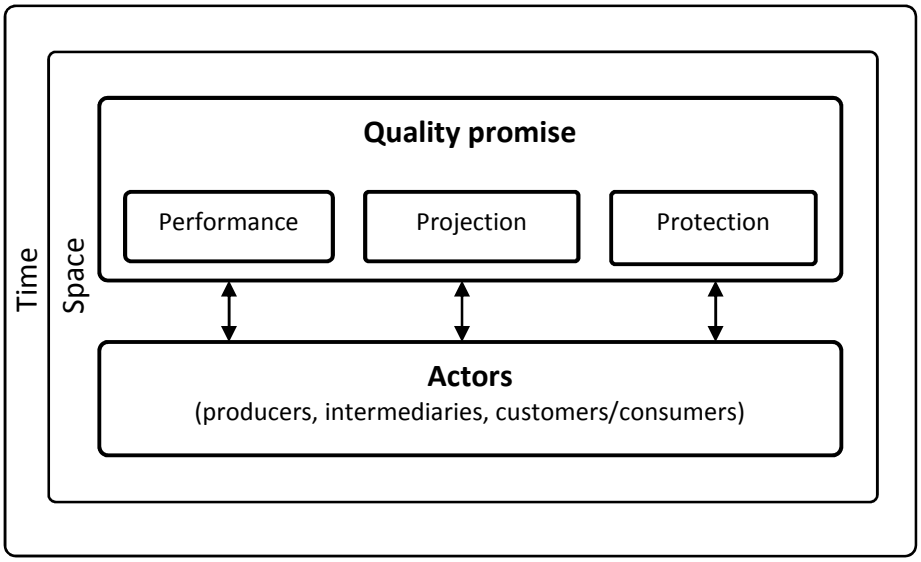

Figure 1. The quality framework. Actors and dimensions involved in the processes leading to a quality promise.

The quality promise arises when a good or a service meets its expectations, be it a drug, a car, a hi-fi product, a restaurant visit or an artwork. Each of these products is in one way or another attached to a promise that may be of, for example, functional, practical, or aesthetic character. In this sense, a drug with negative side effects, a car with broken brakes, a bad sounding hi-fi component, a poorly tended restaurant table or a counterfeit painting are all examples of promises not living up to their expectations. The promise of quality is closely linked to notions of credibility and trust, and for a product to be associated with high quality, reliability is extremely important. Examples of institutions used to build trust and reduce uncertainty are, according to Akerlof (1970), guarantees (cf. performance), brand names (cf. projection), e.g. products selling by reputation and promising a certain quality standard, and licensing practices (cf. protection), e.g. economic agents working as doctors, accountants, auditors, and lawyers, and where a certificate is provided promising that a certain level of proficiency has been approved.

Whether or not something is considered a quality good or service is dependent on how the quality promise is priced, i.e. when the price level and quality expectations intersect. Different price levels imply a certain set of expectations

to which the good or service is attached. For example, budget, midrange and luxury accommodations certainly give the consumer an idea of what to expect from each category. In general, a higher price indicates a higher level of quality. However, a good or a service may be 'best buy' within its price range (good quality for less money), e.g. be it a budget, midrange or luxury accommodation. Thus, it is not just a question of something being better or superior to something else, e.g. although both are Swiss-made, a Rolex watch is often considered superior to a Swatch. The notion of quality is here clearly associated with price. In this case, the Rolex is more expensive and might be more accurate, indicating the correct time in the long run, although the less expensive Swatch will probably be accurate enough in order to get you to work in time. However, the reverse logic is also applicable in terms of insurance policies, where a product of better quality will be less costly to insure than a product of lesser quality. This is also evident in terms of health and medical insurance, as costs are likely to increase with age and deteriorating health. Furthermore, a product or service does not necessarily have to be considered "best of the best" to qualify as a quality product: it might also be valued as a quality product within its specific price range. For a producer or a supplier, the challenge is to find the right balance between price and quality.

The quality framework describes a dynamic process in which actors may affect the performance, projection, and protection, and thus the outcome of the quality promise. This process also reflects a mutual and interdependent process in which the quality promise may affect the actors and the quality dimensions involved. The quality promise is constantly being negotiated and renegotiated (e.g. standards, trends and functionality) over time, as well as being dependent on different spatial scales and contexts. For example, a piece of art or an artistic genre may be highly appreciated and regarded as high quality during a certain period of time and in a particular place, while the same artwork might render less appreciation or economic value during other times and places. **[p. 2245]** This process is perhaps even more evident in the fashion industry where different trends, styles, colours, and fabrics go in and out of style with seasonal and geographic variation.

