

The canonical approach argues that firms located in industrial districts enjoy advantages for both innovation and performance as a consequence of the exceptionally strong knowledge spillovers that flow freely and spontaneously within them. However, diffusion of shared competences is not as easy and free as postulated in the literature. Using the resource-based view, we study whether clustered firms perform better than non-clustered firms, by providing empirical evidence that location of firms in an industrial district does not directly create innovation capabilities or economic rents. This research question is important because it enables us to better understand how firms benefit from this external knowledge flow, both to create advantages in technological innovation and to obtain superior organizational performance. To stand out in capabilities that are often localized at the centre of the same industrial district, a firm needs to develop a learning internal micro-environment capable of better absorbing localized knowledge spillovers. In particular, the organic form is revealed as a configuration well suited to combining structural flexibility with the productive flexibility offered by the district and to strengthening technological innovation capabilities, thus improving organizational performance.