

The Cluster Initiative Greenbook

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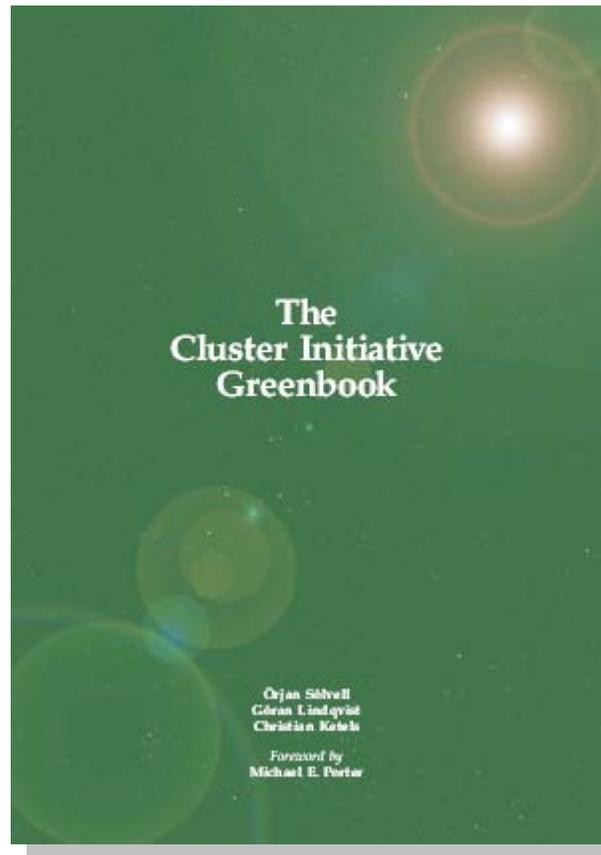
The Cluster Initiative Greenbook

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The Cluster Initiative Greenbook



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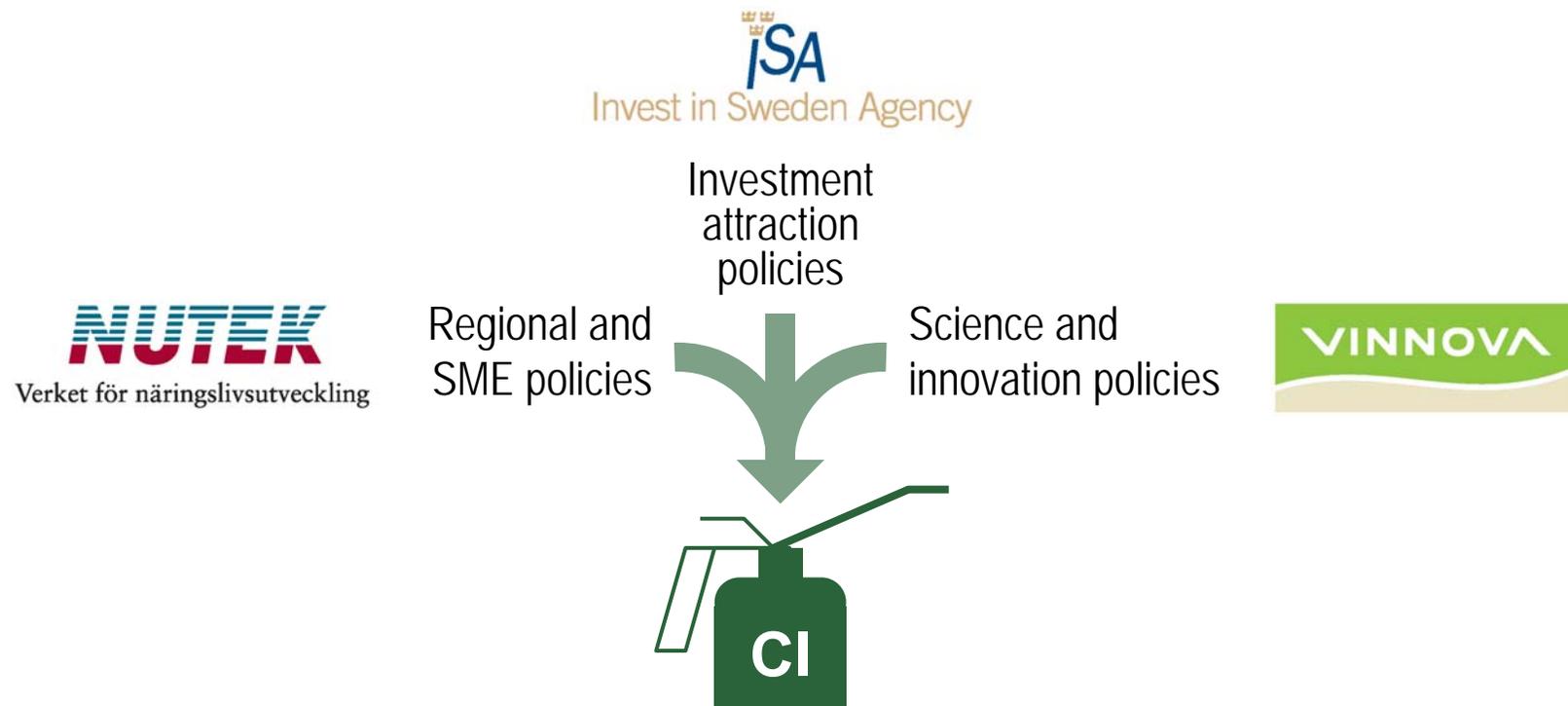
Foreword: Michael Porter

Cluster initiatives (CIs) are partnership projects to promote cluster competitiveness

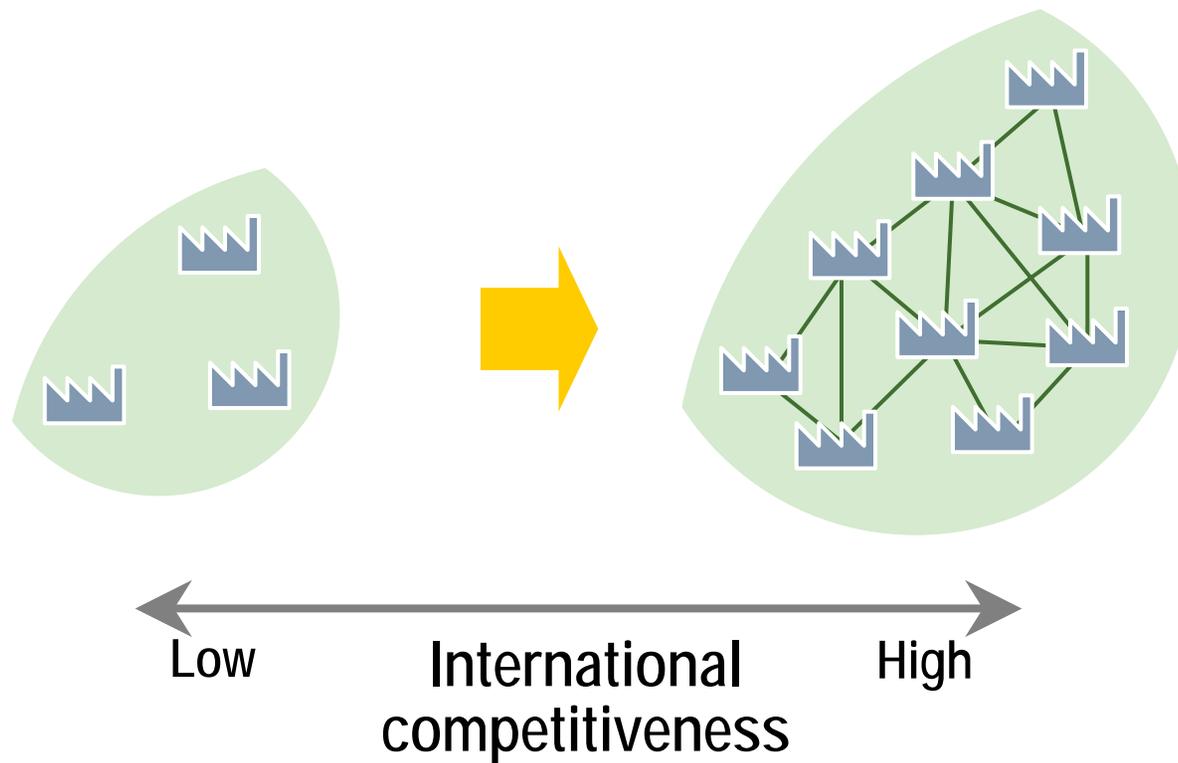


- Partnerships between cluster companies and government and/or universities
- Projects with limited life span
- Overall purpose to promote cluster competitiveness and growth

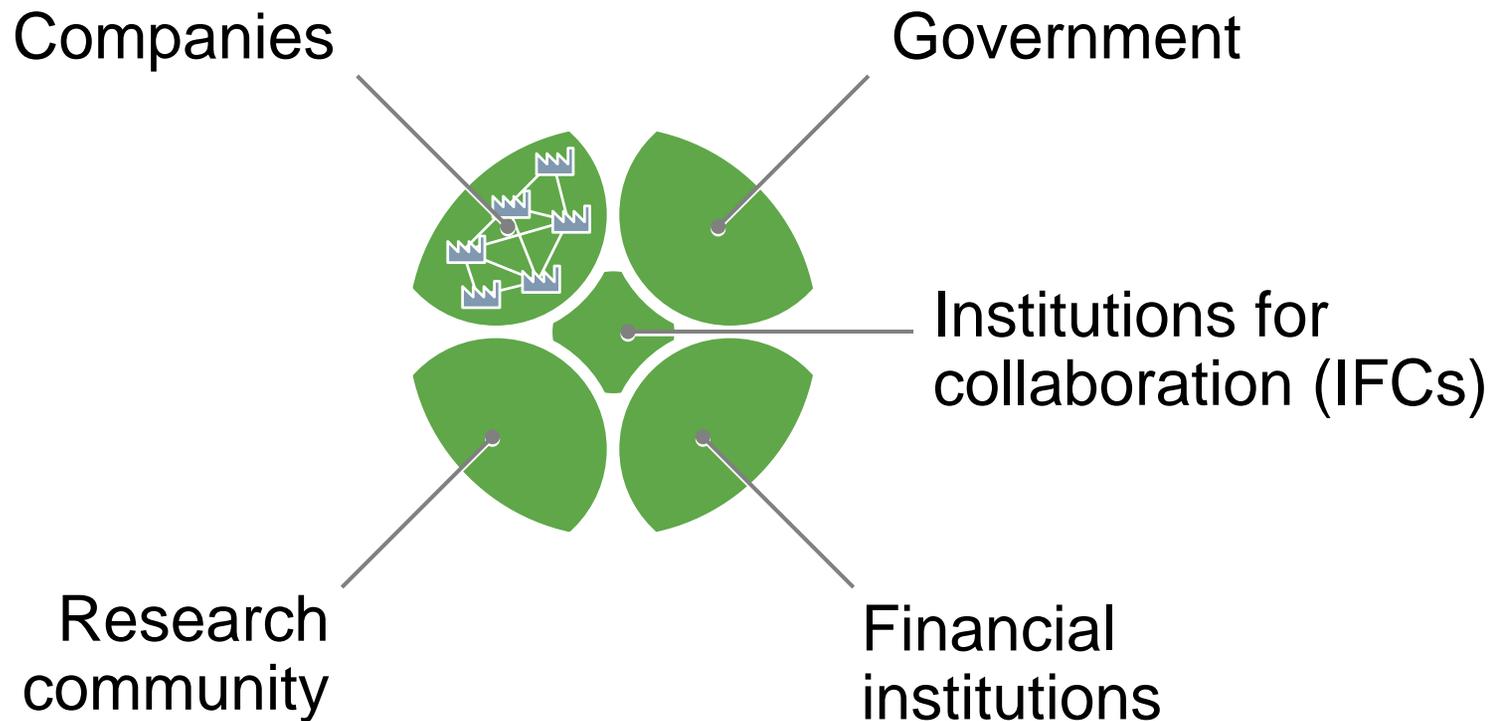
CIs offer a new way of conducting industrial policies