Performance

Quality and performance are tightly knit together, and offer perhaps the most common understanding of how quality is perceived. The performance of a good or service is often possible to test and evaluate, since it is easy to pose and answer questions such as: "How long?", "How often?", "How much?", etc.

Performance is commonly related to concepts such as durability, quality materials, quality inputs, wearability, functionality, and so on.

Performance is in this sense closely connected to certain types of standards and measurements (also found in the category of quality dimensions labelled protection described later). However, expressions such as 'passing the test', 'being better than' and the more subjective understanding of 'value for money' are often used, rather than conforming to specific standards and following strict safety regulations. Here, intermediaries such as testing labs, magazines, and specialist and trade organizations are integral, and important, parts of the evaluation process. Ultimately, the final verdict and judgement is always made by the consumer or user. In other words, it is about putting the product to use.

With a quality promise comes a great deal of uncertainty that is primarily apparent on the buyer or consumer side of the value chain. By attaching a performance statement and/or measure to the product, the producers commit themselves to a promise related to the use and utility of the product. In this respect, Akerlof (1970) pointed out that several types of institutions have been established to deal with and counteract the effects of quality uncertainty. Approval by one of these institutions is the guarantee that many producers attach to their products. The guarantee is introduced to ensure the buyer that the product meets some type of expected quality, provided that the product is used under normal conditions (for the specific type of product). The previous social contract connecting the two parties is here turned into a formal contract, whereby the risk associated with the purchase is shifted from the buyer to the seller. This is also reflected in the auto manufacturing industry, where a quality expectation is often attached to certain quality branded cars. In order to meet this expectation, many manufacturers offer, for example, extended new car warranties, which guarantee that the car lives up to certain quality standards. However, building reputation is a time-consuming and expensive process (advertising, PR etc.), e.g. Toyota and Mazda were long questioned as quality cars on western markets, although their cars ran smoothly for years and years, and continued to excel in tests, rankings and competitions (Strannegård 2007). Today these cars are associated to a great extent with high quality standards, which is also reflected in high prices on the used cars market. Also, the outdoor industry serves as a good example of quality and performance where products are constantly being tested for use and wear in hard weather and working conditions (Parsons and Rose 2005).

In other words, performance is an innate characteristic of quality and closely linked to the promise of quality. If a product does not meet pre-perceived and preferred performance standards, the user judgement is often harsh and the product may consequently be regarded as a product of lesser quality. This is

also in line with a perception where quality can be divided into scales ranging from good to bad, and high to low. This grading of products is a way of rating the performance of products that occurs both before and after point of sale.

[p. 2246]

Projection

Projecting quality is about positioning a product in relation to other products. This is closely related to branding, marketing, and promoting a product as different, or better than, other similar products – a process that may result in different types of products, processing methods, production strategies, etc. According to Callon et al. (2002), this process also involves strategic management in activities stretching from research and design, production, purchasing, marketing, and distribution, to consumption. This process takes place within the firm, but is also constructed at the intermediary and consumer levels. The intermediary actor has a primary function of consuming and evaluating a product, and mediating perceptions of the product both up- and downstream in the value chain. On the other hand, the consumer also transmits a view on the product through public conventions, not least in terms of recognition and appreciation of brands, trademarks, support, service, and packaging (see Murdoch et al. 2000).

By positioning a product in relation to other products, quality becomes a strategic resource by which one product is compared to another. The product is positioned by a constellation of characteristics that are constantly being redefined by the producer and the consumer. For the consumer, the product awakens associations based on attachment and detachment to the product (Callon et al. 2002). This process is stimulated by two mechanisms. The first is explained as a socio-cognitive arrangement situating products in relation to one another, involving product placement, packaging, distributor references, and advertising, which in turn will simplify differentiation and comparison of similar products. The second involves associations that consumers form with a product in real life. The products are tested at home, evaluated, discussed with peers and friends, and opinions are formed, shared, and imitated. Here intermediaries, such as magazines, testing platforms, and specialist and consumer organizations, also play important roles, contributing to the attachment and detachment of products. For the individual consumer, this is primarily evident in situations when products are difficult to evaluate and test, such as high-tech goods.

In other words, the projection of quality is an interrelated process that is constantly being produced and reproduced by producers and consumers.

Ilbery and Kneafsey (2000) label this as attraction, where the consumer's wants (conscious and subliminal) are appealed to by, for example, design, texture, appearance, flavour, taste, and price. An effective method of attaching a sense of quality to a product is through the fabrication of brand names or trademarks. This kind of projection of quality is a notable and important feature in the clothing and fashion industry, where branding involves an attempt to differentiate and personify products by balancing aspects of quality, utility, symbolic and cultural value. The branding process is best understood as reflexive, governed and mediated both by the producer and consumer. Brand building and consumer loyalty to the brand are central to these kinds of industries. This process is also applicable to consumers as they position and identify themselves with certain brands and products, creating (to some extent) differentiated lifestyles (Power and Hauge 2008).