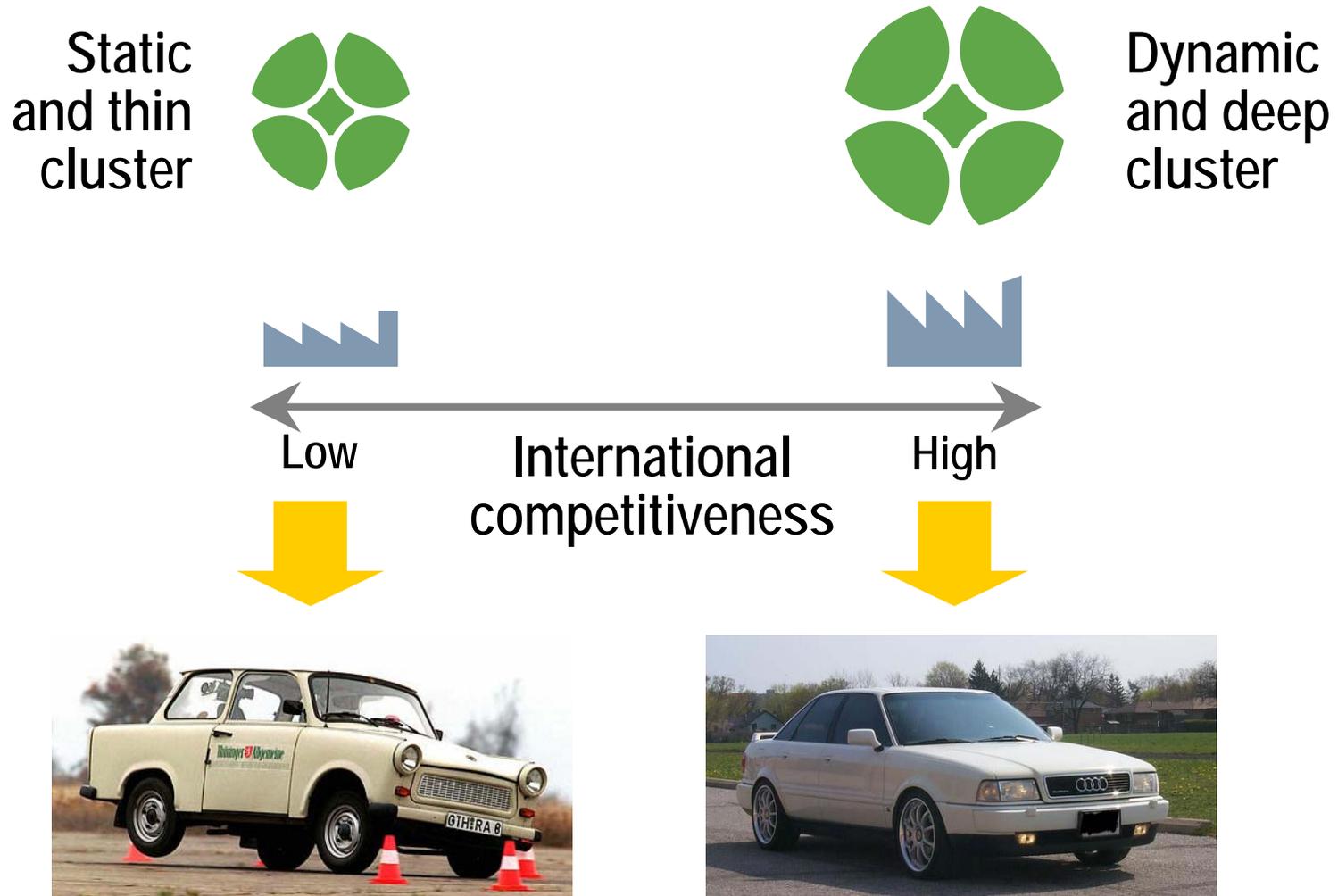
The purpose of a CI is to promote growth of the cluster and the competitiveness of its firms



Companies are not the only actors in a cluster



Firm competitiveness is closely linked to cluster dynamics



Cluster dynamics are complex



Static cluster

Isolated firms and lack of competition

Lack of advanced suppliers

Basic human capital

Lack of trust and networks

Few supporting institutions



Dynamic cluster

Local rivalry and international competition

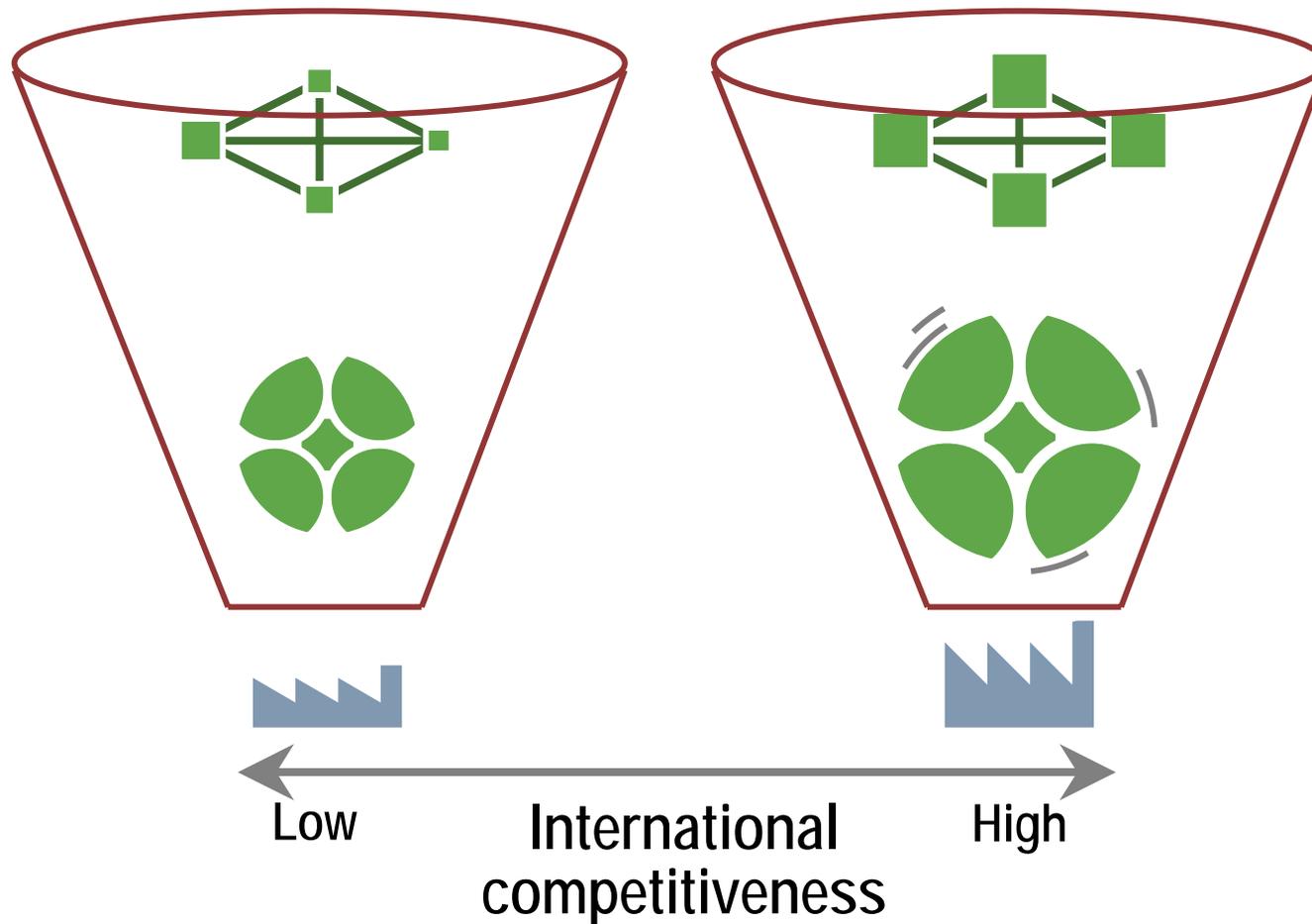
Specialised, local suppliers

Advanced training and scientific infrastructure

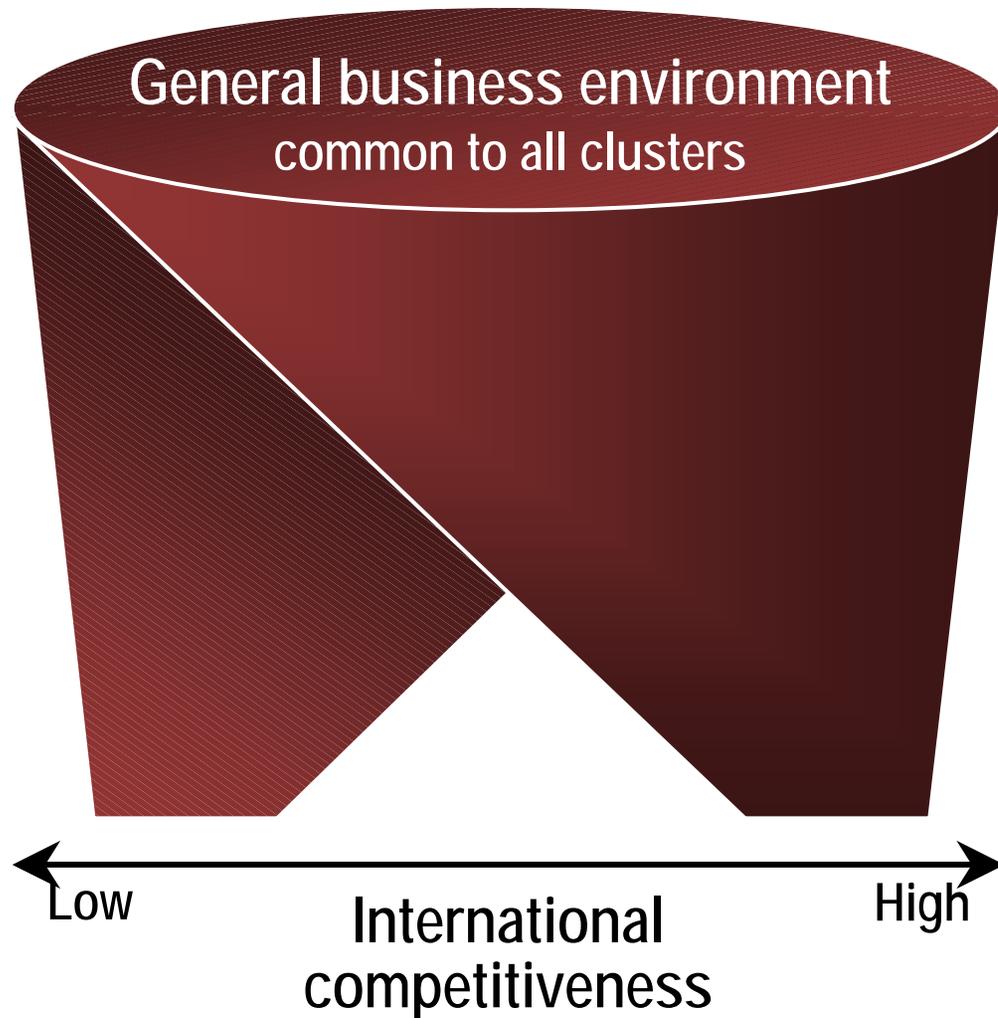
Highly developed social capital

Advanced institutions for collaboration and CIs

The microeconomic environment – the Diamond – is the engine of growth and competitiveness

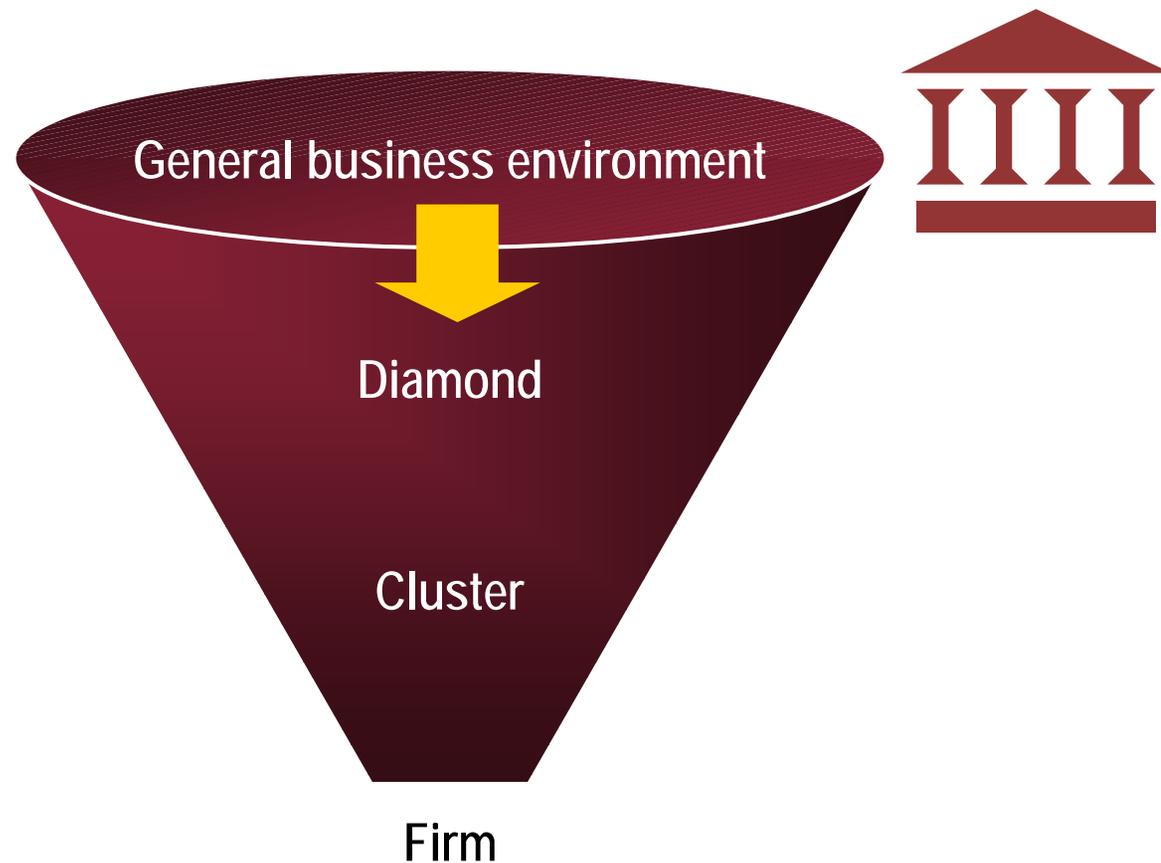


There is also a general business environment common to all clusters in a country

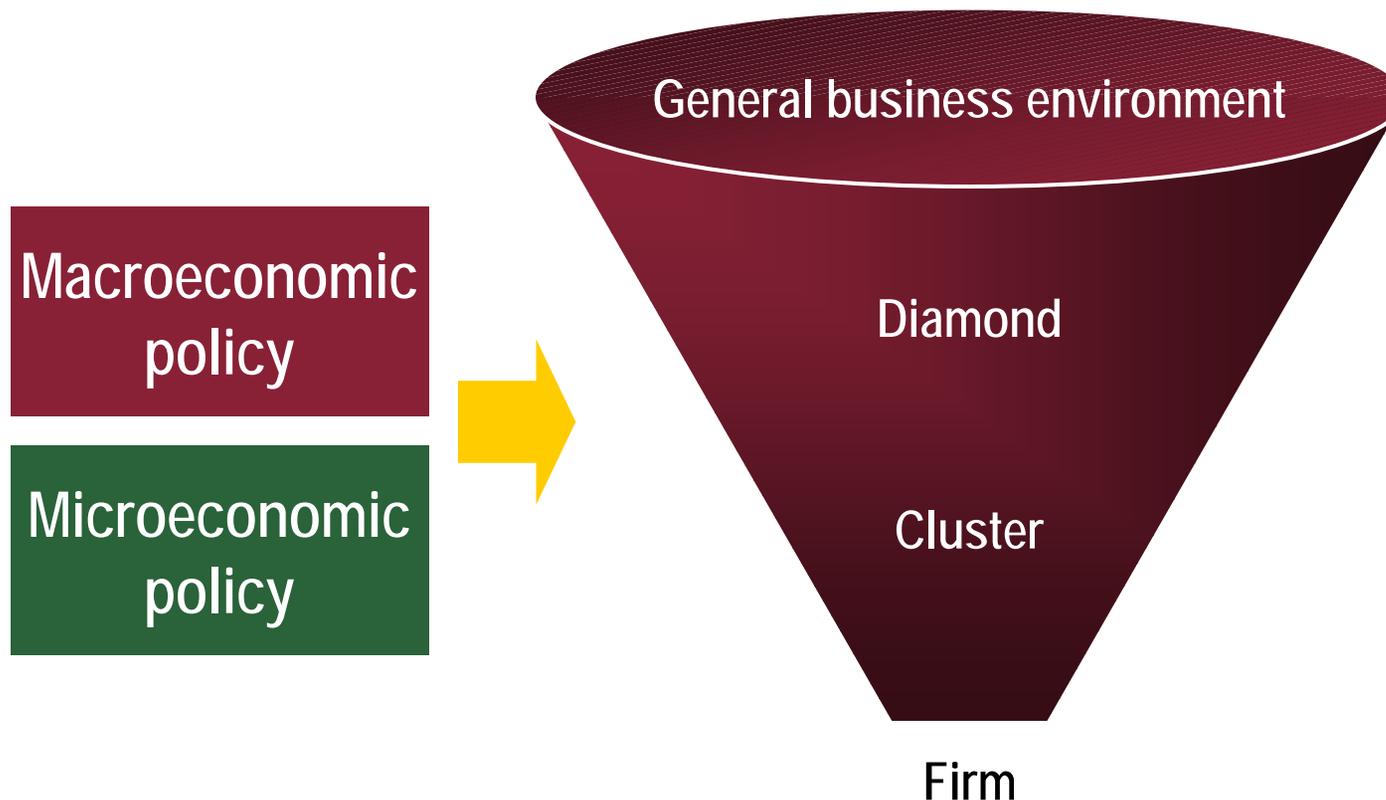


- National legacy and culture
- Geographical position
- General institutions and legal framework
- Macroeconomic environment