In line with the above, the argument is that the branding and positioning of a product is paralleled by the notion of a promise: a promise of quality. By purchasing a product, a well-known brand of which a consumer has a prior conception and knowledge, the consumer is buying into the idea that he/she knows what he/she is getting. For the producer selling their product based on the notion of quality, this kind of social contract is of utmost importance, as the reputation and honour of the producer is at stake.

[p. 2247]

Protection

With increasing globalization comes a growing need for standardizations covering different parts of the value chain. This may include various aspects of design, production, transportation, distribution, and consumption. A vast number of standards have been developed not only to streamline production and standardize products, but also to ensure that safety, health and environmental regulations for workers and consumers are adhered to and regularly updated (Angel and Rock 2005). Overall, this entails a set of regulations by which producers are bound to conform to current laws, standards, certificates, and specific measurements and methods (Ponte and Gibbon 2005). Although controlled by governments, or professional or consumer organisations, these standards and regulations may also be paralleled by socially or culturally constructed norms of a more informal character. Standards are in themselves socially constructed (Ilbery and Kneafsey 2000, Favereau et al. 2002, Aspers 2009) and, as such, subject to political and economic pressure, scientific understanding, and cultural contexts.

Certain standards have developed into signifiers of quality. The well-known ISO 9000 standard (today, version ISO 9001:2008) serves as a good example of how quality is managed and assured in a variety of industries, such as the pharmaceuticals industry. The ISO 9000 standard is a set of written rules outlining quality-management practices. This entails how to report, monitor and evaluate activities such as quality planning, product design, customer focus, incoming orders, and customer perceptions of the quality of goods and services provided. The standard is managed by the *International Organization for Standardization* (ISO), and currently harmonizes national standards from 161 member states and manages over 18,000 international standards (see www.iso.org, Coe et al. 2007). In terms of safety, the EU countries adopted the CE marking (*Conformité Européenne*), which ensures that products sold meet safety, health and environmental standards. Regarding quality as a measurement, the term carat is an example of how quality is measured. The term is used (albeit not interchangeably) both as a unit of mass for measuring gemstones and pearls, and as a purity measure for gold. The measure is used as a means of comparing and differentiating between similar products to assure the buyer that the products meet a specific standard of quality.

Protection is an important dimension of the quality promise, and in many cases a broken promise may lead to health risks, environmental hazards, and production failure. Thus, this dimension is the most codified and standardized of the three dimensions.

5. Analyzing regional competitiveness through the quality framework

Empirically, little is known about the spatialization of quality and its underlying determinants, and questions concerning the relation between quality and regional competitiveness remain more or less unanswered. For example: What signifies the processes creating quality sparkling wine from the district of Champagne and how did Champagne reach monopoly status worldwide as the “no. 1” beverage associated with festivities and celebrations? Or, how do we explain the continued success of European audio and hi-fi manufacturers such as Bang & Olufsen, Linn and NAD, despite increased global competition from low-cost countries?

The quality framework provides us with a way of approaching the above mentioned questions and to understand these from a regional competitive perspective. The spatial aspect is an important and intrinsic part of the quality

framework, in which different spatially embedded actors affect the outcome of the quality promise. Competitiveness is arguably achieved when: **[p. 2248]**

a) a good or a service is well represented in one or more of the quality dimensions of the framework. Increased quality awareness, both among producers, intermediaries and sophisticated customers/consumers, leads to better and more quality-based products and more sustainable (economically, ecologically and environmentally) goods and services.

b) quality perception and knowledge permeate all actors and their activities in a given place, in a region, or in an industrial system, and when quality is inherent throughout the value chain. The focus on quality processes and the relation to space contributes to regional competitiveness in various ways. For example, an increased interest in and identification of traditions, skills, competences, and knowledge associated with quality in specific places may add to and stimulate a competitive edge in a region.

c) space is an integral part of these processes in that it facilitates: i) localized learning/localization economies and ii) place-based branding.

In terms of localized learning/localization economies, proximity facilitates the efficiency and depth of all stages of the quality process, incorporating both physical and social proximity, formal and informal relations, traded and untraded interdependencies. While local and regional processes are crucial inputs in the quality process, they are not bound to, or restricted to, the local or regional system. The mutual and interdependent nature of the quality framework is in this sense related to the discussion on global pipelines and local buzz. Although locally or regionally situated, actors (producers, intermediaries, and customers/consumers) need to link into global markets, information channels, knowledge flows, and conform to international standards and regulations in order to, for example, identify globally dispersed consumer groups, stay informed about changing technologies and regulations, or be able to compare products and check the latest trends. Hence, there are a variety of processes interacting between global and regional scales, which work in different ways in particular situations, and which in turn will stimulate both a homogenous and heterogeneous quality landscape.