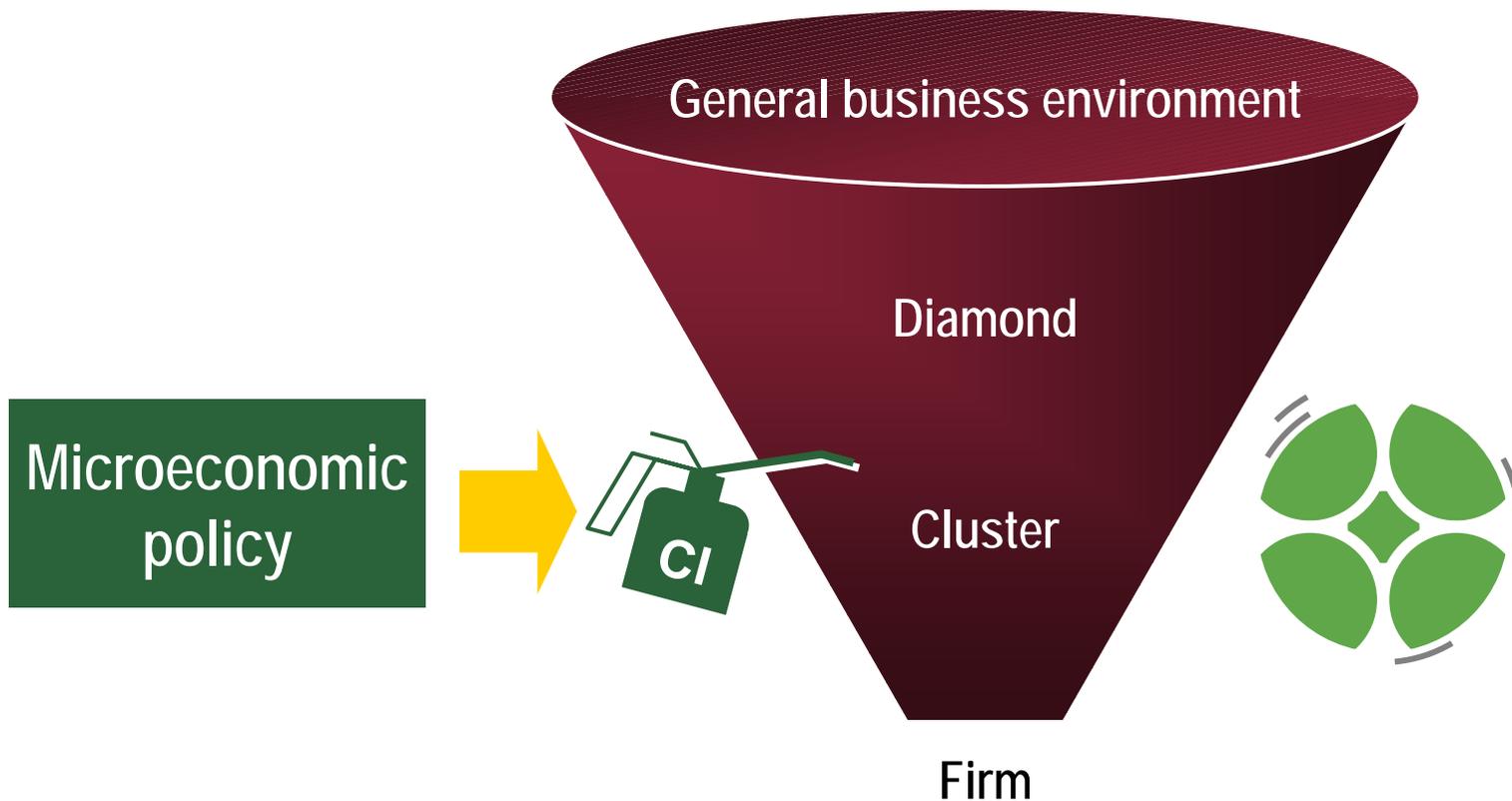
History, culture, geography, legal framework, etc. influence the cluster



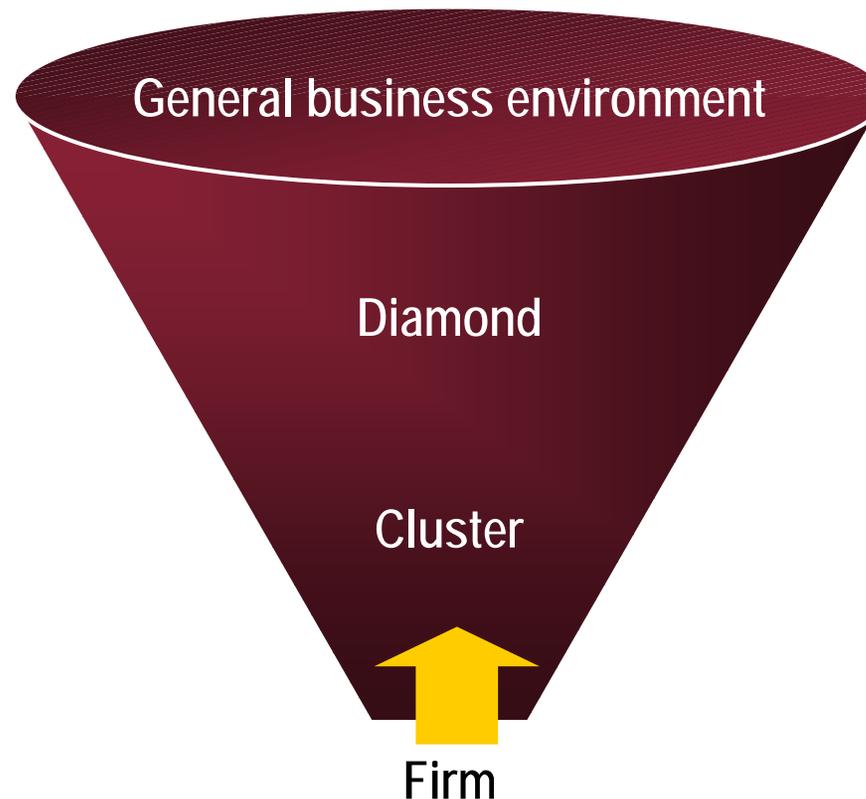
Macro- and microeconomic policies also shape the conditions for the cluster



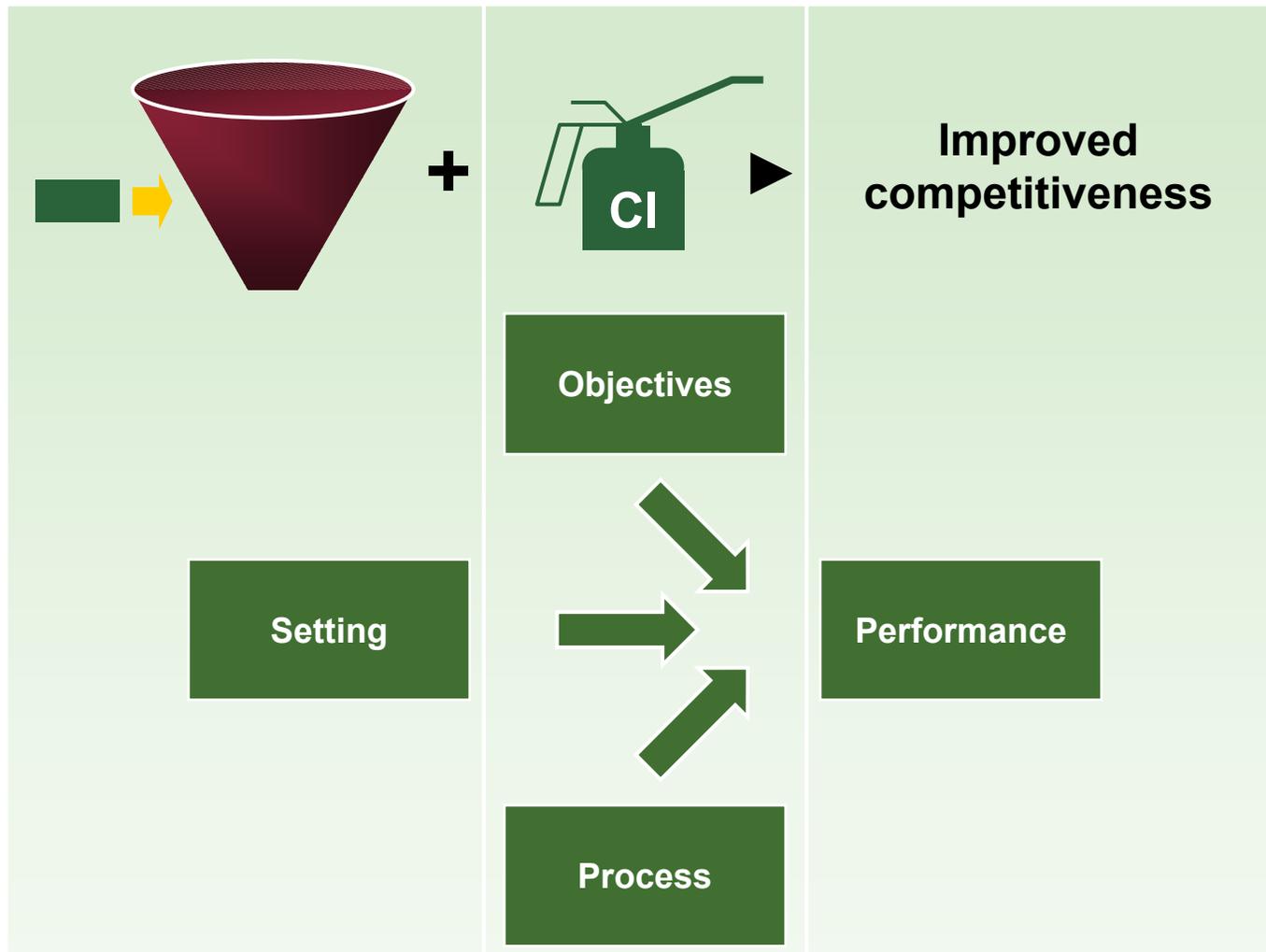
CIs are a tool to “lubricate” the clusters and make them more dynamic



Entrepreneurship and strategic choices by the cluster firms also impact the cluster and society



The Cluster Initiative Performance Model (CIPM) is based on these concepts



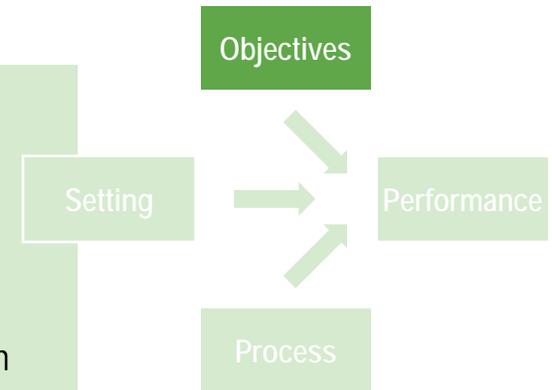
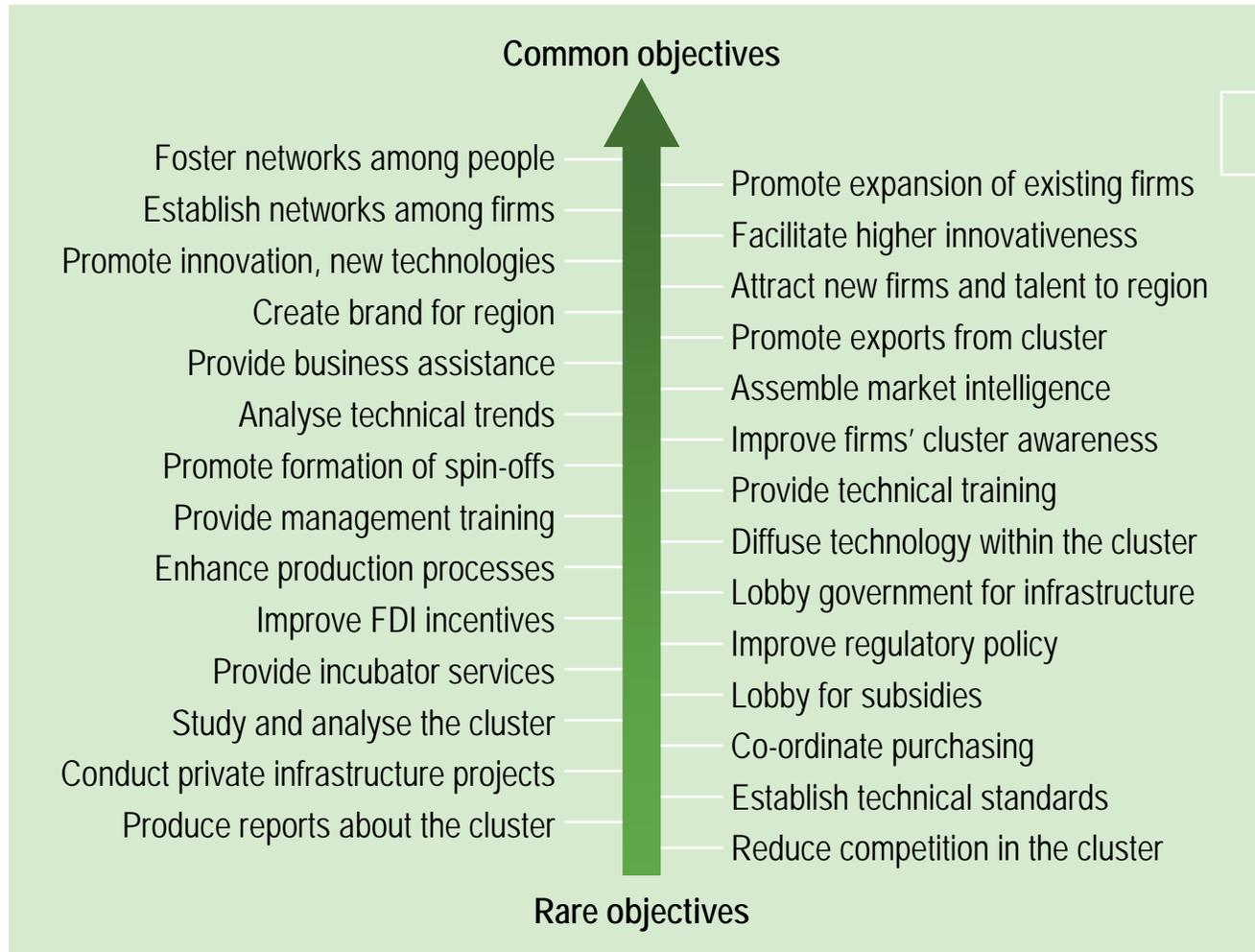
CIPM: Setting

Many setting factors matter, e.g.:

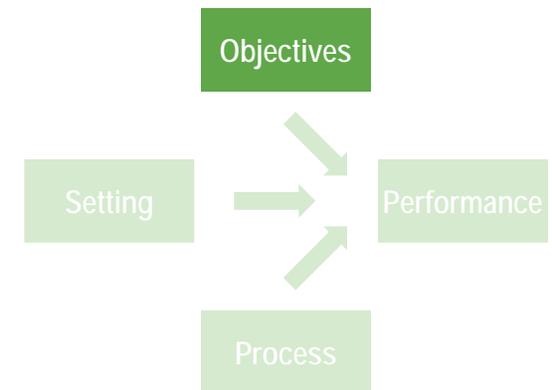
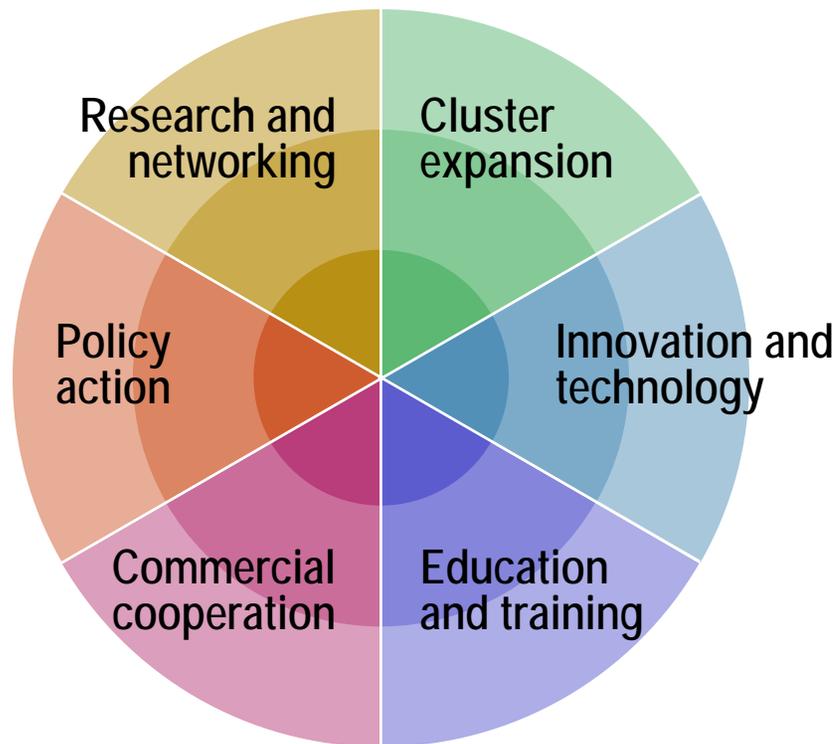
- Government policies
- Local/regional influence
- Culture (e.g. trust)
- The strength of the diamond
- The strength of the cluster



CIPM: Objectives



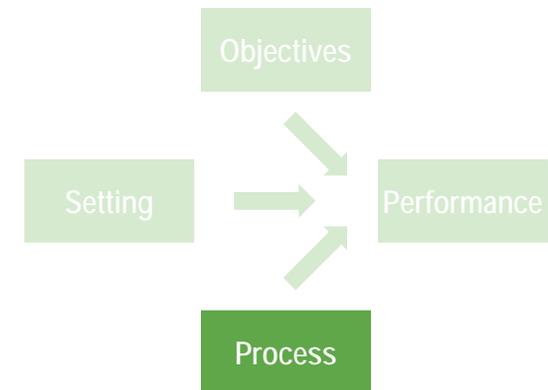
CIPM: Objectives – the Target Board



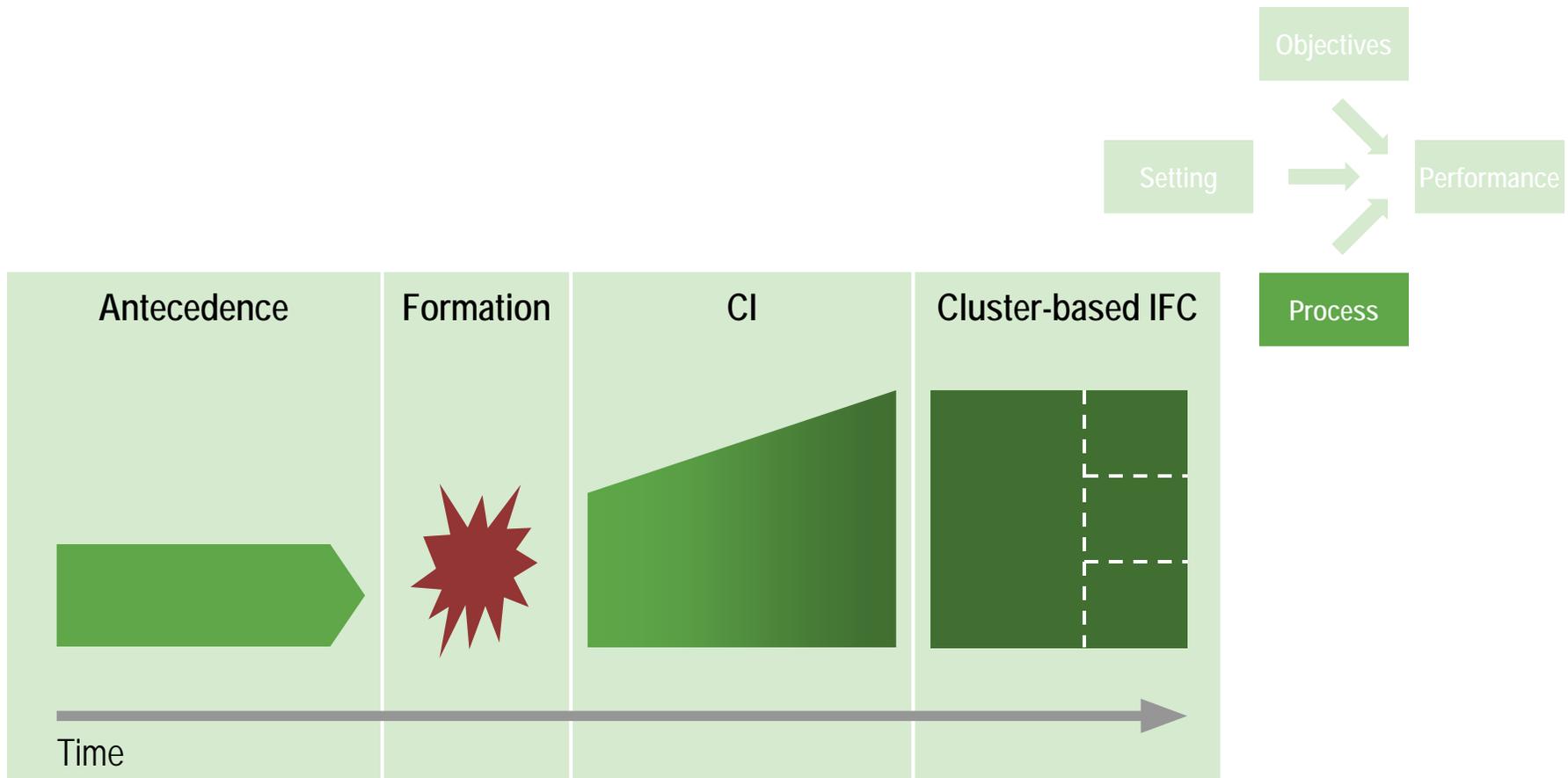
CIPM: Process

Process matters:

- Initiation and planning
- Governance and financing
- Scope of membership
- Resources and facilitators
- Building a framework and consensus
- Reaching momentum