In terms of place-based branding, and related to the discussion on place in product, place or spatial attributes are often attached to a product or set of products. Spatial assets (physical resources, symbolic characteristics, traditions, skills, knowledge and competences, etc.) are utilized in the production of quality goods and services, in marketing strategies, in the perception and understanding of quality, and locally and regionally embedded processes of negotiation of standards, certificates, and trends. This also

facilitates the creation of niche markets, characterized by specialization and differentiation.

In other words, the quality process leads to a quality promise, and promising performance, projection, and protection are intrinsic parts of this process. On the one hand, the dimensions reflect different aspects of perceiving or experiencing quality. On the other hand, they identify processes creating quality. However, this does not mean that all three of these dimensions have to coincide or be equally important in the quality process. Different products and industrial sectors may respond differently to each of the aspects mentioned. Nevertheless, when these dimensions are recognized as part of the process, it becomes easier to evaluate and assess quality as important for stimulating competitive advantage. For example, if a product is extremely well represented in all three identified dimensions in the framework it would acquire a more or less impregnable market position; i.e. if it is associated with superior high quality performance, is identified and projected by a strong quality-related brand name, and protected and regulated according to high quality standards and certificates. In reality, few products, if any, have the ability to excel in all of the three dimensions, and thus, it is more important for a product, firm or region to identify its strengths and advantages in at least one of the quality dimensions.

[p. 2249]

6. Conclusion

In this paper an attempt is made to add to the understanding regional competitiveness through quality. In doing this, we are mainly bringing two bodies of literature together in order to fashion various quality aspects as they apply to regional competitiveness. Unfolding the notion of quality results in a quality framework, in which various process leads to a quality promise; that is experienced, constructed and mediated by a variety of actors. This promise is divided into three quality dimensions, labelled performance, projection, and protection. It is argued that quality should be viewed as deeply embedded in space, in the sense that place-specific assets (physical as well as immaterial) are affected and utilized by local and global processes, thus creating quality processes that have both homogeneous and heterogeneous characteristics. Thus, integration and compatibility in the global economy demands increased use of international standards and regulations streamlining goods and services in production networks. Likewise, regional embeddedness and specialization constitutes an important and effective part in differentiating products, regions and labour.

The creation of this conceptual framework has been guided by an intention to move towards a quality-based regional competitiveness analysis where, for example, the quality framework could be used as a tool for analyzing industrial dynamics in different industries and spatial contexts. We argue that competiveness is achieved when a good or a service is well represented in one or more of the quality dimensions, when a quality perception is inherent throughout the production network, and when space is an integral part of these processes in that it facilitates localized learning/localization economies and place-based branding.

In addition to contemporary development and competitiveness strategies (on innovation and cost-reduction), a quality based regional competiveness framework provides an increased focus on traditional (craft) products and processes, offers an additional/alternative way of upgrading local and regional products in global production networks, and encourages local uniqueness and global adaptability. Also, a focus on quality may contribute to regional, rural and urban resilience, and thus stimulating competitiveness and development in both advanced and developing economies.

Although quality could be viewed as a vital input to the discussion on competiveness, there are, for example, both risks and possibilities in that regional actors may need to conform to tightly regulated and standardized systems of quality control. On the one hand, requirements to abide by guidelines may force producers to replace traditional production practices with those prescribed by international standards and market regulations. On the other hand, global standards have the power to improve for example environmental and domestic labour conditions. Moreover, upholding and administering standards and regulations does entail certain costs that are often added to the price of the product. Also, the quality process may have negative effects on, for example, newly developed economies dealing with a so called 'liability of origin' problem, whereby industrial climates in countries or regions suffer due to a bad reputation or political instability. In addition, a focus on quality aspects, especially in the form of standards and regulations, may function as a barrier by making it harder and more costly for developing countries to link in to global markets emphasizing issues of power, control and persuasion.

Accordingly, further research is needed in order to operationalise the quality framework and perform more in-depth analyses of the quality concept and the role of quality processes for regional competitiveness; e.g. in various industries, geographical settings, historical contexts, and in related disciplines, such as anthropology, arts/crafts, business studies, development studies, history, sociology, and urban and rural planning. **[p. 2250]** Finally, more

studies are also required in order to assess the potential of policy implementation and possible policy implications for innovation, entrepreneurship, and regional development.

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