CIPM: Process – the CI life cycle



Method and findings

Göran Lindqvist
CIND, Uppsala University
Ivory Tower

The Greenbook is based on more than 260 CIs around the world

Case studies

- Qualitative analysis
- Some 20 cases

The Global Cluster Initiative Survey

- Quantitative analysis
- Almost 250 CIs

The GCIS 2003 was conducted using an online survey

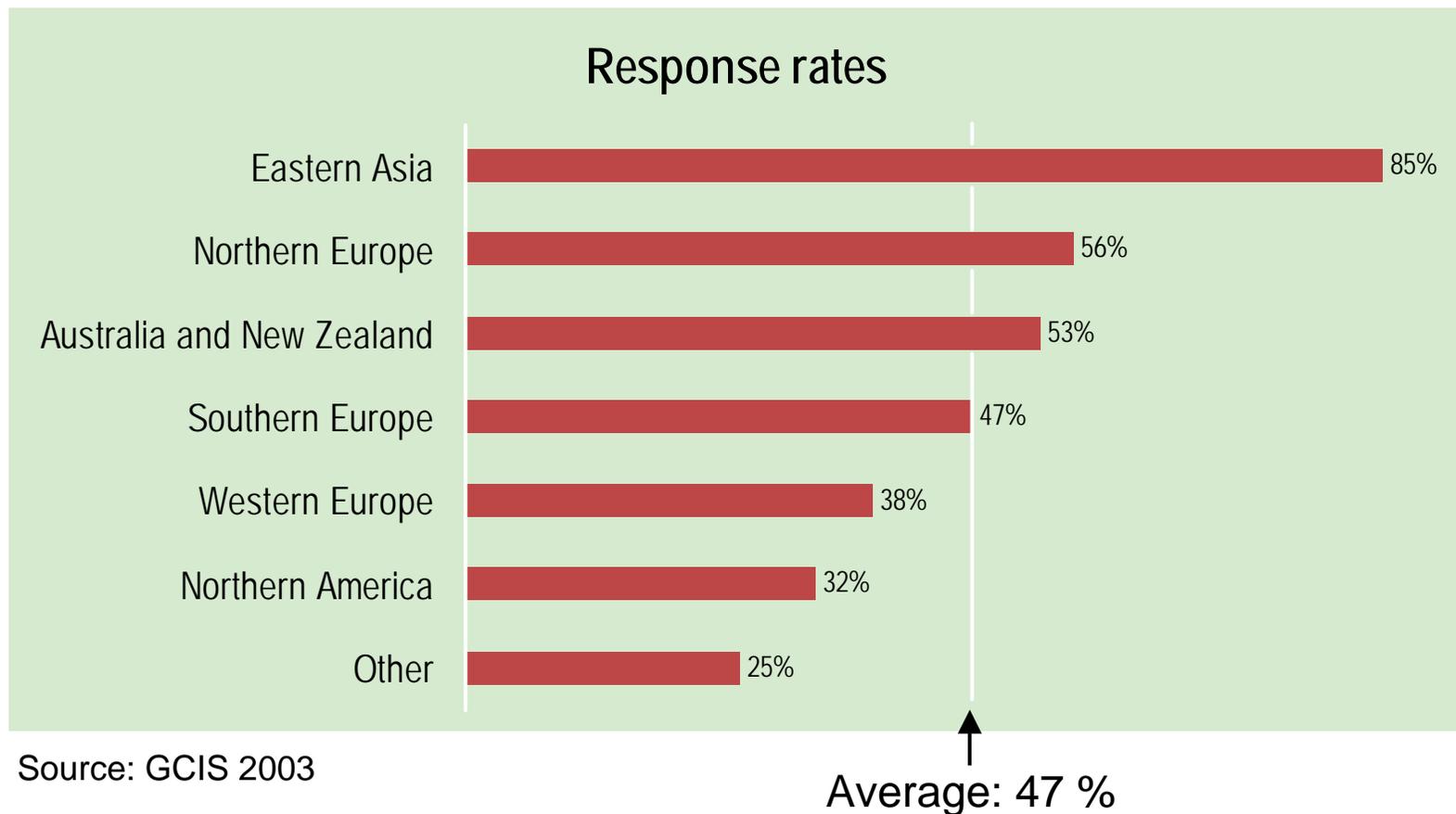
The screenshot shows a web browser window titled "Survey Generator - online survey tool". The main content area displays a survey question: "The general business environment in my country is characterised by...". Below this, there are five statements, each followed by a seven-point Likert scale represented by radio buttons. The scales are labeled "Disagree completely" on the left and "Agree completely" on the right. The statements are:

- ... specialised and internationally competitive human capital.
- ... business environment is characterised by sophisticated infrastructure.
- ... advanced capital markets, including venture capital.
- ... an advanced scientific community.
- ... strong clusters of interconnected industries.

At the bottom of the window, there are navigation buttons: "PREVIOUS" and "NEXT". Below these are links for "CLEAR THIS PAGE", "TO FIRST PAGE", and "QUIT". The footer text reads "Provided by Survey Generator".

- 169 sub-questions
- Seven-step Likert scale
- Average time to complete: 31 min

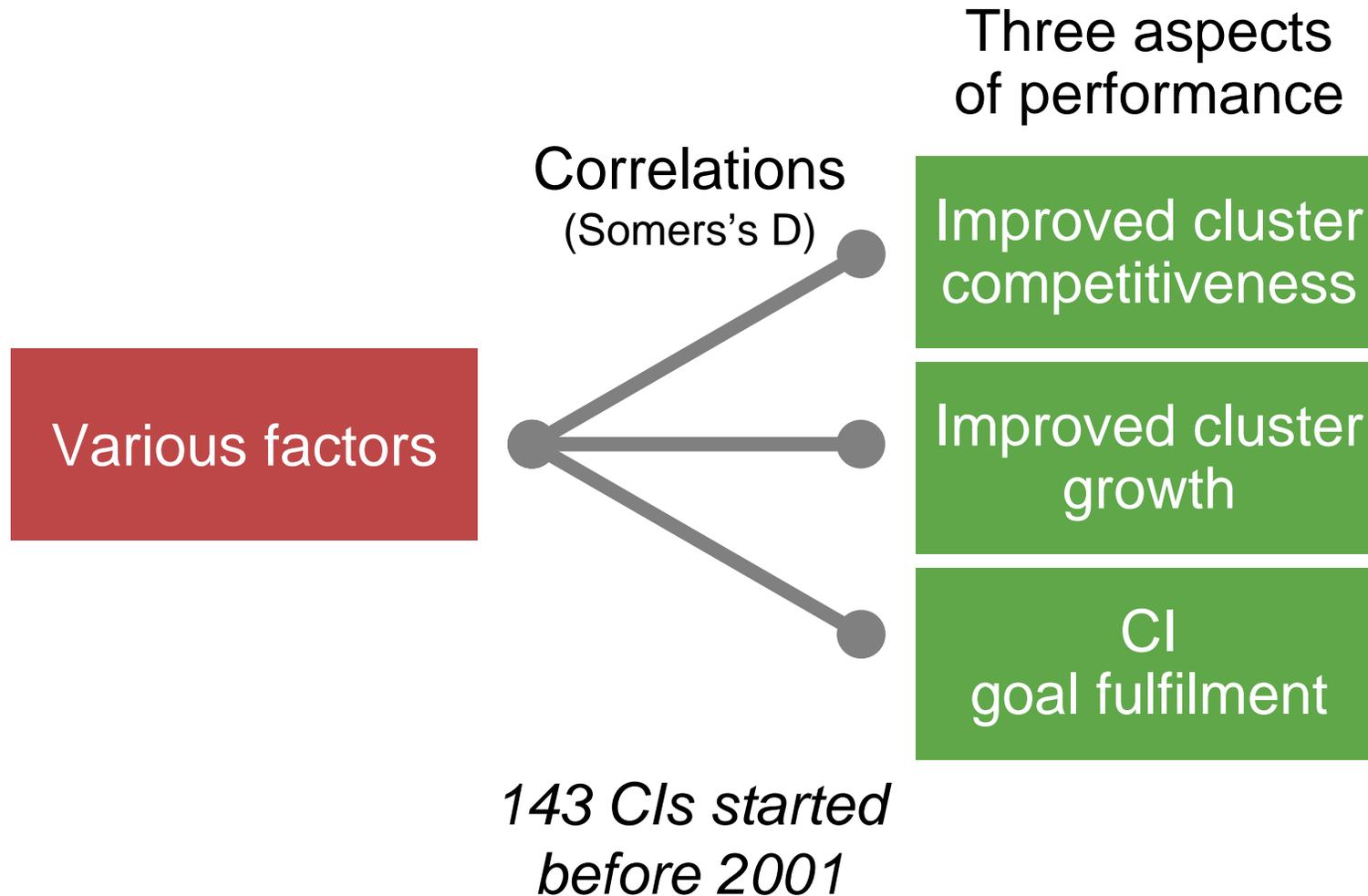
The response rates were higher than expected



There coverage is best in Europe, North America, New Zealand, Australia, and Japan



What characterises successful cluster initiatives?



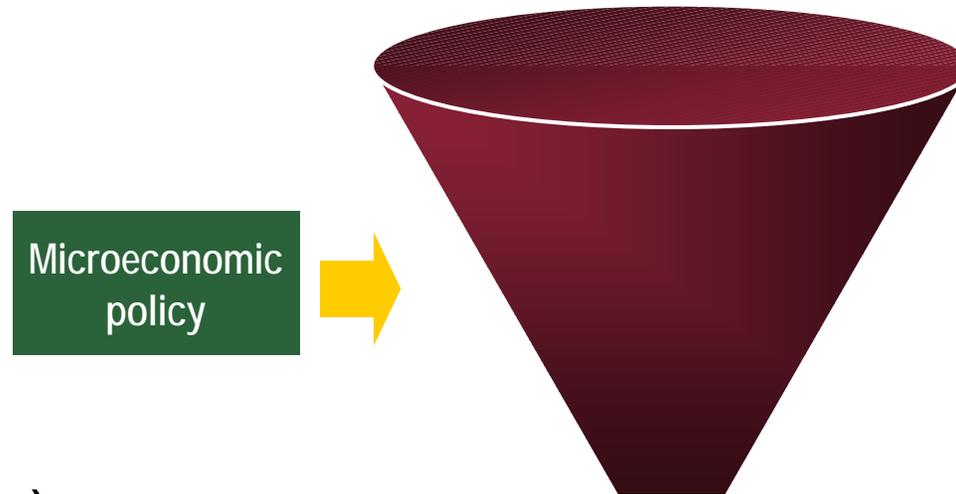
Trust is a key to success



GCIS:

- In countries where companies have **trust in government initiatives**, CIs are more successful
- In countries where **business relationships are trustful**, CIs are more successful

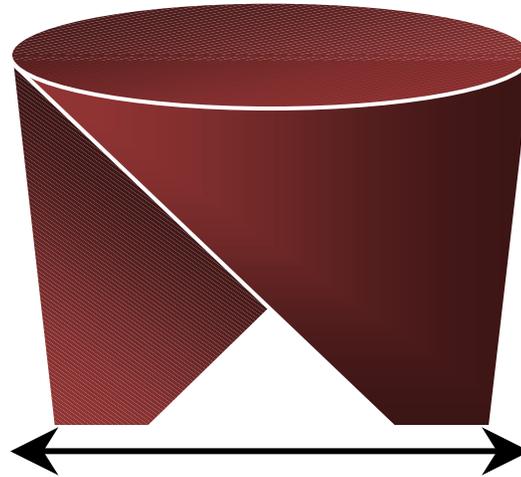
Both the content and structure of economic policy matters



GCIS: (e.g.)

- In countries with a **strong science and innovation policy**, CIs are more successful
- In countries where **local decision makers** play an important role, CIs are more successful

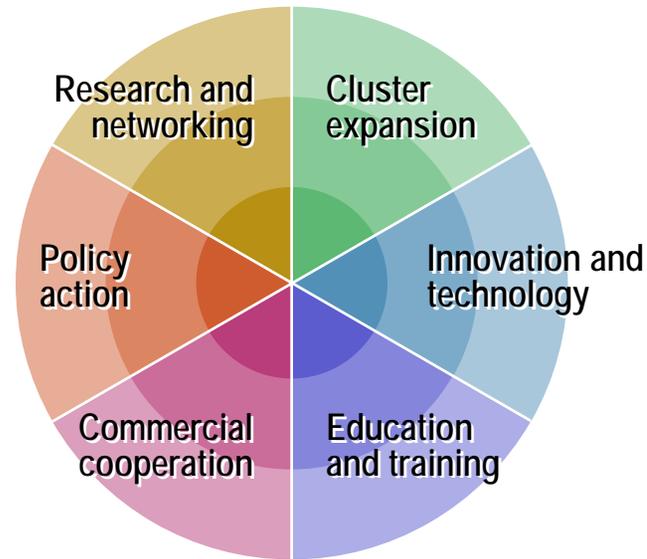
Building strength from strength



GCIS:

- CIs serving **regionally or nationally important clusters** are more successful

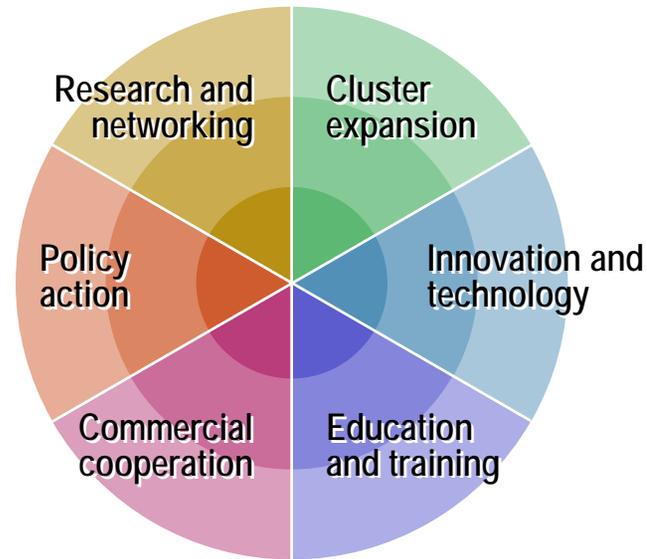
There are strong relationships between CI objectives and performance – some obvious



GCIS:

- **Innovation and technology** objectives for increased **competitiveness**
- **Cluster expansion** objectives for **growth**
- **Brand building** for both

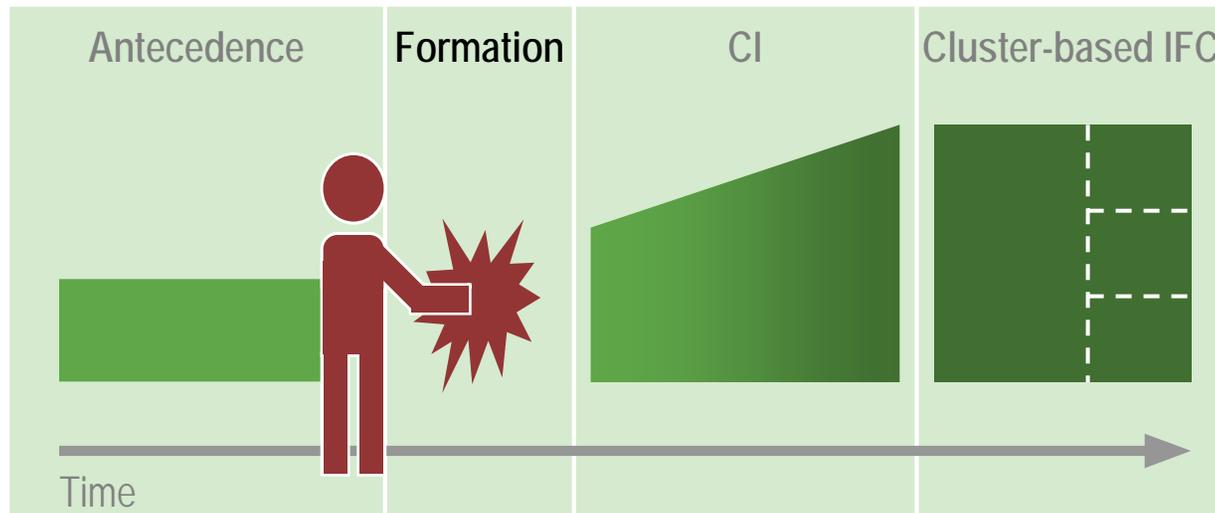
A broad approach seems to be more successful than a focused one



GCIS:

- 66% of CIs cover five of six segments in the Cluster Initiative Target Board
- Almost all performance parameters are positively correlated to a **wide range of objectives**

Different types of government intervention in the formation stage have different effects

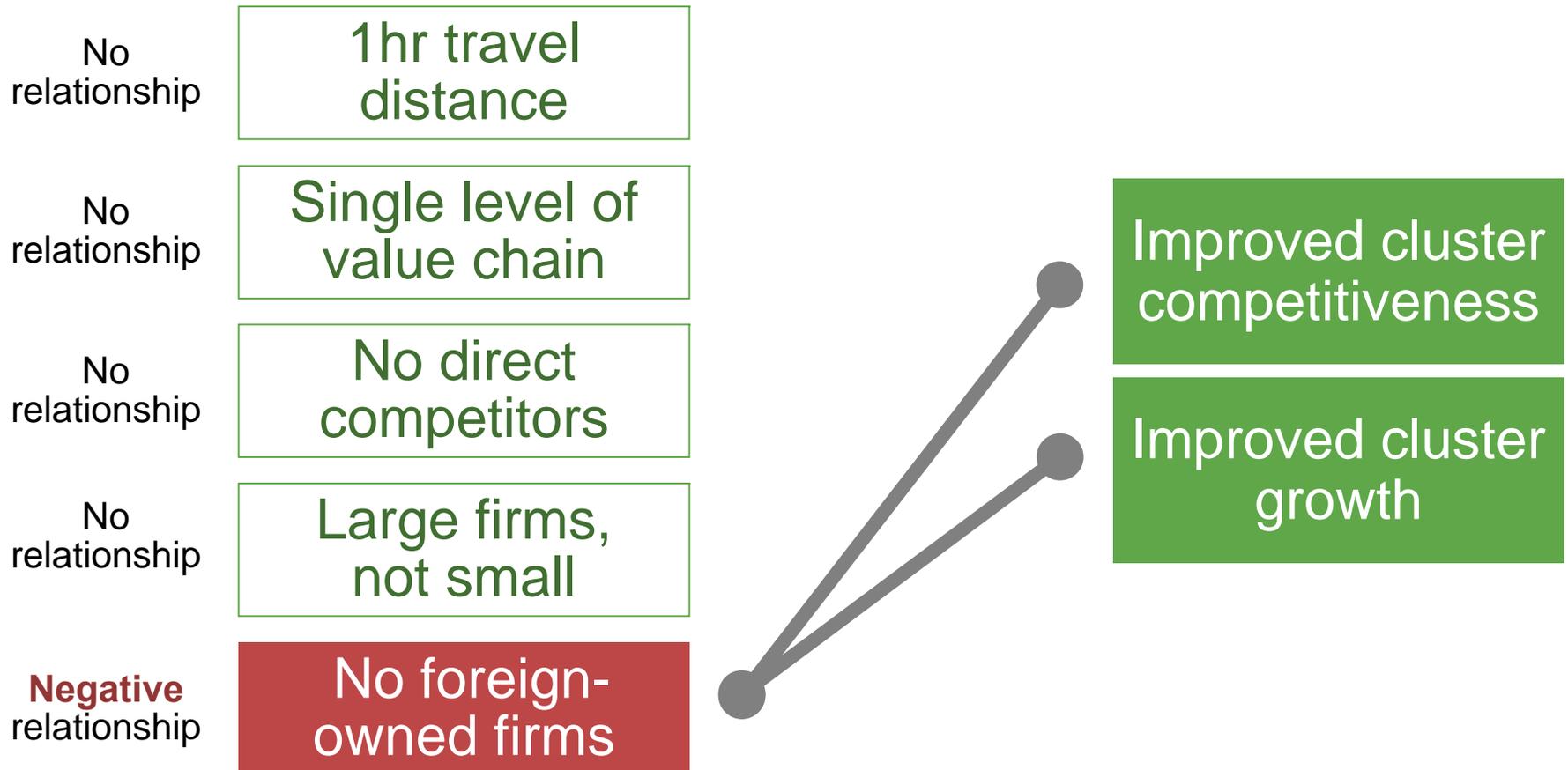


GCIS:

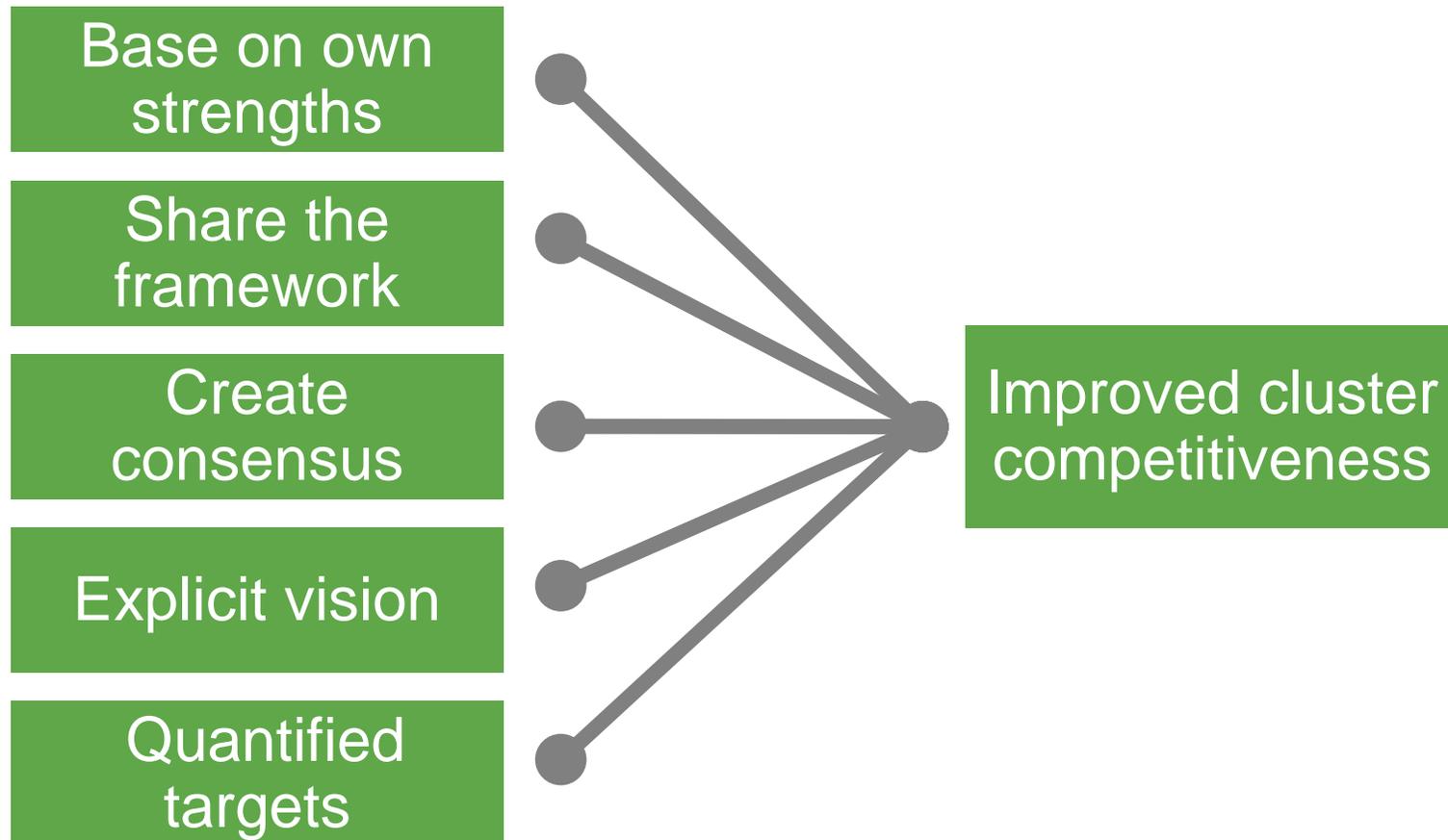
- CIs that had to **compete for government financing**, are better at improving **competitiveness**
- CIs where the cluster was chosen based on **gov't research of "attractive" industries** are better at promoting cluster **growth**

Inclusion is better than exclusion

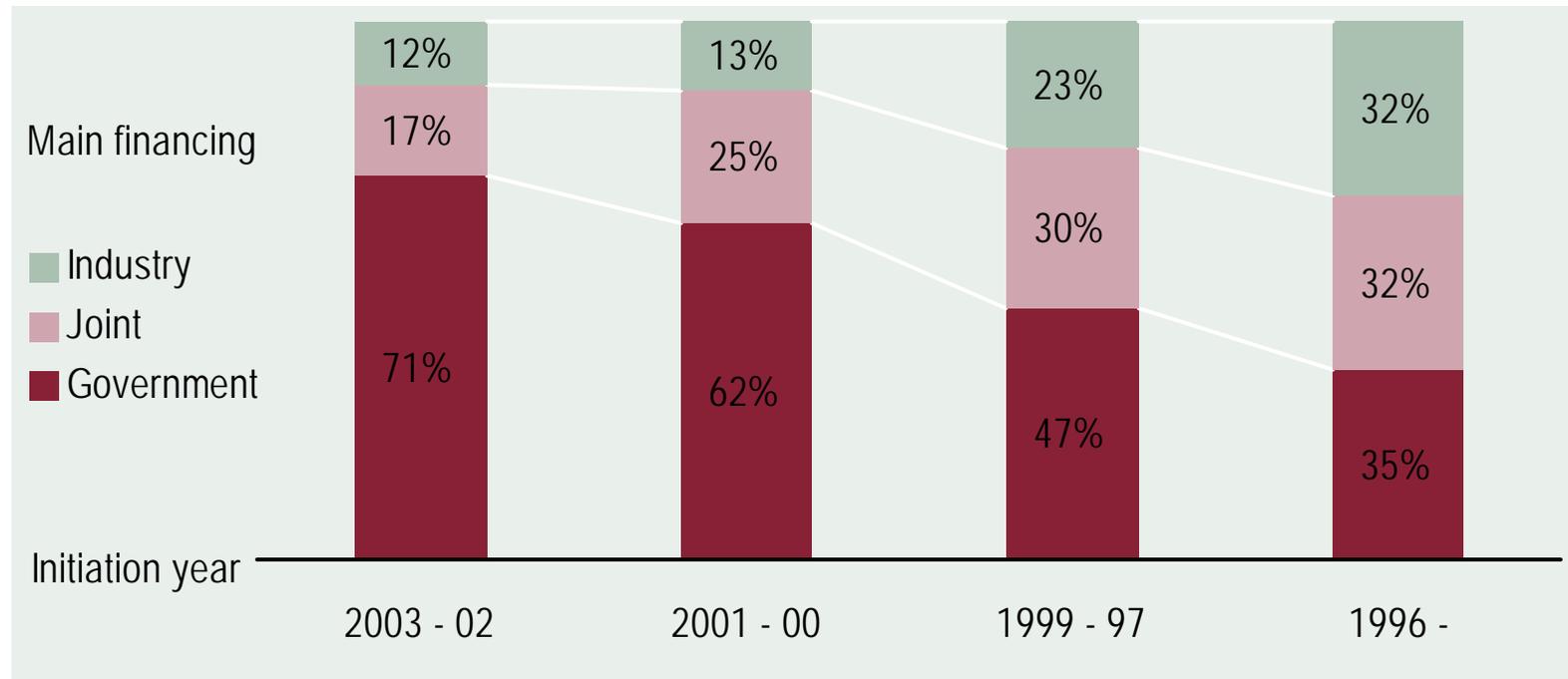
Choice of members:



Building a common framework is important



Financing shifts with age, but most objectives do not



GCIS:

- Old CIs have more **industry financing**
- **Commercial cooperation** decreases with age

Implications

Dr Christian Ketels
ISC, Harvard Business School

Cluster initiatives entering a new era

- Cluster initiatives have become an **accepted part** of economic development policies
- Discussions about cluster initiatives have shifted from **if** to **how** they should be done

Key issues for cluster initiatives

- **What to do**; selecting and monitoring the goals of cluster initiatives
- **How to do it**; organizing the cluster initiative process over time
- **How to leverage the effort**; integrating the cluster initiative in a broader economic strategy

Setting the right objectives

- **Everything matters for competitiveness**



- Cluster initiatives are not a new policy; they are a new way to **prioritise and organise policies**

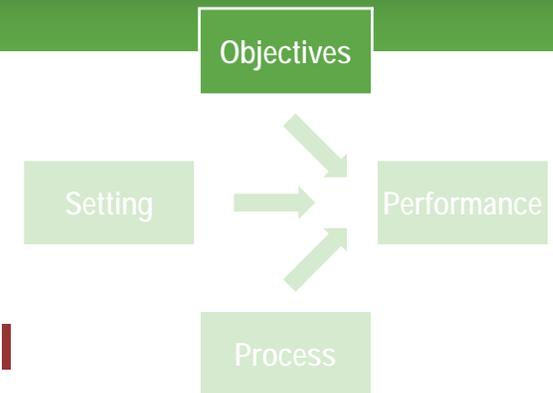


- Identifying the critical priorities for its cluster are a cluster initiative's **first big step**

Monitoring performance

- CI impact data is getting increasingly important

- Policy makers need to **justify financial commitments**
- Companies need impact to **motivate** their engagement
- CI professionals need **guidance** to develop their efforts

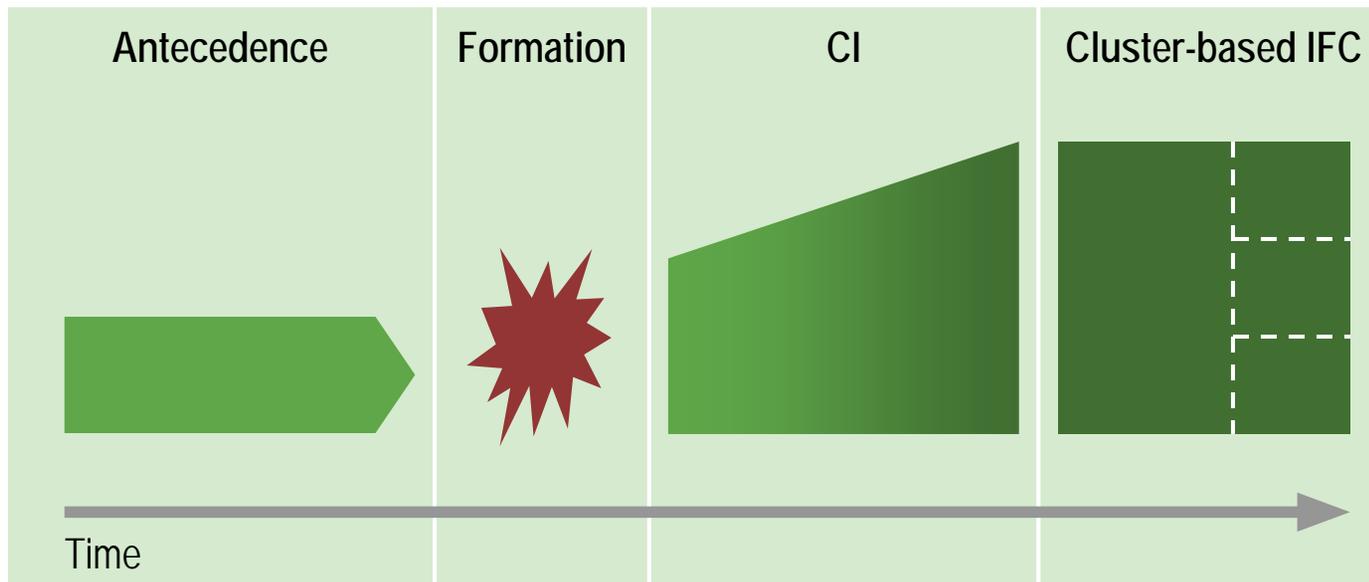


- Indicator systems need to

- capture the **unique** objectives of the specific CI
- measure performance on **different levels** from activities performed to ultimate prosperity change

Strategy and structure for cluster initiatives

- **Transition points** in the evolution of CIs are critical for their success



Clusters and competitiveness policy

- A country's or region's **competitiveness** depends on progress in two dimensions

- Cross-cluster issues
- Clusters

- Clusters provide an opportunity and test-ground to move to a new level of **private-public partnership**



However

- Cluster initiatives alone are less effective, if they are not part of an **overarching approach** to improve competitiveness on the regional level

What does it mean for me?

Government

- Government has a critical **and** limited role in CIs
- Government's **broader economic strategy** is important
- Government can provide **data** and facilitate **knowledge sharing** among CIs

Companies

- Companies' involvement in CIs is not good corporate citizenship but an **investment** with high economic potential
- Companies' willingness to engage will be a key **competitive factor**

CI professionals

- CI professionals are the **critical link** in a new structure of economic policy making
- Increasing the **knowledge** about CI processes and structures is a key part of their role

The Cluster Initiative Greenbook

